

**Performance Audit:
Expired Contracts and
Cooperative Agreements**

April 2019

City Auditor's Office

City of Atlanta



CITY OF ATLANTA

City Auditor's Office
Amanda Noble, City Auditor
404.330.6750

April 2019

Why We Did This Audit

We undertook this audit because city councilmembers expressed concern about the city paying on expired contracts. Our audit reviews the city's administration of contracts, including amendments, renewals, extensions, and expiration. It also examines roles and responsibilities of the Department of Procurement and user agencies and evaluates the completeness of data sources used by contract administrators to monitor the status of existing agreements.

What We Recommended

To reduce the risk of operating with and making payments on expired contracts, the chief procurement officer and user agencies should:

- ensure that all active contracts are included on the combined division report and the status of the contracts is up-to-date
- once the Oracle Cloud upgrade is available, procurement staff should ensure that the complete contract inventory is entered and maintained in the system and used to notify user departments of expiring contracts based on the schedule outlined in Department of Procurement standard operating procedures

To ensure that the city is obtaining competitive pricing when using cooperative agreements, the chief procurement officer should:

- ensure that user departments submit all required documents in the request packages
- require user departments to submit price comparisons or market research to support the use of cooperative agreements

For more information regarding this report, please use the "contact" link on our website at www.atlaudit.org

Performance Audit:

Expired Contracts and Cooperative Agreements

What We Found

The Department of Procurement is required by city code to notify user departments of contract expiration. The department began notifying users of contract expiration in 2018, primarily via email.

The Department of Procurement tracks citywide contracts manually using a spreadsheet called a combined division report. Information from the report is loaded into Oracle and used to generate the automated notifications to user departments. The report is incomplete, which limits its usefulness and results in some notifications falling through the cracks. This has contributed to the city retroactively approving contracts to make payments on expired contracts. Procurement staff stated the Oracle Cloud upgrade should streamline contract tracking and notification.

The city code allows the chief procurement officer to participate in cooperative agreements already procured by other public entities to procure goods, services, or construction, but must certify that the agreement was competitively procured. Cooperative agreements can reduce administrative costs and allow the city to meet needs more quickly than through a formal procurement process. Procurement staff told us that departments may use cooperative agreements due to a lack of planning and may not communicate needs timely enough to avoid a service disruption or other operational impacts.

We found that the city cannot be fully assured that cooperative agreements provide the best value. We reviewed 20 randomly selected cooperative agreements and found that 18 did not contain all documents to show competitive pricing, such as price comparisons or market data. Two of these packages contained pricing support. We identified 77 unique cooperative agreements in legislation between 2017 and 2018 totaling approximately \$88.2 million. Atlanta Information Management and Watershed Management are the city's top users of cooperative agreements.

Management Responses to Audit Recommendations

Summary of Management Responses

Recommendation #1: To reduce the risk of operating with and making payments on expired contracts, the chief procurement officer should ensure that the complete contract inventory is entered and maintained in the Oracle system and used to notify user departments of expiring contracts based on the schedule outlined in procurement's procedures.

Response & Proposed Action: The procurement department is actively engaged in entering contracts into Oracle ATL cloud system, and the system is set to automatically notify identified resources at 210 days before expiration. The department has also developed a supplemental ad hoc report which can also be used to track expiration dates.

Agree

Timeframe: December 2019

Recommendation #2: To reduce the risk of operating with and making payments on expired contracts, the chief procurement officer should ensure that all active contracts are included on the combined division report and the status of the contracts is up-to-date.

Response & Proposed Action: The department is working to ensure that all active contracts are recorded; however, as Oracle reporting capabilities advance, the department will likely move away from manually produced spreadsheets such as the combined development report. Nevertheless, the Department of Procurement agrees that the referenced contract data must be reported in a standard report that is available upon demand.

Partially Agree

Timeframe: December 2019

Recommendation #3: To ensure that the city is obtaining competitive pricing when using cooperative agreements, the chief procurement officer should ensure that user departments submit all required documents in the request packages.

Response & Proposed Action: The department will ensure that using agencies are made aware of all requirements for cooperative procurement requests and that procurement professionals receive refresher training on how to review and process cooperative agreement requests.

