



City of Columbia, Missouri



Contracts Performance Audit
June 2021



CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS

August XX, 2021

Mr. John Glascock, City Manager
City of Columbia
701 East Broadway
Columbia, Missouri 65205

Re: Contracts Performance Audit

Dear John:

We have completed our performance audit of the contracts process at the City of Columbia ("City"). Our services were performed in accordance with the Consulting Standards for the Professional Practice of Internal Auditing, as promulgated by the American Institute of Certified Public Accountants (AICPA).

The accompanying report includes an Executive Summary, Observations and Recommendations, Process Improvement Opportunities, and two Appendices. Because the procedures performed in conjunction with the performance audit are more limited than would be necessary to provide an opinion on the system of internal controls taken as a whole, such an opinion is not expressed. In addition, the engagement did not include a detailed audit of transactions that would be required to discover fraud, defalcations or other irregularities.

This report is intended solely for the information and use of management and the City Council and is not intended to be, and should not be, used by anyone other than the specified parties. The City of Columbia's external auditors may be provided with a copy of this report in connection with fulfilling their responsibilities. In addition, we understand that the City may be required to make our report, once finalized, available under sunshine laws.

We would like to express our gratitude to all employees involved with this project. Each person involved was accessible and responsive to our requests for information.

Sincerely,

RUBINBROWN LLP

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cc: Matthew Lue De'Carlton Seewood
Cale Turner



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Executive Summary

Project Overview and Scope

The objectives of the contracts performance audit were to:

1. Independently examine the policies and procedures in place for the City's contracting process and determine if they are operating effectively;
2. Evaluate business processes within the Purchasing division of the Finance department; and
3. Evaluate the contract monitoring procedures in place in other departments involved with contracts for operating efficiencies and applicability of best practices.

Our performance audit included a review of a sample of 50 contracts, including contracts executed in calendar year 2020 and contracts in effect in calendar year 2020 but executed in a previous year.

In order to achieve the objectives above, we performed the following actions:

- Conducted approximately 10 interviews with personnel in the Purchasing Division of the Finance department and the Law Department who are responsible for the contracting process. The objective of these interviews was to understand the processes and document them in a written narrative.
- Conducted approximately 30 interviews with personnel from other departments involved in the contracting process, including the departments requesting the goods or services for a sample of contracts to gain an understanding of the nature of the contracts and monitoring mechanisms in place.
- Evaluated the following areas to determine whether procedures over these areas are operating effectively and identify opportunities for improvement:
 - Initiation of the contracting process (including how the City determines whether a service is performed internally or contracted to a third party);
 - Request for Proposals (RFP), quotations, or bids;
 - Vendor selection/scoring (includes evaluating contracts where the low bidder is not selected);
 - Management, Legal, and/or Council approval requirements; and
 - Contract monitoring

- Tested a sample of contracts executed by the City of Columbia from the initial bid/RFP to the delivery of the goods or services to ensure the contracts were made in accordance with the City's policies and procedures and with industry best practices.
 - Our sample of 50 contracts covered multiple departments and included both high dollar and smaller dollar contracts ranging from \$5,000 to \$3 million. The contracts we selected included new contracts, renewals, City Manager or Council directed contracts, emergency purchases, sole-source purchases, and contracts with a pre-qualified vendor.
- Evaluated the City's ordinances/policies related to contracts to ensure they are current and reflect best practices.

Background

The Purchasing Division of the Finance Department provides centralized control over the procurement of materials, equipment, and services for all departments, offices, and agencies of the City. Requests to purchase goods and services are submitted by various departments (user departments) to a Procurement Officer that is assigned based on what is being procured. The Procurement Officer is responsible for initiating the proper bidding procedure based on the purchasing ordinances. The Law Department is then consulted to determine whether a contract needs to be created. Any purchase that involves a service requires a contract at the City of Columbia.

The Law Department assists the Purchasing Division with contract development, and the contract is ultimately signed by the Finance Director (to approve the appropriation of funds), the City Counselor (Law), and the Purchasing Agent. Certain contracts (such as those longer than 5 years) may not be entered into by the Purchasing Agent and are instead signed by the City Manager. City Council may also provide input and oversight on certain contracts. Once the contract is signed, monitoring of the vendor's performance to the contract is the responsibility of the user department.

