

County of Ventura
AUDITOR-CONTROLLER
MEMORANDUM

To: Paul S. Grossgold, Director, General Services Agency

Date: March 5, 2009

From: Christine L. Cohen

Subject: COUNTY PROCUREMENT SERVICES ISSUES ARISING FROM THE AUDIT OF MEDICAL EXAMINER'S MANAGEMENT OF DECEDENT PROPERTY

We have completed limited audit procedures applied to the General Services Agency (GSA) to address procurement issues that we noted during our audit of the Medical Examiner's (ME) management of decedent property. The results of our limited audit procedures are summarized below.

BACKGROUND:

The ME's primary responsibility is to respectfully provide professional, accurate, and timely death investigation services to all residents of Ventura County, while complying with applicable California statutes. The ME uses one contracted body transportation service to assist in accomplishing the ME's mission. The amount encumbered for this contract in fiscal year 2007-08 was \$99,000.

Although the ME provides guidelines for the needed service contract, certain responsibilities lie with the GSA Procurement Services Division. These responsibilities include the solicitation of formal bids and the retention of necessary documentation relating to potential vendors.

SCOPE:

Although our overall audit objective was to evaluate the ME's procedures regarding accountability and disposition of decedent property, we noted certain matters that pertained to GSA Procurement. As a result, additional limited audit procedures were necessary to address the issues noted below. The additional procedures included reviews of GSA's procurement procedures and discussions with GSA Procurement Services staff. Our limited procedures did not constitute an audit of the GSA procurement process.

The audit of the ME's management of decedent property was performed in accordance with the *International Standards for the Professional Practice of Internal Auditing* promulgated by the Institute of Internal Auditors. For our ME audit, we used documents and records for the period January 2004 through October 2007.

FINDINGS: During our audit of the ME's management of decedent property, we noted areas that needed to be addressed by GSA Procurement, specifically regarding strategic sourcing model procedures and supporting documentation for vendor rejection. Summarized below are details of the areas where improvements were needed. GSA management initiated corrective action as noted.

1. **Strategic Sourcing Model.** Written policies and procedures were not established for the strategic sourcing model used by GSA Procurement in determining the need for bid solicitations. GSA Procurement policy states that a formal bid or request for proposal is required for contracts over \$25,000. However, GSA Procurement used an informal process (i.e., the strategic sourcing model) to determine the feasibility of soliciting a formal bid, basing bidding decisions on such factors as workload and vendor pool. As a result, a formal bid for ME body transportation services had not been conducted since the current vendor was awarded the contract nearly 15 years ago in 1994. Although GSA asserted that use of the strategic sourcing model was necessary to manage workload, a formal documented process would help to standardize procedures and avoid the perception of favoritism in contract renewals.

Management Action. GSA management agreed to implement corrective action and stated: "Procurement will formalize the strategic sourcing model and it will be added to the Internal Procedures Manual."

2. **Vendor Selection Process.** GSA Procurement did not always require agencies/departments to submit supporting documentation for the rejection of services with potential vendors. Specifically, potential vendors seeking to provide body transportation services were referred to the ME for further evaluation. However, GSA Procurement did not require the ME to provide proper documentation to support the rejection of services with the potential vendors. Ultimately, all documentation to support that an interested vendor did not meet the agency/department's current requirements needed to be obtained.

Management Action. GSA management agreed to implement corrective action and stated: "Procurement will review, and revise as necessary, Buyer instructions to ensure that formal documentation is required and kept in our files."

AUDITOR'S EVALUATION OF MANAGEMENT ACTION: We believe that management actions were responsive to the findings. Corrective action was planned to be completed by October 2, 2008.

We appreciate the cooperation and assistance extended by you and your staff during our performance of these limited audit procedures.

cc: Honorable Steve Bennett, Chair, Board of Supervisors
Honorable Kathy Long, Vice Chair, Board of Supervisors
Honorable Linda Parks, Board of Supervisors
Honorable Peter C. Foy, Board of Supervisors
Honorable John C. Zaragoza, Board of Supervisors
Marty Robinson, County Executive Officer
Michael Powers, Director, Health Care Agency
Dr. Ronald O'Halloran, Ventura County Medical Examiner