



# OC Board of Supervisors' Internal Audit Department

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

## AUDIT HIGHLIGHT

June 25, 2008

INTERNAL AUDITOR'S REPORT TO THE BOARD OF SUPERVISORS

### COMPLIANCE AUDIT OF SHERIFF-CORONER ADMINISTRATION SOLE SOURCE PROCUREMENTS AND RELATED CONTRACT PAYMENTS Audit No. 2766-4

#### WHAT WE FOUND?

We audited all three Sheriff-Coroner Administration sole source procurements for professional consultant services for Fiscal Years 2006-07 and 2005-06 totaling \$505,960. These contracts were appropriately reviewed and approved by the Board of Supervisors in accordance with County policy. We also audited all related sole source contract payments totaling \$202,965 and found the payments to be valid, properly supported, and approved by Sheriff-Coroner management. **No compliance issues were noted and no audit recommendations were made** to the Sheriff-Coroner. However, we issued an *Audit Alert* (#2766-5) to the County Executive Office/County Procurement Office to enhance the County's *Contract Policy Manual* on sole source procurements.

#### WHY WE DID THIS AUDIT?

On November 7, 2007, the County of Orange Audit Oversight Committee (AOC) directed the Internal Audit Department to conduct an audit of expenditures incurred by the Sheriff-Coroner Administration. This directive was in response to a recent federal indictment concerning allegations of public corruption charges against the elected Sheriff-Coroner. The AOC expressed a desire to check the integrity of key accounts, funds and expenditures under the direction of Sheriff-Coroner Administration.

#### WHY IS THIS AUDIT IMPORTANT?

This audit is important because it addresses any concerns of potential misuse of sole source procurements by Sheriff-Coroner Administration, and shows the oversight provided by Sheriff-Coroner Purchasing in processing sole source procurements. The objective of our audit was to determine compliance with *Sections 3.3 and 4.4* of the County's *Contract Policy Manual* for sole source procurements. Sole source contracting is an exception, or deviation, from the County's standard competitive bidding process. As such, there should be written justification that is "clear and convincing" to an independent, third-party review. Sheriff-Coroner Administration oversees the operation of the entire department, and includes the Sheriff-Coroner, an Undersheriff, Assistant Sheriffs and administrative support staff.

#### BACKGROUND & INFORMATION (SEE COMPLETE AUDIT REPORT FOR DETAIL)

In Fiscal Year 2006-07, Sheriff-Coroner Administration had only one sole source procurement totaling **\$396,000**, and only two sole source procurements for Fiscal Year 2005-06 totaling **\$109,960**. The majority of sole source procurements originate from the Sheriff-Coroner outlying divisions.

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