Agree

Timeframe: September 2019

Recommendation #4: To ensure that the city is obtaining competitive pricing when using cooperative agreements, the chief procurement officer should require user departments to submit price comparisons or market data to support the use of cooperative agreements.

Response & Proposed Action: The procurement department will continue to emphasize the requirement for using agencies to provide adequate price comparison information and ensure that using agencies are aware of the requirement.

Agree

Timeframe: September 2019

| | |
|---------------------------|---|
| Recommendation #5: | To ensure that the city is obtaining competitive pricing when using cooperative agreements, the chief procurement officer should work with law and user departments to propose changes to city code for City Council consideration to better match the timing of written notices of contract expiration to the procurement cycle. |
|---------------------------|---|

| | |
|--|---|
| Response & Proposed Action: | The chief procurement officer will continue to coordinate with the law department and using agencies, as appropriate, to assess the extent to which changes to city code to align the timing of contract expiration notices with the procurement cycle is an effective means of ensuring competitive pricing when using cooperative agreements. |
|--|---|

Partially Agree

Timeframe: September 2019



CITY OF ATLANTA

AMANDA NOBLE
City Auditor
anoble@atlantaga.gov

STEPHANIE JACKSON
Deputy City Auditor
sjackson@atlantaga.gov

CITY AUDITOR'S OFFICE
68 MITCHELL STREET SW, SUITE 12100
ATLANTA, GEORGIA 30303-0312
<http://www.atlaudit.org>
(404) 330-6452
FAX: (404) 658-6077

AUDIT COMMITTEE
Marion Cameron, CPA, Chair
Daniel Ebersole
Danielle Hampton
Amanda Beck, PhD

April 15, 2019

Honorable Mayor and Members of the City Council:

We undertook this audit to assess responsibilities and roles of the Department of Procurement and user departments related to contract expiration. We compared manual and system reports for tracking contract expiration for completeness and consistency. We also assessed whether the city was obtaining the best value by participating in cooperative agreements. We evaluated evidence of competition such as price comparison and market data to support participating in cooperative agreements. Additionally, we reviewed timing and pricing justifications for using cooperative agreements.

The Audit Committee has reviewed this report and is releasing it in accordance with Article 2, Chapter 6 of the City Charter. We appreciate the courtesy and cooperation of city staff throughout the audit. The team for this project was Amber Hart, Joshua Winfield, and Bradford Garvey.

Amanda Noble
City Auditor

Marion Cameron
Chair, Audit Committee

Report Title

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Introduction

We undertook this audit because city councilmembers expressed concern about the city paying on expired contracts. The city’s competitive procurement procedures are intended to foster a fair and open process to select the most responsible proposer who can provide the best value for the city. Extending expired contracts limits competition. We also assessed whether the city obtains competitive pricing on cooperative purchasing agreements. Our audit reviews the city’s administration of contracts, including amendments, renewals, extensions, and expiration. It also examines roles and responsibilities of the Department of Procurement and user agencies and evaluates the completeness of data sources used by contract administrators to monitor the status of existing agreements.

Background

The Department of Procurement serves as the principle purchasing entity for the City of Atlanta. City code establishes procurement processes for the city and authorizes the chief procurement officer to administer the procurement function. According to Section 2-250 of the city code, the chief procurement officer is responsible for ensuring that the city obtains the maximum value for its spending. The department’s standard operating procedures describe the nine-step formal procurement process, as shown in Exhibit 1. Procurement staff is responsible for tracking contracts throughout each stage of the process.

Exhibit 1: Formal Procurement Process for Contracts

| | |
|--------|---|
| Step 1 | • Need Established |
| Step 2 | • Planning & Source Selection |
| Step 3 | • Solicitation Development |
| Step 4 | • Advertisement |
| Step 5 | • Public Receipt of Responses |
| Step 6 | • Evaluation |
| Step 7 | • Recommendation of Award to City Council |
| Step 8 | • Contract Development and Execution |
| Step 9 | • Contract Administration |

Source: Department of Procurement’s Standard Operating Procedures

Contracts are tracked within the Department of Procurement by seven teams. Each team of contracting officers is led by a procurement officer. Individual teams are responsible for tracking the status of contracts for a specific user department or those categorized within a specific subject area. Exhibit 2 lists the five teams within the Department of Procurement responsible for tracking contracts for services and the departments to which they are assigned. Two additional teams are responsible for tracking commodities contracts. They track citywide contracts such as office supplies and are not assigned by subject area.

