

April 29, 2019

Talisa Clark, Chief Procurement Officer
DeKalb County Purchasing & Contracting Department
1300 Commerce Drive, 2nd Floor
Decatur, GA 30030

RE: Sole Source Audit Report Number 2017-005-PC, Purchasing & Contracting
Department - Audit Follow-up Report

Dear Chief Procurement Officer Clark:

As required by DeKalb County, Georgia – Code of Ordinances / Organizational Act
Section 10A- Independent Internal Audit (I), attached is the Office of Independent
Internal Audit's review on the status of actions taken by your office concerning the
recommendations contained in the audit report referenced above.

Please contact me if you require additional information.

Sincerely,



John L. Greene, CIA, CIG, CGAP, CGFM
Chief Audit Executive

Attachment

- cc. Michael L. Thurmond, Chief Executive Officer
Nancy Jester, Board of Commissioners District 1
Jeff Rader, Board of Commissioners District 2
Larry Johnson, Board of Commissioners District 3
Steve Bradshaw, Board of Commissioners District 4
Mereda Davis Johnson, Board of Commissioners District 5
Kathie Gannon, Board of Commissioners District 6
Lorraine Cochran-Johnson, Board of Commissioners District 7
La'Keitha D. Carlos, CEO's Chief of Staff
Antwyn Brown, Board of Commissioners Chief of Staff
Zachary L. Williams, Chief Operating Officer
Harold Smith, Chairperson, Audit Oversight Committee
Harmel Codi, Vice Chairperson, Audit Oversight Committee

Adrienne T. McMillion, Audit & Oversight Committee
Claire Cousins, Audit & Oversight Committee
Gena Major, Audit Oversight Committee

**STATUS REPORT ON RECOMMENDATIONS TO AUDIT FINDINGS
FOR
SOLE SOURCE AUDIT REPORT NUMBER 2017-005-PC
PURCHASING AND CONTRACTING DEPARTMENT
APRIL 2019**

The purpose of this follow-up is to report on the status of actions taken by the Purchasing and Contracting Department in response to recommendations made by the Office of Independent Internal Audit in the Sole Source Audit Report Number 2017-005-PC.

Finding No. 1: Insufficient Maintenance of Documentation for Sole Source Vendor Request

Recommendation:

The Chief Procurement Officer implement oversight controls to ensure the required documentation, such as NCPR forms, supporting documentation, and, etc., are maintained in the sole source vendor files to allow for proper work trails and accountability when processing sole source procurements.

Management Response:

Purchasing and Contracting (P&C) made improvements in 2016 to the maintaining of sole source procurements. The supporting documentation (NCPR (Non-Competitive Procurement Request) form, etc.) is attached to the created purchase order (PO) and an electronic file is created on the Department's Y-drive for easy access. The purchasing procedures manual is being updated to include this process.

Management's Response to the Status of the Recommendation for Finding No. 1:

Completed and final updates to the procedure's manual are under process with an anticipated completion date of October 31, 2018.

Conclusion:

P&C management communicated that Sole Source Procurement files are now maintained electronically in two places; the Oracle Financial System (Oracle) and P&C's shared drive which mirror one another. The updated Purchasing Procedures Manual was submitted to the Chief Executive Officer for approval. The current draft of the updated Purchasing Procedures Manual does not contain specific instructions related to the sole source file maintenance process. P&C management plans to fully implement the recommendation by May 31, 2019.

Finding No. 2: Incomplete Sole Source Vendor Request Application

Recommendation:

When forms are updated or revised, we recommend that forms within P&C be controlled through the version number and effective date denoted at the header or footer of each page. Furthermore, forms updated on the P&C's website should inform online users that the form has been updated and the effective date.

P&C staff should not process incomplete NCPR forms. In addition, the CPO should consider countywide training on completing the NCPR form and processing/maintenance of the sole source vendor request. All training sessions should include an employee training attendance sheet, which certifies by signing the attendance sheet that the employee has received training, understands, and agrees to their responsibilities for completing the NCPR form.

