

OC Board of Supervisors' Internal Audit Department

ORANGE COUNTY

AUDIT HIGHLIGHT FEBRUARY 11, 2009

INTERNAL AUDITOR'S REPORT TO THE BOARD OF SUPERVISORS

AUDIT OF INTERNAL CONTROLS: CEO/INFORMATION TECHNOLOGY CONTRACT ADMINISTRATION AND RELATED CONTRACT PAYMENTS Audit No. 2827

WHY IS THIS AUDIT IMPORTANT?

This audit is critical because County Executive Office/Information Technology (CEO/IT) administered **387 contracts totaling \$109 million** this past fiscal year including 25 sole source contracts totaling \$8 million. In addition, CEO/IT made over **\$17 million in contract payments** during that period.

WHAT WE FOUND?

Accomplishments and Successes

We found that overall internal controls and processes are adequate. Specifically, we found: (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 CEO/Information Technology's policies and procedures; (3) Sole Source contracts generally contained appropriate justification and management authorization; and (4) business processes were efficient and effective.

Audit Findings and Control Recommendations

We identified one (1) **Significant Issue** and seven (7) **Control Findings** to enhance existing controls over contract administration and contract payments. The significant issue was regarding BOS approval of two sole source contracts. CEO/IT 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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