Exhibit 2: Procurement Staff Assignments for Service Contracts

| Service Team Assignments | | | | |
|--------------------------|---|---|--------------------------------|--|
| Procurement Officer | Procurement Officer | Procurement Officer | Procurement Officer | Procurement Officer |
| Team A | Team B | Team C | Team D | Team E |
| Department(s)/Area | Department(s)/Area | Department(s)/Area | Department(s)/Area | Department(s)/Area |
| All airport projects | Non-construction projects for DWM, DPW, DPCD, DPR | APD, AFRD, DOC, DOL, DOF, AIM, DHR, Mayor's Office, Municipal Court, City Council, Ethics, City Auditor, ACRB | Renew Atlanta, DEAM, Streetcar | All construction projects, excluding the airport |
| Contracting Officers | Contracting Officers | Contracting Officers | Contracting Officers | Contracting Officers |

Source: Department of Procurement

Department of Procurement staff is responsible for facilitating and managing all administrative and procurement-related tasks associated with change orders, amendments, renewals, extensions, task orders, cancellations, and vendor complaints. User departments are responsible for managing the work performed under the contract and for ensuring that vendors adhere to contract terms.

Procurement Is Primarily Responsible for Tracking Contract Expiration

The Department of Procurement is required to notify user departments of contract expiration. Section 2-1206(b) of the city code requires the chief procurement officer to provide written notice to user departments and the municipal clerk at least 90 days prior to the expiration of a contract. In addition, the Department of Procurement's procedures provide that staff notify user agencies of contract expiration at least 180 days prior to the end date. The Department of Procurement

developed a standard email template in 2017 to notify user departments of upcoming contract expirations (see Exhibit 3).

Exhibit 3: Procurement Sends Periodic Contract Expiration Notifications to Users

Contract Expiration Notification

The Department of Procurement (DOP) has implemented a feature, Contract Expiration Notification, in Oracle ERP that allows Contracting Officers in DOP to send multiple notifications to designated resources in the user agencies to alert them of pending contract expiration. The notifications will be sent six times: 210, 180, 120, 90, 30 and 7 days before the contract expiration date. The intervals are set to allow sufficient time to advertise a new solicitation, renew an existing contract (if applicable) or submit legislation for an extension. The objective of the Notification is to eliminate extensions or reduce the number of extensions.

Notification Language:

"This contract is scheduled to expire, see below for details. Please contact the contracting officer now to discuss renewal options and/or new solicitation. Continued use of the contract after expiration is a violation of the Procurement Code."

Contract Number: 7093
Contract Amount: 2,867,250.00
Effective Contract Date: 09-APR-17
Contract Expiration Date: 08-APR-18
Buyer: Triplett, Briana Desiree
Remaining Contract Days before Expiration: 30

Source: Department of Procurement

The Department of Procurement's intent is to send the notification email six times prior to the contract expiration date, beginning at 210 days prior, and until 7 days before the end of the contract period. The department implemented the notifications in summer of 2018.

User departments should be aware of contract ending dates to ensure continuity of business operations if products or services are still needed. Section 2-1205 of the city code authorizes the chief procurement officer to recommend that a contract be renewed if it is in the best interests of the city and the original contract included a renewal option. For the chief procurement officer to consider recommending a contract renewal, the user department must submit a performance report to the chief procurement officer, along with a recommendation for renewal, at least 120 days prior to the contract expiration date. All contract renewals require City Council approval.

Procurement Tracks Contracts Manually

The Department of Procurement tracks contracts citywide using a spreadsheet called a combined division report (CDR). Each of the five service contract teams submit status information for their assigned contracts, which is then compiled into the master report. The report serves as the Department of Procurement's comprehensive inventory of contracts. The combined division report includes the name of the user

agency, agreement or contract number, name of contracting officer responsible for tracking, contract status, project title, and vendor information. In the comments section of the combined division report, the contracting officers provide detailed updates to identify the stage of the procurement process the contract has reached. Procurement staff enters the contract information from the report into Oracle.

