



Annual Audit Recommendations Follow-Up

Final Report (#141504)

December 16, 2014

Office of the Performance Audit Director
County of Orange, California

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Office of the Performance Audit Director

333 W. Santa Ana Blvd., Santa Ana, CA 92701

December 16, 2014

Honorable Board of Supervisors:

Transmitted herewith is the Annual Audit Recommendations Follow-Up report. This follow-up review focused on 82 open recommendations associated with five previously completed performance audits involving four County Agencies/Departments.

The audit team was able to close 67 of the 82 (81%) recommendations. The remaining 15 recommendations will be included in the next follow-up cycle.

We have discussed our findings with the respective management. We would like to acknowledge and thank the management and staff of the audited agencies/departments who assisted us in completing this annual follow-up review.

Respectfully submitted,

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Performance Audit Director

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Mark Denny, Chief Operating Officer
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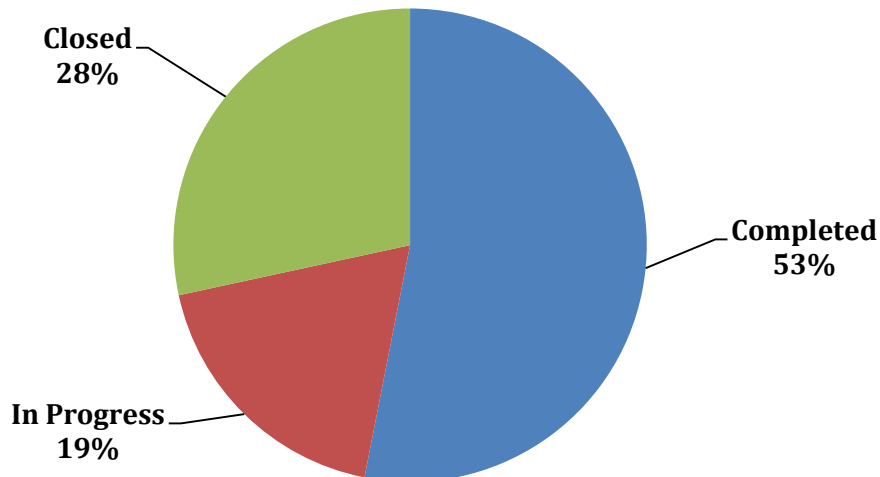
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I. Executive Summary

The Office of the Performance Audit Director (OPAD) has completed its Annual Audit Recommendations Follow-Up, which was part of the Work Plan approved by the Board of Supervisors.

OPAD conducted an independent assessment of the status of 82 open audit recommendations from both original audits and subsequent follow-up reports issued between 2008 and 2013. OPAD concluded 53% (43) of the recommendations have been completed and 28% (24) have been closed for future follow-up purposes. The remaining 19% (15) of open recommendations will be included in the next follow-up cycle.



Agency/Department	Completed	Closed	In Progress	Total
OC Sheriff's Department	8	7	7	22
Health Care Agency/Correctional Health Services	29	0	1	30
OC Public Works/OC Community Development	5	4	0	9
County Executive Office/Office of Information Technology	1	13	7	21
Total Number	43	24	15	82
Total Percentage	53%	28%	19%	100%

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II. Introduction

The Annual Audit Recommendations Follow-Up is included in the Office of the Performance Audit Director's (OPAD) Work Plan. Auditing standards require that the Chief Audit Executive establish a follow-up process to monitor the disposition of audit results and report on management's actions to implement the recommendations.

OPAD has adopted a two-tiered process: (1) Initial Follow-Up, and (2) Annual Follow-Up. At the conclusion of a follow-up, each audit recommendation is assigned one of the following status categories:

- **Completed** – The recommendation has been implemented;
- **In Progress** – Efforts remain underway to implement the recommendation; or
- **Closed** – Although the recommendation was not fully implemented, it is no longer applicable due to organizational changes or other circumstances. OPAD has consulted with management and agreed to close the recommendation for future follow-up purposes.

This annual follow-up included all open recommendations from both original and follow-up audit reports issued between 2008 and 2013. OPAD assessed the status of 82 audit recommendations resulting in 53% being completed, 28% being closed and 19% in progress.

Section III of this report, *Audited Agency/Department Highlights*, provides both an overview and highlights for each audit demonstrating the Agency's/Department's actions in implementing the recommendations. It also points out the areas which remain open and in progress.

In section IV, the *Follow-Up Summary Tables* contain individual recommendations with the associated Management Response, Follow-Up Status, and Auditor's Comments.

III. Audited Agency/Department Highlights

A. OC Sheriff's Department

Overtime Audit

In 2008, OPAD conducted an audit of OC Sheriff's Department's (OCSD) use of overtime (OT) and issued 35 recommendations for improvement. In 2011, OPAD conducted a follow-up, which concluded 15 recommendations were in progress. Additionally, the 2011 follow-up audit report included an additional six recommendations.

Harbor Patrol Audit

In 2010, OPAD conducted an audit of OCSD's Harbor Patrol (HP), and included 14 recommendations in its audit report. As a result of the 2013 follow-up, OPAD concluded one recommendation was in progress.

During this year's follow-up, OPAD reviewed a total of 22 open recommendations and concluded that 68% of the audit recommendations have been either completed or closed for future follow-up purposes. The remaining seven recommendations are still in progress and will be included in the next follow-up cycle.

2014 Follow-Up¹	HP Completed	OT Completed	OT Closed	OT In Progress	Total
Number	1	7	7	7	22
Percentage	4%	32%	32%	32%	100%

Noteworthy progress made by OCSD includes:

- Revision of overtime policy and guidelines to better assist supervisors in managing the use of overtime. OCSD also provided Division Commanders with quarterly overtime reports as monitoring tools (Recommendations 1.7, FU.1, & FU.3);
- Coordination with John Wayne Airport (JWA) regarding airport security to achieve overtime cost savings (Recommendation 4.2);
- Modification of overtime budgeting practice by distributing overtime amongst the appropriate units that have overtime expenditures (Recommendation 8);
- Organizational restructuring to facilitate decision making between the Financial and IT sections (Recommendation 11.2);
- Recruitment efforts by providing Correctional Services Assistant (CSA), Sheriff Special Officer (SSO) and Deputy training academies in order to stabilize overtime and fill necessary vacancies (Recommendation FU.6).

¹ Refer to the Summary Table on pages 6-14 for further details.

The recommendations in-progress pertain to OCSD working on the development of a comprehensive scheduling and timekeeping payroll system. Since our initial follow-up in 2011, OCSD reported it has made progress by: 1) consulting with Auditor-Controller and *InTime* vendor, 2) assessing user needs, 3) meeting with key stakeholders, 4) drafting a scope of work, and 5) ensuring that the necessary upgrades and features are in place prior to full implementation.

B. Health Care Agency/Correctional Health Services

In 2009, OPAD conducted an audit of Health Care Agency (HCA)/Correctional Medical Services, which is currently referred to as Correctional Health Services (CHS). HCA concurred or partially concurred with 46 (91%) of the 51 recommendations. In 2012, OPAD conducted a follow-up, which concluded 19 recommendations were in progress. Additionally, the 2012 follow-up audit report prescribed an additional 11 recommendations.

During this year's follow-up, OPAD reviewed a total of 30 open recommendations and concluded that 97% of the audit recommendations have been completed. The remaining recommendation is in progress and will be included in the next follow-up cycle.

2014 Follow-Up ²	Completed	In Progress	Total
Number	29	1	30
Percentage	97%	3%	100%

Noteworthy progress made by HCA includes:

- Better vendor communications and management, including periodic health claims reporting for improved utilization reviews and cost management; the development of a Case Management department to monitor concurrent hospital utilization; and daily review of Specialty Clinic services by the CHS Administrative Nurse Practitioner (Recommendations #11, 26.1 & 26.4);
- Periodic random audits of patient records to ensure a high level of accuracy in Controlled Substances Administration Record (CSAR) documentation (Recommendations #14.4 & FU.4);
- Revised process on maintaining undistributed non-controlled substances (Recommendations #15 & FU.5);
- Clarification of responsibilities between contract administration and contract program monitoring, as well as the inclusion and enforcement of reporting and monitoring requirements in new contracts (Recommendations #21, 23, 24, 25 & FU.7);
- Streamlined care management with Electronic Treatment Authorization Requests (TARS) as a result of a new electronic health record system. Additionally, CHS Specialty

² Refer to the Summary Table on pages 15-26 for further details.

Clinic staff is now responsible for scheduling clinic appointments and coordinating transportation with OC Sheriff's Department (Recommendations #28.1, 28.2, FU.6, FU.8 & FU.9);

- Replacement of the Correctional Health Assessment, Recording, and Tracking (CHART) system with a new electronic health record system that can facilitate statistical analysis (Recommendations #29, 30, 37 & FU.10);
- Various jail facility improvements for increased security, medical privacy and ADA compliance (Recommendations #40, 41, 44, & FU.11);
- Implementation of an inmate copay and additional over the counter medications have been added to the Commissary list for inmates to improve efficiency (Recommendations #45 & FU.3);
- Merging of Correctional Mental Health and Correctional Medical Services into Correctional Health Services (Recommendation #FU.1).

Regarding the recommendation in progress, HCA/CHS will continue recruitment efforts for optometric specialists and dialysis services.

C. OC Public Works/OC Community Development

In 2009, OPAD conducted an audit of OC Public Works (OCPW)/Planning and Development Services, which was previously referred to as "OC Planning" and is currently "OC Community Development" (OCCD). OPAD issued 47 recommendations, which OCPW fully concurred with.

In 2012, OPAD conducted a follow-up, which concluded 3 recommendations were in progress. Additionally, the 2012 follow-up audit report included an additional six recommendations.

During this year's follow-up, OPAD reviewed nine open recommendations and concluded that 100% of the audit recommendations have been completed or closed for future follow-up purposes.

2014 Follow-Up ³	Completed	Closed	Total
Number	5	4	9
Percentage	56%	44%	100%

Noteworthy progress made by OCPW includes:

- Solicitation of feedback via survey from all OCPW staff on how to improve employee morale, increase efficiency, and enhance customer service (Recommendation 3);

³ Refer to the Summary Table on pages 26-29 for further details.

- Establishment of performance standards for all work units in OCCD (Recommendation 4);
- Assessment of staffing levels resulting in deletion, addition, and reallocation of positions (Recommendations 5, FU.1, FU.2);
- Reorganization of OCPW, including the establishment of OCCD, to improve operational efficiencies and improve synergies between similar work units (Recommendations FU.3 & FU.4);
- Inclusion of a full time Human Resources Manager assigned to OCPW, who participates in executive management meetings and oversees personnel issues (Recommendation FU.5);
- Management training in performance management, employee evaluations and discipline (Recommendation FU.6).

D. County Executive Office/Office of Information Technology

During FY 09-10, OPAD conducted a comprehensive audit of County Executive Office/Office of Information Technology (CEO/IT), which resulted in three reports covering five tasks.

