

# Memorandum

**To:** Constance Sanchez, Chief Financial Officer  
Heather Hurlbert, Director of Finance and Procurement  
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**From:** Alyssa Martin, Lead Engagement Partner  
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**Date:** October 22, 2021

**Subject:** City of Corpus Christi - Procurement Department Evaluation Results

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This memo presents the summary of procedures and results of the City of Corpus Christi Procurement Department Evaluation performed from June 2021 through October 2021.

## Purpose and Background

At the request of the City of Corpus Christi (the City) Finance Department, Weaver performed an evaluation of the policies, procedures, internal controls, and best practices deployed by the Procurement Department to identify opportunities for improvement in internal practices and to enhance the user experience. The evaluation was performed through a multi-phased approach and assessed the current procurement practices, procedures, and resources to perform efficient, effective, strategic and consistent procurements for the City. The evaluation included an assessment of the current state and included a comparison to the results of the procurement evaluation performed in 2016 to identify opportunities for improvement to enhance efficiency and effectiveness of procurement practices.

The results of our procedures included recommendations for improvement, which are provided to management for their consideration and implementation depending on City priorities and available resources. This memo and corresponding recommendations are intended solely for the information and use by City of Corpus Christi's management, and is not intended to be, and should not be used by anyone, for any other purposes.

## Scope

The procurement evaluation included a assessment of procurement policies and procedures, internal controls and deployment of best practices utilized by comparable Texas Cities to identify opportunities for improvement to perform efficient, effective, strategic and consistent procurements for the City and its end users. The evaluation leveraged the previous results of the Procurement Department review performed in 2016 as part of the broader Finance Department Assessment by considering updates and changes that have occurred in the environment, roles, and responsibilities within the department.

The evaluation was performed in three phases:

1. Policy and Procedure Review
2. Internal Control Evaluation
3. Peer Comparison

The evaluation of the procurement cycle included the following covered areas:

- Purchase Initiation and Approval
- Competitive Procurement Activities (Bidding)
- Non-Competitive Procurement Activities, including Interlocal and Cooperative Agreement Purchases
- Sourcing
- Construction Sourcing
- Contract and Vendor Monitoring
- Vendor Acceptance and Maintenance

## Procedures Performed and Results

The three phases of the evaluation included the following high-level procedures:

<p>Policy and Procedure Review</p> <ul style="list-style-type: none"> <li>• Collection and categorization of current policies and procedures</li> <li>• Identification of applicable criteria and authoritative guidance</li> <li>• Evaluation of policies and procedures to current and best practices</li> </ul> <p>Internal Control Evaluation</p> <ul style="list-style-type: none"> <li>• Interviews and walkthroughs with stakeholders on the processes and practices performed</li> <li>• Assessment of current practices to those identified in the 2016 Evaluation</li> <li>• Identification of internal controls and control gaps</li> </ul> <p>Peer Comparison</p> <ul style="list-style-type: none"> <li>• Determination of process, structure, or organization attributes to compare City practices against</li> <li>• Identification of comparable Texas Cities</li> <li>• Research and assessment of City practices to peer cities</li> </ul>
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### Phase 1: Policy and Procedure Review

**Procedure:** Weaver evaluated the City's current procurement policies and procedures to authoritative guidance and best practices, including local government code, Government Financial Officers Association (GFOA) Financial Policies, and State of Texas Procurement and Contract Management Guide to ensure they were complete and included all applicable processes in sufficient detail. As part of our procedures, we collected and categorized the policies and procedures based on the in-scope process areas and assessed their content to all local and state requirements, best practices, and to current procedures performed by Procurement staff.

#### Results:

We identified that current City procurement policies included all required elements established within local government code and covered all recommended policy topics identified by the GFOA. Additionally, procurement policies included the majority of best practices identified by the State of Texas Procurement and Contract Management Guide. However, we identified one policy regarding vendor performance that was not covered in existing policy and Change Orders and Amendments is partially covered due to the differences in City practice.

