

Legislation Text

File #: BILL NO. 16-198, **Version:** 1

AN ORDINANCE APPROVING AN ADDITIONAL STATEMENT OF WORK PURSUANT TO THE ORIGINAL AGREEMENT BETWEEN THE CITY OF LEE'S SUMMIT, MISSOURI AND RUBINBROWN LLP FOR CERTAIN PROCUREMENT PROCESS AUDIT SERVICES AS DESCRIBED THEREIN AND AUTHORIZING THE CITY MANAGER TO EXECUTE THE SAME.

Issue/Request:

RubinBrown will provide confidential consulting services.

RubinBrown's work will be performed under AICPA Consulting Standards.

Services shall consider and reference industry best practices, applicable State of Missouri law, applicable Federal law and other benchmarks.

Key Issues:

The objectives of this SOW are to:

- Assess the City's internal controls over purchasing and accounts payable processes to determine controls are in place and operating effectively.
- Identify and assess existing purchase card policies and practices for effectiveness.
- Perform forensic data analyses on disbursements data, including purchase card activity, and provide results to the City's management.
- Provide a summary of our assessment of the existing internal controls, including recommendations to improve adherence to best practices.

The scope will include the current fiscal year plus three previous fiscal years. We will perform the following:

- In person interviews) with various City personnel to gain an understanding of the purchase to pay process and key financial internal controls.
- Review of the applicable policies and procedures to gain an understanding of the current purchasing and accounts payable processes.
- Assessment of the City's purchasing and accounts payable process/methods for proper segregation of duties (SODs).
- Data analysis of the City's disbursements in an effort to identify errors or irregularities, including potentially duplicate, unauthorized, or improper transactions.
- Testing of individual transactions to obtain reasonable assurance that established procedures and guidelines are being followed.
- Review of the approval and termination of P-Card holders.
- Review of the training requirements for P-Card holders.
- Develop and administer a procurement practices anonymous City employee responder questionnaire ("Questionnaire") to gather information from all departments and employees relating to city procurement practices. The Questionnaire will be developed using our judgment and the questions submitted by the City Council (refer to the following section of SOW).
- Interview selected City employees, (approximately 8-10 one hour interviews, across the City's departments). The purposes of the interviews is to gain an understanding of the procurement practices, key related internal controls, and to gather information relating to the questions submitted by the City Council (refer to the following section of the SOW).
- Prepare a final report, which shall include a full description of the scope, activities, findings and

recommended improvements, if any.

- Present the final report to the City Council.

Proposed City Council Motion:

I move to direct the City Manager to authorize an Engagement Letter with Rubin Brown LLC for a forensics audit Statement of Work.

Background:

Questions and Requests Submitted by City Council

The City Council has submitted following questions and requests to be included in this SOW. These items will be used to create the Questionnaire, used to conduct our employee interviews, fieldwork and data analysis, and will be included within the final report.

1. Are the City written procurement practices in line with the State of Missouri, Federal or other laws and industry best practices?
2. Does the City have and use a “template” for drafting RFP’s, RFQ’s and similar documents used in the procurement process?
3. How does the City advertise for bids and have City procurement procedures been adhered?
4. What actions, if any, has the City taken to increase the number of bidders?
5. Does the City have a policy and program in place for minority participation in the bidding process? How effectively does the City use the internet, print, mail, tv, radio, or other media and communication means to advertise procurement opportunities?
6. What actions, if any has the City taken to increase the number of bidders?
7. Do the City procurement practices contain provisions for penalties for nonperformance?
8. Does the City have debarment procedures within the procurement practices?
9. Does the City keep a roster of debarred vendors?
10. Provide a list of all transactions over \$500, which involve elected officials and whether proper lawful bidding practices were adhered to. Should include transactions using all procurement means.
11. Provide a list of all transactions over \$1,000, and whether required City procurement practices were followed. Should include transactions using all other procurement means.
12. Does the City have early discount procedures and what was the value and number of realized early discounts?
13. Provide details relating to signature authority procedures and whether or not they have been followed.
14. Provide details relating to susceptible item pilfer control procedures and whether or not they have been followed.
15. Provide details relating to justification control procedures and whether or not they have been followed.
16. Provide a list of sole source contracts and whether the City procurement procedures were adhered to.
17. Provide details relating to regular departmental procurement

Impact/Analysis:

Fees for services will be based on the actual time expended at our billing rates in effect at the time the services are provided. The project, as outlined above, is estimated to cost approximately \$30,000-35,000, plus any necessary and properly documented out of pocket expenses. The fees set forth above are based upon anticipated cooperation from City personnel and the assumption that unexpected circumstances will not be encountered during the engagement. Additional fees may be required based on our findings and the analysis the City requests. If additional fees are necessary, RubinBrown will discuss them with the City and agree to a new fee estimate before additional fees are incurred. RubinBrown will keep the City informed of progress and work closely with the City to structure RubinBrown work to ensure that it is completed in a cost-effective manner.

Below is a summary of the estimated hours, based on our understanding of the scope of this SOW:

TASKS	Estimated Hours
Interviews (20, 1 hr)	45-55
Data Analysis	45-55
Surveys	20-40
Other Fieldwork, Planning, and Analysis	55-65
Reporting/Wrap	20-20
Meetings	15-15
Total	200-250

Timeline:

Start: Upon approval of the Engagement Letter it is anticipated that work can begin as soon as September 26th

Finish: Audit report should be complete by the end of November

Other Information/Unique Characteristics:

[Enter text here]

Presenter: [Enter Presenter Here]

Recommendation: I recommend that the City Manager is authorized to execute the Engagement Agreement for the Forensic Audit work.

Committee Recommendation: [Enter Committee Recommendation text Here]