Task I	Document and Verify Current IT Resource Allocations	First Report (Dec. 15, 2009)
Task II	Review CEO/IT Proposed Business Model (IT Strategic Plan)	Second Report (Mar. 2, 2010)
Task III	Review CEO/IT Operational Readiness	Third Report (Jun. 9, 2010)
Task IV	Review CEO/IT Performance Measurement	
Task V	Evaluate CEO/IT Communications	

Across the three reports, OPAD issued 48 recommendations for improvement. Overall, CEO/IT concurred or partially concurred with 39 (81%) of the recommendations.

In 2013, OPAD conducted a follow-up, which concluded 21 recommendations were in progress. During this year's follow-up, OPAD reviewed the remaining 21 open recommendations and concluded that one audit recommendation (#22 *Task III - V*) has been completed and 13 will be closed for follow-up purposes. The remaining seven recommendations are still in progress and will be included in the next follow-up cycle.

2014 Follow-Up⁴	Completed	Closed	In Progress	Total
Number	1	13	7	21
Percentage	5%	62%	33%	100%

⁴ Refer to the Summary Table on pages 30-35 for further details.

In August 2014, the CEO initiated IT centralization efforts to consolidate IT services under the Chief Information Officer (CIO). As a result, specific recommendations concerning the IT Strategic Plan (Task II) will be closed because they will no longer be applicable. CEO/IT management indicates an abbreviated strategic plan will be developed in conjunction with the IT Service Delivery Assessment and selection of a permanent CIO.

CEO/IT indicates the remaining seven recommendations are still in progress due to the time and resource commitments required for the implementation of the new IT Sourcing contracts. Subsequent to the 2013 follow-up, the CIO retired in early 2014, and as of the release of this report, the position remains vacant.

In light of the challenges, CEO/IT management reports that strides have been made to align IT with the County's business objectives, improve IT governance, implement best practices, standardize IT services and platforms, implement shared IT services across agencies/departments where possible, and to improve service levels through the implementation of the new Managed IT Service model.

IV. Follow-Up Summary Tables

A. OC Sheriff's Department

The following table summarizes the status of the Harbor Patrol audit recommendation:

Rec. No.	Audit Recommendation	Management Response	Status	Auditor's Comments
4c	Create management reports from the established Daily Activity database that are prepared for and reviewed by Harbor Patrol leadership, as well as by OC Parks/DPH leadership, on a routine basis (i.e., quarterly, semi-annually).	CONCUR. We are developing management data bases (recommendation #4) and reviewing all policies related to emergency and non-emergency rescues (recommendation #6).	Completed	OCSD forwarded quarterly reports on Marine Operations statistics to both OC Parks and Dana Point Harbor.

The following table summarizes the status of the 21 overtime audit recommendations:

Rec. No.	Audit Recommendation	Management Response	Status	Auditor's Comments
1.4	Re-evaluate the current practice of sending Sheriff's Special Officers to Academy Training once they have already begun working at the jails to determine if this sequence is the most efficient from a cost and management perspective.	An efficiency study will be conducted of the hiring practices of Sheriff's Special Officers and the sequencing of their academy training to seek the optimal arrangement. However, it will not have a significant impact on cost. If we don't hire SSOs before the academy, we would have to use overtime to cover those vacant positions.	Closed	Since 2009 there has been no dedicated Sheriff's Special Officer's (SSO) Academy. Instead, SSO's are hired from existing Correctional Services Assistants (CSA).

Rec. No.	Audit Recommendation	Management Response	Status	Auditor's Comments
1.7	It is the responsibility of immediate supervisors to approve shift extensions. OCSD should provide these supervisors with guidelines for approving shift extensions as well as tools to monitor this overtime category.	Guidelines for shift extensions on an overtime basis will be included in new policies. Where possible, shift extensions will be limited when other existing personnel on their regular shift can complete assignments such as booking and transportation to the jail.	Completed	OCSD updated its overtime policy (#1038) which provides overtime guidelines. Starting FY 14-15, OCSD provides Division Commanders with quarterly overtime reports as monitoring tools.
1.8	Establish a detailed policy that addresses the appropriate use of OCSD resources for special event coverage. Specifically, OCSD needs to determine whether or not coverage of special events is creating problems with internal operational coverage (on overtime or otherwise), even though most events are reimbursed by outside agencies.	Staffing coverage for annual special events such as the Orange County Fair, July 4th events, marathons, heritage parades and other such events have been analyzed. With proper planning and preparation these events do not create internal operational problems as they are an addendum to on-going routine operations. Because of the size of the OCSD, staffing needs for special events can be met without impact to internal operations. Staffing commitments to special events in the past have always been met. Meeting special event commitments were only strained when department-wide vacancy factors were above 10%. This should not be an issue as vacancy rates have decreased to about 4% recently.	Closed	OCSD does not plan to issue a formal policy for special events. OCSD reports that overtime is determined on a case by case basis. OCSD further notes that covering special events are operational decisions made by the various Divisions, and depends on critical operational needs being maintained regardless of the special events.
3.2	A financial and operational analysis of each proposed salary or benefit enhancement should be completed prior to its inclusion on the slate of possible offerings or being agreed to at the bargaining table.	The OCSD concurs with this recommendation.	Closed	CEO-Budget reports it has handled all OCSD's costing for negotiations. However, the responsibility will be transferred over to Auditor-Controller for any costing for future negotiations.
4.2	OCSD should closely monitor the results of the consultant assessment to determine the feasibility of using private security at JWA, develop contingency plans as necessary, and support any reasonable opportunities to achieve overtime cost savings.	The OCSD concurs with this recommendation.	Completed	With the addition of another terminal at JWA in 2011, the airport began utilizing private security in cooperation with existing OCSD personnel, which has resulted in approximately \$202K savings in overtime between FY 11-12 & FY 13-14.

Rec. No.	Audit Recommendation	Management Response	Status	Auditor's Comments
8	Budget anticipated/realistic overtime expenses in each Division Budget Org and appropriately reduce the amount budgeted to overtime in non-Distributed Appropriations Org 900.	<p>In past years, actual vacancy rates exceeded budgeted vacancy rates. However, when budgets are developed in February of the preceding year, it is not known which Divisions will carry vacancies because promotion and transfer decisions are made each week throughout the year. Attachment II is an example of how just one week's rotations can have a significant impact on overtime in the jails. If a Division has a high rate of vacancies those salary savings will offset higher than budgeted overtime costs. In February, 2008, the FY 2008-09 budget was developed with realistic overtime expectations and the budgets have been reviewed with each Division Commander. As the year goes on, there will be rotations and there could be emergencies (like the Santiago Fire and Floods last year) and other circumstances that will affect Divisions' overtime. These issues will be dealt with as they occur. It is worth noting that the description of the Department's budgeting practices described in the report does not accurately reflect the budget practices (this was probably not explained clearly to the Audit Team). The County's budget system calculates direct salary and benefits based on current positions and "known" salary increases that have been negotiated for implementation during the year. In years in which labor negotiations occur mid-year, the system does not include appropriations for such increases (because they are not known). To make sure the Department can cover mid-year salary increases, the Department includes an estimate for those increases in the overtime object in Org 900. This has been coordinated with CEO budget staff. FY 2008-09 does not have any mid-year unknown salary increases and most of the appropriations budgeted in Org 900- Overtime is to backfill overtime costs for the jail rotation program in which jail staff rotate to patrol assignments on a temporary basis. These appropriations were budgeted in Org 900 because it was not known from which jails the staff would rotate from and it was not known if we were going to continue the program if financial conditions continued to deteriorate. As it turns out, we have discontinued the program.</p>	Completed	OCSD no longer budgets overtime in Org 900. OCSD now distributes overtime amongst the appropriate units that have overtime expenditures.

Rec. No.	Audit Recommendation	Management Response	Status	Auditor's Comments
9	Given the current Chart of Accounts Review associated with the CAPS+ Upgrade, OCSD Financial and the Auditor-Controller should review which payroll codes are included in the "Overtime" expenditure object (0103), and determine if any modifications would help OCSD management more accurately track and budget for overtime in the Department as a whole and at specific locations within the Department.	The OCSD concurs with this recommendation and will work with the County Auditor-Controller to incorporate appropriate modifications to more accurately track and budget for overtime expenditures in object (0103). We assume this is an issue that affects other Departments.	Closed	OCSD and the Auditor-Controller reviewed payroll code included in the "Overtime" expenditure object (0103), and determined modifications were not feasible due to the County-wide impact. OCSD, however, does provide its managers with quarterly reports of Budget vs Actual as well as projections by unit.
10.1	OCSD should implement a written policy requiring complete and accurate updating of InTime to properly reflect actual hours worked.	The OCSD will work with the In Time vendor to maximize the use of the system's capability to better meet the department's operational and scheduling tracking needs, and will implement written policy to ensure timely and accurate updating of schedules.	In Progress	A written policy has not been implemented. OCSD is working on development of a comprehensive scheduling and timekeeping payroll system.
10.2	Continue efforts to utilize the InTime system to prepare daily Sign-in sheets electronically.	The OCSD will work with the In Time vendor to produce Sign-in sheets so that scheduling rosters are accurate.	In Progress	Daily electronic sign-in sheets have not been implemented due to OCSD working on development of a comprehensive scheduling and timekeeping payroll system.
10.3	OCSD should determine additional training required to fully utilize InTime features. Professional staff should be trained as core Trainers to ensure consistent training is provided to all schedulers.	As the InTime features are expanded and corresponding written policies are developed, a training program will be implemented.	In Progress	OCSD is working on development of a comprehensive scheduling and timekeeping payroll system. Training will take place once the system has been implemented.
10.4	OCSD should evaluate the InTime Overtime Management module on a three month basis as provided in the InTime contractor's July 2008 Training Proposal to determine if the module will provide effective overtime monitoring and control.	This evaluation will precede the department's implementation of the response to Recommendation 10.3.	In Progress	OCSD is working on development of a comprehensive scheduling and timekeeping payroll system, including evaluations of additional modules.
11.1	InTime should be integrated with the updated Payroll system to eliminate the manual entry of work hours. Such integration would yield substantial cost and resource efficiencies after an initial investment.	We are currently planning an upgrade of our timekeeping system. We agree that the timekeeping system and InTime Scheduling System should interface with each other. Our scope of work and RFP states that both should interface but the timekeeping system would not be dependent on scheduling to run payroll. In the scope of work, the scheduling system would download at the beginning of each pay period to the timekeeping system. There would only be additional data input for exceptions to the biweekly work schedule of an employee. The scheduling system would need to be expanded to include all Sheriff's employees and then all work schedules could be downloaded into the timekeeping system. Financial and Support Services are working on a test of posting hours in InTime and sending to Payroll.	In Progress	OCSD is working on development of a comprehensive scheduling and timekeeping payroll system, including evaluations of the current InTime system and a proposed timekeeping system.

