

**CONTRACT ADMINISTRATION DEPARTMENT
CONSULTING SERVICES AND
CONSULTANTS' COMPETITIVE NEGOTIATION ACT (CCNA)
AUDIT 05-17
MAY 15, 2006**



CITY OF TAMPA

Pam Iorio, Mayor

Internal Audit Department

Wayne Boytim, Acting Internal Audit Director

May 15, 2006

Honorable Pam Iorio
Mayor, City of Tampa
1 City Hall Plaza
Tampa, Florida


RE: Contract Administration – Consulting Services and Consultants' Competitive Negotiation Act (CCNA), Audit 05-17

Dear Mayor Iorio:

Attached is the Internal Audit Department's report on Consulting Services and CCNA.

Contract Administration has already taken positive actions in response to our recommendations. We thank the management and staff of the Department for their cooperation and assistance during this audit.

Sincerely,


Wayne Boytim
Acting Internal Audit Director

cc: David Vaughn, Contract Administration Director
Steve Daignault, Public Works and Utility Services Administrator
Darrell Smith, Chief of Staff

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Auditor



Acting Audit Director

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INTRODUCTION

Florida State Statute 287.055, known by the short title of CCNA (Consultants' Competitive Negotiation Act) governs the acquisition of professional services. Professional services, as defined by the laws of the State of Florida, are those within the scope of the practice of architecture, professional engineering, landscape architecture or registered surveying and mapping *or* those performed by any architect, professional engineer, landscape architect, or registered surveyor and mapper in connection with his or her professional employment or practice. CCNA and other consultant type services obtained by the City of Tampa under CCNA are the responsibility of the Contract Administration Department.

The Contract Administration Department was established January 2005 by Executive Order and merged all of the individual Contract Administration sections previously within the departments of Public Works, Stormwater, Wastewater, and Water. The FY06 budget reflected 67 authorized positions.

STATISTICS

Consulting Services is based on a two-year work order agreement. This audit reviewed activity for the 2004-2006 work order agreement time period. Based on information provided by Contract Administration from April 1, 2004, through March 31, 2006, there were 240 work orders worth more than \$7.5 million awarded.

Also, during the current contract period there were 18 capital projects approved by the CCNA Selection Committee. However, only 9 (totaling more than \$2.4 million) had actually been awarded.

STATEMENT OF OBJECTIVES

This audit was conducted in accordance with the Internal Audit Department's FY05 Audit Agenda. The objectives of this audit were to ensure that:

1. Work order consultants were certified in accordance with established procedures.
2. Projects using work order consultants were for professional services as defined in Florida Statue 287.055.

3. Projects greater than \$100,000, awarded under a Request for Qualification, complied with the Consultants Competitive Negotiation Act (Florida Statute 287.055).

STATEMENT OF SCOPE

The audit period covered work order agreement activity that occurred for the most recent two-year agreement, effective from April 1, 2004, through March 31, 2006. Source documentation was obtained from the Contract Administration department. Original records, as well as copies, were used as evidence and verified through physical examination.

STATEMENT OF METHODOLOGY

The sample size and selection were statistically generated using a desired confidence level of 90 percent, expected error rate of 5 percent and a desired precision of +/- 5 percent. Statistical sampling was used in order to infer the conclusions of test work performed on a sample to the population from which it was drawn and to obtain estimates of sampling error involved. When appropriate, judgmental sampling was used to improve the overall efficiency of the audit.

To achieve the audit's objectives, reliance was placed on computer-processed data contained in the City's financial system (ADPICS). During an audit of Capital Construction Projects (Audit 04-26), the system was determined to be reliable. Since that audit, we are not aware of any major modifications to ADPICS. Therefore, no additional work was performed to assess data reliability.

STATEMENT OF AUDITING STANDARDS

We conducted our audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to afford a reasonable basis for our judgments and conclusions regarding the organization, program, activity or function under audit. An audit also includes assessments of applicable internal controls and compliance with requirements of laws and regulations when necessary to satisfy the audit objectives. We believe that our audit provides a reasonable basis for our conclusions.

AUDIT CONCLUSIONS

Based upon the test work performed and the audit findings noted below, we conclude that:

1. Work order consultants were certified in accordance with established procedures. However, the department had not completed development of its internal policies and procedures.

2. Projects using work order consultants were for professional services as defined in Florida Statue 287.055. However, all City departments were not complying with City Ordinance Section 2-280.
3. Projects greater than \$100,000 (awarded under a Request for Qualification) did not always have a Truth-In-Negotiation Certificate on file as required by the Consultants Competitive Negotiation Act (CCNA).

While the findings discussed below may not, individually or in the aggregate, significantly impair the operations of the Contract Administration Department, they do present risks that can be more effectively controlled.

WORK ORDER CONSULTANTS

Every two years the City of Tampa solicits letters of interest from firms to provide professional services in a consulting capacity. Professional services are identified as engineering, architectural, surveying, or mapping.

A sample of 23 firms was selected from the 2004-2006 work order list. In reviewing documentation, it was noted that two files did not have the Standard Form 254 Architect-Engineer and Related Services Questionnaire. Additionally, the files were missing a signed work order agreement for two firms.

RECOMMENDATION 1

Management should establish a procedure to ensure all firms submit the required documentation prior to being included on the approved work order list.

AUDITEE RESPONSE

This office concurs with the recommendation to establish appropriate procedures. With regard to the items discussed in the audit, all work order agreements are now being kept in a central location and together as a group rather than dispersed throughout payment files. Additionally, departmental staff has been specifically assigned the tasks of verifying and ensuring completeness of files.

