



INTERNAL AUDIT DEPARTMENT



Executive Summary of Internal Audit Reports For the Quarter Ended March 31, 2026

Audit Number: 2597
Report Date: May 21, 2026

OC Board of Supervisors

CHAIR DOUG CHAFFEE
4th DISTRICT

VICE CHAIR KATRINA FOLEY
5th DISTRICT

SUPERVISOR JANET NGUYEN
1st DISTRICT

SUPERVISOR VICENTE SARMIENTO
2nd DISTRICT

SUPERVISOR DONALD P. WAGNER
3rd DISTRICT



INTERNAL AUDIT DEPARTMENT

May 21, 2026

To: Chair Doug Chaffee, Supervisor, 4th District
Vice Chair Katrina Foley, Supervisor, 5th District
Supervisor Janet Nguyen, 1st District
Supervisor Vicente Sarmiento, 2nd District
Supervisor Donald P. Wagner, 3rd District

From: Aggie Alonso, CPA, CIA, CRMA
Internal Audit Department Director

Subject: Executive Summary of Internal Audit Reports for the Quarter Ended March 31, 2026

Attached is our Executive Summary of Internal Audit Reports for the quarter ended March 31, 2026. Specifically, during this quarter we issued seven audit reports, including three original audits and four follow-up audit reports. The following is a breakdown of the original audits, along with the number of critical, significant, and control weaknesses identified, and the follow-up audits with the implementation status of our recommendations:

Original Audits

1. **Information Technology Audit: OC District Attorney Selected Cybersecurity Controls** (three Control Findings)
2. **Forensic Audit of County Contracts – Phase 1** (six findings)
3. **Tax Redemption Officer Records and Accounts Audit** (no findings)

Follow-Up Audits

4. **First Follow-Up Internal Control Audit: Treasurer-Tax Collector Cash Receipts** (seven total recommendations; one implemented/closed and six in process)
5. **First & Final Close-Out Follow-Up Compliance Audit: OC Community Resources Dana Point Harbor Public-Private Partnership Lease Agreement** (three total recommendations; three implemented/closed)
6. **First Follow-Up Information Technology Audit: Health Care Agency Selected Cybersecurity Controls** (two total recommendations; one implemented/closed and one in process)
7. **First Follow-Up Internal Control Audit: OC Waste & Recycling Cash Disbursement & Payables** (four total recommendations; three implemented/closed and one in process)

Board of Supervisors
May 21, 2026

For each report, our executive summary provides the results and planned actions for any critical and significant control weaknesses identified during our review. If you have any questions, please contact me at (714) 834-5442 or Deputy Director Jose Olivo at (714) 834-5509.

EXECUTIVE SUMMARY
 FINDINGS BY CLASSIFICATION CATEGORY
 FOR THE QUARTER ENDED MARCH 31, 2026

CATEGORY	ISSUED THIS PERIOD	TOTAL ISSUED FY 2025-26
<p>Critical Control Weaknesses</p> <p>These are audit findings or a combination of audit findings that represent critical exceptions to the audit objective(s) and/or business goals. Such conditions may involve either actual or potential large dollar errors or be of such a nature as to compromise the department's or County's reputation for integrity. Management is expected to address Critical Control Weaknesses brought to its attention immediately.</p>	0	0
<p>Significant Control Weaknesses</p> <p>These are audit findings or a combination of audit findings that represent a significant deficiency in the design or operation of internal controls. Significant Control Weaknesses require prompt corrective actions.</p>	0	5
<p>Control Findings</p> <p>These are audit findings concerning internal controls, compliance issues, or efficiency/effectiveness issues that require management's corrective action to implement or enhance processes and internal controls. Control Findings are expected to be addressed within our follow-up process of six months, but no later than twelve months.</p>	3	10
<p>Other Observations</p> <p>Board-Directed Forensic Audit of County Contracts</p>	6	6
TOTAL	9	21



**EXECUTIVE SUMMARY
FINAL REPORTS ISSUED
FOR THE QUARTER ENDED MARCH 31, 2026**

OC DISTRICT ATTORNEY

1. Information Technology Audit: OC District Attorney Selected Cybersecurity Controls

Audit No. 2412 dated January 28, 2026 for the year ended June 30, 2025

OBJECTIVES	RESULTS	CRITICAL CONTROL/ SIGNIFICANT CONTROL FINDINGS	CONTROL FINDINGS
<p>1. Determine whether OCDA strengthened its cybersecurity resilience since its 2023 cyber incident to provide reasonable assurance in reducing the risk of future cyberattacks.</p> <p>2. Evaluate the effectiveness of selected internal controls over a critical OCDA-managed system to determine whether sensitive data is restricted, and whether account access and system changes are properly managed in compliance with best practices.</p>	<p>We concluded that OCDA strengthened its cybersecurity resilience since their cyber incident in 2023. In addition, OCDA’s critical system controls provide reasonable assurance that sensitive data is restricted, and account access and system changes are properly managed in compliance with best practices. However, we noted certain areas where controls could be enhanced.</p>	0	3

