

**FOLLOW-UP OF
BID SPECIFICATION REQUIREMENTS
FOR SOLICITATIONS**

November 2018

Original audit report issued January 2018



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EXECUTIVE SUMMARY

As part of the Annual Audit Plan, the Clerk of Circuit Court and County Comptroller's *Internal Audit Department and Office of the Inspector General* conducted an independent follow-up audit of Bid Specification Requirements for Solicitations. The purpose of the audit was to evaluate the steps taken to address the observations reported in the original audit report.

The original audit detected issues of non-compliance with the guidelines found in the Procurement Manual and Standard Operating Procedures (SOP's). Since the original audit, the Procurement Division, a division within the Office of Financial Management, has made modifications to the SOP's and the procurement process by requiring proof of insurance to be obtained with the Notice of Recommended Award (NORA) prior to authorization from the Procurement Official or designee. The division had modified the solicitation worksheet to ensure verification that an existing contract does not exist. The Addendum Process and the related SOP have been modified to include secondary approval from the Procurement Manager. Although the SOP has been revised, instances where addendums have been approved without secondary approval have been identified.

Lack of compliance with departmental SOP's when obtaining proof of insurance in the solicitation process rather than in the purchase requisition process, could result in higher non-insurable risk from the bidder after the NORA has been awarded. Moreover, non secondary approval of the addendums by management could potentially result in the Senior Procurement Analyst having sole control of the addendum process, which could lead to modifications being made to a solicitation in order to benefit a related party.



SUMMARY AND RESULTS

Background

The purpose of the January 2018 Audit of Bid Specification Requirements for Solicitations was to determine if the Procurement Division's internal controls related to awarding contracts based on required bid specifications are operating effectively and if they are in compliance with applicable laws, rules, regulations, policies and procedures. The scope of the audit included the time period of July 1, 2016 to June 30, 2017.

The original audit report concluded that:

- The division did not ensure that proof of insurance is obtained from the awarded vendor timely.
- The division did not review for existing contracts prior to publishing a solicitation.
- The division did not obtain and document vendor qualifications required per bid specifications.
- There was no secondary approval of addendums from management.

Objectives

The objectives of this follow-up audit was to evaluate the observations reported on the Bid Specification Requirements for Solicitations audit report, dated January, 2018 and subsequent corrective actions taken by responsible management. This was achieved by providing independent, objective analysis as well as reasonable assurance that the previous concerns has been addressed and appropriate corrective measures implemented.

To meet the objectives of the follow-up audit, the following procedures were performed:

- Performed inquiries of management and staff of the Procurement Division.
- Obtained an understanding of changes made to the relevant Statutes, County Ordinances 2016-019, Resolution No. 2016-055, the Procurement Manual and relevant Standard Operating Procedures since the original audit report date.
- Examined a sample of 37 solicitations for the period of January 1, 2018 through August 3, 2018. Of a total of 51 solicitations related to the five procurement methods under review, a random sample of 37 solicitations, or 73 percent was selected and tested.
- Identified and examined 10 addendums related to eight solicitations for the period of January 1, 2018 through August 3, 2018.

Overall Results

Based on the results of our follow-up audit procedures, the Procurement Division has not addressed the previous concerns sufficiently and has not implemented appropriate corrective action on the conditions identified in the original audit report.

Open/Partially Completed Conditions and Pending Corrective Action*
1. Compliance with Standard Operating Procedures
2. Documentation ensuring established contracts do not exist
3. Verification of required qualifications
4. Review process for approving an addendum
5. Standard Operating Procedures related to Request for Informal Quotes

**The conditions above are categorized by the current status and are numbered to correlate with the original audit report's Opportunities for Improvement.*

Although five *Opportunities for Improvement* remain open/partially completed, this concludes the follow-up audit process as it relates to Bid Specification Requirements for Solicitations.



OPEN/PARTIALLY COMPLETED CONDITIONS AND PENDING CORRECTIVE ACTION

Each of the five conditions identified in the original report were partially addressed, but require management attention.

