

Miami-Dade County Public Schools



Internal Audit Report

Audit of the District's Procurement Operations: Solicitation, Selection, and Award Processes



Opportunities exist to improve the efficiency and effectiveness of operations and adherence to School Board policies and best practices.

March 2019

THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA

Ms. Perla Tabares Hantman, Chair

Dr. Martin Karp, Vice Chair

Dr. Dorothy Bendross-Mindingall

Ms. Susie V. Castillo

Dr. Lawrence S. Feldman

Dr. Steve Gallon, III

Ms. Lubby Navarro

Dr. Marta Pérez

Ms. Mari Tere Rojas

Superintendent of Schools

Mr. Alberto M. Carvalho

Office of Management and Compliance Audits

Ms. Maria T. Gonzalez, CPA

Chief Auditor

Contributors To This Report:

Audit Performed by:

Ms. Jeny Priante, MBA

Mr. Wilmer Maradiaga, MS

Ms. Teresita M. Rodriguez, CPA

Audit Supervised by:

Mr. Jon Goodman, CPA, CFE

Audit Reviewed by:

Mr. Richard A. Yanez, CPA





Miami-Dade County Public Schools

giving our students the world

Superintendent of Schools

Alberto M. Carvalho

Chief Auditor

Maria T. Gonzalez, CPA

Miami-Dade County School Board

Perla Tabares Hantman, Chair

Dr. Martin Karp, Vice Chair

Dr. Dorothy Bendross-Mindingall

Susie V. Castillo

Dr. Lawrence S. Feldman

Dr. Steve Gallon III

Lubby Navarro

Dr. Marta Pérez

Mari Tere Rojas

March 1, 2019

The Honorable Chair and Members of The School Board of Miami-Dade County, Florida
Members of The School Board Audit and Budget Advisory Committee
Mr. Alberto M. Carvalho, Superintendent of Schools

Ladies and Gentlemen:

We performed an audit of Procurement Management Services in accordance with the approved 2017-2018 Fiscal Year Audit Plan. The audit objective was to determine whether the District's processes of solicitation, selection and awarding firms to supply goods and services complies with applicable Florida Statutes, School Board Policies and best practices.

The scope of the audit comprised awards made during the two fiscal years ended June 30, 2018, and included certain transactions prior and subsequent to this period. During this two-year period, the District created approximately 35,800 purchase orders with a total value of approximately \$745 million.

The audit resulted in four findings and corresponding recommendations to enhance the efficiency and effectiveness of operations and ensure compliance with School Board Policies and best practices.

We would like to thank the management of Procurement Management Services for their cooperation and courtesies extended to our staff during this audit.

Sincerely,

Maria T. Gonzalez, CPA

Chief Auditor

Office of Management and Compliance Audits

TABLE OF CONTENTS

	Page Number
EXECUTIVE SUMMARY.....	1
INTERNAL CONTROLS.....	3
BACKGROUND	4
PARTIAL ORGANIZATIONAL CHART	6
OBJECTIVES, SCOPE AND METHODOLOGY.....	7
FINDINGS AND RECOMMENDATIONS	
1. Update Written Procedures For The Procurement Function.....	9
2. Reinforce The Process Of Receiving And Opening Bids.....	11
3. Improve Documentation And Verification In The Award Process.....	13
4. Enhance The Process Of Identifying Bidders That Have Been Convicted Of A Public Entity Crime.....	16
APPENDIX	
MANAGEMENT’S RESPONSE MEMORANDUM.....	18

EXECUTIVE SUMMARY

Procurement Management Services (PMS) is the centralized purchasing system and is responsible for providing procurement services to the School Board. During FY 2016-17, the District created approximately 19,000 non-construction purchase orders with a total value of \$359 million. During FY 2017-18, the District created approximately 16,800 non-construction purchase orders with a total value of \$386 million.

The District's procurement function is governed by School Board Policy 6320 (Purchasing) in accordance with applicable Florida Statutes. Related School Board Policy 6320.02 (Small/Micro, Minority/Women-Owned, and Veteran Business Enterprise Programs) is largely carried out by the Office of Economic Opportunity (OEO). Both Policies are in the process of being modified/amended.

The objective of this audit was to determine whether the District's processes of solicitation, selection and awarding firms to supply goods and services, complies with applicable Florida Statutes, School Board Policies and best practices.

The scope of this audit comprised awards made during the two fiscal years ended June 30, 2018, and included certain transactions prior and subsequent to this period. Construction and maintenance awards are not conducted through PMS and were not included in the scope of this audit. The process of contract administration and monitoring after the awarded contract is put in place, was also not within the scope of this audit.

