Fairfax County Internal Audit Office

Department of Public Works & Environmental Services and Fairfax County Park Authority
Review of Architect & Engineer Contract Savings

Final Report

December 2011

"promoting efficient & effective local government"

Executive Summary

The Internal Audit Office has provided assistance to the Department of Public Works and Environmental Services (DPWES) and the Fairfax County Park Authority (FCPA) over the years in assessing proposed overhead rates for architect and engineer (A&E) contracts. These reviews often result in recommended rate reductions which generate cost savings for the county. Our audit of DPWES and the FCPA compliance and use of the indirect rates recommended by the Internal Audit Office revealed that both agencies are complying with our recommendations in negotiating and using lower indirect cost rates in consultant contracts. By using the lower rates reviewed by the Internal Audit Office instead of the higher rates proposed by the A&E firms the county will save an estimated $1.67 million. This savings will be achieved over the period of the various contracts' performance for the three years' A&Es reviewed. Our examination resulted in no reportable findings.

Scope and Objectives

The scope of our audit included indirect rates recommended to DPWES and FCPA during the period of July 2008 through July 2011. Internal Audit issued 55 indirect rate recommendations and DPWES contracted with 48 of the consultants, while the FCPA has awarded two A&E contracts and is in various stages of contract administration on the remaining five contracts. Our review focused on ensuring that DPWES and FCPA have utilized the rate reductions to achieve recommended savings. This audit was performed in accordance with generally accepted government auditing standards.

Methodology

We reviewed 30 consultant contracts in DPWES and seven A&E contracts in FCPA or 67% of the recommended rates. We examined consultant files maintained by DPWES and the FCPA. 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 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 the county executive and the Board of Supervisors, and reports are available to the public.