OC Board of Supervisors'

Internal Audit Department

ORANGE COUNTY

FINAL CLOSE-OUT
INITIAL FOLLOW-UP AUDIT
PERFORMANCE MEASURE VALIDATION OF RESOURCES & DEVELOPMENT MANAGEMENT DEPARTMENT

ORIGINAL AUDIT NO. 25101

The original audit report contained twenty-three (23) recommendations. Our Follow-Up Audit indicated nineteen (19) recommendations have been fully implemented and four (4) recommendations closed due to satisfactory corrective action.

AUDIT NO: 2760-A
REPORT DATE: JUNE 17, 2008

Audit Director: Peter Hughes, Ph.D., MBA, CPA
Deputy Director: Eli Littner, CPA, CIA
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Providing Facts and Perspectives Countywide

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Letter from Director Peter Hughes

Transmittal Letter

AUDIT NO. 2760-A **JUNE 17, 2008**

TO: Bryan Speegle, Director
OC Public Works

FROM: Dr. Peter Hughes, CPA, Director
Internal Audit Department

SUBJECT: Final Close-Out Initial Follow-Up Audit of the Performance Measure Validation of RDMD, Original Audit No. 25101, Issued February 7, 2007

We have completed an Initial Follow-Up Audit of Performance Measure Validation of Resources & Development Management Department (RDMD). On March 18, 2008 by resolution of the Board of Supervisors, a new department named OC Public Works was established which comprised all the functions of the former RDMD, with the exception of OC Parks and the Internal Services Publishing Unit. Our audit was limited to reviewing, as of the 2007 Business Plan, actions taken to implement the twenty-three (23) recommendations in our audit report dated February 7, 2007. The results of out Initial Follow-Up Audit are discussed in the **Internal Auditor's Report** following this transmittal letter.

Because satisfactory corrective action has been taken and/or the item was closed for the twenty-three (23) recommendations, **this report represents the final close-out of the original audit.**

Each month I submit an **Audit Status Report** to the Board of Supervisors (BOS) where I detail any material and significant audit findings released in reports during the prior month and the implementation status of audit recommendations as disclosed by our Follow-Up Audits. Accordingly, the results of this audit will be included in a future status report to the BOS.

ATTACHMENT

Other recipients of this report listed on the Internal Auditor's Report on page 2.

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INTERNAL AUDITOR'S REPORT

AUDIT NO. 2760-A **JUNE 17, 2008**

TO: Bryan Speegle, Director
OC Public Works

FROM: Dr. Peter Hughes, CPA, Director
Internal Audit Department

SUBJECT: Final Close-Out Initial Follow-Up Audit of the Performance Measure Validation of Resources & Development Management Department, Original Audit No. 25101, Issued February 7, 2007

Scope of Review

We have completed an initial Follow-Up Audit of Performance Measure Validation of Resources & Development Management Department (RDMD). On March 18, 2008 by resolution of the Board of Supervisors, a new department named OC Public Works was established which comprised all the functions of the former RDMD, with the exception of OC Parks and the Internal Services Publishing Unit. Our audit was limited to reviewing, as of the 2007 Business Plan, actions taken to implement the twenty-three (23) recommendations in our audit report dated February 7, 2007.

Results

The original audit contained twenty-three (23) recommendations for six of the seven RDMD core responsibilities. Our Follow-Up Audit indicated nineteen (19) recommendations have been fully implemented and four (4) have been closed. The four closed recommendations are noted below along with a comment on their current status. The item number from the original audit report is shown in parentheses after each heading.

1. RDMD Primary Outcome Measure: Percentage of building capital projects completed on time (Recommendations No. 11A)

   Recommendation: For future Business Plans ensure that reported results are supported and properly stated.

2. RDMD Primary Outcome Measure: Percentage of building capital projects completed on time (Recommendation No. 11B)

   Recommendation: For future Business Plans create written procedures for the collection, retention, and reporting of result data for **all** Primary Outcome Measures.

3. RDMD Primary Outcome Measure: Percentage of capital projects completed within budget (Recommendation 12A)

   Recommendation: For future Business Plans ensure that reported results are supported and properly stated.

4. RDMD Primary Outcome Measure: Percentage of capital projects completed within budget (Recommendation 12B)

   Recommendation: For future Business Plans create written procedures for the collection, retention, and reporting of result data for **all** Primary Outcome Measures.

   Current Status of Recommendations 11A, 11B, 12A, and 12B: **Closed.** OC Facilities took measures to implement these recommendations by assigning OC Facilities Office of Standards and Compliance with the responsibility for the following:

   - Reviewing capital project documentation and developing written procedures for the establishment of a Capital Projects Tracking Database System.
   - Developing a process to ensure accurate accounting of budgeted project funding with the capability for on-demand review and analysis of project funding balances along with identifying project completion percentage to the amount of dollars spent.
   - Developing a process to ensure an accurate accounting of all assigned capital projects and funding status.

