

OFFICE OF THE PERFORMANCE AUDIT DIRECTOR



2013 BUSINESS PLAN UPDATE



April 2013



Office of the Performance Audit Director

333 W. Santa Ana Blvd., Ste. 214, Santa Ana, CA 92701

April 12, 2013

To: Robert J. Franz, Interim County Executive Officer
From: Steve Danley, Interim Performance Audit Director
Subject: 2013 Business Plan Update

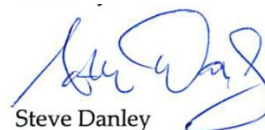
It is with pleasure that I submit the Office of the Performance Audit Director's Business Plan Update for 2013 (attached).

The mission of the Office of the Performance Audit Director is to independently and objectively assess the performance of County of Orange operations and provide the Board of Supervisors and Executive Management with reliable, insightful, and useful information and recommendations to make sound business decisions. Accordingly, the two core services of the Office are to provide unfiltered, independent, and objective performance audits of County operations and to provide advisory services to the Board of Supervisors.

The provision of these core services directly supports the accomplishment of the County's mission and strategic objectives, as well as its business and cultural values. Specifically, the unique charter for the Office supports the County's mission of providing "outstanding, cost-effective regional public services," as audit findings and recommendations identify opportunities for agencies/departments to improve services to the public (County business value of excellence) and operate more cost-effectively and efficiently (County business value of stewardship). Moreover, the Office's mission promotes integrity and trust—two core County values—by providing enhanced accountability and transparency into County operations.

In order to accomplish its mission, the Office utilizes three key strategies, with which the Office's performance measures are aligned: 1) Deliver outstanding, value-added reports, 2) Provide County agencies/departments with constructive findings and recommendations that will make programs more effective and efficient, and 3) Hire and retain exemplary staff.

The Office continues to operate with four audit staff, including the Director, and in FY 2012/13 was allocated a budget of \$706K.


Steve Danley

Performance Measures Updates

In keeping with the Countywide Balanced Scorecard initiative, the Office is tracking the performance measures listed below.

Strategy 1: Deliver outstanding, value-added reports.

PERFORMANCE MEASURE: Return on Investment

WHAT: Value Added Opportunities as a % of Office Annual Expenditures

WHY: A key reason that the Office was created was to identify opportunities for revenue enhancement and cost savings opportunities during performance audit work. Since its inception, the Office has identified concrete “value-add” opportunities totaling more than \$190 million dollars. In addition, the types of reports completed by the Office have historically been completed mostly by private sector consultants hired by the County.

FY 11/12 Results ¹	FY 12/13 Plan ²	FY 12/13 Anticipated Results	FY 13/14 Plan	How are we doing?
98%	200% or more	200% or more	200% or more	The Follow-Up Audit of HCA/Correctional Medical Services identifies \$66,250 in realized savings and \$625,000 in savings still to be realized. The cost savings opportunities identified in the audit of CEO/Risk Management were not quantifiable; however, many of the audit’s recommendations will ultimately result in value for the County in the form of reduced liability and workers’ compensation claim payments.

Strategy 2: Provide County agencies/departments with constructive findings and recommendations that will make programs more effective and efficient.

¹ Performance audits include 1) Performance Audit of CEO/Risk Management and 2) Follow-Up Audit of HCA/Correctional Medical Services

² Performance audits included in the FY 12/13 performance measurements: 1) HR Recentralization Proposal (advisory service) and 2) Follow-Up Audit of OC Planning

PERFORMANCE MEASURE: Reasonableness of Audit Findings and Recommendations

WHAT: % of Findings/Recommendations Agreed with by the Audited Agency/ Department

WHY: An important element of the findings and recommendations made by the Office is their reasonableness to the audited agencies/departments. One way to measure the reasonableness of a finding or recommendation is whether or not an agency/department concurs or does not concur with audit findings and recommendations. Historically, agencies/departments have agreed with the majority of the findings and recommendations included in our audit reports.

FY 11/12 Results ³	FY 12/13 Plan	FY 12/13 Anticipated Results	FY 13/14 Plan	How are we doing?
86% Concur; 11% Partially Concur; 3% Do Not Concur	80% or more agreement with findings and recommendations	80% or more agreement with findings and recommendations	80% or more agreement with findings and recommendations	FY 11/12 results demonstrate that the Office continues to identify useful audit findings.

PERFORMANCE MEASURE: Usefulness of Audit Findings and Recommendations

WHAT: % of Findings Addressed by the Audited Agency/ Department

WHY: Another important element of the findings and recommendations made by the Office is their usefulness to the agency/department that was audited. One measure of the Office's ability to help audited entities make improvements to their programs is whether or not an agency/department addresses audit findings, as determined during follow-up audits.

FY 11/12 Results	FY 12/13 Plan	FY 12/13 Anticipated Results	FY 13/14 Plan	How are we doing?
98% fully or partially addressed	80% or more fully or partially addressed	80% or more fully or partially addressed	80% or more fully or partially addressed	FY 11/12 exceeded plan with 98% of audit findings/recommendations fully or partially addressed by audited entities. The Office anticipates

³ Performance audits included in the FY 11/12 performance measurements: 1) Performance Audit of CEO/Risk Management and 2) Follow-Up Audit of HCA/Correctional Medical Services

				continued positive results in this area in FY 12/13 with the OC Planning Follow-Up Audit.
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Strategy 3: Hire and retain exemplary staff.

PERFORMANCE MEASURE: Continuing Education

WHAT: Number of Training/Education Hours Per Year, Per Employee

WHY: As performance auditors, it is vital that each employee continue to refine his/her understanding of audit techniques, best practices, and industry standards. This commitment to enhancing the knowledge base of the department is vital to the quality of the audit analysis and reports produced by the Office.

FY 11/12 Results	FY 12/13 Plan	FY 12/13 Anticipated Results	FY 13/14 Plan	How are we doing?
23.5 hours per employee on average	20 hours per employee	20 hours per employee	40 hours per employee	Due to budgetary constraints, achieving even an average of 20 hours of training per employee is a challenge. In future years, the Office would like to have the budgetary resources to be able to participate in the recommended 40 hours of annual Continuing Professional Education (CPE) opportunities.