GFOA Recommended Policies	Essential	Important	Discretionary	Existing City Policy?	Topic Covered
<b>Procurement</b>					
Guiding Values for Public Procurement		X		Yes	Yes
<b>Objectives of the Purchasing System</b>					
Cost (lifecycle cost policy)	X			Yes	Yes
Quality (best value purchasing policy)	X			Yes	Yes
Timeliness			X	Yes	Yes
Managing Risk		X		Yes	Yes
Social and Economic Objectives			X	Yes	Yes
Maximizing Competition (full and open competition)	X			Yes	Yes
Maintaining Integrity and Transparency (ethics policy)	X			Yes	Yes
Purchasing Authority	X			Yes	Yes
Exceptions to Bidding		X		Yes	Yes
Purchasing Preferences			X	Yes	Yes
Standards		X		Yes	Yes

Procurement Policy Best Practices - State of Texas Procurement and Contract Management Guide	Existing City Policy?	Topic Covered
<b>Procurement</b>		
<b>Procurement Cycle Overview</b>	Yes	Yes
<i>Competitive Bidding</i>	Yes	Yes
<i>Noncompetitive Bidding</i>	Yes	Yes
<i>Interlocal/Cooperative Purchasing</i>	Yes	Yes
<i>Emergency Purchases</i>	Yes	Yes
<i>Protest of Awards</i>	Yes	Yes
<i>Sealed Proposal and Period of No Contact</i>	Yes	Yes
<i>Professional/Legal/Consulting Services</i>	Yes	Yes
<i>RFQ</i>	Yes	Yes
<i>RFP</i>	Yes	Yes
<i>Solicitations</i>	Yes	Yes
<i>Evaluations</i>	Yes	Yes
<i>Purchase Orders</i>	Yes	Yes
<i>Vendor Performance</i>	No	No
<i>Change Orders and Amendments</i>	Yes	Partial

**Areas for Improvement:**

From the procedures performed, we identified the following areas where enhancements to current policies and procedures should be implemented:

1. Exercise existing renewal options within contracts (PFC -1)
2. Establish a formal vendor performance assessment and documentation process (PFC-14)

**Phase 2: Internal Control Evaluation**

**Procedure:** Weaver evaluated and analyzed key processes, practices, and internal controls performed by Procurement Department process owners within the following covered areas:

- Purchase Initiation and Approval
- Competitive Procurement Activities (Bidding)
- Non-Competitive Procurement Activities, including Interlocal and Cooperative Agreement Purchases
- Sourcing
- Construction Sourcing
- Contract and Vendor Monitoring
- Vendor Acceptance and Maintenance

We evaluated the City's current processes and internal controls to risks inherently associated with the procurement function. We performed interviews and walkthroughs with key personnel and reviewed supporting documentation. Weaver also evaluated the implementation status of previous points for consideration provided during the 2016 Procurement Department Evaluation and coordinated with the Procurement Director to validate risk and relevance to current practices and environment.

**Results:**

- We identified **59** controls in place within the City of Corpus Christi's Procurement Cycle and relevant processes and subprocesses, including:

City of Corpus Christi Procurement Processes		
Process/Subprocess	Identified Controls	PFC
Purchase Initiation and Approval	9	PFC - 2
Competitive Procurement Activities	6	PFC - 10*
Non-Competitive Procurement Activities (Non-bid)	10	PFC - 10*
Sourcing	11	PFC - 3
Construction Sourcing	13	PFC - 4
Contract and Vendor Monitoring	4	PFC-1, PFC - 10*
Vendor Acceptance and Maintenance	6	PFC - 5, 6, 7, 11*, 12*, 13*, 14*
<b>Total</b>	<b>59</b>	

*\*indicates a PFC that was identified in 2016 and continued implementation is recommended*

- We identified **11** areas for improvement that were implemented from the 2016 Procurement Department Evaluation and are considered closed (PFCs 37, 38, 39, 40, 41, 44, 45, 46, 47, 49, 55).
- We identified **7** areas for improvement that are open or partially remediated from the **19** points for consideration originally identified in the 2016 Procurement Department Evaluation. The 19 PFCs were included as **PFC's 37 through 55**, however **PFC 53** is related to the City's P-Card Program which was not included within the scope of the 2021 evaluation.

PFC	Open	Partially Remediated	Closed	N/A in Scope*	Total
High	-	-	3	-	3
Moderate	2	2	4	1	9
Low	1	2	4	-	7
<b>Total</b>	<b>3</b>	<b>4</b>	<b>11</b>	<b>1</b>	<b>19</b>

*\* PFC was related to the City's P-Card Program, which was not evaluated as part of the scope for the 2021 Procurement Department Evaluation*

- We identified **6** areas for improvement to improve controls and processes for efficiency, effectiveness, and enhancements to the user experience.