Best Practices

Based on discussions with management personnel, the following processes are in place at the City and represent best practices:

- Procurement Officers who oversee the contract renewal process gather input from the user department about their satisfaction with the vendor before renewing the contract.
- Purchase requisitions must be reviewed by a Procurement Officer or Purchasing Agent in MUNIS before a purchase order can be issued. The Procurement Officer requires documentation of price competition (such as evidence of three quotations) to be attached to the requisition before signing-off.
- Change orders also must be signed off by a Procurement Officer or Purchasing Agent in MUNIS. The change order is not approved unless there is proper written justification.

We discussed each of the contracts in our sample with the departments who requested the goods or services and were responsible for ongoing monitoring of the contracts. Except for our observations noted below, we found the various user departments had proper procedures in place to monitor the contracts we selected for testing. Examples of best practices related to the monitoring of contracts include:

- The Purchasing Division solicits feedback from the user departments before a contract is renewed. Multi-year contracts are usually renewed one year at a time, which gives the City a chance to leave the contract if they are dissatisfied with the vendor's performance.
- Large construction related contracts have a city-employed inspector who is involved in oversight of the project and related contract. The inspector reviews the pay requests submitted by contracts to ensure the work was performed and in line with the contract.
- Copies of contracts are kept at the departmental level to allow the reviewers of invoices to access the contract. Contract numbers are referenced in requisitions to allow for easy comparisons when the contractor invoices the City.

Observations and Recommendations

Observations from our performance audit are noted below:

- The Code of Ordinances contains a provision that allows departments to bypass the Purchasing Division and instead obtain approval from the City Manager and/or City Council, potentially bypassing competitive bidding procedures.
- For 1 of 50 contracts, the City did not properly vet the qualifications of the contractor before awarding the contract and did not properly oversee the contractor's services during the one year term.
- For 1 of 50 contracts, the City did not renew a contract but instead entered a separate agreement with the same contractor later in the fiscal year. The original contract that was not renewed would have covered the scope of services of the new agreement.
- For 1 of 50 contracts, the City exceeded the dollar limit set forth in the contract without written justification.
- For 2 of 15 contract renewals, the Purchasing Division did not obtain written justification from the contractor for price increases upon renewal.
- For 3 of 9 contracts where a bid evaluation committee was required to evaluate the RFP responses, the minimum threshold of three evaluators was not achieved.
- No formal periodic meetings or trainings are scheduled between Procurement Officers and the Law Department.
- Businesses on the City's Minority and Women-Owned Business List are self-certified rather than certified through the State.

All observations, recommendations, and process improvement opportunities noted during our performance audit are further detailed below. Additionally, these items have been communicated to management.

City of Columbia, Missouri
Contracts Performance Audit
Observations and Recommendations



#	Process/Procedure	Observation and Risk	Recommendation	Management Response
1	<p>The City's Code of Ordinances delegates authority to the Purchasing Agent, City Manager, or City Council to contract for the purchase of goods and services on behalf of the City of Columbia. The Director of Finance is authorized to establish rules and procedures for the purchasing division (Sec. 2-458).</p> <p>The Purchasing Agent has authority to contract for most goods and services, subject to limitations (Sec 2-459).</p>	<p>Observation: The Code of Ordinances, as it is setup today, allows for departments to bypass the Purchasing Division and obtain contract approval from the City Manager and/or City Council. The Purchasing Division acts as an internal control to ensure the City's purchasing ordinances and proper competitive bidding procedures are being followed.</p> <p>Risk: Lack of price competition or lack of compliance without oversight from the Purchasing Division</p>	<p>Revise the Code of Ordinances so that the Purchasing Division is involved in the initiation of all contracts. It is reasonable that contracts with higher risk or importance to the City are reviewed by the City Manager or City Council. However, this review should be a second review in addition to the Purchasing Division, not in lieu of.</p>	<p>Responsible Party: City Manager, City Counselor, Finance Director, Purchasing Agent</p> <p>Action: All responsible parties will review code of ordinances to determine the need for revision. Once the need is determined the City Counselor and Purchasing Agent will work to revise the Code of Ordinance.</p> <p>Target Date: Review and determination of need within six months. Revisions of Code of Ordinance presented to City Council for approval within nine months with full implementation of any needed changes within twelve months of the presentation of the final audit report.</p>

City of Columbia, Missouri
Contracts Performance Audit
Observations and Recommendations



