

COUNTY OF ORANGE

PERFORMANCE AUDIT REPORT

Auditor-Controller's Office

March 1, 2025 through June 30, 2025

December 22, 2025



Certified
Public
Accountants

EXECUTIVE SUMMARY

Macias Gini & O'Connell LLP (MGO) was engaged by County of Orange's (County) County Executive Office to conduct a performance audit of the Orange County Auditor-Controller's Office (A-C). The objective of the performance audit was to assess the effectiveness, efficiency and accountability of the A-C's functions and programs and when those are achieving the stated objectives and accomplishing desired outcomes. The scope of the audit was to assess current practices and available documentation from the period of March 1, 2025 through June 30, 2025; and the methodology included interviews; reviewing policies and procedures, researching best practices and industry standards and metrics, and reviewing the results and follow up of the employee engagement survey conducted in the summer of 2024.

The following key findings were identified:

- The A-C division directors appear to be aligned with their roles and the mission, vision, and values of the A-C. However, staff retention was a significant concern due to the complexities of the A-C's function for the County overall.
- Technology modernization is a key objective of the A-C as the implementation of the County's new ERP system is underway. The new Enterprise Resource Planning system (ERP) will integrate and streamline business processes across the County to improve efficiency, accuracy, and decision making. Furthermore, the ERP will automate certain critical checks to mitigate fraud, waste, and abuse and assist the A-C in applying more meaningful analytics to monitor the County's accounting function.
- Administrative and accounting policies, procedures, and communications in general appear current and accessible to stakeholders. However, certain documents are not dated or indicate last review, there are potential duplicative documents, and new employee on-boarding messaging is dated.
- The Central Accounting Division manages 18 email inboxes for accounting inquiries for claims and disbursing, check writing, financial reporting, payroll and general accounting. These email inboxes are accessible on the functional SharePoint webpages.
- The A-C has not formalized performance metrics to measure and monitor the effectiveness of departmental and functional objectives, strategies, and operations.

Overall, the A-C is functioning as designed; however, there is a concern that implementation of the County's new ERP will strain resources on day-to-day functions as staff will be reallocated to assist in designing, testing, and training for their respective functional areas.

Office of the Auditor-Controller

Mission Statement

Our Mission is to promote public oversight, provide accountability, and support financial decision making for the County.

Vision Statement

Our Vision is to be the County's trusted source of financial information to account for the past, direct the present and shape the future.

Statement of Values

We will demonstrate our commitment to the public, the County and our employees by:

- Conducting our business with the highest integrity ethical standard
- Protecting the public's interest
- Treating our clients and employees with the utmost respect
- Exceeding client and stakeholder expectations
- Seeking opportunities to improve the effectiveness of our services
- Celebrating the accomplishments of our employees
- Reward innovation
- Promoting an open and collaborative environment
- Developing leadership skills at all organizational levels

Source: Auditor-Controller intranet home page: *Welcome to the Auditor-Controller*

Recommendations

The Department should consider the following recommendations:

- 1.1 Reestablish the A-C Mentorship Program to encourage growth and retention of employees.
- 1.2 Continue to execute the A-C's 2025 Engagement Survey Action Plan and evaluate progress and changes in employee engagement through the results of the next survey.
- 2.1 Assess the accounting, analytical and technology competencies that future employees will need proficiency in as a companion project to the ERP implementation project.
- 2.2 Conduct a full technology assessment of the tools used by all A-C employees and determine the adequacy of available tools to meet staff needs to perform day-to-day functions. Identify opportunities to leverage enhanced versions through licensing contracts with other County departments. Provide each division director with its tech stack (list of applications used for division function) for monitoring the needs of the division.
- 3.1 Confirm posted policies without number references are appropriate and update the review dates on policies even if there are no changes to indicate current reviews have been performed.
- 3.2 Confirm that intranet links point to current versions of policies to mitigate confusion for users.
- 3.3 Review on-boarding documents posted on the intranet and revise to reflect current leadership messaging or remove if alternative communication is made for onboarding. Remove staff mentorship program site on the intranet for the time being until A-C leadership decides on the future of the program.
- 4.1 With the hiring of a new PIO in December 2024, continue developing and refining the A-C's data management plan to ensure information is on the A-C's intranet pages is current and accessible for users both inside and outside the A-C.
- 4.2 Review and summarize Central Accounting Operation's emails received by the group inboxes to identify common inquiry themes and develop and keep current periodic department posts, and functional FAQ documents.
- 4.3 Review the training needs of departmental professional accountants. With support from the County Executive Office and departments:
 - Develop a centralized and functional training plan required for all departmental accountants, which includes general onboarding, new technical topics, periodic refresher topics, and as needed targeted training for departments needing additional support.
 - Encourage all County professional accountants (entry level to managerial) to complete regular continuing education to stay current with technical accounting and financial reporting skills and County accounting policies and processes.
 - Work with department directors and managers to hold professional accountants accountable to knowledge expectations.
- 5.1 Formalize department and functional key performance indicators (KPI) to monitor and evaluate department performance. KPIs should be specific, measurable, achievable, relevant, and time-bound for the A-C to review and consider the need for action on a consistent periodic basis (weekly, monthly, quarterly, annually).

