OFFICE OF THE PERFORMANCE AUDIT DIRECTOR

2011 BUSINESS PLAN UPDATE

March 2011

AGENCY OVERVIEW

The Board of Supervisors (Board) established the Office of the Performance Audit Director (Office) on November 9, 2007, and after a nationwide search, the Office's first Director was hired on January 8, 2008. This document includes updated performance measures for the Office.

The mission of the Office is to independently and objectively assess the performance of County of Orange operations and programs and provide the Board of Supervisors and County Executive Management with reliable, insightful, and useful information/recommendations to make sound business decisions.

Accordingly, the two core services of the Office are to: (1) provide unfiltered, independent and objective performance audits of the efficiency and effectiveness of County operations and programs, and (2) provide advisory services to the Board of Supervisors regarding topical policy and management issues.

The provision of these core services directly supports the accomplishment of the County mission and strategic objectives, as well as its business and cultural values.
The unique charter for the Office affords many valuable and positive benefits for the County, including enhanced transparency into County operations, encouragement to County agencies/departments to proactively address performance deficiencies, mitigation of operational risks, opportunities to improve the quality of public services, and opportunities to reduce costs for the County.

In order to accomplish its mission, the Office utilizes four key strategies: (1) In collaboration with the Board, identify Performance Audit opportunities, (2) Collaborate with County agencies/departments, (3) Hire and retain exemplary staff, and (4) Deliver outstanding, value-added reports.

The Office is comprised of four audit staff, including the Director, and in FY 2010/11 was allocated a budget of $752K.

Performance Measures Update

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

Financial:

PERFORMANCE MEASURE: Return on Investment			
WHAT: Value Added 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 the Office's inception, OPAD has identified concrete "value-add" opportunities totaling more than $5 million dollars. In addition, the types of reports completed by OPAD have historically been completed mostly by private sector consultants hired by the County. OPAD is able to complete this same work, but at a significantly reduced hourly cost. This cost savings will be identified separately, but will also be included in the "value-add" measurement. In addition, OPAD will report on any qualitative benefits from audit engagements in this section. This measure aligns with Strategy Four described in the previous section.			
FY 09-10 Results:	**FY 10-11 Plan:**	**FY 10-11 Anticipated Results:**	**FY 11-12 Plan:**
The audits completed in FY 09-10 led to foundational changes in both the County's Planning Department and Central IT Departments. These improvements will: (1) markedly enhance customer service to the public in the areas of Planning and Development, (2) substantially reduce liability risk for identified regulatory deficiencies, (3) facilitate stronger oversight over the $150M of IT expenditures	200% or more	200% or more	200% or more

countywide, and (4) address long-standing operational issues prior to transitioning to a Managed Services IT Contract (the largest outsourcing contract in the County at $100M+). These qualitative benefits of the audit team's work, though not measurable, arguably added value well in excess of the Office's $598K operating costs.			

Customer:

PERFORMANCE MEASURE: Reasonableness/Usefulness 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 OPAD is their reasonableness/usefulness to the agency/department that was audited. One way to measure the reasonableness/usefulness of a finding or recommendation is whether or not an agency/department agrees or disagrees. Historically, agencies/departments have agreed with the majority of the findings and recommendations included in our audit reports. This measure aligns with Strategy Two described in the previous section			
FY 09-10 Results:	**FY 10-11 Plan:**	**FY 10-11 Anticipated Results:**	**FY 11-12 Plan:**
In most of the four reports (one of Planning and Development Services, three of CEO/IT) for FY 09-10, the responding agencies did not specifically address	80% or more agreement with audit findings and 60% or more agreement with audit recommendations.	80% or more agreement with audit findings and 60% or more agreement with audit recommendations.	80% or more agreement with audit findings and 60% or more agreement with audit recommendations.

findings in the report, but rather addressed recommendations only. Of the approx. 81 recommendations where the responding agency indicated agreement or disagreement, 73 (90% were in agreement)			

Learning and Growth:

PERFORMANCE MEASURE: Continuing Education			
WHAT: # 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 in OPAD. This measure aligns with Strategy Three described in the previous section.			
FY 09-10 Results:	**FY 10-11 Plan:**	**FY 10-11 Anticipated Results:**	**FY 11-12 Plan:**
Due to budget and timing constraints, Office staff did not participate in any training during FY 09-10.	40 hours per employee.	Due to budget and workload constraints, Office staff are anticipated to participate in only 20 hours of training, on average, during FY 10-11	40 hours per employee.