2	<p>In 2019, the City created a request for proposal (RFP) to seek a contractor to operate a public access channel and community access center. One contractor responded. The Interim City Manager awarded a contract for \$34,981.21 on 10/11/2019 after council approval.</p> <p>The City paid the contract amount in full to the contractor at the beginning of the term, and the contractor was unable to materially meet its requirements under the contract.</p>	<p>Observation: For 1 of 50 contracts, the City did not properly vet the qualifications of the contractor, a newly established not-for-profit organization, before awarding the contract. The City did not properly oversee the contractor's services during the one year contract term. Columbia has been without a public access channel since September 2019.</p> <p>Risk: Increased costs from improper contractor oversight, especially in the case of up-front payments</p>	<p>Conduct annual training to remind the user departments of their responsibility to thoroughly examine the contractor's qualifications.</p> <p>Structure contracts in such a way that payments are not made until the goods are delivered or services are rendered. If the contractor requires a deposit, setup milestone payments rather than a lump sum advance.</p> <p>Additionally, schedule periodic check-ins or require periodic reporting throughout the contract term, instead of just at the end. This is especially important for contracts the City has not previously worked with.</p>	<p>Responsible Party: City Counselor, Purchasing Agent</p> <p>Action: City Counselor will review contract terms to determine the need for revision of professional services form contract. Once the need is determined the City Counselor will revise the contract appropriately and repost for access by the user departments. Furthermore, Purchasing Agent shall on a yearly basis minimum, prepare and submit an email to all user departments to be sure they understand the various components of contract management (periodic check-ins/reporting, etc.) which they are required to accomplish for every contract that is utilized by their department.</p> <p>Target Date: Review the determination of need within six months. Revisions of form contract within nine months with full implementation of any needed changes to the form contract within twelve months of the presentation of the final audit report. Issue annual email at a minimum discussing</p>
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City of Columbia, Missouri
Contracts Performance Audit
Observations and Recommendations



#	Process/Procedure	Observation and Risk	Recommendation	Management Response
				contract management with user departments.

City of Columbia, Missouri
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Observations and Recommendations



3	<p>In October 2018, the City entered into a one year contract with up to four renewals with a parking consulting firm. The contract was for "expert services related to the planning, operation, and management of the entire parking and mobility system".</p> <p>The Purchasing Division renewed the contract in 2019 at the direction of the Public Works Department. However, in October 2020, the contract was not renewed for a third year. Turnover in the Parking Supervisor position may have contributed to the absence of a renewal.</p>	<p>Observation: For 1 of 50 contracts, instead of renewing the contract for a third year in October 2020, the Public Works department entered into a separate contract with a parking consulting firm in May 2021. The purchase was for a condition assessment of the CPD parking structure (engineering services) at an estimated fee of \$10,900. The purchase was made using the city's pre-qualified consultants list for engineering services (ord. 15992). Based on the description of the original contract scope of services, it appears the condition assessment could have been executed under the original contract, had it been renewed.</p> <p>Risk: Contractor is not held accountable to the terms of the master agreement because it was not renewed; and inefficiencies related to increased administrative time to enter into a separate agreement</p>	<p>As part of an annual training, remind user departments that they should utilize existing contracts to the extent possible. User departments should ensure that the scope of services they require could not be covered under another open contract before they request approval for new services from the pre-qualified vendors list.</p> <p>On the "Request for Approval" Form for professional services from the pre-qualified vendors list, add a review step for the Purchasing Agent. The Purchasing Agent would sign-off to indicate there is not already a contract in place that can incorporate the new scope of services.</p>	<p>Responsible Party: Purchasing Agent</p> <p>Action: On a yearly basis minimum, prepare and submit an email to all user departments to be sure they understand the various components of contract management which they are required to accomplish for every contract that is utilized by their department. Furthermore, the Purchasing Agent shall add a sign-off section to the Standard Professional Service Request for Approval form to be sure the Purchasing Agent checks to make sure we are not duplicating effort and don't have a multi-year contract in place that the necessary services can be provided through.</p> <p>Target Date: E-mail user departments a minimum of every year providing them with information concerning this. Within six months, Purchasing Agent, create a revised Standard Professional Services Request for Approval form and upload it for use.</p>
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City of Columbia, Missouri
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Observations and Recommendations