The Department agrees with these recommendations and their response is included after the Audit Results section.

OBJECTIVES, SCOPE, AND METHODOLOGY

The objectives of the audit were to:

- Review the current organizational structure and operations and make recommendations for enhanced efficiency within existing resources. This includes review of each unit and the working relationships between each of the units to identify any areas for streamlining operations.
- Review policies, practices, and procedures and identify opportunities for streamlining and reducing costs, expanding efficiencies, and applying best practices. Include any estimated cost/savings for recommendations, if applicable, and departmental and industry standards and metrics.
- Review current use of technology and make recommendations for improvements and enhanced efficiency.

The scope of the audit was the period of March 1, 2025, through June 30, 2025. MGO performed the following procedures:

- Interviewed staff from all 5 divisions of the A-C's office:
 - Central Accounting Operations
 - Satellite Accounting Operations
 - Executive and Administrative Services
 - Information Technology
 - Internal Audit
- Reviewed the A-C's SharePoint platform housing the AC's documented policies and procedures.
- Reviewed the County's enterprise risk management implementation plan.
- Researched best practices and relevant industry standards and metrics.
- Reviewed survey results of employee engagement survey conducted by the County's central Human Resource Department.

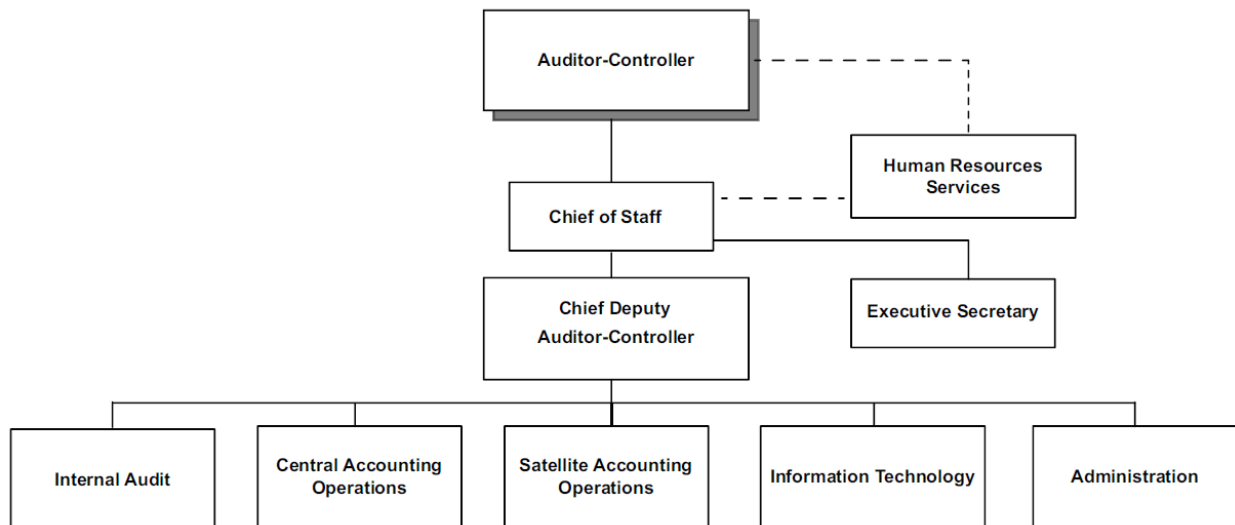
We conducted fieldwork in March 2025 through May 2025. We conducted this performance audit in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

DEPARTMENT OVERVIEW

(Source: Excerpted and summarized from the *FY 2025-26 Recommended Budget Volume I*)

The Auditor-Controller Office (A-C) is the County's trusted source of financial information to account for the past, direct the present, and shape the future. The office provides various accounting and property tax administration services to the County, special districts, schools and cities, and thereby, conducts business with the highest ethical and due diligence standards while demonstrating commitment to the public, other county departments and agencies, and its own employees.

Under the executive oversight of the Auditor-Controller and Chief Deputy Auditor-Controller the A-C has 5 functional divisions: Internal Audit, Central Accounting Operations, Satellite Accounting Operations, Information Technology, and Administration.



Internal Audit – Performs audits and reviews that are mandated by the Government Code and the Welfare Institutions Code to be performed by the Auditor-Controller. These include quarterly reviews and an annual audit of the Treasurer's Schedule of Assets, and a biennial audit of Probation's juvenile books and accounts. Additional responsibilities include investigating financial fraud allegations referred to the A-C from the Fraud Hotline, reviewing cash shortages reported by County management and collecting the audited financial statements of all Special Districts and Joint Powers Authorities within the County.

