

Policies and Procedures

Recommendations

The county office should:

1. Augment the current OCDE Policies and Procedures Manual to include more procedures for the Administrative Services section.

This is currently in process and will be completed this year. We have added more procedures to trainings that should be incorporated in the procedure manual.

2. Revise the Orange County Department of Education Disbursements Services - Commercial Checks Audit Process Manual to include any differences between the audit processes for districts and the county office. Ensure the current version of the manual is posted on the OCDE website.

This has been a manual used for school districts but has valuable information for our units also so we will work with Business Services to make the changes and to look at posting options.

3. Develop desk manuals of employee duties and ensure that each employee includes step-by-step procedures for all assigned duties in their desk manual.

This will be a priority for the 2021-22 year.

4. Review and revise policies and procedures manuals and desk manuals periodically, but not less than once a year. During this process, ensure that dates in all sections are correct and correspond with changes.

We have temporarily assigned these duties to a single person and we agree we need improve the process. This item will be completed by the end of the year.

Budget Development and Monitoring

Recommendations

The county office should:

1. Expand the current budget development calendar to include more deliverables and deadlines in the budget development process and the position(s) responsible.

We will incorporate this into our current calendar.

2. Provide all SACS forms in the board meeting agenda materials when presenting the budget and interim reports.

This will be implemented with the First Interim Budget.

3. Include a summary list of the key assumptions used for each financial reporting period for unrestricted and restricted budgets in each budget book produced.

This will be implemented with the First Interim Budget for 2021-22.

4. Ensure account lines do not exceed budgeted amounts

We will continue to look at this recommendation but it may impact how we currently track expenditures and we are concerned it will lead to less detail available or the ability to track expenditures by specific programs. We do closely monitor programs, sites and major object codes. The examples we reviewed was for school programs that had a budget split between 5 school sites and a purchase was made from one site instead of split between all five.

We have established monthly budget reports for the Fiscal Services team to review.

Purchasing

Requisitioning and Purchase Orders

Recommendations

The county office should:

1. Define in its OCDE Policies and Procedures Manual the allowable reasons for using a paper purchase requisition form.

We are currently implementing on-line purchase requisitions but still have staff and sites that have not been trained to use our system as this process is completed we can address possible exemptions. We may have staff that do not have an established role in the creation or approval of purchase requisitions on a regular basis so we are still trying to complete the approval paths and finalize what can be an exemption.

2. Periodically review the dollar threshold requirement for quotes on individual items and consider implementing a dollar threshold requirement for quotes on aggregate quantity purchases.

We currently do price comparisons for single items over \$2,500 and for total purchases over \$5,000. We will evaluate our process to look for improvements.

3. Revisit the requirement that the superintendent approve all purchases of \$5,000 or more and consider delegating this task and/or raising the dollar threshold for superintendent approval.

This item is being evaluated

4. Review and strengthen purchase order terms and conditions.

We have updated these items and will be posting on the website in addition.

5. Consider sending receiver documentation to the Purchasing and Contracts Unit for any necessary follow up before it is sent to accounts payable.

We do not believe this step is necessary at this time and is duplicative. We do need to improve and update our trainings for site staff so they know when to contact purchasing with items not received or damaged. Accounts payable will be required to track all purchase orders that have been pending for more than 60 days. (desk manuals need updated also)

6. Evaluate the time and effort spent by the accounting supervisor on reviewing all invoices and consider implementing a random audit of invoices using the automated financial system.

We understand the recommendation but until our Accounting Supervisor is fully trained and staff show error free batches we will continue to review all invoices.

7. Implement an expediting process for purchase orders that remain in open status more than 60-90 days after issuance.

We have created a report that will be reviewed monthly by the accounts payable staff.

8. Update the OCDE Policies and Procedures Manual to include maximum allowances for travel expenses.

We are in the process of evaluating this procedure and we are compliant with IRS standards for this item. Many public agencies use the per diem rate for expenditures that is suggested because it is easier for the employees. We feel this will increase our reimbursable expenditures for most

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of our travelers. We prefer actual expenses that require detailed receipts for transparency purposes.

Bidding and Contracting Recommendations

The county office should:

