

Audit Follow-Up

As of September 30, 2008



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Audit of the Purchasing Section of the Procurement Services Division

(Report #0725 issued August 7, 2007)

Report #0909

February 16, 2009

Summary

In audit report #0725, on the Purchasing Section of Procurement Services, we identified issues for improvement; in response, management developed 22 action plan steps to address those issues. The issues identified in the audit broadly related to:

- The completion and issuance of procedures for the purchasing of goods and services,
- The development and implementation of departmental procedures to be followed throughout the procurement process,
- The improvement of procurement related training opportunities for City employees,
- The improvement of the perception of customer service provided by Procurement Services,
- The improvement of the document retention practices of Procurement Services,
- The improvement of the City's oversight of large sole source acquisitions, and
- The development of mechanisms for the customers of Procurement Services to provide feedback.

This is our second follow-up on the actions taken by Procurement Services in response to the audit action plan. The first follow-up was for actions taken as of March 31, 2008, and in that follow-up we noted that Procurement Services had completed five action plan steps. During this six-month follow-up period there were 16 action plan steps due, eight were completed, five were completed in a prior period, and three were adjusted to be completed at a later date in a prior follow-up period.

Scope, Objectives, and Methodology

The scope of this follow-up includes reviewing the activities of the Procurement Services related to the action plan developed as part of the audit of the

Purchasing Section of Procurement Services. We conducted the original audit and this subsequent follow-up audit in accordance with the International Standards for the Professional Practice of Internal Auditing and Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Original Report #0725

The objectives of the audit were to (1) review and identify improvements that could be made to the City's procurement policy and purchasing procedures; (2) determine user satisfaction with the services provided by Procurement Services and identify any areas of the purchasing process that users believe are in need of improvement; and (3) determine compliance with existing applicable policies and procedures during the purchasing process.

Report #0909

This is our second follow-up on action plan steps identified in audit report #0725. The purpose of this follow-up is to report on the progress and status in completing the action plan steps due for completion as of September 30, 2008. To obtain information we reviewed relevant documentation, interviewed key staff, made observations, and performed limited testing.

Previous Conditions and Current Status

In report #0725, we identified issues that, if addressed, would improve the Purchasing Section of Procurement Services Division.

Issues identified included: (1) the procurement procedures (i.e., the Procurement Manual) had not been completed nor approved and there were two different versions of the draft procedures being distributed for employee use; (2) departmental procedures for the purchasing agents had not been developed; (3) the need to increase procurement related training opportunities for City employees; (4) improvements could be made to address the perception of customer service provided by Procurement

Services; (5) retention practices for documentation supporting the contracting process were not standardized; (6) procurement agents were not always involved in large sole source acquisitions; and (7) there was no established mechanism for Procurement Services' customers to provide feedback.

Table 1 provides a summary of the action plan steps and their current status.

**Table 1
Action Plan Steps from Report #0725
Due as of September 30, 2008, and Current Status**

Action Plan Steps Due As of September 30, 2008	Current Status
Complete and issue the procurement procedures	
<ul style="list-style-type: none"> Focus group will be developed to assist in the development and revision of the Procurement Manual. 	<ul style="list-style-type: none"> ✓ Completed in a prior follow-up period.
<ul style="list-style-type: none"> Efforts will be made to include examples of forms, templates, and other documents referred to in the Procurement Manual whenever reasonably possible. 	<ul style="list-style-type: none"> ◆ Completion date was amended in the previous follow-up period to 12/31/08.
<ul style="list-style-type: none"> Procurement Services' Manager will conduct a review of the manual that is produced by the focus group. 	<ul style="list-style-type: none"> ◆ Completion date was amended in the previous follow-up period to 12/31/08.
Develop departmental procedures for Procurement Services' staff to follow throughout the procurement process	
<ul style="list-style-type: none"> Internal or departmental procedures will be developed. Those procedures will be designed and written for the governance of the internal operations of Procurement Services and not necessarily the overall procurement process. 	<ul style="list-style-type: none"> ✓ Internal procedures have been developed for procurement agents to follow in the course of their duties. The procedures address items such as, but not limited to, standard contract language, document retention procedures, the contract closeout process, and use of document templates.
Improve the procurement related training opportunities available to City employees	
<ul style="list-style-type: none"> The focus group assembled to assist in the development of the Procurement Manual will be asked to identify additional training courses that should be designed and conducted to meet the needs of City employees. 	<ul style="list-style-type: none"> ✓ Completed in a prior follow-up period.
Improve the perception of the customer service provided to the users of Procurement Services	
<ul style="list-style-type: none"> The importance of good customer service will be emphasized and communicated to the employees of Procurement Services. 	<ul style="list-style-type: none"> ✓ Completed in a prior follow-up period.
<ul style="list-style-type: none"> Procurement Services' staff will be encouraged to attend customer service training offered by Equity and Workforce Development when opportunities exist and workload allows. 	<ul style="list-style-type: none"> ✓ Completed in a prior follow-up period.
Improve the document retention and filing practices of Procurement Services	
<ul style="list-style-type: none"> The internal or departmental procedures will include standards for organization and document retention relating to the various procurement processes. 	<ul style="list-style-type: none"> ✓ As noted above, internal procedures have been developed. Our review of those procedures showed that they do address documentation requirements including retention and organization of documents supporting acquisition process.