The audit resulted in four findings and corresponding recommendations as follows:

- PMS has a Procedures Manual which was last updated in November 2013. However, many of the written procedures are outdated. The PMS Procedures Manual should be revised and updated to align with School Board Policies 6320 and 6320.02.
- School Board Policy 6320 requires that "all purchasing bids will be recorded at the time they are received, showing the bid number, bid title, and the names of the bidders submitting bid forms", and that three staff members from PMS or the District participate in the bid opening meeting where the bids are opened and minutes are taken. Our testing disclosed significant non-compliance with these two stated requirements in Board Policy. Forty-eight of the 51 bids reviewed did not provide evidence of the date and time of their submission; while nine (9) of 12 bid openings reviewed or observed disclosed that less than the three-required number of district staff members participated during the bid opening process. PMS staff should adhere to School Board Policy to ensure there is a mechanism or process to record and evidence the date and time each bid is submitted, and should ensure that the required number of staff members participate during the bid opening process.

- We found some instances where documentation supporting bidders' qualifications to meet the bid specifications was not located in the master bid file or otherwise provided. From our tests, we determined that the process for verifying and evidencing a bidder's experience and past performance could be improved. We recommend that Exhibit 5 (Bidder Experience), a form included in the bid package, include sections evidencing that the applicable PMS staff initialed that they communicated with the referenced bidder client and verified the accuracy of experience and performance shown on the form.
- F.S. 287.133 -- *Public Entity Crime; Denial or Revocation of the Right to Transact Business with Public Entities*, prohibits local governments from awarding bidders that have been convicted of a public entity crime within the last 36 months. PMS should include in the pre-award checklist a step or a procedure to verify that bidders are not listed on the State of Florida Department of Management Services (DMS) website that provides a list of convicted vendors that have committed a public entity crime. This enhancement to the pre-award checklist will provide greater assurance of compliance with the said statute.

Management's responses to the findings and recommendations are included on pages 10, 12, 15 and 17, following each individual finding, and in memorandum format as received by our office on pages 18-20.

INTERNAL CONTROLS

Our overall evaluation of internal controls over the District's processes of solicitation, selection and awarding firms is summarized in the table below.

INTERNAL CONTROLS RATING			
CRITERIA	SATISFACTORY	NEEDS IMPROVEMENT	INADEQUATE
Process Controls		✓	
Policy & Procedures Compliance		✓	
Effect		✓	
Information Risk	✓		
External Risk	✓		

INTERNAL CONTROLS LEGEND			
CRITERIA	SATISFACTORY	NEEDS IMPROVEMENT	INADEQUATE
Process Controls	Effective	Opportunities exist to improve effectiveness	Do not exist or are not reliable
Policy & Procedures Compliance	In compliance	Non-compliance issues exist	Non-compliance issues are pervasive, significant, or have severe consequences
Effect	Not likely to impact operations or program outcomes	Impact on outcomes contained	Negative impact on outcomes
Information Risk	Information systems are reliable	Data systems are mostly accurate but can be improved	Systems produce incomplete or inaccurate data which may cause inappropriate financial and operational decisions
External Risk	None or low	Potential for damage	Severe risk of damage

BACKGROUND

Procurement Management Services (PMS) is the centralized purchasing system and is responsible for providing procurement services to the School Board. Functions of PMS include developing bid specifications and scope of services jointly with other departments, locating sources of needed goods and services, and receiving and reviewing bids based on criteria. During FY 2016-17, the District created approximately 19,000 non-construction purchase orders with a total value of \$359 million. During FY 2017-18, the District created approximately 16,800 non-construction purchase orders with a total value of \$386 million.

Competitive solicitations, primarily Invitations to Bid (ITBs) and Requests for Proposal (RFPs) are used by PMS to cost-effectively procure goods and services. The ITB is used when the scope of work for which a contractual service is required or when the District is capable of establishing precise and clear specifications defining the actual commodity or group of commodities required. An RFP is used when it is not practicable for the District to specifically define the scope of work for which the commodity, group of commodities, or contractual service is required and when the District is requesting that a responsible vendor propose a commodity, group of commodities, or contractual service to meet the specifications of the solicitation document.

The District's procurement function is governed by School Board Policy 6320 (Purchasing) in accordance with applicable Florida Statutes. Related School Board Policy 6320.02 (Small/Micro, Minority/Women-Owned, and Veteran Business Enterprise Programs), which is in the process of being amended, is largely carried out by the Office of Economic Opportunity (OEO). This policy amendment is primarily the result of the issuance on January 8, 2019, of the Phase 2 Disparity Study Report – Goods/Supplies, Services and Maintenance (Disparity Study), which had been commissioned by Miami-Dade County Public Schools (M-DCPS) in May 2016. The Disparity Study found, in part, significant underutilization of African American and Women (WBE) firms, and significant overutilization of Hispanic American firms for the period of July 1, 2012 through June 30, 2015. The Disparity Study makes multiple recommendations to enhance S/MBE, M/WBE and procurement procedures and practices.

