



**MIAMI-DADE COUNTY BOARD OF COUNTY COMMISSIONERS
OFFICE OF THE COMMISSION AUDITOR**

**REVIEW OF THE
EXPEDITED PURCHASING PROGRAM (EPP)
Project Number 05-13-33-06**

August 12, 2008

**Horace Nwachukwu, CIA, CFE, CGAP
Auditor-In-Charge**

**Gary Collins, CIA
Audit Manager**

**Charles Anderson, CPA
Commission Auditor**

**111 NW First Street, Suite 1030
Miami, Florida 33128
305-375-4354**

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I. EXECUTIVE SUMMARY

This review reports on the Expedited Purchasing Program (EPP) pilot project from the program's original effective date of February 6, 2005 through September 30, 2007. This is a follow-up to our two previous reports on the EPP, dated January 23, 2006 and January 29, 2007. This report updates the review through FY 2006-07 and includes follow-up on recommendations in our previous reports. Procedurally, for this report we shifted to use of Department of Procurement Management (DPM) Start Date as the beginning point for cycle time computations (in lieu of Final Scope Approval Date as we previously used) in order to be consistent with data that DPM is reporting in the County's "Active Strategies Enterprise" measurement system.

As we had observed in our two previous reviews of the EPP pilot program, average cycle time for EPP awards continued to be consistently less than for non-EPP awards. We noted no procurement or internal control irregularities. Through FY 2006-07, only two (2) bid protests questioned solicitations that were approved for processing through the EPP, and the Hearing Officers' findings fully supported the EPP processes and the County's actions. As we noted in our January 29, 2007 report, the County Manager's decision to increase the delegation of EPP authorities on May 30, 2006, as we had recommended in our January 23, 2006 report, remained apparent as a significant milestone that enabled Staff to better take advantage of the EPP to reduce cycle time. The chart in Attachment 1 graphically illustrates the relationship between Days to Award (cycle time) and DPM Start Date.

II. OBJECTIVE AND SCOPE

This review reports on the EPP pilot project, from the program's effective date of February 6, 2005 through September 30, 2007. The period reviewed includes the periods covered in our two previous reports dated January 23, 2006 and January 29, 2007. The two (2) previous reports are frequently referred to in this report, but their contents are not repeated in detail except when necessary.

As in our January 29, 2007 report, this report includes follow-up on the status of implementation of recommendations in our previous reports.

The objectives of this review were identical to those of our two (2) earlier EPP reviews except for a modification in cycle time computation methodology as described below. The objectives were:

1. Verify compliance with the enabling legislation (Ordinance No. 05-26).
2. Determine the impact of EPP on cycle time for procurement awards to the selected vendors. For this review, we used DPM Start Date as the beginning point for cycle time computations (in lieu of Final Scope Approval Date as we previously used) in order to be consistent with data that DPM is now reporting in the County's "Active Strategies Enterprise" measurement system.

3. Review any EPP procurement irregularities waived by the County Manager and any bid protests.
4. Follow-up on recommendations made in our previous EPP reviews.

III. BACKGROUND

The EPP was established by Ordinance No. 05-26, adopted January 27, 2005, and became effective February 6, 2005. It was created as a 12-month pilot program for expedited competitive purchase of supplies, materials and services, including professional services other than professional architectural, engineering and other services subject to Section 2-10.4 [of the Code] and Section 287.055 of the Florida Statutes, which are estimated to cost \$1 million or less. It required that the County Manager make the final determination of best value in accordance with the method and criteria set forth in the solicitation, and formal selection committee use was not required where the County Manager determined the additional time required could compromise the delivery of an essential service. It provided for quarterly reports to the County Commission regarding the application of this ordinance to contract awards greater than \$100,000. Furthermore, it reduced the bid protest period to five (5) days. Ordinance No. 05-26 also required that the Commission Auditor (OCA) review, evaluate and periodically report on the operation of the EPP, including a specific requirement for a Nine-Month Review, which was the report issued by OCA on January 23, 2006.

Ordinance No. 06-15, adopted January 24, 2006, extended the EPP one additional year.

Ordinance No. 06-124, adopted September 12, 2006, shortened the time to file bid protests to three working days.

Ordinance No. 07-49, adopted March 8, 2007, extended the EPP through March 16, 2008 and made the use of a review team mandatory, in lieu of the previous option to use a selection committee, in the County Manager's determination of best value for EPP procurements.