**Areas for Improvement:**

From the procedures performed, we identified 6 areas for improvement related to the 2021 evaluation to improve controls, processes, and procedures for the City of Corpus Christi's Procurement Department:

- Perform a Knowledge Skills Assessment of the 19 Procurement Personnel to assess staffing needs and to determine the composition of the proposed 4th Procurement Team of 3 members to focus on procurements related to the Health Department, Utilities, non-capital Engineering, and Airport (PFC - 2)
- Enhance controls with capital projects to ensure Engineering follows centralized procurement requirements (PFC- 3)
- Enhance the Change Order Process to pre-approve changes to dates and where there is no dollar value changes (PFC- 4)
- Promote "Doing Business with the City" through a Coordinated Vendor Fair (PFC - 5)
- Enhance the reference check process to be performed on an established schedule for commonly used or evaluated vendors (PFC - 6)
- Enhance vendor profiles to assign multiple user accounts to prevent loss of profile details (PFC - 7)

### Phase 3: Peer Comparison

**Procedure:** Weaver collaborated with City Management to identify comparable peers to the City to assess key attributes. We performed research of peer cities to identify consistencies or disparities between processes, resources, organization, and structure. The following key attributes were selected and evaluated:

- Purchasing Full Time Employees
- Centralization of Construction/Engineering Procurement
- Location of Warehouse Function within Procurement
- Utilization of a Contract and/or Bid Management System
- Local Preference Program
- Focus on the Utilization of Interlocal and Cooperative Purchasing Agreement

The following seven cities were confirmed by City Management as comparable cities and utilized to perform the peer comparison<sup>1</sup>:

- Dallas
- Fort Worth
- San Antonio
- Austin
- El Paso
- Arlington
- Houston

**Results:**

From the peer comparison performed, we identified the following results which identify where the City is in-line with the norm or where improvements should be made.

Full Time Employees	
Low	7
<b>Average FTEs</b>	<b>27</b>
High	65
Corpus Christi	19
Current Average to Peer Comparisons	70%
Future Average to Peer Comparisons with Addition of 4th Team	78%
Number of Cities Evaluated	8

Centralized Construction/Engineering Procurement	
Centralized Procurement	7 of 8
Corpus Christi	Yes
Number of Cities Evaluated	8
In-line with Norm	Yes

Warehouses Located with Procurement	
Warehouse Under Procurement Structure	1 of 8
Corpus Christi	Yes
Number of Cities Evaluated	8
In-line with Norm	No

<sup>1</sup> Due to the availability of information, not all attributes were obtained from each of the peer cities.

Use of Contract/Bid Management System	
Contract and Bid Management System Usage	8 of 8
Corpus Christi	Yes
Number of Cities Evaluated	8
In-line with Norm	Yes

Local Preference	
Formal Local Preference Program	5 of 8
Corpus Christi	No
Number of Cities Evaluated	8
In-line with Norm	No

Utilization of Interlocal and Cooperative Agreements	
Focus on the Use of Interlocal and Cooperative Programs	8 of 8
Corpus Christi	Yes
Number of Cities Evaluated	8
In-line with Norm	Yes

**Areas for Improvement:**

From the procedures performed, we identified the following areas where the City can improve current policies, procedures, and practices within the Procurement Department:

1. Development and Deployment of a formal Local Preference Program (PFC - 8)
2. Relocate the Warehouse Function to Utilities (PFC - 9)

**Summaries of Points of Consideration:**

From the procedures performed for all three phases, we identified 9 new areas for improvement to the City of Corpus Christi's Procurement Department processes, procedures, and practices, which are summarized as follows:

- **Moderate Risk**
  1. Perform a Knowledge Skills Assessment to Effectively Align to a Fourth Procurement Team and Assess Staffing Needs (PFC-2)
  2. Promote "Doing Business with the City" through a Coordinated Vendor Fair (PFC-3)
  3. Enhance Controls with capital projects to ensure Engineering follows centralized procurement requirements (PFC-4)
  4. Development and Deployment of a formal Local Preference Program (PFC – 8)
- **Low Risk**
  1. Exercise existing renewal options within contracts (PFC -1 )
  2. Enhance the reference check process to be performed on an established schedule for commonly used or evaluated vendors (PFC-5)
  3. Enhance the Change Order Process to pre-approve changes to dates and where there is no dollar value changes (PFC-6)
  4. Enhance vendor profiles to assign multiple user accounts to prevent loss of profile details (PFC-7)
  5. Relocate the Warehouse Function to Utilities (PFC-9)

