



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 OCTOBER 8, 2013

INTERNAL CONTROL AUDIT OC PUBLIC WORKS DISBURSEMENT APPROVAL PROCESS Audit No. 1223

WHY IS THIS AUDIT IMPORTANT?

During FY 11-12, OC Public Works disbursed **\$160 million** for services and supplies. Total expenditures for OC Public Works for FY 11-12 were approximately **\$387 million**.

OCPW Accounting, a Satellite Accounting Unit of the Auditor-Controller, is responsible for processing OCPW's "non-Purchase Order" (non-PO) invoices. These include construction progress payments and Board-awarded contract payments. OCPW's Accounts Payable Unit is responsible for processing Purchase Order (PO) and Contract Term (CT) invoices. PO disbursements are single invoice ("one and done") purchase order payments and CT disbursements are multiple invoice payments made in accordance with a contract agreement.

We audited OCPW Accounting's and OCPW Procurement's disbursement approval processes to ensure payments are valid, supported, and comply with County and OCPW policy, and to ensure it is consistent with the disbursement approval process in Auditor-Controller/Claims & Disbursing. In addition, we audited OCPW's corrective actions to improve monitoring of contract budgets and expenditures following a self-reported contract overrun in OC Facilities that occurred in FY 12-13.

WHAT THE AUDITORS FOUND?

Our audit found internal controls in OCPW and OCPW Accounting are in place to ensure disbursements are valid, supported, and comply with County and OCPW policy; the disbursement approval process in OCPW Accounting is consistent with processes in A-C Claims & Disbursing; and OCPW's disbursement approval process is efficient and effective. OCPW also took appropriate corrective actions to improve contract monitoring in OC Facilities by implementing systems that provide real-time information on contract budgets and expenditures that will help prevent overspending of contract monetary limits.

Audit Findings and Control Recommendations

We identified **one (1) Control Finding** to improve controls regarding payment processing timeframes in OCPW Procurement Services to ensure payments are made within 45 days of invoice receipt.