Central Accounting Operations – Comprised of seven units: Central Payroll & Employee Benefits (EB) Accounting, Central Claims and Disbursing, Financial Reporting & Mandated Costs (FRMC), General Accounting (GA), Cost Revenue and Budget (CRB), Property Tax and Countywide Oversight Board (Oversight Board). These units provide core services that are traditionally associated with the Auditor-Controller's Office such as accounts payable services, financial reporting, and maintenance of the property tax rolls and apportionment to all taxing entities.

Satellite Accounting Operations – Provides specialized accounting services and support to eight county departments through seven distinct accounting teams (referred to as a Satellite Accounting Team). Satellite Accounting Teams are co-located with host department staff. Approximately 68% of the Auditor-Controller's employees are assigned to satellite accounting operations. The accounting services provided by these teams are varied and are in accordance with the needs of the host department. The host department reimburses the Auditor-Controller for all satellite accounting costs.

Information Technology – Comprised of four teams: Project Management, Security Services, Functional and Technical Support, and Network and Desktop Support. The Project Management team leads IT initiatives and system upgrades; the Security Services team ensures asset protection and policy enforcement; the Functional and Technical Support teams maintains critical countywide systems like CAPS+, ERMI, and PTS, enabling essential financial and HR operations; and the Network and Desktop Support team ensures smooth day-to-day technical operations.

Administration – The Administration Division is comprised of Administrative Services, Financial Services, and Public Information Officer (PIO)/Custodian of Records providing central administrative support to the entire A-C.

Strategic Goal for FY 2025-26:

Measurable Goal:	Manage the County's Enterprise Resource Planning (ERP) systems.
Objective:	Maintain a high level of customer satisfaction with the ERP systems.
Performance Measure:	Annual satisfaction survey for ERP users' rating.
FY 2025-26 Target:	>90% satisfaction rating

The A-C's specific department goals for FY 2025-26:

- Ensure policies are created, reviewed and enforced regarding internal control systems.
- Ensure Property Tax System (PTS) is operational at full capacity to support the vital functions of roll maintenance, property tax collections, levying and apportionment of property taxes to the County and various taxing agencies.
- Anticipate and meet the County's needs for financial services and reliable information, including ensuring the biweekly deadlines for all 26 pay periods are met.
- Maintain the continuity of processes and systems, including current Accounting Agreements for Satellite Accounting Services, and fulfill obligations as stipulated in those agreements.
- Create and issue mandated audits, reviews and mandated reports (Annual Comprehensive Financial Report (ACFR), Countywide Cost Allocation Plan (CWCAP), Adopted Budget, and State Controller's Office Financial Transactions Report).

AUDIT RESULTS

FINDING 1: Alignment with Mission, Vision, and Values

The average tenure within the A-C's senior leadership is approximately 17 years. Three individuals, the Chief Deputy A-C, director of Central Accounting Operations, and director of Satellite Accounting, have over 20 years of experience in various accounting and operational roles in the various departments. This collective and institutional knowledge provides for a deep understanding of the County as an organization, cross-departmental relationships and collaboration, and proficiency in systems and processes to execute the objectives of the A-C.

A-C Leadership Tenure	
	Years
Auditor-Controller	2
Chief Deputy A-C	27
Central Accounting Ops	28
Satellite Accounting	26
Information Technology	18
Internal Audit	0.67

We interviewed the Auditor-Controller, Chief Deputy A-C, and the four division leads and discussed their perception of leadership within the A-C. Overall, the sentiments were positively strong for both the Auditor-Controller and Chief Deputy A-C. The positive themes include:

- Collaboration
- Active Listening
- Innovative Ideas
- Strong Communication
- Shows Appreciation

The Auditor-Controller has brought a new perspective to the department since being elected. His key initiatives focus on technology modernization, accountability through KPIs, and risk mitigation through internal controls and data analytics. These areas align well with the A-C's mission, vision, and values.

There are several obstacles that are potential impediments to achieving the A-C's goals. Staffing and funding challenges may affect key deliverables within important functions such as internal controls, financial reporting, vendor payments and payroll. Many of these challenges center around human capital and resource management:

- *Vacant and Backfilling Positions* – The County is struggling to close a budget deficit which temporarily caused a hiring freeze and concerns affecting the A-C's ability to fill vacant positions and backfill needs for key resources that are being allocated to the ERP implementation.
- *Staff Retention* – Technical accounting staff "promote out" to positions in other departments when minimum requirements are met.
- *Succession Planning* – Given the tenure of key positions including the division directors and satellite accounting managers, succession planning within the confines of the County's resource hiring and placement rules will be critical to continued success.

Vacant and Backfilling Positions

In February 2025, the County Executive Office approved the backfilling of 19 positions that had been identified as needed for the ERP implementation beginning April 4 (15 positions) and August 8 (4 positions). The proposed solutions for the backfill needs will consider regular promotions, limited term promotions, extra help, extra help retirees, and temporary help with continuous review on allocation and deployment to critical functions. Furthermore, the A-C will monitor needs and submit requests for additional positions as the ERP implementation proceeds.

