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**Agenda Item:** Discuss And Review City Auditor's Request To Schedule A Follow-Up Audit On The Park Board's Procurement Procedures

**Background:** In 2021, Park Board staff worked with the City Auditor's office to develop a Contract Management System and a Purchasing Policies, Procedures, and Controls Manual. In January 2023, the City Auditor's office requested to schedule a follow-up audit. The object of the audit is "to determine whether the Park Board is following State and Local laws and Procedures for Procurement."

The audit will rely on inquiries, observations, and testing of controls to obtain sufficient documentation to provide assurance laws and procedures were followed. The City Auditor will write an audit program similar to the audit they performed on the city's procurement procedures. The scope will be based on actions accomplished by management and staff as of the approval/implementation date. The audit will likely include 3 areas for testing:

1. Control Activities – Procedures and Controls are in place to provide reasonable assurance that purchases are procured only for allowable purchases and in accordance with the Park Board's procurement policies and procedures.
2. Information and Communication. Procedures and Controls are in place to provide reasonable assurance that the entity identifies, captures, and exchanges information enabling people to carry out their responsibilities.
3. Monitoring. Procedures and Controls are in place to provide reasonable assurance that the effectiveness of internal controls over procurement over time is being appropriately assessed.

The areas tested will be given either an Implemented, In Progress, Not Applicable, or Not Implemented status by the City Auditor. The audit report will be provided to the Park Board and City Council.

**Staff Recommendation:** Staff recommends discussing the audit at the committee level and addressing any questions or concerns committee members may have before scheduling the audit.



# City of Galveston

City Auditor's Office  
City Follow-Up 2023-3  
December 28, 2022

## Engagement Letter Park Board Procurement Follow-Up Audit

Bryson Frazier, Chief Financial Officer  
Galveston Park Board of Trustees  
601 23<sup>rd</sup> St  
Galveston, TX 77550

Dear Mr. Frazier,

The City Auditor's Office wants to schedule a Follow-Up Audit on the Park Board's Procurement Procedures. This audit will tentatively begin on January 1, 2023, and will be conducted by Carrie Sumrall. The Follow-Up Audit process includes:

- Planning
- Entrance meeting (to be scheduled).
- Fieldwork (detailed testing, interviews, etc.).
- Summation of fieldwork results emailed to the Department Head for comment.
- Report preparation.
- Report sent to City Manager for comment.
- Submitted to Council for approval.
- Posted on the City website under the Audit Department.

The objective of the Follow-Up Audit is to determine whether the Park Board is following State and Local laws and Procedures for Procurements.

The Follow-Up Audit will rely on inquiries, observations, and testing of controls, to obtain sufficient documentation to provide assurance on the Follow-Up Audit Objectives.

The scope of the Follow-Up Audit will be based on actions accomplished by management and staff as of the approval/implementation date. In preparation for the start of the fieldwork phase, and with your approval, we will coordinate the Follow-Up Audit with you or your appropriate designee. As part of the planning process, we will schedule an Entrance meeting to provide additional information regarding the Follow-Up Audit.

If you have any questions or concerns, please let me know.

Sincerely,

Carrie Sumrall, Assistant City Auditor, CFE, IAP, CICA, CCS, CTCM  
cc: Glenn Bulgherini

## Appendix A

Follow-Up Procurement Department Administrative Procedures and Controls	Status
<b>Key for Status Descriptions</b>	
<b>Implemented:</b> when the City Management or Staff provided sufficient and appropriate evidence to support all recommendation element.	
<b>In Progress:</b> when the City has plans to begin or has already started to implement and intends to implement the recommendations thoroughly.	
<b>Not Applicable:</b> when the evidence did not support meaningful movement toward implementation and is no longer applicable due to changes in procedures or technology.	
<b>Not Implemented:</b> when evidence did not support meaningful movement toward implementation, when no evidence was provided, when implementation will take time and is in the process but has not measurable progress yet, or when a new recommendation has been issued in the last three months.	
<b>1. Control Activities. Procedures and Controls are in place to provide reasonable assurance that purchases are procured only for allowable purchases and in accordance with the City's Procurement Policies and Procedures. standards. Items a. - i. below should be in writing.</b>	
a. Documentation is in place that provides reasonable assurance that the employee has determined the most appropriate and effective method of purchasing services and commodities for the City. (Internal Quote Form).	<b>Implemented</b>
b. Documentation is in place to provide reasonable assurance that the employee used these factors for purchasing: 1. Conforming to standards of ethical conduct, and 2. complying with all applicable laws, rules and regulations. 3. Meeting the needs of the department while ensuring that the method selected achieves best value.	<b>Implemented</b>
c. Documentation is provided with appropriate authorization and purchasing document in the form of a purchase order that includes the terms and conditions. <b>(Contract includes terms, End User submits PO thru acct prog for approval)</b>	<b>Implemented</b>
d. Documentation is in place that provides reasonable assurance that management, and employees are free from Conflict of Interest by filling out the (CIS) form.	<b>Implemented</b>
e. A standard Procurement file checklist is used and files are completed with all the required documentation and approver conditions. Including requisition, purchase orders, quotations, comparative bids and notes. <b>(Part of Bid Packet)</b>	<b>Implemented</b>
f. Documentation is placed in the City's shared drive prior to the requisition submittal and as documentation is processed.	<b>Implemented</b>
g. Documentation is provided for Sole Source Purchases in accordance with applicable City, State, and Federal regulations.	<b>Implemented</b>
h. Purchasing Department takes the appropriate action to proved each designated departmental employee to have an understanding of the City's Procurement Policies and Procedures as it becomes necessary.	<b>Implemented</b>
i. Documentation is provided for Solicitation Tabulation with pricing, scoring and individuals that scored the vendor. <b>(Part of the Bid Packet)</b>	<b>Implemented</b>
<b>2. Information and Communication. Procedures and Controls are in place to provide reasonable assurance that the entity identifies, captures, and exchanges information enabling people to carry out</b>	

## Appendix A

Follow-Up Procurement Department Administrative Procedures and Controls	Status
<b>their responsibilities. Items a. - c. below should be in writing.</b>	
a. Proof is provided that the City advertised the procurement opportunity in the Galveston Daily News and City's website is consistent with applicable law. <b>(Part of the Bid Packet)</b>	<b>Implemented</b>
b. Documentation is provided for any communication between City employees and vendors during the procurement process. These include emails, letters, and notes from a phone conversation in the file.	<b>Implemented</b>
<b>3. Monitoring. Procedures and Controls are in place to provide reasonable assurance that the effectiveness of internal controls over procurement over time is being appropriately assessed. Items a. below should be in writing.</b>	
a. Documentation that management periodically reviews procurement policies, procedures, and controls used. (Purchasing Manager does annually or as required)	<b>Implemented</b>