

OFFICE OF AUDITS & ADVISORY SERVICES



PROCUREMENT PROCESS AUDIT

FINAL REPORT

Chief of Audits: Juan R. Perez
Audit Manager: Christopher Efird, CPA
Senior Auditor: Rani Gorgis, CPA

Intentionally Left Blank



County of San Diego

TRACY DRAGER
AUDITOR AND CONTROLLER

AUDITOR AND CONTROLLER
OFFICE OF AUDITS & ADVISORY SERVICES
5530 OVERLAND AVENUE, SUITE 330, SAN DIEGO, CA 92123-1261
Phone: (858) 495-5991

JUAN R. PEREZ
CHIEF OF AUDITS

May 10, 2023

TO: Jack Pellegrino, Director
Department of Purchasing and Contracting

FROM: Juan R. Perez
Chief of Audits

FINAL REPORT: PROCUREMENT PROCESS AUDIT

Enclosed is our report on the Procurement Process Audit. As there are no findings and recommendations in the report, no audit response is required.

Thank you for the courteousness and cooperation extended to the Office of Audits & Advisory Services during the course of the audit.

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

JUAN R. PEREZ
Chief of Audits

AUD:RG:nb

Enclosure

c: Ebony N. Shelton, Deputy Chief Administrative Officer/Chief Financial Officer
Tracy Drager, Auditor and Controller
Judy Ying, Group Finance Director, Finance and General Government Group

INTRODUCTION

Audit Objective The Office of Audits & Advisory Services (OAAS) completed an audit of the procurement process. The objective of the audit was to identify and assess program performance goals and evaluate the adequacy of performance metrics and management controls in place to monitor and achieve goals.

Background The Department of Purchasing and Contracting (DPC) procures all goods and services for the County of San Diego (County), as provided for in the County Charter.

DPC operates as an internal service provider that supports the County in the acquisition of goods and services, and the administrative function of resulting contracts. DPC directly bills customer departments at established rates for the cost of procurement services.

The role of the procurement process overall affects nearly all County departments, from basic operational supplies to large scale strategic purchases that shape County functions and services.

DPC has an abundance of distinct methods that are used to procure goods and services. These methods are detailed in County Board of Supervisors Policy A-87.

During the fiscal year 2021-22, there was approximately \$1.88 billion in procurement spend. A detailed breakout of this spend is shown below in Chart A.



DPC is also responsible for developing and implementing sound procurement practices, providing guidance on contracts to County departments, disposing of surplus equipment and salvage materials, and managing the Countywide Records Management Program.

Audit Scope & Limitations The scope of the audit included a review of procurement operations from fiscal year 2019-20 to current.

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.

Methodology OAAS performed the audit using the following methods:

- Examined policies and procedures related to procurement and interviewed key personnel to obtain an understanding of the procurement process and relevant internal controls.
- Identified and evaluated performance indicators developed by DPC to determine whether indicators provide DPC with timely, accurate, and valuable information and are sufficient to adequately assess the department's performance.
- Researched and reviewed applicable laws and best practices related to governmental procurement.
- Identified and evaluated DPC's procedures and strategy for fostering inclusive contracting for historically disadvantaged groups.
- On a sample basis, conducted limited testing to verify the following:
 - Performance goals are being met and are in line with industry standards.
 - Procurement for goods and services was performed in accordance with DPC and County policies and procedures as well as other applicable laws and regulations.
 - Staff involved in the procurement process obtained sufficient training to adequately perform their job functions.
 - No conflict of interest existed between the sampled vendor and a County employee.
 - Supplier diversity was factored into the decision process when awarding a contract.

AUDIT RESULTS

Summary Within the scope of the audit, OAAS determined that performance metrics and goals for the procurement process are sufficient, and management has adequate controls in place to monitor and achieve established goals.

Office of Audits & Advisory Services

Compliance **R**eliability **E**ffectiveness **A**ccountability **T**ransparency **E**fficiency

VALUE