#	Process/Procedure	Observation and Risk	Recommendation	Management Response
4	<p>In April 2017, the City entered into a one year contract with up to four renewals with a garage door maintenance company. The contract was for labor and materials related to maintenance and repair of various garage doors located around the City. The contract was monitored by the Public Works department.</p>	<p>Observation: For 1 of 50 contracts, the City exceeded the dollar limit set forth in the contract without written justification. The contract had an annual not-to-exceed limit of \$55,000. In year three, ending March 31, 2020, the total amount spent on the contract was \$68,555. The Public Works department did not file a change order or document the reason for the \$13,555 overage.</p> <p>Risk: Improper spending</p>	<p>As part of an annual training, remind user departments of their responsibility to monitor contract not-to-exceed limits. If it becomes necessary to increase the contract dollar amount, ensure a change order is completed with proper written justification for the cost increase and approvals.</p>	<p>Responsible Party: Purchasing Agent</p> <p>Action: On a yearly basis minimum, prepare and submit an email to all user departments to be sure they understand the various components of contract management which they are required to accomplish for every contract that is utilized by their department. Furthermore, the Purchasing Agent shall require that a general note be added to all purchase orders in Munis, which states the not-to-exceed (NTE) price of the contract if applicable. This will aid the Purchasing Agent in checking we have not exceeded the NTE price of each contract before a Munis change order is posted.</p> <p>Target Date: E-mail user departments a minimum of every year providing them various resources on requirements they must accomplish for contract management.</p>

City of Columbia, Missouri
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Observations and Recommendations



#	Process/Procedure	Observation and Risk	Recommendation	Management Response
5	<p>Approximately two to three years ago, the Purchasing Division began requiring written justifications if the contractor increased its prices. This written justification is gathered by the Procurement Officer, with assistance from the user department if needed, at contract renewal time, which is usually annually.</p> <p>The City may choose to accept the price increase or reject it and re-bid the contract to other contractors.</p>	<p>Observation: For 2 of 15 contract renewals, the Purchasing Division did not obtain written justification from the contractor for price increases upon renewal. Both contracts were renewed by the Purchasing Division on behalf of the Utilities Department.</p> <p>Risk: Unnecessary cost increases</p>	<p>As part of an annual training, remind Procurement Officers of the requirement to obtain written justification for any increase in pricing. Even if the renewal price increase matches a pricing schedule set forth in the original contract, written justification for the price increase should either be documented in the contract itself or, more commonly, upon renewal by the Procurement Officer. Such justification should be kept in the contract file by the Purchasing Division.</p>	<p>Responsible Party: Purchasing Agent</p> <p>Action: Pursuant to purchasing contract renewal documents that are agreed and signed by the vendor and the City, it includes language that requires any renewal price increase must be justified in writing by the vendor. To make sure this is always requested, It is necessary to create a routing guide listing all necessary steps for renewal of contracts to be sure all steps are completed. This step will be included on this routing guide with all the other relevant steps in the contract renewal process.</p> <p>Target Date: Routing guide will be created and utilized by all Purchasing staff within six months of the presentation of the final audit report.</p>

City of Columbia, Missouri
Contracts Performance Audit
Observations and Recommendations



#	Process/Procedure	Observation and Risk	Recommendation	Management Response
6	<p>The Purchasing Division's policy and procedures manual contains guidelines for bid evaluation teams. "The team would typically consist of from three to seven City staff members. The team members are to have expertise or experience with the disciplines that will be involved with the project" (IV.A.6.a).</p> <p>Per inquiry, the Purchasing Division began checking evaluation forms to ensure at least three evaluators are used for each RFP approximately two to three years ago.</p>	<p>Observation: For 3 of 9 contracts where a bid evaluation committee was required to evaluate the RFP responses, the minimum threshold of three evaluators was not achieved. The contracts were for services in the Finance, Public Works, and Parks and Recreation Department, respectively.</p> <p>Risk: The most qualified vendor is not selected</p>	<p>As part of an annual training, remind user departments of the need to engage an evaluation team of at least three qualified department representatives to evaluate the RFP responses. Each evaluator should sign the scoresheet, and the scoresheet should be filed in the contract file by the Purchasing division.</p> <p>Revise the Purchasing policies and procedures manual to mandate three evaluators, unless an exception to the rule is approved by the department director with written justification.</p>	<p>Responsible Party: Purchasing Agent</p> <p>Action: Pursuant to Purchasing Policy and Procedure all subjective RFP evaluations will be conducted by a minimum of three evaluators. Names of individuals on the evaluation committee will be stated on the RFP routing guide moving forward. A note (reminder) will also be placed on the routing guide to remind staff that three member's minimum is required on evaluation committees.</p> <p>Target Date: Routing guide will be revised and utilized by all Purchasing staff within three months of the presentation of the final audit report.</p>