Resolution No. R-830-06, adopted July 6, 2006, directed the County Manager to amend Administrative Order 3-21 to increase the threshold for formal sealed bid requirements from \$100,000 to \$250,000 for all procurements, including EPP procurements.

Ordinance No. 08-42, adopted April 8, 2008, extended the EPP to March 16, 2009.

Previous Reports

Our January 23, 2006, "Nine-Month Review of the Expedited Purchasing Program" indicated that, of 29 solicitations approved for processing through the EPP as of October 31, 2005, eight (8) had been awarded. No significant compliance or program performance issues were noted.

Our January 29, 2007, "Review of Expedited Purchasing Program" updated our EPP reviews through FY 2005-06. It showed that 66 solicitations had been approved for processing through the EPP, and 27 contracts had been awarded, including the eight (8) awards reported on in the Nine-Month Review and 19 subsequent awards.

Overall

As of our current review, 106 solicitations (not including options to renew) had been approved for processing through the EPP, and 84 contracts, including work orders, had been awarded. This included 42 contracts awarded in FY 2006-07.

In its EPP Guidelines and Justification Form, DPM summarized EPP features as follows.

- *Methods of procurement may include but not be limited to: Invitations to Negotiate, Best and Final Offers, in addition to the more traditional Request for Proposals (RFP), Request for Qualifications (RFQ) and Invitations to Bid (ITB.)*
- *Criteria for determining best value may include, but not be limited to: price, quality, experience, the ability to deliver the required good and services and the nature and urgency of the County's needs.*
- *Technical, professional and legal staff may be used to determine best value as set forth in the solicitation documents without the need to utilize the formal Selection Committee process established by the County.*
- *The County Manager's or designee's written recommendation to award a contract under the EPP shall be sufficient to commence the bid protest period and terminate the Cone of Silence.*
- *Any legislation contrary to the provisions of the EPP shall be deemed suspended or amended as necessary to give effect to the intent of this ordinance during its effective term.*
- *The EPP is a pilot program that will form the basis for changes in future procurement practices in Miami-Dade County.*

IV. METHODOLOGY AND SUMMARY RESULTS

This review consisted principally of inquiries of personnel and analytical procedures applied to programmatic data. It was substantially less detailed in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding financial statements or programs taken as a whole.

Our analysis excluded informal non-EPP awards which take considerably less time to complete.

Our objectives in this review are listed on the following pages. Management's responses to our recommendations are in italicized text, immediately following the applicable recommendations.

Objective 1—Compliance with enabling legislation

To satisfy the first objective, we examined:

- County Manager and DPM’s directives implementing the EPP;
- DPM’s periodic reports on the EPP, which provided detail for each solicitation by type and number from February 6, 2005 (Inception) through September 30, 2007;
- A judgmental sample of DPM’s EPP tracking logs for solicitations that had been approved for the EPP through September 30, 2007; and
- A judgmental sample of DPM’s EPP procurement folders were examined to test consistency of data in EPP-related reports and tracking logs.

Data from DPM reports and tracking logs were reviewed to verify that:

- Procurements recommended for the EPP Pilot program complied with value and approval criteria;
- Delegations of authority were in writing and logs were maintained to show approvals at different levels; and
- EPP contract awards complied with value and approval criteria in legislation (must not exceed \$1 million).

In satisfying Objective 1, we also observed the DPM’s internal control system for the EPP, which included control points, such as a system of approvals, authorizations, segregation of duties, and supervision.

- (1) We noted no exceptions in compliance with the EPP’s enabling legislation or internal controls.
- (2) In verifying compliance with Objective 1, we noted that the “EPP Guidelines and Justification Form” and the “Bid Protest Procedures” Administrative Order (A.O. 3-21), had not yet been updated to reflect the changes effected by Ordinance No. 06-124, adopted by the Board of County Commissioners on September 12, 2006. Although these items had not yet been updated at the time of our fieldwork, there did not appear to be any lack of awareness in DPM of the changes effected by Ordinance No. 06-124, and DPM indicated that administrative updates were imminent.

Management Response

The “EPP Guidelines and Justification Form” has been updated to reflect the bid protest procedure changes effectuated by Ordinance 06-124. Amendments to AO 3-21 were approved by the Board of County Commissioners on May 6, 2008. Additionally, the County’s Procurement Guidelines published by DPM have been updated and posted on the Intranet site for use by internal staff, county procurement liaisons, and for County staff.

