



**Audit of Procurement and  
Competitive Bidding Procedures**

**Report No. 20/21-11  
June 23, 2021**



**Date:** June 23, 2021

**To:** Katharine Brophy, Associate Vice President and Controller  
Alexandra Mirabal, Interim Associate Vice President and Controller

**From:** Trevor L. Williams, Chief Audit Executive

A handwritten signature in blue ink that reads "Trevor L. Williams".

**Subject: Audit of Procurement and Competitive Bidding Procedures,  
Report No. 20/21-11**

We have completed an audit of Procurement and Competitive Bidding Procedures for the period July 1, 2018, through March 31, 2020, and an assessment of the current practices through March 31, 2021. The primary objective of our audit was to determine if established controls and procedures over the purchase of commodities through the University's purchase order system were adequate, effective, and being adhered to. We were also interested in determining whether purchases were compliant with University policies and procedures, applicable laws, rules, and regulations, and followed industry best practices.

The Office of the Controller's Procurement Services department administers the University's purchasing and contracting program, and provides procurement, receiving, and asset management solutions to the University community. During the audit period, approximately \$268 million were expended through 27,631 Purchase Orders (POs).

Our observations and recommendations pertaining to reportable conditions found are detailed on the following pages of this report. We have also included management's response to our observations and recommendations, along with their implementation dates. In summary, we noted that there are adequate and effective controls in place for the purchase of commodities and contractual services; specifically, the informal and formal solicitation processes follow state statutory competitive solicitation and exceptions requirements. However, we identified possible enhancements to the procurement process that are not compliance-related but are operational. Advanced spend analyses are not performed, which among other benefits, provide additional spend visibility and identify savings opportunities. In addition, there is a lack of proper documentation in some instances, specifically related to POs, piggyback contracts, and sole source exemptions. We also noted that the pricing for purchases made utilizing Blanket POs may not be adequately verified against the contracts.

We take this opportunity to express our appreciation to you and your staff for the cooperation and courtesies extended to us during the audit.

Attachment

C: ~~Mahiba Rose Tibbles~~, University President

Kenneth G. Furton, Provost, Executive Vice President, and Chief Operating Officer

Kenneth A. Jessell, Senior Vice President and Chief Financial Officer

Javier I. Marques, Vice President and Chief of Staff, Office of the President

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## **OBJECTIVES, SCOPE, AND METHODOLOGY**

Pursuant to the Office of Internal Audit's approved annual audit plan for the 2019-2020 fiscal year, we have completed an audit of Procurement and Competitive Bidding Procedures for the period July 1, 2018, through March 31, 2020, and an assessment of current practices through March 31, 2021. The primary objective of our audit was to determine if established controls and procedures over the purchase of commodities through the University's purchase order system were adequate, effective, and being adhered to. We were also interested in determining whether purchases were compliant with University policies and procedures, applicable laws, rules, and regulations, and followed industry best practices.

The audit primarily examined encumbered purchases (i.e., those requiring a purchase order). We also examined unencumbered purchases only to the extent necessary to determine their compliance with the University's unencumbered purchase procedures. The audit however excluded other purchasing categories, such as University purchasing cards, payroll, and travel-related purchases.

The audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*, promulgated by The Institute of Internal Auditors. The audit included tests of the accounting records and such other auditing procedures, as we considered necessary under the circumstances. Audit fieldwork was conducted from April 2020 to June 2020 and October 2020 to March 2021.

During the audit, we:

- observed current practices and processing techniques,
- interviewed responsible personnel, and
- tested transactions for adherence to applicable University policies and procedures, and applicable laws, rules, and regulations (Federal and State, accordingly).

Sample sizes and transactions selected for testing were determined on a judgmental basis applying a non-statistical sampling methodology.

As a part of our audit, we reviewed internal and external audit and investigation reports that had been issued during the last three years for any applicable recommendations related to the scope and objectives of this audit. We found that all prior recommendations issued during this period were implemented by management.

## **BACKGROUND**

The Florida Board of Governors (BOG) has the authority to regulate the purchasing of commodities and contractual services within the Florida State University System (SUS). Primarily, BOG Procurement Regulation 18.001 addresses the SUS procedures and practices used in purchasing commodities and contractual services. Furthermore, the BOG has delegated the authority to adopt rules or regulations to the Board of Trustees (BOT). Along with Regulation 18.001, Florida International University (FIU or “University”) BOT Regulation FIU-2201: *Purchasing*, governs purchasing of commodities and contractual services for FIU. It is the University’s intent to acquire quality commodities and contractual services within reasonable or required time frames, while promoting fair and open competition in the public procurement process. Responsible procurement officials shall be protected from improper pressures of external political or business interests.