In addition, we recommend the continued implementation of the 7 open and partially remediated Points for Consideration identified during the 2016 Procurement Department Evaluation, which are summarized as follows:

**3. Moderate Risk**

1. Implement formal guidance on the selection and documentation requirements when utilizing vendors from interlocal and cooperative agreements (PFC-10\*)
2. Implement additional monitoring of vendors used from interlocal and cooperate agreements to ensure fees and terms are complied with by the City (PFC-11\*)
3. Develop contract administration training to assist contract managers with understanding their roles and responsibilities. (PFC-15\*)
4. Enhance purchasing reporting capabilities within the purchasing system to more effectively monitor and manage purchasing requisitions and purchase orders. (PFC-16\*)

**4. Low Risk**

1. Implement a formal and consistent process to conduct a periodic review of the vendor master file to identify and remove duplicate vendors (PFC-12\*)
2. Implement a formal and consistent process to conduct a periodic review of inactive or dormant vendors and perform outreach to those vendors to assist with re-engaging with the City. (PFC-13\*)
3. Implement a formal and documented vendor performance evaluation process that is utilized during the vendor selection process. (PFC-14\*)

City Management has also provided detailed management responses to address the management action and timelines for anticipated implementation to address the risks to the City. Refer to the Points for Consideration Matrix in **Appendix A** for the detailed recommendations and management responses.

# Appendix



**City of Corpus Christi**  
**Procurement Department Evaluation**  
**Points for Consideration (PFC) Matrix**  
**October 2021**

The following points for consideration (PFC) were identified during the 2021 assessment of the Procurement Department at the City of Corpus Christi through interviews with personnel and reviews of policies, existing processes, procedures, and structure. Additionally, an evaluation of the open and partially remediated Points for Consideration from the 2016 Procurement Evaluation was performed to determine relevance in the current environment. The current PFCs are provided to management for review and consideration.