<ul style="list-style-type: none"> • Managerial or supervisory review of procurement records will be conducted and documented for each acquisition. 	<ul style="list-style-type: none"> ✓ As part of the follow-up process we examined multiple bid/contract files and noted indication of supervisory review in all files.
<ul style="list-style-type: none"> • The City’s EDMS will be used to file and retain all documents relating to the contracting process. 	<ul style="list-style-type: none"> ✓ We noted that Procurement Services had begun the use of the City’s EDMS for retention of purchasing/contracting process documentation. We reviewed several contracts/bids and noted that the documents were indexed by the bid numbers and by the contract numbers.
<p>Improve the City’s oversight of large sole source acquisition process</p>	
<ul style="list-style-type: none"> • Department directors and key City employees will be notified of the change in City business practices relating to Procurement Services’ increased involvement in large sole source acquisitions. 	<ul style="list-style-type: none"> ✓ Completed in a prior follow-up period.
<ul style="list-style-type: none"> • Procurement agents will be involved in the sole source acquisition process in an oversight and consulting role. 	<ul style="list-style-type: none"> ✓ This action plan step was due to be completed in the prior follow-up period. However, no large sole source purchases were made that would have needed Procurement Services involvement. Therefore, this action plan step was followed up on in this follow-up period. During this 6 month follow-up period there was one large sole source acquisition and Procurement Services was involved and assisted the applicable department in verifying that it was appropriate and obtaining City Commission approval for the purchase.
<ul style="list-style-type: none"> • Documentation supporting sole source acquisitions will be provided to Procurement Services to ensure such acquisitions are adequately documented, controlled, and are valid sole source acquisitions. 	<ul style="list-style-type: none"> ✓ As noted above Procurement Services was involved in a large sole source acquisition and assisted in ensuring proper supporting documentation was generated and that the purchase was appropriately classified as sole source.
<ul style="list-style-type: none"> • The requirement that Procurement Services be consulted with, and involved in, sole source acquisitions will be included in the Procurement Manual. 	<ul style="list-style-type: none"> ◆ Completion date was amended in the previous follow-up period to 12/31/08.
<p>Provide the customers of Procurement Services a mechanism to communicate their satisfaction with Procurement Services and an opportunity to make suggestions for continuous process improvement</p>	
<ul style="list-style-type: none"> • A process will be developed whereby individuals that acquire goods and services on behalf of the City are able to provide feedback (on an ongoing basis) to Procurement Services. 	<ul style="list-style-type: none"> ✓ A customer questionnaire has been developed to allow customers to provide feedback to Procurement Services. However, the survey has not been utilized yet. This step will be followed up on in the next follow-up period in order to determine if the survey is being utilized.
<ul style="list-style-type: none"> • A customer survey form will be developed for individuals involved in the procurement of goods and services through the bid/RFP process to provide comments and suggestions at the end of the acquisition process. 	<ul style="list-style-type: none"> ✓ A questionnaire has been developed and made available for customers to use.

Table Legend

- Action plan step identified in the original audit
- ◆ Amended completion date
- ✓ Addressed and resolved

Conclusion

As described in detail in Table 1, of the 16 action plan steps due this period, eight were completed, five were completed in a prior period, and three were adjusted to be completed at a later date in a prior follow-up period.

Based on the work performed to date, we believe that a continuation of the efforts begun by Procurement Services should allow the action plan steps that are currently identified as in progress to be completed before the end of the next follow-up reporting period, March 31, 2009.

We would like to acknowledge and note our appreciation of the full cooperation provided during this audit follow-up by the staff of Procurement Services.

Appointed Official's Response**City Manager:**

I am pleased to see the progress made by Procurement Services in completing 13 of the 16 action plan items, as indicated in the recent follow-up audit of the Purchasing Section. All remaining action plan items should be completed by the next follow-up reporting period as previously indicated. I appreciate the hard work by the City Auditor's Office and the Procurement Services staff related to this follow-up audit report.

Copies of this audit follow-up or audit report #0725 may be obtained from the City Auditor's website (<http://talgov.com/auditing/index.cfm>) or via request by telephone (850 / 891-8397), by FAX (850 / 891-0912), by mail or in person (Office of the City Auditor, 300 S. Adams Street, Mail Box A-22, Tallahassee, FL 32301-1731), or by e-mail (auditors@talgov.com).

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