1. Compliance with Standard Operating Procedures

Current Status, Follow-Up Audit dated November 2018:

Per review of the Standard Operating Procedures (SOP's), the Procurement Division has modified the SOP's for five of the six procurement methods that were under review:

- SOP #20 - Formal Invitation for Quotes (IFQ)
- SOP #19 - Formal Invitation for Bids (IFB)
- SOP #21 - Formal Request for Proposals (RFP)
- SOP #39 - Request for Professional Services (RPS)
- SOP #59 - Formal Request for Qualifications (RFQ)

The modifications were to require the procurement analysts to include a copy of the awarded vendor's Certificate of Liability Insurance with the Notice of Recommended Award (NORA) for approval by the Procurement Official or designee. As a result of the testing, methods [IFQ, IFB & RFQ] were in compliance; however, the following issues were identified:

- In regards to the Request for Professional Services (RPS) method, the auditor tested six solicitations and identified five instances where the Certificate of Liability Insurance was provided after the NORA was authorized by the Procurement Official or designee.
- In regards to the Request for Proposals (RFP) method, the auditor tested six solicitations and identified one instance in where the Certificate of Liability Insurance was provided after the NORA was authorized by the Procurement Official or designee.

Original Audit Observation, Report dated January 2018:

The SOP's for five (5) of the six (6) procurement methods under review (IFQ, IFB, RFP, RPS, and RFQ) require that if the solicitation will result in a contract, the procurement analyst will collect valid proof of insurance from the awarded vendor. The SOP for the sixth procurement method (RFIQ) does not contain such requirements; however, the department requesting the

procurement is responsible for ensuring that the vendor has adequate insurance per SOP #34 – Purchase Requisition Process [See OFI No. 5, Standard Operating Procedures related to Request for Informal Quotes, page 10].

The sample of 51 solicitations tested included 45 that were processed under one of the five procurement methods that require the procurement analyst to collect valid proof of insurance from the awarded vendor (IFQ, IFB, RFP, RPS, and RFQ). Of these 45 solicitations, 39 included requirements of proof of insurance and 6 did not require proof of insurance. Of the 39 solicitations requiring insurance, two (2) instances were observed where documentation validating the awarded vendor’s required insurance was either not obtained, or was obtained after the contract was executed.

Original Recommendations, Report dated January 2018:

To ensure compliance with SOP's related to IFQ, IFB, RFP, RPS, and RFQ, develop and implement quality assurance processes to ensure that valid proof of insurance is obtained prior to executing a contract or entering into an agreement with the awarded bidder.

Management Action Plan:

The County’s Insurance Requirements template, included as Part III of the solicitation requires that Contractor’s furnish Certificates of Insurance to the County prior to the commencement of work, but not prior to issuing a Notice of Recommended Award. “Standard Operating Procedures (11, 19, 20, 21, 39) will be revised to require the awarded contractor to provide a Certificate of Insurance prior to the execution of a contract or issuance of a Purchase Order, rather than requiring the Certificate of Insurance be presented to the Procurement Official prior to issuing a Notice of Recommended Award.

2. Documentation ensuring established contracts do not exist

Current Status, Follow-Up Audit dated November 2018:

The Procurement Division modified the Solicitation Worksheet Form on December 28, 2017, to require departments to verify an existing contract does not exist, or to indicate why an existing contract cannot be utilized. Upon review of SOP #20 - Formal Invitation for Quotes (IFQ) Process, the SOP was not updated to require the Procurement Analyst to initial the Solicitation Worksheet nor to verify whether an existing contract does not exist.

The auditor reviewed 10 Solicitation Worksheets related to the IFQ Process. The auditor identified that three Solicitation Worksheets did not utilize the modified form which includes documentation verifying that an existing contract does not exist, or indicate why an existing contract cannot be utilized.