No.	Condition	Criteria	Risk or Exposure	Risk Rating	Recommendation	Management Response
<b>Points for Consideration Identified in the 2021 Procurement Department Evaluation</b>						
1	<b>Exercise Existing Renewal Options for Contracts</b> The City's current practice for renewing contracts includes the renewal being prepared by Procurement and submitted to City Council for approval. Although the contracts typically include a renewal option, such as three one year terms and 2 optional one year terms, the renewal is not automatic and must be approved by City Council each year.	The Purchasing Department processes contract renewals timely to ensure purchases are only made from valid contracts	Inefficiencies in Procurement processes require additional oversight and processing time that is not contemplated or planned.	Low	The City should revise existing practices to allow contract renewals without City Council approval where there is an existing contract with renewal options granted. However, contracts should be evaluated annually if performance issues are identified and disclosed to the Procurement Department.	<b>Management's Response:</b> Under current practices we formally amend a contract if an option is elected to be enacted, we recommend transitioning this process to part of the contract administration portion, and instead sending a letter of intent to enact and not amend it.  <b>Responsible Party:</b> Contract Administrators  <b>Implementation Date:</b> October 1st, 2021 (FY 2022)
2	<b>Knowledge Skills Assessment of Procurement Staff</b> The Procurement Department seeks to add a fourth buyer team and additional procurement staff to assist in the processes and managing of procurement volume and load for the Health Department, Utilities, non-capital Engineering, and Airport. However, the technical needs and specialty skills needed for the fourth team and to address staffing gaps in the department, have not been formally identified.	Procurement has competent staff and adequate staffing levels to effectively manage the volume and load of City procurements.	There is a risk that the right people may not be hired for the needs of the Department.	Moderate	The Purchasing Department should perform a knowledge skills assessment of the current staff to identify the staffing levels and specialty skills needed for the proposed fourth buyer team and to ensure adequate coverage of volume and load of procurements.	<b>Management's Response:</b> Department Management has identified the need for skill assessment. As part of the certification initiative existing staff will all be required to obtain a certification within 2 years, this program will ensure staff have the same level of understanding of best procurement practices.  <b>Responsible Party:</b> Sr. Buyers / Buyers / Management  <b>Implementation Date:</b> October 1st, 2021 (FY 2022)
3	<b>Procurement Processes for Capital Projects</b> The Engineering Department often performs solicitations from vendors for quotes and requests specifications for jobs that have not been formally solicited by the Procurement Department. As a result, certain firms can be seen as having an unfair advantage or feel entitled to the procurement opportunity due to the existing relationship and insight from Engineering.	Procurements should be managed centrally with input from the requesting department to prepare and submit the specifications through a formal procurement process	There is an increased risk of vendors filing protests or claiming preferential treatment to those firms that have the ability to understand and write the specifications for a procurement prior to the formalization of the procurement solicitation.	Moderate	The Purchasing Department should coordinate with Engineering and provide training on the appropriate roles and responsibilities between Procurement and Engineering. This training should include the requirements from Engineering and reemphasize the boundaries between appropriate and inappropriate procurement practices. The bypassing of controls by Engineering should be escalated to City Management if continued.	<b>Management's Response:</b> With the separation of capital procurements from Engineering to Finance Procurement not all the responsibilities have been clearly defined. Management is working with Engineering to establish clear workflows and processes built into the E-Builder and reflected in the updated policy to address these issues.  <b>Responsible Party:</b> Management / Engineering  <b>Implementation Date:</b> Already begun, Ongoing
4	<b>Change Orders</b> All change orders must be processed and approved by Procurement, even when the only change is a date and there are no changes to the fee amount. The City's current process requires the approval of all change orders and does not differentiate between the type of change proposed.	Change orders resulting in increased fees or substantial delay in delivery of service are reviewed and processed by Procurement	Processing all change orders similarly, not dependent on the type of change, can result in inefficiencies within the Procurement Division.	Low	The Purchasing Department should revise policy and practice to only review and process change orders in which a change in fee amount or a substantial delay (i.e.. 12 months) in services rendered is proposed.	<b>Management's Response:</b> Currently the Infor system has limited permission levels (all access / read only). The upgrade for Infor will bring in additional levels of access so that change orders can be entered into the system by request, and approved through the system. Additionally the Policy will address net zero change orders and changes to project duration (6 months and under).  <b>Responsible Party:</b> Management / IT / Infor  <b>Implementation Date:</b> Infor - TBD / Policy FY 2022

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No.	Condition	Criteria	Risk or Exposure	Risk Rating	Recommendation	Management Response
5	<p><b>Vendor Fair</b> The Procurement Department does not have a established process to seek new vendors and to coordinate with other government entities to identify new and vetted vendors to compete for City procurements.</p>	Procurement identifies competent and new vendors to enhance competition and options for formal and informal procurements.	There is a risk that the lack of new vendors could result in increased prices, subpar service, or the inability to locate vendors that meet the needs of the City.	Moderate	The Purchasing Department should coordinate with other Corpus Christi area government entities, including universities, colleges, and other local governments, to host a vendor fair to identify new vendors that can be registered within the vendor portal. The vendor fair will also allow further coordination with other government entities to more effectively vet new vendors with reputable references.	<p><b>Management's Response:</b> Management would like to address this as part of the "local preference" initiative. Coordination between Economic Development, Type A &amp; B, and Procurement will be needed to successfully launch the program.</p> <p><b>Responsible Party:</b> City Leadership / ED / Procurement / Type A&amp;B</p> <p><b>Implementation Date:</b> TBD</p>
6	<p><b>Reference Checks</b> The City's current process requires reference checks to be performed for each competitive procurement, even when a reference check was performed recently on the vendor. Current policy and practice does not allow deviations from the reference check process and must be re-performed for each solicitation.</p>	Reference checks are performed for each vendor to validate their past performance and perform due diligence	Performing reference checks multiple times for the same vendors increases inefficiencies for the buyers and reduces their ability to work on other procurement roles and responsibilities.	Low	The Purchasing Department should develop a threshold, such as every quarter, to perform a reference check for a vendor. Vendors that propose on similar proposals for different jobs should not be required to have a new reference check to be performed each time.	<p><b>Management's Response:</b> References are pulled and recorded based on the solicitation. This means the confirmation of the check is housed within the each bid, which limits the knowledge of this check to the party that made the check. Management has already begun to address this issue with the creation of a reference database. Infor does not have a reference tracking function, so management has developed a database to track reference checks. The database uses vendor and type of work to ensure references were checked based on the work they are applying for with the City. References will only be required up to annually based on the volatility of the type of work. This efficacy will greatly cut down on the time to review a bid leading to quicker delivery to client departments.</p> <p><b>Responsible Party:</b> Management</p> <p><b>Implementation Date:</b> In-Process Now</p>
7	<p><b>Vendor Profiles</b> Purchasing is unable to reset vendor profiles when the primary user is no longer with the vendor. As a result, new vendor profiles are typically set-up and can result in duplicate vendors with differing contact information.</p>	Vendor profiles can be updated by Procurement to ensure the appropriate party is assigned to the vendor account.	The lack of updates to the vendor profile following the departure of the main contact can result in duplicate vendors in the system.	Low	The Purchasing Department should coordinate with IT to determine if the vendor profile can be updated within procurement. If so, segregation of duties between the input of the new contact and approval of the change should be implemented to ensure accuracy and prevent vendor fraud.	<p><b>Management's Response:</b> The solution to this issue is built into the future Infor upgrade. Currently the ability to update vendor information is very limited, and closed off to end users due to the all or nothing access. The upgrade will allow us to lock specific portions of the data, and open others for editing. A workflow will also be possible within the system to ensure we have proper control.</p> <p><b>Responsible Party:</b> Management / IT</p> <p><b>Implementation Date:</b> Infor - TBD</p>

