



OC Board of Supervisors' Internal Audit Department

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

AUDIT HIGHLIGHT

SEPTEMBER 16, 2009

INTERNAL AUDITOR'S REPORT TO THE BOARD OF SUPERVISORS

**INTERNAL CONTROL AUDIT:
OC DANA POINT HARBOR -
HARBOR REVITALIZATION PLAN
CONTRACT ADMINISTRATION AND
CONTRACT PAYMENTS
Audit No. 2820**

WHY IS THIS AUDIT IMPORTANT?

This audit is important because OC Dana Point Harbor (OCDPH) is responsible for administering contracts for the Harbor Revitalization Plan that is scheduled for construction to begin in Fall 2010. During the audit, OCDPH administered 84 contracts totaling over \$14 million, of which four were **Harbor Revitalization Plan contracts** totaling **\$11.6 million** primarily for design and planning. DPHD issued over \$2 million in contract payments, of which **\$1.2 million payments** were for Harbor Revitalization Plan contracts. We tested 100% of the Harbor Revitalization Plan contracts in effect during the audit period.

WHAT WE FOUND?

Accomplishments and Successes

We found that overall internal controls and processes for the Harbor Revitalization Plan contracts are in place to ensure: (1) contracts are monitored to prevent contract overruns and ordering from expired contracts; (2) contract payments are valid, supported, allowable, and processed completely, accurately and timely in accordance with County and OCDPH policies and procedures; and (3) business processes were efficient and effective.

Audit Findings and Control Recommendations

We identified six (6) **Control Findings** to enhance existing controls in areas of maintaining/updating contract payment spreadsheets; date-stamping invoices; processing invoices timely; verifying contractor services and billing rates; and establishing a Memorandum of Understanding for work performed in OC Public Works Accounting on behalf of OCDPH. OCDPH concurred with the findings and recommendations and has either already implemented corrective action or are in process of implementing the recommendations.

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