

MEMORANDUM OF TRANSMITTAL



To: David Billingsley, Chief Procurement Officer

From: George J. McGowan, CPA
Director, Office of Audit Services and Management Support

Date: December 9, 2019

Subject: Follow-up Review of Procurement Contracts Audit Phase II (Report No. 20-02)



Attached is a summary of the status of recommendations as determined from our follow-up review of our audit of the Procurement Contracts Phase II (Report No. 19-05), issued December 5, 2018.

This review consisted of inquiries of City personnel. It is substantially less in scope than an audit made in accordance with internal auditing standards. The evidence obtained provided a reasonable basis for our conclusions; however, had an audit been performed, other matters may have come to our attention that would have been reported to you and our conclusions may have needed to be modified.

We are pleased to report that all recommendations are implemented.

We would like to thank the management of the Procurement Division for their cooperation during this follow-up review.

GJM

Attachment

C: The Honorable Buddy Dyer, Mayor
Jody Litchford, Deputy City Attorney
Chris McCullion, Chief Financial Officer
Brian Battles, Deputy Chief Financial Officer
Michelle McCrimmon, Deputy Chief Financial Officer

Annual Contracts Phase II Reply and Implementation Summary

#	Recommendations	Concur	Original Management Action Plan	Implementation Status		
				Current Status	Target/ Implementation Date	Comments
1	The Chief Procurement Officer should instruct the operational divisions regarding the proper procedures to follow to acquire goods and services not listed in contracts.	✓	A new training program for operational divisions will be developed relating to contract management. Content will include how to order from contracts, confirming goods/services are on contract and what to do if they are not included on the contract. Training will also include supplier performance and invoice processing. In addition, a project is currently underway to add contract documents to the Workday Supplier Contract page. This will allow easier access to confirm what is included on the contract.	Implemented	July 2019	<p>Training has been provided to discuss ordering against a contract and how to order if not included on a contract. To date, training specific to contract and non-contract ordering has been provided to Fleet, Facilities, Orlando Police Department and Orlando Fire Department. In addition, these topics are now included in the Procurement Fundamentals training (overall procurement training).</p> <p>Additional actions have been taken to address this recommendation as follows:</p> <ul style="list-style-type: none"> *Established a single point of contact in the Procurement and Contracts Division to be the liaison with operational divisions and Accounts Payable to analyze and resolve issues. *Provided training for Purchasing Agents to insure new solicitations include goods/services that are needed by operational divisions and the proper pricing format, thus resulting in a more comprehensive contract. *Implemented new contract kick off meetings at the time of contract award to insure a clear understanding of the contract scope, invoicing procedures, etc. *Sent letter to contract suppliers with instructions on how to submit a proper invoice. *Sent memo to operational divisions with instructions on proper invoicing and contract usage. *Held meetings with specific contract suppliers to discuss and review proper invoicing. *Scheduled recurring meetings with Procurement and Accounts Payable to discuss and resolve invoice issues. *Accounts Payable team reviews all contract invoices to insure proper contract compliance. Procurement is contacted to resolve issues.

Annual Contracts Phase II Reply and Implementation Summary

#	Recommendations	Concur	Original Management Action Plan	Implementation Status		
				Current Status	Target/ Implementation Date	Comments
2	The Chief Procurement Officer should instruct the affected operational divisions to properly review invoices to ensure prices for goods and/or services listed on the invoice agree with the negotiated price in the contract.	✓	A new training program for operational divisions will be developed relating to contract management. Content will include how to confirm contract pricing and what to do if there is a discrepancy with the invoice. Training will also include supplier performance and how to order from a contract. In addition, a project is currently underway to add contract documents to the Workday Supplier Contract page. This will allow easier access to confirm pricing.	Implemented	July 2019	<p>Training has been provided to discuss ordering against a contract, how to confirm pricing and how to resolve invoice discrepancies. To date, training specific to contract and non-contract ordering has been provided to Fleet, Facilities, Orlando Police Department and Orlando Fire Department. In addition, these topics are now included in the Procurement Fundamentals training (overall procurement training).</p> <p>Additional actions have been taken to address this recommendation as follows:</p> <ul style="list-style-type: none"> *Established a single point of contact in the Procurement and Contracts Division to be the liaison with operational divisions and Accounts Payable to analyze and resolve issues. *Provided training for Purchasing Agents to insure new solicitations include goods/services that are needed by operational divisions and the proper pricing format, thus resulting in a more comprehensive contract. *Implemented new contract kick off meetings at the time of contract award to insure a clear understanding of the contract scope, invoicing procedures, etc. *Sent letter to contract suppliers with instructions on how to submit a proper invoice. *Sent memo to operational divisions with instructions on proper invoicing and contract usage. *Held meetings with specific contract suppliers to discuss and review proper invoicing. *Scheduled recurring meetings with Procurement and Accounts Payable to discuss and resolve invoice issues. *Accounts Payable team reviews all contract invoices to insure proper contract compliance. Procurement is contacted to resolve issues.