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No.	Condition	Criteria	Risk or Exposure	Risk Rating	Recommendation	Management Response
8	<p><b>Local Preference Program</b>  The City does not have a formalized and marketed Local Preference Program to attract and provide preferential treatment to local vendors. Although local vendors are utilized and are more prevalent due to the City's geographic location, a formal marketing program is not in place.</p>	Local vendors can receive preference when proposing on certain City procurements, including bids, where lowest price is the key factor.	The lack of a formal Local Preference Program can deter new vendors from proposing on work for the City	Moderate	The City should develop and market a local preference program to encourage all local vendors to propose on City procurements. The program should be coordinated and deployed with Purchasing and the Economic Development Department.	<p><b>Management's Response:</b> Establishing a local preference program requires more than a policy change. While the ordinance/policy are needed to govern the effort a joint initiative needs to be undertaken by Procurement and Economic Development to bring local vendors into the vendor pool. Vendor Fairs are an important tool to help educate local vendors on our procurement practices and offering them the tools necessary to sign up and compete for our solicitations.</p> <p><b>Responsible Party:</b> Procurement / Economic Development</p> <p><b>Implementation Date:</b> TBD</p>
9	<p><b>Warehouse Function Location</b>  The Warehouse is under the Purchasing structure but primarily houses goods for the Utility Department. The Purchasing Department aims for the just-in-time approach for the delivery of ordered goods, therefore a warehouse is not fully utilized or warranted for the Purchasing Department.</p>	Purchasing should utilize a just-in-time approach to prevent the excess ordering and storing of goods.	The location of the Warehouse under Procurement creates inefficiencies since the warehouse is primarily utilized by Utilities to store goods for their tasks	Low	The City should relocate the responsibility of the Warehouse function to the Utilities Department. This alignment will ensure the primary user department oversees the structure, placement, and utilization of goods from the warehouse.	<p><b>Management's Response:</b> Most of the procurements the City utilizes are ordered direct or just-in-time and not centrally housed before distribution. The warehouse primarily serves as an extended inventory house for the Utilities and Streets departments. 1-3 day delivery times on the many of the most utilized office supplies makes the utilization of the warehouse obsolete to the majority of departments. While procurement staff does facilitate the contracts for the warehouse, it does so for the rest of the City as well. The charges for the warehouse are not being fully realized by the utilities and the operation of the facility should be transitioned to the primary users.</p> <p><b>Responsible Party:</b> City leadership / Utilities / Streets</p> <p><b>Implementation Date:</b> TBD</p>

