

Executive Summary

CONSULTING AND PROFESSIONAL SERVICES

AUDIT AUD19-03

June 22, 2020



OVERVIEW

- The City of West Palm Beach utilizes the services of consultants and professional service providers in the areas of strategy development, management, core business operations, financial advice, human resources, and IT.
- Procurement facilitates contract requests, determines the procurement method and facilitates solicitations.
- We analyzed 72 agreements with combined budgets of about \$20 million and payments totaling about \$11 million as of April 2020.

SUMMARY FINDINGS

1. **Inadequate Justification for Single Source Contracts:** We found 9 single source contracts that did not contain sufficient justification for not being competitively bid, and 3 single source contracts that did not have any justification letters for not being competitively bid.
2. **Inadequate Invoice Review Process:** We found 35 invoices that were signed by a reviewer but had no supporting documentation to substantiate the completion of services. We found 101 invoices that were not signed by a reviewer and 18 of the invoices had no support to substantiate the completion of services.
3. **Inconsistent Data Across Multiple Systems:** We found that there is no central repository to capture various data related to contracts. Further, there were many inconsistencies between the various databases such as invoices not linked to a P.O., contracts entered with zero-dollar value amounts, missing contractor's names, and negative values.
4. **Inconsistent Use of Contracts Database:** The Contracts Database is utilized by City employees and allows for Procurement oversight, however, we found 11 contracts that were not processed through the database.
5. **Improving Controls Over the Budget Approval Process:** We found that final budgetary approval for 13 contracts were provided by a Department Director instead of Budget Division personnel. Further, 11 contracts did not have documentation of budget approvals because they were not processed through the contracts database.
6. **Insufficient Contract Documentation:** There were 7 contracts where we could not obtain information as to what services were provided, why the services were needed, and/or why the contractor was selected.
7. **Screening Consultants and Professional Service Providers:** We found that contracts have signed Affidavit of Representations and Disclosure statements, however, we did not identify evidence indicating independent verification of these statements.
8. **Evaluating Vendor Performance:** We found that the Consultant Performance Evaluation Form is only being utilized by IT, Public Utilities, and Engineering, though all Departments should be evaluating vendor performance.

SUMMARY RECOMMENDATIONS

1. Procurement, in collaboration with City Administration, should revise or enforce the Procurement Code such that written justification is required for all single source contracts over \$50k and written documentation should be maintained stating why Procurement approved a single source.
2. City Administration, in conjunction with department directors, should ensure that invoices contain sufficient information to substantiate services completed and are properly reviewed and approved for payment.
3. City Administration should work with Procurement and Legal to ensure that all relevant data is obtained and consistently entered into the various systems.
4. City Administration, in conjunction with the City Attorney's Office and Procurement, should establish policies and procedures that provide criteria for contracts that are not required to be processed through the Contracts Database.
5. Finance should establish policies and procedures that require budget approvals from the Budget Division.
6. Procurement, in collaboration with City Administration, should implement a project management process, whereby all documentation related to contracted services are stored in a central repository.
7. Procurement should evaluate software capable of screening contractors and, in the absence of software, document independent verifications of selected contractors.
8. Procurement should establish procedures that require all departments to complete periodic vendor performance evaluations and create a standardized template with evaluation criteria.