Rec. No.	Audit Recommendation	Management Response	Status	Auditor's Comments
11.2	There needs to be better coordination or a change in reporting relationships to facilitate decision making between the Financial and IT sections.	Financial IT and Support Services do coordinate well. Support Services does not access the County CAPS systems. The CAPS system is of a financial nature and Financial IT supports this in coordination with the Auditor-Controller Department. The In Time scheduling system was not originally designed to be a component of Payroll. If it is to be expanded to all Sheriff's employees and when the timekeeping system is going through upgrading, there will be a coordination of duties.	Completed	As of March 2013, Financial/Administrative Services IT has been transferred to Support Services Division IT.
12	Upgrade the Payroll system to allow for inputting more Premium Pay types, and restrict access to payroll production data to only Payroll personnel once this upgrade occurs. In this interim, Sheriff's-IT should establish a verification report of any changes made to the payroll text file, which can be reviewed by payroll staff prior to submission of data to the Auditor-Controller.	The scope of work for the upgraded timekeeping system includes the ability to input many Premium Pay types. In the interim, Sheriff's- Financial IT will program a verification report after the close of every pay period. This report will be reviewed by the Payroll Manager and Supervisor before submission of data to the Auditor-Controller.	In Progress	OCSD is evaluating its system upgrading options and should have some resolution by FY 2015-16. In the interim, OCSD has developed a report for each pay period to verify and record any payroll changes. This report is reviewed by the payroll supervisor prior to submission of data to the Auditor-Controller and close of the pay period.
13	In the near term, articulate the specific responsibilities of each unit currently involved in entering and monitoring premium pays. In the long term, ensure that any future upgrade of the payroll system allows for centralized input of all premium pays by one designated unit.	The current County CAPS- HR/Payroll system does not allow for centralized input of all premium pays by one designated unit due to the security setup and access to master tables. There are certain premium pays that are paid to an individual every pay period (such as bilingual pay) and certain premium pays paid monthly (like car allowance), regardless of how many hours an employee is paid. There was no need to input the pay code on a timesheet every pay period for these types of premium pays. A policy decision was made in 1991 by the CAPS implementation team that the Sheriff's HR staff would input bilingual pay on an HR master screen and Auditor-Controller-Payroll would input POST pay in a payroll master screen. There are master tables assigned to HR that include some pay types and other master tables assigned to Auditor-Controller-Payroll. The rest of the premium pays were to be posted to the employee's timesheet whenever those hours were worked. There have been two changes within the past couple years. Sheriff's HR staff now inputs POST pay on an employee's record. A new type of premium pay, Transportation of Inmates or TI is input to an employee's record by Auditor-Controller after receiving a list from Sheriff's HR staff. This issue will be considered during planning of the new CAPS+ HR/Payroll system.	Closed	OCSD implemented a new process to ensure payment of premiums is accurate and approved. OCSD's Professional Standards Division monitors this process.

Rec. No.	Audit Recommendation	Management Response	Status	Auditor's Comments
FU. 1	<p>It is clear that the cost impact of the "30 minute extension" practice is minimal; however, OCSD should continue to monitor this issue and encourage watch commanders to exercise discretion in utilizing this overtime option based on the needs of that particular situation and shift, rather than automatically granting overtime to every 11-hour shift. In addition, this discretion should be clarified in either a memo or policy to OCSD staff.</p>	<p>Many OCSD personnel are on 12 hour shifts. The "30 minute extension" refers to a 30 minute gap in staffing caused by the need (per the Fair Labor Standards Act) to provide time for staff to change into their uniforms and attend briefing before they begin their primary duties. To cover that 30 minute gap, overtime is often authorized unless the supervisor determines that the 30 minute gap can be handled without overtime. All supervisors are instructed to utilize overtime only when necessary. This is stated in the Department's Overtime Policy. A department-wide memo will be sent reminding everyone of that part of the policy.</p>	Completed	<p>OCSD updated its overtime policy which provides overtime guidelines. Starting FY 14-15, OCSD provides Division Commanders with quarterly overtime reports with defined categories as a monitoring tool.</p>
FU. 2	<p>An opportunity remains for the County to further align these MOUs by defining the PO Unit work period, consistent with the SSO/Coroner Unit MOU, as an 80-hour, 2-week work period. Such a change would not only remove administrative burden on OCSD Payroll, but would also achieve cost savings for the County with more overtime being paid as straight time rather than time and a half.</p>	<p>The PO Unit's labor agreement runs through October 2012. At that time, this issue can be addressed when the PO Unit enters negotiations with the County. This recommendation has been sent to the Director of the Human Resources Department for consideration during those negotiations.</p>	Closed	<p>The recommendation was sent to the Director of the Human Resources Department for consideration during negotiations in 2012.</p>
FU. 3	<p>This information points to the need for continued refinement of how OCSD analyzes and projects overtime needs for future fiscal years. In addition, though OCSD Financial now consistently provides monthly budget reports to all locations to allow for overall overtime tracking, there is no detail provided as to the causes or frequent users of overtime. Though some sworn managers at certain locations (e.g., Men's Central Jail) are having timekeepers manually keep track of the reasons for overtime and prepare summary data based on daily timesheets, this is not occurring Department-wide. OCSD Financial should provide further detail regarding overtime with the monthly budget reports in order to further equip line managers with important overtime monitoring information on a consistent, Department-wide basis.</p>	<p>Due to budget cuts and the vacant position freeze, staff from the Financial and Administrative Services Division now produces quarterly, instead of monthly, budget reports for the other Divisions. However, management will discuss with Division Commanders the type of financial information that is most needed and attempt to provide that information in a timely manner.</p>	Completed	<p>Starting FY 14-15, OCSD provides Division Commanders with quarterly overtime reports as monitoring tools which depict overtime hours spent and an overtime budget versus actual analysis. OCSD indicated that further details (e.g. frequent OT users) are available to management at their request, while some management track details at their own discretion.</p>

Rec. No.	Audit Recommendation	Management Response	Status	Auditor's Comments
FU. 4	<p>Though overtime costs are fully reimbursed for services provided in contract cities, OCSD should analyze the frequent need to work additional hours (either due to Shift Extension or Shift Replacement) at contract city patrol operations to ensure that all overtime is necessary and prevent any potential employee fatigue issues.</p>	<p>Lieutenants who serve as Chief of Police Services for Contract Cities are in constant discussion about all public safety costs, including overtime, with their City Managers. Overtime is a valuable management tool that can achieve cost savings when OT is used to cover vacant positions or when other staff are on vacation, sick, or participating in training. The Department's OT policy states that OT should be used only when necessary and that supervisors are responsible for monitoring employee fatigue issues. In addition, Division Commanders are provided bi-weekly reports that identify employees that work more than the policy limit of 48 hours per pay period. At this time, fatigue caused by OT is not a problem; however, as the Department loses more sworn personnel through attrition, OT will increase significantly unless new Deputies are hired (see Response to Recommendation #6 below for further discussion about staffing level concerns and the impacts on OT) .</p>	Closed	<p>OCSD continues to follow the process as described in the original management response.</p>
FU. 5	<p>OCSD should move forward in earnest, with the selection of a vendor to implement a new timekeeping system. Once implemented, a new system will result in significant cost savings/productivity gains as a result of improved efficiency from the elimination of manual data entry. Specifically, there are eight Payroll Specialists who currently spend approximately 50% of their time entering payroll data. The audit team estimates there will be \$225K of annual cost savings/productivity gains as a result of making this change.</p>	<p>1) Status of selection of new timekeeping system - The Sheriff's Department has been monitoring the implementation of the VTI timekeeping system in the Probation Department. That process required several years and many modifications to accommodate their 2417 operations. That system is working and is a viable option at this time. Sheriff's Department staff have been working with Auditor-Controller staff to plan the implementation of that system. At this time, the Department has \$459,000 for implementation of the system but it is estimated to cost about \$975,000. The Department is now considering phasing-in the system over two fiscal years. 2) Potential cost savings/productivity gains with new system - The Audit Team attempted to estimate cost savings/productivity gains that could be achieved by implementing a new timekeeping system. The Team analyzed savings achieved by Probation when they implemented the VTI timekeeping system. Footnote #17 on page 27 of the audit report indicates that "... the experience of the Probation Department, which has less than half of the number of employees as OCSD, but was able to achieve a savings of approximately three FTEs when they automated their payroll timekeeping system (VTI)." Based on Probation's experience, the Audit Team estimated savings/productivity gains of \$225,000 per year. The estimated savings/productivity gains helps demonstrate that the new system is cost effective; however, the Sheriff's Department and Probation Department have significant differences in timekeeping workload which could impact actual savings/productivity gains</p>	In Progress	<p>OCSD is working on a comprehensive scheduling and timekeeping payroll system. Since our initial follow-up in 2011, OCSD reports it has consulted with the A/C and InTime vendor. A survey was disseminated to all Divisions to understand timekeeping practices and assess the various needs followed by site visits to gain greater understanding. Multiple meetings have been held with key stakeholders (Auditor-Controller IT, InTime, Sheriff's Financial and IT staff, and Executive Command). The Sheriff's Payroll and Purchasing managers drafted a scope of work. Meetings have been held with the webmaster who is in charge of the InTime scheduling software for OCSD, and has been working with the vendor to ensure the upgrades and features that OCSD require are in place prior to having all of the department members on the InTime platform.</p>

Rec. No.	Audit Recommendation	Management Response	Status	Auditor's Comments
		<p>[FU.5 Continued] such as:</p> <ul style="list-style-type: none"> • Sheriff employees total 3,500 governed by 9 MOU's, while Probation employees total 1,300 governed by 4 MOU's. On a closing week, the ratio of timecards reviewed per Payroll Specialist is 186:1 for Probation. For OCSO, the ratio of timecards reviewed per Payroll Specialist is 438:1. The latest MOU's require changes to the way overtime pay is calculated. Timesheets are reviewed more closely because of the determination of OT pay versus SOT pay (overtime paid at straight time instead of time-and-a-half) in a work week. • Sheriff utilizes 72 premium codes, while Probation has 7. • In March, the Sheriff processed over 1,300 pay adjustments while Probation processed 430 for the same time period. • Sheriff averages 600 workers' compensation claims per year, while Probation averages 250. For each workers' compensation claim filed, a wage statement must be prepared and returned to CEO Risk Management within 10 working days. This requires researching and reporting gross weekly earnings and hours for 26 pay periods preceding the injury date. Upon notification of the New Workers' Comp Benefits (NWCB), pay adjustments may be required depending on the effective date and ending date of the benefit. Payroll detail is reviewed to determine if a retroactive pay adjustment is required to pay workers' compensation and restore any leave balances previously used. <p>We anticipate savings/productivity gains but the actual value of those savings and gains may be less than that estimated by the Audit Team.</p>		