PMS competitive bidding requirements use several forms of bid notifications. The bid notices consist of using the PMS vendor mailing list, electronic posting on PMS website, postings on websites that provide bid reporting services and/or advertising in major local newspapers having circulation representative of various relevant minority classifications. Pre-bid conferences are held with potential bidders to address questions they may have about the solicitation.

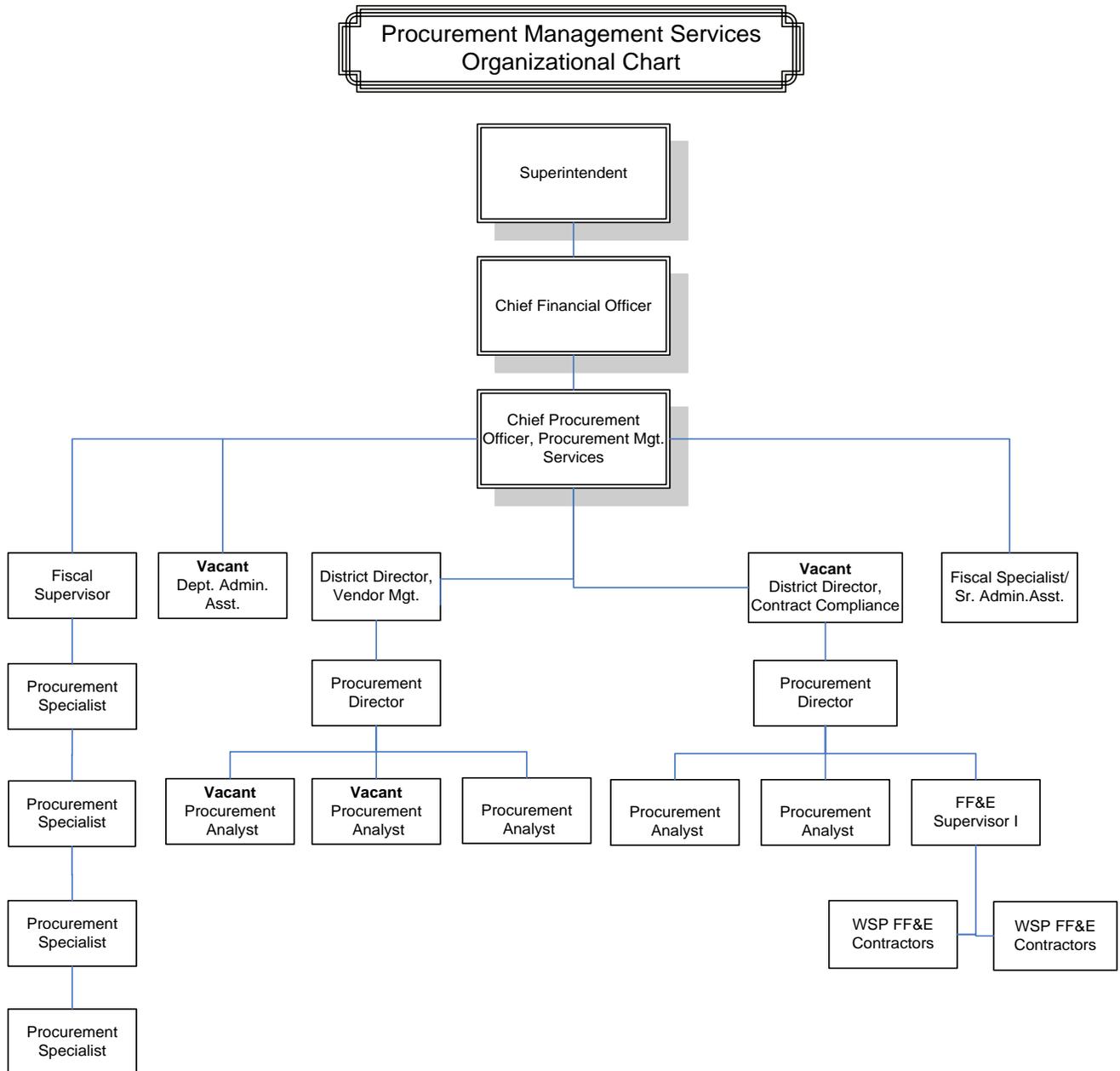
While currently the submittal and opening of bids at M-DCPS is largely a manual process, the Administration has been exploring the use of an electronic system that would automate those processes. We benchmarked other large school districts and government entities in Florida and noted that some of them use software that allows the electronic submittal and opening of bids. For example, the School District of Palm Beach

County and Miami-Dade County (the County) use BidSync, and the City of Miami uses ISupplier (linked to Oracle). M-DCPS uses DemandStar¹, which automates some of the process, but currently does not allow for electronic bid submittals.