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No.	Condition	Criteria	Risk or Exposure	Risk Rating	Recommendation	Management Response
<b>Open and Partially Remediated Points for Consideration Identified in the 2016 Procurement Department Evaluation</b>						
10	<b>Lack of Guidance on Using Inter-local/Cooperative and Supply Agreements</b> For competitive bid purchases, the Purchasing Division has limited involvement in determining whether to use an inter-local, cooperative, or supply agreements rather than the competitive bidding process and if so, which one should be used for a particular purchase. That determination is made solely by the Department Requisitioner who selects the inter-local, cooperative, or supply agreement code when creating a requisition.	The Purchasing Department is utilized to determine the best purchasing strategy for each purchase to ensure that purchasing costs are minimized.	Department Requisitioners may not choose the most cost effective purchasing method, which could lead to increased purchasing costs to the City. In addition, the lack of guidance could lead to errors in selection of the most appropriate purchasing process.	Moderate	The City should implement formal guidance on the selection and documentation of the determination of using inter-local, cooperative and supply agreements. Departments Requisitioners should work with Purchasing Divisions Buyers to determine when it is appropriate and cost advantageous to use these agreements rather than competitively bidding a purchase.	<b>Management's Response:</b> Management would like to implement a Procurement training for executive staff, City council, and internal staff to educate everyone on the procurement process. During this training we would identify the type of cost benefit analysis that can determine if the use of a cooperative is appropriate.  <b>Responsible Party:</b> Procurement Management  <b>Implementation Date:</b> Q1 FY 2022
11	<b>Lack of Monitoring of Vendors Used in Inter-local/Cooperative Agreements</b> The City does not perform monitoring of vendors related to inter-local, cooperative, and supply agreement purchasing beyond the delivery of goods or services and pricing used. Contract administration is performed at the department level by Contract Administrators. The City is responsible for ensuring that vendors are in compliance with all contract terms, which may include a payment of a vendor fee for administering an inter-local or cooperative contract. The Purchasing Division is not involved in the vendor management process or tracking vendor requirements.	Vendors used in inter-local, cooperative, and supply agreement purchasing are monitored to ensure vendors comply with contract terms.	There is a risk that vendors will not comply with the contract terms.	Moderate	The Purchasing Division should implement additional monitoring of vendors used in inter-local and cooperative purchasing to verify vendors paid the appropriate administrative fees, if applicable, and complied with all other contract terms.	<b>Management's Response:</b> Management would like to perform training for client departments to better educate them on the procurement process and on solicitation vs cooperative benefits. A training is proposed for the first quarter of FY 2022.  <b>Responsible Party:</b> Procurement Management  <b>Implementation Date:</b> Q1 FY 2022
12	<b>Duplicate Vendors</b> The INFOR system contains duplicate vendors. Some of the duplicate vendors in INFOR were transferred from PeopleSoft during transition and were never removed. The Purchasing Division does not perform a periodic review of the vendor master file to identify duplicate vendors. Their processes are limited to performing a search of a vendor name prior to creating a new vendor in the system.	The system should not contain duplicate vendors.	Payments could be made to inaccurate or duplicate vendors.	Low	As part of the vendor evaluation process, the vendor address and tax identification number (TIN) should also be searched to ensure vendors are not duplicated. The City should also implement a formal periodic review of the vendor master file to identify and remove duplicate and inactive vendors.	<b>Management's Response:</b> This also ties into the Infor Upgrade and the ability to edit and maintain vendor records. This issue would be addressed as part of the Infor upgrade.  <b>Responsible Party:</b> Management  <b>Implementation Date:</b> Infor - TBD
13	<b>Dormant Vendor Review</b> Vendor master file data is not periodically reviewed in order to identify inactive (dormant) vendors and deactivate them in INFOR. The last review was performed prior to moving to the new system in November 2014. Inactive vendors were not transferred to the new system. However, no review for activity has been performed since then, nor has any future review been scheduled.	Dormant vendors are identified and deactivated from the system timely.	Inactive vendors could remain in the system and be paid inappropriately.	Low	The Purchasing Division should implement a formal periodic review of the vendor master file to identify and remove inactive vendors. The City should send a notice to potentially inactive vendors identified by this review and provide them with instructions to re-qualify as an active vendor.	<b>Management's Response:</b> As part of the migration to the new version of Infor Procurement will be reviewing all vendor records and working inactivate old vendors. Additionally the Policy will establish the criteria for periodic review and the process to inactive dormant vendors.  <b>Responsible Party:</b> Management  <b>Implementation Date:</b> Infor - TBD, Partial through Policy update