The purpose of the process is to:

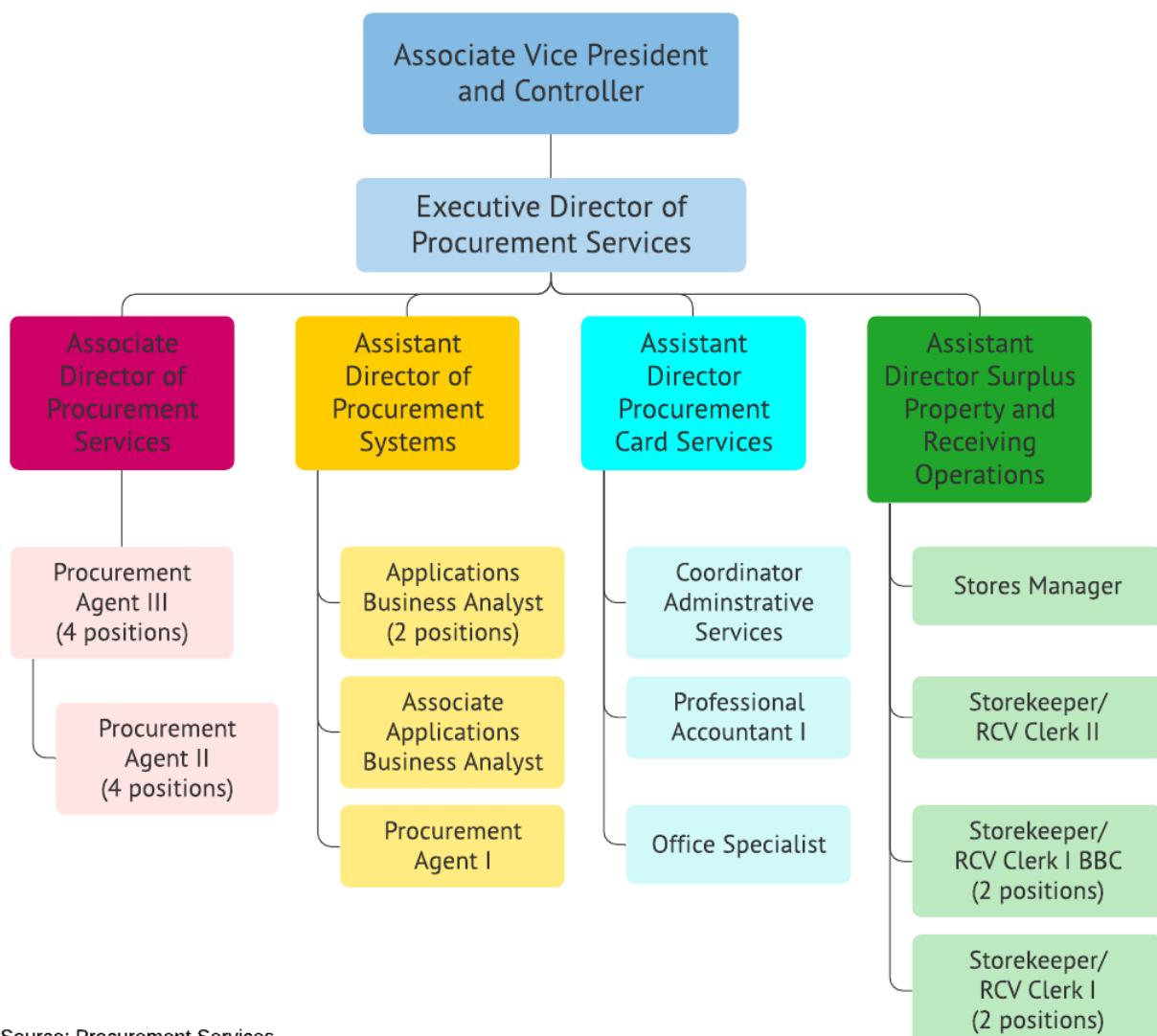
- reduce the appearance and opportunity for favoritism,
- ensure that contracts are awarded equitably and economically,
- establish effective management oversight in the acquisition of commodities and contractual services, and
- to preserve the integrity of public procurement and contracting.

The Office of the Controller’s Procurement Services department (“Procurement”) administers the University’s purchasing and contracting program, and provides procurement, receiving, and asset management solutions to the University community. Procurement oversees transactions to ensure that purchases are in accordance with applicable state and University policies and procedures. Unless otherwise delegated by the University President, Procurement is the only University department authorized to commit funds for the acquisition of commodities or services and is the initial point of contact for service contracts, prior to any obligation or commitment by the University.

