



BROWARD OFFICE OF THE INSPECTOR GENERAL

MEMORANDUM

To: Melissa P. Heller, Director
Financial Services Department, City of Coral Springs

From: John W. Scott, Inspector General 

Date: April 22, 2016

Subject: **OIG Observation, Review and Comment Re: *City of Coral Springs' use of the Hillsborough County Sheriff's Office (HSO) Bid No. 24-12***

As part of the Broward Office of the Inspector General's (OIG) Contract and Procurement Oversight Program (CPOP), the OIG reviewed the above-captioned procurement. The OIG review did not reveal evidence of misconduct or gross mismanagement that would give rise to an investigation, but did identify deficiencies in the procurement process. The OIG appreciates the cooperation of city officials during the review process. This memorandum contains recommendations which may strengthen the city's procurement process, thereby minimizing the process's vulnerability to abuse.

The OIG conducted a comprehensive review of the procurement process relating to the procurement of emergency lighting and vehicle equipment, which were obtained pursuant to an exception to the competitive procurement requirements commonly referred to as "piggy-backing." The review included examining documentation related to the procurement and interviewing city staff with knowledge of the procurement processes in question. Our review revealed that, although piggy-backing procedures were not followed in this instance, there was no evidence of financial waste resulting from the use of the HSO Emergency Vehicle Lighting contract.

We noted certain violations of the city's ordinance for the use of contracts from other government subdivisions. First, your policy requires that terms and conditions be "expressly extended," but we were advised during interviews with the Purchasing Administrator that the HSO contract terms and conditions were not expressly extended to non-enumerated governmental entities. If the city desires to maintain this policy, it should consider requiring that the request submitted to the city commission identify the contractual language expressly extending the terms and conditions as required. As an alternative, the city may consider altering the policy to reflect circumstances wherein a vendor is willing to honor the terms and conditions despite not being required to do so as part of the original contract.

John W. Scott, *Inspector General*

Second, the OIG found that the city's purchases were not in accordance with the terms and conditions of the HSO contract. The HSO solicited and awarded each specific brand/manufacturer to the lowest bidder (highest discount percentage). However, the city purchased goods from only two of the vendors regardless of whether those two vendors had been awarded the contract for goods from that specific brand as part of the HSO contract. The prices paid were also not in accordance with the HSO contract, although they were lower in some instances.

A review of the original commission approval revealed that the city contemplated utilizing the two vendors, rather than the vendors who had been awarded the particular brand in the contract.¹ Although the approval did disclose the city's history with the two vendors, it characterizes them as being "recommended" by the contract. The OIG recommends that the city consider increased training and oversight regarding the proper use of piggy-backing exceptions. If properly utilized, the method results in the efficient utilization of competitively solicited terms. If the terms of the contract are not observed, the purported use of a piggy-back may merely be a mechanism to circumvent competitive bidding requirements.

Finally, perhaps due to the purported use of a "piggy-back" from a competitively solicited contract, there appeared to be limited documentation of cost comparisons. There was also limited documentation of the "market survey" required by the city's ordinance. The original approval claimed that several municipalities from Broward and Miami-Dade counties were utilizing the HSO contract, but the OIG found this to be a misrepresentation. We were unable to identify any municipalities in the two counties utilizing the HSO contract and city officials could not provide any information supporting this claim. The OIG recommends that staff be required to document research, cost comparisons and market surveys. Documentation will enable supervisors and other administrators to verify that the effort was undertaken and the accuracy of the information provided.

The OIG has discussed these findings and recommendations with you. We request that the city advise us if any corrective measures have been developed and implemented to address the issues identified above. We will continue to make available our CPOP services to the city as it addresses the issues raised in this review, and will continue to work with the city to reduce potential vulnerabilities in the procurement process.

Cc: Erdal Donmez, City Manager, City of Coral Springs
Mayor and Members, City Commission of the City of Coral Springs

¹ "The City of Coral Springs has worked with two of the recommended vendors...and has had excellent customer service from both."