

September 8, 2021

Cathryn Horner, Chief Procurement Officer
Purchasing and Contracting Department
1300 Commerce Drive, Decatur
Georgia, 30030

**RE: Follow-up Audit of Purchasing & Contracting Department Low Bid
Procurement Process Audit Report No. 2017-004-PC**

Dear Ms. Horner:

As required by DeKalb County, Georgia – Code of Ordinances / Organizational Act Section 10A- Independent Internal Audit (I), I have attached the Office of Independent Internal Audit's report on the status of actions taken by your office to address the findings contained in the audit report. The action plans to address the findings are **partially completed**. It is anticipated that management's action plans will be completed by June 30, 2022, and we are planning to follow up after that date to verify the completion of the action plans.

Please contact me if you require additional information.

Sincerely,



Yolanda Lockett, CIA, CISA
Interim Chief Audit Executive

Attachment: Audit Findings Status Update Form

- cc. Michael L. Thurmond, Chief Executive Officer
Robert Patrick, 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
Ted Terry, Board of Commissioners District 6
Lorraine Cochran-Johnson, Board of Commissioners District 7
Adrienne T. McMillion, Chairperson, Audit Oversight Committee
Harold Smith, Jr., Vice-Chairperson, Audit Oversight Committee
Claire Cousins, Audit Oversight Committee
Lisa Earls, Audit Oversight Committee
Tanja Christine Boyd-Witherspoon, Audit Oversight Committee
Zachary L. Williams, Chief Operating Officer/ Executive Assistant
La'Keitha D. Carlos, CEO's Chief of Staff
Kwasi K. Obeng, Chief of Staff, Board of Commissioners

Dekalb County Government

Office of Independent Internal Audit

Date: September 7, 2021

Prepared by: Clenty Hinton

Audit Findings Status Update Form

Status Date	Report #	Report Title	
9/7/21	2017-004-PC	Audit of Purchasing & Contracting Department Low Bid Procurement Process	
Contact Person	Title	Phone No.	Email Address
Cathryn Horner	Chief Procurement Officer	404-371-6334	cghorner@dekalbcountyga.gov
Activity	Accountability	Schedule	
Low Bid Procurement	Responsible Area	Repeat Finding	Anticipated Completion Date/Date Adjustments will be made
	Purchasing & Contracting	No	6/30/22
Finding			
No.	1		
Date	5/11/18		
Finding Detail			
Finding			
Insufficient Documentation to Verify Performance of Key ITB Activities/Compliance with Policies and Procedures			
<p>We recommend that the Chief Procurement Officer (CPO) of the P&C Department should ensure:</p> <ol style="list-style-type: none"> Appropriate ITB related documentation is generated/obtained and maintained to help demonstrate that all key activities of the ITB procurement process were performed and compliant with stated policies and procedures; support contract close out processes, record retention requirements, open records requests and facilitate the resolution of potential bid protests. Examples of improvement strategies include but are not limited to the following: <ol style="list-style-type: none"> Incorporate a tracking mechanism/notation to indicate the temporary location of any relevant contract data not currently in the contract file and the name of the team/person in custody of the document Ensure sufficient documentation is maintained to demonstrate the evaluation of responsiveness and responsibility of bidders. This should include a summary of steps taken, all supporting documentation, a conclusion and justification for deeming a bidder non-responsive and/or not responsible. The documentation should clearly indicate the names/signatures of P&C and UD personnel that performed and approved the evaluation. Also, where the deemed responsibility and responsiveness of bidders and recommended vendor for selection by P&C is different from that of the user department (UD), a justification should be provided with appropriate support. Ensure that sufficient evidence is maintained to demonstrate participation and collaboration with all key stakeholders/parties (e.g. Legal, Finance) and evidence of appropriate review and approval of ITBs by P&C and UD prior to advertisement. Examples of evidence of approval include but is not limited to physical signature, electronic signatures or e-mail communication(s). Ensure the evaluation of vendor responsibility includes a check of the vendor's financial status/credit worthiness. In addition, consideration can be given to requiring proof of tax compliance status, etc. P&C should update current Purchasing Policy and March 2017 Procedures Manual to ensure it reflects practiced exceptions to documented policy and procedures. P&C should first review current undocumented exemptions to determine if consistent with establish better practices. Ensure that NTPs are issued for all contracts, agreements and purchase orders as per the County Purchasing Policy and Purchasing Procedures Manual. Consider modifying the existing purchasing policy to allow for an exception where the contract specifies a specific service performance start and end date. 			
Recommendations			
<p>Many of the low bid Invitation To Bid solicitations used in the Auditor's example was procured prior to the current Chief Procurement Officer's (CPO) appointment. Since this time, the CPO has made improvements to ensure the following:</p> <ol style="list-style-type: none"> Central online y-drive project file system for each Procurement Team Retooling of centralized filing system of all County contracts Monitoring, maintaining and tracking of contracts' files by Special Projects Team Creation of new checklist forms and revision to existing forms utilized in the solicitation process <p>The recommendation request form indicates the role of the user department for the evaluation of vendor responsibility. In addition, P&C conducts monthly meetings with user departments and communicates this responsibility. Procurement Managers are required to review procurement files to ensure that staff is completing all required procedural steps and manage/train staff when necessary. Purchasing staff has been instructed to complete contract file close-out. P&C is in the process of addressing inconsistency between the policy and procedures manual through the development of a purchasing ordinance. The purchasing procedures manual is currently being updated to include this process.</p>			
Management's Response			
<p>P&C currently has procedures to determine financial status/creditworthiness of vendors submitting responses to Requests for Proposals (RFP). For RFPs, a financial review is completed by Finance, the information is provided to the evaluation committee members, and each member scores the information. Invitations to Bid (ITBs) are not scored but must accommodate a pass/fail for a responsible check of financials. In order to deploy this type of check, P&C will work with Finance to develop the necessary rubric to enable pass/fail decisions. We hope to make a final decision as to the procedure for the check while considering the impact to the Purchasing Procedures and staffing necessary to accommodate an increase in number of financial checks. Currently, Finance has one individual with the ability to review the financial information. It is anticipated that this effort will be completed by the end of 2021. Regarding the evaluation of responsibility, currently there is a Required documents checklist in each solicitation that lists the information necessary to aid in the determination of responsibility.</p>			
Status Update-12 months			
<input type="checkbox"/>	Open		
<input type="checkbox"/>	Management/Agency Assumes Risk		
<input checked="" type="checkbox"/>	Partially Complete		
<input type="checkbox"/>	Complete Pending Verification by OIIA		
<input type="checkbox"/>	Closed		