During the audit period, a total of 27,631 Purchase Orders (PO) (an average of 1,316 POs a month), totaling approximately \$268 million were expended.

Below is the organizational structure for Procurement Services.

**Figure 1: Procurement Services  
Organization Chart**



Source: Procurement Services

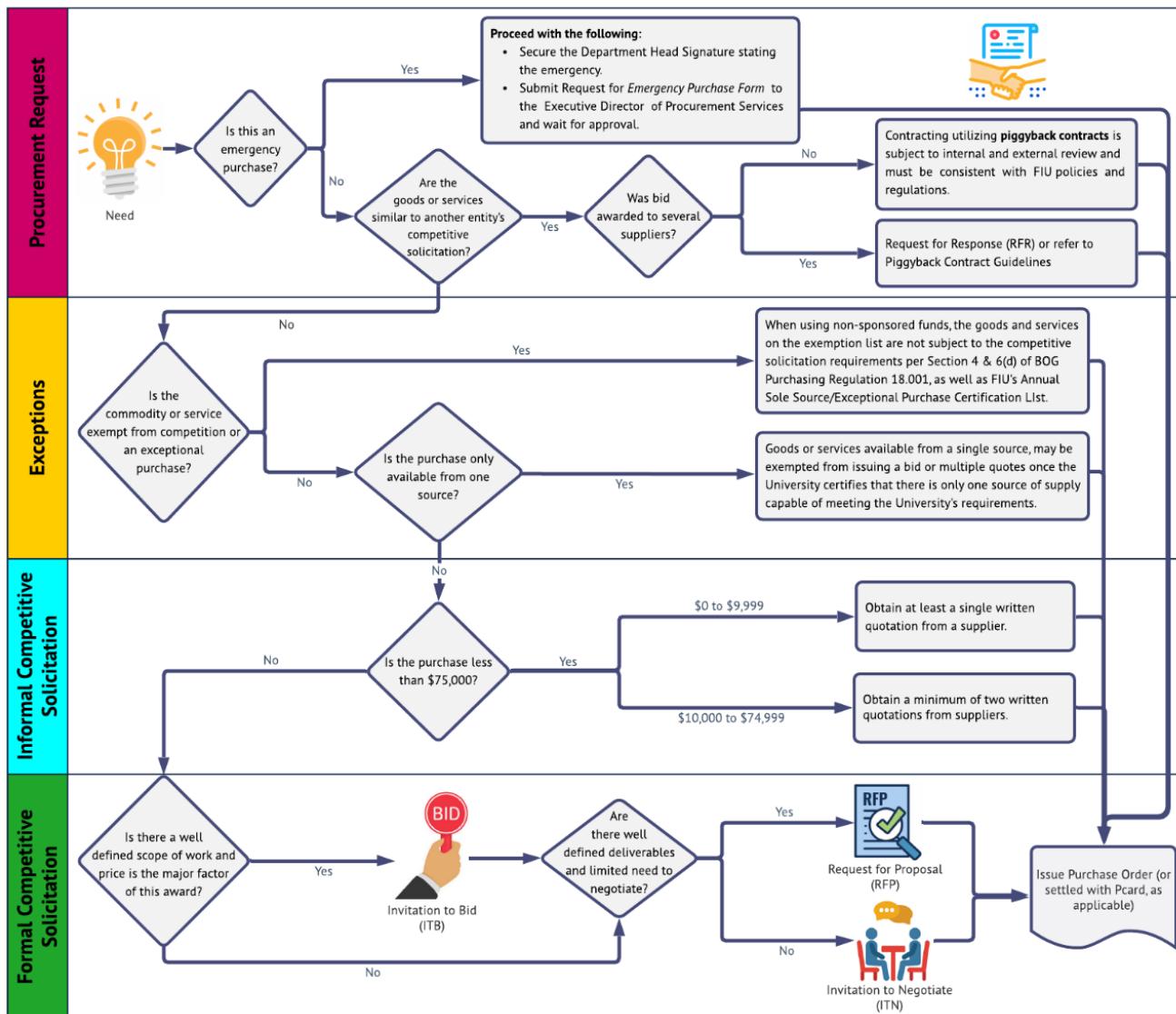
Procurement supports the mission, purpose, and goals of FIU by assisting with the purchase of quality goods and services at competitive prices. Procurement functions include preparing specifications and initiating the competitive solicitations, facilitating evaluation of competitive solicitations, negotiating and awarding contracts, and dispatching purchase orders. The Procurement Manual ("Manual") outlines all FIU Purchasing requirements and processes.