The audit commented in regard to this recommendation that a Standard Form 254 was not found for two firms. It should be noted that this form is one of several measures to determine qualifications and experience. The absence of this form may or may not be critical depending on the content of the balance of the submittal. Further review has located the form, which had been misfiled, for one of the two firms. It is not clear in the remaining instance as to whether the form was not submitted or if it was not returned to the files.

Work Order Issuance

Files for a sample of 19 firms were selected to determine if the appropriate documentation had been provided as support prior to work orders being issued. For three firms selected, proposals required to accompany their qualifications could not be located.

Also, this review identified 17 purchase orders (totaling more than \$202,000) for seven different firms, whose issuance resulted in the amount awarded to the firm exceeding \$50,000. City Ordinance Section 2-280 states that “no work orders or other contracts however designated exceeding fifty thousand dollars (\$50,000) in the aggregate . . . shall be first approved by resolution passed by the city council.” None of the 17 purchase orders had been approved by City Council before being issued. It should be noted that most of the purchase orders not in compliance with the Ordinance had been issued by departments

outside of Contract Administration. It appeared that Contract Administration was attempting to ensure they were in compliance with the Ordinance.

RECOMMENDATION 2

City Ordinance Section 2-280 should be reviewed to determine if it is still both required and / or practical. If it is required, then a procedure should be established to ensure compliance, citywide.

AUDITEE RESPONSE

This office concurs with the recommendation that City Ordinance 2-280 should be reviewed for applicability and/or practicality. This information could be provided by other means, such as, periodic reports that would not only improve communication of the information, but also increase efficiency by not holding applicable work orders until a resolution is passed.

It is also noted that this ordinance applies to ‘all contracts however designated’, not just CCNA based services. Review of the ordinance should include examination for potential conflict with other ordinances, such as, purchasing limits and/or whether compliance with the ordinance is occurring by other departments for non-CCNA based contracts.

Until and unless changes to this ordinance are effected, this office will continue to process work orders as required to be in compliance with it. In that regard, this office concurs with the recommendation for a procedure that ensures compliance. Currently, departments are charged with notifying and coordinating with the Contract Administration Department when work order services are needed; however, the requesting department accomplishes the cutting of the purchase order associated with the work order and approval of payments separate from Contract Administration. Consequently, there is opportunity for departments to either issue work orders in sequences that cause the \$50,000 limit to be exceeded without recognizing the need for a Council resolution, or for work orders to be issued without notification to Contract Administration at all.

A procedure whereby the issuance of all work orders, the cutting of associated Purchase Orders, as well as, approval/processing of progress pay requests would provide the needed centralized knowledge and management of work order activity, including but not limited to, selection consistency, proper execution, and timely payments. Training to key personnel and briefing to Administrators and Directors should be included in the implementation. It would directly address the circumstances of the examples cited in the audit.

Work Order List Details

The work order list provided by Contract Administration to the departments did not provide enough detailed information. The list identified key data such as name, address, phone numbers, contacts, and any minority designation. However, there was no information that would inform a department on the firm’s qualifications or services they could provide or

where this information was located. There was also limited interaction between the departments and Contract Administration when a department was in the process of identifying candidates for projects.

In its' mission statement, the Contract Administration Department indicates that it is "to professionally and effectively manage projects from concept to reality for the maximum benefit of the Citizens of Tampa." If departments will still be allowed to control some aspects of obtaining professional services, then in order to accomplish the mission statement, Contract Administration should provide the primary data to be used in their decision.

RECOMMENDATION 3

Contract Administration should develop a method that would both provide more guidance to the departments when identifying "candidates" for projects and ensure consistency in firm selection citywide.

AUDITEE RESPONSE

This office concurs with the recommendation to develop a method to provide more guidance to departments during the selection process of firms for projects. Comments under Recommendation 2 regarding a change to centralized management of work order activity would also directly address this recommendation. A briefing regarding work order limits, procedures, and logistics is being planned for department heads, including follow up training to key project management personnel.

CONSULTANTS COMPETITIVE NEGOTIATION ACT (CCNA)

Florida Statute 287.055 provides the guidelines to be met when obtaining professional services. These are identified as “practice of architecture, professional engineering, landscape architecture, or registered surveying and mapping, as defined by the laws of the state” Based on information provided by the Contract Administration Department, there were 18 projects during the audit time period that met the requirements of CCNA.

A review of the documentation maintained in the file projects, by the Contract Administration Department, disclosed that three had been put on hold. For the remaining 15 projects, it was noted that six did not have a truth in negotiation form in file executed at the time of the agreement. By the conclusion of fieldwork, truth in negotiation forms were obtained for five of the six projects identified.

RECOMMENDATION 4

Management should develop a procedure to ensure that all requirements of the statute are met.

AUDITEE RESPONSE

This office concurs with the recommendation that procedures should ensure that the requirements of the statute are met. It should be noted that the remaining “Truth in Negotiation” form identified in the audit has been obtained. Additionally, standard language has been reinserted into the Agreement master document to prevent reoccurrence of this condition.

WRITTEN POLICIES AND PROCEDURES

As noted in the Introduction, the Contract Administration Department was formed by merging the Contract Administration sections of several City departments in 2005. Formal written policies and procedures have not yet been developed and implemented. However, City Code Chapter 2, Section 46 requires that all departments “shall create and maintain all records with adequate and proper documentation of the organization, together with the functions, policies, decisions, procedures, and essential transactions, of the department.”

At the conclusion of fieldwork, a draft of the department’s policies and procedures was available for review.

RECOMMENDATION 5

Management should continue with the development of their internal policies and procedures and establish an implementation date.

AUDITEE RESPONSE

This office agrees with the recommendation. It should be noted that current information included in the draft procedures manual represent policies and procedures already in use by the department. Completion and full implementation of the manual has been established for January 2007.