



EFFICIENCY OF THE PROCUREMENT PROCESS

PRESENTATION TO THE FINANCE/EXECUTIVE COMMITTEE

FEBRUARY 28, 2024

AMANDA NOBLE, CITY AUDITOR

STEPHANIE JACKSON, DEPUTY CITY AUDITOR

MICHEAL JONES, PERFORMANCE AUDIT MANAGER

OBJECTIVES

- Has the city's procurement process gained efficiency while implementing anti-corruption measures?
- Are controls in place to ensure that small and micro purchases comply with city code and Procurement's reporting is accurate?

BACKGROUND

Exhibit 3: Competitive Procurements Foster More Broad-Based Competition than Other Methods

Procurement Method	Description	Types of Procurement Included
Competitive solicitations	<ul style="list-style-type: none">• open to all potential vendors that meet qualifications	<ul style="list-style-type: none">• requests for proposals• invitations for bid• requests for information• requests for quotations
Alternative procurements	<ul style="list-style-type: none">• Procurement waives the usual requirements for special situations• user agencies must justify request for alternative procurements	<ul style="list-style-type: none">• emergency procurements• sole source procurements• special procurements• cooperative agreements
Micro & small purchase orders	<ul style="list-style-type: none">• purchases below established thresholds• user agency selects the vendor directly with either one (micro) or three (small) quotes	<ul style="list-style-type: none">• micro purchase• small purchase

Source: Created by auditors based on department's draft policies and procedures

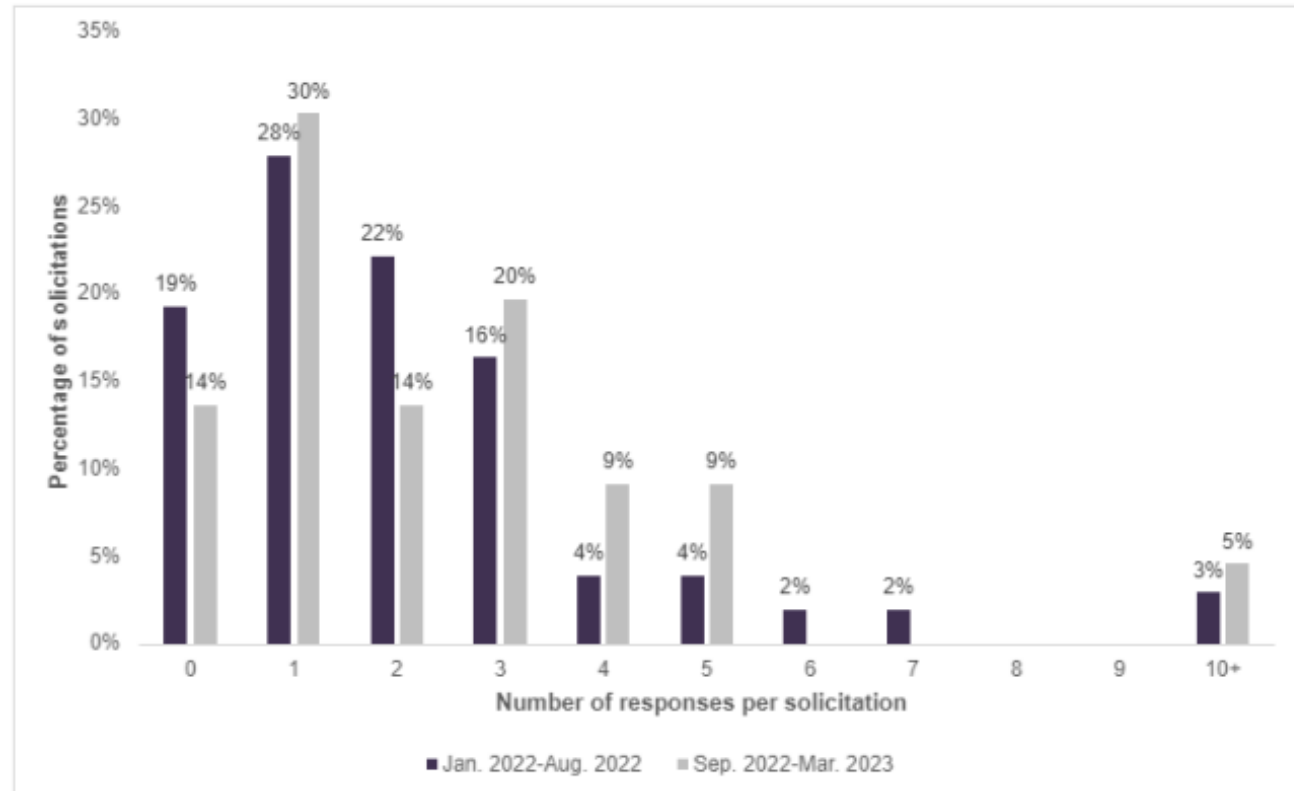
FINDINGS OVERVIEW

- Procurement has taken steps to improve operations
- Procedures are being updated that incorporate most anti-corruption best practices
- Department could improve reporting, document retention, and seeking economies of scale