A partial organizational chart of PMS as of the end of our fieldwork, is presented on the following page. The chart reflects four vacant positions, three being Managerial Exempt Positions (1 District Director - Contract Compliance, 2 Procurement Analysts) and one Confidential Exempt Position (Department Administrative Assistant).

¹ Provides on-line procurement services for government agencies and vendors. Services include posting requests for bid solicitations.

PARTIAL ORGANIZATIONAL CHART



Note: As of this audit, the Organizational Chart discloses four vacant positions: one District Director, two Procurement Analysts and one Dept. Administrative Assistant.

OBJECTIVES, SCOPE AND METHODOLOGY

We performed this audit in accordance with the approved 2017-2018 Fiscal Year Audit Plan. The objective was to determine whether the District's processes of solicitation, selection and awarding firms to supply goods and services, complies with applicable School Board Policies, Florida Statutes and best practices. We also endeavored to make value-added observations and recommendations for consideration by the Administration.

The scope of this audit comprised awards made during the two fiscal years ended June 30, 2018, and included certain transactions prior and subsequent to this period. Construction and maintenance awards are not conducted through Procurement Management Services (PMS) and were not included in the scope of this audit. The process of contract administration and monitoring after the awarded contract is put in place, was also not within the scope of this audit.

Audit procedures included:

- Reviewing applicable statutes, policies, procedures, forms and best practices;
- Interviewing various staff of the PMS and other related departments;
- Conducting walk-throughs and observing various procurement processes, such as the bid opening meetings;
- Inquiring and benchmarking with other large school districts and local government entities as to the use of electronic bidding software;
- Reviewing certain best practices including an October 2018 publication from the Council of the Great City Schools entitled *Best Practices in Urban Public School Procurement*;
- Reviewing the Phase 2 Disparity Study Report which had been commissioned by Miami-Dade County Public Schools (M-DCPS) in May 2016 and issued in January 2019;
- Inspecting the master bid files for sampled awarded bids and proposals;
- Testing compliance with applicable laws and policies for sampled bids and proposals;
- Reviewing and testing the process of sole source and emergency purchases;
- Confirming financial disclosure forms submitted by PMS staff;
- Reviewing the bid protest process; and,
- Consulting with legal counsel.

Sampling Methodology

From a population of 88 Invitations To Bid (ITBs) and Requests for Proposals (RFPs) recorded for the two-year period ended June 30, 2018, we judgmentally selected eight ITBs and one RFP for our tests. Our selection was designed to obtain coverage of a cross-section of goods and services being procured and various responsible procurement staff.

The ITBs and RFP selected for testing encompassed a total of 51 bidders and 24 awarded vendors. Goods and services being procured included air conditioning services, custodial chemicals, fire extinguishing supplies and services, and printer consumables, among others.

In addition, we observed three bid openings in September and October 2018 as part of our verification procedures for the bid opening process.

We conducted this performance audit in accordance with *Generally Accepted Government Auditing Standards* issued by the Comptroller General of the United States of America Government Accountability Office (GAO). Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

FINDINGS AND RECOMMENDATIONS

1. Update Written Procedures For The Procurement Function

Bizmanualz.com, a firm specializing in policies, procedures and processes, describes policies and procedures as follows:

“A policy is a guiding principle used to set direction in an organization, whereas a procedure is a series of steps to be followed as a consistent and repetitive approach or cycle to accomplish an end result.”

The District’s procurement function is governed by School Board Policy 6320 - *Purchasing* in accordance with applicable Florida Statutes. Procurement Management Services (PMS) also has a Procedures Manual which was last updated in November 2013. However, many of the written procedures are outdated.

According to senior management of the department, prior and current management had been awaiting the completion of the Phase 2 Disparity Study Report² (Disparity Study) to update its procurement procedures, since the Disparity Study’s recommendations were expected to impact applicable procurement procedures.

Best practices require current and up-to-date operating procedures to ensure efficient and effective operations, and to add value to the department and organization as follows:

- Provide consistency and enhance integrity in the delivery of services;
- Maximize efficiency through standardizing processes;
- Protect against knowledge loss should a key employee retire or otherwise leave;
- Serve as a valuable tool to train new employees; and,
- Aid in the delegation and assignment of responsibilities.

Recommendation

1.1. The PMS Procedures Manual should be revised and updated to align with School Board Policies 6320 - *Purchasing* and 6320.02 - *Small/Micro, Minority/Women-owned, and Veteran Business Enterprise Programs*. The Procedures Manual is designed as a “living document” and should be periodically updated to reflect, for example, the most current procedures and any future use of further automation or the addition of an electronic bidding system. Also, staff from PMS should consult with the Office of Economic Opportunity (OEO) in the updating and development of their respective procedures manuals.

