



September 25, 2024

To: Finance and Administration Committee

From: Darrell E. Johnson, Chief Executive Officer

Janet Sutter, Executive Director,
Internal Audit Department

Subject: Agreement No. C-4-1816 with Woodruff & Smart for Legal Services, Internal Audit Report No. 25-503

Overview

The Internal Audit Department of the Orange County Transportation Authority has completed an audit of Agreement No. C-4-1816 with Woodruff & Smart for legal services. Based on the audit, Woodruff & Smart complies with the terms of the agreement and invoice review controls are generally adequate; however, one recommendation was made to enhance controls to include verification that pre-approval of legal subcontractors is obtained.

Recommendation

Direct staff to implement one recommendation provided in Agreement No. C-4-1816 with Woodruff & Smart for Legal Services, Internal Audit Report No. 25-503.

Background

The Orange County Transportation Authority (OCTA) contracts with Woodruff & Smart (WS) under Agreement No. C-4-1816 (agreement) to provide general counsel and legal defense assistance on an as-requested basis. WS provides general counsel services for OCTA, its discrete legal entities, and the Los Angeles-San Diego-San Luis Obispo Rail Corridor Agency (LOSSAN). Areas of practice include transportation law, public law, administrative law, environmental and land-use law, employment/labor law, tort and employment law, and general government procedures.

On a monthly basis, WS prepares invoices that include detailed supporting documentation for hourly charges, subcontractor costs, and expenses incurred in the course of providing legal services. General counsel invoices, litigation invoices, and LOSSAN invoices are reviewed by OCTA's Chief Financial Officer, OCTA's Director of Risk Management, and the LOSSAN Managing Director, respectively.

Discussion

Invoice review controls should be enhanced to include verification that pre-approval for legal subcontractors is obtained as required by the agreement. The agreement requires pre-approval of legal subcontractors from OCTA's Board of Directors or OCTA's Chief Executive Officer. Internal Audit identified a couple of legal subcontractors for which pre-approval letters were not on file and invoice review procedures do not currently include verification of pre-approval. A recommendation was made to enhance invoice review procedures to include verification of pre-approval of legal subcontractors. Management agreed and indicated that this procedure will be implemented.

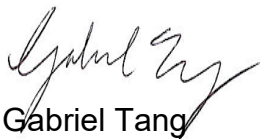
Summary

Internal Audit has completed an audit of Agreement No. C-4-1816 with Woodruff & Smart for legal services, and has offered one recommendation, which management has agreed to implement.

Attachment

- A. Agreement No. C-4-1816 with Woodruff & Smart for Legal Services, Internal Audit Report No. 25-503

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Approved by:



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