City Uses Cooperative Agreements Held by Other Governments

Instead of procuring goods and services through the formal procurement process, the City of Atlanta may elect to “piggyback” on a contract procured by another public entity, referred to as a cooperative purchasing agreement. Section 2-1602 of the city code authorizes the chief procurement officer to participate in a cooperative agreement to procure goods, services, or construction. Procuring goods and services using cooperative agreements reduces administrative costs and allows the city to meet procurement needs more quickly than through a formal procurement process. The city may also be able to obtain more competitive pricing by using cooperative agreements that are based on economies of scale. When cooperative agreements are used, the city becomes bound to the terms and conditions listed in the cooperative agreement, which may be a disadvantage, depending on user needs.

The city identifies available cooperative agreements by searching procurement websites such as the federal General Services Administration (GSA). To use a cooperative agreement, city code requires the chief procurement officer to certify that the cooperative agreement was competitively procured. To meet this obligation, the chief procurement officer requires user departments that are requesting a cooperative agreement to provide a memo attesting that the service or commodity was procured by competitive means and to provide a copy of the active competitively procured agreement. Section 2-1608 of the city code requires cooperative agreements to be approved by City Council when the value of the contract exceeds \$20,000, but procurement’s procedures require legislation and City Council approval for all cooperative agreements, regardless of dollar value.

Audit Objectives

This report addresses the following objectives:

- What contract administration controls should be strengthened to reduce the likelihood of the city paying on expired contracts?

- Does the city obtain competitive prices by participating in cooperative agreements?
-

Scope and Methodology

We conducted this audit in accordance with generally accepted government auditing standards.

Our audit methods included:

- interviewing Department of Procurement staff to understand how the department tracks contracts and handles cooperative agreements
- reviewing city code provisions related to contracting
- reviewing the Department of Procurement's standard operating procedures to gain an understanding of the procurement process, contract administration, and documents required for cooperative agreements
- searching final action legislation from 2017 through July 2018 to compile a list of cooperative agreements
- reviewing a random sample of 20 cooperative agreement contract files to assess compliance with standard operating procedures and obtain evidence of competitive pricing
- obtaining copies of the Department of Procurement's combined division reports from March and June 2018 and testing the completeness and reliability of the reports
- researching best practices for cooperative agreements

Generally accepted government auditing standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Findings and Analysis

Manual Tracking of Contracts Increases Procurement Risk

The Department of Procurement is required by city code to notify user departments of contract expiration dates at least 90 days before contracts expire. Its standard operating procedures require that notification to user departments occur at least 180 days before the contracts expire. Procurement began sending notifications to user department contacts through email at six periodic intervals prior to contract expiration. However, because the inventory of contracts was incomplete, the automated notification system did not always send the notices. The spreadsheets that procurement uses to manually track contract status, including contract expiration dates, are incomplete and inconsistently updated by contracting staff. The chief procurement officer and user departments have periodically requested that City Council retroactively approve contracts to make payments on expired contracts, or when services are still needed, but a new contract or renewal has not yet been executed.

Department of Procurement staff told us that the functionality included in the new Oracle Cloud upgrade, which went live on January 7, 2019, will allow procurement to track contracts in a more streamlined way and send automated notifications to user departments of contract expiration. To increase the usefulness and reliability of the combined division report and limit the likelihood of contracts expiring without notice, we recommend that the chief procurement officer ensure that all active contracts are included in the report. The chief procurement officer should also ensure that contracting staff include all relevant contract updates in the report, consistent with the training guidance. Staff should ensure that the complete contract inventory is entered and maintained in the system and used to notify user departments of expiring contracts based on the schedule outlined in city code.