Rec. No.	Audit Recommendation	Management Response	Status	Auditor's Comments
FU. 6	<p>Regardless of the strategies employed, OCSD should: (a) ensure the amount of overtime being charged by existing personnel as a result of implementing the ICE Contract does not exceed the Department's Overtime Policy limitations and MOU provisions and (b) analyze the current staffing levels and anticipated Department responsibilities (e.g., ICE Program expansion and reopening of jail facilities) to determine if the amount of required overtime will result in the excessive use of overtime. Recruitment efforts should be reinstated if required overtime is expected to exceed acceptable limits set forth in Department policies and MOU provisions.</p>	<p>The audit report discusses many of the variables which, over the last two years, have impacted OT such as closing the North Compound (tents) at Musick, closing the East Compound at Musick, closing the Women's Jail, closing the 4th floor of the Men's Jail, reopening the East Compound at Musick, reopening the 4th floor of the Men's Jail, added responsibilities for the ICE contract, budget reductions, position freezes, and hiring CSA's. In addition, each year, the Sheriff's Department loses through attrition about 70 sworn employees yet we have not hired any new sworn staff in over 2 years. Looking ahead, the Department is anticipating that all jail facilities will likely be open in FY 2011-12 due to contracts with the Federal Government and impacts from the State shifting some of its prisoners to county jails. On average, OCSD loses about 70 sworn personnel a year. To address this loss of personnel, we have been hiring CSA's instead of Deputy Sheriffs as part of the Department's budget reduction plan. However, we are reaching a point where Deputy Sheriffs are needed. Projected attrition will soon cause overtime to reach unacceptable levels that you caution about in your report. Therefore, to ensure adequate staffing levels, the Department will continue to hire CSA's until we reach our current target of about 180 (we currently have about 100 with another 30 in an academy). In addition, the Department has initiated an internal recruitment for Deputy Sheriffs in order to keep OT at levels that do not induce unsafe levels of fatigue. Since it takes about a year to recruit, test, perform background checks, and train (through the 6 month academy) new Deputy Sheriffs, this advance planning is critical to ensuring adequate staffing a year from now.</p>	Completed	<p>OCSD's overtime related to ICE program is limited to providing staff coverage to meet contractual obligations and doesn't exceed any departmental overtime policy. Also, they have been providing Correctional Services Assistant (CSA), Sheriff's Special Officer (SSO) and Deputy training academies in order to stabilize overtime and fill necessary vacancies.</p>

B. Health Care Agency/Correctional Health Services

The following table summarizes the status of each of the 30 audit recommendations:

Rec. No.	Audit Recommendation	Management Response	Status	Auditor's Comments
11	CMS/Physicians should ensure that adequate utilization review procedures are performed. Any changes to utilization procedures should be discussed with CMS Management before being implemented.	<u>CONCUR.</u> The current utilization review procedures and practices will be reviewed, evaluated and updated under the leadership of the CMS Medical Director and reviewed by CMS Management prior to implementation. CMS management will ensure regular review and updating of utilization review procedures.	Completed	HCA/CHS' Advanced Medical Management (AMM) database has been expanded to include additional report options that are available on demand, as well as several reports which are generated on a monthly basis for routine monitoring. HCA/CHS has also instituted a Case Management department staffed by a Senior RN and CCLVN, who monitor concurrent hospital utilization. In addition, the Specialty Clinic services are now reviewed daily by the CHS Administrative Nurse Practitioner.
14.4	Additional monitoring procedures should be performed by the Senior Nurse responsible for ensuring the substance administration record is properly completed to include a periodic review of the CHART system medication/hard copy distribution record to the Controlled Substances Administration Record. Any differences should be immediately addressed.	<u>CONCUR.</u> The CHART Administrator is in the process of developing an interactive search to accommodate the periodic review of controlled substance medication doses. Due to the lack of complexity in programming this feature, assistance of the CHART vendor is required. The CHART Administrator and Pharmacy Director have set a target implementation date of July 1, 2009.	Completed	CHART has been replaced with a new Electronic Health Record (EHR) in January 2014. A random audit of 30 patients has been implemented to compare Controlled Substances Administration Records (CSAR) documentation to the patient's EMAR (Electronic Medication Administration Record). These audits are reported to, and tracked by, one of the CHS Supervising RNs.
15	A process to ensure that undistributed medications are properly returned to the Pharmacy should be evaluated by CMS Management. That process should include the overnight storage of medications in a secure location with access only by Pharmacy personnel and the medication nurse.	<u>CONCUR.</u> The Pharmacy Director and the DON will review pharmaceutical security practices and the current policy and procedures for returning undistributed medications to ensure consistency across all nursing areas.	Completed	Undistributed non-controlled substances are now maintained in locked medication rooms. At the Central Jail Complex, undistributed medications are returned to the on-site pharmacy daily from the IRC, Women's Jail, and Men's Jail. Undistributed medications from Theo Lacy and James Musick are handled differently due to no on-site pharmacy in those locations. Those undistributed medications are kept in the locked medication room and placed in a sealed transport bag and returned 1-3 times per week depending upon transport schedules.

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Rec. No.	Audit Recommendation	Management Response	Status	Auditor's Comments
19	CMS should evaluate available dispensing systems that may be purchased within current budget constraints.	<u>CONCUR.</u>	Completed	Dispensing systems have been evaluated and found to be cost prohibitive. Nonetheless, CHS management has implemented a check and balance inventory control method for medications.
21	HCA/Contract Administration and CMS should delineate the responsibilities for contract administration and contract program monitoring. Once this occurs, CMS should ensure contract monitoring is performed as required.	<u>CONCUR.</u> These duties will be clearly defined by April 1, 2009 and will be revised/updated prior to July 1, 2009 to reflect all contract changes indicated in HCA's responses to Recommendations 26.1 through 26.4.	Completed	Responsibilities for managing/monitoring contracts were assigned to HCA/Contract Development Management (CDM). CDM has included reporting and monitoring requirements in new contracts and enforces them.
23	HCA should require by contract that CMC obtain an independent audit of the Profit and Loss Statement annually to ensure that the statements accurately present CMC's profit.	<u>CONCUR.</u> An independent audit requirement will be negotiated into the upcoming agreement for physician services.	Completed	HCA/CHS has received the annual Profit/Loss Statements from CMC.
24	HCA should (1) request that CMC reduce their rates for the remainder of the current contract term (June 2009), and (2) ensure that future negotiated physician contracts provide appropriate profit margins in accordance with industry standards and are in line with other government entities contracting for correctional medical services.	<u>CONCUR.</u> HCA will approach CMC regarding their current contract funding. HCA is committed to negotiating contracts that are fiscally appropriate for the services being provided and/or populations being served.	Completed	The contract agreement with CMC was renegotiated to limit profits to 10% of the total maximum obligation calculated. CMC has provided HCA/CHS the annual Profit/Loss Statements, which confirm profits did not exceed 10%.

Rec. No.	Audit Recommendation	Management Response	Status	Auditor's Comments
25	HCA needs to hold WMC-A accountable to the terms of the contract regarding the preparation of annual profit and loss statements. In addition, HCA needs to work directly with WMC-A to clarify and verify the actual costs of the Custody Hospital Services that WMC-A provides in order for both sides to be fully prepared for the upcoming request for proposal (RFP) and potential contract negotiations. Lastly, HCA should require that WMC-A obtain an independent audit of their annually-provided profit and loss statements to ensure that the County has complete and accurate information.	<u>CONCUR.</u>	Completed	WMC-A has provided HCA/CHS the annual P&L statements. HCA/Contract Development Management reports that it has evaluated the information and compared it to industry data to control the cost of services to the County.
26.1	CMS and HCA/Contract Administration need to articulate the goal for maintaining the custody database and who is responsible within HCA to ensure that goal is achieved. Both parties need to work together to determine how this data, and any additional data that can be captured, will be utilized to improve CMS from a programmatic and operational standpoint.	<u>CONCUR.</u>	Completed	The AMM custody database has been expanded to include additional report options that are available on demand, as well as several reports which are generated on a monthly schedule for CHS management review. CHS management routinely monitors these various utilization reports.

Rec. No.	Audit Recommendation	Management Response	Status	Auditor's Comments
26.4	HCA/Contract Administration or CMS program management needs to conduct some degree of periodic auditing of this data to ensure accuracy and completeness. Based on the audit team's experience, this objective can be achieved with minimal time and resources on the part of HCA.	<u>CONCUR.</u> HCA does and will continue to audit the data to ensure any duplicates or other inaccurate data are identified and eliminated from the overall database.	Completed	HCA/CHS indicates that communication has improved with AMM. In addition to HCA/CHS accessing AMM's portal on a weekly basis, AMM also provides periodic reports to CHS for review. CHS leadership is in frequent communications with AMM regarding case management and cost containment.
28.1	CMS should complete its efforts to fully interface the outpatient/inpatient approval/scheduling process in the CHART system to include electronically created sequentially numbered TARs with online priority/approval function, outpatient scheduling, and reporting queries that provide CMS Management information to monitor the process.	<u>CONCUR.</u> CMS is currently working with the CHART vendor to build a module for scheduling of outpatient clinic appointments including a priority/approval function, monitoring capabilities, and reporting queries. After a preliminary review of the request, the CHART vendor has stated that there is a high level of complexity to develop the module, which will significant time to test and implement.	Completed	Since CHART has been replaced with a new electronic health record system, Treatment Authorization Requests (TARS) are now done electronically. Additionally, CHS Specialty Clinic staff, under the supervision of the Administrative Nurse Practitioner, has taken over responsibility of scheduling clinic appointments and coordinating transportation with OCSD, rather than having WMC-A scheduling appointments, which all together provides greater tracking and control for HCA/CHS.
28.2	CMS should change its organizational structure to have the CMS Scheduling Clerk report to the Assistant Medical Director with technical support from program administrative services.	<u>DO NOT CONCUR.</u> Please see response to Recommendation 2.2.	Completed	Organizational structure has been changed. The Specialty Clinic services staff report directly to the Administrative Nurse Practitioner, who reviews all clinical cases and determines the priority of all specialty clinic services scheduling. The Administrative Nurse Practitioner reports to the Medical Director.