City of Columbia, Missouri
Contracts Performance Audit
Observations and Recommendations



#	Process/Procedure	Observation and Risk	Recommendation	Management Response
7	<p>The Purchasing Division of the Finance Department employs a team of Procurement Officers (Buyers) who are responsible for organizing the procurement of goods and services that follow a formal bidding process. The Procurement Officers work closely with the Law Department on the development of a contract, if Law determines a contract is required.</p>	<p>Observation: Although Procurement Officers and the Law Department work together frequently on the development of contracts, no formal periodic meetings or trainings are scheduled.</p> <p>Risk: Lack of training or awareness of key topics</p>	<p>Implement a series of periodic face-to-face meetings between the Law Department and Purchasing Division. The meetings should facilitate open communication about relevant topics, such as:</p> <ul style="list-style-type: none"> • Changes in laws and regulations • High dollar or higher risk purchases in process or upcoming • Contract writing strategies • Lessons learned from recent contracts 	<p>Responsible Party: City Counselor, Purchasing Agent</p> <p>Action: In a group setting, responsible parties will meet a minimum of twice per year to go over topics recommended at a minimum.</p> <p>Target Date: First meeting will be held within six months of the presentation of the final audit report, and the second meeting will be scheduled for six months after that meeting by responsible parties.</p>

City of Columbia, Missouri
 Contracts Performance Audit
 Observations and Recommendations



8	<p>The City employs a consultant to lead its Supplier Diversity Program. The consultant reports to the Director of Economic Development. The City maintains a list of minority and women-owned businesses on its website <i>mwbe.como.gov</i>. The website is for the use of the citizens of Columbia; not for the City's own procurement needs.</p>	<p>Observation: Although the Director of Supplier Diversity Program Development makes a good faith effort to vet the businesses as they are added to the Minority and Women-Owned Business List, businesses on the list are self-certified.</p> <p>Risk: Reliance on a business that fraudulently states they are minority or women-owned</p>	<p>If the City chooses to implement supplier diversity goals in its own procurement processes, a clear set of guidelines should first be established to determine how the program will run.</p> <p>Additionally, if the City chooses to implement supplier diversity goals in its own procurement processes, the City should ensure suppliers who claim to be minority-owned or women-owned are registered with the State of Missouri as such before they can do business with the City.</p>	<p>Responsible Party: City Manager, Economic Development Director, Supplier Diversity Program Director, City Counselor, Purchasing Agent</p> <p>Action: The COMO Supplier Diversity Program agrees with the Performance Audit Recommendation that the City of Columbia should develop a policy/ordinance that governs a program that tracks the procurement process for MBE/WBE/DBE vendors in City contracts. Currently the City does track DBE contracts that utilize Federal Government Funds where DBE goals are set. However, a program that includes MBE/WBE contracts with measurable goals and procurement tracking is needed. The current MWBE Business Directory referenced in the audit does contain businesses that are certified by the State of Missouri and Federal Government DBE program. This information is provided by the vendor and checked against the official listing provided by the Office of OEO State of Missouri and</p>
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City of Columbia, Missouri
 Contracts Performance Audit
 Observations and Recommendations



#	Process/Procedure	Observation and Risk	Recommendation	Management Response
				<p>MRCC, the certifying agency for the Federal DBE Program. Staff will update the directory in the next 30 days to make it easier to identify these companies when searching the MWBE Directory on the City's website.</p> <p>Target Date: Review and make determination of need within twelve months of the presentation of the final audit report. Revisions of Code of Ordinance presented to City Council for approval within eighteen months with full implementation within twenty-four months.</p>

City of Columbia, Missouri
Contracts Performance Audit
Process Improvement Opportunities



We noted the following process improvement opportunities during our performance audit. While these observations do not constitute internal control weaknesses, they could help strengthen the overall internal control environment or improve the efficiency of a business process. We recommend management consider each observation and take action where appropriate.

