

SEMINOLE COUNTY

**DEPARTMENT OF ADMINISTRATIVE SERVICES
PURCHASING DIVISION**

**AUDIT OF
CONTRACT AWARD PROCESS**

August 2008

Prepared by:
Internal Audit Division
Clerk of the Circuit Court



MARYANNE MORSE
Clerk of the Circuit Court
Seminole County

August 28, 2008

The Honorable Brenda Carey
Chairman
The Board of County Commissioners
Seminole County, Florida
1101 East First Street
Sanford, FL 32771

Dear Madam Chairman:

I am very pleased to present you with the attached audit of the Contract Award Process (Report No. 082808).

The purpose of the audit was to determine if the contract award process is fair and equitable and in compliance with the applicable rules and regulations of Seminole County. Also, to determine if the administrative controls over the program are adequate and effective. It is our opinion that contracts awarded are based on fair and open competition and in compliance with county policy.

I would like to personally thank Mr. Ray Hooper and the men and women of the Purchasing Division for their assistance throughout the course of this audit. Their assistance was deeply appreciated. With warmest personal regards, I am

Most cordially,

Maryanne Morse
Clerk of the Circuit Court
Seminole County

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**Seminole County
Department of Administrative Services
Purchasing Division**

Audit of the Contract Award Process

The Internal Audit Division of the Office of the Clerk of the Circuit Court has completed an audit of the contract award process. This audit was performed as a scheduled audit for fiscal year 2008.

Purpose

The purpose of the audit was to determine if the contract award process is fair and equitable and in compliance with the applicable rules and regulations of Seminole County. Also, to determine if the internal administrative controls over the program are adequate and effective.

Background

The Seminole County Purchasing & Contracts Division is located at 1101 E. First Street, Sanford, FL 32771 and is staffed with 12 employees. Purchasing & Contracts is a division of the County Administrative Services Department that ultimately reports to the County Manger's Office.

The Purchasing and Contracts Division was the recipient of the "Award for Excellence in Public Procurement" from Florida Association of Public Purchasing Officers, Inc. for 2008 and was re-accredited by National Institute of Governmental Purchasing (NIGP) in 2008.

For the fiscal years 2006 through 2007, this division was responsible for the award of over \$574 million in contracts and purchase orders. The projected contracts and purchase orders for fiscal year 2008 is \$241 million.

Type of Contract	Combined Fiscal Years 2006 to 2007 (in \$ Millions)	Projected 2008 (in \$ Millions)
Procurement Cards	\$ 7	\$ 3
Purchase Orders	\$ 119	\$ 45
Construction Contracts	\$ 232	\$ 85
Professional Services Contracts	\$ 43	\$ 5
RFP's, IFB's, & Term Contracts	\$ 50	\$ 5
Work Orders	\$ 114	\$ 96
Miscellaneous Contracts	<u>\$ 9</u>	<u>\$ 2</u>
Total	<u>\$ 574</u>	<u>\$ 241</u>

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Scope of Work

The scope of this audit included a review of all contracts awarded by Seminole County for the period from October 2005 to March 2008.

The audit included:

- Review of procedures to ensure fair and open competition;
- Review of internal controls used to ensure that all contract awards are in accordance with established terms, conditions, laws, and regulations;
- Review of contract award documents to ensure the award is properly supported, for official county business, in accordance with county purchasing code; and,
- Any other procedures considered necessary under the circumstances.

The audit was performed by the Internal Audit Division of the Clerk of the Circuit Court.

Overall Evaluation

It is our opinion that contracts are awarded based on fair and open competition and in compliance with county policy.

The only issue noted during the review is the following:

- Some forms required as part of the Purchasing Department's standard construction contract bid package were not in the contract file.

This issue is in the process of being addressed by Purchasing Management.

A more detailed finding and recommendation is included in the report that follows.

<p>Prepared by: Internal Audit Division Clerk of the Circuit Court</p>
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FINDING NO. 1

Some forms required as part of the Purchasing Department's standard construction contract bid package were not in the contract file.

The Administrative Code 8.15 requires the following documents to be submitted to the County:

- Bid Form
- Bid Bond
- Trench Safety Form
- Bidder Information Form
- Request for Taxpayer ID Number – IRS Form W-9
- Public Entity Crimes Form
- Non-Collusion Affidavit of Bidder
- Certification of Non-segregated Facilities
- Notice of Bid
- Drug-Free Work Place
- Non-Collusion Affidavit of Subcontractors
- Agreement Performance Bond
- Payment Bond
- Material and Workmanship Bond
- American with Disabilities Act Affidavit
- Contractors Insurance Requirements

Examples of missing documents include the following:

Two contract files were missing the Bid Bond. The Bid Bond could not be located for the John Carlo, Inc. contract #CC-0256-06A "Lake Drive Phase I & II and the Central Florida Environmental Corp. contract #CC-1055-06. Nothing in the file indicated where these documents might be located.

Although there is sufficient proof that the County is in compliance with the objective of having fair and open competition, the audit trail is incomplete. By not having a complete audit trail there is no documentation that the county is in complete compliance with the Administrative Code.

Current Status

Purchasing is in the process of implementing a paperless storage system and many documents are now located via an on-line file. The manager of Purchasing has indicated that the two bid bonds were noted on the Bid Tab as received and were returned to the contractors once performance bonds were submitted.

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Recommendation

Establish checklists for each type of purchase contract that requires bids or is negotiated. The check list should include an organizational index that requires each document to be in a specific order to facilitate review and retrieval and to ensure that the files are complete.

If a submitted document must be returned to the provider then a copy should be retained to maintain a complete contract file to document compliance with required procedures.

Management Response

Concur with Finding No. 1. The Purchasing and Contracts Division will conduct training to ensure that copies of the Bidder's Bonds are contained in the Contract file. In addition, the Division will be developing a check list that will serve as an index to ensure files are complete.

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