The FY 2025-26 Recommended Budget included a reduction of five positions plus 2 additional positions were eliminated, one each in the FY 2024-25 Mid-Year Budget Report and the County's Vacant Position Policy for a total reduction of 7 positions from FY 2024-25 Budget to FY 2025-26.

Budgeted Positions	
<u>FY 2024-25</u>	<u>FY 2025-26</u>
453	446

Staff Retention

Staff retention is directly impacted by employee engagement and opportunity. The A-C has been challenged with employee turnover for positions that require an investment in technical training. These employees "promote out" from the A-C to other opportunities within the County once minimum requirements are met; a practice encouraged County-wide. Within the last two fiscal years the A-C had 52 employees transfer out of the department of which 41 (79%) of the transfers were related to promotions.

Also notable is the 2018 Administrative Manager Classification & Compensation Study, which was commissioned to address County-wide challenges in recruiting and retaining management level employees because other counties were offering more competitive compensation packages for the same positions. The recommendations, which were effective in FY 2023, revised classifications and pay of administrative managers from four tiers to 117 classifications grouped into 11 pay grades. Immediately, some individuals in the A-C were negatively affected by the adopted results as their new classification had a lower rate of pay. Furthermore, A-C employees find higher paying opportunities in different management classifications in other departments resulting in departmental transfers. Though the County overall has benefited from the study, the A-C continues to lose managers to other departments.

Prior to the pandemic, the A-C had developed and implemented a robust mentorship program with the mission of "Enhancing the full potential of the AC colleagues through mentorship partnerships." The program was designed to share knowledge and experiences of experienced and committed team members in the categories of leadership and supervision, partnership building, effective communication, planning and organization, and function competencies. The last class of employees featured on the A-C's intranet is the Class of FY 2018-19; however, the A-C did offer a remote program in FY 2019-20. As with many programs, the pandemic caused a pause on this program as resources focused on ensuring the departmental basics and critical functions were operating. The A-C may be missing an opportunity to relaunch this program to provide department employees with insight into career paths and opportunities they may not know are possible.

The County's Human Resources Services department (Central HR) administered a Countywide workplace experience survey between August 21, 2024, and September 12, 2024, that measured employee engagement. Of the 397 A-C employees invited to participate, 269 employees (68%) responded. Employees responded to a series of questions in six workplace experience themes using a six-point scale.

<u>Workplace Experience Themes</u>	<u>Score</u>
Engaged <i>(Shared belief in the direction, values, and meaning)</i>	3.74
Closely Aligned <i>(Communication, collaboration, and low operational friction)</i>	4.09
Empowered to Execute <i>(Training, learning, and reaching potential)</i>	3.73
Respect & Supported <i>(Maximum discretionary effort, commitment, and advocacy)</i>	4.07
Enabled to Grow <i>(Perceptions of fairness around pay, benefits, and work-life flexibility)</i>	4.02
Fairly Valued <i>(Inclusion, support, openness, and appreciation)</i>	3.49

The A-C's overall workplace experience had a 61% favorability rating based on the percentage of responses of 4 (slightly favorable) and above. There were 3 questions the A-C scored below 3.50, two of which related to pay and benefits and other indicating that the respondents haven't considered searching for a better job in the past month. Compensation is mostly out of the control of the A-C directly and a lower rating in not considering a new job is positive.

As a result of the survey each department was asked to identify one or two focus areas to develop an action plan to affect positive change. The A-C considers its employees their greatest asset thus selected "My Manager/Supervisor cares about my concerns" as its focus initiative and action plan for the next six months. The A-C survey result was an 81% favorability rate and has set a goal of achieving a 90% favorability rating. Central HR plans to conduct the next workplace experience snapshot in early 2026 to measure progress toward departmental initiatives and monitor employee engagement.

Through our interviews with division directors and managers we noted some anecdotal comments where more focus should be placed on certain process details to achieve efficiencies. For example, the terminology or language used in a bargaining unit's memorandum of understanding (MOU) should be analyzed for clarity to allow for less complex logic to be built into the payroll system and support consistent application of the MOU requirements by all departments to reduce payroll exceptions. There is also an opportunity to consider incorporating more complex payroll requirements through logic development and programming during the implementation of the ERP if uniformity is achieved in the MOU documents.

Succession Planning

The A-C division directors are mostly comfortable with the layer of talent right below and have identified strong internal candidates to step into management roles or replace themselves. The A-C will be challenged in the next 1 to 5 years to replace retiring executive team members, the most immediate being Information Technology. Because the government hiring process can be bureaucratic, requiring a structured and competitive process designed to ensure fairness and competency, internal promotions are not automatic. The A-C needs to be looking ahead at how they prepare and support internal candidates for the recruitment process as well as the skills needed in a changing accounting environment. The A-C is investing in more robust entry level recruitment efforts but will need to enhance its retention efforts to gain the benefit of its investment. As discussed above, reestablishing the A-C's mentorship program is an option to encouraging employees to staff and grow with the office and prepare for a higher opportunity.

