

August 29, 2022

Zachary Williams,  
Chief Operating Officer and Executive Assistant  
DeKalb County, GA

Cathryn Horner  
Chief Procurement Officer  
Purchasing and Contracting Department  
DeKalb County, GA

**RE: Follow-up on the status of Management Actions on the Audit of DeKalb County Purchasing Policy Report No. 2017-008-PC**

Dear Ms. Horner and Mr. Williams

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 (OIIA) report on the status of management action plans taken to address the report finding related to internal control gaps and deficiencies (figure 1) with the County’s Purchasing Policy. The status of action plans has been assessed as “Open”.

An “open” assessment indicates that the County’s purchasing policy and procedures have not been revised to address the report finding. Management anticipates that action plans, to include revisions to the Purchasing Policy, standard operating procedures, solicitation templates, and combined with training of stakeholders will be **completed by Q4 2023**. OIIA will follow up with management before then to determine the status of the action plans.

Figure 1



Sincerely

*Lavois M. Campbell*

**Lavois Campbell, CIA, CFE, CISA, CGA**

Interim Chief Audit Executive

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  
Lisa Earls, Chairperson pro-tem, Audit Oversight Committee  
Gloria G. Gray, 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

**Attachment:** Detailed Audit Findings Status Update Form

Audit Findings Status Update Form						
Status Date		Report #	Report Title			
8/24/22		2017-008-PC	Audit of DeKalb County Purchasing Policy			
Contact Person		Title	Phone No.	Email Address		
Zach Williams		Executive Assistant, Chief Operating Officer	404-371-2174	<a href="mailto:zwilliams@dekalbcountyga.gov">zwilliams@dekalbcountyga.gov</a>		
Cathryn Horner		Chief Procurement Officer	404-849-1529	<a href="mailto:cghorner@dekalbcountyga.gov">cghorner@dekalbcountyga.gov</a>		
Activity		Accountability	Schedule			
Policy and Procedures		Responsible Area	Repeat Finding	Anticipated Completion Date/Date Adjustments will be made		
		Department of Purchasing and Contracting	N/A	Q4 2023		
Finding		Finding Details				
No.	1.0					
Date	1/12/18					
Finding		<b>SEVERAL KEY PROCUREMENT AREAS ARE NOT INCLUDED OR NEEDS</b>				
Condition		<p>The DeKalb County Purchasing Policy includes several key procurement areas that are addressed in the NIGP such as authority and role of the Chief Procurement Officer, types of source selection (sealed bids, proposals, and cooperative agreements), restrictive specifications, surplus disposition of personal property, prohibition of split purchasing, ethics, professional services and withdrawal of bids. Our examination identified several key procurement areas that are missing from the Purchasing Policy. In addition, some key contracting areas included in the purchasing policy need improvement to strengthen consistency with the NIGP and be compliant with the O.C.G.A. as highlighted in the table below:</p>				
		<table border="1"> <thead> <tr> <th>Areas not included in current policy</th> <th>Included areas that need improvement</th> </tr> </thead> <tbody> <tr> <td> <ul style="list-style-type: none"> <li>Protests</li> <li>Contract administration</li> <li>Training and professional development</li> <li>Government cost estimates</li> <li>Liquidated damages and incentives</li> <li>Prompt payments</li> <li>Lease vs purchase analysis</li> <li>Contract types</li> <li>Spend analysis</li> <li>Property accountability</li> </ul> </td> <td> <ul style="list-style-type: none"> <li>Authorities, roles and responsibilities</li> <li>Multi-Year contracting</li> <li>Performance based specifications and work statements</li> <li>Responsive and responsible bids and proposals</li> <li>Emergency contracts</li> <li>Sole source contracts</li> <li>Temporary services contracts</li> <li>Bonds</li> <li>Disposition of property</li> <li>Mistakes in bids</li> <li>Vendor performance ratings</li> <li>Informal purchases</li> </ul> </td> </tr> </tbody> </table>			Areas not included in current policy	Included areas that need improvement
