

An aerial view of a university campus. In the foreground, there are several blue fountains with water spraying upwards. A brick walkway leads from the fountains towards a large, multi-story brick building with a classical facade, featuring a portico with columns. The building has several arched windows. The campus is surrounded by green trees and lawns. In the background, a large stadium is visible under a clear blue sky.

FY 2022-2023:
Office of Procurement Services
Consulting Services Report
Report No. 22-23-0001

September 27, 2022



EXECUTIVE SUMMARY



COST- SAVINGS ANALYSIS

The Division of Audit (DoA) performed this consulting service for the Office of Procurement Services in alignment with our 2021- 2022 work plan, which was approved by the Board of Trustees in June 2021. The overarching goal of this consulting project was to identify opportunities for enhancements to the Office of Procurement Services’ processes, policies, and procedures, to help achieve University goals more effectively.

We identified scenarios for potential savings when items are procured using purchase cards (P-Cards) instead of purchase orders (POs). Studies show the total savings from switching from a PO to a P-Card is typically \$63 per transaction. We analyzed PO transactions under \$2,500 that were processed between July 1, 2019 and February 28, 2022. At \$63 per transaction, we determined that if 20% of those POs, had been procured through P-Cards, Florida Agricultural and Mechanical University (herein referred to as the University) could have saved \$144,976. Likewise, if 60% of the POs had been procured using P-Cards, the University could have saved \$434,927.



BENCHMARKING

We conducted a benchmarking of the University’s procurement processes and seven select¹ institutions in the State University System (SUS). Our analysis identified best practices regarding organizational structure, training, budgets, staffing, methodologies, and the resources needed to successfully increase OPS’ effectiveness and efficiency throughout the University. The results of the analysis indicated the following:

LEGEND:	Best Practice is in Place ✓	Best Practice is Not in Place ✗
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Table 1: Comparison of Procurement Services in Select SUS Institutions

Select SUS Institutions	Contains In-House IT Staff	P-Card Training requires passing score on assessment	Receipts & Reconciliation Forms are managed by electronic software	Procedures for requesting P-Cards for staff who travel or purchase commodities are clearly documented in the P-Card Manual	Lists for Prohibited Purchases <u>do not</u> include “Clothing”	Contract Management Manual includes conditions for Liquidated Damages	Operates an electronic Contract Management System
FAU	✗	✗	✓	✓	✓	✓	✗
FIU	✓	✓	✓	✓	✓	✓	✓
FSU	✓	✓	✓	✓	✓	✓	✓
UCF	✗	✓	✓	✓	* Exception	✓	✓

¹ Due to time constraints, we reviewed seven of the 11 other SUS institutions for comparison and benchmarking purposes. The schools selected for analysis were Florida Atlantic University (FAU), Florida International University (FIU), Florida State University (FSU), University of Florida (UF), University of North Florida (UNF), University of South Florida (USF), and University of Central Florida (UCF).



UF	✓	✓	✓	✓	✓	✓	✓
UNF	X	✓	✓	✓	✓	X	✓
USF	✓	✓	✓	✓	✓	✓	✓
FAMU	X	X	X	X	X	X	X

NOTES: *Exception Related to uniforms - a prerequisite must be obtained from Human Resources for employee uniforms and student team uniforms are excluded from prerequisites and are allowable on P-Cards

Table 2 provides comparative procurement data for SUS institutions.

Table 2: Comparison of Procurement Data in Responding SUS Institutions

Select SUS Institutions	Number of Staff to Number of P-Card Holders	Number of Students to Number of P-Card Holders in Student Affairs	Number of Student Athletes to Number of P-Card Holders in Athletics Department	Number of Procurement Staff	Annual Operating Budget per Number of Procurement Services Staff	Number of P-Card Administrators	Average Annual P-card Spending per P-Card User
*FSU	17:1	5055:1	10:1	20	-	5	\$16,681
UF	6:1	265:1	-	17	\$138,681	5	\$15,936
UNF	1.4:1	153:1	7:1	13	\$88,519	1	\$12,556
USF	10:1	335:1	9:1	27	\$60,000	9	\$28,396
FAMU	12:1	656:1	91:1	9	\$55,363	1	\$8,709

NOTES: * FSU uses the method of “Buying on an Existing Contract” through SpearMart more often than P-Cards because for them it is the most efficient and most economical means of procurement.
- Indicates that related information was not provided by the institution



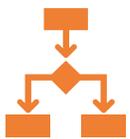
**BENCHMARKING
CONTINUED**



**OVERALL
EFFECTIVENESS**

We analyzed Procurement Services’ eProcurement, P-Card, and Contract Monitoring processes for their effectiveness towards achieving the University’s goals identified in the 2017-2022 Strategic Plan and the President’s Goals for FY 2021-2022. Our analysis determined all three processes demonstrated opportunities for improvement in the following areas:

- Culture of accountability;
- Relationship-building;
- Efficiency and cost effectiveness;
- Leveraging of technology;
- Use of data to support strategic decision-making;
- Ongoing monitoring to strengthen internal controls; and
- Developing and maintaining a culture of service excellence.



RESULTS

In total, 38 recommendations were made to improve the effectiveness of the Office of Procurement Services. On August 10, 2022, Dr. Gloria Walker, Vice President for Finance and Administration and Chief Financial Officer, confirmed her agreement with our assessment (See Appendix B). On August 18, 2022, during the Exit Conference, Dr. Walker accepted all 38 recommendations.