Recommendations to Finding 1:

The Department should consider the following recommendations:

- 1.1 Reestablish the A-C Mentorship Program to encourage growth and retention of employees.
- 1.2 Continue to execute the A-C's 2025 Engagement Survey Action Plan and evaluate progress and changes in employee engagement through the results of the next survey.

FINDING 2: Technology Modernization

In March 2025, the Board of Supervisors approved the contracts for the A-C to implement a new Countywide ERP system. It is expected that the new system will consolidate 21 different shadow applications into one ERP system intended to streamline the operations of the County. The implementation is expected to last 3 years and will be completed in phases.

Upon entering office in January 2023, the Auditor-Controller reviewed the current request for proposal and pulled it back to further consider the needs of the County and ensure the tool selected would provide for a modern platform to incorporate critical elements of a sound governance, risk and compliance program that could be leveraged Countywide.

The ERP project aligns with the mission and vision of the A-C encompassing accountability, supporting financial decisions and shaping the future of accessible financial information. The tools available to A-C staff to perform data analytics and monitor risk real time are limited and heavily rely on stagnant information imported into excel which can be a burdensome task. The vision of the new ERP is to incorporate internal controls to mitigate the risk of fraud, waste and abuse and provide decision makers with timely and accurate information.

The A-C's Information Technology division is leading the County's implementation with support from a system implementor and the software vendor. The County's effort is also supported through assistance from stakeholder departments and other A-C divisions, like Central Accounting Operations. The A-C has also engaged GFOA to provide independent quality assurance oversight of the implementation effort. The project has a Steering Committee which includes key executive stakeholders in the County. The Steering Committee meets monthly to discuss overall project status; risks, actions, issues and decisions (RAID); current work plan; recent and upcoming deliverables; and "asks" of executive team stakeholders. A-C staffing resource needs will be monitored through the RAID evaluation.

With planned changes, the A-C should begin planning and evaluating the competencies needed from A-C departmental staff and department accountants throughout the County when the ERP is operational. The competencies to consider may include:

- **Digital & Technological Proficiency**
 - Data analytics & visualization (e.g., Power BI, Tableau)
 - ERP systems (e.g., Oracle)
 - Automation tools (e.g., RPA, AI-based accounting software)
 - Cybersecurity awareness
 - Cloud accounting platforms
- **Analytical & Strategic Thinking**
 - Ability to interpret complex data for decision-making
 - Forecasting and financial modeling
 - Risk assessment and scenario planning
- **Regulatory & Ethical Expertise**
 - Up-to-date knowledge of accounting standards (e.g., GAAP)
 - Understanding of compliance and audit requirements
 - Strong ethical judgment and integrity
- **Communication & Collaboration**
 - Clear communication of financial insights to non-financial stakeholders
 - Cross-functional teamwork (e.g., working with IT, HR, operations)
 - Client relationship management
- **Adaptability & Continuous Learning**
 - Openness to change and innovation
 - Lifelong learning mindset (e.g., upskilling in AI, blockchain, ESG reporting)
 - Agile project management skills

Furthermore, the A-C should conduct a full technology assessment of the department tools and needs by division and evaluate the effectiveness of the available platforms and applications. For example, during our interviews we noted that the A-C may benefit from an upgraded version of SharePoint to interact with external users. The Internal Audit division may benefit from an upgraded version of TeamMate or access to more robust data analytic software. There may be an opportunity for the A-C to access more current applications by leveraging existing licensing contracts with other departments (e.g., TeamMate with County Internal Audit).

Recommendations for Finding 2:

The Department should consider the following recommendations:

- 2.1 Assess the accounting, analytical and technology competencies that future employees will need proficiency in as a companion project to the ERP implementation project.
- 2.2 Conduct a full technology assessment of the tools used by all A-C employees and determine the adequacy of available tools to meet staff needs to perform day-to-day functions. Identify opportunities to leverage enhanced versions through licensing contracts with other County departments. Provide each division director with its tech stack (list of applications used for division function) for monitoring the needs of the division.

FINDING 3: Administrative and Accounting Policies and Procedures

We reviewed the A-C's SharePoint site (intranet) available to internal and external department staff providing information on the department's leadership, operations and accounting guidance. Staying true to department objectives the home page prominently displays the department's mission, vision, and values.

The intranet site appears to be organized with each division having its own landing page and contact information for key functions was prominently accessible. Furthermore, popular links and policy and procedure resources links are provided as a side directory to assist users in quickly finding information on the A-C's systems (e.g. CAPS+, ERMI, and OC Meter) as well as budget, human resources, procurement and payroll.