Rec. No.	Audit Recommendation	Management Response	Status	Auditor's Comments
29	<p>CMS should move forward immediately to purchase a new fully automated medical records information system. In the interim, CMS should more fully utilize the CHART system and establish a cross-over timeline for moving hard copy components to the electronic medical record in CHART until a new medical record system is available. A formal on-going training program is required regardless of which electronic medical record system is in place. An analysis of hard copy medical records currently used should be performed to determine if any system customization is required to achieve this goal. In the near term, CMS should delete 2-3 medical records positions, and in the long run aim to eliminate 10-15 positions.</p>	<p><u>PARTIALLY CONCUR.</u> HCA concurs that a new automated medical information system for correctional healthcare would be desirable and is moving towards that objective. HCA will procure a consultant to evaluate all aspects of CMS in relation to an electronic health records system with the long term goal of a full Electronic Medical Record (EMR).</p> <p>HCA agrees that there are aspects of the current CHART system which should be evaluated for further implementation. HCA will work with the vendor to review potential additional applications and realize any available savings.</p> <p>HCA does not agree, however, that it is prudent to attempt to expand CHART into a full EMR as suggested in the recommendation. CHART is a 1990 era product that is based on a DOS platform and is supported by a single vendor who has a full time job outside of Orange County. It was originally envisioned as a pharmacy system interfaced with the Sheriff's system and it has served that purpose well. CHART is used in only two other locations in the country. According to the vendor, substantial programming time would be required in attempting to convert CHART into an EMR, and limited vendor support would be available. With respect to the training issue, CMS currently has four CHART "super users" that can provide training. All four will be used to ensure that all new and existing staff members are oriented, trained, and comfortable using CHART. An update of the CHART Users Manual will be completed by March 1, 2009 and placed on the CMS server where it will be accessible to all CMS staff.</p>	Completed	<p>HCA/CHS implemented an electronic health record system in January 2014 at all adult facilities within the OC Jail system. Patient records are now electronic.</p>
30	<p>HCA should continue its efforts to purchase a new system to replace CHART, especially in light of the short term support available in the near future, the cost savings to be realized from a reduction in the manual recording keeping process, and to mitigate potential high-risk operating deficiencies created by maintaining a semi-manual medical record keeping system.</p>	<p><u>CONCUR.</u></p>	Completed	<p>HCA/CHS has purchased an electronic health record system to replace CHART. The Correctional Health Services Electronic Health Record System (EHR) contract was executed in December 2012.</p>

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Rec. No.	Audit Recommendation	Management Response	Status	Auditor's Comments
37	In the short term, CMS should establish procedures to ensure that statistical summary data is accurately compiled by staff and assign the responsibility to compile statistics to CMS Administration. Once CMS has implemented a fully electronic medical record, statistical data should be generated from the CHART system automatically.	<u>CONCUR.</u> Will implement procedures by April 30, 2009.	Completed	HCA/CHS implemented a new electronic health record system in January 2014. Patient records are now electronic. The system has an extensive reporting capability in which statistical data can be generated at any time for a multitude of clinical and utilization data. The system also generates monthly statistical reports to the Board of State and Community Corrections.
40	CMS should work with OCSD to make the necessary adjustments to comply with best practices.	<u>CONCUR.</u> This was also identified in the Crout & Sida report. HCA will pursue possible alterations with OCSD. OCSD advises that they will work with HCA to determine the best course of action.	Completed	Significant structural changes to the IRC are cost prohibitive for OCSD. However, several changes have been made to the processes and procedures at the Intake area to increase privacy for the incoming arrestees. For example, 1) a safety glass barrier, which separated the medical staff from the arrestee required the use of microphones, has been replaced with an alternate barrier that allows conversation at a normal decibel, 2) medical staff will step outside the medical area to speak face-to-face with an arrestee who requests additional privacy, and 3) based on a response to the Department of Justice inspection in October 2013, all arrestees and their booking officer must now wait outside of the IRC until specifically called in for their medical screening. Only two arrestees are allowed in for screening concurrently.
41	OCSD should upgrade the condition of the Men's Jail Observation Unit.	<u>CONCUR.</u> OCSD advises that they will work with HCA to determine the best of course of action in light of the County's current financial situation.	Completed	The Men's Observation Unit has been refurbished by OCSD including new paint, modified restroom area, installation of side rails to beds, and installation of all ADA mandated assistive equipment.
44	Ensure that a deputy is present at all times during inmate sick call at the James Musick Facility.	<u>CONCUR.</u> OCSD advises that they concur with this recommendation.	Completed	A deputy is stationed in the medical waiting area at the James Musick facility, which is a low security facility, on a case-by-case basis. Additionally, emergency call buttons are present in the treatment rooms.

Rec. No.	Audit Recommendation	Management Response	Status	Auditor's Comments
45	OCSD and CMS should work together to determine the feasibility of charging inmates for sick call and/or the selling of OTC medications through the Sheriff's Commissary.	<u>CONCUR</u> . HCA will work with OCSD to determine the feasibility of implementing this recommendation.	Completed	In 2013, a work group comprised of OCSD, Financial, and CHS decided to charge co-pay for inmate-initiated nursing sick calls. Furthermore, additional Over-The-Counter (OTC) medications have been added to the Commissary list for inmates to purchase.
FU. 1	CHS management should develop and distribute a central document which clarifies all changes in roles, responsibilities, and expectations for medical and mental health nurses as a result of the merger. This document should clearly describe the expected degree of integration of medical and mental health nurses, and it should also include general guidelines for conducting "dual sick calls".	Over the past 12 months CHS management has worked closely with nursing and all other personnel to accomplish a merger of the Correctional Medical and Mental Health Programs. Throughout this period, much fact-finding and re-evaluation of roles and responsibilities took place, including site visits to several other county correctional programs in an effort to review best-practice models and processes. CHS is currently working to update all policy and procedure manuals to reflect these changes. The updated manual will include specific detail regarding roles, responsibilities and expectations for nursing as well as other CHS classifications. In addition to updating the core policy and procedure manual for CHS, HCA will prepare a specific document for nursing describing expectations, roles and responsibilities. This will also describe the expectation that nursing sick call for inmate patients will include addressing both medical and mental health complaints.	Completed	The medical and mental health programs have fully merged and are functioning as one unit. As a result, the previously separate Policy and Procedure Manuals have been merged into one manual for the entire HCA/CHS staff, which clarifies the various expectations, roles and responsibilities.
FU. 2	a) CHS should establish additional optometry clinic dates to help reduce the number of outstanding appointment requests. b) CHS management should continue recent efforts to secure an on-site dialysis provider, and should begin tracking, in collaboration with OCSD, the number of off-site dialysis appointments and the associated number of trips made by OCSD deputies for this purpose in order to demonstrate the cost-benefit analysis of this initiative.	The optometry waiting list is being monitored by the Medical Director to ensure that referrals are being made appropriately. Additional clinic dates will be added to resolve the backlog. CHS is preparing an all-inclusive solicitation for professional services that will include an on-site dialysis clinic at the Theo Lacy Facility. In June, our current provider was requested to provide cost estimates for providing a dialysis clinic. However, their initial response to bring this service in-house would have resulted in significant cost increases to HCA. Based on this result, it was decided that a solicitation would be the best method to get information to decide whether this service could be implemented in a cost effective manner. The objective of providing on-site medical clinics must be weighed against a number of factors including cost of providing each medical service. Cost data related to the current provision of dialysis is being assembled in order to use in the analysis of the proposals that will be solicited.	In Progress	HCA/CHS has attempted to recruit additional optometric specialists without success. Due to the increased jail census, the Administrative Nurse Practitioner prioritizes these appointments to ensure the most serious issues are addressed in a timely fashion. Additional optometry services are currently included in an open solicitation for specialty clinic services. HCA/CHS has also encountered challenges in recruiting on-site dialysis services. Although HCA/CHS continues to provide dialysis services off-site, they will continue to explore options and evaluate pros/cons concerning on-site versus off-site dialysis services.

Rec. No.	Audit Recommendation	Management Response	Status	Auditor's Comments
FU. 3	<p>CHS management should conduct a pilot data collection project that tasks nursing staff with tracking sick calls where (1) the sole purpose of the patient is to obtain over-the-counter medications and (2) the provider believes that the sick call was unnecessary/frivolous. Once this data is obtained, CHS management should revisit, in collaboration with OCSD, the cost-benefit of (a) adding more over-the-counter medications to the OCSD commissary list and (b) implementing co-pays for sick calls.</p>	<p>A meeting between CHS and OCSD was held to address the co-pay issue and the benefit of adding additional over-the-counter (OTC) medications to the commissary. A recommendation has been made to implement the co-pay program that is acceptable to both HCA and OCSD and should be in place in the next four to six months. The Medical Director has developed a list of items that inmates should be able to purchase that should help to decrease unnecessary sick call encounters for nursing. This list is being reviewed by OCSD to ensure there are no security concerns with the items proposed.</p>	Completed	<p>In 2013, a work group comprised of OCSD, Financial, and CHS decided to charge co-pay for inmate-initiated nursing sick calls. Furthermore, additional Over-The-Counter (OTC) medications have been added to the Commissary list for inmates to purchase.</p>
FU. 4	<p>CHS should further strengthen the controlled substances policies and procedures by requiring staff (e.g., Senior Nurses, Pharmacy personnel) to conduct periodic reconciliations between the Controlled Substance Administration Records and CHART medication distribution records.</p>	<p>CHS is proud of the increased accountability in this area and the diligent recordkeeping and attention to detail by staff which was demonstrated in the post-audit review. In order to strengthen this area, CHS will be adding a periodic quarterly review to the existing Continuous Quality Improvement (CQI) audits already in place for controlled substances in order to reconcile any outstanding discrepancies.</p>	Completed	<p>CHART has been replaced with a new Electronic Health Record (EHR) in January 2014. A random audit of 30 patients has been implemented to compare Controlled Substances Administration Records (CSAR) documentation to the patient's EMAR (Electronic Medication Administration Record). These audits are reported to, and tracked by, one of the CHS Supervising RNs.</p>

Rec. No.	Audit Recommendation	Management Response	Status	Auditor's Comments
FU. 5	<p>a) Further strengthen controls over undistributed medication by requiring all undistributed medication (e.g., controlled substances and non-controlled substances) be placed in one-way locked containers, accessible only to pharmacy staff and the senior nurse on shift.</p> <p>b) CHS should require Pharmacy staff to periodically validate that high-value, non-controlled medications documented in CHART as undistributed have been returned to the Pharmacy.</p> <p>c) The CHS Pharmacy should continue performing monthly inventory counts of medication. CHS should continue to examine the feasibility of implementing dispensing systems to more accurately track medications maintained outside of the Pharmacy.</p>	<p>Maintaining strict control over the pharmaceutical inventory is a priority for all CHS program personnel. Undistributed medications for patients who are released from custody or have their medications discontinued are returned to the Pharmacy for restocking or destruction, based on regulations governing reuse. As identified in the audit report, this practice has resulted in significant cost savings for medications that were previously wasted. CHS will further strengthen this process by storing all undistributed medications in locked cabinets within the locked medication room at each facility. These medications will be included in the monthly inventory currently being done by the Pharmacy. CHS continues to research costs for dispensing systems in hopes that a cost-effective option can be identified.</p>	Completed	<p>HCA/CHS reported that undistributed non-control substances are now maintained in locked medication rooms. At the Central Jail Complex, undistributed medications are returned to the on-site pharmacy daily from the IRC, Women's Jail, and Men's Jail. Undistributed medications from Theo Lacy and James Musick are handled differently due to no on-site pharmacy in those locations. Those undistributed medications are kept in the locked medication room and placed in a sealed transport bag and returned 1-3 times per week depending upon transport schedules.</p> <p>HCA/CHS is augmenting the process to allow for annotating in the new electronic health record system when administered medication is taken from floor stock. Management asserts this will facilitate reconciliation between floor stock medications and medications provided to that area - a check and balance inventory control method. Dispensing systems have been evaluated and found to be cost prohibitive.</p>
FU. 6	<p>CHS management should proceed with the selection of a vendor to customize and implement a fully electronic health record system to replace the partially utilized, antiquated system that is currently in place, which will lead to a number of benefits for CHS, including significant operational efficiencies and staffing cost reductions.</p>	<p>During the period since the audit was conducted, HCA conducted an extensive requirements analysis and from that process developed and issued an RFP document to solicit proposals for a comprehensive jail medical system that will replace CHART and includes an electronic health record (EHR) system. Scarce fiscal resources were allocated to this project during a very difficult budget year which has allowed the process to proceed. As a result, CHS is now reviewing proposals from the 14 vendors that responded to our Request for Proposal (RFP). The paper screening of proposals was completed in November. On-site system demonstrations with the top five or six vendors will be completed by mid-January 2012. A recommendation to take to the Board for approval is planned by July 2012. After approval by the Board of Supervisors, it will take up to 11 months for customization, training and implementation. This places the project completion in 2013.</p>	Completed	<p>HCA/CHS implemented an electronic health record in January 2014 at all adult facilities within the OC Jail system. Patient records are now electronic.</p>