Procurement involves the acquisition, sale, lease, and licensing of goods and services, which may include (but is not limited to):

- Equipment
- Furnishings
- Supplies
- Facility improvement services
- Preventive maintenance services
- Licenses
- Contractual services
- Leases of real and personal property
- Construction

The process begins with the identification of a procurement need. Once the choice has been made to purchase the goods or services identified as a procurement need a procurement strategy must be developed. An overview of the procurement process is shown below in Figure 2.

**Figure 2: The Procurement Process**



The purchase of goods or services may fall into the following categories of procurement methods:

- Competitive Solicitation
- Exceptional
- Emergency
- Sole Source
- Cooperative/Piggyback
- Exempt

### **Competitive Solicitation**

Competitive solicitation involves openly inviting interested suppliers to submit a quotation, bid, or proposal to supply the desired goods or services. This procurement method promotes fairness, transparency, value, and overall public confidence in the procurement process. It also reduces the appearance and opportunity for favoritism.

Purchases with a total cost under \$75,000 can be obtained through an informal competitive process by obtaining:

- one quote for micro-purchases (under \$10,000)
- at least two quotes from qualified sources for purchases between \$10,000 and \$74,999

Purchases of goods, services, or deferred payment contracts valued at more than \$74,999 must be obtained through a formal competitive process, unless otherwise exempt. The Executive Director of Procurement Services will determine the competitive process to be used.

Forms of formal competitive solicitation include:

<b>Table 1: Forms of Formal Competitive Solicitation</b>	
Invitation to Bid (ITB)	Price is typically the major consideration in the award.
Invitation to Negotiate (ITN)	Factors other than price are considered in the award. Factors include supplier experience, project plan, design features of the product offered, and scope of services. Negotiations occur with top respondents.
Request for Proposals (RFP)	Factors other than price are considered in the award. Negotiations can only occur with supplier(s) recommended for award.

## **Competitive Solicitation Exceptions**

The following types of purchases are not subject to the competitive solicitation process:

Exceptional Purchases – BOG Procurement Regulation 18.001(3) authorizes universities to purchase the following goods and contracted services without competitive solicitation when using non-sponsored funds. However, universities may use competitive solicitation if it is determined to be in their best interest.

Exceptional purchases include:

- purchase of product with recycled content and postconsumer recovered material;
- purchase of private attorney services;
- purchase of insurance; and
- purchase of printing

Emergency Purchases – The University may proceed with the procurement of commodities or contractual services without a competitive solicitation. The University president or their appointed designee determines, in writing, that a delay due to the competitive solicitation process is an immediate danger to public health and safety, the welfare of the University, or would otherwise cause significant injury or harm and therefore not in the best interest of the University.

Sole Source Purchases – Goods and contractual services for which the University certifies that there is only one supplier capable of meeting the University's requirements may be exempt from competitive solicitation.

Cooperative/Piggyback Contract Purchases – The University may purchase the same goods or services at the same contracted terms from a contract awarded to another entity through a competitive process without further competitive solicitation. These include Contracts and Negotiated Annual Price Agreements established by the State of Florida, other governmental entities, other Universities in the State University System, or other independent colleges and universities.

Purchases Exempt under BOG Regulation 18.001(6)(d) – The following are some categories of commodities and contractual services that are exempt from competitive solicitation per the cited regulation:

- artistic services
- auditing and legal services
- lectures
- certain health services
- training and education services
- advertising

- services provided by governmental agencies, another university in the State of Florida, or other independent colleges and universities
- purchases of materials, supplies, equipment, or services for instructional or sponsored research purposes

## Procure to Pay

Procure to Pay (“P2P”) is the process of requisitioning, purchasing, receiving, paying for, and accounting for goods and services. It gets its name from the ordered sequence of procurement and financial processes, starting with the first steps of procuring a good or service to the final steps involved in paying for it.

The Office of the Controller is in the process of enhancing the current functionality of FIU’s P2P process, which will use both PantherSoft and Jaggaer<sup>1</sup> solutions. The key benefits the University expects to gain by implementing a P2P solution include:

- Enabling centralized control over areas of spend, contract management, pricing, and supplier management;
- Providing cost savings through administrative efficiencies, controlling and aggregating spend, and enabling best possible online catalogs;
- Giving faculty and staff an easy to use, Amazon-like method of sourcing, placing orders, receiving goods, and managing contracts through intuitive online applications; and
- Increasing visibility and oversight of contracts, while reducing exposure to risk relating to expiring bonds, insurance, and contracts.