² The Phase 2 Disparity Study Report was commissioned by Miami-Dade County Public Schools (M-DCPS) in May 2016, and was issued on January 8, 2019. It makes multiple recommendations to enhance S/MBE, M/WBE and procurement procedures and practices.

Responsible Department:

Procurement Management Services

Management's Response:

PMS is in agreement. PMS' procedures manual has been updated to reflect current procedures, any necessary changes resulting from changes in Board Policy 6320, as well as incorporated procedural recommendations from the Phase II Disparity Study.

2. Reinforce The Process Of Receiving And Opening Bids

Eligible bids/proposals (bids) to Invitations To Bid (ITBs) and Requests For Proposals (RFPs) are delivered to Procurement Management Services (PMS) by the date and time specified in the advertisement. We found areas of non-compliance as follows:

2.1. Recording the Date and Time of Bid Submissions

School Board Policy 6320 requires that “all purchasing bids will be recorded at the time they are received, showing the bid number, bid title, and the names of the bidders submitting bid forms.” Typically, the recording of the date and time the bids are received is done through a time/date stamp machine located by a drop box in the entrance to PMS.

We tested 51 bid submittals corresponding to eight ITBs and one RFP projected at \$17 million in the aggregate, and found that only three of the 51 bid submittals contained evidence of a time/date stamp or other recording of the date and time received. Senior management of PMS indicated that the Department generally relies on minutes taken during the bid opening meeting, which list the bidders that submitted their bids by the specified due date. However, the minutes provided do not show evidence of the actual date and time when the documents were submitted.

2.2. Bid Opening Process

School Board Policy 6320 requires that three staff members from PMS or the District participate in the bid opening meeting where the bids are opened and minutes are taken³.

We reviewed the minutes of nine bid opening meetings and found that two of the nine only had one staff member present, and five meetings only had two staff members present. We also attended three bid openings in September and October 2018 and observed that in two of the three meetings, only two PMS employees were present to participate in the bid openings; while at one meeting the requisite three staff members were present to participate in the bid opening. According to PMS administration, one or two PMS staff members typically attend the bid openings, with one designated as chairperson.

Absent the recording and evidencing of the date and time a bid is received and/or not having the requisite staff present to conduct the bid opening could undermine the integrity of the process.

³ School Board Policy 6320 is currently in the process of amendment, and the proposed language now reads: “At least two PMS staff will be assigned to facilitate the public bid opening.”

Recommendation

- 2.1. PMS staff should enforce the mechanism or process to record and evidence the date and time each bid is submitted and should adhere to School Board Policy regarding the number of staff members required to facilitate the bid opening. The use of an electronic bid system may help address some of these concerns.**

Responsible Department:

Procurement Management Services

Management's Response:

PMS' current manual process ensures that all bids are received prior to the bid opening at the deadline of each procurement, and that date and time of receipt are noted if not stamped on the cover of each bid. Board Policy 6320, *Purchasing*, has been updated to reflect the staff requirements for bid openings that is both proper and manageable given updated Procurement staffing levels. Moving forward PMS is in agreement that 1) bids will always be recorded with date/time received, and 2) two Procurement staff members will be present at each bid opening.

Additionally, PMS is beginning the process of implementing a procurement lifecycle system, BidSync, which will be completed in Fall 2019. Along with allowing PMS to track procurement data throughout the lifecycle of each bid, this system will automatically record the date/time of submission for all online bid submissions.

3. Improve Documentation And Verification In The Award Process

A standard pre-award checklist for documents is used by Procurement Management Services (PMS) staff and is typically maintained in the Master Bid File (MBF). The checklist is used to manage control of documents associated with the bid solicitation and is signed and dated by PMS attesting that all documents are contained within the PMS master file. This ensures consistency in the bid file and a single location for storing the documents.

Our review of documents focused primarily on whether the bidder met all material aspects of the bid, to determine whether the bidder is reliable and capable of performing the bid requirements (selection criteria) to be awarded the bid. We found areas of non-compliance as follows.

3.1. Cases Lacking Evidence of Required Bid Specifications

We tested 24 awarded bidders/proposers corresponding to eight Invitations To Bid (ITBs) and one Request For Proposal (RFP) and found the following exceptions:

- Bid specifications for Bid ITB-16-020-AC⁴ required “Provide documentation and certification of participation in a program to ensure a drug and alcohol-free workplace.” However, the MBF for one of six awarded vendors did not show proof of a drug and alcohol-free workplace program.
- In addition, bid specifications for ITB-16-020-AC required “Bidders shall have a current Type II Certificate⁵ in the handling, recovery, and transition of refrigerants. A photocopy of the certificate shall be submitted with bid. The CFC Certification must be maintained throughout the term of the bid. Failure to comply may result in disqualification or termination from the bid.” However, none of the said certifications were found in the MBF or otherwise provided for the six awarded vendors.