Rec. No.	Audit Recommendation	Management Response	Status	Auditor's Comments
FU. 7	<p>CHS and HCA-Contracts Administration should consistently enforce existing contract terms with WMC-A and CMC.</p>	<p>Since the audit, some contract related monitoring activities and data gathering have not been completed on a timely basis as was the intent envisioned when this data was required by the contract terms. As a result, RCA-Contracts Administration has restructured internal processes and reassigned staff to provide for and emphasize consistent monitoring and enforcement of the contract terms with both WMC-A and CMC, to include assignment of all CHS contracts to a new contract administrator, development of tracking documents to monitor expenditures and revenues monthly, and electronic notification and monitoring protocols to assist the administrator in communicating and receiving required information from WMC-A and CMC timely, accurately, and within the contract terms. CHS contracts for a dedicated unit within the WMC-A hospital. While the unit cannot be used for any other purpose, HCA was still able to negotiate an overall bed day rate that is below WMC-A's reported OSHPD bed day rate. The intent of this negotiated rate was to place a cap on the overall cost for this unit, thereby minimizing the fiscal risk to the County for providing care for an indeterminate number of inmates with serious conditions that must necessarily be sent to this unit. Additionally, the CHS has put into place increased utilization management resulting in utilization of fewer bed days in the Unit than before, thereby decreasing WMC-A's overall costs against the flat rate CHS pays for the dedicated Unit. CHS will use the experience gained in achieving these results along with the fiscal reporting required through the contract terms to push for further reductions in contract costs during future negotiations.</p>	Completed	<p>Responsibilities for managing/monitoring contracts were assigned to HCA/Contract Development Management (CDM). HCA/CDM has included reporting and monitoring requirements in new contracts and enforces them, as seen in recommendations #23-25. An assigned HCA Contract Administrator monitors both the WMC-A and CMC contracts.</p>
FU. 8	<p>CHS should immediately implement an electronic tracking mechanism for all Treatment Authorization Requests and develop an automated means of reconciling this information with the data maintained by WMC-A.</p>	<p>CHS is pleased with the progress to date that has resulted in improved compliance with the specialty clinic referral process. As part of a planned implementation and immediately following receipt of the OP AD report CHS implemented a system to manage the TAR requests through the use of a shared electronic file with all CHS providers and the appointment desk. This file is reviewed daily and reconciled with the WMC-A database to ensure that appointments are requested within the timeframe and desired specialty service. The electronic file is also reconciled with the physical TAR to ensure accuracy with the request. The CHS EHR will include a module to fully automate this process and should be in place by the second quarter of 2013.</p>	Completed	<p>Since CHART has been replaced with a new electronic health record system, Treatment Authorization Requests (TARS) are now done electronically. Additionally, HCA/CHS Specialty Clinic staff, under the supervision of the Administrative Nurse Practitioner, has taken over responsibility of scheduling clinic appointments, rather than having WMC-A scheduling appointments, which all together provides greater tracking and control for HCA/CHS.</p>

Rec. No.	Audit Recommendation	Management Response	Status	Auditor's Comments
FU. 9	CHS should assign clinical staff (e.g., physician or nurse practitioner) to make all medical-related decisions involved in the hospital/clinic scheduling process and to ensure that clerical Hospital/Clinic Scheduling staff are relieved of responsibility for any decisions with medical implications.	CHS has recently reorganized and this has resulted in the elimination of the Assistant Medical Director position. In place, an Administrative Nurse Practitioner will provide direct clinical oversight to these schedulers. This Administrative NP will relieve the scheduling staff from making any decisions that have medical implications. This position is currently in the unfreeze process and will be filled once a recruitment can be opened. In the meantime, the Medical Director is responsible to provide clinical direction to this group.	Completed	The Specialty Clinic services staff now report directly to the Administrative Nurse Practitioner, who reviews all clinical cases and determines the priority of all specialty clinic services scheduling.
FU. 10	CHS management should ensure that all the data collection and reporting tools necessary to comply with Title 15 are included in the new EHR system. In the interim, consider additional training of nursing staff on the need for accuracy in this information; consider assigning a CHS manager the responsibility of spot-checking this information to enhance accountability; proceed with plans to reassign the responsibility for data aggregation and reporting; consider including Medical Records staff in the data collection process, as these individuals review hard copy medical files prior to and after the provision of clinical services.	The Request for Proposal (RFP) for the CHS EHR required that the system selected is capable of providing the program with the data elements necessary to comply with all Title 15 reporting mandates, as well as a wide range of flexibility to provide ad hoc reporting as program needs shift and expand over time. All top rated proposals have very robust report writers included in the system specifications. Currently, the responsibility for ensuring the accuracy of the data collected has been shifted to the Support Services Manager. Nursing supervisors and seniors are also tasked to ensure that, on a daily basis, nursing personnel are submitting accurate and timely statistics prior to the end of each scheduled shift.	Completed	HCA/CHS implemented an electronic health record system in January 2014. Patient records are now electronic. The new electronic health record system has an extensive reporting capability in which statistical data can be generated at any time for a multitude of clinical and utilization data. The system also facilitates mandated monthly statistical reporting to the Board of State and Community Corrections.

Rec. No.	Audit Recommendation	Management Response	Status	Auditor's Comments
FU. 11	CHS should continue coordinating with OCSD as planned jail facility changes materialize to ensure that all pertinent 2009 audit findings are adequately addressed.	CHS and OCSD will continue to work collaboratively in all identified areas that are undergoing change based on the recommendations from the 2009 Performance Audit and the modifications required to achieve compliance with ADA. The Triage area at the IRC is being modified to enhance the ability of nursing personnel to communicate with new arrestees and resolve some confidentiality issues during the screening process. The glass barrier that was installed in 2005 is being removed and that work order has been submitted to OCSD R&D for processing.	Completed	In addition to the changes noted in Recommendation #40, HCA reports that OCSD and CHS have a very collaborative relationship and manage jail/healthcare issues jointly. For example, OCSD assigned a Lieutenant to the role of Medical Liaison to assist CHS with any custody-related challenges that may be encountered while providing inmate care. CHS management is also present for various OCSD meetings on a regular basis including the OCSD Administrative meetings with the Assistant Sheriff and Commander of the custody division. Joint operational meetings are held on a regular basis as well as with the facility captains and CHS managers to resolve issues and maintain open communication.

C. OC Public Works/OC Community Development

The following table summarizes the status of each of the 9 audit recommendations:

Rec. No.	Audit Recommendation	Management Response	Follow-Up Status	Auditor's Comments
3	The PDS Director must establish an intentional organizational culture built upon chosen core values and aligned with the formally articulated mission.	<u>CONCUR.</u> The Chief Deputy Director, PDS Managers continue to work with staff to align the organizational culture with the mission and core values.	Closed	The new OC Public Works (OCPW) Director conducted an agency-wide survey to receive input from all staff on how to improve employee morale, increase efficiency, and enhance customer service. In 2014, OCPW went through a department-wide reorganization to address the culture and improve operations, including PDS.
4	Throughout PDS, performance standards should be established, communicated, and enforced. When basic performance expectations are not met, employee training, counseling, and then discipline should occur. The PDS Director should serve as the pre-disciplinary hearing officer in all cases except for direct reports.	<u>CONCUR.</u> OC Public Works is building on the performance standards developed during the balanced score card program to ensure management and staff participate together in meeting these performance expectations. The Chief Deputy Director serves as the hearing officer in all pre-disciplinary hearings except for direct reports per County policy.	Completed	Performance standards have been established. Additionally, management was trained on managing performance and addressing underperformance. The pre-disciplinary hearing officer is a manager from a different OCPW unit that does not have regular interaction with the planning unit, per HRS' advice, to promote objective analyses.

Rec. No.	Audit Recommendation	Management Response	Follow-Up Status	Auditor's Comments
5	<p>First, determine the base level of staffing needed to ensure an acceptable level of customer service. Second, identify those employees who may be retiring in the short or medium-term. For each of the positions, identify the knowledge, skills, and abilities required, and determine if any current employee(s) can fill these positions. If not, either train existing staff or examine recruitment options.</p>	<p><u>CONCUR.</u> PDS in conjunction with OC Public Works/Administrative Services Division has analyzed workload demands and staffing needs and will be determining levels of staffing consistent with customer service requirements and in light of costs/revenue impacts. In conjunction with OC Public Works/Administrative Services Division, PDS management is reviewing potential for retirements. Based on this assessment, PDS is updating the position requirements and will determine the capabilities of current employees to meet these requirements through training or propose recruiting or contracting to meet needs. PDS will identify the costs/revenue impacts of additional training, recruiting, or contracting prior to implementing any plan.</p>	Closed	<p>OCPW management indicated this was addressed as a result of the agency-wide reorganization which was approved by the Board on 6/24/14. OCPW, in conjunction with HRS, restructured, deleted, and added positions, as well as transferred positions between OCPW units to balance workloads.</p>
FU. 1	<p>OC Planning should establish a formal transition/succession plan to prepare for the potential departure of key personnel. Specifically, OCPW/OC Planning should identify individuals with the potential to take on greater responsibility in the organization, and then establish and implement a plan to develop those individual's skill sets.</p>	<p><u>CONCUR.</u> OC Public Works currently offers leadership training (formerly Succession Planning) to all Public Works staff who may be interested in participating in the program. For example, an Administrative Manager I would potentially succeed the Permit Applications and Processing Manager (Administrative Manager II) as part of the overall succession plan for OC Planning. The intent of this effort by OC Planning is for the junior managers to possibly succeed the more senior managers in OC Planning.</p> <p>OC Planning has also instituted cross training practices to both improve overall customer response and to build a broader talent pool to replace staff departures and retirements. The Permit Services, County Property Permits, and Neighborhood Preservation Units have been participating in this program. Additionally, we are now working to fill our vacant planning positions, which will enable us to do more cross training in the areas of California Environmental Quality Act review and Advanced Planning.</p> <p>OC Planning presently manages approximately seven part-time volunteer interns from Southern California area colleges. These interns served approximately 2,300 hours in Fiscal Year (FY) 2010-11. They assist with day-to-day research assignments and general project support. The program has been a tremendous success and in some cases has led to a contract or part time County employment. In this manner, we are building a bench of entry level professionals to move into OC Public Works work force.</p>	Closed	<p>OCPW management indicated this was addressed as a result of the agency-wide reorganization, which was approved by the Board on 6/24/14. Management reported that the restructuring will create career ladders to encourage staff development and succession planning.</p>