The General subsite houses the A-C's policies and procedures, which includes seven categories:

- Administrative
- Financial/Budget
- Risk Management/Safety
- Communications
- Accounting/Claiming/Audit
- Information Technology
- Legal/Public Information

In general, the posted documents and guidance appear to be current ranging from reviews and revisions between 2018 and 2025. The A-C conducted a thorough review of its policies in 2022. During our interview with the Director of Central Accounting Operations, we noted this division maintains a detailed spreadsheet of the procedures included in the County of Orange Account Manual (CAM). This is used as a work plan to monitor and document revision to the CAM to ensure guidance is current and maintained as policies and practices are revised.

We did observe items that may need a more current review and revision:

- Four policy documents did not have policy numbers:
 - Administrative – A-C Record Retention
 - Risk Management/Safety – HIPAA
 - Information Technology – Workforce Member User Agreement
 - Legal/Public Information – County Counsel Opinion Request (update in progress)
- Three policies appear to be dated:
 - Administrative – A-C Record Retention - dated 2010
 - Risk Management/Safety – HIPAA – dated 2010
 - Information Technology – Workforce Member User Agreement – dated 2008
- Emergency Action Plan - Policies 0300-1 (Emergency Action Plan Procedures) and 0300-5 (Emergency Action Plan and Fire Protection Procedures) have duplicative aspects; however, based on inquiry with County's Risk Management department, both policies are required based on regulatory requirements including CalOSHA. Yet, there are at least two links on the A-C's intranet for Policy 0300-1, one of which is not current and points to previous version of the policy.
- Certain information is stale relating to the on-boarding, Standards and Guidelines, Business Plans, and the Mentorship Program. Though it's the A-C's practice not to revise current policy documents (letterhead and signature) when A-C leadership changes if there are no substantial updates, there is an opportunity for the A-C to strengthen its messaging to employees on the intranet site by either revising or taking down stale documents. Some of these areas include new employee messaging, business plans, and the mentorship program.

A-C Intranet
Executive Management
Administration
Human Resources
Central Accounting Operations
Satellite Accounting Operations
Info Technology
Internal Audit
Record Retention Schedule
General
A-C Resources
Links
Auditor-Controller Org Charts

- The posted welcome letter addressed to new employees is on the former Auditor-Controller's letterhead and signed by that individual. New employees may receive current messaging from the A-C's HR division; however, as employees explore available resources, they are looking to connect with the organization that hired them. Having a welcome message from someone they may not know and not in-charge does not support that connection.
- The posted business plans are dated and could be refreshed by positing the strategic goals and projects of the department like those highlighted in the current budget book and defined key performance metrics.
- The mentorship program has not been active since 2020. As the A-C considers whether to further invest in this initiative, the program should be removed from the intranet, so employees aren't feeling that they are missing out of something that may appear no longer important to A-C management.

The A-C's Public Information & Affairs Administrator (PIO) is responsible for maintaining the A-C intranet and external website; a position that turned over in December 2024. In May, the PIO launched a project to refresh the A-C's intranet to ensure posted information for each division is current.

Recommendations for Finding 3:

The Department should consider the following recommendations:

- 3.1 Confirm posted policies without number references are appropriate and update the review dates on policies even if there are no changes to indicate current reviews have been performed.
- 3.2 Confirm that intranet links point to current versions of policies to mitigate confusion for users.
- 3.3 Review on-boarding documents posted on the intranet and revise to reflect current leadership messaging or remove if alternative communication is made for onboarding. Remove staff mentorship program site on the intranet for the time being until A-C leadership decides on the future of the program.

FINDING 4: Central Accounting Operations “Help Desk” and Available Guidance

The intranet subsites for the Central Accounting Operations division provide for 18 group email boxes that County accounting staff can use to submit questions and get clarification on various accounting topics.

Currently the A-C does not systematically analyze the inquiries for common themes. In addition, overall data management on the A-C’s intranet has been deficient due to turnover of the A-C’s PIO. Some A-C divisions maintain current information; however, others do not have the resources to manage memorializing and posting current information and rely on emails to communicate with departmental accountants.

- FAQs – These don’t appear to be actively managed and reviewed in the same manner as policies and procedures.
- Bulletins are used by the claims and disbursing function to communicate reminders, changes, and critical dates, the most recent of which was dated May 22, 2025.
- Bulletins were used by the payroll function through 2020 and now changes, reminders and results of internal payroll audits conducted by the A-C’s payroll function are communicated by the division through emails to a county-wide targeted distribution list of payroll accountants. Though these emails and topics don’t appear to be captured and available for reference on the A-C’s intranet site.
- Training – The A-C provides training materials and resources for County department accountants and maintains a learning platform – CAP+ Learning Center (CLC) – which houses job aids, forms, and yearend training and closing information. However, because of the decentralization of the departmental accountants, the level and priority of training is determined by the departments and does not always involve the A-C (with the exception of the Accounting and Reporting division who train one-on-one with departmental accountants regularly).