Additionally, the Board-approved streamlined bid protest procedures and timeframes have been thoroughly communicated with both DPM staff and procurement liaisons throughout the County at Quarterly Procurement Liaison Workshops held on October 13, 2006 and March 1, 2007.

Objective 2—Impact of the EPP on cycle time for procurement, from receipt of the procurement request in DPM, to issuance of the award to the selected vendor

To satisfy the second objective we:

- Tabulated EPP solicitation Tracking Form data and calculated appropriate descriptive statistics;
- Compared tabulated EPP data and statistics with historical non-EPP procurement data using DPM's FY2006-07 Performance Reports; and
- Reviewed directives and flow charts for EPP processes.

- (1) As observed in our two (2) previous reviews of the EPP pilot program, cycle time for most EPP awards through September 30, 2007 continued to be consistently less than the average for non-EPP awards;
- (2) Over time, cycle time for most EPP awards got shorter as the EPP matured; and
- (3) We noted two (2) of eighty EPP procurements awarded since the inception of the program (EPP 8143-4/11, and EPP-RFP 534) with cycle times that appeared to be outside norms for the EPP. After an examination of a sample, we verified that there were extenuating circumstances that caused the delays. These procurements were therefore considered to be explainable exceptions and were excluded from our statistical calculations.

RECOMMENDATION

Although DPM provided satisfactory explanations to the delays in the above mentioned EPP procurements that we classified as exceptions, their existence reemphasizes the need for continued diligence in selecting solicitations for processing through the EPP. This is discussed further on the next page, Objective 4, paragraph 2 (follow-up on Recommendation 1 of our January 29, 2007 report.)

Management Response

DPM concurs with this recommendation. Staff training regarding the selection of procurements for processing through the EPP has been completed. New staff is trained as to the value, procedures and requirements involved in processing solicitations through the EPP. The requirements are reviewed and reinforced at staff meetings. Contracting Officer/Agent decisions to purchase through the EPP are subject to approval through an appropriate chain of command. Approval is required by a Supervisor, Division Director and/or the Department Director to ensure selection of those procurements best suited for processing through the EPP. The Department will continue to exercise its discretion with great care and diligence in this regard.

Objective 3— Review of EPP procurement irregularities waived by the County Manager and bid protests

Interviews with DPM staff indicated that, for the period reviewed (February 2005-September 2007), no EPP procurement irregularities were observed and no irregularities had been waived, only two (2) bid protests had been received on solicitations that were approved for processing through the EPP. The first bid protest questioned the use of a selection panel in lieu of a larger, formal selection committee while the second, a protest on a replacement contract, was filed because the incumbent contractor claimed they were not notified. The Hearing Examiner's findings fully supported the EPP selection panel process and the County's actions.

- (1) No procurement irregularities were observed, and no irregularities were waived by the County Manager.
- (2) In the two (2) bid protest that questioned the EPP process, both the EPP process and the County's actions were fully supported by the Hearing Examiner's findings.

Objective 4— Follow-up on recommendations made in our previous EPP reviews

1. January 23, 2006, "Nine-Month Review of the Expedited Purchasing Program"

Status: As previously reported in our January 29, 2007 review, all recommendations were concurred with by DPM, and the recommendations were implemented and satisfied.

2. January 29, 2007, "Review of the Expedited Purchasing Program"

Recommendation 1. Maintain diligence in selection of the appropriate procurement process.

Status: As previously reported in our January 29, 2007 review, the recommendation was concurred with by DPM and implemented. They continued to train staff as to the value, procedures and requirements involved in processing solicitations through the EPP. The two (2) EPP procurements that we identified with cycle times outside the norms of other EPP procurements reflected the continued importance of case-by-case selection of which procurement process will be best suited for each procurement.

Recommendation 2. Consider opportunities for simplifying other procurement processes.

Status: As previously reported in our January 29, 2007 review, DPM concurred with the recommendation. Implementation would require legislative action by the BCC and/or further delegations of authorities to and within Staff.

Management Response (updated response as provided on August 1, 2008)

DPM is continually pursuing opportunities to simplify procurement processes. Current efforts include pursuing streamlining of administrative process that impact cycle times, facilitate the ease of navigation for vendors who wish to participate in the County's competitive process, and enhanced e-procurement tools. Legislative action to provide further delegation of authority to professional staff should also be considered to further simplify the process and reduce cycle times.