Original Audit Observation, Report dated January 2018:

The Procurement Manual, Chapter 7.2.E related to RFIQ's (Category Two purchases) and Chapter 7.3.A.4 related to IFQ's (Category Three purchases) states that "no [Category Two / Category Three] purchase transactions shall be permitted where equivalent commodities or services are already available" under an existing contract, master contract, blanket contract, or term contract, except with written approval of the Procurement Official. SOP #38 – Request for Informal Quotes (RFIQ) Process, includes a step for the procurement analyst to ensure no existing contracts are in place for the products and/or services being requested. SOP #20 – Formal Invitation for Quotes ("IFQ") Process, does not include a step to ensure this is being completed. Neither SOP requires that this process be documented.

Through discussions with staff, it was determined the department does not issue solicitations where existing contracts are already in place. However, there is no evidence that the review procedure was performed to ensure there are no existing contracts prior to issuing a solicitation.

Original Recommendations, Report dated January 2018:

To ensure compliance with the Procurement Manual, SOP #20 – Formal Invitation for Quotes ("IFQ") Process, should be enhanced by requiring the procurement analyst to verify that no existing contract is in place for the products and/or services being requested. Additionally, both SOP's should be enhanced to ensure the review of existing contracts is being performed and documented.

Management Action Plan:

The OnBase Solicitation Worksheet (revised 09/19/18) requires Departments to identify existing agreements when requesting a new solicitation. Procurement staff will be reminded to ensure this section of the Solicitation Worksheet has been completed, prior to proceeding with a solicitation.

3. Verification of required qualifications

Current Status, Follow-Up Audit dated November 2018:

Per review of the SOP's, the Procurement Division has modified the SOP's for five of the six procurement methods under review:

- SOP #20 - Formal Invitation for Quotes (IFQ)
- SOP #19 - Formal Invitation for Bids (IFB)
- SOP #21 - Formal Request for Proposals (RFP)
- SOP #39 - Request for Professional Services (RPS)
- SOP #59 - Formal Request for Qualifications (RFQ)

The modifications were to require the procurement analysts to include a copy of required licenses, certifications and Certificate of Liability Insurance with the NORA for approval by the Procurement Official or designee.

In order to ensure the modified SOP's were being complied with, the auditor reviewed the solicitation documents for the effected SOP's. The following methods [IFQ, IFB & RFQ] were in compliance with the insurance requirement; however, the following issues were identified:

- The RPS method identified five instances out of the six solicitations that were tested, in where the Certificate of Liability Insurance was provided after the NORA was authorized by the Procurement Official or designee.
- The RFP method identified one instance out of the six solicitations that were tested, in where the Certificate of Liability Insurance was provided after the NORA was authorized by the Procurement Official or designee.

Original Audit Observation, Report dated January 2018:

During the review of the 51 sampled solicitations, the auditor determined that proof of required certification was not obtained or documented for four (4) awarded bidders. The items identified are listed below:

- Three (3) solicitations required that the bidders must have specific licenses and/or certifications. Proof of the specific licenses and/or certifications were not obtained from the three (3) awarded vendors.
- One (1) pre-qualification solicitation required that copies of certifications be provided in order to be deemed responsive. One (1) of the twelve (12) bidders was deemed responsive without the required proof of certifications.

Original Recommendations, Report dated January 2018:

To ensure bidders meet the requirements outlined in the solicitations, the County should consistently request and obtain proof of licenses and certifications, as specified in the solicitation.

Management Action Plan:

The County's Insurance Requirements template, included as Part III of the solicitation requires that Contractor's furnish Certificates of Insurance to the County prior to the commencement of work, but not prior to issuing a Notice of Recommended Award. "Standard Operating Procedures (11, 19, 20, 21, 39) will be revised to require the awarded contractor to provide a Certificate of Insurance prior to the execution of a contract or issuance of a Purchase Order, rather than requiring the Certificate of Insurance be presented to the Procurement Official prior to issuing a Notice of Recommended Award.

4. Review process for approving an addendum

Current Status, Follow-Up Audit dated November 2018:

The Procurement Division modified SOP #2 – Addendum Process on December 28, 2017, to require management approval of an Addendum prepared by a Senior Procurement Analyst. During review of 10 addendums published in BidSync between January 1, 2018 and August 3, 2018, 9 of the 10 were in compliance with the modified process. However, the auditor identified one addendum that lacked a required secondary approval from the Procurement Manager.