In response to the above, the Chief Procurement Officer replied that the requirement for the Type II Environmental Protection Agency (EPA)’s CFC Certification was duplicative and had been waived by the originating department. Again, we were not provided any documentary evidence supporting this statement.

After our audit exit conference, the Chief Procurement Officer acknowledged she was “mistaken and there was no deviation from the bid specs” when Facilities Operations - Maintenance management was contacted and replied in their

⁴ To furnish labor, supervision, equipment, and materials to replace and/or repair refrigeration equipment and related component at facilities. Estimated initial contract term amount: \$3.5 million.

⁵ Type II EPA/CFC Certification covers high pressure appliances that use a refrigerant with a boiling point between -50 degrees C and 10 degrees C at atmospheric pressure. Chlorofluorocarbon (CFC) is a gas used as a refrigerant.

correspondence that “The valid licenses of Certified Air Conditioning Contractor Class A or B and Mechanical Contractor is not acceptable in lieu of the Type II Certificate. Both the Contractor’s License and the Type II Certificate is required.”

Although Facilities Operations - Maintenance management established that these licenses could not be used in lieu of the Type II Certificate, according to their correspondence and our follow-up discussion with them, they suggested that other permits, such as the Stratospheric Ozone Protection Annual operating permit, issued by Miami-Dade County, would be an acceptable alternative to the Type II Certificate. In their correspondence, they stated: “It seems that these contractors [having these permits] would have met the minimum qualifications to be awarded this contract.” However, there was no documentation in the MBF to indicate that these permits were accepted in lieu of the Type II Certificates, and photocopies of these permits were not on file for all six awarded vendors⁶.

3.2. Verification of Proof of Experience Needs Improvement

Exhibit 5 (Bidder Experience) is a form included in the bid package that is provided to potential bidders. The form is completed and submitted by the bidder for each client reference in order to demonstrate appropriate experience and adequate performance. Exhibit 5 requires client contact information, including phone number, email address and duration working with client.

Exhibit 5 does not contain a space for or require evidence that staff of PMS has contacted the bidders’ past clients and verified the experience and performance indicated. Although the MBF sometimes contains other documentation, such as letters of reference evidencing adequate experience and performance, our review of 24 awarded vendors disclosed that six did not contain evidence in the MBF that verification of adequate experience and/or performance was conducted by PMS staff.

The adequacy of internal controls would require that minimum experience, past performance and required certifications stated in the bid specifications be verified and documented by PMS staff in the MBF.

Absent such documentation and verification, there is an increased risk that awarded vendors could lack the required experience, training or expertise in the provision of goods and services to the District.

⁶ Facilities Operations – Maintenance management provided permit numbers, and copies of permits for some of the awarded vendors; however, only two permits were in the MBF.

Recommendations

- 3.1. PMS staff involved in the bid solicitation process should exercise necessary diligence and review to ensure evidence and proper documentation of the bidder's references, certifications, licenses and other required items are obtained, reviewed and in good order prior to recommending awarding the bid.**
- 3.2. Include sections on Exhibit 5 (Bidder Experience) requiring applicable PMS staffs' initials evidencing that they communicated with the referenced client to verify the accuracy of the experience and past performance.**

Responsible Department:

Procurement Management Services

Management's Response:

PMS current bid evaluation process is manually driven where the entire bid recommendation packet is reviewed and approved by the originating department and PMS. Given the manual process there are limited instances where documentation has been lost or not formally put in the bid master file, and PMS concurs that those instances are both rare and unacceptable. In addition to tightening of existing approvals and adherence to the updated procedures manual – on which all staff will get training – PMS' shift to BidSync will ensure no deviation from documentation lapses and automatic capture of necessary data elements.

Additionally, PMS will continue to verify Bidder Experience, Exhibit 5, as part of the bid review process, and agrees with the recommendation to have a sign-off (including staff initials and date/time of verification) on the Exhibit form to ensure possible external verification. The Exhibit has already been updated to reflect this change.

4. Enhance The Process Of Identifying Bidders That Have Been Convicted Of A Public Entity Crime

F.S. 287.133 -- *Public Entity Crime; Denial or Revocation of the Right to Transact Business with Public Entities*, states that a public entity may not accept any bid, proposal, or reply from, award any contract to, or transact any business in excess of the threshold amount provided in F.S. 287.017⁷ for \$35,000, with any person or affiliate on the convicted vendor list for a period of 36 months.

