



## City Council Staff Report

**From: City Manager**  
**Report Type: CONSENT CALENDAR**  
**Lead Department: City Auditor**

**Meeting Date: June 5, 2023**  
Report #:2305-1428

### **TITLE**

Approval of Office of City Auditor Task Order Change - 4.20 Procurement, as recommended by the Policy and Services Committee.

### **RECOMMENDATION**

The City Auditor and the Policy & Services Committee recommend that the City Council approve the change to the Task Order 4.20 Procurement Process Review.

### **ANALYSIS**

The Office of the City Auditor (OCA) presented Task Order 4.20 – Procurement Process Review and the task order was approved by the Policy and Services Committee on February 28, 2023 and accepted by the City Council during the City Council meeting on March 13, 2023.

During the Policy and Services Committee meeting on February 28, 2023, the Policy and Services Committee (Committee) wanted to make sure the concerns in the following areas are covered by the Procurement Process Review proposed by the OCA:

- Efficiency of the procurement process
- Competition in the bidding process
- Gifts and gratuities from the vendors
- Information provided to the City Council in the contract approval process

The Committee approved the motion to reevaluate if there is sufficient budget to address these areas for Task Order 4.20.

The approved Task Order 4.20 listed the following preliminary audit objectives:

1. Determine whether adequate controls are in place and working effectively to ensure that the appropriate vendors are selected properly to achieve desired objectives.

2. Identify the opportunities to improve the efficiency and effectiveness of the procurement process.

The OCA updated the preliminary objectives to clarify them to address the Committee's specific concerns. The updated objectives that are included in the modified Task Order 4.20 are as follows:

1. Determine whether needs assessment, budgeting, solicitation, and vendor selection processes are efficient, effective, and transparent to ensure value for money and fair competition.
2. Determine whether the procurement process is valid through proper approvals, adequate segregation of duties, and compliance with applicable laws, regulations, and the City's policies.
3. Determine whether technology is used appropriately and effectively to enhance integrity, efficiency, transparency of the procurement process and to ensure consistency and validity of the relevant information and data.
4. Identify the opportunities to improve the efficiency and effectiveness in the procurement process.

The OCA estimated that the audit procedures to achieve the updated audit objectives would take additional 100 hours and \$19,350. The total revised audit hours and budget are 450 hours and \$80,900, respectively. The additional budget of \$19,350 will be supplemented from the budgets for one of the remaining audits, Long Range Planning, listed in the [approved FY23 Audit Plan](#).

Due to the fiscal year-end schedule of the Procurement team in June 2023, the OCA's fieldwork phase of this audit will need to start in July 2023 although the planning phase can start in June 2023. Therefore, the period of performance is to be changed to start in June 2023 and end in December 2023.

The updated information is included in the attached modified Task Order 4.20.

#### **FISCAL/RESOURCE IMPACT**

The change is within both the approved scope and compensation of the contract with Baker Tilly and funding levels in the FY 2023 Operating Budget for the Office of the City Auditor.

**STAKEHOLDER ENGAGEMENT**

The OCA coordinated with the procurement team in the Administrative Services Department to determine the appropriate timeline for planning and executing the audit procedures for the associated audit report.

**ENVIRONMENTAL REVIEW**

Council action on this item is not a project as defined by CEQA because the audit activities do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment. CEQA Guidelines section 15378(b)(4).

**ATTACHMENTS**

Attachment A: TASK ORDER FY23-4.20 Procurement Process Review (Modified)

**APPROVED BY:**

Adriane D. McCoy, City Auditor