Original Audit Observation, Report dated January 2018:

Vendors may pose questions regarding a posted solicitation. The procurement analyst will review the question(s), work with the soliciting Department if related to a technical specification, and then respond to the vendor. If a question requires a change to the bid documents or a technical response from the Department, the analyst will notify all bidders that an addendum will be posted. SOP #2 – Addendum Process, requires the procurement analyst to submit an addendum to their supervisor for approval, and once approved, the addendum is published in BidSync. If the senior procurement analyst is solely in charge of a solicitation and an addendum is needed, the senior procurement analyst is not required to obtain supervisor approval prior to publishing the addendum in BidSync.

Original Recommendations, Report dated January 2018:

To enhance oversight of the addendum process, management should ensure all addendums require secondary approval prior to publishing them in BidSync.

Management Action Plan:

SOP #2 will be reviewed with Senior Procurement Analysts to remind them of the secondary approval requirement for Addendums.

5. Standard Operating Procedures related to Request for Informal Quotes

Current Status, Follow-Up Audit dated November 2018:

The Procurement Division modified SOP #38 - Request for Informal Quotes (RFIQ) on December 29, 2017, to require the Procurement Analyst to request a Certificate of Liability Insurance from the vendor prior to award. The auditor reviewed four solicitations and all related documentation procured between January 1, 2018 and August 3, 2018. During review of the solicitations, the auditor noted that the solicitations did not require a Certificate of Liability Insurance to be provided prior to award. As a result, the auditor was unable to determine if the revised RFIQ process is functioning as intended.

Original Audit Observation, Report dated January 2018:

RFIQ's are classified in the Procurement Manual as "Category Two – Greater than \$5,000 to \$25,000" procurements. Section 7.2.D of the Procurement Manual provides guidance for Category Two procurements stating that, "vendors are required to have insurance to perform work on County property" and that "a copy of an insurance certificate showing proof of coverage at the minimum levels must be received prior to commencement of any work". The SOP for processing RFIQ's does not require the procurement analyst to obtain proof of insurance from the awarded vendor, but rather places that responsibility on the requesting department in the SOP for requisition of a purchase order.

During review of six (6) solicitations, which was 100% of the population using the RFIQ procurement method, the auditor identified two (2) solicitations that resulted in approved purchase orders without first obtaining all the required proofs of insurance. In the first instance, the required proof of workers compensation insurance (or proof of exemption) and automobile insurance was lacking. In the second instance, the proof of general liability insurance was dated September 1, 2017, while the purchase order was issued July 6, 2017.

Original Recommendations, Report dated January 2018:

To ensure compliance with the Procurement Manual, management should revise SOP #38 - Request for Informal Quotes (RFIQ) to require that the procurement analyst request proof of insurance at the time the selected vendor is notified of the award.

Management Action Plan:

SOP #38 will be reviewed with Procurement Analysts responsible for processing RFIQ's to remind them of the need to request a Certificate of Insurance prior to award.





APPENDIX A

Following is the original *Audit of Bid Specification Requirements for Solicitations* dated January 2018.

AUDIT OF BID SPECIFICATION REQUIREMENTS FOR SOLICITATIONS

January 2018



Karen E. Rushing
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AUDIT SERVICES

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EXECUTIVE SUMMARY

As part of the Annual Audit Plan, the Clerk of Circuit Court and County Comptroller's *Internal Audit Department and Office of the Inspector General* conducted an independent audit of Bid Specification Requirements for Solicitations.

- Internal Audit obtained an understanding of the process for soliciting for goods and services utilizing six (6) procurement methods.
- Between July 1, 2016 and June 30, 2017, a total of 118 solicitations were processed related to the six (6) procurement methods under review.
- Internal Audit selected and reviewed a random sample of 51 solicitations.
- There appears to be issues of non-compliance with the guidelines as found in the Procurement Manual and Standard Operating Procedures developed to ensure compliance with the Sarasota County Procurement Code.
- Identified opportunities for improvement.