V. DATA SUMMARY

As of September 30, 2007:

Quantity:

- 106 = number of solicitations approved for EPP processing through September 30, 2007
- 19 = number of solicitations that were either cancelled or rejected through September 30, 2007
- 84 = number of contracts awarded through the EPP through September 30, 2007
- 42 = number of contracts awarded through the EPP in FY 2006-07

Cycle time^{1,2}

- 144 days = average cycle time for all EPP awards through September 30, 2007
- 159 days = average cycle time for EPP awards made in FY 2006-07
- 191 days = average cycle time for formal, non-EPP awards made in FY 2006-07

No significant compliance or program performance issues were noted.

Summary Statistics

	EPP Awards FY 2006-07*		EPP Awards Overall* Feb 2005 – Sept 2007		Non-EPP Awards FY 2006-07	
	Cycle Time (Days) ^{1,2}	Contract Value	Cycle Time (Days) ^{1,2}	Contract Value	Cycle Time (Days) ¹	Contract Value
Average	159	\$306,950	144	\$336,415	191	\$308,922
Number Awarded	40		82		132	

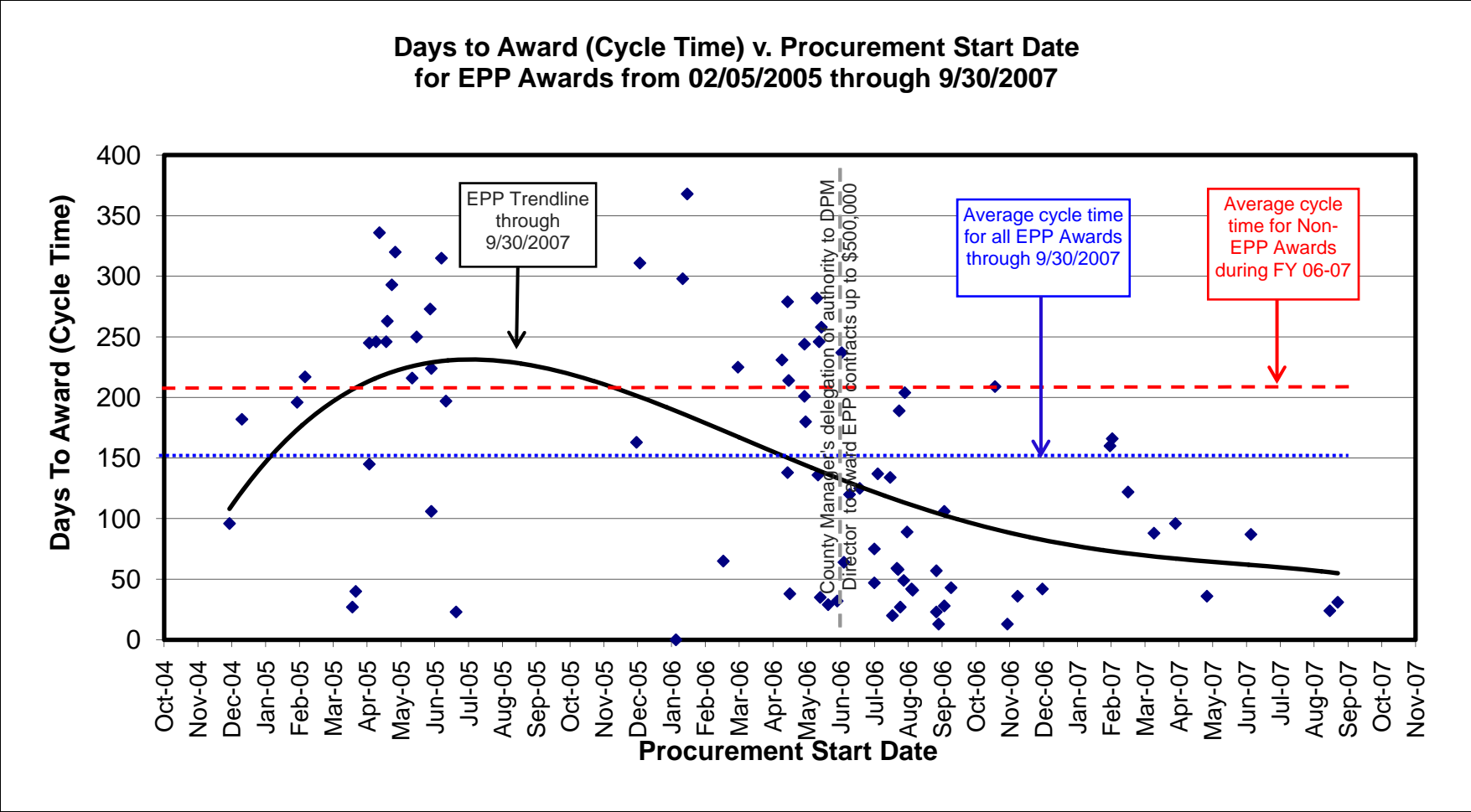
* Not including two (2) exceptions that exceeded 400 days to award

