



Internal Audit Department

O R A N G E C O U N T Y

AUDIT HIGHLIGHT **FEBRUARY 19, 2014**

INTERNAL CONTROL & COMPLIANCE AUDIT OC PUBLIC WORKS BID & PROPOSAL PROCESSES Audit No. 1225-A

WHAT WE DID

We audited **ten (10)** major **Public Works and Architect-Engineer (A-E) Service contracts totaling \$113 million** to evaluate the effectiveness of selected processes, policies and procedures pertaining to OC Public Works' compliance with bid & proposal requirements in the County's Contract Policy Manual and OCPW's policies and procedures. We obtained a sample of Public Works and A-E Service contracts that exceeded \$1 million or more when awarded.

WHY THIS AUDIT IS IMPORTANT

Between July 1, 2009 and June 30, 2012, OC Public Works awarded **fifteen (15) Public Works contracts totaling \$144 million** and **sixteen (16) Architect-Engineer Service contracts totaling \$39 million** for contract awards exceeding \$1 million. **Public Works projects** are defined in the Public Contract Code Section 22002 as any of the following: "construction, reconstruction, erection, alteration, renovation, improvement, demolition, and repair work involving any publicly owned, leased, or operated facility; and painting or repainting any publicly owned, leased, or operated facility." **A-E Service contracts** include architectural, engineering, environmental, land surveying services, and related incidental services. Environmental services are generally performed in connection with project development and permit processing to comply with federal and state environmental laws.

WHAT THE AUDITORS FOUND

Our audit found that responsibility for processing bids & proposals is delegated to OCPW Divisions with limited monitoring and oversight by OCPW/Administrative Services. In addition, per the 2007 Contract Policy Manual, Deputy Purchasing Agents (DPAs) were designated the primary role in procuring and modifying Public Works contracts; however, these roles were assigned to non-DPAs, with the approval of both County Counsel and the County Procurement Office (CPO), in order to better assure that the requisite competence and experience necessary to procure and properly manage the complex and technical Public Works and A-E Service contracts. The DPA requirement was formally changed in the 2012 Contract Policy Manual which no longer requires DPA involvement in Public Works contracts.

Audit Findings and Control Recommendations

Our audit identified **three (3) Control Findings** to ensure compliance with requirements in the Contract Policy Manual and OCPW policies and procedures that included ensuring Memorandums of Recommendations are signed by all evaluation committee members; formalizing delegated responsibility and technical qualifications of staff assigned to procure public works contracts; and providing additional monitoring and oversight of the bid & proposal process by OCPW/Administrative Services.