OPPORTUNITIES FOR IMPROVEMENT

Compliance

- Develop and implement a quality assurance process to ensure valid proof of insurance is obtained from the awarded vendor timely.
- Document the review for existing contracts prior to publishing a solicitation.
- Obtain and document vendor qualifications required per bid specifications.

Process Improvement

- Require secondary approval for all addendums.
- Require proof of insurance be obtained in the solicitation process rather than in the purchase requisition process.



BACKGROUND AND OBJECTIVES

The Clerk of the Circuit Court and County Comptroller's *Internal Audit Department and Office of the Inspector General* has completed an audit of Bid Specification Requirements for Solicitations. The audit was planned and conducted in conformance with the *International Standards for the Professional Practice of Internal 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 the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. The purpose of the audit was to review compliance with applicable county ordinances, and policies and procedures related to bid specification requirements for solicitations.

Background

The Board of County Commissioners Sarasota County Ordinance No. 2016-019 (Ordinance), known as the County Procurement Code (Procurement Code), establishes the policy for the procurement of goods and services for the County, in accordance with Chapter 125, Florida Statutes. The Procurement Code and relevant Florida Statutes provides the foundation on which the Procurement Manual was created. The Procurement Manual references applicable Florida Statutes, Sections of the Ordinance and Standard Operating Procedures (SOPs) throughout the entirety of the document. The SOPs are incorporated into the Procurement Manual in order to ensure compliance with required rules and regulations.

When a purchase of goods or services exceeds \$5,000 the requesting department completes a solicitation worksheet and submits it to the Procurement Department. The Procurement Department works with the requestor to ensure the scope of work, technical specifications, due dates, insurance, and all other necessary items are complete. Specifications shall be written to encourage fair and open competition whenever possible and awards shall be made based upon criteria set forth within the solicitation. Once the bid specifications are agreed upon, the solicitation is reviewed by the Procurement Manager and then released within BidSync by the Procurement Analyst. BidSync is the software that Sarasota County has partnered with to host the County's bid opportunities. Vendors are then allowed to review the solicitation, ask questions for clarification, and submit their bids.

The audit focused on six (6) procurement methods solicited with public announcement and competition: Request for Informal Quotes (RFIQ), Invitation for Quotes (IFQ), Invitation for Bids (IFB), Request for Proposals (RFP), Request for Professional Services (RPS), and Request for Qualifications (RFQ).

Between the period of July 1, 2016 to June 30, 2017, the Procurement Department processed a total of 118 solicitations related to the procurement methods under review. The chart below provides the population and sample size, by type of procurement method.

Procurement Method	Population	Sample Size
Request for Informal Quotes (RFIQ)	6	6
Invitations for Quotes (IFQ)	28	10*
Invitation for Bids (IFB)	59	10*
Request for Proposals (RFP)	9	9
Request for Professional Services (RPS)	10	10
Request for Qualifications (RFQ)	6	6
TOTAL	118	51

*Random sample was selected using sample generation software.

Objectives, Scope and Methodology

The objectives of this audit were to determine if the Procurement Department’s internal controls related to awarding contracts based on required bid specifications are operating effectively and if they are in compliance with applicable laws, rules, regulations, policies and procedures.

To meet the objectives of the audit, the procedures performed included, but were not limited to, the following:

- Obtained an understanding of relevant Florida Statutes, County Ordinance 2016-019, Resolution No. 2016-055, the Procurement Manual and relevant SOP’s.
- Performed a walkthrough of the solicitation process.
- Conducted inquiries of county personnel.
- Reviewed bid submittals of the sampled solicitations.
- Verified bidders were responsive, responsible, and met the bid specifications.



OPPORTUNITIES FOR IMPROVEMENT AND MANAGEMENT RESPONSES

The audit disclosed certain policies, procedures, and/or practices that could be improved. The audit was neither designed nor intended to be a detailed study of every relevant system, procedure, or transaction. As a result of the audit, observations and recommendations identified below are related to *Standard*:

- (Standard 2130.A1) Adequacy and effectiveness of controls, particularly compliance with policies and procedures.