As previously referenced, PMS utilizes a pre-award checklist containing various bid documents required and steps to be performed in the award process. This checklist includes SAM.gov that is accessible through their website. The United States Government SAM's websites identifies entities that are excluded from receiving federal contracts, subcontract and types of federal financial and non-financial assistance and benefits.

PMS also utilizes "Exhibit-4 FLORIDA STATUTES ON PUBLIC ENTITY CRIMES", which is a notarized self-declaration document attesting that the bidder has not been convicted of a public entity crime in Florida for a period of 36 months.

The checklist and award process does not currently include PMS staff reviewing the State of Florida Department of Management Services (DMS) website that provides a list of convicted vendors that have committed a public entity crime.

Although no awarded bidder from our sample was on the current DMS list as of the audit fieldwork, absent a routine process of verifying that bidders/proposers are not on the said list, there is an increased risk that the District could award a vendor in violation of the subject Florida Statute.

Recommendation

- 4.1. Include in the pre-award checklist a step or procedure to verify that no bidders are listed on the DMS website as having been convicted of a public entity crime in Florida for a period of 36 months.**

⁷ F.S. 287.017 – *Purchasing Categories, Threshold Amounts* lists the following purchasing categories and thresholds: (1) Category One: \$20,000; (2) Category Two: \$35,000; (3) Category Three: \$65,000; (4) Category Four: \$195,000; and (5) Category Five: \$325,000.

Responsible Department:

Procurement Management Services

Management's Response:

PMS agrees with both the recommendation and that the current process has ensured that the District has never awarded any firm listed on the DMS website. PMS will continue to require bidders to complete, sign and notarize Exhibit 4, Florida Statutes On Public Entity Crimes. PMS has updated its procedures and pre-award review to include the review of the DMS website for convicted/suspended vendors, which is updated quarterly.

APPENDIX

MANAGEMENT'S RESPONSE MEMORANDUM

MEMORANDUM

February 28, 2019

TO: Maria T. Gonzalez, CPA
Chief Auditor
Office of Management and Compliance Audits

FROM: Ron Y. Steiger, Chief Financial Officer 
Financial Services

SUBJECT: Recommendations Audit of Procurement Management Services

Below are the Office of Procurement Management Services' responses regarding the recommendation contained in the Audit of Procurement Management Services.

Recommendation

- 1.1. The PMS Procedures Manual should be revised and updated to align with recently amended School Board Policies 6320 - Purchasing and 6320.02 - Small/Micro, Minority/Women-owned, and Veteran Business Enterprise Programs. The Procedures Manual is designed as a "living document" and should be periodically updated to reflect, for example, the most current procedures and any future use of further automation or the addition of an electronic bidding system. Also, staff from PMS should consult with the Office of Economic Opportunity (OEO) in the updating and development of their respective procedures manuals.

MANAGEMENT RESPONSE:

PMS is in agreement. PMS' procedures manual has been updated to reflect current procedures, any necessary changes resulting from changes in Board Policy 6320, as well as incorporated procedural recommendations from the Phase II Disparity Study.

Recommendation

- 2.1. PMS staff should enforce the mechanism or process to record and evidence the date and time each bid is submitted and should adhere to School Board Policy regarding the number of staff members required to facilitate the bid opening. The use of an electronic bid system may help address some of these concerns.

MANAGEMENT RESPONSE:

PMS' current manual process ensures that all bids are received prior to the bid opening

at the deadline of each procurement, and that date and time of receipt are noted if not stamped on the cover of each bid. Board Policy 6320, *Purchasing*, has been updated to reflect the staff requirements for bid openings that is both proper and manageable given updated Procurement staffing levels. Moving forward PMS is in agreement that 1) bids will always be recorded with date/time received, and 2) two Procurement staff members will be present at each bid opening.

Additionally, PMS is beginning the process of implementing a procurement lifecycle system, BidSync, which will be completed in Fall 2019. Along with allowing PMS to track procurement data throughout the lifecycle of each bid, this system will automatically record the date/time of submission for all online bid submissions.

Recommendations

3.1. PMS staff involved in the bid solicitation process should exercise necessary diligence and review to ensure evidence and proper documentation of the bidder's references, certifications, licenses and other required items are obtained, reviewed and in good order prior to recommending awarding the bid.

3.2. Include sections on Exhibit 5 (Bidder Experience) requiring applicable PMS staffs' initials evidencing that they communicated with the referenced client to verify the accuracy of the experience and past performance.

MANAGEMENT RESPONSE 3.1 and 3.2:

PMS current bid evaluation process is manually driven where the entire bid recommendation packet is reviewed and approved by the originating department and PMS. Given the manual process there are limited instances where documentation has been lost or not formally put in the bid master file, and PMS concurs that those instances are both rare and unacceptable. In addition to tightening of existing approvals and adherence to the updated procedures manual – on which all staff will get training – PMS' shift to BidSync will ensure no deviation from documentation lapses and automatic capture of necessary data elements.