Dekalb County Government			
Office of Independent Internal Audit			
Date: September 7, 2021		Prepared by: Clenty Hinton	
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Cathryn Horner	Chief Procurement Officer	404-371-6334	cghorner@dekalbcountyga.gov
Activity	Accountability	Schedule	
Low Bid Procurement	Responsible Area	Repeat Finding	Anticipated Completion Date/Date Adjustments will be made
	Purchasing & Contracting	No	6/30/22
Finding		Finding Detail	
No.	2		
Date	5/11/18		
Finding		The User Department Role and Responsibilities in the Bid Evaluation Process Needs to be Clarified	
Recommendations		The CPO should work with the CEO and BOC to ensure that the roles and responsibilities of all key stakeholders, including the UD, are clearly defined in any revised Purchasing Policy and/or ordinance. The CPO should provide minimum guidelines, in the memorandum provided to UD, on determining responsiveness and responsibility of vendor(s), for example, minimum number of reference checks, suggested questions/areas to ask vendor references. In addition, consideration should be given to consistently restating the definition (or referencing the location of definitions in Purchasing Policy) of responsiveness and responsibility within the body of the memorandum submitted to the UD.	
Management's Response		P&C is in the process of addressing inconsistency between the purchasing policy and procedures manual through the development of a purchasing ordinance. The Auditor's recommendations will be addressed during this process.	
Status Update-12 months		P&C is reviewing the current procedures to determine the feasibility of incorporating revisions that were provided to staff via email to ensure that all staff has access to one document that details current processes. A detailed training manual is 95% completed and this will be completed and used as a starting point for a complete revision of the Procedures Manual. This effort is anticipated to be completed June 30, 2022. Procurement Managers were advised to discontinue the submittal of approved agenda items for signature by the CPO as evidence of BOC approval for P&C records. This has been replaced by the inclusion of the master report for the agenda item from Legistar without CPO signature as the report contains the agenda item and its legislative history as recorded by the County Clerk. Bid Compliance and Pricing Committee was formed to review the pricing received from vendors to ensure compliance with bid expectations and looks for signs of unbalanced bidding, including prices that don't align with industry standards or extreme variances in pricing. Committee is comprised of a: representative from User Department; representative from Purchasing & Contracting Department; Lawyer to provide legal advice and ask questions; P&C Internal Auditor and Subject Matter Expert, as necessary. This process has been tested once and will be implemented once the process is redrafted based on lessons learned.	
<input type="checkbox"/>	Open		
<input type="checkbox"/>	Management/Agency Assumes Risk		
<input checked="" type="checkbox"/>	Partially Complete		
<input type="checkbox"/>	Complete Pending Verification by OIIA		
<input type="checkbox"/>	Closed		