**Figure 3: FIU’s P2P**



<sup>1</sup> Jaggaer is the supplier that provides procurement solutions used by the University.

Procurement Services uses the systems noted below to facilitate its core functions.

- **PantherSoft eProcurement** (ePro), is the module that requesters access to create requisitions and obtain general goods and services. University buyers utilize ePro to issue Purchase Orders. This module was implemented in August 2015.
- **myFIUmarket** is accessed through PantherSoft ePro and is a marketplace where requesters can search for goods and services from specific suppliers that were competitively solicited and under contract by the University. Requester could also compare specifications and pricing between items and services and shop directly from catalogs and contracts. New suppliers with competitively-priced contracts are added to myFIUmarket based on University-wide need. MyFIUmarket was implemented in August 2015.
- **Total Contract Manager** (TCM) solutions, provided by Jaggaer services, is FIU's online contract management tool used for all Procurement contracts. TCM is used to execute, manage, and view all contracts. TCM was implemented in December 2017.
- **Sourcing Director**, provided by Jaggaer services, is an easy-to-use online bid tracking, procurement management tool that efficiently connects FIU to a comprehensive list of suppliers. Through the application, competitive solicitation request form, solicitation notification, solicitation response submission, evaluation and award notification are generated electronically. Suppliers are notified of the opportunity, and they can submit offers electronically for the University's ITBs, ITNs, and RFPs. Sourcing Director was implemented in June 2018.
- **GovSpend** is a free digital marketplace that brings all electronic requests, quotes, and communications onto one platform. This web-based quoting tool is for all University purchases below \$75,000 and facilitates an accelerated procurement process, organizes records, and is an easier way for buyers to communicate with suppliers. GovSpend was implemented in February 2020.

## OBSERVATIONS AND RECOMMENDATIONS

In summary, we noted that there are adequate and effective controls in place for the purchase of commodities and contractual services; specifically, the informal and formal solicitation processes follow state statutory competitive solicitation and exceptions requirements. However, we identified possible enhancements to the procurement process that are neither regulatory nor compliance-related but are operational. Advanced spend analyses are not performed, which among other benefits, provide additional spend visibility and identify savings opportunities. In addition, there is a lack of proper documentation in some instances, specifically related to POs, piggyback contracts, and sole source exemptions. We also noted that the pricing for purchases made utilizing Blanket POs may not be adequately verified against the contracts.

Our observations and recommendations pertaining to reportable conditions found are detailed on the following pages of this report. We have also included management's response to our observations and recommendations, along with their implementation dates. Our overall assessment of internal control is presented in the table below.

CRITERIA	SATISFACTORY	OPPORTUNITIES TO IMPROVE	INADEQUATE
<b>Process Controls</b>	X		
<b>Policy &amp; Procedures Compliance</b>	X		
<b>Effect</b>	X		
<b>Information Risk</b>	X		
<b>External Risk</b>	X		

### INTERNAL CONTROLS LEGEND

CRITERIA	SATISFACTORY	OPPORTUNITIES TO IMPROVE	INADEQUATE
<b>Process Controls</b> (Activities established mainly through policies and procedures to ensure that risks are mitigated, and objectives are achieved.)	Effective	Opportunities exist to improve effectiveness	Do not exist or are not reliable
<b>Policy &amp; Procedures Compliance</b> (The degree of compliance with process controls – policies and procedures.)	Non-compliance issues are minor	Non-compliance issues may be systematic	Non-compliance issues are pervasive, significant, or have severe consequences
<b>Effect</b> (The potential negative impact to the operations- financial, reputational, social, etc.)	Not likely to impact operations or program outcomes	Impact on outcomes contained	Negative impact on outcomes
<b>Information Risk</b> (The risk that information upon which a business decision is made is inaccurate.)	Information systems are reliable	Data systems are mostly accurate but need to be improved	Systems produce incomplete or inaccurate data which may cause inappropriate financial and operational decisions
<b>External Risk</b> (Risks arising from events outside of the organization's control, e.g., political, legal, social, cybersecurity, economic, environment.)	None or low	Potential for damage	Severe risk of damage

## **1. Spend Analyses**

A spend analysis is a typical function of an organization's procurement unit and involves collecting spend data from all purchasing sources and systems and cleansing, categorizing, and analyzing the data for understanding spending trends and identifying savings opportunities. The data analyzed in the spend analysis might include purchasing data, payment data, and credit card spend data. The benefits derived from spend analyses include spend visibility, savings opportunity identification, spend forecasting, and diversity reporting.