1. Develop written processes and flowcharts for bidding and contracting duties.
This is a centralized function that only trained staff in the purchasing area are authorized to perform competitive bidding. Adding flow charts in our procedures manual and trainings will help our customers can understand the process
2. Review all commodities/categories of goods and services annually to ensure the amount spent does not exceed the bid limit. Reviewing a three-year history should help determine whether bidding may be necessary.
We agree with this recommendation and currently do review categories on a regular basis.
3. Revise the OCDE Policies and Procedures Manual to include the use of generic language (as indicated above) for bid limits.
As we reformat the Policies and Procedures manual we will implement this item.
4. Review the contract forms used for federally funded purchases and revise them to conform with federal requirements.
We have implemented these added requirements.
5. Add the Iran Contracting Act certification to public works bid documents with a qualifying statement that it only pertains to contracts of \$1 million or more.
We will implement this certification on public works bid documents
6. Include the change order limit, as specified in PCC Section 20118.4, in the OCDE Policies and Procedures Manual.
This will be implemented in addition to our current procedures.
7. To avoid the implication that delegated signature authority only applies to special services contracts, move the applicable reference in the OCDE Policies and Procedures Manual to a general section on contracts. Review the delegated positions listed in the manual and the Authorization of Signatures document to ensure they are correct.
This is being implemented currently and will have a semi-annual review
8. Ensure the contracts portion of the OCDE Policies and Procedures Manual distinguishes special services (Government Code Section 53060) from other professional services contracts.
This change is currently being implemented.
9. Review and consider discontinuing the purchase-order-only policy for services contracts.
We will evaluate this and discuss with our Auditors and legal department. Due the volume of service contracts written by OCDE staff we are looking at ways to stream line the process and not delay workflow from our various programs.
10. Adopt policies and/or administrative regulations that include the language required by EDGAR and conform with federal purchasing requirements.
This will be implemented in the 2021-22 fiscal year.
11. Revise the Legal Requirements Checklist to ensure all applicable legal codes are included by type, and once revised, incorporate the checklist in the contracts training document and/or the OCDE Policies and Procedures Manual.
This will be implemented
12. Change the Contract Request Form to include only the last four digits of Social Security numbers.

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This has been implemented

13. Consider eliminating the terms and conditions on each individual purchase order and instead conspicuously state on each purchase order that all orders are governed by the OCDE's standard terms and conditions located at: [https://ocde.us/Administrative/Documents/TERMS%20AND%20CONDITIONS%20\(002\).pdf](https://ocde.us/Administrative/Documents/TERMS%20AND%20CONDITIONS%20(002).pdf). Also, state on the purchase order that such online terms and conditions are incorporated by reference, are subject to change, and that it is the responsibility of the seller/contractor to review them for each order processed.

This will be implemented.

14. Review the Income Agreement used for income services between public entities and instead consider using an Interagency Agreement or MOU.

This will be reviewed and changes implemented

15. Modify the boilerplate Independent Contractor Agreement language to include fingerprint provisions. Rather than modify contracts individually, consider eliminating nonapplicable clauses by reference as an attachment or exhibit to the contract.

We are currently evaluating this process and will make applicable changes

Delegation of Authority and Expenditures Policies

Recommendations

The county office should:

1. Delegate authority by title and renew the delegation annually to ensure titles are current.

This will be implemented

2. Include information in the OCDE Policies and Procedures Manual on expending funds for a public purpose and awards and incentives for employees.

We concur our current language in the manual is vague. The notice given to managers and supervisors upon hiring should be incorporated into the policies and procedures.

Income Contracts, Bids, Purchase Orders

Recommendations

The county office should:

1. Maintain one file for each contract, which includes the original contract, all exhibits and attachments, all amendments, supporting documentation and signature pages.

We concur with the recommendation and do currently follow this process but will be more diligent with insuring all documents are in the folder. We are also evaluating other sources for digital storage of all contract documents

2. Adopt a Code of Conduct and purchasing policies that conform to federal requirements.

We concur with this recommendation, currently we do not have all codes of conduct in one area and not listed in the policies and procedures manual.

3. Maintain one file for each bid, which includes all the bid documents and the signed contract.

We concur with this recommendation

4. Place the renewal option on its Bid Proposal Form closer to the signature line to ensure review upon vetting of bids and to make it less likely for an error to occur and/or void a contract if not executed properly.

We will implement the recommendation.

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5. Use a contract form for services instead of typing language directly on purchase orders to ensure compliance with all legislative requirements, including fingerprinting.

[We are currently evaluating this process and will make applicable changes](#)

6. Implement the proper purchase threshold processes and include the language required by EDGAR in contract documents for purchases of goods and services that utilize federal funds.

[We are evaluating this recommendation but will immediately implement the language required by EDGAR for goods and services that utilize federal funds.](#)

7. Consider eliminating the terms and conditions on each individual purchase order and instead include a reference on the purchase order that directs vendors to the terms and conditions on the OCDE website, as discussed in the Bidding and Contracting section of this report.

[We are evaluating this recommendation and will discuss with our Auditors](#)

Training

Recommendations

The county office should:

1. Provide annual training on competitive bidding, contracting and purchasing procedures to all staff involved in these processes, including management personnel.

[We concur with this recommendation. We have not made the training mandatory with all management staff but will incorporate it into our annual mandated training schedule.](#)

2. Expand the Purchasing and Contracts Unit training documents to include all functions of the unit and topics related to contracting.

[We concur with this recommendation](#)

3. Ensure training documents include information that aligns with federal and state regulations and local policies.

[We concur with this recommendation](#)