

# County of Orange - John Wayne Airport

Report for the Performance Audit over Administrative  
Operations

Report Date: December 07, 2023



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Mr. Frank Kim  
County Executive Officer  
County of Orange  
400 W. Civic Center Drive, Fifth Floor  
Santa Ana, CA 92701

This report presents the results of the audit procedures performed for the performance audit of the County of Orange - John Wayne Airport (JWA). Weaver and Tidwell, LLP was engaged to conduct this performance audit to assess the effectiveness, efficiency and accountability of the JWA's administrative functions and programs, and whether they are achieving stated objectives and accomplishing desired outcomes.

The objectives of the performance audit included an evaluation of JWA administrative operations within the airport structure to:

- Assess the effectiveness, efficiency, accountability, and structure of the service area's functions and programs.
- Assess whether the service areas achieved stated objectives and accomplishing desired outcomes
- Assess whether resource management was effectively deployed within the in-scope administrative operations
- Identify opportunities for improvement
- Make recommendations for streamlining processes, expanding efficiencies, applying best practices and establishing or enhancing performance metrics and measures.

To accomplish these objectives, we reviewed and evaluated relevant airport policies and procedures, conducted interviews and walkthroughs with JWA management and personnel to identify existing processes and risk exposures, performed resource assessments of key management across JWA, and evaluated existing performance management processes for alignment with strategic plans and industry best practices.

The following report summarizes the audit results and recommendations for improvement and management's responses.

*Weaver and Tidwell, L.L.P.*

WEAVER AND TIDWELL, L.L.P.

Houston, Texas  
December 07, 2023

Weaver and Tidwell, L.L.P.  
4400 Post Oak Parkway, Suite 1100 | Houston, Texas 77027  
Main: 713.850.8787

**CPAs AND ADVISORS | WEAVER.COM**

# County of Orange - John Wayne Airport

## Administrative Operations Performance Audit Report

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### Background, Scope, and Methodology

As part of the FY 2022-23 budget development process, the Orange County Board of Supervisors approved a performance audit plan that included John Wayne Airport (JWA) and engaged Weaver and Tidwell, LLP to perform the audit over its administrative operations. In accordance with County of Orange (County) policy, a performance audit of a department's operations and functions is conducted following a department head's departure from office. The performance audit is intended to assess the effectiveness, efficiency and accountability of the department's functions and programs, and whether those are achieving stated objectives and accomplishing desired outcomes. With the transition in JWA leadership, the performance audit is also anticipated to identify opportunities and recommendations for further improvement.

The performance audit evaluated JWA's administrative operations including accounting, budgeting, facilities management, human resources, information technology, procurement and non-administrative functions supported in the service areas listed above. The audit evaluated operational performance over the period of January 1, 2022 through March 31, 2023.

The objectives of the audit were to:

- Assess the effectiveness, efficiency, accountability, and structure of the service area's functions and programs
- Assess whether the service areas achieved stated objectives and desired outcomes
- Assess whether resource management was effectively deployed within the in-scope administrative operations
- Identify opportunities for improvement and make recommendations for streamlining processes, expanding efficiencies, applying best practices, and establishing or enhancing performance metrics and measures

To accomplish the engagement objectives, procedures performed included:

- **Policy and Procedure Gap Evaluation:** Review and evaluation of Airport policies and procedures for the in-scope areas to establish baseline expectations for the process and control evaluations and identify opportunities to expand, enhance, and streamline procedures.
- **Process and Control Evaluation:** Interviews and walkthroughs to identify existing processes and controls to evaluate risk exposures, identify opportunities for improved effectiveness and efficiency, and determine actionable recommendations, including the consideration of technology and automation.
- **Organizational Structure and Skills Assessment:** Discussions with key management to obtain an understanding of their mission, objectives, key roles and responsibilities, including review of supporting documentation as available, in order to perform a Knowledge, Skills, and Abilities (KSA) assessment for selected management across in-scope divisions.
- **Performance Metric Assessment:** Evaluation of existing performance metrics for in-scope divisions to evaluate trends over the scope period and determine opportunities to improve the performance management process.

This report presents the results of the audit of JWA administrative operations as identified in the County's FY 2022-23 budget development process in compliance with required County policies.

We performed the audit in accordance with the Standards for the Professional Practice of Internal Auditing and the Code of Ethics contained in the Professional Practices Framework as promulgated by the Institute of Internal Auditors.