COUNTY OF ORANGE

2. Forensic Audit of County Contracts

Phase 1 report dated March 9, 2026

DIRECTIVE	RESULTS	FINDINGS
<p>Hire an independent external audit firm to conduct a forensic audit of all contracts established between January 2019 and August 2024. This audit will include, but not be limited to, contracts within the County Executive Office, Health Care Agency, OC Community Resources and the Social Services Agency. The scope will include the review for compliance with the Contract Policy Manual and all applicable procurement-related statutes, and prioritize the review of Human Services and Sole Source contracts funded by the American Rescue Plan Act (ARPA), Coronavirus Aid, Relief, and Economic Security (CARES) Act, Mental Health Services Act (MHSA), and the General Fund.</p>	<p>The County engaged Weaver and Tidwell (Weaver) to conduct the forensic audit, as directed by the Board.</p> <p>The forensic audit is being completed in four phases based on contract risk rankings and consists of 2,552 contracts totaling \$4.3 billion. Weaver completed Phase 1 of the audit, which included the top 145 highest-risk contracts and totaled \$486,187,115.</p> <p>Weaver noted that most of the contracts complied with applicable procurement policies and procedures. However, Weaver also noted several findings and opportunities for improvement.</p>	<p>1. Former District 1 leadership, including the former Supervisor and Chief of Staff, exercised significant influence over procurement, leading staff to feel pressured not to question contract decisions. Staff reported that leadership sometimes sought approvals through supervisors and influenced actions such as advance lump-sum payments, payment of invoices with unresolved issues, and the selection of vendors and grant recipients.</p> <p>2. The emergency purchasing authority established in April 2020 for the COVID-19 response, along with sole-source procurement provisions, allowed contracts to be approved without competitive bidding or Board approval. Oversight was limited, as departments only needed to submit an emergency justification memo, resulting in broad authorizations for COVID-related purchases with limited</p>



EXECUTIVE SUMMARY
FINAL REPORTS ISSUED (CONTINUED)
FOR THE QUARTER ENDED MARCH 31, 2026

DIRECTIVE	RESULTS	FINDINGS
<p>This external audit shall not interfere with any of the ongoing investigations or litigation against former Supervisor Andres Do or any of the parties involved.</p>		<p>visibility into purchase amounts and vendor selections.</p> <ol style="list-style-type: none"> 3. Weaver identified a pattern in which contracts and grants were directed toward certain businesses by Former Supervisor Do, often with assistance from the former Chief of Staff. These businesses included those employing an immediate family member, contributors to Former Supervisor Do's political campaigns, entities providing media exposure, and organizations involved in the Tet and Moon Festivals put on for District 1 constituents. 4. While the County funded District 1 Tet and Moon Festivals, sponsorship revenues for these festivals were directed to third-party businesses rather than the County, primarily to HD Entertainment and 2T Media, which retained a 30% commission. Communications indicated that Former Supervisor Do and Mr. Wangsaporn were aware of these arrangements, while procurement staff appeared unaware that revenues were being routed outside the County. Oversight of festival spending was limited, including advance payments with minimal documentation, and several additional businesses were brought in by Former Supervisor Do to provide festival-related services. 5. Former Supervisor Do directed pass-through grant administrators in the District 1 Arts Relief Program to award funds to specific businesses, leaving them involved in selecting subrecipients for only a small portion of the grants. This steering made the grants appear to come from the pass-through entities rather than the County, reducing visibility into certain subrecipient awards. 6. There were several instances where Former Supervisor Do appeared to use his position to influence payment and grant disbursement decisions. This included directing the Health Care Agency to issue an \$800,000 payment



EXECUTIVE SUMMARY
FINAL REPORTS ISSUED (CONTINUED)
FOR THE QUARTER ENDED MARCH 31, 2026

DIRECTIVE	RESULTS	FINDINGS
		to 360 Clinic while related billing concerns were still under review, and instructing the Westminster Chamber of Commerce to immediately disburse \$50,000 to a grant subrecipient despite incomplete documentation. Procurement staff also reported repeated pressure from Former Supervisor Do and the former Chief of Staff to expedite District 1 Arts Relief Program payments.