We noted that Procurement Services does not currently perform advanced spend analyses. A prior audit performed by the Office of Internal Audit in 2014<sup>2</sup> recommended that Procurement Services "develop a mechanism to identify when vendors are close to or have exceeded the \$75,000 threshold in order to be competitively solicited before the fact." Currently, Procurement performs various special purpose reports as needed. For example, reports are run based on BOG and BOT requirements or by supplier ID to identify aggregate spending.

Utilizing the data maintained in PantherSoft, we performed spend analyses to identify suppliers who potentially could have been competitively solicited based on spending amounts during the audit period. Our analyses identified certain indicators detailed below.

### Analysis of PO and Credit Card Transactions

We compared all POs and credit card transactions from FY 2019, totaling \$225 million, and identified credit card merchants that shared a common name with established suppliers. The analysis identified transactions totaling \$129.5 million from 331 suppliers whose aggregate PO and credit card spending exceeded \$75,000. We then judgmentally selected a sample of 30 suppliers with transactions totaling \$13.3 million to determine if a bid was in place for these purchases. We found four suppliers with transactions totaling \$641,925, that did not have a competitive bid reference. Two of the four suppliers had credit card purchases, which is not normally included in the procurement process, that exceeded the \$75,000 threshold. Obtaining competitive solicitations for these commodities could provide potential savings.

### Analysis of Potential Split Purchases

We identified all POs created from July 1, 2018, through March 31, 2020. The analysis identified departments that had created multiple POs, each valued under \$10,000 with a single supplier within a 5-day period, and which in the aggregate exceeded \$10,000, but was less than \$75,000. We found 44 POs involving eight departments and eight suppliers, totaling \$194,704, meeting the aforementioned criteria.

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<sup>2</sup> Audit of the University's Purchasing Services for Commodities and Services, Report No. 13/14-13, issued on April 9, 2014.

Our examination of the supporting documents for the identified transactions, further suggested the splitting of POs. At our request, Procurement Services also reviewed the transactions and confirmed that the purchases from two suppliers, with a total expenditure of \$41,290 related to seven POs, could have been combined. The POs related to the other six suppliers with a total expenditure of \$153,414 related to 37 POs, were determined to be proper.

The Manual states, “The deliberate attempt to split orders, where the purpose is keeping the total cost of each order below bid or quote limits, and failure to combine orders when practical for the interest of economy, is an evasion of the Florida Statutes and University Purchasing Directives. The splitting of orders is a prohibited activity. Any related needs that are known or should have been reasonably known at the time of the requirement should be combined into one coherent request for procurement.”

Performing such an analysis would empower Procurement Services to identify potentially split transactions that circumvent the University’s informal competitive solicitation process.

### Year-Over-Year Trend Analysis

We identified all POs created between July 1, 2018, and March 31, 2020, to identify departments with spending over \$75,000 with the same supplier year-over-year. The analysis identified 389 departments that used the same supplier during a period within two consecutive fiscal years and had cumulative purchases exceeding \$75,000. From the pool of suppliers that met the analysis criteria, we selected a judgmental sample of 20 suppliers with transactions totaling \$2,815,413 and reviewed the PO information. The analysis found three instances, totaling \$347,316, where no exception or solicitation method was referenced. The analysis disclosed that three departments used the same supplier year-over-year and had accumulated spending greater than \$75,000. These suppliers should potentially be competitively solicited.

Procurement management informed us that they are in the process of implementing Spend Radar, a spend analysis tool. Spend Rader is a shared initiative with the other SUS universities. Management informed us they are currently developing training for Purchasing Agents to use Spend Radar.

### Recommendation

Procurement Services should:

- |     |  |
|-----|--|
| 1.1 | Develop more advanced spend analyses to better understand spending trends and identify savings opportunities. At minimum, this should include analyses frequency, assignment of responsibility, and monitoring/follow-up of results. |
|-----|--|

## **Management Response/Action Plan**

- 1.1 Procurement Services will develop the three analyses performed by the Auditors in Spend Radar and/or PeopleSoft. The PA3s [Purchasing Agent 3] will work with the Business Analyst to utilize these analyses to better understand spending trends and identify saving opportunities which will help us identify/prioritize recommended actions such as sourcing events or piggybacks that need to be conducted. The analysis will be conducted on a quarterly basis to identify vendors close to or exceeding the \$75,000 thresholds. We will obtain the Auditor's data from the three analyses conducted to use as a base line as we develop these analyses in Spend Radar and/or PeopleSoft.