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### Executive Summary of Results

As a result of planned procedures, we identified **11** recommendations to address existing gaps in policies, procedures, or processes, or opportunities to improve governance, performance, or efficiency of processes. The following are a summary of audit results and recommendations with priority ratings:

Performance Audit Findings and Recommendations		
REF	Administrative Area	Audit Result and Recommendations
<b>Policy and Procedure Evaluation</b>		
<b>01.</b>	<b>Department Wide</b>	<p><b>Result</b> Key activities to mitigate risk or achieve organizational objectives across divisions are not well defined within JWA policies and procedures.</p> <p><b>Recommendation</b> JWA Management should initiate an organization-wide review of each division's critical policies and procedures to ensure key activities are clearly defined, the purpose, roles and responsibilities, and procedures are clearly identified, and alignment of overarching governing policies and performance indicators when applicable.</p> <p><b>Priority: Medium</b></p>
<b>Process and Control Evaluation</b>		
<b>02.</b>	<b>Human Resources</b>	<p><b>Result</b> JWA does not have a formal process in place to periodically review employee training or skills, nor provide personalized training programs to address skill or knowledge gaps.</p> <p><b>Recommendation</b> While progress is underway to improve the identification of employee training needs, JWA Leadership should continue to engage in analysis of employees across the organization and identify specific development needs by employee classifications and functional groups.</p> <p><b>Priority: Medium</b></p>
<b>03.</b>	<b>Human Resources</b>	<p><b>Result</b> A defined airport-wide succession plan for critical functions does not currently exist for JWA</p> <p><b>Recommendation</b> JWA leadership should implement a formal succession planning process to ensure that the organization maintains a workforce that collectively possesses the core competencies and skills needed to accomplish its strategic objectives, including cross-training and assigned back-ups of key positions.</p> <p><b>Priority: High</b></p>

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<b>Performance Audit Results and Recommendations</b>		
REF	Administrative Area	Result and Recommendations
<b>04.</b>	<b>Information Technology</b>	<p><b>Result</b>            JWA lacks established systems development processes to ensure new systems and changes to existing systems or critical processes are implemented in a way that maximizes user value and reduces risk exposure.</p> <p><b>Recommendation</b>            JWA management should develop formal and documented systems development and change management processes that identify all changes to the baseline configuration of significant systems and amount and nature of centralized oversight of change management activities.</p> <p><b>Priority: High</b></p>
<b>05.</b>	<b>Facilities Management</b>	<p><b>Result</b>            There is no documented agreement between Orange County Public Works (OCPW) and JWA Facilities Management to define expectations and service level requirements for maintenance and execution of capital improvement projects, including timelines, expected outcomes, and required specifications.</p> <p><b>Recommendation</b>            County Executive, OCPW, and JWA leadership should coordinate efforts to develop and implement a documented Memo of Understanding (MOU) or other service level agreement that specifies service level requirements and expectations for significant maintenance and capital improvement processes,</p> <p><b>Priority: High</b></p>
<b>06.</b>	<b>Procurement</b>	<p><b>Result</b>            There is no clear and documented process in place for maintaining vendor information once a contract is in place.</p> <p><b>Recommendation</b>            When changes to vendor information are required, the contract manager or accounts payable personnel should work with procurement personnel to submit necessary changes to the County Auditor-Controller.</p> <p><b>Priority: Low</b></p>

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<b>Performance Audit Results and Recommendations</b>		
REF	Administrative Area	Result and Recommendations
07.	<b>Accounting</b>	<p><b>Result</b>            JWA and the County practices currently pay vendor invoices as they are submitted by vendors. However, there is no documented process to proactively monitor AP invoice due dates to identify aged vendor invoices.</p> <p><b>Recommendation</b>            JWA and County management should jointly implement consistent monitoring procedures to ensure prompt payment and monitor aged invoices.</p> <p><b>Priority: Low</b></p>
<b>Organizational Skills Assessment</b>		
08.	<b>Department Wide</b>	<p><b>Result</b>            Opportunities exist to improve higher educational attainment and credentials. JWA developed a survey of employees across all divisions in June 2023 to obtain feedback from employees regarding professional development and training needs and has developed preliminary training plans for select individuals.</p> <p><b>Recommendation</b>            The JWA Airport Director should continue to assess specific credentials and educational opportunities to elevate the level of professional certification and education attainment of the management team assessed.</p> <p><b>Priority: Medium</b></p>
09.	<b>Department Wide</b>	<p><b>Result</b>            While JWA has experienced and competent financial and administrative managers, as well as airport operations managers, there is limited knowledge sharing to ensure well-rounded business acumen of airport functions and interrelated processes within administrative positions.</p> <p><b>Recommendation</b>            The JWA Airport Director should implement knowledge share and cross-training opportunities across departments to ensure administrative supervisors and managers receive a well-rounded understanding of interrelated processes and key resources of the organization.</p> <p><b>Priority: High</b></p>

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<b>Performance Audit Results and Recommendations</b>		
REF	Administrative Area	Result and Recommendations
<b>10.</b>	<b>Department Wide</b>	<p><b>Result</b>            Access to professional development and training opportunities have historically been inadequate for line employees and require a consistent approach to professional development.</p> <p><b>Recommendation</b>            The JWA Airport Director, in coordination with Human Resources and divisional management, should conduct an initial needs assessment of trainings required to address gaps in knowledge, skills, and abilities, provide identified training as a result, and provide resources for targeted annual continuing education in the long term.</p> <p><b>Priority: Medium</b></p>
<b>Performance Metric Assessment</b>		
<b>11.</b>	<b>Department Wide</b>	<p><b>Result</b>            JWA currently does not have a holistic strategic or business plan specifically for JWA airport services and operations that align with the goals and objectives of the organization and industry best practices that result in developed and monitored Key Performance Indicators (KPIs). JWA initiated a strategic planning process in May 2023 with the hiring of a Strategic Operations Manager.</p> <p><b>Recommendation</b>            JWA should continue efforts to develop a strategic or business plan specific to the airport. JWA should ensure appropriate leadership commitment and involvement that includes broader County input to facilitate open communication and alignment with the County's strategic plan and industry best practices for airports operations. Following the development of a strategic or business plan, KPIs should be clearly defined and measured for outcomes.</p> <p><b>Priority: High</b></p>

JWA Management has acknowledged the results as opportunities for improvement and has provided feedback on the actionable recommendations proposed in this report.



