

Enterprise Risk Assessment INTERNAL AUDIT SERVICES (FY2024 – FY2025)

May 7, 2025





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/ Risk Assessment Methodology

- Planning and scoping of risk assessment
- Reviewed the information provided by OC San, including organizational charts, regulatory reports, strategic plans, minutes of board meetings, and results of past internal audits, financial statements, and forecasted budget information
- Conducted interviews and discussions with members of governance, senior management, and department heads
- Developed risk types, measures, and risk scores
- Prepared the Proposed Audit Plan



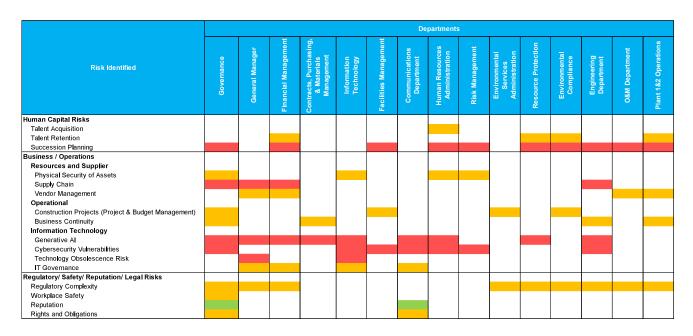
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/ Risk Area Scoring Matrix

Risk Area Scoring Matrix	Impact	Likelihood	Final Risk	
Risks Identified	Score	Score	Score	
Human Capital Risks				
Talent Acquisition	9	3	6	
Talent Retention	6	6	6	
Succession Planning	9	9	9	
Business / Operations				
Resources and Supplier				
Physical Security of Assets	9	3	6	
Supply Chain	9	9	9	
Vendor Management	6	9	7.5	
Operational				
Construction Projects (Project & Budget Management)	9	6	7.5	
Business Continuity	9	5	7	
Information Technology				
Generative Al	9	9	9	
Cybersecurity Vulnerabilities	9	9	9	
Technology Obsolescence Risk	9	9	9	
IT Governance	9	6	7.5	
Regulatory/ Safety/ Reputation/				
Legal Risks				
Regulatory Complexity	6	6	6	
Workplace Safety	6	6	6	
Reputation	3	1	2	
Rights and Obligations	6	6	6	



/ Risk Heat Map





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/ Proposed Audits FY 25-26 through FY 29-30

			Fiscal Years				
No.	Proposed Audits	Final Risk Rating	25-26	26-27	27-28	28-29	29-30
1	Human Capital Management	High/ Medium	Х			Х	
2	IT Cybersecurity Vulnerabilities	High		Х		Х	
3	IT Generative Al	High		Х		Х	
4	Supply Chain	High		Х			Х
5	IT Governance - Vendor, Asset, and Change Management	High/ Medium	Х		Х		х
6	Construction Projects and Budget Management	Medium			Х		
7	Workplace Safety	Medium	Х				
8	Asset Management	Medium			Х		Х



/ Conclusion

The Enterprise Risk Assessment for the Orange County Sanitation District (OC San) has identified critical risks and proposed a comprehensive audit plan to address these challenges over the next five years.

The identified risks highlight areas where OC San must focus its efforts to ensure operational resilience and compliance. The proposed audit plan provides a structured approach to mitigate these risks, enhance internal controls, and support OC San in achieving its strategic objectives.

It is ultimately up to the Audit Ad Hoc Committee to decide which risks need to be prioritized and how soon the audits should be performed. The dynamic nature of risks necessitates that this audit plan remains flexible, allowing for adjustments in response to changing conditions and new insights. Additionally, there may be a need to modify the approved internal audit budget to accommodate the Audit Ad Hoc Committee's requests.

We are confident that the enterprise risk assessment results and proposed audit plan presented in this report will serve as a valuable resource for OC San's management and governance bodies.



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/ Contact Information

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Thank you for your time and attention.

