

**CONTRACT ADMINISTRATION  
CONSULTANTS' COMPETITIVE NEGOTIATION  
ACT AND CAPITAL CONSTRUCTION  
AUDIT 14-01  
AUGUST 26, 2014**



# CITY OF TAMPA

Bob Buckhorn, Mayor

Internal Audit Department

Christine Glover, Internal Audit Director

August 26, 2014

Honorable Bob Buckhorn  
Mayor, City of Tampa  
1 City Hall Plaza  
Tampa, Florida

RE: Consultants' Competitive Negotiation Act and Capital Construction, Audit 14-01

Dear Mayor Buckhorn:

Attached is the Internal Audit Department's report on the Contract Administration's Consultants' Competitive Negotiation Act and Capital Construction.

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

Sincerely,

/s/ Christine Glover

Christine Glover  
Internal Audit Director

cc: Dennis Rogero, Chief of Staff  
Sonya Little, Chief Financial Officer  
Mike Herr, Administrator of Public Works & Utility Services  
David Vaughn, Director of Contract Administration

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*/s/ Gary S. Chapman*

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Auditor

*/s/ Christine Glover*

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Audit Director

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**BACKGROUND**

The Florida Legislature passed the Consultants' Competitive Negotiation Act (CCNA) as a qualifications-based public procurement method for acquisition of professional architectural, engineering, landscape architectural, surveying, and mapping services. Professional services procured by the City of Tampa, under the CCNA, are the responsibility of the Contract Administration Department.

The Contract Administration Department (CAD) was created, pursuant to Executive Order 2005-1, "for the consolidated administration of design, construction, engineering studies, engineering/architectural and related services type contracts . . . ." CAD's mission is "to professionally and effectively manage projects from concept to reality for the maximum benefit of the Citizens of Tampa." According to its policies and procedures, "Contract administration covers all project related functions between the parties to a contract, relations with the contractor, communications, procedures, responsibility, authority, and duties of all the parties, documentation requirements, construction operations, planning and scheduling, coordination, payment administration, change orders, extra work, dispute and claim handling, negotiations, and all project closeout functions, including punch list inspections, final cleanup, and administrative closeout."

CAD is made up of three divisions: Planning & Design, Contracts Management, and Construction Management. Planning and Design is responsible for the administration of design and technical contracts and provides architectural design and drafting for capital building improvement projects. Contracts Management is responsible for the bid and award of design, technical, and construction projects. Construction Management provides for the management and inspection of construction contracts and ensures contract terms are met.

**STATEMENT OF OBJECTIVES**

This audit was conducted in accordance with the Internal Audit Department's FY2014 Audit Agenda. The objectives of this audit were to ensure that:

1. The CCNA solicitation and approval processes complied with applicable laws, rules, and regulations and whether work order agreements were adequately disbursed among authorized firms.
2. Capital construction projects were awarded in compliance with applicable laws, rules, and regulations.
3. Capital construction projects were adequately monitored and any work directive changes and change orders were properly authorized.
4. Contractor payments for provided materials and services were properly approved.

## **STATEMENT OF SCOPE**

The audit period covered contract administration activity that occurred from October 1, 2011, to March 31, 2014. Tests were performed to determine whether the Contract Administration personnel were fulfilling their stated duties and responsibilities in an effective and efficient manner. Original records as well as copies were used as evidence and verified through observation and physical examination.

## **STATEMENT OF METHODOLOGY**

This audit reviewed internal controls related to the award of CCNA work order agreements and various activities related to capital construction projects. To ensure CCNA solicitation and approval processes complied with applicable laws, rules, and regulations, the three consultant solicitations occurring during the audit period were tested against specific process criteria. Calculations on the distribution of work order agreements were performed to determine how well the agreements were disbursed among qualified firms. To ensure that the capital construction award process complied with applicable laws, rules, and regulations, a statistical random sample of closed construction projects were tested against specific process criteria. The same sample of projects was tested for the adequacy of monitoring by examining daily inspection reports, meeting minutes, acceptance of component specifications, material tests, and other monitoring evidence maintained in the project files. For the same sample of projects, 140 work directive changes and 117 project payments were examined to ensure proper authorization.

