



Memorandum

TO: Joint Audit Committee

FROM: Benjie Chua Foy

SUBJECT: City Auditor's Recommendations

DATE: August 6, 2024

Approved *B Hayman*

Date
8/7/2024

INFORMATION

On April 16, 2024, the City Auditor presented to the City Council an audit report titled "The Office Has Not Consistently Followed City Procurement Policies and Standard Practices". The audit was conducted in response to direction from the City Council. The report reviewed ORS compliance with City policies and procedures for purchasing and contracting. The Council asked the Office of Retirement Services ("ORS") to provide an informational memo on the timeline for implementation of City Auditor recommendations. The report had one finding and three recommendations.

At the May 16, 2024 Joint Audit Committee, the timeline for implementation of the recommendations was discussed. Trustee Lee requested Staff to return to the audit committee with more details including who is accountable, the commitments and the deadlines for the deliverables. Listed below are the findings and the three recommendations with the information requested.

| Finding 1: Updating Procedures and Staff Training Can Ensure Greater Compliance with City Procurement Rules | | | |
|--|-------------------------------|---|--------------------|
| City Auditor's Recommendation | Responsible Individual | Commitment | Target Date |
| 1. To ensure appropriate controls over procurement and contracting, the Office of Retirement Services should develop internal processes and procedures for key areas, including: | | | |
| a. Following the Municipal Code and City procedures regarding use of competitive bidding and unique services/sole source procurements. | ORS CEO/Cortex | At the June 20, 2024 Federated Retirement Board meeting the board adopted City Policy Chapter 5.1- Purchasing: Procurement for non-professional services for ORS operations. At the August 1, 2024 the Police and Fire Retirement Board meeting the Board adopted City Policy "Chapter 5.1- Purchasing: Procurement" for goods and non-professional services for ORS operations. | October 2024 |
| b. Establishing master agreements with service orders for consultants where specific scopes of services are not established at the time of the contract execution. | | | |
| c. Ensuring purchase orders or contract agreements are in place with service providers. | | | |
| d. Executing contracts prior to the start of the contract term. | | | |