The **Opportunities for Improvement** presented in this report may not be all-inclusive of areas where improvement may be needed. There were five (5) *Opportunities for Improvement* identified as a result of the audit:

1. **Compliance with Standard Operating Procedures**
2. **Documentation ensuring established contracts do not exist**
3. **Verification of required qualifications**
4. **Review process for approving an addendum**
5. **Standard Operating Procedures related to Request for Informal Quotes**

1. Compliance with Standard Operating Procedures.

Observation

The SOP's for five (5) of the six (6) procurement methods under review (IFQ, IFB, RFP, RPS, and RFQ) require that if the solicitation will result in a contract, the procurement analyst will collect valid proof of insurance from the awarded vendor. The SOP for the sixth procurement method (RFIQ) does not contain such requirements; however, the department requesting the procurement is responsible for ensuring that the vendor has adequate insurance per SOP #34 – Purchase Requisition Process [See OFI No. 5, Standard Operating Procedures related to Request for Informal Quotes, page 10].

The sample of 51 solicitations tested included 45 that were processed under one of the five procurement methods that require the procurement analyst to collect valid proof of insurance from the awarded vendor (IFQ, IFB, RFP, RPS, and RFQ). Of these 45 solicitations, 39 included requirements of proof of insurance and 6 did not require proof of insurance. Of the 39 solicitations requiring insurance, two (2) instances were observed where documentation validating the awarded vendor's required insurance was either not obtained, or was obtained after the contract was executed.

Recommendation

To ensure compliance with SOP's related to IFQ, IFB, RFP, RPS, and RFQ, develop and implement quality assurance processes to ensure that valid proof of insurance is obtained prior to executing a contract or entering into an agreement with the awarded bidder.

Management Response

Before a vendor is awarded a contract or a purchase order the successful vendor would have to be deemed responsive. To be responsive a vendor is required to fully conform to the requirements stated in the solicitation documents, including insurance and bonding requirements. To ensure vendors are correctly deemed responsive SOP's related to IFQ, RFB, RFP, RPS, and RFQ's are being revised to require the procurement practitioner attach the specific insurance requirements to the Notice of Recommended Award (NORA) at the time approval of the NORA is requested. Procurement leadership will ensure the insurance documents are attached to the NORA before approving.

Furthermore, all procurement transactions are subject to a review process known as e-Bar and e-Car. This process affords all stakeholders the opportunity to review a purchase from a financial, operational, legal, risk and procurement standpoint prior to final approval of the purchase. As an additional preventative measure, no stakeholder should 'approve' an item unless and until the item or service is fully compliant within its area (i.e.: fully funded, legal, insured, operationally necessary and compliant with the requirements specified in the solicitation documents).

2. Documentation ensuring established contracts do not exist.

Observation

The Procurement Manual, Chapter 7.2.E related to RFIQ's (Category Two purchases) and Chapter 7.3.A.4 related to IFQ's (Category Three purchases) states that "no [Category Two / Category Three] purchase transactions shall be permitted where equivalent commodities or services are already available" under an existing contract, master contract, blanket contract, or term contract, except with written approval of the Procurement Official. SOP #38 – Request for Informal Quotes (RFIQ) Process, includes a step for the procurement analyst to ensure no existing contracts are in place for the products and/or services being requested. SOP #20 – Formal Invitation for Quotes ("IFQ") Process, does not include a step to ensure this is being completed. Neither SOP requires that this process be documented.

Through discussions with staff, it was determined the department does not issue solicitations where existing contracts are already in place. However, there is no evidence that the review procedure was performed to ensure there are no existing contracts prior to issuing a solicitation.

Recommendation

To ensure compliance with the Procurement Manual, SOP #20 – Formal Invitation for Quotes ("IFQ") Process, should be enhanced by requiring the procurement analyst to verify that no existing contract is in place for the products and/or services being requested. Additionally, both SOP's should be enhanced to ensure the review of existing contracts is being performed and documented.

