

County of Ventura
AUDITOR-CONTROLLER
MEMORANDUM

To: Paul Grossgold, Director, General Services Agency

Date: November 28, 2011

From: Christine L. Cohen

Subject: **VALIDATION OF THE 2010 CONTROL SELF-ASSESSMENT FOR
GENERAL SERVICES AGENCY (GSA) PROCUREMENT**

We have completed our engagement to validate the internal controls reported in GSA Procurement's 2010 Control Self-Assessment (CSA). The results of our validation are summarized below.

BACKGROUND

Under the County's *Internal Control Policy*, departments are required to formally assess the adequacy of internal controls at least once every three years and report the results to the Auditor-Controller's Office for review and validation. The 2010 CSA for GSA Procurement was submitted on December 30, 2010.

GSA Procurement purchases goods and services through the issuance and evaluation of written bids, proposals and quotations. Additional responsibilities include issuing purchase orders, managing contracts, and administering the County's Convenience Copier, Procurement Card, and Surplus Property programs. GSA Procurement was authorized 13 positions and a budget of \$3.1 million for fiscal year 2011-12.

SCOPE

Our overall objective was to evaluate, on a test basis, the information reported in GSA Procurement's CSA. Specifically, we:

- verified that selected internal controls described in the department's CSA existed and were operating effectively (i.e., as intended); and
- verified that the department completed the planned internal control improvement actions described in the department's CSA.

We performed tests and evaluations using documents and records provided by GSA Procurement for the period May 2009 through November 2011. The engagement was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing* promulgated by The Institute of Internal Auditors.

This engagement does not provide an opinion on the design and implementation of the department's overall system of internal control.

VALIDATION RESULTS

Our validation confirmed that the selected internal controls were in place and operating effectively as reported in the department's CSA. We also confirmed that all identified internal control improvement actions were either completed or in progress. Following are details of our validation results.

1. **Control Existence and Operating Effectiveness.** Of the 10 reported internal controls we selected for validation, we found that all 10 internal controls existed as reported by the department and were operating effectively. For example, we found that GSA Procurement has established and implemented:

- Procedures to promote compliance with applicable legal and program requirements, including:
 - The requirement to obtain written quotes for purchases of materials/equipment and construction services within established thresholds.
 - The requirement for Procurement Services Manager review of Centralized Purchase Orders above an established threshold.
- A written code of ethics and processes to ensure annual submission of *Statements of Economic Interests* for applicable employees.
- Procedures for individual and organizational accountability for achieving results, including:
 - Creating reports to track the amount of time taken to complete requisition processes, both at the individual and group level.
 - Setting performance objectives as part of the annual GSA Strategic Plan.
 - Using performance metrics as part of improvement efforts using Lean Six Sigma techniques.

2. **Status of Planned Improvement Actions.** Of the department's four planned internal control improvement actions, we found that one action has been completed and three are in progress. Specifically, GSA Procurement has updated the Procurement Checklist to better track vendor insurance documentation and expiration dates. Additional improvement items in progress include:

- Completing an update of the Internal Policies and Procedures Manual (expected completion by December 31, 2011).
- Attending a training to assess available management reporting tools for the ability to report on payroll-related items, such as employee status changes and off-cycle checks (expected completion by December 31, 2011).
- Completing current performance evaluations for all GSA Procurement employees (expected completion by June 30, 2012).

This report does not contain items requiring a response from GSA Procurement management.

We appreciate the cooperation and assistance extended by you and your staff during this engagement.

cc: Honorable Linda Parks, Chair, Board of Supervisors
Honorable John C. Zaragoza, Vice Chair, Board of Supervisors
Honorable Steve Bennett, Board of Supervisors
Honorable Kathy Long, Board of Supervisors
Honorable Peter C. Foy, Board of Supervisors
Michael Powers, County Executive Officer