# **Detailed Performance Audit Procedures, Results, and Recommendations**

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## Detailed Audit Procedures and Results

### Policy and Procedure Gap Evaluation

We reviewed a total of **23** documented policies and procedures across John Wayne Airport's (JWA) five divisions and administrative functions. This included a qualitative analysis of expected key activities that address relevant risk exposures and ensure effective, efficient, and strategically aligned operations. As a result, we identified opportunities to expand, enhance, or streamline policies and procedures or establish baseline expectations for the process and control evaluation of key risk mitigating activities.

#### 01. Further Define Key Activities and Procedures for JWA Operations

Key activities to mitigate risk or achieve organizational objectives across divisions are ill-defined within JWA policies and procedures, often lacking a link between division-level procedures and the organization's overarching policies or distinguishable goals, objectives, or regulatory requirements.



Key activities performed within significant process areas may be performed inconsistently or in a manner that does not achieve the intended objective or mitigate risk.

For instance, not all policies and procedures are thorough, well-developed, or effectively implemented. Many policies and procedures also do not evidence periodic review and update, including communication of significant updates to key stakeholders. In addition, policies and procedures generally lack reference or linkage to performance indicators or specific measurable outcomes. Please refer to [Appendix A](#) for a summary of the qualitative analysis of JWA documented policies and procedures within in-scope divisions.

#### Recommendation:

JWA Management should initiate an organization-wide review of each division's critical policies and procedures and perform a qualitative assessment to ensure the following:

- Key activities that mitigate risk or achieve organizational goals and objectives are clearly defined.
- The purpose of the activity, who is responsible for executing, monitoring, consulting, and reporting on the activity, and specific steps or instructions on how the process or procedure should be performed to accomplish the intended purpose should be clearly identified.
- Clear alignment of processes, procedures, and other work instructions with overarching governing policies, as applicable.
- When applicable, policies and procedures include a link between the identified activity and measurable performance indicators or outcomes, along with who and how the performance is to be tracked.

Priority: **Medium**

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## Process and Control Evaluation

In addition to the review of JWA policies and procedures, we performed interviews and walkthroughs with significant process owners within the **administrative functions** of the JWA organization to assess existing processes and key activities for effectiveness, efficiency, and alignment with organizational goals and objectives. We evaluated risk mitigating strategies and where opportunities exist to improve effectiveness or consistency. As a result, the following recommendations within the in-scope administrative functions were identified.

### 02. Identify, Plan, and Execute Professional Development Needs of Leadership and Staff



JWA does not have a formal process in place to periodically review employee training or skills, nor provide personalized training programs to address skill or knowledge gaps. The lack of a strategic approach to professional development increases the organizational risk that the skills of staff may not be sufficient to respond to the growing needs of the organization or ensure focus on airport specific knowledge.

Currently, a training schedule for compliance-related needs are delivered by centralized HR, however individually tailored programs with a focus on business acumen and operations are developed and deployed to enhance skills, achieve organizational objectives, and better maintain employee morale.

#### Recommendation:

JWA Leadership should continue to engage in analysis of employees across the organization and identify specific development needs of employee classifications and functional groups. That analysis should include:

- A needs and gap assessment of skills development required for critical organization functions
- An accurate assessment of the current training budget and how it is being spent
- Input from employees on desired offerings, including technology training and "digital upskilling"
- An inventory of competencies required of employees by supervisors across function
- Determining training offering that can be performed internally or by external providers

In the long term, JWA should engage high performing employees and emerging leaders to achieve key initiatives and objectives, providing advanced training opportunities and cross-training opportunities to aid in future succession planning initiatives.

**Priority: Medium**

With the transition of department leadership, County policy requires a performance audit to assess the effectiveness, efficiency and accountability of the department's functions and programs, whether they are achieving stated objectives and accomplishing desired outcomes and provide actionable recommendations for improvement. This performance audit focused the assessment on JWA administrative operations:

Accounting



Budgeting



Facilities Management



Human Resources



Information Technology



Procurement



Support



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## 03. Defined Succession Planning Process

A defined airport-wide succession plan for critical functions does not currently exist for JWA. While the Airport Certification Manual has identified a key personnel listing, no formal succession plan process has been put in place, including identifying core competencies, any professional development needed to enhance skills of those in line for succession, and ensuring appropriate cross-training and backups to fill key positions when needed.