Management Response

A solicitation worksheet is submitted by a department along with a help ticket to initiate the services of the Procurement Office. The solicitation worksheet will be modified to include an area for the department to indicate that the products and/or services being requested are not available pursuant to an existing agreement. The Procurement Manual SOP #20 will be updated to require the procurement practitioner responsible for managing the request to verify the accuracy of the information by reviewing the available existing contracts list and initialing the solicitation worksheet where appropriate.

3. Verification of required qualifications.

Observation

During the review of the 51 sampled solicitations, the auditor determined that proof of required certification was not obtained or documented for four (4) awarded bidders. The items identified are listed below:

- Three (3) solicitations required that the bidders must have specific licenses and/or certifications. Proof of the specific licenses and/or certifications were not obtained from the three (3) awarded vendors.
- One (1) pre-qualification solicitation required that copies of certifications be provided in order to be deemed responsive. One (1) of the twelve (12) bidders was deemed responsive without the required proof of certifications.

Recommendation

To ensure bidders meet the requirements outlined in the solicitations, the County should consistently request and obtain proof of licenses and certifications, as specified in the solicitation.

Management Response

Before a vendor is awarded a contract or a purchase order the successful vendor must be deemed responsive. To be responsive a vendor is required to fully conform to the requirements stated in the solicitation documents, including holding specified licenses and certifications. The results of the responsiveness review are contained on the responsive and responsible vendor matrix which accompanies the NORA.

To ensure vendors are correctly deemed responsive the procurement practitioner shall duplicate the minimum qualifications of a given solicitation onto the NORA thereby specifying the licensure, certification and/or other documentation required by the solicitation documents. In addition, proof of the stated licensure, certification or other documentation shall be attached to the NORA for review. Procurement leadership shall not approve the NORA without evidence of proper licensure and/or certification.

4. Review process for approving an addendum.

Observation

Vendors may pose questions regarding a posted solicitation. The procurement analyst will review the question(s), work with the soliciting Department if related to a technical specification, and then respond to the vendor. If a question requires a change to the bid documents or a technical response from the Department, the analyst will notify all bidders that an addendum will be posted. SOP #2 – Addendum Process, requires the procurement analyst to submit an addendum to their supervisor for approval, and once approved, the addendum is published in BidSync. If the senior procurement analyst is solely in charge of a solicitation and an addendum is needed, the senior procurement analyst is not required to obtain supervisor approval prior to publishing the addendum in BidSync.

Recommendation

To enhance oversight of the addendum process, management should ensure all addendums require secondary approval prior to publishing them in BidSync.

Management Response

SOP #2 will be modified to require that addenda issued by Sr. Procurement Analysts require authorization to release by the Procurement Manager.

5. Standard Operating Procedures related to Request for Informal Quotes.

Observation

RFIQ's are classified in the Procurement Manual as "Category Two – Greater than \$5,000 to \$25,000" procurements. Section 7.2.D of the Procurement Manual provides guidance for Category Two procurements stating that, "vendors are required to have insurance to perform work on County property" and that "a copy of an insurance certificate showing proof of coverage at the minimum levels must be received prior to commencement of any work". The SOP for processing RFIQ's does not require the procurement analyst to obtain proof of insurance from the awarded vendor, but rather places that responsibility on the requesting department in the SOP for requisition of a purchase order.

During review of six (6) solicitations, which was 100% of the population using the RFIQ procurement method, the auditor identified two (2) solicitations that resulted in approved purchase orders without first obtaining all the required proofs of insurance. In the first instance, the required proof of workers compensation insurance (or proof of exemption) and automobile insurance was lacking. In the second instance, the proof of general liability insurance was dated September 1, 2017, while the purchase order was issued July 6, 2017.

Recommendation

To ensure compliance with the Procurement Manual, management should revise SOP #38 - Request for Informal Quotes (RFIQ) to require that the procurement analyst request proof of insurance at the time the selected vendor is notified of the award.

Management Response

The Procurement practitioner must verify that a valid certificate of insurance has been obtained from the successful vendor prior to issuing a purchase order. SOP #38 will be revised to indicate same.

