MEMORANDUM OF TRANSMITTAL

To: Michelle D. McCrimmon, Chief Financial Officer

From: George J. McGowan, CPA
Director, Office of Audit Services and Management Support

Dates: March 24, 2025

Subject: City Contracts Purchase Controls Audit (Report No. 25-03)

The Office of Audit Services and Management Support (ASMS) has performed an audit of the controls over the purchases made under City contracts with its vendors. The audit objective was to ensure that payments made to suppliers agreed with contract terms. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The scope of this audit focused on vendor contracts in the Procurement Department's Teamlink system as of August 26, 2023.

We sampled forty of five-hundred forty-eight contracts from various departments. We then selected two-hundred twenty-one invoices from the forty contracts to test for the following. We confirmed whether: 1) the invoices prices agreed with contract prices; 2) the invoices were reviewed and approved prior to payment; 3) the invoices were paid timely; 4) the goods and services were received; and 5) and there were no duplicate payments. We discussed with management any discrepancies between invoice and contract prices and were able to resolve most issues without issue.

Overall, the individuals involved in the invoice review and payment process do an excellent job of ensuring that invoice and contract prices match and that invoices are reviewed and approved prior to payment. Also, these individuals do an excellent job of ensuring that the invoices are paid timely; that goods and services were received, and that duplicate payments are not being made.

We did note a minor issue between invoice prices and contract prices, and we discussed this item with the appropriate managers. The following section outlines our observation and recommendation.

VEHICLE PARTS SUPPLIES

We found that for two vehicle parts supply vendors, DBG, Ltd. (dba Excel Autobody) and South Florida Emergency Vehicle, the invoice reviewers do not have access to the supplier's current pricing sheets. Therefore, the ability to review the invoices against the contract terms is not possible. The contract terms allow the City the option to review the vendor's supply list to confirm the vendors prices charged to the City.

We **recommend** that the managers responsible for reviewing invoices request the vendor's supply pricing lists and periodically review a sample of invoices to these pricing lists to confirm that pricing is in alignment with the contract terms.

The Fleet Manager has shared a plan of action, and it addresses this recommendation.

Again, we would like to state that the controls over contract purchases are excellent and from our testing are operating well. We would like to thank the employees and managers consulted during this review for their assistance. Audit Program Manager Perez Goree performed this review.

c: The Honorable Buddy Dyer, Mayor
Jody M. Litchford, Deputy City Attorney
Martin L. Carmody, Deputy Chief Financial Officer
Jose Fernandez, Deputy Chief Financial Officer
Jonathan Ford, Fleet Management Division Manager
David M. Billingsley, Chief Procurement Officer