



## Agenda Report Details (With Text)

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**Sponsors:** Lorenzo Tyner  
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Date	Ver.	Action By	Action	Result
8/24/2022	1	BOARD OF DIRECTORS		

**FROM:** James D. Herberg, General Manager  
 Originator: Lorenzo Tyner, Assistant General Manager

**SUBJECT:**

**INTERNAL AUDIT SERVICES**

**GENERAL MANAGER'S RECOMMENDATION**

RECOMMENDATION:

Approve additional funds of \$40,235 to Blanket Purchase Order 106736-OB, for Eide Bailly LLP for internal audit services, for a new total amount not to exceed \$115,235.

**BACKGROUND**

Orange County Sanitation District (OC San) selected the audit firm Eide Bailly LLP to provide audits of various OC San programs and processes as selected by the Audit Ad Hoc Committee for a not to exceed amount of \$375,000 over five years. Due to operational impacts of COVID-19, audits were delayed and only \$3,000 was spent during the first year of the agreement. For the current contract year, more audits than previously anticipated were conducted and completed prior to the September 30, 2022 contract expiration date. As a result, additional funds are needed to process payment for the work completed; however, this will not increase the original contract amount.

**RELEVANT STANDARDS**

- Internal auditing conducted, approximately three per year
- Conduct audits to establish whether specific government programs are effective in meeting their stated goals and objectives and if OC San is following policies and procedures in conducting operations

## **PROBLEM**

OC San selected the audit firm Eide Bailly to provide internal audit services beginning October 1, 2019 for \$75,000 per year with the option to renew for up to four (4) one-year periods. However, due to COVID-19, there were delays in performing internal audit services and only \$3,000 was spent during the first year of the agreement. For the current contract year more audits than previously anticipated were conducted and internal audit services were completed for Contracts and Organization-wide Risk Assessment as requested by the Ad Hoc Audit Committee. These internal audit services were completed prior to the September 30, 2022 contract expiration date and additional funds are needed to process payment for the work completed.

## **PROPOSED SOLUTION**

Approve an additional \$40,235 to Purchase Order 106736-OB for Eide Bailly LLP for internal audit services related to Contracts and Organization-wide Risk Assessment.

## **TIMING CONCERNS**

Eide Bailly completed work and payment is due.

## **RAMIFICATIONS OF NOT TAKING ACTION**

Payment will not be processed and invoice will be past due.

## **PRIOR COMMITTEE/BOARD ACTIONS**

N/A

## **FINANCIAL CONSIDERATIONS**

This request complies with authority levels of OC San's Purchasing Ordinance. This recommendation will be funded under the Professional Services line item for the Financial Management Division. (Fiscal Years 2022-23 and 2023-24 Budget: Section 6, Page 28). The available funding is sufficient for this action. No change to the original contract amount is required.

## **ATTACHMENT**

*The following attachment(s) may be viewed on-line at the OC San website ([www.ocsan.gov](http://www.ocsan.gov)) with the complete agenda package:*

N/A