

OFFICE OF THE CITY AUDITOR AND CLERK
INTERNAL AUDIT



CONTRACT MANAGEMENT FOLLOW-UP AUDIT

AUDIT #20-11

Audit Conducted by:
Hayden Gaston, CIA, Manager, Internal Audit

Audit Reviewed and Approved by:

A handwritten signature in blue ink that reads "Shayla Griggs".

Shayla Griggs, City Auditor and Clerk

You can obtain copies of this report by contacting us at:

Office of the City Auditor and Clerk

1565 1st Street
Sarasota, FL 34236

(941) 263-6442

Or download and view an electronic copy by visiting:

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Summary

Background

We have conducted a follow-up audit of Audit #17-08, Contract Management performed during fiscal year 2018. The purpose of the follow-up audit is to determine the implementation status of our previous recommendations. The original audit objectives were to:

- 1) Determine whether the City was in compliance with policies and procedures over the contract procurement process; and
- 2) Assess the adequacy, efficiency, and effectiveness of the Purchasing Department's organizational structure, systems, procedures and consistency of implementation over contract procurement.

Objective

The objective of the follow-up audit was to review and evaluate the conditions reported in the Contract Management Audit (Audit 17-08), dated February 15, 2018, to determine if corrective actions have occurred and are effective, corrective actions appear to be continuous; and that corrections will be monitored to ensure the control weakness are not repeated.

Scope

The follow-up audit procedures were applied to the records, documents and controls in effect during the period of July 1, 2019 through September 30, 2019. Follow-up audits limit the scope to observations and recommendations presented in the original audit report.

Overall Evaluation

We found that Management had fully implemented corrective action on both original audit findings and we have therefore closed those issues.

Audit Observations

The original audit observations and the status of the observations after follow-up testing are identified below. The original audit report (Audit 17-08, issued February 15, 2018) can be viewed on the City Auditor and Clerk's website under Internal Audit – Reports.

Original Audit Comment and Observation/Recommendation

Observation #1 Monitoring Procedures

Contract monitoring procedures and processes are currently not documented. Monitoring procedures and processes should be created and documented that provide departments with, among other things, guidelines for administering contracts to be in compliance with City Ordinance 12-5009 Sec. 2-353(b)(3).

A monitoring policy should promote consistent, effective, and equitable vendor monitoring across all City departments. The policy could include a process for measuring the City's satisfaction of goods or services received along with a formal performance evaluation. Also, the policy could include external and internal training requirements for employees who are responsible for monitoring contracts.

Current Status

Closed – Follow-up testing determined that standardized Performance Reports are being completed by the individual Departments and provided to the Purchasing Division with information about the vendor's performance. These standardized reports allow Departments to document vendor performance and provide explanations for non-satisfactory work. Blank standardized fillable performance reports are included on the City's intranet under the Purchasing Division's page.

Additionally, the Purchasing Division has seven (7) employee training classes over procurement of contracts. Although none of these classes are specific to monitoring contracts, the Purchasing Division does provide Performance Reports for each contract to the individual division approximately five (5) months before the end of the contract.

Original Audit Comment and Observation/Recommendation

Observation #2 Procurement Oversight

The Public Art Committee does not go through Purchasing for procuring contracts. The Public Art Committee is not utilizing a professional with a procurement background to provide support during the procurement process.

To ensure compliance with State Statutes and determining that contracts are procured following best practices to limit the City's risk or exposure to negative outcomes, we recommend the Public Art Committee and any other City Committees that participate in processes or decisions where public funds are expended or impacted have individuals available to provide guidance during the procurement process.

Current Status

Closed – Follow-up testing determined that the Purchasing Division is involved and does provide support for committees that are going through the procurement process, including the Public Art Committee.