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DeKalb County Government				
Office of Independent Internal Audit				
Date: 8/24/22			Prepared by: OIIA	
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Contact Person	Title	Phone No.	Email Address	
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Cathryn Horner	Chief Procurement Officer	404-849-1529	<a href="mailto:cghorner@dekalbcountyga.gov">cghorner@dekalbcountyga.gov</a>	
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Finding		Finding Details		
No.	1.0			
Date	1/12/18			
Finding		<b>SEVERAL KEY PROCUREMENT AREAS ARE NOT INCLUDED OR NEEDS</b>		
Recommendation		<p>The CPO – Purchasing and Contracting Department, in consultation with the PAC and the County Law Department, should:</p> <ul style="list-style-type: none"> <li>• Revise the current purchasing policy to address the opportunities identified in this report, other key elements of the NIGP and ensure full conformance with the O.C.G.A.</li> <li>• Review the FAR (and other Federal regulations and laws), GPM, NIGP, purchasing policies of similar counties and other best practices to identify other opportunities to further enhance the Purchasing Policy. Proposed revisions should be submitted to the BOC for review and approval</li> <li>• Periodically review the purchasing policy to ensure the policy continues to effectively meet the needs of the County</li> </ul>		
Management Response		<p>P&amp;C concurs with the audit's findings and recommendations; and provided the same recommendations to the procurement Ad Hoc Committee during a presentation regarding the current purchasing policy. The recommendations will be addressed through a revised Purchasing Policy and Purchasing Ordinance approved by the Board of Commissioners (BOC). The full response can be found on page 11 of the original report located here</p> <p><a href="https://www.dekalbcountyga.gov/sites/default/files/user3255/OIIA%20-%20Purchasing%20Policy%20Audit%20-%20Final%20Report.pdf">https://www.dekalbcountyga.gov/sites/default/files/user3255/OIIA%20-%20Purchasing%20Policy%20Audit%20-%20Final%20Report.pdf</a></p>		
Status Update-2022 Response		<b>Management provided status update:</b> The Purchasing Ordinance was withdrawn from consideration by the BOC as it was determined by Law that the CEO has final say on the Purchasing Policy thereby overriding any document/requirements written by others.		
X	<b>Open</b>			
	Management/Agency Assumes Risk	All recommended changes will require a change in the Purchasing Policy, solicitation templates, and procedures combined with training stakeholders. Note that many of the suggestions are currently in practice but not addressed in the Policy. <b>Appendix I</b> of this follow up report outlines the results of managements consideration and analysis of the better practices included Appendix III of the final 2018 audit report no. 2017-008-PC. Management anticipates that the revisions to the Purchasing Policy, solicitation templates, and procedures combined with training stakeholders will be <b>complete by end of 2023.</b>		
	Partially Complete			
	Complete Pending Verification by OIIA			
	Closed			