**City of Corpus Christi  
Procurement Department Evaluation  
Points for Consideration (PFC) Matrix  
October 2021**

The following points for consideration (PFC) were identified during the 2021 assessment of the Procurement Department at the City of Corpus Christi through interviews with personnel and reviews of policies, existing processes, procedures, and structure. Additionally, an evaluation of the open and partially remediated Points for Consideration from the 2016 Procurement Evaluation was performed to determine relevance in the current environment. The current PFCs are provided to management for review and consideration.

No.	Condition	Criteria	Risk or Exposure	Risk Rating	Recommendation	Management Response
14	<p><b>Lack of Vendor Performance Evaluation</b> The City does not have an established vendor evaluation process to perform ongoing evaluations of vendor performance issues and record the results. Departments have Contract Administrators who maintain records of vendor performance issues, but these records are not maintained in a centralized location for the Purchasing Division or other departments to view.</p>	Vendors are monitored for compliance and delivery of goods/services.	Lack of an established vendor evaluation process could lead to vendors that do not meet expectations being selected, which could lead to increased inefficiency and higher costs to the City.	<b>Low</b>	The City should require all vendor performance issues to be provided to the Purchasing Division for recording and storage in a centralized location. The City should consider adopting a vendor performance policy that could potentially suspend the use of that vendor with the City for repeated performance issues.	<p><b>Management's Response:</b> Procurement Management would like to address this issue by adding a Contracts Manager to its personnel complement. This position would help enforce, monitor and train client departments on the Contract Management. The policy has been updated to include the responsibilities of Contract Managers and Procurement Management has developed Performance Evaluation Questionnaires to be issued with each new contract or extension.</p> <p><b>Responsible Party:</b> Procurement or Whoever Identified as the Control by City Leadership</p> <p><b>Implementation Date:</b> TBD / Partial through Policy Update</p>
15	<p><b>Contract Administrator Training</b> The City does not have a formalized Contract Administrator training program to ensure that individuals who are designated as the primary City contact for each vendor contract have the appropriate skills and resources to effectively manage the contract.</p>	Contract Administrators have appropriate knowledge and training to manage and monitor contracts.	Lack of formal training in key positions could lead to contractor's non-compliance with the contract.	<b>Moderate</b>	The City should develop a contract administration webinar to ensure that individuals responsible for contracts have the appropriate training to perform their responsibilities. Designated contract points of contact should be required to complete the training within an established timeframe.	<p><b>Management's Response:</b> The City's Procurement Policy has been updated and now includes a section dedicated to the Contract Management responsibilities. Procurement would like to add a position to provide formal training and audit compliance. This position would hold bi-annual training for existing contract management staff and provide training to any new staff that comes on board during the year.</p> <p><b>Responsible Party:</b> Procurement / City Leadership</p> <p><b>Implementation Date:</b> Partial through Policy / TBD</p>
16	<p><b>Purchasing Reporting Capabilities</b> The INFOR system does not have integrated reports available that provide the necessary details to compare purchase requisitions and matching purchase orders for the Purchasing Department personnel. This information must be gathered separately and manually combined and compared. Additionally, queries must be used to obtain reports for purchase orders over different timeframes. Finally, purchase requisitions do not fully integrate with the Rich Client application that contains sourcing documentation, which requires manual corrections and reduces reporting functionality for bid tracking.</p>	Data and reports required to compare purchase requisitions, purchase orders, and sourcing documentation are readily accessible to appropriate employees.	The use of alternate forms of information and manual manipulation of data results in inefficiency and susceptibility to error and rework.	<b>Moderate</b>	We recommend that Financial Services work with IT or INFOR to develop the reports necessary to be able to effectively manage purchase requisitions and purchase orders.	<p><b>Management's Response:</b> The Infor Upgrade greatly expands the reporting capabilities for Procurement. The system has built in reports for expiring data (contracts, insurance, etc...), as well as the ability to more easily search and navigate the data. Procurement Management has already begun to coordinate with Infor Staff to ensure access and training on the functionality will occur.</p> <p><b>Responsible Party:</b> Management</p> <p><b>Implementation Date:</b> Infor - TBD</p>