

Audit

Follow-Up

As of March 31, 2008



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Audit of the Purchasing Section of the Procurement Services Division

(Report #0725 issued August 7, 2007)

Report #0819

September 10, 2008

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 we identified 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 first follow-up on the actions taken by Procurement Services in response to the audit. As of March 31, 2008, there were 16 action plan steps due to have been completed.

Our review of the 16 action plan steps due this follow-up period showed 5 steps were completed, 8 were partially completed and considered in progress, and 3 were adjusted to be completed at a later date.

Overall, during our review of the action plan steps due this period, we noted that Procurement Services is making progress in addressing the issues identified in our initial audit. For some action plan steps due, Procurement Services did not begin corrective actions until near the end of the review period.

A continuation of efforts 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, September 30, 2008.

Scope, Objectives, and Methodology

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 #0819

This is our first 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 March 31, 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 March 31, 2008, and Current Status**

Action Plan Steps Due As of March 31, 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"> ✓ A focus group was developed and the members were requested to assist in the revision/review of the City's purchasing procedures.
<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. 	<p>Procurement Services initially identified the completion date for this action plan as 12/31/07. However, their intention was for the step to be completed by 12/31/08. As such, we have adjusted the completion date accordingly. Based on the adjustment of the completion date, this step is not yet due. In the course of our follow-up we noted that progress has been made toward the completion of the revision of the Procurement Manual. When that revision is complete we will review the manual for the inclusion of examples of forms, templates, and other documents referred to in the Procurement Manual.</p>
<ul style="list-style-type: none"> Procurement Services' Manager will conduct a review of the manual that is produced by the focus group. 	<p>Procurement Services initially identified the completion date for this action plan as 12/31/07. However, their intention was for the step to be completed by 12/31/08. As such, we have adjusted the completion date accordingly.</p>
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"> ◆ Some procedures have been developed for procurement agents to follow in the course of their duties. Currently, there are procedures relating to preparing documents for scanning into the City's electronic document management system (EDMS). However, as of the writing of this report procedures have not yet been developed/finalized for other aspects of the procurement agent's duties. As such, this step will be considered in progress and followed up on in the next follow-up period.

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"> ✓ A request was sent to the members of the focus group asking for feedback on training needs of City employees.
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"> ✓ A memo was prepared and distributed to Procurement Services' staff emphasizing the importance of good customer service.
<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"> ✓ All Procurement Services staff attended customer service training provided by Equity and Workforce Development.
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"> ◆ We have been informed that internal procedures relating to what documents should be created to support various types of acquisitions, how they should be organized, and how soon after the completion of the contracting process will they be required to be included in the EDMS have been developed. They were provided to us subsequent to the completion of our fieldwork and will be followed up on in the next follow-up period.
<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"> ◆ We reviewed several contract files and noted instances where supervisory review was documented. However, we also noted instances where there was no documentation supporting a managerial review. As such, this step will be considered in progress and followed up on in the next follow-up period.
<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 were noted that Procurement Services had begun the use of the City's EDMS for document retention of purchasing/contracting process documentation. We reviewed several contracts/bids and noted that the documents were generally indexed by the bid numbers only and not by the contract numbers. Based on the work completed to date, we will consider this step in progress and review the process again in the next follow-up period to determine if the indexing of documentation includes contract numbers.
Improve the City's oversight of large sole source acquisition process.	
<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"> ✓ An e-mail was sent to all supervisory personnel in the City informing them of the need for Procurement Services to become more involved in sole source acquisitions, and asking that sole source justification forms be sent to Procurement Services prior to submitting agenda items relating to those purchases for City Commission approval.
<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"> ◆ To date there have not been any instances where purchasing agent involvement was needed in a large sole source acquisition. This action plan step will be followed up on in the next follow-up period.

<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"> ♦ To date there have not been any instances where purchasing agent involvement was needed in a large sole source acquisition. This action plan step will be followed up on in the next follow-up period.
<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. 	<p>Procurement Services initially identified the completion date for this action plan as 12/31/07. However, their intention was for the step to be completed by 12/31/08. As such, we have adjusted the completion date accordingly.</p>
<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 brief survey 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; however, the questionnaire has not yet been made available for customers to use. This step will be followed up on in the next follow-up period in order to determine if the questionnaire is being utilized.

Table Legend

- Action plan step identified in the original audit
- ✓ Addressed and resolved
- ♦ In progress but not yet resolved

Conclusion

As described in detail in Table 1, of the 16 action plan steps due this period, 5 were completed, 8 were partially completed and considered in progress, and 3 were adjusted to be completed at a later date.

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, September 30, 2008.

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:

The action plans developed as a result of the initial audit help to ensure that adequate procedures and feedback mechanisms are in place to increase the effectiveness of the purchasing unit. Procurement Services has been working with appropriate City staff to address all concerns indicated in the audit report. In addition, all action items currently in progress are on track to be completed by the next scheduled follow-up. I would like to thank the City Auditor's Office and DMA/Procurement Services staff for their efforts to continuously improve our processes.

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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