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. Other than financial information obtained from the City's financial system, which was previously assessed as reliable, no computer-processed data was relied on for this audit.

## **STATEMENT OF AUDITING STANDARDS**

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

## **AUDIT CONCLUSIONS**

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

1. While the primary CCNA solicitations during the audit period complied with applicable laws, rules, and regulations, the files for the interim solicitation lacked required qualification submissions and evaluations and several firms authorized by City Council to receive work order agreements were not on the lists approved by the CCNA Selection Committee and the Mayor. Work order agreements were adequately disbursed among authorized firms.

2. Except for a few minor control weaknesses, which were verbally discussed with management, Contract Administration awarded capital construction projects in compliance with applicable laws, rules, and regulations.
3. Capital construction projects were adequately monitored and any work directive changes and change orders were properly authorized.
4. Contractor payments for provided materials and services were properly approved.

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

## **CCNA SOLICITATION, EVALUATION, AND APPROVAL PROCESSES**

**STATEMENT OF CONDITION:** A Request for Qualifications (RFQ) for professional services related to projects detailed in the City's Budget is conducted every other year for a two-year period. In the off-year, it has been customary to hold an interim solicitation for firms that did not initially respond. The off-year solicitation also results in work order agreements, but only for the remainder of the two-year period.

Department representatives are supposed to evaluate the firms' qualifications using a numerical score developed from the criteria detailed in the RFQ. The ratings are compiled and forwarded to the Certification and Selection Committees, which approves or denies certification. The Certification Committee is comprised of the Administrator for Public Works and Utility Services (Chairman), Director of Finance, Chief of Staff, City Attorney, and Minority Business Enterprise Office. The list of certified firms is then forwarded to the Mayor for approval. The firms on the approved list are put under contract with the City of Tampa via City Council resolution and sign a Work Order Agreement for Consultant Services for a two-year period or in the case of the off-year solicitation, the remainder of the two-year period.

For the interim solicitation in FY2013 (Contract 12-D-00400II), there was no documentation supporting the department representatives' evaluations of any firms' qualifications. The firms authorized by City Council (Resolution 2013-338) to receive work order agreements included six firms whose required qualification documentation was absent from the project files. The same six firms were not on the list approved by the Selection Committee or the Mayor. It could not be determined how or why the two lists were not identical.

**CRITERIA:** Florida Statute 287.055, known as the Consultants' Competitive Negotiation Act (CCNA), requires that firms desiring to provide professional services under the CCNA be certified as qualified to render the required service. "Among the factors to be considered in making this finding are the capabilities, adequacy of personnel, past record, and experience of the firm or individual." Executive Order 96-17 promulgates the City's CCNA administrative procedures. The Order requires submission and evaluation of firms' qualifications prior to the Selection Committee's recommendation to the Mayor.

**CAUSE:** It appeared that the interim solicitation of firms to provide professional services was not treated with the same consideration or level of importance as the principal solicitation.

**EFFECT OF CONDITION:** While it is unlikely that without the required evaluation of qualifications and approvals by the Selection Committee and the Mayor that an unqualified firm could be approved to obtain a work order agreement, the fairness of the process could be questioned if all firms are not required to follow the entire qualification process.

**RECOMMENDATION 1:** Contract Administration should follow the same processes for the interim CCNA solicitation for professional services as it does when it solicits firms for the

full two-year contract period. Only firms evaluated and approved by the Selection Committee and the Mayor should be forwarded to City Council for its authorization.

MANAGEMENT RESPONSE: This office is in agreement with the recommendation to follow the same process for an interim CCNA solicitation as that used for the two-year contract period. To ensure that the list of firms authorized by City Council matches that approved by the Selection Committee, the meeting notes with the attached list of firms as presented to the Committee will be utilized and attached as a part of the Agenda+ package that is routed for review and used to place the items on agenda. This will include as a matter of course review in route by the Director, Legal, and Administrator (who also serves as the Committee Chairman) and ensure that the list remains as reviewed.