

**PURCHASING DEPARTMENT
PURCHASING LEGAL COMPLIANCE
AUDIT 22-10
JUNE 20, 2022**



City of Tampa

Jane Castor, Mayor

Internal Audit Department

315 E. Kennedy Boulevard
Tampa, Florida 33602
Office (813) 274-7159

June 20, 2022

Honorable Jane Castor
Mayor, City of Tampa
1 City Hall Plaza
Tampa, Florida

RE: Purchasing Legal Compliance, Audit 22-10

Dear Mayor Castor:

Attached is the Internal Audit Department's report on Purchasing Legal Compliance, Audit 22-10.

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

Sincerely,

/s/ Christine Glover

Christine Glover
Internal Audit Director

cc: John Bennett, Chief of Staff
Gina Grimes, City Attorney
Gregory Spearman, Purchasing Director
Kevin Frye, Procurement Manager
Deanna Faggart, Purchasing Systems Manager
Carl Brody, Assistant City Attorney

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/s/ Echiemeze Ofili

Senior Auditor

/s/ Christine Glover

Audit Director

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BACKGROUND

The City of Tampa's (City) Purchasing Department (Purchasing) facilitates the acquisition of goods and services for all City departments (Departments). Section 2-276 of the City's ordinances identifies the requirements of Purchasing for obtaining goods and services. All contracts, including related awards and purchases for goods and non-professional, professional, technical, and highly specialized services are the responsibility of Purchasing. Purchasing has full authority to review, question, and evaluate the quality, quantity, and rationale for City procurements.

The Director of Purchasing (Director) acts as the representative of the Mayor in all matters pertaining to purchasing performed by the City. The Director has the authority to make awards up to the existing legal limits. Also, the Director may authorize purchases of standardized equipment/products and Departments must justify the brand being requested in writing to Purchasing. All contracts regardless of dollar amount require legal review and approval, must be approved by City Council Resolution; and must be executed by the Mayor.

Purchasing also works in conjunction with the Equal Business Opportunity Office (EBO) to facilitate Small Local Business Enterprise (SLBE) and Women/Minority Owned Business (W/MBE) participation in the following City procurement programs:

- SLBE "Sheltered" Market Solicitations: If there are at least three SLBE firms identified that can provide the goods/services required, the solicitation can be "sheltered" to only allow City-certified SLBE firms to provide a bid/quote.
- SLBE Goal Setting: For solicitations that are not identified as "sheltering" opportunities, EBO reviews the solicitation for potential SLBE subcontracting utilization goals. These goals are established as a requirement to the prime contractor to utilize City certified SLBE firms in performing a designated amount of the duties of the contract/award.
- W/MBE participation in the bid/quotes is encouraged in Purchasing solicitation advertising and publications. In previous years a similar goal setting program for W/MBE was utilized to increase participation by W/MBE firms.

STATEMENT OF OBJECTIVES

This audit was conducted in accordance with the Internal Audit Department's FY 2022 Audit Agenda. The objectives of this audit were to ensure that:

1. The system of internal controls related to Purchasing legal compliance is adequate.
2. Contracts and agreements obligating the City's funds and resources comply with legal review and approval requirements.
3. Purchasing is complying with the City's W/MBE's and SLBE's business utilization requirements.
4. A committee has been established to accomplish the intentions of Chapter 26.5 of the City code of ordinance for W/MBEs and, SLBEs.

STATEMENT OF SCOPE

The audit period covered purchasing activity that occurred from October 1, 2020, to September 30, 2021. Tests were performed to determine whether Purchasing is complying with legal requirements, City codes and ordinances, and fulfilling their duties and responsibilities in an efficient and effective manner. Data tested was generated by Purchasing through DemandStar that has been previously deemed reliable. Original records as well as copies were used as evidence and verified through observation and physical examination.

STATEMENT OF METHODOLOGY

To accomplish the objectives of this audit, we performed the following:

- Identified and reviewed policies and procedures, applicable laws, codes, regulations, and ordinances.
- Reviewed documentation from Purchasing and EBO to determine whether contracts and agreements obligating City's funds and resources comply with legal and approval requirements.
- Reviewed solicitation documentation to determine if they were being sent to EBO for evaluation of minority business utilization.
- Reviewed City records to ascertain required committees have been established to accomplish the intentions of Chapter 26.5 of the City code of ordinances for W/MBEs and SLBEs.
- Ascertained that while Purchasing does use performance metrics none are related to legal compliance and thus are outside the scope of this audit.

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 ACCOMPLISHMENTS

For two years in a row (2020-2021), Purchasing has received the Annual Achievement of Excellence in Procurement (AEP) award from the National Procurement Institute, Inc. (NPI). The AEP award is earned by public and non-profit agencies that demonstrate a commitment to procurement excellence. NPI is an association 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 the audit findings noted below, we conclude that:

1. The system of internal controls related to Purchasing legal compliance is adequate. However, Purchasing continues to have outdated, documented policies and procedures that do not reflect current processes being followed by the department.
2. Contracts and agreements obligating the City's funds and resources comply with legal review and approval requirements.
3. Purchasing is complying with the City's W/MBE's and SLBE's business utilization requirements.
4. A committee has been established to accomplish the intentions of Chapter 26.5 of the City code of ordinance for W/MBEs and SLBEs.

DOCUMENTED POLICIES AND PROCEDURES

STATEMENT OF CONDITION: Purchasing continues to have outdated, documented policies and procedures. These policies and procedures do not reflect current processes being followed by Purchasing. This deficiency was previously identified in audit 18-09 Purchasing Professional Services. Discussions with personnel noted that a revised draft continues to be pending review by the City of Tampa's Legal Department.

CRITERIA: Tampa 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." Formalized policies and procedures ensure staff is operating from an official document, enable consistent task performance, and reduce the risk of errors."

CAUSE: A revised, documented policy and procedures draft is currently pending review by Legal.

EFFECT OF CONDITION: The absence of formal, documented policy and procedures can result in inconsistency in the performance of job duties and tasks and increases the risk of errors. In the event of turnover, knowledge of proper processes may not be retained.

RECOMMENDATION: We recommend that Purchasing coordinates with Legal to fast-track completion of the draft policies and procedures manual that is currently pending review.

PURCHASING MANAGEMENT RESPONSE: Purchasing agrees with Internal Audit's recommendation. We are unable to provide a timeline when Legal will be able to complete its Purchasing Policy review. Legal has assured Purchasing that their review is in their workload.

TARGET IMPLEMENTATION DATE: The estimated date of implementation is nine months following city council approval of the revised purchasing policies and procedures.

LEGAL DEPARTMENT MANAGEMENT RESPONSE: Legal has assigned personnel to fast-track this audit recommendation.

TARGET COMPLETION DATE: The completion of revisions to purchasing policies and procedures is estimated to be nine months.