PROCUREMENT HAS TAKEN STEPS TO IMPROVE OPERATIONS

- Vendor participation on competitive solicitations increased
- % of solicitations at or above goal of three responses increased from 31% to 42%

Exhibit 6: Percentage of Formal Solicitations Meeting Department's Goal of Three Responses Increased in Late 2022 and Early 2023



Source: Graph created by auditors based on data from ATLCLOUD solicitations module, filtered for IFBs and RFPs with a creation date between 1/1/2022-3/31/2023, not including amendments

REPORTS OVERSTATED GAINS IN COMPETITIVE SOLICITATION CYCLE TIME

- Quarterly updates to City Council reported that cycle time was 186 days compared to the department's 120-day goal.
- Our calculations showed an average cycle time of 400 days when 279 days was reported.

MEDIAN TIME TO PROCESS PURCHASE ORDERS IS SAME DAY

- We found that the department processed 97% of purchase orders created between January 2022 and March 2023 within its goal of three days.
- In both periods, most purchase orders were created same day.
- Procurement reported to City Council that it had cut the time to process purchase orders by more than 90% since January 2022, but we found that the median time to process purchase orders was unchanged.

18% OF ALTERNATIVE PROCUREMENTS WERE MISSING JUSTIFICATIONS

Exhibit 12: Special Procurements Had the Lowest Percentage of Justifications

Type of Alternative Procurement	Total Sampled	Number with Justifications	Percentage with Justification
Cooperative agreements	8	8	100%
Emergency procurements	12	11	92%
Sole source procurements	11	11	100%
Special procurements	49	36	73%

Source: Created by audit team based on department's draft policies and procedures

MORE CONSISTENT LABELING WOULD HELP TRACK SPENDING OVER THE ANNUAL VENDOR LIMIT

- Annual limits on the amount each department can spend on vendors for micro & small purchases
- 54 potential purchase orders over the limit in FY23; poor labeling in ATLCcloud means this number may be higher

PROCUREMENT PLANS TO IMPLEMENT MEASURES TO ACHIEVE ECONOMIES OF SCALE

- Procurement staff are not yet leveraging economies of scale.
 - coding purchases in ATLCLOUD could help the department identify potential volume discounts
 - use of punchout vendors could result in better per unit rates

RECOMMENDATIONS

We recommend that the chief procurement officer:

1. Incorporate all anti-corruption controls and processes in practice into its policies and procedures
2. Finalize the draft policies and procedures and train staff on how to apply them
3. Work with the city's ATLCLOUD consultant, Deloitte, to identify whether the solicitation and contract modules can be connected for automated cycle time reporting
4. Ensure all contracts are uploaded into ATLCLOUD as part of award close-out

RECOMMENDATIONS (CONT.)

5. Continue to implement the RACI chart and integrate key dates into ATLCLOUD
6. Clarify its purchase order metrics and calculations for City Council reporting
7. Ensure procurement request engagement package and justification forms are retained in SharePoint and, if possible, in ATLCLOUD
8. Create a mandatory designation field in the ATLCLOUD requisition form for contract or non-contract-related spending and make the micro or small purchase field mandatory

RECOMMENDATIONS (CONT.)

9. Find a method to consistently label and track purchase categories and leverage these data and its category management model to identify opportunities to achieve economies of scale
10. Encourage city agencies to use punchout vendors

QUESTIONS?

FULL REPORT:

[HTTP://WWW.ATLAUDIT.ORG/UPLOADS/3/9/5/8/39584481/23.11 EFFICIENCY OF THE PROCUREMENT PROCESS FINAL REPORT 2-1-24.PDF](http://www.atlaudit.org/uploads/3/9/5/8/39584481/23.11_EFFICIENCY_OF_THE_PROCUREMENT_PROCESS_FINAL_REPORT_2-1-24.PDF)