Management Response:

P&C made improvements in 2017 to add the form revision date to the NCPR form. P&C will inquire with IT about the capability of forms being updated on the P&C's website to inform online users that the form has been updated and the effective date. P&C currently provides training to user departments and cover the appropriate completion of P&C forms. The NCPR form also has an instruction page for the user departments to follow prior to submission to P&C for processing.

Management's Response to the Status of the Recommendation for Finding No. 2:

Incomplete NCPR forms are returned to the user departments for completion prior to P&C starting the process. Any final updates to the procedure's manual are under process with an anticipated completion date of October 31, 2018.

Conclusion:

P&C management reiterated that the revised NCPR form¹ and instructions are accessible to user departments on P&C's intranet website. P&C management plans to fully implement the recommendation by May 31, 2019.

Finding No. 3: Inadequate Evidence to Validate Sole Source Vendor's Status

Recommendation:

We recommend CPO consider:

- Establishing a standard form for use by P&C staff when performing evaluation research to validate the status of the requested sole source vendor.
- Communicate formal notification to the user departments and vendors regarding the County's requirement of sole source vendor declaration letter.
- Obtain the declaration of sole source status and quotation on a signed letterhead from corporate marketing (not sales representative), president, authorized agent, or authorized company representative.

Management Response:

P&C made improvements in 2017 and created an evaluation research form to post for advertising to the P&C website to serve as communication to user departments and vendors. The sole source letters from the sole source vendors must be issued to P&C, dated and signed by an authorized company representative on the company's letterhead and kept in the electronic file. The purchasing procedures manual is being updated to include this process.

¹ http://indekalb/wp-content/uploads/2018/12/Non-CompetitivePurchaseRequests_rev.pdf.

Management's Response to the Status of the Recommendation for Finding No. 3:
Completed and any final updates to the procedure's manual are under process with an anticipated completion date of October 31, 2018.

Conclusion:

P&C management has fully implemented the recommendation.

Finding No. 4: Insufficient Evidence of Approval Process of Sole Source Requests

Recommendation:

We recommend that the CPO revise the NCPR form to include a line for the printed names and signatures of the Procurement Agent (preparer), Procurement Manager (reviewer) and the P&C Director (approver) to clearly identify the appropriate preparer/approver. In addition, P&C should consider converting the NCPR form to a file type that would allow for electronic signature approvals and proper accountability trail.

Management Response:

P&C made improvements in 2017 to revise the NCPR to include a print and signature and date line for the Procurement Agent, Procurement Manager and P&C Director. P&C will inquire with IT about the capability of converting the NCPR form to a file type that would allow for electronic signature approvals. The purchasing procedures manual is being updated to include this process.

Management's Response to the Status of the Recommendation for Finding No. 4:

Completed and any final updates to the procedure's manual are under process with an anticipated completion date of October 31, 2018.

Conclusion:

P&C management has fully implemented the recommendation.

Finding No. 5: Inadequate Evidence of Board Approval on Sole Source Requests Over \$100,000 and Change Orders

Recommendation:

We recommend CPO require direct evidence of BOC approval on sole source awards over \$100,000, such as the BOC Summary documents. In addition, adequate support for other change orders or other modification of the contract term approved by the BOC should be maintained in the vendor's file.

Management Response:

P&C will consider including the BOC summary documents to the vendor's file, but has concern due to size, potential ramifications and duplicative record maintenance. At a minimum, P&C will continue to reference the Legistar Agenda Item Number, the separate electronic system maintained by the Clerk for the CEO/BOC approvals, minutes and summary documents can be retrieved at any time. The purchasing procedures manual is being updated to include this process.

Management's Response to the Status of the Recommendation for Finding No. 5:

Completed; as the electronic Legistar report of BOC approval is provided to the CPO for signature approval to proceed with the procurement process and any final updates to the procedure's manual is under process with an anticipated completion date of October 31, 2018.

Conclusion:

P&C management has fully implemented the recommendation.