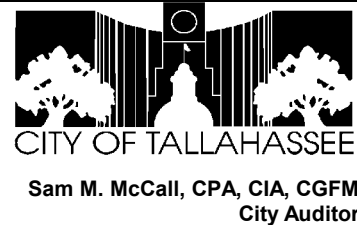


Final Audit Follow Up

As of September 30, 2000



“Review of the Process for Acquiring Annual Price Agreement for Miscellaneous Gas Meters and Equipment”

(Report #9851, Issued August 6, 1998)

Report #0108

January 18, 2001

Summary

This is the final follow up on the Review of the Process for Acquiring Annual Price Agreement for Miscellaneous Gas Meters and Equipment (#9851). While most of the findings have been addressed and resolved, there are two outstanding issues remaining. Both issues pertain to the review and clarification of the City’s Minority Business Enterprise (MBE) Policy.

In report #9851, we identified areas where improvements needed to be made to the process for identifying, competitively selecting, and contracting with vendors. During that review, we also noted that the wording in certain provisions of the City’s MBE policy was unclear and subject to multiple interpretations.

Except for reviewing and clarifying the MBE policy, our follow up showed that the planned action steps and tasks to remedy the identified issues have been taken. In regard to clarifying the MBE policy, the City entered into a contract with MGT of America on September 29, 2000, to complete a disparity study of the City’s MBE policy. The Department of Economic Development indicated that the MBE policy will be updated based on the findings of that study, and the language therein will be constructed in a manner as to eliminate any ambiguity or possible misinterpretation.

Scope, Objectives, and Methodology

Report #9851

The scope of report #9851 was limited to a review of the process used in soliciting bids for and recommending award of the City’s annual price agreement for miscellaneous gas meters and equipment. Our primary objectives were to:

- ✓ address a vendor inquiry,
- ✓ determine whether the Request for Bid (RFB) process ensured competitive acquisition of goods and services, and
- ✓ determine compliance with the RFB process.

In general, the audit identified opportunities for improvement in the process of identifying, competitively selecting, and contracting with vendors.

Report #0108

This report is the last follow up that will be performed on report #9851 and closes out that project. The purpose of this final follow up is to report on the progress and/or status of efforts to implement recommended action plan steps. In addition, this Final Audit Follow Up report formally transfers certain unresolved issues to the appropriate Appointed Official for follow up, review, and disposition. To verify and validate reported progress, we conducted interviews with key department staff and reviewed and examined supporting documentation.

Background

The City used the RFB process, a competitive procurement method, in selecting a vendor for the City’s annual price agreement for miscellaneous gas

meters and equipment. The RFB process involves several steps:

- Identifying potential vendors
- Publication and submission of the RFB
- Receipt and public opening of the responding bids
- Evaluation of the bids
- Determining if a re-bid (submitting another RFB) is necessary based on responses received (or not received)
- Recommending whether an award should be made and, if so, to which vendor
- Preparing an agenda item for the City Commission when their action is required to make an award
- Timely executing a contract when a vendor has been selected and approved

The completion of these steps is intended to ensure that goods and services are economically and efficiently acquired.

Previous Conditions and Current Status

In report #9851, we identified two areas where improvements to the City's acquisition process were needed, compliance with the established RFB process and clarification of the City's MBE policy. The current status of tasks due by department is as follows:

Tasks Due and Completed By Department			
Responsible Department	Total Tasks	Completed	Percent Completed
Management & Administration	6	6	100%
Economic Development	2	0	0%
Total	8	6	75%

The current status of conditions identified in our previous report are shown in Table 1, as follows:

Table 1
Conditions Identified in Report #9851 and Current Status

Previous Conditions	Current Status
Compliance with RFB process	
<ul style="list-style-type: none"> • Implement guidelines to ensure that the sufficiency and appropriateness of vendors selected to receive invitations for competitive bid or proposal have been reviewed and that such selection method is documented for each bid. 	<ul style="list-style-type: none"> ✓ Guidelines were issued that provided for the identification of potential vendors, updating of the vendor list, and documentation of the selection method used to develop and obtain the vendor list.
<ul style="list-style-type: none"> • Incorporate a step in the bid and proposal process to verify and document public notice (publication) of bids or proposals. 	<ul style="list-style-type: none"> ✓ Guidelines were issued that provided for the advertisement of bids/proposals using available publications, and the documentation of the advertisements in the bid/proposal files.
<ul style="list-style-type: none"> • Establish a process to be followed in analyzing bid or proposal responses that evaluates and documents both cost and the benefits to the City of awarding such bid or proposal. 	<ul style="list-style-type: none"> ✓ Guidelines were issued that provided for a cost/benefit analysis on all price agreements prior to the award, and consideration of those analyses prior to recommending an award.
<ul style="list-style-type: none"> • Include a review of the quality and accuracy of documents produced by the purchasing agent within the current supervisory review, and establish a process to verify and ensure the accuracy of items submitted to the City Commission for approval. 	<ul style="list-style-type: none"> ✓ Guidelines were issued that provided for reviews by all applicable supervisory levels of award recommendations, and the thorough review of purchase recommendations and related proposed agenda items required to be submitted to the City Commission for approval.
<ul style="list-style-type: none"> • Establish and monitor a standard turnaround time for contract execution upon award of a contract. 	<ul style="list-style-type: none"> ✓ Guidelines were issued that provided for the timely forwarding of award and contract information to the Office of the City Treasurer-Clerk, and notification to Purchasing of any circumstances that may preclude such timely notification.

<ul style="list-style-type: none"> • Develop a standard format (boiler plate) contract to ensure that in future annual price agreements consideration is given to a provision allowing the City the option of canceling the contract at any time after giving sufficient notice. 	<ul style="list-style-type: none"> ✓ During the contract re-engineering process, interim guidance was issued that instructed applicable staff to ensure that contracts have a provision allowing the City the option of canceling the contract for good cause at any time after giving sufficient notice.
MBE Policy	
<ul style="list-style-type: none"> • Review the MBE policy and submit recommended changes to the MBE Advisory Board for consideration. 	<ul style="list-style-type: none"> ✗ The City entered into a contract with a consultant on September 29, 2000, to complete a disparity study to evaluate and update the City's MBE policy. The Department of Economic Development indicated that the language in the resulting updated MBE policy would be constructed in such a manner as to eliminate possible misinterpretations.
<ul style="list-style-type: none"> • Submit MBE Advisory Board recommendations to the City Commission for consideration. 	<ul style="list-style-type: none"> ✗ This issue is still in the process of being completed. See status noted in the above issue.

Table Legend:

- Issue addressed in the original audit
- ⇒ Issue sub-components

- ✓ Issue addressed and resolved
- ✗ Issue not resolved

Significant Outstanding Issues

As this audit follow up period closes, the City's MBE policy has not yet been revised. However, the Department of Economic Development has commenced a disparity study for the purposes of evaluating and updating the City's MBE policy. Department staff indicates that language in the resulting updated MBE policy will be constructed to eliminate any ambiguity and possible misinterpretations.

We appreciate the assistance and cooperation of the Department of Management and Administration and the Department of Economic Development in this follow up report.

Appointed Official Response

City Manager Response:

We concur with the conclusions in the audit follow-up. The final two tasks will be finished when the disparity study is completed. We appreciate the assistance of the Audit Department in addressing this issue.

Copies of this Final Audit Follow Up or the original audit report #9851 may be obtained 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 (dooleym@mail.ci.tlh.fl.us).

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