Central Accounting Operations Group Email Boxes	
	Email Boxes
Claims and Disbursing	4
Check Writing	3
Milage Claims	-
Cost Recovery	-
Financial Reporting	1
Payroll	7
General Accounting	3
Property Tax	-

The A-C has an opportunity to mitigate and reduce inquiries by identifying common themes and actively revising FAQs, highlighting targeted reminders, critical dates and changes on its intranet site, and developing targeted training. There should be consideration to post critical information communicated through emails to the intranet as a section of the A-C’s division pages to support emails provide broader coverage of information when payroll accountants turn over in departments. Also, targeted training initiatives should also be developed to address specific needs—such as onboarding new accountants, clarifying accounting procedures (e.g., payroll), or supporting individual departments—thereby increasing the A-C’s engagement and effectiveness across the organization.

Given the A-C has limited resources, the A-C should consider exploring the use of an AI tool (such as the County’s CoPilot pilot project) for thematic analysis of the email inquiries to more efficiently capture the needs of the County’s accountants.

Recommendations to Finding 4:

The Department should consider the following recommendations:

- 4.1 With the hiring of a new PIO in December 2024, continue developing and refining the A-C's data management plan to ensure that information is on the A-C's intranet pages is current and information accessible for users both inside and outside the A-C.
- 4.2 Review and summarize Central Accounting Operation's emails received by the group inboxes to identify common inquiry themes and develop and keep current periodic department posts, and functional FAQ documents.
- 4.3 Review the training needs of departmental professional accountants. With support from the County Executive Office and departments:
 - Develop a centralized and functional training plan required for all departmental professional accountants, which includes general onboarding, new technical topics, periodic refresher topics, and as needed targeted training for departments needing additional support.
 - Encourage all County professional accountants (entry level to managerial) to complete regular continuing education to stay current with technical accounting and financial reporting skills and County accounting policies and processes.
 - Work with department directors and managers to hold professional accountants accountable to knowledge expectations.

FINDING 5: Performance Metrics

Performance metrics are measurable indicators for an organization, team, or individual to assess how effectively they are achieving specific goals. These indicators provide a way to track progress, identify areas for improvement, and make informed decisions. Common categories of metrics include financial accuracy and reporting, operational efficiency, compliance and accountability, customer service and responsiveness, employee, and innovation and improvement (project/process).

The A-C has not formalized key performance indicators (KPI) that can be used to assess the effectiveness of departmental and functional strategies, operations, and objectives. During the annual budget process, the A-C discusses relevant KPIs with the County Executive Office. For FYs 2021-22, 2022-23 and FY 2023-24 the A-C had the following set of key outcome indicators:

Performance Measure/Metric	Target	FY 2021-22 Results	FY 2022-23 Results	FY 2023-24 Results
Perform mandated audits and reviews and issue required reports timely	Completed and issued timely	Completed and issued timely	Not specified as a KPI	Not specified as a KPI
Receive unmodified opinions on compliance with laws, regulations, and grant provisions	Receive unmodified opinions	Received unmodified opinions	Not specified as a KPI	Not specified as a KPI
Maintain low average processing days per invoice.	10 business days or less	9 business days	9 business days	Not reported
Meet bi-weekly payroll deadlines for all 26 pay periods.	100%	100%	100%	100%
Maintain CAPS+ system operational readiness during scheduled up-times.	99%	99%	99%	99%
Maintain a high level of CAPS+ system user satisfaction.	90%	93% ¹	87% ¹	93% ¹
Target full functionality of core property tax systems service continuity.	99%	99%	99%	99%

In addition to reporting on key outcome indicators, the A-C also reports key achievements of the prior fiscal year and goals for the coming year. While these indicators have been consistent for several years, the key performance measure highlighted was reduced to management of the County's ERP system for FY 2025-26 with a goal of >90% satisfaction rating. The A-C reported an 83% overall satisfaction rating for FY 2024-25. The decrease in rating is attributable to employees having a more forward-looking perspective after experiencing some of the demonstrations for the new ERP and realizing CAPS+ is outdated.

With the implementation of the new ERP, the A-C has an opportunity to formally establish, design and track financial and operational KPIs by analyzing its functional divisions to identify and/or confirm strategic objectives, definition of success, method of measurement, and monitoring critical metrics that are significant and important to its operations. KPIs can be established for both internal department monitoring and external reporting (such as the County's annual budget book or website dashboard) demonstrating a commitment to public transparency.

¹ Source: CAPS+ Customer Satisfaction Survey – August 6, 2024

Below are KPI considerations for each of the A-C's five divisions.

