

# Highlights

## Why We Did This Audit

During fiscal year 2017, the city entered into over 750 contracts worth more than \$453 million. Implementation of audit recommendations related to the contract selection process helps ensure the integrity of the selection process and that the city awards contracts to the lowest and best bidder or proposer.

## Objective

Our review focuses on whether contract selection practices previously recommended by the City Auditor’s Office have been incorporated into citywide written policies and procedures.

## Background

The City Auditor’s Office identified significant problems with the city’s contract selection process in previous audits.

- [KCI News & Gift Concessionaire Selection Process Audit](#)-Dec 2001
- [Arena Construction Manager Selection](#)-Jan 2005
- [The City Manager Needs to Strengthen RFP Contracting Practices](#)-Jan 2008

In order to strengthen the city’s contracting practices and culture, those audits recommended implementing recommended practices related to the contract selection process.

Click [here](#) to view the full report.

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# PERFORMANCE AUDIT

## City Should Incorporate Previously Recommended Contract Selection Practices into Written Procedures

### What We Found

The city has not fully incorporated into written procedures most of the contract selection practices recommended by the City Auditor’s Office in previous audits. The recommendations were directed towards addressing audit findings of contract selection practices that exposed the city to claims of bias; caused confusion among the selection committee; and cast doubt on the credibility and integrity of the contract selection process.

We did not evaluate whether staff applies these practices when they perform contracting duties for the city, but instead whether management communicated expectations in written procedures.

The following table shows the number of contract selection practices, by category, recommended by the city auditor that were incorporated, partially incorporated, or not incorporated into the city’s written procedures.

### Status of Written Procedures for Previously Recommended Contract Selection Practices by Category

Contract Selection Practice Category	Incorporated in Citywide, Written Procedures?		
	Yes	Partially	No
Ethics and Transparency-Focused	1	3	1
Contract Solicitation	2	4	2
Selection Committee	0	1	3
Solicitation Review and Negotiation	1	1	3
<b>Total</b>	<b>4</b>	<b>9</b>	<b>9</b>

Incorporating the practices into the city’s written policies and procedures communicates management’s expectations to employees, serves as a training and reference guide for employees, encourages consistency in actions, provides continuity when employee turnover occurs, and tells vendors and the public what to expect from the city. The contract selection practices should help ensure public trust; detect deviations from fair and equal treatment; encourage a wide pool of responsive bidders/proposers that are confident they will be treated fairly; ensure that selection committee members are knowledgeable and consistent in their evaluation; ensure documentation properly supports contracting decisions; and ensure contract negotiators are knowledgeable of the city’s needs, well-organized, and empowered to secure the best deal for the city.

### What We Recommend

We make recommendations to fully incorporate into the city’s written procedures contract selection recommendations previously made by the City Auditor’s Office.

Management agreed with all of the recommendations.

**Status of Written Procedures for Previously Recommended Contract Selection Practices**

Recommendation	Incorporated in Citywide, Written Procedures?		
	Yes	Partially	No
<b>Ethics and Transparency-Focused Practices</b>			
Provide ethics training for city staff involved in contracting, including members of selection committees.	●		
Maintain the confidentiality of information obtained or developed in connection with the selection process. <sup>1</sup>		●	
Include individuals on the selection committee who will discharge their duties impartially and are free from impairments. <sup>2</sup>		●	
Treat all firms equally and avoid the appearance of favoritism. <sup>3</sup>		●	
Regulate contacts between proposers, staff, and elected officials.			●
<b>Contract Solicitation Practices</b>			
Make a public announcement of the solicitation in a manner that reasonably ensures those who might be qualified to compete can learn of the solicitation and respond to it.	●		
Write solicitations that are sufficiently clear to permit the preparation and evaluation of proposals on a common basis.	●		
Solicitation should include the nature of the procurement and directions on how to proceed, including how to obtain supplemental information. <sup>4</sup>		●	
Do not impose unnecessary limitations, terms, or restrictions that do not reasonably pertain to your needs. <sup>5</sup>		●	
Provide accurate and timely communication of the selection process to proposers. <sup>6</sup>		●	
Disclose evaluation criteria and weights. If criteria are modified, give vendors the opportunity to modify their proposals. <sup>7</sup>		●	
Allow adequate time for vendors to prepare a well-researched proposal.			●
Develop solicitation proposal procedures for construction projects using the construction manager/general contractor at risk method and document the procedures in Contract Central.			●
<b>Selection Committee Practices</b>			
Have the purchasing department or project manager appoint the selection committee members. <sup>8</sup>		●	
Choose selection committee members with knowledge and experience in the service area, and with finance or budget responsibilities.			●
Train the selection committee in their roles and responsibilities. Include a review of the solicitation and the rules governing the evaluation process, and an explanation of the scoring procedures and how to complete the evaluation forms.			●
Require all voting members of the selection committee to attend all evaluation meetings and oral presentations.			●
<b>Solicitation Review and Negotiation Practices</b>			
Evaluate proposals against published criteria and price only.	●		
Document award decisions and maintain supporting materials. <sup>9</sup>		●	
Use a prepared, principal negotiator supported by other team members to conduct negotiations.			●
Schedule negotiations to allow for unhurried and orderly progress.			●
During negotiations use the competition to remind the proposer about the priority the organization places on cost.			●

<sup>1</sup> Written procedures do not require the selection committee members from *outside* city government to maintain confidentiality.  
<sup>2</sup> Written procedures do not require the selection committee members from *outside* city government to perform duties impartially.  
<sup>3</sup> Written procedures do not address that city staff and those outside city government who are participating in city contracting activities should avoid the appearance of favoritism.  
<sup>4</sup> Written procedures do not address all applicable types of contracts.  
<sup>5</sup> Written procedures do not address all applicable types of contracts.  
<sup>6</sup> Written procedures do not address all applicable types of contracts or proposers being notified of changes made to the selection process once the proposals are turned in.  
<sup>7</sup> Written procedures do not require concession solicitations to include criteria and written procedures for most of the contract types do not require solicitations to disclose evaluation criteria weights. In addition, written procedures do not address proposers revising their proposals should criteria be revised.  
<sup>8</sup> Written procedures do not address all applicable types of contracts.  
<sup>9</sup> Written procedures do not require maintaining evaluation forms as part of the contract file.