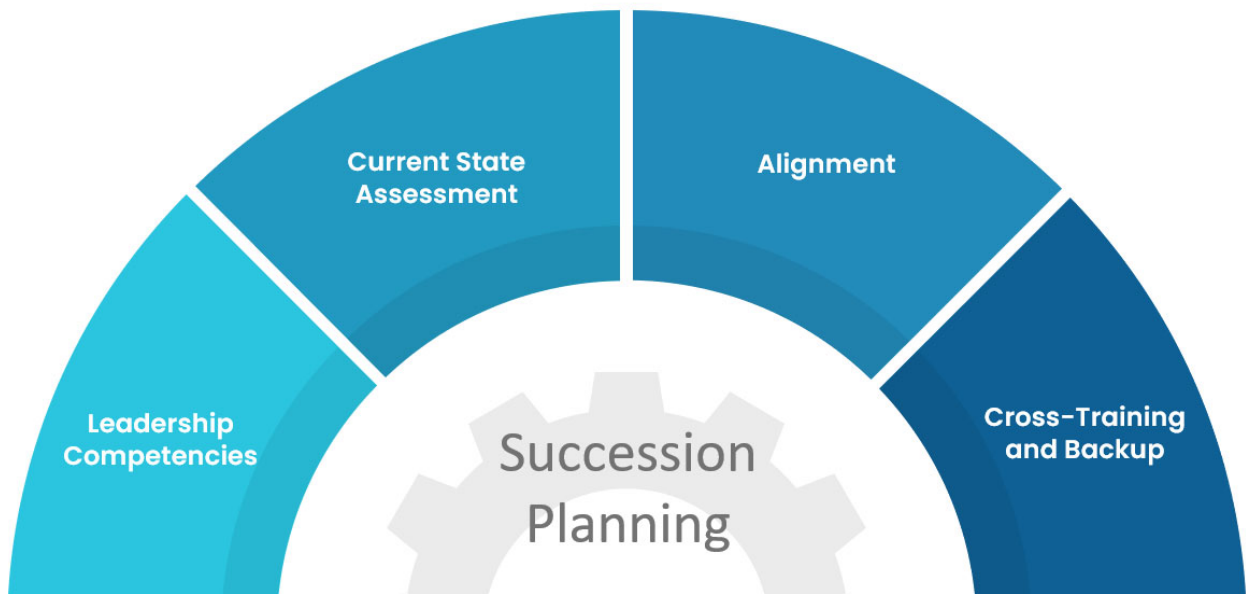
JWA may be unprepared to fill vacancies in critical functions without a defined succession planning process, causing the organization to be reactive to circumstances or increasing the risk of a skills deficit in critical positions that could lead to a possible disruption of services.

### Recommendation:

JWA leadership should implement a formal succession planning process to ensure that the organization maintains a workforce that collectively possesses the core competencies and skills needed to accomplish its strategic objectives. Effective succession planning focuses on current and future needs and develops a pool of high-potential personnel to meet the organization's long-term mission. The succession plan should include a framework for:

- Identification of critical positions of leadership in the organization and executive resource needs, including an analysis of core competencies for leadership success
- Evaluation of the current state of talent against what is needed to strengthen executive performance for success at JWA
- Aligning identified talent to JWA's needs, including reviewing the potential leadership readiness for increased challenges or capacity
- Ensuring sufficient cross-training opportunities and informal backup roles and responsibilities are in place

Priority: **High**



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## 04. Established Systems Development and Change Management Processes



JWA does not currently have established systems development processes to ensure new systems and changes to existing systems or critical processes are implemented in a way that maximizes user value and reduces risk exposure. Lack of effective systems development and change management processes exposes the organization to inefficient use of time and resources, employee dissatisfaction, and potential technology or significant process failure.

Users are informed on an as-needed basis when systems or new processes are implemented, however JWA stakeholders are not formally consulted in initial planning, feasibility, design, or review processes. Additionally, system implementation processes are conducted in an inconsistent manner, and processes to review the effectiveness of implementation of systems and the impact to business continuity procedures are not defined or documented in JWA policies and procedures.

### Recommendation:

JWA management should develop formal and documented systems development and change management processes that identify all changes to the baseline configuration of significant systems and amount and nature of centralized oversight of change management activities. To reasonably ensure that changes to information systems or critical processes are necessary, work as intended, and do not result in the loss of data or program integrity, the proposed changes should be authorized, documented, tested, and independently reviewed. In addition, change management processes should identify coordinating activities and expectations across key stakeholders and define roles and responsibilities.

**Priority: High**

## 05. Facilities Management Memo of Understanding between Orange County Public Works and JWA



There is no documented agreement between Orange County Public Works (OCPW) and JWA Facilities Management to define expectations and service level requirements for maintenance and execution of capital improvement projects, including timelines, expected outcomes, and required specifications. Lack of well-established and agreed upon expectations and service level requirements increase risk of disruption of Airport services, substandard service delivery, and overall customer dissatisfaction. In addition, inconsistent review and evaluation of contractors who maintain critical infrastructure may lead to inefficient use of resources and delayed recognition of capital impairment.