Rec. No.	Audit Recommendation	Management Response	Follow-Up Status	Auditor's Comments
FU. 2	OCPW should evaluate the necessity of each vacant position and promptly fill those that are warranted.	<u>CONCUR.</u> The OC Public Works Interim Director has committed to filling key department vacancies without delay. As stated in the Follow-up Report, "the interim OC Public Works Director has dedicated additional resources to quickly move forward the recruitment process to fill vacancies." As of January 2012, four (of seven) vacancies in OC Planning have been filled and three vacancies are currently in the recruitment process. At the conclusion of these current recruitments, all authorized positions in OC Planning will then be filled.	Completed	OCPW management indicated this was addressed as a result of the agency-wide reorganization which was approved by the Board on 6/24/14. OCPW, in conjunction with HRS, restructured, deleted, and added positions, as well as transferred positions between OCPW units to balance workloads. Management reported recruitment is underway for all vacant positions, with executive management determining the position priorities for Human Resources personnel.
FU. 3	OCPW should move the OC Agricultural Commissioner function out of OC Planning.	<u>CONCUR.</u> An Independent Review Team (IRT) has been commissioned to review the current OC Public Works organizational structure. The OC Public Works Interim Director will review the proposal, and with CEO approval, implement an appropriate organizational structure for the OC Public Works department, including OC Planning.	Completed	The OC Agricultural Commissioner has been moved to the OC Environmental Resources service area.
FU. 4	OC Planning should streamline its organizational structure by (a) aligning its permit units under one manager, (b) aligning the Building and Grading Plan Check and Neighborhood Preservation (Code Enforcement) units under the Building Official, (c) aligning the Advance Planning & Sustainable Development and Current & Environmental Planning units under one manager, and (d) transferring the Special Projects position out of OC Planning to report directly to the OCPW Director.	<p><u>CONCUR.</u> The current OC Planning staffing level has been created in response to the 2009 Performance Audit, which has resulted in substantial customer service improvement, as noted in the Performance Audit Follow-up Report. Most notably, the Building and Grading Permit Services and Customer Care Unit were created to empower change for better customer service, which was part of OC Planning's "top priority" customer service campaign initiative. The base level of staffing approved by the Board on March 30, 2010, included four customer service and intake positions. The Administrative Manager I and staff in this Unit were selected in part because of their customer service orientation and aptitude.</p> <p>OC Public Works concurs with the proposed Organizational Structure for OC Planning that is presented in the Follow-up Report. OC Public Works would however propose retention of the current level of managers and staff for Permit Applications and Processing Unit and Strategic Land Planning Unit. This will ensure that OC Planning delivers the same level of customer service now expected by our clients.</p> <p>OC Public Works will continue to perform staffing needs analysis as part of its annual budget preparation and make adjustments as required.</p>	Completed	This was addressed as a result of the agency-wide reorganization, which: a) aligned the permit units for both private property and County encroachment under an Administrative Manager II; b) aligned both building and grading plan checks, as well as code enforcement, under an Administrative Manager II who also serves as the County's Building Official; c) aligned all general planning functions (current and advance) under the direction of an Administrative Manager II; and d) eliminated the Special Projects function.

Rec. No.	Audit Recommendation	Management Response	Follow-Up Status	Auditor's Comments
FU. 5	<p>The Human Resources Department should (a) re-communicate the selection rule pertaining to the use of alternating hiring lists to human resources staff Countywide, and (b) monitor and approve all personnel actions for OC Planning over the next six months to ensure that all personnel transactions are processed according to County administrative policies and procedures.</p>	<p><u>CONCUR.</u> This recommendation has been implemented. The Human Resources Department (HRD) has currently assigned a Human Resources Manager on-site at OC Public Works assisting and validating OC Public Works' recruitment processes. OC Public Works will follow the selection rules pertaining to the use of alternative hiring lists as communicated by the Human Resources Department.</p>	Closed	<p>OCPW management reports this has been addressed with the assignment of a full-time Human Resources Manager to OC Public Works, who participates in all executive management meetings of the department and serves as an advisor on all personnel issues. OCPW management reports HRS staff coordinates all personnel activity for the department.</p>
FU. 6	<p>(a) Given the significant nature of the deficiencies identified by the audit team, the Human Resources Department should review these personnel actions and determine whether additional follow-up is required; (b) Additional human resources training should be provided to both OCPW/HR staff and line management in the writing of adequate performance evaluations and the evaluation and administration of employee discipline.</p>	<p><u>CONCUR.</u> (a) OC Public Works Human Resources regularly receives advice and guidance from HRD and County Counsel related to any disciplinary actions that would lead to a suspension or discharge. OC Public Works Human Resources will review the specific deficiencies identified by the audit team with HRD to determine whether additional follow-up is appropriate.</p> <p>(b) OC Public Works Human Resources agrees that the writing skills of the supervisors and managers vary drastically, from acceptable to exceptional. In May 2011, the OC Public Works Human Resources Manager began a campaign to improve performance evaluation throughout the department. This included returning many of the documents submitted (even those already signed by the employee) for correction or revision. Additionally, in June 2011, OC Public Works Human Resources launched a three-part Performance Management Training Series, that includes sessions on Performance Planning, Performance Writing, and Progressive Discipline. Department Supervisors and Managers have been encouraged to attend. And effective immediately, OC Public Works will make this training mandatory for all supervisors and managers. OC Public Works Human Resources will identify supervisors and managers who have not attended the training. Those supervisors and managers will be requested to complete the training by July 2013.</p> <p>In December 2011, HRD established a Countywide Employee Relations (ER) Forum. OC Public Works Human Resources employees, involved in handling Employee Relations issues, have attended these sessions. There have been two sessions, with future sessions scheduled every other month beginning in May 2012. The Forum's mission is to provide valuable (relevant, practical, substantive) information, discussions, analysis, and training on ER topics.</p>	Completed	<p>OCPW management indicates HRS has reviewed questionable personnel evaluations/actions resulting from the department's prior leadership and has made adjustments where necessary. HRS provided a 3-part training series in performance management. OCPW management also noted HRS will continue to ensure that supervisors and managers are provided training in evaluating personnel and, when necessary, administering discipline.</p>

D. County Executive Office/Office of Information Technology

The following table summarizes the status of each of the 21 audit recommendations:

Rec. No.	Audit Recommendation	Management Response	Follow-Up Status	Auditor's Comments
1A (Task II)	Revise the strategic planning methodology to include important logical steps that ensure proper alignment and clarity.	<u>DO NOT CONCUR</u> . A logical methodology has been followed and encompasses the activities in the alternative approach proposed in the Performance Auditor's report including an assessment of the current state and the development of IT Strategic Goals.	Closed	In August 2014, the CEO initiated IT centralization efforts to consolidate IT services under the CIO. As a result, recommendations concerning the IT Strategic Plan (Task II) will be closed due to their applicability. Management indicates an abbreviated Strategic Plan will be developed in conjunction with the IT Service Delivery Assessment and selection of a permanent CIO.
2 (Task II)	Revise the Plan to include a discussion of significant IT industry trends that would be directly relevant to improving the County of Orange IT environment.	The technical blueprint that is part of the Strategic Plan already addresses industry trends. These are further elaborated upon in the documents related to Enterprise Architecture and Domain Architecture.	Closed	In August 2014, the CEO initiated IT centralization efforts to consolidate IT services under the CIO. As a result, recommendations concerning the IT Strategic Plan (Task II) will be closed due to their applicability. Management indicates an abbreviated Strategic Plan will be developed in conjunction with the IT Service Delivery Assessment and selection of a permanent CIO.
3 (Task II)	Revise the Plan to include all major IT frameworks that are currently being used, or could be useful, in the Orange County IT environment.	The Plan already considered major IT Frameworks from Zachman as well Decision Support / Data Modeling framework which were used in developing Enterprise Architecture, Domain Architecture, and a high level enterprise data model for Decision Support.	Closed	In August 2014, the CEO initiated IT centralization efforts to consolidate IT services under the CIO. As a result, recommendations concerning the IT Strategic Plan (Task II) will be closed due to their applicability. Management indicates an abbreviated Strategic Plan will be developed in conjunction with the IT Service Delivery Assessment and selection of a permanent CIO.
4 (Task II)	Include a Countywide IT-specific vision and mission statement in the Plan. Use these statements as foundational elements in the development of IT Strategic Goals, Strategies and individual Initiatives/Projects.	Please see response to #3 (Task II) above and to Recommendation 1A.	Closed	In August 2014, the CEO initiated IT centralization efforts to consolidate IT services under the CIO. As a result, recommendations concerning the IT Strategic Plan (Task II) will be closed due to their applicability. Management indicates an abbreviated Strategic Plan will be developed in conjunction with the IT Service Delivery Assessment and selection of a permanent CIO.

Rec. No.	Audit Recommendation	Management Response	Follow-Up Status	Auditor's Comments
6 (Task II)	Include a discussion of the County's use of IT contractors/ outsourcing strategy in a revised version of the IT Strategic Plan.	A discussion of current and future sourcing models will be incorporated into the next version of the 3 Year Tactical Plan.	Closed	In August 2014, the CEO initiated IT centralization efforts to consolidate IT services under the CIO. As a result, recommendations concerning the IT Strategic Plan (Task II) will be closed due to their applicability. Management indicates an abbreviated Strategic Plan will be developed in conjunction with the IT Service Delivery Assessment and selection of a permanent CIO.
7 (Task II)	Conduct a thorough assessment of the current County of Orange IT environment with respect to Services, Organization, and Governance to identify both strengths and weaknesses. Use this assessment to build a target (desired) IT environment and as the basis for developing IT Strategic Goals, Strategies, and Initiatives/Projects.	<u>DO NOT CONCUR.</u> Specific detailed assessments were conducted for the Data Center and server management and Countywide Network and Voice Infrastructure outside of the Strategic Plan Development project. Other "holes" in the IT capability in the County were identified earlier and separate studies were initiated for Geographic Information Systems (GIS) and Electronic Document Management Systems (EDMS). The recent IT Sourcing Strategy identified an approach for sourcing of "Utility" Services through a managed services model. The scope includes managed services for voice and data networks Countywide, including an uplift to a converged voice and data network, and managed services for data center services that are within the scope of services currently provided by CEOIT to Agencies/Departments. This approach is consistent with a model that focuses on specific outcomes and service levels at a fixed price with the appropriate incentives to providers. An appropriate Organizational Design which follows industry best practices will be further refined based on a managed services sourcing model.	Closed	In August 2014, the CEO initiated IT centralization efforts to consolidate IT services under the CIO. As a result, recommendations concerning the IT Strategic Plan (Task II) will be closed due to their applicability. Management indicates an abbreviated Strategic Plan will be developed in conjunction with the IT Service Delivery Assessment and selection of a permanent CIO.
8 (Task II)	Develop additional IT Strategic Goals that address the County's IT needs/deficiencies (including those of internal customers), consider consolidating existing external-facing Goals, and ensure that all Goals are aligned to an IT-specific Mission/Vision.	Volume IV: Tactical Plan, provides specific Enterprise and Domain Architecture goals / plans to address these needs. Strategic Goals were further elaborated and resulted in Guiding Principles for Enterprise Architecture and Domain Architecture.	Closed	In August 2014, the CEO initiated IT centralization efforts to consolidate IT services under the CIO. As a result, recommendations concerning the IT Strategic Plan (Task II) will be closed due to their applicability. Management indicates an abbreviated Strategic Plan will be developed in conjunction with the IT Service Delivery Assessment and selection of a permanent CIO.