**APPENDIX I – Result of Management’s analysis/consideration of better practices noted in appendix III of the final audit report 2017-008-PC.**

An “Agree” indicates the area will be considered for a revised Purchasing Policy versus internal P&C standard operating procedures.

FINDING: SEVERAL KEY PROCUREMENT AREAS ARE NOT INCLUDED OR NEEDS IMPROVEMENT IN THE PURCHASING POLICY	
Areas not included in current policy or need improvement in the purchasing policy or procedures.	
Protests	Agree with this recommendation.
Contract Administration	Agree. For clarity, the better practices stated cross over to contract management which is the responsibility of the using department (UD). P&C continues assist the UD with contract related changes and enforcement of the requirements. The UD manages the contract and requests assistance with any issues that arise. Evaluations forms are submitted typically for performance and other issues are presented via email.
Training and Professional Development	Agree. Consideration should be given to the following: <ol style="list-style-type: none"> <li>1. The qualifications of the members are usually in compliance with those HR has established and this would require updating as needed to keep both the job description and Policy in synch.</li> <li>2. The Compliance Group provide regularly scheduled training sessions via Zoom to provide training on how to do business with DeKalb.</li> <li>3. Personnel are encouraged to continue their procurement education but for most, there is a financial constraint on paying for training. The optimum solution would be for the County to provide sufficient funding for training.</li> </ol>
Government cost estimates	Agree. Currently a cost estimate is requested at the initiation of a project. Market research would suffice for simple projects, but the UD is relied upon for more complex projects.
Liquidated damages and incentives	Agree. Liquidated damages are currently included in construction contracts, but the County could consider including incentives for on-call work also.
Prompt payments	Agree.
Lease vs purchase analysis	Prefer not to include this in the Policy. In addition to the items cited above, procedures would have to be written and staff trained. Recommend this be accomplished working with Finance and the UD.
Contract types	Recommend additional information be added to the procedures and not include in the Policy. Note that currently, the County utilizes the solicitation to advise the public the type of contract the County desires. The Procedures already contain the current contract types in use, but it does not contain information as to when each is used.
Spend analysis	Agree. Consideration should be given to the fact the County does not have a naming convention for items or services. Each item is entered into Oracle by description as devised by a UD. Consolidation of information is near impossible. After the Oracle upgrade, the recommendation is to establish unique identifiers for each service or

	product so that a spend analysis can be accurate and effective.
Property accountability	No objection to including this. UD departments would have the lead role in this process, and it could be incorporated into the Disposition of Property Section of the Policy to include a section name change.
Authorities, roles and responsibilities	Agree that the roles and responsibilities of <b>all</b> stakeholders be included.
Multi-Year contracting	Recommend no changes to the Policy and including this information in the Contract types section of the Procedures or Training Materials. This is already considered and included when each project is discussed with the UD at its initiation.
Performance based specifications and work statements	Agree in theory. Consideration should be given to the fact procurement staff are not subject matter experts and, in some cases, subject matter experts in UDs are challenged with writing performance-based specifications. This will require stakeholder training to accomplish this.
Responsive and responsible bids and proposals	Agree. This is in line with other language currently being reviewed by Law for Unbalanced Bid Rejection and Anticollision.
Emergency contracts	Agree. The suggested detail would be of benefit if added to the Policy.
Sole source contracts	Agree. The suggested detail would be of benefit if added to the Policy. Note that some of the detail is done when an agent is vetting the sole source request per the Procedures.
Temporary services contracts	Prefer not to include this in the Policy. This should be an internal procedure with the language included in the solicitation which then becomes part of the contract.
Bonds	Agree that Bid Bonds should be specifically stated as the current standard of 10% of the bid. Disagree that additional language should be included about payment and performance bonds. These are determined by the individual contract. Most are in the total amount of the contract but some, especially for on-call contracts, have less limits that cover the average amount of the work that may be in process at any given time.
Disposition of property	Currently, Purchasing does not handle the disposition of real property nor are we involved in disposition of personal property. This would be an administration decision regarding this suggestion.
Mistakes in bids	Disagree as written in the audit. The Purchasing Director should not be reviewing every bid for mistakes. Currently, the agent reviews and if a mistake is found, the agent consults with their manager. The Director is made aware of the issue and then the resolution.
Vendor performance ratings	Agree. Purchasing has a vendor rating program and UDs are asked to provide ratings on a quarterly basis.
Informal purchases	Disagree should be in policy. The following procedures currently in practice. <ol style="list-style-type: none"> <li>1. Only approved requisitioners can utilize the punch out vendors.</li> <li>2. Punch out vendors are only vendors we are using from a cooperative purchase agreement/piggyback.</li> <li>3. The requisitioner goes to the website and selects items.</li> </ol>

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|  | <ol style="list-style-type: none"><li>4. The entire cart is then imported into Oracle and the result is a requisition containing contract items.</li><li>5. The requisition then goes through the requisition approval hierarchy as any purchase does.</li><li>6. Once a PO is created and approved, the PO transmits to the vendor through punch out.</li><li>7. Items are delivered and received against the PO.</li><li>8. The vendor transmits an invoice through punch out to AP.</li><li>9. The result is that this is handled like any other purchase.</li><li>10. If the items being purchased are not on the contract, it comes to Purchasing for handling like any other purchase.</li></ol> |
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