

Orlando-Orange County Expressway Authority



Procurement Audit – Phase I

September 2012

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Executive Summary

Overview

Audit of the procurement process for large contract awards.

Objectives

Internal Audit performed procedures to understand and analyze the current process that is in place when awarding contracts under the RFP Process with a value exceeding \$50,000. Audit procedures included evaluating the Authority's process for short-listing vendors, scoring proposals and making a contract award. Procedures were also performed to compare the Authority's procurement processes to the processes currently being followed at Orange County, the City of Orlando, the Florida Department of Transportation, and the Florida Turnpike Authority to the extent readily shared or accessible.

Scope and Approach

The scope of Phase I of this work included a review of the current state procurement processes and internal controls in place at the Authority specific to RFP Generation, Scoring/Selection, and Awarding/Contracting. Specifically, in Phase I, we reviewed and analyzed the design of the procurement policies and process currently in place at the Authority specific to the areas defined and considered alternative procedures that are currently in place at Orange County, the City of Orlando, Florida Department of Transportation and the Florida Turnpike Authority as understood via a facilitated knowledge-sharing session conducted with the identified parties.

Phase II will be performed later in the fiscal year to test the procurement process to validate the Authority is following policies and procedures as outlined.

Summary of Observations/Opportunities

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Detailed Finding #1

RFP Generation Process

Scoring/Selection Process

Award/Contracting Process

Observation – Scope of Services Secondary Review

Currently, the scope of services as defined in RFPs is prepared by the end user at OOCEA, often with no formal vetting or review by an individual independent of the process, a leading practice to help ensure project scope is fairly and clearly documented for communication to the vendors in the proposal/bidding process. It is important to make sure the RFX (RFP, RFQ, etc) that goes out has been thoroughly vetted by all impacted stakeholders (finance, engineering, construction procurement, etc) to make sure it appropriately defines all requirements.

Additionally, this may positively impact the ultimate scoring of proposals, which often becomes a function of how well a proposal is written. If the proposal is vague, lacks measurable requirements, etc., scoring is more difficult to objectively perform.

Recommendation

OOCEA should consider having someone other than the end user with similar expertise and knowledge as the user review the definitions of scope of services in the RFP. This could include the use of outside consultants, as needed, and would help ensure that the defined scope of services is clear and understood by prospective vendors.

Management Response

Management agrees. The Authority recognizes the benefit of having someone other than the end user review the scope of services, especially on the more complex scopes such as toll collection services, customer services, credit card processing, etc.

Management Action Plan

Management will update the Procurement Procedures Manual to include having someone other than the end user review the scope of goods and/or services for complex projects as determined by the end user and the Director of Procurement.

Action Owner / Due Date

Director of Procurement – 3/31/13



Detailed Finding #2

RFP Generation Process

Scoring/Selection Process

Award/Contracting Process

Observation – Vendor Non-Response
Although routinely practiced, OOCEA does not have formalized written procedures to proactively reach out to vendors that OOCEA would expect to respond to an RFP if the vendors have not responded within the time frame established in the RFP process.

Recommendation
The Authority should update their procedural document by adding formal language to reach out to vendors that they would expect to respond to an RFP if vendors have not responded within a defined period of time in the RFP process AND if the Authority received less than 3 proposals. Higher vendor response rates may increase the competitiveness of proposals.

Management Response
Management agrees. The Authority currently follows up with vendors who the Authority would expect to respond to an RFP if less than 3 proposals are received, however, it's not a formalized written procedure.

Management Action Plan
Management will add this process to the Procurement Procedures Manual to apply when less than 3 proposals are received.

Action Owner / Due Date
Director of Procurement - 3/31/13



Detailed Finding #3

RFP Generation Process

Scoring/Selection Process

Award/Contracting Process

Observation – Supplier Selection
The Procurement Procedures Manual does not indicate what criteria is used to identify what suppliers will be asked to provide quotes for good and/or services less than \$50,000.

Suggestion
The Authority currently has a process in place to start with the end user of the project that is out for a quote and get a list of suppliers that they would like to have quote (if applicable). Next, the Authority utilizes the list of suppliers that they have registered with them for the service being quoted. However, this process is not formalized in their procedures manual. Therefore, we recommend that the procedures manual be updated to reflect the process that is currently in place.

Management Response
Management agrees.

Management Action Plan
Management will update the Procurement Procedures Manual to include the supplier selection process for quotes for services less than \$50,000.

Action Owner / Due Date
Director of Procurement - 3/31/13



Detailed Finding #4

RFP Generation
Process

Scoring/Selection
Process

Award/Contracting
Process

Observation – Explore Ways to Provide Additional Guidance in Scoring of Proposals
Consider opportunities to provide additional guidance in the scoring of proposals and update procedures accordingly.

Recommendation
Some items to consider including in the procedural documents to reduce subjectivity in the scoring process are as follows:

- Discuss the scores as a committee after each committee member has scored all of the proposals
 - For example, consider ranking proposals by score first, then based on what you would have expected prior to scoring, and discuss anything that falls outside of expectations
 - Leverage objective facilitation to support final decision
- Ensure the guidelines are clearly defined for scoring. Consider adjectival ratings as defined in Finding #5.
- Project Manager should meet with committee members prior to reviewing the proposals to review the technical specifications.

Management Response
Management agrees.

Management Action Plan
Management will incorporate language into the Procurement Procedures Manual.

Action Owner / Due Date
Director of Procurement – 3/31/13



Detailed Finding #5

RFP Generation Process

Scoring/Selection Process

Award/Contracting Process

Observation – Adjectival Ratings
OOCEA currently using a scoring process based on 100 points. Opportunities may exist to improve the scoring process through the use of an adjectival scoring process as adopted by certain peers .

Recommendation
Consider the benefits of implementing an adjectival rating scale to support the scoring process. An example of an adjectival rating system would be one using 5 rankings that are clearly defined: Excellent, Good, Average, Below Average, and Unacceptable. Moving to such a rating system may reduce some of the subjectivity involved in providing points-based ratings during the scoring process.

Management Response
Management agrees and is currently in the process of developing adjectival ratings guidelines.

Management Action Plan
Management will include the adjectival rating guidelines as part of the scoring package that is given to the committee members to assist in the scoring process. This will be done on a trial basis and the Authority will determine if it is beneficial whether they will continue this practice going forward.

Action Owner / Due Date
Director of Procurement - 12/31/12