



INTERNAL AUDIT DEPARTMENT



First & Final Close-Out Follow-Up Internal Control Audit: OC Public Works Purchasing & Contracts

As of April 30, 2021

Audit No. 2039-D (Reference 1911-F1)
Report Date: June 29, 2021

Recommendation Status

3

Implemented

0

In Process

0

Not Implemented

0

Closed

OC Board of Supervisors

CHAIRMAN ANDREW DO
1st DISTRICT

VICE CHAIRMAN DOUG CHAFFEE
4th DISTRICT

SUPERVISOR KATRINA FOLEY
2nd DISTRICT

SUPERVISOR DONALD P. WAGNER
3rd DISTRICT

SUPERVISOR LISA A. BARTLETT
5th DISTRICT



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Audit No. 2039-D
(Reference 1911-F1)

June 29, 2021

To: James Treadaway
OC Public Works Director

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

Subject: First & Final Close-Out Follow-Up Internal Control Audit: OC Public Works
Purchasing & Contracts

We have completed a follow-up audit of OC Public Works (OCPW) purchasing and contracts process as of April 30, 2021, original Audit No. 1911, dated October 21, 2020. Details of our results immediately follow this letter. Additional information including background and our scope is included in Appendix A.

Our first follow-up audit concluded OCPW implemented the three (3) recommendations. Because all recommendations were implemented, this report represents the final close-out of the original audit.

We appreciate the assistance extended to us by OCPW personnel during our follow-up audit. If you have any questions, please contact me at 714.834.5442 or Assistant Director Scott Suzuki at 714.834.5509.

Attachments

Other recipients of this report:

- Members, Board of Supervisors
- Members, Audit Oversight Committee
- County Executive Office Distribution
- OC Public Works Distribution
- Robin Stieler, Clerk of the Board of Supervisors
- Foreperson, Grand Jury
- Eide Bailly LLP, County External Auditor

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RESULTS

FINDING NO. 1	User Access
CATEGORY	Control Finding
RECOMMENDATION	OCPW management should perform a documented, periodic review of user access roles within OC Expediter and ensure employee separations are reported to HRS within a reasonable timeframe.
CURRENT STATUS	<p>Implemented. OCPW established policy and procedures for the review and reconciliation of Final and Budget Approver user roles in OC Expediter. The policy and procedures require employee separations be reported to Human Resources Services “no later than 2 days after separation.”</p> <p>We reviewed two reconciliations and verified the documentation indicates that OCPW is comparing an OC Expediter user list with CAPS+ access roles.</p> <p>Based on the actions taken by OCPW, we consider this recommendation implemented.</p>

FINDING NO. 2	Insurance Endorsements
CATEGORY	Control Finding
RECOMMENDATION	OCPW management ensure contracts contain the County of Orange as an endorsement on the waiver of subrogation.
CURRENT STATUS	<p>Implemented. OCPW updated its Model Contract template for commodities and service contracts to ensure the waiver of subrogation is in compliance.</p> <p>We reviewed two contracts and verified the contracts contained the County of Orange as an endorsement on the waiver of subrogation.</p> <p>Based on the actions taken by OCPW, we consider this recommendation implemented.</p>

FINDING NO. 3	Internal Policy and Procedures
CATEGORY	Control Finding



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RECOMMENDATION	OCPW management ensure internal policy and procedures regarding purchasing are properly established, distributed, and trained on.
CURRENT STATUS	<p>Implemented. OCPW established internal policy and procedures accessible to staff regarding purchasing, which states OCPW is adhering to the policies and procedures created by the County Procurement Office (CPO).</p> <p>To ensure purchasing staff are adequately trained, selected OCPW staff and other procurement departments are collaboratively working with CPO to produce a countywide Procurement Procedures Manual, which is anticipated to be completed this year.</p> <p>Based on the actions taken by OCPW, we consider this recommendation implemented.</p>

AUDIT TEAM	<table> <tr> <td>Scott Suzuki, CPA, CIA, CISA, CFE</td> <td>Assistant Director</td> </tr> <tr> <td>Michael Dean, CPA, CIA, CISA</td> <td>Senior Audit Manager</td> </tr> <tr> <td>Zan Zaman, CPA, CIA, CISA</td> <td>Audit Manager</td> </tr> <tr> <td>Stephany Pantigoso</td> <td>Senior Auditor</td> </tr> <tr> <td>Mari Elias, DPA</td> <td>Administrative Services Manager</td> </tr> </table>	Scott Suzuki, CPA, CIA, CISA, CFE	Assistant Director	Michael Dean, CPA, CIA, CISA	Senior Audit Manager	Zan Zaman, CPA, CIA, CISA	Audit Manager	Stephany Pantigoso	Senior Auditor	Mari Elias, DPA	Administrative Services Manager
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APPENDIX A: ADDITIONAL INFORMATION

SCOPE	Our follow-up audit was limited to reviewing actions taken by OCPW as of April 30, 2021 to implement the three (3) recommendations from our original Audit No. 1911, dated October 21, 2020.
BACKGROUND	The original audit evaluated operational effectiveness of internal control over the purchasing and contracts process. The original audit identified three (3) Control Findings.



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APPENDIX B: FOLLOW-UP AUDIT IMPLEMENTATION STATUS

Implemented	In Process	Not Implemented	Closed
The department has implemented our recommendation in all respects as verified by the follow-up audit. No further follow-up is required.	The department is in the process of implementing our recommendation. Additional follow-up may be required.	The department has taken no action to implement our recommendation. Additional follow-up may be required.	Circumstances have changed surrounding our original finding/ recommendation that: (1) make it no longer applicable or (2) the department has implemented and will only implement a portion of our recommendation. No further follow-up is required.