Automated Approach Could Strengthen Contract Administration and Management

The Department of Procurement developed an email notification to satisfy requirements that it notify departments of contract expiration dates, but we found that the notices were sent inconsistently, partly due to procurement's difficulty in maintaining current contract information. The spreadsheets that procurement uses to manually track contract status and contract expiration dates are incomplete and

inconsistently updated by contracting staff. We recommend that procurement staff ensure that the complete contract inventory is entered and maintained in the Oracle Cloud system and used to notify user departments of expiring contracts based on the schedule outlined in city code.

The combined division report is incomplete, which limits its usefulness and increases risk. The Department of Procurement's contracting teams are individually responsible for maintaining an inventory of contracts and updating the status of those contracts. In our review of the report, we found that the report is incomplete and contained varying levels of detail to capture where contracts are in the procurement process. Also, in some instances, the initial contract terms, including expiration dates, were not included. Absent complete information to track the status of contracts, the report is limited in its usefulness and increases the risk that contracts could expire without notice to the user departments.

During the lifecycle of a contract, procurement staff documents the history and status of the contract on individual spreadsheets and enters the updates into the combined division report. According to Department of Procurement's training guide for updating the report, contracting staff are required to note the following:

- user agency
- agreement number
- event (e.g., change order, renewal)
- phase
- date request was received
- legislation date
- execution date
- project title/description
- vendor name and contact information
- status and comments
- city contact and number
- agreement value

The training guide provides that contracting staff should include contract terms and renewal dates in the status and comments field in the spreadsheet; however, we found that those dates are not consistently recorded.

We also found that the combined division report did not contain all active contracts. We identified contracts in final action legislation and contracts listed on the Department of Procurement's website, that were not included on the combined division report.

Procurement staff also enters the contract information from the report into Oracle. We found that the Oracle active contract listing was also incomplete—as of June 2018, the Oracle contract inventory showed 68 contracts, while the combined division report included 226 active contracts. Because the list was incomplete, the Department of Procurement’s automated notification system did not always send notices to user departments about contract expiration. Further, procurement staff manually maintains contract information, which presents a risk of notifications failing if the point of contact is no longer employed with the city and procurement is not aware. The chief procurement officer and user departments have periodically requested that City Council retroactively approve contracts to make payments on expired contracts, or when services are still needed, but a new contract or renewal has not yet been executed.

The Oracle Cloud upgrade should improve consistency of department notifications. Staff told us the new system will allow procurement to track contracts in a more streamlined way and send automated notifications to user departments of contract expiration. The new system has a contracts module that houses more complete contract information than the prior version of Oracle. It also allows procurement staff to run contract expiration reports. The chief procurement officer should ensure that the complete contract inventory is entered into Oracle and maintained in the system and used to notify user departments of expiring contracts based on the schedule outlined in procurement’s procedures.

To increase the usefulness and reliability of the combined division report and limit the likelihood of contracts expiring without notice, we recommend that the chief procurement officer ensure that all active contracts are included on the report. The chief procurement officer should also ensure that contracting staff include all relevant contract updates in the report, consistent with the training guidance.

Price Validation Could Improve Effectiveness of Cooperative Agreements

The city code authorizes the chief procurement officer to use cooperative agreements to procure goods or services by joining contracts procured by public entities. A cooperative agreement can reduce administrative costs and allow departments to meet operational needs more quickly than using the typical procurement process. City Code section 2-1608 requires the chief procurement officer to certify that the agreement was competitively procured but does not require an independent market analysis or price comparison. Without pricing or

market information, the city cannot be fully assured that the cooperative agreement is competitive.

Also, procurement requires user departments to submit a list of required documents to request the use of a cooperative agreement. In our review of 20 cooperative agreement packages, we found that 18 of the packages did not contain all documents required to be on file according to standard operating procedures. To ensure that the city is obtaining competitive pricing when using cooperative agreements, we recommend that the chief procurement officer ensure that user departments submit all required documents. We also recommend that the chief procurement officer require users to submit price comparisons or market data to support the use of the cooperative agreement.

City Has Limited Assurance that Cooperative Agreements Are Competitive

City code authorizes the city to participate in cooperative agreements with public entities to procure goods and services, but not all the agreements are competitively bid. The Department of Procurement's procedures require user departments to certify that the agreement was competitively procured, but do not require an independent market analysis or price comparison. Without pricing or market information, the city cannot be assured that the cooperative agreement is the best value for the city.