**Implementation date:** December 31, 2021

**Complexity rating:** 2

## **2. Piggyback Contracts**

Utilizing a piggyback or cooperative contract may eliminate the need for the University to complete a competitive solicitation for purchases greater than \$74,999. However, the piggyback contract must have been subjected to internal and external (i.e., contracting entity) reviews and must be consistent with the University policies and regulations. Procurement Services examines and weighs multiple factors to determine the appropriateness of utilizing a piggyback contract as the preferred methodology of procurement.

According to the “*Piggyback Contract Guidelines*” contained in the Manual, the awarded Supplier’s Bid Response to the advertised competitive solicitation and the Executed Contract must accompany the piggyback purchase. The executed contract is the agreement between the original contracting entity and the awarded Supplier.

We judgmentally selected a sample of 76 POs approved during the audit period, totaling \$21.2 million to determine adherence to the appropriate procurement procedures. We noted 16 of the 76 selected POs (21%) involved piggyback contracts totaling \$4 million. Our review of the support for the 16 corresponding POs found the following exceptions:

- Four instances where the awarded supplier’s bid proposal was not included in the support provided; and
- One executed contract provided was not signed by the original contracting entity. A signed copy was subsequently received by Procurement, per our request.

Obtaining all required documents ensures that an appropriate solicitation process was performed by the original contracting entity, prior to the University approving any contract. In addition, obtaining the responses from the awarded supplier would inform the University of any additional items offered in the proposal. Many times, suppliers provide added benefits or bonuses in the bid responses.

### **Recommendation**

Procurement Services should:	
2.1	Ensure all required documentation is provided and maintained for all Piggyback Contracts.

## **Management Response/Action Plan**

- 2.1 Train PA3s to ensure they obtain all required documents per the Piggyback Guidelines and that GPOs [Group Purchasing Organizations] have all the required documents on their outward facing website, as needed. The PA3s will include all required documents in TCM.

**Implementation date:** September 30, 2021

**Complexity rating:** 1

### **3. Blanket Purchase Orders**

Blanket Purchase Orders are prepared for suppliers from which multiple purchases of goods or services will be made throughout the year and when the supplier is not on myFIUmarket. Blanket Purchase Orders may be requested anytime throughout the fiscal year, and requisitions are prepared by the user department.

We reviewed the utilization of Blanket POs for appropriateness and proper internal control. Our review resulted in the following observations related to a Piggyback Blanket PO we examined that utilized an itemized price list:

- There was no mechanism in place to ensure that the price charged by the supplier on the invoice agreed to the itemized price list.
- Some items purchased and invoiced were not on the contract's itemized price list.
- The requisitioning department personnel informed us they are not verifying unit prices.

Blanket POs are for an estimated total cost of purchases since it is unknown what will actually be purchased. These POs do not include line items or unit prices; therefore, it is not feasible for Procurement to input and verify unit prices. The requisitioning department would be responsible for verifying the price invoiced against the price list. Per the "Procurement Contracts Training" once a contract has been executed, the department is responsible for the contract administration, which includes ensuring all payments are made as outlined in the contract.

#### **Recommendation**

The Office of the Controllers should:

3.1 Ensure departments are verifying prices invoiced to the contract.

#### **Management Response/Action Plan**

3.1 Provide Contract 101 Training to Contract Managers and emphasize that all payments should be in compliance with the pricing outlined in the contract.

**Implementation date:** March 31, 2022

**Complexity rating:** 2

#### **4. Sole Source Supplier**

Purchases for a single amount that equals or exceeds the \$75,000 competitive solicitation threshold may be exempt from the formal competitive solicitation process if it is determined that the goods or services are available only from a single supplier. Specifically, the Manual states:

*"Goods and/or contractual services available from a single source, may be exempt from issuing a bid or quotation once the University certifies that there is only one source of supply capable of meeting the University's requirements. .... Procurement Services will research each Sole Source request by performing additional market analysis to determine if there is only one source which meets the specifications. This may take up to 7 working days to complete. If it appears as if more than one supplier can provide the goods or services, a competitive solicitation may be required."*

Departments wishing to utilize a solicitation waiver must complete a Sole Source Request Form and attach a letter from the manufacturer certifying the good or service is not available from another source.

During our review, we found one PO, totaling \$234,472, for which a Sole Source Request Form had been completed. As required by the form, documentation from the manufacturer was included, confirming the supplier was the only supplier from which the specific good could be purchased. In this instance, there was additional information provided that reflected this was a unique item.

Nonetheless, our review of the completed form disclosed an apparent deficiency in the process. Specifically, the supplier/distributor in this case was also the manufacturer, and the form indicated that no additional investigation for other possible sources was performed.

