



I n t e r n a l A u d i t D e p a r t m e n t

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

AUDIT HIGHLIGHT FEBRUARY 19, 2014

INTERNAL CONTROL & COMPLIANCE AUDIT

OC PUBLIC WORKS

SOLE SOURCE CONTRACTS

Audit No. 1225-C

WHAT THE AUDIT DID

We audited **eighteen (18) sole source contracts totaling \$1.7 million** to evaluate compliance with the County's Contract Policy Manual and OCPW's internal policies and procedures. Sole source contracts are processed in OC Public Works/Procurement Services where Deputy Purchasing Agents (DPAs) ensure compliance with the County's Contract Policy Manual.

WHY THIS AUDIT IS IMPORTANT

The County establishes policy for awarding sole source contracts. The County's **Contract Policy Manual Section 4.4** states that "It is the policy of the County of Orange to solicit competitive bids and proposals for its procurement requirements. Sole source procurement shall not be used unless there is clear and convincing evidence that only one source exists to fulfill the County's requirements."

Between July 1, 2009 and June 30, 2012, OC Public Works awarded **twenty-three (23) sole source purchase orders totaling \$941,000 and thirty-five (35) sole source master contracts totaling \$2.7 million**. Sole source purchase orders were for commodities, professional services, and A-E services for specialized traffic engineering, parking access control systems, project design and construction services, and fire suppression systems. Examples of sole source master contracts included professional services, software maintenance and technical support, equipment maintenance and repair services, and staffing support services.

WHAT THE AUDITORS FOUND

Our audit found that OC Public Works' sole source contracts were overall in compliance with the County's Contract Policy Manual and OCPW policies.

Audit Findings and Control Recommendations

Our audit identified **four (4) Control Findings** to enhance processes and controls for ensuring on-going compliance with the Contract Policy Manual and OC Public Work's policies and procedures. The findings we identified involved sole source authorization forms, sole source justification forms, supporting documentation for sole source justification, and approval by the County Procurement Office.