

Final Audit Follow-Up

As of September 30, 2009



Sam M. McCall, CPA, CGFM, CIA, CGAP
City Auditor

Audit of the Purchasing Section of the Procurement Services Division

(Report #0725 issued August 7, 2007)

Report #1006

January 7, 2010

Summary

Procurement Services completed 100% of the action plan steps developed as part of the audit of the Purchasing Section of Procurement Services. In that audit, we identified several issues for which improvements could be made; in response, management developed 22 action plan steps to address those issues. The issues identified in the audit broadly related to:

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

This is our third and final follow-up on the actions taken by Procurement Services to complete the audit action plan. The first follow-up was for action taken prior to March 31, 2008, and in that period Procurement Services completed five action plan steps. The second follow-up period ended September 30, 2008, and in that follow-up

period Procurement Services completed an additional eight action plan steps. In this final follow-up period, Procurement Services completed the remaining nine action plan steps. In total, all 22 action plan steps developed by management were completed.

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 #1006

This is our third and final 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 all action plan steps identified in the audit. 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 Purchasing 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 all 22 action plan steps and their current status.

**Table 1
Action Plan Steps from Report #0725
Due as of September 30, 2009, and Current Status**

Action Plan Steps Due As of September 30, 2009	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 Purchasing Manual. 	<ul style="list-style-type: none"> ✓ Completed and reported on as part of the 3/31/08 follow-up.
<ul style="list-style-type: none"> Efforts will be made to include examples of forms, templates, and other documents referred to in the Purchasing Manual whenever reasonably possible. 	<ul style="list-style-type: none"> ✓ The Purchasing Manual is now in electronic format. This has allowed Procurement Services to include direct links to forms and templates that are relevant to the applicable section of the manual.
<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"> ✓ The Procurement Services manager reviewed and made changes, as applicable, to the Purchasing Manual.
<ul style="list-style-type: none"> A final draft of the Purchasing Manual will be distributed to Procurement Services’ customers to allow those users an opportunity to provide feedback on the manual and make suggestions as to possible improvements. 	<ul style="list-style-type: none"> ✓ An e-mail with an electronic copy of the Purchasing Manual was sent to all PeopleSoft FMS users for review and comment prior to the manual’s finalization.
<ul style="list-style-type: none"> After the draft exposure period, the manual will be submitted for approval as the City’s procurement procedures. 	<ul style="list-style-type: none"> ✓ The manual was approved as the City’s procurement procedures.
<ul style="list-style-type: none"> Once approval for the manual is obtained it will be made available to all City employees. 	<ul style="list-style-type: none"> ✓ The Purchasing Manual has been made available to all City employees in electronic format. It is also available for download from Citynet to allow employees to have a hard copy and share with employees that may not have easy access to a City computer.
<ul style="list-style-type: none"> The manual will be published on the Procurement Services’ intranet website, and all previous drafts will be removed. 	<ul style="list-style-type: none"> ✓ The manual has been made available to City employees through the Procurement Services’ Citynet intranet web site.

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"> ✓ Completed and reported on as part of the 9/30/08 follow-up.
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 Purchasing 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 and reported on as part of the 3/31/08 follow-up.
<ul style="list-style-type: none"> New training courses will be developed, based on the needs identified by the focus group, as applicable. 	<ul style="list-style-type: none"> ✓ The focus group did not identify any training topics that were not already addressed by existing training sessions offered by Procurement Services.
<ul style="list-style-type: none"> A monthly training calendar will be developed and distributed to employees in the FMS users group. 	<ul style="list-style-type: none"> ✓ Procurement Services has set up a regular training calendar that includes regular (monthly) training on both requisitions and P-Cards.
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 and reported on as part of the 3/31/08 follow-up.
<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 and reported on as part of the 3/31/08 follow-up.
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"> ✓ Completed and reported on as part of the 9/30/08 follow-up.
<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"> ✓ Completed and reported on as part of the 9/30/08 follow-up.
<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"> ✓ Completed and reported on as part of the 9/30/08 follow-up.
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"> ✓ Completed and reported on as part of the 3/31/08 follow-up.
<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 revisited in this follow-up period. During this follow-up period there was one large sole source acquisition and Procurement Services was involved and assisted the applicable department in verifying that sole source designation 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"> ✓ Completed and reported on as part of the 9/30/08 follow-up.
<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 Purchasing 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"> ✓ Completed and reported on as part of the 9/30/08 follow-up.
<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"> ✓ Completed and reported on as part of the 9/30/08 follow-up.

Table Legend

- Action plan step identified in the original audit

- ✓ Addressed and resolved

Conclusion

As described in detail in Table 1, all 22 action plan steps associated with the audit of the Purchasing Section of Procurement Services (report #0725) have been completed. Five action plan steps were completed in the March 31, 2008 follow-up period, eight were completed in the September 30, 2008 follow-up period, and the remaining nine were completed in this follow-up period.

We would like to commend Procurement Services for their work in completing the action plan steps identified in audit report #0725. We would also like to acknowledge the large amount of work that was provided by volunteers who participated in the focus group and assisted in revising the Purchasing Manual.

Appointed Official's Response

City Manager:

I would like to thank Procurement Services and the City Auditor's staff for working on this audit. I am pleased to see that all action plan steps have been satisfactorily completed. The implemented changes will continue to ensure that the City's Procurement Services Division operates in an effective and efficient manner and that the organization is aware of procurement policies and procedures.

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

Audit Follow Up conducted by:
 Dennis Sutton, CPA, CIA, Senior IT Auditor
 Sam M. McCall, CPA, CGFM, CIA, CGAP, City Auditor