Executive Management Unit – With overarching oversight of the department and its functional divisions, the Executive Management Unit should monitor broader internal and external impacts affecting the department's goals and objectives and could consider the following KPIs:

- Human Resources
 - Staff engagement (with the assistance of Central Human Resources)
 - Staff retention – percentage of staff turn-over for transferring departments and leaving the County
 - Percentage of staff with one or more professional licenses or designations
 - Average number of training hours provided to staff
- Customers (internal and external)
 - Number of public inquiries
 - Number of web pages visited (both intranet and external website)
 - Number of reports viewed and downloaded for the A-C's external website
 - Customer satisfaction scores (Satellite Departments, taxing jurisdictions, department functions)
 - Publishing the Popular Annual Financial Report (PAFR)

Central Accounting Operations – The most complex of A-Cs divisions is Central Accounting Operations which includes five distinct functions – There are a variety of KPIs that could be considered:

- Accounting and Reporting
 - Number of correcting journal entries
 - Number of days to prepare Countywide cost allocation plans (CWCAP)
 - Number of county employees trained each year
 - Number of training hours provided to County employees
 - Number of fee studies or checklist approved by A-C before Board Approval
 - Number of days to correct 1099 errors identified by the IRS
 - Number of help desk inquiries and resolution time
 - Number of days to prepare the Annual Financial Transactions Report
 - Annual Audit:
 - Obtain the annual GFOA Awards for ACFR
 - Number of days from fiscal year-end to complete the County's ACFR
 - Number of audit adjustments
 - Implementation of audit recommendations with 1 year.
- Claims and Disbursing
 - Days payables outstanding (DPO)
 - Average claim/invoice processing time
 - Number of canceled and reissued checks
 - Number of help desk inquiry and resolution time
- Payroll and Employee Benefits
 - Percentage of payroll payments issued correctly
- Property Taxes
 - Distribute all property taxes accurately and on time
 - Number of special assessments and direct charges added to the secured property tax roll
 - Number of roll corrections processed and the time it takes to issue a related refund.
- Countywide Oversight Board (Successor Agency)
 - File ROPs timely
 - Timely notice, posting and distribution of agenda and attachments for COB regular and special meetings

Satellite Accounting Operations – Given that the Satellite Accounting Operations division serves eight departments, the focus should be on customer service. KPIs to be considered:

- Customer satisfaction scores
- Number of correcting journal entries by customer department
- Number of audit adjustments specific to customer departments
- Number of accounting findings specific to customer departments

Information Technology – The other A-C divisions are the customers of the Information Technology division and rely on the systems maintained by the A-C. The customer divisions expect the systems to be reliable, and security is maintained to support operations. KPIs to be considered:

- System Performance & Availability
 - System Uptime Percentage: Measures availability of accounting systems (e.g., ERP, payroll, financial reporting)
 - Average System Downtime: Tracks outages that could delay financial operations
 - Batch Processing Time: Time taken to run accounting jobs (e.g., payroll, disbursements)
- Data Integrity & Security
 - Number of Security Incidents: Tracks breaches, unauthorized access, or data leaks
 - Backup Success Rate: % of successful data backups completed on schedule
 - Time to Restore from Backup: Measures disaster recovery readiness
- User Support & Satisfaction
 - IT Help Desk Response Time: Average time to respond to accounting staff requests
 - First Contact Resolution Rate: % of IT issues resolved without escalation
 - User Satisfaction Score: Based on surveys from accounting department users
- Compliance & Audit Readiness
 - Audit Log Completeness: % of systems with complete and accessible audit trails
 - Patch Compliance Rate: % of systems updated with latest security patches
 - Access Control Compliance: % of users with appropriate role-based access
- Project & Change Management
 - IT Project Delivery Rate: % of accounting-related IT projects delivered on time and within budget
 - Change Request Turnaround Time: Time to implement approved system changes or enhancements
 - System Enhancement Adoption Rate: % of users adopting new features or upgrades

Internal Audit – The A-C Internal Audit division is the smallest of all the divisions with two full-time equivalent positions. The role of the Internal Audit is limited to audits required by the California Government Code (mandated audits) and fraud investigations. In addition, the Internal Audit division monitors compliance of California Joint Powers Authorities (JPA) and Special Districts to ensure independent financial statement audits are completed annually as required by the California Government Code.

- Develop and submit an annual audit plan
- Execution and percentage of completion of audit plan
- Actual time to complete an audit to time budgeted
- Timely post audit reviews - Follow-up and resolution of audit findings
- Percentage of JPAs and special districts completing and submitting audit reports timely
- Completing required continuing professional education to maintain professional certifications
- Pass peer review

The consistency of KPIs is as important as the KPIs themselves. Consistency matters for comparability, credibility, accountability, and decision-making:

Reason	Why It Matters
Comparability	Consistent metrics allow for meaningful comparisons over time.
Credibility	Stakeholders trust data that is collected and reported consistently.
Accountability	Teams can be fairly evaluated when metrics are stable and transparent.
Decision-making	Reliable trends support better strategic and operational decisions.

However, consistency should not mean rigidity. Adopted metrics should be monitored and reviewed for relevance and revised with significant changes in strategy, goals, objectives, and processes.

Recommendations to Finding 5:

The Department should consider the following recommendation:

- 5.1 Formalize department and functional key performance indicators (KPI) to monitor and evaluate department performance. KPIs should be specific, measurable, achievable, relevant, and time-bound for the A-C to review and consider the need for action on a consistent periodic basis (weekly, monthly, quarterly, annually).