#	Observation	Process Improvement	Management Response
1	<p>The City's contracting process is still largely a paper-driven, manual process. Contracts, change orders, evaluation score sheets, notice of awards, and other documents are still predominantly signed by hand and filed in physical form or scanned to a network drive.</p> <p>The Law Department, City Manager's Office, and select others in management have begun using DocuSign, an electronic signature solution, but this has not been widely adopted for city employees or vendors to use.</p>	<p>Short Term: Implement an electronic signature solution for more users at the City of Columbia to help reduce delays associated with gathering physical signatures. Electronic signature licenses are often a cost-effective alternative to the administrative burden of collecting and scanning physical signatures.</p> <p>Long Term: Consider investing in an electronic workflow solution for existing contracts, such as the MUNIS contract management module. A solution like this should give users more transparency about where in the process a given contract is and what the requirements are. Electronic workflows could make the process more streamlined and organized, thereby reducing overall contract processing times given appropriate staffing levels.</p>	<p>Responsible Party: Purchasing Agent</p> <p>Action: Purchasing Agent is currently in the process of determining all needs with departments for electronic signature. Once all need is determined a formal bid will be completed to establish a contract for the services. Once a contractor is awarded we will implement electronic signature for all the various needs for the City of Columbia.</p> <p>Target Date: Continue to investigate all need for user departments for next three months. Issue and complete the RFP process within the following twelve months. Fully implement electronic signature for all the various needs for the City within eighteen months of the presentation of the final audit report.</p>

City of Columbia, Missouri
Contracts Performance Audit
Process Improvement Opportunities



#	Observation	Process Improvement	Management Response
2	<p>The City's procurement requirements, set forth by ordinance, are as follows:</p> <ul style="list-style-type: none"> • \$0-\$4,999: Open Market Purchase with 3 quotes encouraged by the City Manager, but not required by ordinance. • \$5,000-\$14,999: Informal bidding process. 3 quotes required. The department includes the quotes in the purchase requisition, which is approved by Purchasing. • \$15,000+: Formal bidding process (i.e. RFP/RFQ) led by Purchasing <p>These dollar thresholds have not been modified since at least 2004.</p>	<p>RubinBrown performed a benchmarking exercise to show the procurement requirements of similarly sized cities. See Appendix B.</p> <p>Consider raising the \$15,000 requirement to initiate the formal bidding process. Several similarly sized cities have higher limits before a formal bidding process is initiated. Consider implementing a different informal bid process for mid-tier purchases (i.e. \$15K - \$30K) whereby informal invitations to bid are posted by the departments publically for a short period of time.</p> <p>Modifications to the procurement thresholds and/or methods can allow for a more streamlined process while keeping price competition at an acceptable level.</p>	<p>Responsible Party: City Manager, City Counselor, Finance Director, Purchasing Agent</p> <p>Action: All responsible parties will review code of ordinances limits to determine the need for revision to bid thresholds. Once the need is determined the City Counselor and Purchasing Agent will work to revise the Code of Ordinances.</p> <p>Target Date: Review and make determination of need within twelve months of the presentation of the final audit report. Revisions of Code of Ordinance presented to City Council for approval within eighteen months with full implementation of any needed changes within twenty-four months.</p>

City of Columbia, Missouri
Contracts Performance Audit
Process Improvement Opportunities



#	Observation	Process Improvement	Management Response
3	<p>The City's Purchasing Division and Law Department require a contract for all services procured by the City, regardless of dollar amount. This requirement limits the City's ability to efficiently procure small dollar services (e.g. a balloon artist or ice machine repair) without administrative time needed to establish a contract with the vendor.</p>	<p>Establish a de minimis threshold, no greater than \$1,000, which would allow departments to purchase services without a contract using a purchasing card.</p> <p>Additionally, revise the City's general purchase order terms and conditions to include language about small dollar services. The goal of this would be to reduce the need for contracts for small dollar thresholds while still holding the vendor accountable to necessary terms and conditions.</p>	<p>Responsible Party: City Counselor, Finance Purchasing Agent</p> <p>Action: The City of Columbia is already looking at this process improvement/observation noted. All responsible parties will continue to review processes and determine best way/most efficient way to handle such small dollar purchases and documents that should be included for those processes. Once the solution is determined, the City Counselor and Purchasing Agent will work to implement the process. Additionally, Purchasing Agent will develop training for department users on handling small dollar projects.</p> <p>Target Date: Continue review and determination of need for following nine months. Full implementation of any needed changes within twelve months of the presentation of the final audit report.</p>

City of Columbia, Missouri
Contracts Performance Audit
Appendix A – Contracts Process Matrix



The following table was created by RubinBrown to summarize the steps of the contracts process at the City of Columbia.

