



## BROWARD OFFICE OF THE INSPECTOR GENERAL

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### MEMORANDUM

To: Charles Faranda, City Manager, City of Lauderhill

From: John W. Scott, Inspector General 

Date: September 22, 2014

Subject: **OIG Observation, Review, and Comment Re: *City of Lauderhill Request For Proposal No. 2013-2001 for Golf Course Maintenance Services, Ref. OIG 130513008***

As part of the Broward Office of the Inspector General's (OIG) Contract and Procurement Oversight Program (CPOP), the OIG reviewed the above-captioned procurements conducted by the City of Lauderhill (City). The review did not reveal any evidence of misconduct or gross mismanagement. However, the OIG did identify deficiencies in the procurement process that could leave the City vulnerable to fraud, waste and abuse. This memorandum documents our observations and contains recommendations for improvement of the City's procurement process, thereby minimizing its vulnerability to abuse. The OIG appreciates the cooperation provided by City officials during the review process and the City's responsiveness to the OIG's findings.

The OIG's comprehensive review included analysis of the solicitation, the procurement functions, and the Evaluation/Selection Committee process. The review included our examination of all available documentation related to the procurements, and interviews with City staff knowledgeable of the events and the evaluation processes in question. The OIG's findings are as follows:

#### ***Irregularities in the Evaluation of Proposals***

The OIG identified a number of irregularities in the evaluation process which appeared to stem from a lack of established procedures and training. The irregularities discussed below could result in financial losses to the City if a procurement decision were challenged. More importantly, these deficiencies could potentially be exploited to improperly steer a procurement decision.

We found that the factors contained in the Evaluation Methodology section of the solicitation did not directly correlate to the standardized evaluation form utilized by the City in all of its non-construction procurements. The Evaluation Methodology in the solicitation states that the contract would be awarded to the company whose proposal is judged by the City to be in its best interest, and whose proposal most closely satisfies the overall project specifications as well as a number of other factors including, but not limited to:

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John W. Scott, *Inspector General*

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- Cost
- Experience
- Samples of Work
- References
- Staff qualifications

However, during the evaluation phase the City utilized a standardized evaluation form. This form assigns “Qualification,” “Technical/Financial” and “Price Proposal” a specific weight. Unfortunately, the solicitation did not notify potential vendors of the weight the factors would be assigned, an oversight that hinders the transparency and competitiveness of the solicitation.

There was also significant confusion among the Evaluation Committee (EC) members. Interviews revealed that there were major inconsistencies in the method used to evaluate the proposal and how certain factors were scored. EC members were not trained or advised about how they should execute their responsibilities or what role the information they received should play in their evaluation of the proposals. For example, the Finance Department provided the EC with a ranking of the proposers based on a professional analysis of the vendors’ financial capacity. However, a review of the EC members’ individual evaluation form demonstrates that EC members ranked the vendors differently from the ranking provided by the Finance Department. Documents demonstrate that EC members awarded the highest points for financial capacity to the vendor ranked lowest by the Finance Department.

A second example relates to the points issued for references. City staff advised the OIG that the Purchasing Division evaluated, confirmed and ranked the vendor’s references. However, that information was not explained to the EC. One of the EC members advised the OIG that he scored the vendors references based on the names listed as references and the number of references provided by the vendor.

Finally, City officials advised the OIG that the EC for the RFP was established by the Director of Parks and Leisure, the user department, after the bids were publicly opened. The Director served on the committee and selected the other members of the committee. City staff advised the OIG that the Purchasing Division has no involvement in the development of the EC and there are no official procedures implemented within the City establishing guidelines that would offer directives to staff in establishing ECs. The OIG notified the City that the lack of a standardized process to establish the EC and the complete delegation of authority to the user department to control all appointments to the EC left the Director unnecessarily vulnerable to potential allegations of bid-steering and favoritism.

***Lack of Procurement Procedures Resulted in Failure to Conduct Verifications and a Number of Additional Shortcomings in the Procurement Process***

In our review of City procurement policies and procedures, we noted that the City's guidelines addressing the procedures for the evaluation of proposals are limited and, in some areas, non-existent. City officials stated that the City does not have written internal procurement policies, procedures or guidelines beyond the ordinance codifying a procurement code.

In addition to the lack of procedures for establishing ECs and advising those committee members, the OIG also found that there was no verification of the licensing submissions made by vendors. The City would not know if any of the submissions were fraudulent. One EC member advised the OIG that the vendor that appeared to have its licenses the longest and had the most licenses was scored the highest.

### ***Conclusions and Recommendations***

The goal of CPOP is to strengthen procurement processes to avoid fraud, waste and abuse. The OIG review of the City's procurement process did not yield any evidence of misconduct or gross mismanagement. However, the OIG found that the City was particularly vulnerable to fraud and abuse due to its lack of procurement policies and standardized procedures. The OIG discussed these findings with City officials and suggested various options the City might choose from in order to address the deficiencies. In order to reduce the City's vulnerability and improve the effectiveness of the procurement process, the OIG makes the following recommendations:

- Develop a procurement manual that incorporates directives for evaluating solicitation responses and specifies the parties responsible for making determinations of "responsibility" and "responsiveness."
- Develop specific procedures for appointing persons to the EC. The City should consider delegating appointment responsibility to a non-user department official since user department personnel are often targeted for allegations of favoritism by disgruntled vendors.
- The RFP should set forth the relative importance of the criteria that will be considered in awarding the contract. If a weighted score will be used, as it is in the standard evaluation form utilized by the City, that weight should be communicated on the solicitation.
- The City needs to determine how it would like to utilize the financial capacity analysis conducted by the Finance Department and the references analysis conducted by Purchasing. If the rankings assigned by these departments are merely suggestions, the City should explore whether rankings by those departments are necessary or whether the departments might merely want to provide the analysis itself to the EC for its own use in determining a ranking. The other option is to establish an official procedure whereby that factor is ranked by the professional department and not the EC.
- Develop procedures for the independent verification of licenses and other required qualifying criteria.

The OIG has informed City officials that it will continue to make itself available to the City as it proceeds to address the above issues. We request that the City notify us, at its convenience, of the changes it ultimately makes to strengthen its procurement processes.

cc: Honorable Richard J. Kaplan, Mayor, City of Lauderhill, and Members, Lauderhill City Commission