OCPW manages and executes all maintenance and capital projects for JWA facilities, a result of transition in process ownership from JWA to OCPW that occurred in 2021. Continuous coordination is needed between the two County functions to execute timely and effective maintenance, particularly for critical maintenance needs that affect public safety. In addition, OCPW performs ad-hoc evaluations on maintenance contract performance, in alignment with the County Procurement and Contract Management guidelines. However, there is currently no process to assess contractor efficiency and performance on an on-going basis for JWA Facilities personnel to consistently utilize for the evaluation and identifying of poor contractor performance and capital impairments.

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## Recommendation:

County Executive, OCPW, and JWA leadership should coordinate efforts to develop and implement a documented Memo of Understanding (MOU) or other service level agreement that specifies service level requirements and expectations for significant maintenance and capital improvement processes, including timelines and specifications for completion. The MOU should also include roles and responsibilities for each stakeholder, expectations for coordinated activities and responses, and any necessary reporting to JWA and County leadership. In addition, JWA and OCPW should prioritize consistent and documented performance assessment of contractors who are involved in the maintenance of critical Airport infrastructure.

Priority: **High**



## 06. On-Going or Periodic Review of Vendor Files

There is no clear process in place for maintaining vendor information once a contract is in place. Vendor details are established during the procurement process. However, once the contract is established, there is no documented expectation, such as a process workflow, for ongoing contractor management responsibilities, including review and notification of vendor name, addresses, and payment details. Irregular or inconsistent review of vendor details may result in payment discrepancies and delays.

## Recommendation:

When changes to vendor information are required, the contract manager or accounts payable personnel should work with procurement to submit necessary changes to the County Auditor-Controller. To ensure consistency, JWA should create a clear identification of roles and responsibilities for ongoing contract management, including reviewing and updating vendor information.

Priority: **Low**



## 07. Proactive Monitoring and Management of Invoice Due Dates

JWA and the County practices currently pay vendor invoices as they are submitted by vendors. However, there is no documented process to proactively monitor Accounts Payable invoice due dates. The County Accounting Manual defines the AR aging analysis process, however, does not include information to suggest an analysis or aging of vendor invoices is performed. Frequent late invoice payment to vendors, particularly vendors that perform significant or critical services for JWA, may result in added costs in the form of higher prices or loss of the vendor relationship. It is noted that in August 2023, JWA management implemented a new process to more proactively manage timely payment of outstanding invoices for JWA vendors, including adding the payment of vendors as an agenda item in executive team meetings.

## Recommendation:

JWA and County management should jointly implement a consistent aging analysis of vendor invoices to ensure prompt payment. The process should include updating JWA's invoice processing procedures to include the new process of monitoring and managing invoice due dates and document the mechanism to notify management of invoices nearing due dates and warn of potential late payments. Monitoring of timely payment should include alignment of responsibilities and expectations of timely payment for both JWA management and County personnel responsible for processing vendor payments.

Priority: **Low**

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## Organizational Skills Assessment

Weaver conducted a Knowledge, Skills, and Abilities assessment (KSA) across a sample of **ten** supervisory employees within administrative operations, including the airport director. We reviewed documentation and interviewed each of the ten employees in the sample. The assessment did not include a compensation or classification study, nor did it include an assessment of the current performance evaluation for each employee, which Weaver was not provided. The focus of the KSA assessment was on strategic management competencies, including development and implementation of key performance indicators, managing change, and planning and implementation of professional development.



The recommendations offered below are the consolidated results of this assessment. Please refer to [Appendix B](#) for detailed definitions of the strategic management competencies.

### 08. Opportunity to Improve Higher Educational Attainment and Credentials

JWA should ensure that managerial staff possess professional credentials or certifications commensurate with expectations of their industry peers. Professional credentials and educational attainment improve business acumen and knowledge of best practices gained through learning and development, professional affiliations, and peer interaction.

JWA developed a survey of employees across all divisions in June 2023 executed by the Strategic Operations Manager. The survey included feedback from employees regarding professional development and training needs. As a result of this survey, JWA leadership has initiated a study program for employees interested in obtaining certification through the American Association of Airport Executives.

#### **Recommendation:**

The JWA Airport Director should continue to assess specific credentials and educational opportunities to elevate the level of professional certification and education attainment of the management team assessed.

**Priority: Medium**

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## 09. Business Acumen of Airport Functions

The organization has experienced and competent financial and administrative managers, including airport operations managers. JWA should cultivate a high degree of knowledge across both operational and administrative areas. The organization should continue to guard against operating in silos or with limited interaction between functions.

Limited understanding of managerial knowledge across significant financial, administrative, and airport operation processes exacerbates JWA's inability to perform effective strategic planning, and potentially exposes JWA to risk of a single point of reliance.

### **Recommendation:**

The JWA Airport Director should implement knowledge share and cross-training opportunities across departments to ensure supervisors and managers receives a well-rounded understanding of interrelated processes and key resources of the organization. Cross-training can improve the effectiveness of the organization to respond to attributes *beyond training*, including strategic planning, compliance, and risk management.