Also, in our review of 20 randomly selected cooperative agreement packages, we found that 18 of the packages did not contain all required documents. Furthermore, there is minimal evidence of competitive pricing documentation within the sample. Only 2 of the 20 of the sample contained evaluation criteria used to determine whether the contract provides best value for the City of Atlanta. To ensure that the city is obtaining competitive pricing when using cooperative agreements, we recommend that the chief procurement officer ensure that user departments submit all required documents, including price comparisons or market data to support the use of the cooperative agreement. To ensure the city is participating in cooperative agreements based on cost benefits instead of time constraints, we recommend the chief procurement officer work with law and user departments to develop and propose changes to city code to reflect time requirements for written notice of contract expiration to the procurement cycle.

The city may use cooperative agreements for expediency. Section 2-1602 authorizes the chief procurement officer to participate in a cooperative agreement to procure goods, services, or construction.

Using cooperative agreements reduces administrative costs and allows the city to meet procurement needs more quickly than through a formal procurement process. According to procurement staff, user departments may opt to participate in cooperative agreements due to a lack of planning. They also stated user agencies may not communicate procurement needs timely enough to avoid a disruption of service or avoid other operational impacts. As a result, user departments may work with procurement to identify existing cooperative agreements. To limit the need to participate in cooperative agreements because of time constraints, we recommend the chief procurement officer work with law and user departments to propose changes to city code to better match the timing of written notice of contract expiration to the procurement cycle.

We identified 77 unique cooperative agreements in legislation in 2017 and 2018, totaling approximately \$88.2 million. Four pieces of legislation did not specify a contract number, and some did not specify a total contract value. The cooperative agreements consisted of 64 service agreements, 7 commodities agreements, and 6 commodities and services agreements. The most frequent user of cooperative agreements was Atlanta Information Management, with 44 agreements. The total amount related to these agreements was over \$35.5 million, which was also the highest dollar amount of city departments. The agreements were for items such as software maintenance and support, and software subscriptions. The user department with the next highest number of cooperative agreements was the Department of Watershed Management, with seven. These agreements totaled at least \$4.3 million. The Department of Enterprise and Asset Management accounted for the second highest dollar amount associated with cooperative agreements, with \$16.2 million.

The original cooperative agreements may not have been competitively bid. The city uses federal cooperative agreements listed on the U.S. General Services Administration's website, as well as agreements listed on the state websites such as the Georgia Department of Administrative Services. In our sample of 20 cooperative agreements, 8 of the agreements came from the General Services Administration website, 8 agreements were derived from the state website, and 4 came from other entities. These agreements totaled at least \$13.7 million with some agreements not specifying amounts. The state website describes how cooperative agreements have been competitively bid; however, the General Services Administration's contractors are selected through an open and continuous qualification process instead of competitive bids or proposals. The website states that the cooperative agreements contain a pool of contractors with "pre-negotiated terms, conditions and competitive prices with the flexibility to seek more discounts." The

website also provides tools and resources to research pricing by labor categories.

City code requires the chief procurement officer to certify to the City Council that cooperative agreements have been competitively procured. The Department of Procurement's procedures require departments that are requesting to participate in a cooperative agreement to certify to the chief procurement officer that the agreement was competitively procured. The procedures do not require an independent market analysis or price comparison but require user departments to submit a memorandum to the chief procurement officer "attesting that substantial needs will be met, and the service or commodity was procured by competitive means." To use a cooperative agreement, user departments must submit the following documents to the chief procurement officer:

- request form
- memorandum attesting that needs will be met, and service or commodity was competitively procured
- original Illegal Immigration Reform and Enforcement form
- statement of work and quotes that match the cooperative agreement
- insurance (if applicable)
- copy of active competitively procured agreement

We reviewed a random sample of 20 cooperative agreements executed in 2017 and 2018 to assess whether the required documents were included in the packages. Only 2 of the 20 cooperative agreement files had all required documentation. While 18 of 20 cooperative agreement files contained a memo from the chief procurement officer to City Council certifying that the cooperative agreement was competitively bid, the bases for the certifications were unclear. Departmental attestations regarding competitive pricing were present in only 2 of the 20 cooperative agreement files in our sample. The chief procurement officer told us that the city would have to obtain current cost or pricing data from the originator of the cooperative agreement.