TREASURER-TAX COLLECTOR

3. Tax Redemption Officer Records and Accounts Audit

Audit No. 2421 dated March 25, 2026 for the three years ended June 30, 2023

OBJECTIVES	RESULTS	CRITICAL CONTROL/ SIGNIFICANT CONTROL FINDINGS	CONTROL FINDINGS
1. Determine if redemption amounts and fees were calculated, charged, and collected appropriately.	Redemption amounts and fees were calculated, charged, and collected appropriately.	0	0
2. Determine if accounts on installment plans were accounted for and redeemed appropriately.	Accounts for installment plans were accounted for and redeemed appropriately.		
3. Determine if T-TC appropriately maintained the delinquent roll and if A-C charged the T-TC with the amounts shown on the delinquent roll.	T-TC appropriately maintained the delinquent roll and County A-C (A-C) charged the T-TC with the amounts shown on the delinquent roll.		



EXECUTIVE SUMMARY
FINAL FOLLOW-UP REPORTS ISSUED
FOR THE QUARTER ENDED MARCH 31, 2026

TREASURER-TAX COLLECTOR

4. First Follow-Up Internal Control Audit: Treasurer-Tax Collector Cash Receipts

Audit No. 2301-F1 dated January 29, 2026 as of September 23, 2025; original audit dated September 30, 2024

ORIGINAL AUDIT – 7 FINDINGS		FOLLOW-UP STATUS		PLANNED ACTION FOR RECOMMENDATIONS NOT IMPLEMENTED/IN PROCESS (CRITICAL/SIGNIFICANT ONLY)
CRITICAL CONTROL WEAKNESS/ SIGNIFICANT CONTROL WEAKNESS	CONTROL FINDINGS	IMPLEMENTED/ CLOSED	NOT IMPLEMENTED/ IN PROCESS	
One Significant Control Weakness Finding No. 1 Due to the sensitive nature of the finding, details have been redacted from this report.	0	1	6	Recommendation No. 1 Due to the sensitive nature of the finding, details have been redacted from this report.

OC COMMUNITY RESOURCES/DANA POINT HARBOR PUBLIC-PRIVATE PARTNERSHIP LEASE AGREEMENT

5. First & Final Close-Out Follow-Up Compliance Audit: OC Community Resources/Dana Point Harbor Public-Private Partnership Lease Agreement

Audit No. 2408-F1 dated February 4, 2026 as of November 30, 2025; original audit dated December 19, 2024

ORIGINAL AUDIT – 3 FINDINGS		FOLLOW-UP STATUS		PLANNED ACTION FOR RECOMMENDATIONS NOT IMPLEMENTED/IN PROCESS (CRITICAL/SIGNIFICANT ONLY)
CRITICAL CONTROL WEAKNESS/ SIGNIFICANT CONTROL WEAKNESS	CONTROL FINDINGS	IMPLEMENTED/ CLOSED	NOT IMPLEMENTED/ IN PROCESS	
0	0	3	0	N/A

HEALTH CARE AGENCY

6. First Follow-Up Information Technology Audit: Health Care Agency Selected Cybersecurity Controls

Audit No. 2419-F1 dated February 6, 2026 as of November 30, 2025; original audit dated March 25, 2025

ORIGINAL AUDIT – 2 FINDINGS		FOLLOW-UP STATUS		PLANNED ACTION FOR RECOMMENDATIONS NOT IMPLEMENTED/IN PROCESS (CRITICAL/SIGNIFICANT ONLY)
CRITICAL CONTROL WEAKNESS/ SIGNIFICANT CONTROL WEAKNESS	CONTROL FINDINGS	IMPLEMENTED/ CLOSED	NOT IMPLEMENTED/ IN PROCESS	
0	2	1	1	N/A



EXECUTIVE SUMMARY
 FINAL FOLLOW-UP REPORTS ISSUED (CONTINUED)
 FOR THE QUARTER ENDED MARCH 31, 2026

OC WASTE & RECYCLING

7. First Follow-Up Internal Control Audit: OC Waste & Recycling Cash Disbursement & Payables
 Audit No. 2406-F1 dated March 23, 2026 as of January 31, 2026; original audit dated March 27, 2025

ORIGINAL AUDIT – 4 FINDINGS		FOLLOW-UP STATUS		PLANNED ACTION FOR RECOMMENDATIONS NOT IMPLEMENTED/IN PROCESS (CRITICAL/SIGNIFICANT ONLY)
CRITICAL CONTROL WEAKNESS/ SIGNIFICANT CONTROL WEAKNESS	CONTROL FINDINGS	IMPLEMENTED/ CLOSED	NOT IMPLEMENTED/ IN PROCESS	
0	4	3	1	N/A

