

**PURCHASING
PROFESSIONAL SERVICES
AUDIT 18-09
APRIL 17, 2018**



CITY OF TAMPA

Bob Buckhorn, Mayor

Internal Audit Department

Christine Glover, Internal Audit Director

April 17, 2018

Honorable Bob Buckhorn
Mayor, City of Tampa
1 City Hall Plaza
Tampa, Florida

RE: Purchasing Professional Services, Audit 18-09

Dear Mayor Buckhorn:

Attached is the Internal Audit Department's report on Purchasing Professional Services.

We thank the management and staff of Purchasing for their cooperation and assistance during this audit.

Sincerely,

/s/ Christine Glover
Christine Glover
Internal Audit Director

cc: Dennis Rogero, Chief of Staff
Sonya Little, Chief Financial Officer
Ernest Mueller, Chief Assistant City Attorney
Gregory Spearman, Director of Purchasing
Kevin Frye, Procurement Manager

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/s/ Kat Estelle

Auditor

/s/ Christine Glover

Audit Director

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BACKGROUND

The City of Tampa (City) Purchasing Department facilitates the acquisition of goods and services through the application of innovative methods, by adhering to ethical and legal principles, and assuring fair and equal opportunity to all qualified vendors interested in participating in the City's competitive process. To standardize bid requirements and reach a larger audience, the City posts documents and public notices in DemandStar, a program accessed by vendors through the internet.

Purchasing is responsible for all aspects of the City's centralized procurement processes. In order to accomplish this, Section 2-276 of the City's Ordinances establishes the Director of the Purchasing Department to be bound and governed by the competitive bidding procedures contained in the Purchasing Procedures Manual (Manual), as amended and on file in the Office of the City Clerk. This manual explains how Certified Procurement Analysts, referred to as Buyers, assist City departments with bid specifications, scopes of services, and with facilitating the Requests for Proposals (RFP) for professional services and contract award processes.

STATEMENT OF OBJECTIVES

This audit was conducted in accordance with the Internal Audit Department's FY2018 Audit Agenda. The objectives of this audit were to ensure:

1. The system of internal controls related to processing RFP documentation is adequate.
2. RFP documentation is maintained in compliance with established procedures.

STATEMENT OF SCOPE

The audit period covered RFP activity that occurred from October 2016 through November 2017. Tests were performed to determine whether Purchasing personnel were fulfilling their duties and responsibilities in an efficient and effective manner. Original records as well as copies were used as evidence and verified through observation and physical examination.

STATEMENT OF METHODOLOGY

To accomplish the stated objectives the following procedures were performed:

- Reviewed policies and procedures, applicable laws, codes, regulations and ordinances.
- Conducted interviews, attended meetings, and performed walk-throughs to determine whether adequate internal controls were established.
- Evaluated the effectiveness of controls through observation of RFP processes performed by Purchasing staff.
- Reviewed processes and records to evaluate the review and monitoring efforts, including the milestones tracked through RFP documentation completion.
- Reviewed the DemandStar website to ensure posted RFP documents and public notices agreed with documentation maintained in Purchasing's RFP files and bid tracking log.
- Verified Purchasing users of DemandStar were set up based on their job responsibilities.

A judgmental sample of professional services RFPs was selected for review. An internal spreadsheet maintained by the Purchasing Department was used to obtain the sample. This data was not evaluated for reliability.

STATEMENT OF AUDITING STANDARDS

We conducted this performance audit in accordance with 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.

NOTEWORTHY ACCOMPLISHMENT

For the eleventh year in a row (2007-2017), the Purchasing Department was awarded the National Purchasing Institute's (NPI) Achievement of Excellence in Procurement. NPI is made up of professional purchasing personnel from across the country dedicated to the development of efficient purchasing methods and practices in the areas of governmental, educational, and institutional procurement.

AUDIT CONCLUSIONS

Based upon the test work performed and audit finding noted below, we conclude that:

1. The system of internal controls related to processing RFP documentation is adequate.
2. RFP files include documentation inconsistent with the approved Purchasing Manual.

POLICIES AND PROCEDURES

STATEMENT OF CONDITION: The Manual has established policies and procedures that require the performance of specific tasks followed by staff, and include examples of forms used in the RFP process. Discussion with Purchasing management and RFP documentation reviewed for compliance with the Manual and City Ordinances indicate forms are different than what are documented in the approved Manual. References made in the Manual include old, phased-out City systems and does not include references to City Ordinances approved since the Manual's last revision. Also, checklists and forms maintained in the RFP files are not completed in a consistent manner.

CRITERIA: City Ordinance Chapter 2, Section 2-46 requires departments "to create and maintain all records with adequate and proper documentation of the organization, together with the functions, policies, decisions, procedures, and essential transactions of the department." Procedures that are described correctly help ensure uniformity and consistency in decision-making and staff completion of tasks throughout the RFP process.

CAUSE: Purchasing's webpage indicates the Manual was last revised on 4/29/13, and institutional knowledge passed down to staff as on-the-job training has not been incorporated into the Manual to bring it current with actual operations practice, leading to inconsistent completion of checklists and forms.

EFFECT OF CONDITION: Outdated procedures could result in a lack of consistency in how work is carried out or with established policy because staff may not fully understand what is expected of them making it difficult to hold them accountable for their actions. In the event of turnover, knowledge of proper policies and procedures is not retained.

RECOMMENDATION: Management should update their procedures manual to reflect the correct methods in which processes and procedures are accomplished, and provide refresher training for its staff to ensure that procedures are followed and forms used are consistent with current operations.

MANAGEMENT RESPONSE: The Purchasing Department agrees with this recommendation and a revision of the Purchasing Department Policies and Procedures Manual is currently underway with an estimated completion date of August 2018 for City Council approval. This revision will include updated policies that reference current systems and reports related to the City's conversion to Oracle EBS from ADPICS/FAMIS and other recently updated forms/procedures. In addition, as part of the Bid/RFP project close-out procedure, the Buyers and PSA Teams will be required to review the solicitation folder and associated paperwork to ensure the consistent completion of all documents.

TARGET IMPLEMENTATION DATE: August 2018