Rec. No.	Audit Recommendation	Management Response	Follow-Up Status	Auditor's Comments
10 (Task II)	Develop specific Applications-related strategies that are aligned with IT Strategic Goals and address the County's Applications deficiencies/needs.	This has already been addressed. Applications-related strategies are addressed at two levels. The first is related to the practice of Applications Development, Maintenance and Support. These are being addressed by the Applications and Data Architecture Group comprised of applications development staff from Agencies and CEO/IT. The second is related to development of strategies for specific line-of-business applications. These are governed by the business function and decisions related to them are generally left to Agencies/Departments based on business need and funding availability. Any initiative over \$150,000 must be justified through the Information System Request (ISR) process and Annual Budget approval process. The ISR process could be further modified to address requirements for appropriate alignment.	Closed	In August 2014, the CEO initiated IT centralization efforts to consolidate IT services under the CIO. As a result, recommendations concerning the IT Strategic Plan (Task II) will be closed due to their applicability. Management indicates an abbreviated Strategic Plan will be developed in conjunction with the IT Service Delivery Assessment and selection of a permanent CIO.
12 (Task II)	Develop specific strategies to address important Countywide IT infrastructure issues.	This is the current practice. See response to Finding 12. On an ongoing basis, CEO-IT evaluates the performance and capacity of infrastructure and takes the necessary action to upgrade or enhance capabilities. Such actions have included Wide Area Network upgrades, Storage system upgrades, and Data Center power upgrades.	Closed	In August 2014, the CEO initiated IT centralization efforts to consolidate IT services under the CIO. As a result, recommendations concerning the IT Strategic Plan (Task II) will be closed due to their applicability. Management indicates an abbreviated Strategic Plan will be developed in conjunction with the IT Service Delivery Assessment and selection of a permanent CIO.
13 (Task II)	Revise the Plan to include important strategies related to IT Services and Organization, and demonstrate how IT Governance strategies align with IT Strategic Goals.	<u>DO NOT CONCUR</u> . However, we will be assessing the Managed Services delivery model and changes to the role of CEO-IT and that of agencies vis-a-vis the service provider.	Closed	In August 2014, the CEO initiated IT centralization efforts to consolidate IT services under the CIO. As a result, recommendations concerning the IT Strategic Plan (Task II) will be closed due to their applicability. Management indicates an abbreviated Strategic Plan will be developed in conjunction with the IT Service Delivery Assessment and selection of a permanent CIO.
14 (Task II)	Articulate Enterprise Architecture as a goal for the County, discuss the current state of EA at the County, and include specific strategies for how the target EA will be implemented in Orange County.	The best way to describe EA at the County at the time of the development of the Plan was "non-existent". Development of a target EA can incur significant expense and CEO-IT's approach has been to leverage specific business driven projects for EA. One such example has been to enable the use of Team Foundations Server for managing source code for the PTMS and eFBN applications. Another example is for the Public facing infrastructure where a Portal, Search Engine and Content Management have been implemented.	Closed	In August 2014, the CEO initiated IT centralization efforts to consolidate IT services under the CIO. As a result, recommendations concerning the IT Strategic Plan (Task II) will be closed due to their applicability. Management indicates an abbreviated Strategic Plan will be developed in conjunction with the IT Service Delivery Assessment and selection of a permanent CIO.

Rec. No.	Audit Recommendation	Management Response	Follow-Up Status	Auditor's Comments
16 (Task II)	Include a section in the revised IT Strategic Plan that discusses implementation and next steps for the Plan and assigns ownership for the Plan; identify performance measurements for each IT Strategic Goal.	See Response to Finding 16: The 3-Year Tactical Plan provides a proposed timeline for both Tactical Agency and Department IT Projects as well as for Tactical Enterprise Architecture Projects. Measurements for success or failure are required for the ISR process as business cases are detailed further for budget approval. Ongoing status is provide to the Board via the Quarterly IT Project Status Report. Plan ownership clearly belongs to the CIO who will update and refresh the Plan working with stakeholders and using the Governance Process.	Closed	In August 2014, the CEO initiated IT centralization efforts to consolidate IT services under the CIO. As a result, recommendations concerning the IT Strategic Plan (Task II) will be closed due to their applicability. Management indicates an abbreviated Strategic Plan will be developed in conjunction with the IT Service Delivery Assessment and selection of a permanent CIO.
2 (Task III - V)	As the County's central IT organization, CEO/IT should undertake a focused effort to (1) clarify that agencies/departments are CEO/IT's primary customers throughout its organizational documents, and (2) comprehensively identify and analyze agency/department business needs and IT operations.	<u>CONCUR</u> . This was undertaken in the development of the IT Strategic Plan and is in place for Agencies that we serve. Respecting the autonomy of Agencies, assessments and other engagements focused on their IT operations are conducted as requested. The new CEO/IT organization that will be developed as a result of a transition to a Managed Services IT Sourcing model will reflect a greater focus on client relationship management.	In Progress	An IT Service Delivery Working Group has been established by the CEO, which will assess the organizational structure and provide recommendations for CEO review in January 2015.
3 (Task III - V)	(a) Streamline the existing organizational structure, and (b) identify a small number of topical (not organizational) areas that can be developed as "Centers of Excellence" (e.g., Project Management, Vendor Management).	<u>PARTIALLY CONCUR</u> . As a result of the change in the IT Sourcing model where the County will no longer have direct responsibility for managing contractor IT staff and will be focused on managing service levels, outcomes, contract performance and client relationship management, the CEO/IT organization will be re-designed at the appropriate time per the "retained organization design" activities that have already been defined in the IT Sourcing project plan.	In Progress	An IT Service Delivery Working Group has been established by the CEO, which will assess the organizational structure and provide recommendations for CEO review in January 2015.
5 (Task III - V)	(a) Ensure formal knowledge transfer procedures are in place and followed for personnel separations/transfers, (b) Initiate a separation/transfer interview process for any future separations/transfers, to be conducted by the Human Resources Department, in order to capture any common challenges/issues, and (c) Ensure that agency/department customers are always formally notified of relevant staffing changes (both County and contractor) in a timely fashion.	<u>5(a) CONCUR</u> <u>5(b) CONCUR</u> . We will pass this recommendation to HRD. <u>5(c) CONCUR</u> . We will formalize the current practice.	In Progress	(a) and (c) are complete and were recognized in the previous follow-up audit conducted in 2013. CEO/IT management indicated that Interim CIO will address the outstanding separation/transfer process with HRS by June 2015.

Rec. No.	Audit Recommendation	Management Response	Follow-Up Status	Auditor's Comments
8 (Task III - V)	Clearly identify and localize strategic planning roles within CEO/IT. Work with agencies/departments to ensure that CEO/IT strategic planning activities are valuable to and consistent with agencies'/departments' own strategic planning efforts.	<u>CONCUR</u> . However, significant Strategic Planning activities are on hold pending Board approval of the County IT Strategic Plan. However, as stated above, tactical activities are being carried out by appropriate CEO/IT managers and governance teams which are the focal point for coordinating Countywide initiatives.	Closed	In August 2014, the CEO initiated IT centralization efforts to consolidate IT services under the CIO. As a result, recommendations concerning the IT Strategic Plan will be closed due to their applicability. Management indicates an abbreviated Strategic Plan will be developed in conjunction with the IT Service Delivery Assessment and selection of a permanent CIO.
9 (Task III - V)	Develop an Action Plan for managing the Countywide IT Application Portfolio within the context of the County's Federated IT system.	<u>CONCUR</u> . CEO/IT recognizes the need to do Applications Portfolio management and is working within the appropriate governance groups to chart a course and deliver an action plan.	In Progress	CEO/IT management has not completed an Application Portfolio Management strategy, but plans to over the next 6 - 9 months (July 2014 - March 2015), in conjunction with the IT Service Delivery Assessment and Strategic Plan.
13 (Task III - V)	Merge BIS management into the PMO and BIS/Information Resource Management staff into Network & Platform Services. BIS/IT Process & Quality Assurance responsibilities should be assumed by the PMO.	<u>DO NOT CONCUR</u> . However, as a result of the change in the IT Sourcing model where the County will no longer have direct responsibility for managing contractor IT staff and will be focused on managing service levels, outcomes, contract performance and client relationship management, the CEO/IT organization will be re-designed at the appropriate time per the "retained organization design" activities that have already been defined in the IT Sourcing project plan.	In Progress	An IT Service Delivery Working Group has been established by the CEO, which will assess the organizational structure and provide recommendations for CEO review in January 2015.
21 (Task III - V)	CEO/IT should use the IT Governance structure to collaboratively develop a set of Countywide IT performance metrics and a method/means for aggregating and reporting the results.	<u>CONCUR</u> . CEO/IT will work to establish standard performance metrics. Consistent with the federated model measuring and reporting on those metrics will be the ongoing responsibility of Agency Directors.	In Progress	CEO/IT management reports that they are working on establishing a method to provide countywide reporting of these metrics. They note it will be completed by December 2014.
22 (Task III - V)	Develop a more rigorous project performance measurement process that includes the tracking of actual vs. projected benefits (e.g., cost savings and process improvements) in an effort to measure the actual Return on Investment of a project.	<u>CONCUR</u> . CEO/IT will enforce project post-implementation reviews for its projects. Agency managed projects should be evaluated for benefit by the business unit.	Completed	CEO/IT's Project Management Office has developed a post project implementation survey that will be sent to Agencies following the completion of the project to determine the projected benefits. This will be initiated in FY 14-15 for all IT projects that are reported to the Board (projects ≥ \$150,000) and are completed. The first survey was sent on 9/30/14 to HCA as a test case.

Rec. No.	Audit Recommendation	Management Response	Follow-Up Status	Auditor's Comments
26 (Task III - V)	(a) Conduct benchmarking surveys against other organizations (private and public), to establish a robust set of performance metrics for all major contractors, especially those with critical roles in the delivery of core IT services, and (b) Report the results of these performance measurements to the Board of Supervisors and on the "CEO/IT Performance" web page on at least an annual basis, and incorporate the results into a broader Annual CEO/IT Report.	<u>CONCUR.</u> The Master Services Agreement of the proposed IT Sourcing model will include contractual requirements for benchmarking along with performance and service level measures. The report recognizes the efforts of the CTO in benchmarking CEO/IT's infrastructure. Additional benchmarks already conducted, include: A review of CEO/IT's Rate development process by MGT Consulting. A comparison of CEO/IT's rates with other Counties. A benchmark of IT staffing as part of the development of the IT Strategic Plan. This was done using a robust database of State and Local Government data. A self-assessment of all processes based on CMM.	In Progress	CEO/IT contracted with a vendor, Avasant, which established performance metrics based on industry best standards. However, the reporting remains in progress and will be completed by January 2015.