Additionally, PMS will continue to verify Bidder Experience, Exhibit 5, as part of the bid review process, and agrees with the recommendation to have a sign-off (including staff initials and date/time of verification) on the Exhibit form to ensure possible external verification. The Exhibit has already been updated to reflect this change.

Recommendation

4.1. Include in the pre-award checklist a step or procedure to verify that no bidders are listed on the DMS website as having been convicted of a public entity crime in Florida for a period of 36 months.

MANAGEMENT RESPONSE:

PMS agrees with both the recommendation and that the current process has ensured that the District has never awarded any firm listed on the DMS website. PMS will continue to require bidders to complete, sign and notarize Exhibit 4, Florida Statutes On Public Entity Crimes. PMS has updated its procedures and pre-award review to include the review of the DMS website for convicted/suspended vendors, which is updated quarterly.

If you have any questions or need additional information, please contact Ms. Melody Thelwell, Chief Procurement Officer at (305) 995-1434 or myself at (305) 995-1958.

RYS:wjr
M056

cc: Ms. Melody Y. Thelwell
Mr. Jon Goodman

Federal and State Laws

The School Board of Miami-Dade County, Florida adheres to a policy of nondiscrimination in employment and educational programs/activities and strives affirmatively to provide equal opportunity for all as required by:

Title VI of the Civil Rights Act of 1964 - prohibits discrimination on the basis of race, color, religion, or national origin.

Title VII of the Civil Rights Act of 1964 as amended - prohibits discrimination in employment on the basis of race, color, religion, gender, or national origin.

Title IX of the Education Amendments of 1972 - prohibits discrimination on the basis of gender.

Age Discrimination in Employment Act of 1967 (ADEA) as amended - prohibits discrimination on the basis of age with respect to individuals who are at least 40.

The Equal Pay Act of 1963 as amended - prohibits gender discrimination in payment of wages to women and men performing substantially equal work in the same establishment.

Section 504 of the Rehabilitation Act of 1973 - prohibits discrimination against the disabled.

Americans with Disabilities Act of 1990 (ADA) - prohibits discrimination against individuals with disabilities in employment, public service, public accommodations and telecommunications.

The Family and Medical Leave Act of 1993 (FMLA) - requires covered employers to provide up to 12 weeks of unpaid, job-protected leave to "eligible" employees for certain family and medical reasons.

The Pregnancy Discrimination Act of 1978 - prohibits discrimination in employment on the basis of pregnancy, childbirth, or related medical conditions.

Florida Educational Equity Act (FEEA) - prohibits discrimination on the basis of race, gender, national origin, marital status, or handicap against a student or employee.

Florida Civil Rights Act of 1992 - secures for all individuals within the state freedom from discrimination because of race, color, religion, sex, national origin, age, handicap, or marital status.

Title II of the Genetic Information Nondiscrimination Act of 2008 (GINA) - prohibits discrimination against employees or applicants because of genetic information.

Boy Scouts of America Equal Access Act of 2002 – no public school shall deny equal access to, or a fair opportunity for groups to meet on school premises or in school facilities before or after school hours, or discriminate against any group officially affiliated with Boy Scouts of America or any other youth or community group listed in Title 36 (as a patriotic society).

Veterans are provided re-employment rights in accordance with P.L. 93-508 (Federal Law) and Section 295.07 (Florida Statutes), which stipulate categorical preferences for employment.

In Addition:

School Board Policies 1362, 3362, 4362, and 5517 - Prohibit harassment and/or discrimination against students, employees, or applicants on the basis of sex, race, color, ethnic or national origin, religion, marital status, disability, genetic information, age, political beliefs, sexual orientation, gender, gender identification, social and family background, linguistic preference, pregnancy, citizenship status, and any other legally prohibited basis. Retaliation for engaging in a protected activity is also prohibited.

For additional information contact:

Office of Civil Rights Compliance (CRC)
Executive Director/Title IX Coordinator
155 N.E. 15th Street, Suite P104E
Miami, Florida 33132

Phone: (305) 995-1580 TDD: (305) 995-2400

Email: crc@dadeschools.net Website: <http://crc.dadeschools.net>

Rev: 08/2017



Miami-Dade County Public Schools

Internal Audit Report

***Audit of the District's Procurement
Operations: Solicitation, Selection,
and Award Processes***

MARCH 2019

**Office of Management and Compliance Audits
1450 N. E. 2nd Avenue, Room 415
Miami, Florida 33132
Tel: (305) 995-1318 • Fax: (305) 995-1331
<http://mca.dadeschools.net>**