   OC Facilities is committed to ensuring reported outcome results are supported and properly stated. They will develop a tracking form and spreadsheet to capture the data in support of future performance claims. In addition, written procedures will be prepared for the collection, retention, and reporting of all data in support of performance measures. Because OC Facilities is making progress with the performance measure controls, we will consider these recommendations "closed."

Acknowledgment

We appreciate the courtesy and cooperation extended to us by your staff during our Follow-Up Audit. If we can be of further assistance, please contact me or Eli Littner, Deputy Director at (714) 834-5899 or Alan Marcum, Senior Audit Manager at (714) 834-4119.

Distribution Pursuant to Audit Oversight Committee Procedure No. 1:

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Mark Browning, Manager, OC Public Works/Architecture & Engineering
Patrick Breslin, Manager, OC Public Works/Standards & Compliance
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ATTACHMENT A: OC Public Works Management Responses

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memo

DATE: June 9, 2008

TO: Peter Hughes, Ph.D., CPA, Director
Internal Audit Department

FROM: Director, OC Public Works

SUBJECT: Response to Initial Follow-Up Audit of the Performance Measure Validation of RDMD, Audit No. 2760-A, Original Audit #25101, dated February 7, 2007

I am pleased to provide OC Public Works' (OCPW) response to the Initial Follow-Up Audit of the Performance Measure Validation of RDMD (now known as OCPW) completed by the Internal Audit Department.

The Internal Audit Department's Initial Follow-Up Audit indicated that satisfactory corrective action was taken to fully implement nineteen (19) recommendations and four (4) are in process of implementation for OC Facilities (formerly named Internal Services). OCPW/OC Facilities' will take action to fully implement the remaining four recommendations. The description of the Primary Outcome Measure and recommendations that have not been fully implemented are noted below followed by OC Facilities' planned action. The recommendation number from the February 7, 2007 report is shown in parentheses after each heading.

1. RDMD Primary Outcome Measure: Percentage of building capital projects completed on time (Recommendation No. 11A)
   Recommendation: For future Business Plans ensure that reported results are supported and properly stated.

2. RDMD Primary Outcome Measure: Percentage of building capital projects completed on time (Recommendation No. 11B)
   Recommendation: For future Business Plans create written procedures for the collection, retention, and reporting of result data for all Primary Outcome Measures.

3. RDMD Primary Outcome Measure: Percentage of capital projects completed within budget (Recommendation 12A)
   Recommendation: For future Business Plans ensure that reported results are supported and properly stated.

4. RDMD Primary Outcome Measure: Percentage of capital projects completed within budget (Recommendation 12B)
   Recommendation: For future Business Plans create written procedures for the collection, retention, and reporting of result data for all Primary Outcome Measures

ATTACHMENT A: OC Public Works Management Responses (continued)

OC Facilities Planned Action for items 1 & 3 (Recommendations 11A & 12A):

The OC Public Works/Architecture and Engineering Project Management Division (A&E) and the Office of Standards & Compliance developed a tracking form that will be completed by project management staff. This form will capture the data in support of future performance claims. Additionally, in an effort to make collection, retention, and reporting of the support data readily accessible for review and verification, A&E and the Office of Standards & Compliance will develop a Capital Projects Tracking Spreadsheet, along with reports, to be used by all project managers to input and retrieve data relative to performance measures. The tracking form and spreadsheet will be used for all projects initiated on or after October 1, 2008, for full compliance with this audit recommendation. Further enhancements to the performance measure data collection process may include developing an automated capital projects tracking database, including queries and reports.

OC Facilities Planned Action for items 2 & 4 (Recommendations 11B & 12B):

To comply with the audit recommendation, A&E and the Office of Standards & Compliance are developing a process and preparing written procedures for the collection, retention, and reporting of all data in support of performance measures for capital projects. Included in this process and the written procedures will be the newly developed project tracking form and a new Capital Projects Tracking Spreadsheet. Scheduled completion date for these procedures is September 30, 2008.

I would like to express my appreciation for the professionalism of the Internal Audit Department staff that conducted this audit.

Should you have any questions regarding OCPW's responses to the Internal Audit Department's recommendations, or require additional information on these items, please contact Debra Lakin, Chief, OCPW/Central Quality Assurance at (714) 834-5593. Thank you.

Bryan Speegle

cc: Dori Malloy, Director, OCPW/OC Facilities
Carlos Bustamante, Director, OCPW/Administration
Debra Lakin, Chief, OCPW/Central Quality Assurance
Mark Browning, Manager, OCPW/Architecture & Engineering
Patrick Breslin, Manager, OCPW/Office of Standards & Compliance
Alan Marcum, Senior Audit Manager, Internal Audit Department