**Priority: High**

## 10. Consistent Approach to Employee Professional Development

Access to professional development and training opportunities have historically been inadequate for line employees. The airport director has prioritized improving opportunities for all staff; however, supervisors are largely inconsistent and lack goals and objectives for professional development planning for their own line employees.

JWA managers express both interest and support for increased professional development, but that support is not consistently complemented by planning and implementation. Disparities in approach to professional development result in an inconsistent delivery of quality training and educational attainment opportunities, limiting knowledge and skills development and unintendedly creating employee dissatisfaction or inequality.

### **Recommendation:**

The JWA Airport Director in coordination with Human Resources and divisional management should conduct an initial needs assessment of training required to address gaps in KSA that would augment management's ability to perform the essential functions of the division and support continued growth and development. JWA should provide the identified training in the short term and provide resources for an annual continuing education program targeted at improving specific competencies for leadership and skills maturity.

**Priority: Medium**



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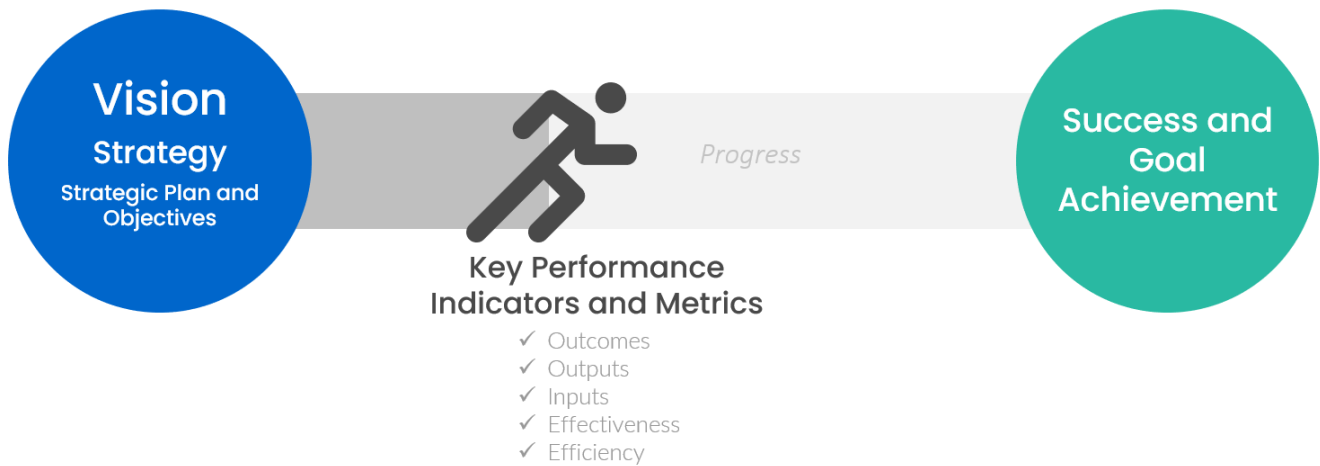
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## Performance Metric Assessment

Weaver evaluated divisional key performance indicators (KPIs) historically tracked by JWA personnel. We determined opportunities to improve existing operational performance management processes to leading industry practices and ensure alignment with County strategic objectives.

### 11. Strategic Planning and Key Performance Indicators

JWA currently does not have a holistic strategic or business plan specifically for JWA airport services and operations that align with the goals and objectives of the organization with actionable plans and an appropriate mix of effectiveness, efficiency, input, output, and outcome oriented KPIs. Without alignment of goals and objectives with actionable and measurable performance outcomes, the organization increases the risk that their goals and objectives will not be achieved. Specifically, JWA's strategic plan must be in concert and alignment with the County's strategic plan and industry best practices for airport operations.



JWA initiated a strategic planning process in May 2023 with the hiring of a Strategic Operations Manager. Historically, JWA has primarily utilized output-based performance measures with no distinguishable linkage to a strategic objective or to program inputs and outcomes. However, KPIs have not been consistently tracked and reported since 2021. In addition, although the County includes JWA within its strategic plan, items related to JWA are not sufficiently detailed to include relevant KPIs and are not aligned with the current goals and objectives of the airport.

#### Recommendation:

JWA should continue efforts to develop a strategic or business plan specific to the airport. During this process, JWA should ensure appropriate leadership commitment and involvement that includes broader County input to facilitate open communication and alignment with the County's strategic plan and industry best practices for airports operations. JWA's strategic or business plan should include the following elements:

- Clearly defined measurable outcomes and KPIs that define what constitutes success in each strategic objective and align with applicable performance measures of the contributing process owners. KPIs should consider the appropriate mix and linkage between effectiveness, efficiency, input, output, and outcome oriented KPIs.

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- Factors that influence the near and long-term outcomes related to strategic objectives that define how internal and external factors impact progress towards goals and objectives.
- Identification of key stakeholders from various divisions across JWA and the County that are involved in achieving the desired outcomes.
- A framework to assess achievement and monitor progress, including performance information that can be assessed and categorized for each objective and outcome to determine if sufficient progress is being made and to identify gaps in strategic efforts.

