



OC Board of Supervisors' Internal Audit Department

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

AUDIT HIGHLIGHT

August 27, 2008

INTERNAL AUDITOR'S REPORT TO THE BOARD OF SUPERVISORS

AUDIT OF SHERIFF-CORONER DMJM H&N CONTRACTS AND A-E CONTRACT MANAGEMENT PROCESS

Audit No. 2768

Board of Supervisors Directed Audit

WHAT WE FOUND?

The Internal Audit Department audited all ten (10) Sheriff-Coroner Architect-Engineering (A-E) contracts with DMJM H&N since 1999 totaling \$3.16 million and the A-E contract management process for internal controls, compliance with County and Sheriff-Coroner policies and to recommend opportunities to implement best practices. We found that the Sheriff-Coroner was in compliance with County and Sheriff-Coroner policies, and had implemented several best practices to ensure the integrity of their A-E management processes. However, we did identify some opportunities for the Sheriff-Coroner to further enhance their controls and processes.

WHY WE DID THIS AUDIT?

On January 15, 2008, the County Board of Supervisors directed the Internal Audit Department to perform an informational review of the vendor, DMJM H&N, during Board discussion of the Sheriff-Coroner Architect-Engineering contract (\$2.4 million) with DMJM H&N for the James A. Musick jail expansion master plan. In response to the Board's request and correspondence with Chairman John M.W. Moorlach's Office, the scope (agreed-upon procedures) of our audit was finalized.

WHY IS THIS AUDIT IMPORTANT?

This audit is important because it addresses concerns as to whether the Sheriff-Coroner Research and Development Division project managers for the 10 Sheriff-Coroner Architect-Engineering (A-E) contracts with DMJM followed the County's Contract Policy Manual and their own policies and procedures which help ensure the integrity and fairness of the contracting process. Also, the audit identified where the Sheriff-Coroner had implemented best practices and where opportunities exist to further enhance internal controls and implement best practices.

BACKGROUND & INFORMATION (SEE COMPLETE AUDIT REPORT FOR DETAIL)

Architect-Engineering service contracts do not fall under the purview of the County Purchasing Agent. These contracts are typically bid and monitored by a department/agency project manager. The Sheriff-Coroner uses their own Research and Development Division project managers or may use OC Public Works to bid and manage A-E contracts. The Sheriff-Coroner awarded to DMJM nine A-E contracts since November 2006, and at the time of our fieldwork a tenth contract was still in negotiation.

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