The confirmation from a manufacturer who is also the sole distributor could give a perception of a conflict of interest. Such perceived conflict of interest could be mitigated if an additional review to confirm that the manufacturer is in fact a sole source provider is performed.

#### **Recommendation**

Procurement Services should:

- |     |   |
|-----|---|
| 4.1 | Update the Sole Source Request Form to prompt the requesting department to:<br>(a) further investigate when a manufacturer confirms they are the sole source;<br>and (b) provide an explanation when no further investigation is conducted following any sole source claim. |
|-----|---|

## **Management Response/Action Plan**

- 4.1 Update the Sole Source Request Form to prompt the requesting department to:  
(a) ensure they investigate for other possible sources; (b) further investigate when a manufacturer confirms they are the sole source; and (c) provide an explanation when no further investigation is conducted following any sole source claim.

**Implementation date:** December 31, 2021

**Complexity rating:** 2

## **5. Header Comments**

In the PantherSoft system, the Purchase Order Header Comments are used to provide documentation and support for the PO prior to approval by the purchasing agent. This area on the electronic form is used to document purchasing authority, including the competitive solicitation method used, any exception to solicitation, other quotes provided, and any other support needed by Procurement to approve the PO. Per the *Purchasing through eProcurement* manual, “Comments and attachments may be an important component to the information that needs to be provided in order to complete the purchase of goods or services. Users can attach emails, supplemental documents or simply make comments regarding the items that will be purchased.”

Our review of the 76 sampled POs selected (refer to page 13) found the following issues related to the Header Comments:

For two POs, a specific RFP was incorrectly referenced in the header comments. However, neither supplier was included on the Intent to Award list of approved suppliers and one supplier had been specifically noted as “NONRESPONSIVE” on the proposal and evaluation sheet. Per management, one PO should have referenced the exception under BOG Regulation 18.001(6)(d)(17) - Purchases from an Annual Certification List developed by each University, specifically Category 13, and the other should have referenced the Continuing Services General Contracts Agreement managed by Facilities.

The Manual states that if any purchase falls into one of the BOG exemption categories, the relevant documentation should reference the appropriate exemption.

Header Comments are manually entered into PantherSoft either by the requisitioning unit or the purchasing agent. Standard language is available for users to copy but currently, there is no mechanism in PantherSoft to indicate whether the PO was formally solicited, exempt from solicitation, or piggybacked off another contract. Such a mechanism would potentially provide less room for error and would facilitate management's contract analysis. For example, management would be able to determine total spending per contract and total contracts by procurement method. However, such a mechanism does not currently exist

### **Recommendations**

Procurement Services should:	
5.1	Ensure PantherSoft Header Comments are complete and accurate, including all relevant information.
5.2	Consider developing a mechanism to identify procurement methodology.

## **Management Response/Action Plan**

- 5.1 Train PAs to properly document, in PS Header Comments, complete and accurate information for each PO and include all relevant information.

**Implementation date:** September 30, 2021

**Complexity rating:** 1

- 5.2 Work with PantherSoft Team and FSSS [Financials Systems and Support Services] to develop a mechanism so requestors and/or PAs can identify the proper procurement method and total spend per contract. Develop Contract Spend Analysis to track total spend and ensure the contract is in compliance with BOT approval and reporting requirements.

**Implementation date:** March 31, 2022

**Complexity rating:** 3

## APPENDIX I – COMPLEXITY RATINGS LEGEND

Legend: Complexity of Corrective Action	
1	<b>Routine:</b> Corrective action is believed to be uncomplicated, requiring modest adjustment to a process or practice.
2	<b>Moderate:</b> Corrective action is believed to be more than routine. Actions involved are more than normal and might involve the development of policies and procedures.
3	<b>Complex:</b> Corrective action is believed to be intricate. The solution might require an involved, complicated, and interconnected process stretching across multiple units and/or functions; may necessitate building new infrastructures or materially modifying existing ones.
4	<b>Exceptional:</b> Corrective action is believed to be complex, as well as having extraordinary budgetary and operational challenges.

## **APPENDIX II – OIA CONTACT AND STAFF ACKNOWLEDGMENT**

**OIA contact:**

Joan Lieuw 305-348-2107 or [jlieuw@fiu.edu](mailto:jlieuw@fiu.edu)

**Contributors to the report:**

In addition to the contact named above, the following staff contributed to this audit in the designated roles:

Vivian Gonzalez (auditor in-charge)  
Julian Gutierrez (assistant – student intern)  
Manuel Sanchez (reviewer)  
Natalie San Martin (independent reviewer)

## **Definition of Internal Auditing**

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.