**Priority: High**

# **Appendix A**

## Policy and Procedure Analysis

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## Policy and Procedure Evaluation

We reviewed a total of **23** documented policies and procedures across five administrative divisions to identify opportunities to expand, enhance, or streamline policies and procedures or establish baseline expectations for the process and evaluation of key risk mitigating activities. Expected attributes were determined based on authoritative criteria such as the Government Finance Officers Association (GFOA), the COSO 2013 Internal Control Framework, and the Federal Information System Controls Audit Manual (FISCAM). For each policy or procedure reviewed, we identified whether the expected attribute is present (**Y**), partially present (**P**), or not present (**N**) within the document.

Division		Expected Qualitative Attribute	Results Attribute Present
<b>1. Business Development</b>  <b>Administrative Areas:</b> Asset Management, Purchasing and Procurement, Revenue Development Planning, Infrastructure and Facilities Planning	A	Policy/procedure is in a written format	Y
	B	Policy/procedure is reviewed and approved by appropriate authority	Y
	C	The policy/procedure is communicated to employees on periodic basis, and readily accessible to internal stakeholders	N
	D	Policy/procedure is updated as needed, in a timely manner, and the most current version is clearly dated when last update occurred	N
	E	Roles and responsibilities for sub-process areas are clearly defined with delegation of authority matching job responsibilities	Y
	F	Control activities for sub-process areas are explicitly defined, including reasoning and purpose	P
	G	Criteria and requirements are referenced to applicable regulations, external policy, and/or guidance	P
	H	KPIs are linked to organizational goals and objectives	P
<b>2. Finance Administration</b>  <b>Administrative Areas:</b> Budgeting, Accounting, Finance, Procurement, Facilities Improvements Management	A	Policy/procedure is in a written format	Y
	B	Policy/procedure is reviewed and approved by appropriate authority	P
	C	The policy/procedure is communicated to employees on periodic basis, and readily accessible to internal stakeholders	P
	D	Policy/procedure is updated as needed, in a timely manner, and the most current version is clearly dated when last update occurred	P
	E	Roles and responsibilities for sub-process areas are clearly defined with delegation of authority matching job responsibilities	P
	F	Control activities for sub-process areas are explicitly defined, including reasoning and purpose	P

Division	Expected Qualitative Attribute	Results
		Attribute Present
	<b>G</b> Criteria and requirements are referenced to applicable regulations, external policy, and/or guidance	<b>P</b>
	<b>H</b> Established and defined performance indicators for financial goals	<b>Y</b>
	<b>I</b> Established guidelines for managing sensitive financial information and conflicts of interest	<b>Y</b>
	<b>J</b> Defined financial policies for the following categories:	<b>P</b>
	<b>(i).</b> Accounting and Financial Reporting	
	<b>(ii).</b> Treasury Functions - <i>including Debt, Investments, and Fund Reserves</i>	
	<b>(iii).</b> Budgeting	
	<b>(iv).</b> Capital Improvements Management	
	<b>(v).</b> Purchasing and Procurement policies	
<b>(vi).</b> Employee expense reimbursements		
<b>(vii).</b> Long-term financial planning		
<b>3. Public Affairs</b>  <b>Administrative Areas</b> Support and Media Technology	<b>A</b> Policy/procedure is in a written format	<b>Y</b>
	<b>B</b> Policy/procedure is reviewed and approved by appropriate authority	<b>Y</b>
	<b>C</b> The policy/procedure is communicated to employees on periodic basis, and readily accessible to internal stakeholders	<b>N</b>
	<b>D</b> Policy/procedure is updated as needed, in a timely manner, and the most current version is clearly dated when last update occurred	<b>Y</b>
	<b>E</b> Roles and responsibilities for sub-process areas are clearly defined with delegation of authority matching job responsibilities	<b>P</b>
	<b>F</b> Control activities for sub-process areas are explicitly defined, including reasoning and purpose	<b>N</b>
	<b>G</b> Criteria and requirements are referenced to applicable regulations, external policy, and/or guidance	<b>P</b>
	<b>H</b> Internal communications policy is defined, including establishment of templates, expected reporting, internal communication channels, and internal emergency communications.	<b>Y</b>
	<b>I</b> External communications policy is defined, including social media policy, media relations, and crisis communication processes.	<b>Y</b>