Note: In our January 23, 2006 and January 29, 2007 reports, we measured "Cycle Time" differently than in this report. (See Section I of this report for additional explanation.) For purposes of the current report, all EPP Cycle Times throughout the history of the program were recomputed using the current methodology.

¹ Unless otherwise stated, cycle time (days) in this report was measured from DPM Procurement Start Date to Contract Award Date. Procurement Start Date is the earlier of the requisition posting date and the date the solicitation was received back from the Department of Small Business Development (SBD), which was formerly named the Department of Business Development (DBD).

² Commencing FY 2006-07, EPP procurement tracking included "Work Orders" issued using the EPP.

Attachment 1



Date: August 1, 2008

To: Charles Anderson, CPA
Commission Auditor

From: Miriam Singer
Director
Department of Procurement Management

Subject: Response to the Office of Commission Auditor (OCA) Review of the Expedited Purchasing Program dated July 9, 2008

Office of the

AUG 01 2008

Commission Auditor

Thank you for the opportunity to respond to the referenced Review of the Expedited Pilot Purchasing Program (EPP).

The Department of Procurement Management (DPM) has effectively managed the EPP, implemented quality control and administrative procedures for approving and processing solicitations, and trained staff on the process requirements. This Program offers increased flexibility in the procurement process and has allowed for reduction of unnecessary bureaucracy, while preserving the openness and integrity of the process. The EPP has been fully integrated into the set of business tools utilized by the County to procure goods and services. Significant benefits are being realized.

A response to each of the recommendations included in your review is addressed below.

1. Recommendation 1– *Maintain diligence in selection of the appropriate procurement process.*

DPM Response: DPM concurs with this recommendation. Staff training regarding the selection of procurements for processing through the EPP has been completed. New staff is trained as to the value, procedures and requirements involved in processing solicitations through the EPP. The requirements are reviewed and reinforced at staff meetings. Contracting Officer/Agent decisions to purchase through the EPP are subject to approval through an appropriate chain of command. Approval is required by a Supervisor, Division Director and/or the Department Director to ensure selection of those procurements best suited for processing through the EPP. The Department will continue to exercise its discretion with great care and diligence in this regard.

2. Recommendation 2– *Consider opportunities for simplifying other procurement processes.*

DPM Response: DPM is continually pursuing opportunities to simplify procurement processes. Current efforts include pursuing streamlining of administrative process that impact cycle times, facilitate the ease of navigation for vendors who wish to participate in the County's competitive process, and enhanced e-procurement tools. Legislative action to provide further delegation of authority to professional staff should also be considered to further simplify the process and reduce cycle times.

Additionally, the report notes, "In verifying compliance with Objective 1, we noted that the "EPP Guidelines and Justification Form" and the "Bid Protest Procedures" Administrative Order (A.O. 3-21), had not yet been updated to reflect the changes effected by Ordinance No. 06-124, adopted by the Board of County Commissioners on September 12, 2006."

DPM Response: The "EPP Guidelines and Justification Form" has been updated to reflect the bid protest procedure changes effectuated by Ordinance 06-124. Amendments to AO 3-21 were approved by the Board of County Commissioners on May 6, 2008. Additionally, the County's

Procurement Guidelines published by DPM have been updated and posted on our Intranet site for use by internal staff, county procurement liaisons, and for County staff.

Additionally, the Board-approved streamlined bid protest procedures and timeframes have been thoroughly communicated with both DPM staff and procurement liaisons throughout the County at Quarterly Procurement Liaison Workshops held on October 13, 2006 and March 1, 2007.

Should you have any questions, please do not hesitate to contact me at 305-375-5878.

c: Carlos Alvarez, Mayor
George M. Burgess, County Manager
Denis Morales, Chief of Staff, Office of the Mayor
Susanne M. Torriente, Chief Assistant County Manager
Robert A. Cuevas, County Attorney
Abigail Price-Williams, Assistant County Attorney