#	Process/Action Item	Requesting Department	Procurement Officer	Purchasing Agent	Compliance Officer	Finance	Law	City Manager	City Council
Bidding, Vendor Selection, and Contracting									
1	Purchase specifications are identified and communicated	X							
2	RFP/RFQ is prepared based on specifications, if applicable		X						
3	Review RFP/RFQ, determine if contract is needed						X		
4*	Draft service agreement						X		
5	Receive bids and quotes	X	X						
6	Review and score bids and quotes	X	X	X					
7	Approve deviation from lowest and best bid/quote			X					
8	Award business and provide documentation to vendor		X	X					
9*	Draft and negotiate contract						X		
10*	Review contract for requirements	X	X	X	X		X		
11	Ensure adequate encumbered funds are available					X			
12*	Approve final contract			[a]		X	X	[a]	[a]
13	Create purchase requisition in Munis	X							
14	Approve purchase requisition in Munis		X	X					
15	Convert requisition to purchase order (PO)			X					
Change Orders									
1	Change order is submitted in Munis	X							
2	Change order is approved			X					
Contract Amendments and Renewals									
1*	Need for contract amendment is identified	X							
2*	Need for contract renewal is identified		X						
3*	Vendor performance and dept. needs are analyzed	X	X		X				
4*	Contract amendment/renewal is prepared		X				X		
5*	Contract amendment/renewal is approved			[b]		X	X	[b]	[b]
6	Change order is submitted in Munis	X							
7	Approve/Post change order in Munis			X					

City of Columbia, Missouri
Contracts Performance Audit
Appendix A – Contracts Process Matrix



Footnotes to previous page:

- * Step is not applicable if the Law department determines a contract is not required.
- [a] The Purchasing Agent is generally the final approver for all contracts, unless restricted or prohibited by a City Ordinance. In these instances, final approval is obtained from the City Manager or City Council.
- [b] Amendments to active contracts are approved by the same parties that approved the original contract. This includes Law and Finance, and either the Purchasing Agent, City Manager, or City Council, as noted in [a].

City of Columbia, Missouri
 Finance and Utilities Performance Audit
 Appendix B – Procurement Thresholds Benchmarking



RubinBrown performed a benchmarking comparison between Columbia and other similarly sized cities in the region. The table below shows the various dollar thresholds for procurement methodologies. Although each City's exact purchasing procedures are unique, the each generally have purchasing thresholds split out into at least three categories:

- Open market: City employees are encouraged to get the best price, but documentation is usually not required to document price competition.
- Informal bid process: Varies by city, but generally price quotes are obtained and documented from multiple vendors, or an informal invitation to bid is posted publically.
- Formal bid process: Involves more robust documentation to describe what the City requires, in the form of a request for qualifications, request for proposal, etc. The bid documents are posted publically and vendors are invited to participate in the bidding process. Responses are evaluated by the City and a vendor is awarded the contract or purchase.

The City of Columbia's threshold for a formal bid process is lower than many similarly sized cities.

City Name	Approximate Population	Open Market	Informal Bid Process	Formal Bid Process
Olathe, KS	142,000	< \$5,000	\$5,000 - \$25,000	> \$25,000
Round Rock, TX	138,000	< \$3,000	\$3,000 - \$50,000	> \$50,000
Warren, MI	133,000	< \$1,000	\$1,000 - \$10,000	> \$10,000
Topeka, KS	125,000	< \$5,000	\$5,000 - \$50,000	> \$50,000
Columbia, MO	125,000	< \$5,000	\$5,000 - \$15,000	> \$15,000
Pearland, TX	124,000	< \$3,000	\$3,000 - \$50,000	> \$50,000
Ann Arbor, MI	119,000	< \$3,000	\$3,000 - \$25,000	> \$25,000
College Station, TX	119,000	< \$3,000	\$3,000 - \$50,000	> \$50,000
Evansville, IN	118,000	< \$300	\$300 - \$50,000	> \$50,000
Westminster, CO	115,000	< \$7,500	\$7,500 - \$50,000	> \$50,000
Broken Arrow, OK	112,000	< \$2,500	\$2,500 - \$25,000	> \$25,000