Division	Expected Qualitative Attribute	Results
		Attribute Present
<b>4. Operations</b>  <b>Administrative Areas</b> Facilities Operations and Management	<b>A</b> Policy/procedure is in a written format	Y
	<b>B</b> Policy/procedure is reviewed and approved by appropriate authority	P
	<b>C</b> The policy/procedure is communicated to employees on periodic basis, and readily accessible to internal stakeholders	P
	<b>D</b> Policy/procedure is updated as needed, in a timely manner, and the most current version is clearly dated when last update occurred	P
	<b>E</b> Roles and responsibilities for sub-process areas are clearly defined with delegation of authority matching job responsibilities	P
	<b>F</b> Control activities for sub-process areas are explicitly defined, including reasoning and purpose	P
	<b>G</b> Criteria and requirements are referenced to applicable regulations, external policy, and/or guidance	P
	<b>H</b> KPIs are linked to organizational goals and objectives	P
	<b>I</b> Defined minimum standards (for safe and efficient service) for individuals or entities to operate within the Airport	Y
<b>5. Regulatory and Technical Services</b>  <b>Administrative Areas</b> Information Technology and Support	<b>A</b> Policy/procedure is in a written format	Y
	<b>B</b> Policy/procedure is reviewed and approved by appropriate authority	Y
	<b>C</b> The policy/procedure is communicated to employees on periodic basis, and readily accessible to internal stakeholders	N
	<b>D</b> Policy/procedure is updated as needed, in a timely manner, and the most current version is clearly dated when last update occurred	P
	<b>E</b> Roles and responsibilities for the oversight of compliance functions are clearly defined with delegation of authority matching job responsibilities	P
	<b>F</b> Control activities for sub-process areas are explicitly defined, including reasoning and purpose	Y
	<b>G</b> Criteria and requirements are referenced to applicable regulations, external policy, and/or guidance	Y
	<b>H</b> Defined acceptable use of organizational systems and applications	Y
	<b>I</b> Established IT security incident response plans including for cybersecurity attacks, data breaches or unexpected loss of data, malware attacks, and unauthorized access attempts. <i>The response plan should include JWA's identification, mitigation, and recovery actions.</i>	N
	<b>J</b> Established remote work and mobile device policies	N
	<b>K</b> Established back up and disaster recovery plans including data retention, backup plans, and procedures for backup testing	N

## **Appendix B**

### Organizational Skills Assessment Definitions

# County of Orange - John Wayne Airport

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## Organizational Skills Assessment

### KSA Definitions

We performed a Knowledge, Skills, and Abilities assessment (KSA) for selected management positions across all in-scope divisions. Included below are the defined strategic management competencies for which management attributes were evaluated during the KSA.

<b>DEFINITIONS: Strategic Knowledge, Skills and Abilities</b>		
<b>A</b>	<b>Meets Qualifications</b>	Determination that the individual meets the qualifications defined by their job description; this is a yes/no question determined by Orange County HR
<b>B</b>	<b>Position Competency</b>	Assessment of the individual's demonstrated competence in performing the job responsibilities defined by their job description
<b>C</b>	<b>Education Attainment</b>	Highest level of education attained
<b>D</b>	<b>Credentials</b>	Professional credentials and certifications currently held that are directly related to the individual's position
<b>E</b>	<b>Airport Administrative and Financial Management</b>	Assessment of the individual's competence in the administrative functions of the airport, including budget, procurement, financial reporting, revenue, HR, and information technology
<b>F</b>	<b>Airport Operations and Logistics</b>	Assessment of the individual's competence in the operational and logistical functions of the airport including landside/airside, security, noise, maintenance, regulatory compliance
<b>G</b>	<b>KPI Experience</b>	Experience in developing and implementing key performance indicators and competence in managing to KPIs as a performance benchmark
<b>H</b>	<b>Change Management</b>	Experience and demonstrated competency in managing organizational changes due to new leadership, initiatives, crisis management, staffing, and other factors
<b>I</b>	<b>Cultivating Professional Development</b>	Experience in planning meaningful and relevant professional development from an individual and team perspective



# **Appendix C**

## Criteria Summary

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## Criteria Summary

As a basis for the audit results and proposed recommendations provided, we identified the following authoritative criteria that was utilized as part of the performance audit:

- Orange County Policies, Procedures, and Ordinances
- John Wayne Airport Policies and Procedures
- State and Federal law and regulations
- United States Department of Transportation – Federal Aviation Administration
- Federal Office of Management Budget (OMB)
- Government Finance Officers Association (GFOA): Best Practices for Adopting Financial Policies
- COSO 2013 Internal Control Framework
- Industry best practices and guidance such as the Airport Cooperative Research Program, Airports Council International, and National Air Transportation Association
- Federal Information System Controls Audit Manual (FISCAM)

## **Appendix D**

### Priority Risk Rating Definitions

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## Priority Ratings

Residual risk is the risk derived from the environment after considering the mitigating effect of internal controls. The areas under audit have been assessed from a residual risk level utilizing the following risk management classification system.

### High

High risk priorities have qualitative factors that include, but are not limited to:

- Events that threaten the Organization's achievement of strategic objectives or continued existence
- Impact of the finding could be felt outside of the Organization or beyond a single function or department
- Potential material impact to operations or the Organization's finances
- Remediation requires significant involvement from senior Organization management

### Medium

Medium risk priorities have qualitative factors that include, but are not limited to:

- Events that could threaten financial or operational objectives of the Organization
- Impact could be felt outside of the Organization or across more than one function of the Organization
- Noticeable and possibly material impact to the operations or finances of the Organization
- Remediation efforts that will require the direct involvement of functional leader(s)
- May require senior management to be updated

### Low

Low risk priorities have qualitative factors that include, but are not limited to:

- Events that do not directly threaten the Organization's strategic priorities
- Impact is limited to a single function within the Organization
- Minimal financial or operational impact to the organization
- Require functional leader(s) to be kept updated, or have other controls that help to mitigate the related risk