

OFFICE OF AUDITS & ADVISORY SERVICES



GRANTS AND CONTRACT MANAGEMENT AUDIT – DISTRICT ATTORNEY’S OFFICE

FINAL REPORT

Chief of Audits: Juan R. Perez
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County of San Diego

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AUDITOR AND CONTROLLER

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JUAN R. PEREZ
CHIEF OF AUDITS

July 27, 2022

TO: Summer Stephan
District Attorney

FROM: Juan R. Perez
Chief of Audits

FINAL REPORT: GRANTS AND CONTRACT MANAGEMENT AUDIT

Enclosed is our report on the Grants and Contract Management Audit. We have reviewed your response to our recommendations and have attached it to the audit report.

The actions taken and/or planned, in general, are responsive to the recommendations in the report. As required under Board of Supervisors Policy B-44, we respectfully request that you provide quarterly status reports on the implementation progress of the recommendations. You or your designee will receive email notifications when these quarterly updates are due, and these notifications will continue until all actions have been implemented.

If you have any questions, please contact me at (858) 495-5661.

JUAN R. PEREZ
Chief of Audits

AUD:EH:nb

Enclosure

c: Holly Porter, Deputy Chief Administrative Officer, Public Safety Group
Tracy Drager, Auditor and Controller
Rosemarie Degracia, Group Finance Director, Public Safety Group

INTRODUCTION

Audit Objective	<p>The Office of Audits & Advisory Services (OAAS) completed an audit of Grants and Contract Management. The objective of the audit was to assess whether the internal controls over the District Attorney's Office's (DAO) grants/contract management and monitoring practices are adequately designed and operating effectively to mitigate risks, and to ensure compliance with applicable laws and regulations.</p>
Background	<p>Contract administration involves the activities performed by County employees to determine how well the contractor met the requirements of the contract. Contract administration starts with developing performance-based statements of work (SOW) and preparing a contract monitoring plan that effectively measures the contractors' performance. Contract monitoring varies by contract and by department, it can range from the acceptance of goods or services to extensive involvement by County staff throughout the term of the contract.</p> <p>Departments designate select employees with contract administration responsibilities as Contract Officer Representatives (COR) for one or more contracts. Designated CORs must obtain COR Certification via training provided by the Department of Purchasing and Contracting (DPC). The certification ensures that a COR has the competencies that are essential to performing the COR role. It is the responsibility of each COR to know their training requirements and to monitor the progress of their COR certification.</p>
Audit Scope & Limitations	<p>The scope of the audit included a review of DAO's contract monitoring, contract invoice approval and payment process, and COR designation, certification, and training requirements during FY 2020-21 and FY 2021-22. OAAS did not review any of DAO's grants over the period of the audit scope.</p> <p>This audit was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing prescribed by the Institute of Internal Auditors as required by California Government Code, Section 1236.</p>
Methodology	<p>OAAS performed the audit using the following methods:</p> <ul style="list-style-type: none">• Reviewed policies, procedures and other guidance related to procurement provided by DPC.• Verified that staff assigned to manage DAO contracts were designated CORs and had met the required contract training hours.• Judgmentally selected a sample of 10 DAO contracts to verify whether adequate monitoring tools were developed to ensure

proper contract administration was performed by the assigned COR.

- Judgmentally selected a sample of paid invoices to ensure vendor payments had accurate supporting documentation and proper approvals, and to ensure that the invoices complied with the contract pricing schedules.
- Analyzed vendor payment data for duplicate contract payments.

AUDIT RESULTS

Summary

Within the scope of the audit, OAAS identified an opportunity to strengthen the DAO contract management and monitoring practices as outlined below.

Finding I:

Contract Monitoring Practices Need Improvement

Audit testing was designed to review the Quality Assurance Surveillance Plan (QASP), monitoring plan, and supporting documentation that DAO CORs use to determine whether contract monitoring activities are being performed.

Although OAAS found that the DAO has developed departmental policies and procedures that include contract monitoring activities that must be performed, the DAO does not have a QASP, monitoring plan or checklist that is completed by its CORs to ensure proper contract monitoring is performed and documented.

The DPC COR Training instructs CORs to develop a QASP or checklist to be used as a monitoring tool to ensure that systematic quality assurance methods are used. A template of the monitoring plan is provided as a guide and schedule in the development and completion of contract monitoring activities.

Lack of a documented contract monitoring plan or checklist increases the risk that adequate and timely contract monitoring activities are not being performed. Insufficient documentation of monitoring activities conducted can result in the inability to determine whether the contract activities were properly performed.

Recommendation:

To ensure the proper ongoing administration and monitoring of contracts, the DAO should:

1. Formalize a process for developing a monitoring plan or checklist for each contract that outlines the areas to be evaluated and the surveillance methodology to be used. Ensure that monitoring plans or checklists are updated, as necessary.

2. Ensure that contract monitoring activities are formally documented and maintained in the contract file as evidence that periodic reviews are conducted.

Office of Audits & Advisory Services

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VALUE

DEPARTMENT'S RESPONSE
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DWAIN D. WOODLEY
ASSISTANT DISTRICT ATTORNEY

July 19, 2022

TO: Juan R. Perez
Chief of Audits

FROM: Luis K. Mallett
Assistant Chief, District Attorney

DEPARTMENT RESPONSE TO AUDIT RECOMMENDATIONS: GRANTS AND CONTRACT MANAGEMENT
AUDIT

Finding I: Contract Monitoring Practices Need Improvement

OAAS Recommendation 1: Formalize a process for developing a monitoring plan or checklist for each contract that outlines the areas to be evaluated and the surveillance methodology to be used. Ensure that monitoring plans or checklists are updated, as necessary.

Action Plan: The District Attorney's Office (DAO) agrees with this recommendation. DAO develops performance-based statements of work and pricing schedules to ensure deliverables are received before payment is made. DAO is in the process of developing a contract monitoring plan templates or checklists for each contract to be updated as necessary.

Planned Completion Date: January 2, 2023

Contact Information for Implementation: Luis K. Mallett, Chief District Attorney Admin Officer

OAAS Recommendation 2: Ensure that contract monitoring activities are formally documented and maintained in the contract file as evidence that periodic reviews are conducted.

Action Plan: DAO agrees with this recommendation. DAO is in the process of establishing contract monitoring templates and developing automated workflows that will ensure periodic review and reminders for contract monitoring activities. DAO has procured software licensing to assist with contractor insurance tracking and will explore additional tools available that will aid in contracting monitoring processes. In addition, protocols will be implemented, and a central repository will be established for collecting contract monitoring documentation.

Planned Completion Date: March 30, 2023

Contact Information for Implementation: Luis K. Mallett, Chief District Attorney Admin Officer

The District Attorney's Office appreciates the opportunity to respond to the recent audit. The Office is committed to embracing best practices and continuously improving and strengthening internal controls.

Please let me know if you have any questions.

LUIS K. MALLETT

Chief District Attorney Admin Officer