



Fairfax County Internal Audit Office

**DEPARTMENT OF PUBLIC WORKS AND ENVIRONMENTAL
SERVICES**

**REVIEW OF ARCHITECT AND ENGINEER CONTRACT SAVINGS
AUDIT REPORT**

FEBRUARY 2005

"promoting efficient & effective local government"

Executive Summary

The Internal Audit Office regularly performs advisory services for the Department of Public Works and Environmental Services (DPWES) by reviewing proposed indirect costs on architect and engineer contracts. This audit was performed to determine whether DPWES utilized recommendations made by the Internal Audit Office and obtained savings on indirect cost rates. We examined rates negotiated with architect and engineer firms and noted, in instances where our reviews found unallowable costs or overall multipliers in excess of DPWES' established limit, that the recommended rates were being used. Our examination resulted in no reportable findings. By using our recommendations and negotiating lower indirect cost rates in consultant contracts, DPWES will save the County more than \$300,000 over the period of the contracts reviewed.

Scope and Objectives

The scope of our audit included all indirect rates recommended to DPWES during the period of July 2003 through September 2004. We issued 26 recommendations and DPWES contracted with 24 of the consultants. This audit was performed in accordance with generally accepted government auditing standards.

Methodology

We identified all consultant indirect rates that had been recommended to DPWES during the audit period and examined consultant files maintained by DPWES. We reviewed the Summary Record of Negotiations which indicated the indirect rate negotiated or we reviewed monthly invoices and/or contracted amounts to ascertain that the negotiated rates were used in preparing monthly invoices.

Our review did not involve the examination of controls in automated systems. Our transaction testing did not rely on those controls; therefore, this was not a scope limitation.

The Fairfax County Internal Audit Office is free from organizational impairments to independence in our reporting as defined by generally accepted government auditing standards. We report directly and are accountable to the County Executive. Organizationally, we are outside the staff or line management function of the units that we audit. We report the results of our audits to the County Executive and the Board of Supervisors, and reports are available to the public.