To ensure that the city is obtaining competitive pricing when using cooperative agreements, we recommend that the chief procurement officer ensure that user departments submit all required documents, including price comparisons or market data to support the use of the cooperative agreement.

Recommendations

To reduce the risk of operating with and making payments on expired contracts, the chief procurement officer should:

1. ensure that the complete contract inventory is entered and maintained in the Oracle system and used to notify user departments of expiring contracts based on the schedule outlined in procurement's procedures.
2. ensure that all active contracts are included on the combined division report and the status of the contracts is up-to-date.

To ensure that the city is obtaining competitive pricing when using cooperative agreements, the chief procurement officer should:

3. ensure that user departments submit all required documents in the request packages
4. require user departments to submit price comparisons or market data to support the use of cooperative agreements
5. work with law and user departments to propose changes to city code for City Council consideration to better match the timing of written notices of contract expiration to the procurement cycle

Appendix

Appendix A: Management Review and Response to Audit Recommendations

| Report # 18.05 | Performance Audit: Expired Contracts and Cooperative Agreements | Date: April 2019 |
|--|---|---|
| Recommendation 1: To reduce the risk of operating with and making payments on expired contracts, the chief procurement officer should ensure that the complete contract inventory is entered and maintained in the Oracle system and used to notify user departments of expiring contracts based on the schedule outlined in procurement's procedures. | | |
| Proposed Action: The procurement department is actively engaged in entering contracts into Oracle ATL cloud system, and the system is set to automatically notify identified resources at 210 days before expiration. The department has also developed a supplemental ad hoc report which can also be used to track expiration dates. | | Response: Agree |
| Person Responsible: Keith Brooks, Senior Deputy Chief Procurement Officer | | Implementation Date: December 2019 |
| Recommendation 2: To reduce the risk of operating with and making payments on expired contracts, the chief procurement officer should ensure that all active contracts are included on the combined division report and the status of the contracts is up-to-date. | | |
| Proposed Action: The department is working to ensure that all active contracts are recorded; however, as Oracle reporting capabilities advance, the department will likely move away from manually produced spreadsheets such as the combined development report. Nevertheless, the department of procurement agrees that the referenced contract data must be reported in a standard report that is available upon demand. | | Response: Partially Agree |
| Person Responsible: Keith Brooks, Deputy Chief Procurement Officer | | Implementation Date: December 2019 |
| Recommendation 3: To ensure that the city is obtaining competitive pricing when using cooperative agreements, the chief procurement officer should ensure that user departments submit all required documents in the request packages. | | |
| Proposed Action: The department will ensure that using agencies are made aware of all requirements for cooperative procurement requests and that procurement professionals receive refresher training on how to review and process cooperative agreement requests. | | Response: Agree |
| Person Responsible: Annette Bettis, Deputy Chief Procurement Officer | | Implementation Date: September 2019 |

Recommendation 4:

To ensure that the city is obtaining competitive pricing when using cooperative agreements, the chief procurement officer should require user departments to submit price comparisons or market data to support the use of cooperative agreements.

Proposed Action: The procurement department will continue to emphasize the requirement for using agencies to provide adequate price comparison information and ensure that using agencies are aware of the requirement.

Response:

Agree

Person Responsible: Annette Bettis, Deputy Chief Procurement Officer

Implementation Date:

September 2019

Recommendation 5:

To ensure that the city is obtaining competitive pricing when using cooperative agreements, the chief procurement officer should work with law and user departments to propose changes to city code for City Council consideration to better match the timing of written notices of contract expiration to the procurement cycle.

Proposed Action: The chief procurement officer will continue to coordinate with the law department and using agencies, as appropriate, to assess the extent to which changes to city code to align the timing of contract expiration notices with the procurement cycle is an effective means of ensuring competitive pricing when using cooperative agreements.

Response:

Partially Agree

Person Responsible: Annette Bettis, Deputy Chief Procurement Officer

Implementation Date:

September 2019