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BACKGROUND

The Office of Procurement Services (OPS) is a strategic business process that impacts the operations, supply chain, quality, cost and efficiency of the entire university. OPS is responsible for helping departments procure a variety of goods and services in the most economic and convenient way possible, while ensuring compliance with the University’s policies and principles. Among other duties, Board of Trustees Regulation 6.004 states, it is the responsibility of OPS to plan and coordinate purchases in volume and negotiate and execute agreements and contracts for commodities and contractual services.

Strategic Plan

It is crucial to have a procurement process that is not only efficient but also effective towards achieving university goals. The 2017-2022 Strategic Plan was established with a focus on enhancing the quality of the student educational experience. Its purpose is to serve as a catalyst for effective and efficient changes that would have an impact on the University’s students, faculty, staff, stakeholders, and the global community. The Strategic Plan consists of six strategic priorities with corresponding goals that would enable execution of the plan and elevate the University’s internal and external performance metrics. Of the six strategic priorities, our review of OPS operations showed a possible impact on the University’s ability to achieve the strategic priorities and goals listed in the table below:

Table 3: 2017-2022 Strategic Plan Impact Assessment

Strategic Priority	Strategic Priority Description	Goals
Strategic Priority 5: First-Class Business Infrastructure 	Focuses on business operations that support the University’s mission and with the largest potential impact on stakeholders.	<u>Goal 3:</u> Improve transparency and strengthen internal controls to improve compliance and support strategic decisions.
		<u>Goal 4:</u> Enhance business processes to improve efficiency and cost effectiveness in University operations.
		<u>Goal 5:</u> Leverage technology and establish a data-driven culture.
Strategic Priority 6: Outstanding Customer Experiences 	Focuses on leadership through service.	<u>Goal 1:</u> Develop and maintain a University-wide culture of service excellence.
		<u>Goal 2:</u> Sustain superior service levels with ongoing monitoring, accountability, and recognition programs to reward excellent customer service.

President’s Goals

Each year, the University’s president and the Board of Trustees meet to agree upon a set of goals, along with metrics to measure success in achieving those outcomes for the upcoming school year. We analyzed the President’s Goals for FY 2021-2022 to identify which goals could be directly impacted by OPS’ processes. We determined OPS could have an impact on the following President’s Goals for FY 2021-2022:



Table 4: FY 2021-2022 President’s Goals Impact Assessment

Goal	Goal Description	Definition
Goal 5: Organizational Leadership 	5.3 Create a Culture of Accountability	Adherence to the compliance and accountability mandates that the university president must follow. The goal is to make processes and services an excellent experience for our customers (students, faculty, staff members, visitors, etc.).
Goal 7: Internal/External Relationships 	Focus on positive engagement.	Continue to expand relationship-building with key stakeholders, including students, faculty, staff, Boards, alumni, elected officials (local, state, national), and the local community.

Annual Risk Assessment

Every year DoA performs a risk assessment to manage potential problems that could hinder key business objectives across all departments in the University. Professional auditing standards state that the chief audit executive (CAE) must establish a risk-based plan to determine the priorities of the internal audit activity, consistent with the organization’s goals. The internal audit activity’s plans and resources, including significant interim changes, must be communicated to senior management and the board for review and approval.

During the interview process of the FY 2021-2022 Annual Risk Assessment, the OPS Director, Ms. Mattie Hood, requested that the DoA perform a consulting service for OPS. Also, during the Risk Assessment, other university leadership raised concerns about how procurement processes were impeding their ability to effectively and efficiently do business. The Risk Assessment identified the following key risks in OPS that could impact the University’s ability to achieve its strategic and business goals and objectives:

- Inadequate staff to expand the University’s Purchasing Card program which could increase efficiencies across campus;
- Lack of a travel card program which could benefit University employees who do not make other purchases but travel routinely on University business;
- Lack of a central repository for contracts which would enhance the ability of management, procurement, and controller staff to confirm compliance with contractual terms and conditions;
- Inadequate staffing levels to service university needs for contract procurement and management as well as to provide expanded training for procurement officials and contract managers; and
- Need to revise policies and forms to comply with statutory and regulatory requirements and align with industry best practices.



COST-SAVING ANALYSIS

Analysis:

The process cycle of a typical PO transaction may look something like below:



²

The process cycle of a typical PO transaction usually costs the same, whether for a \$25 transaction or a \$10,000 transaction. Studies from the Professional Association for the Commercial Card and Payment Industry show that total savings from switching from a PO to a P-Card is typically \$63 per transaction due to the reasons listed below:

- Reduced procure-to-pay process;
- Reduced transaction costs;
- Tracked expenses;
- Faster receipts of goods and services; and
- Supplier discounts.

Since 99.4% of University P-card spending was under \$2,500 per transaction, we used \$2,500 as the threshold to develop the potential savings analysis. Of the 17,240 POs processed by the University between July 1, 2019 and February 28, 2022, 11,506 or 67% were equal to or under \$2,500.

At \$63 per transaction, our POs vs. P-card cost-savings analysis, as shown in Table 5, indicated potential savings from \$144,976 to \$434,927 under the following scenarios:

Table 5: POs Under \$2,500 vs. P-card Cost Savings - Scope 7/1/2019 and 2/28/2022			
Dollar Threshold	# of POs	Potential Saving Amount	Scenario
POs <= \$2,500	11,506	\$ 144,976	if 20% of the POs had been procured using P-cards
	11,506	\$ 289,951	if 40% of the POs had been procured using P-cards
	11,506	\$ 434,927	if 60% of the POs had been procured using P-cards

² Source: <https://www.redbridgedta.com/us/market-intelligence/why-p-cards/>



Additionally, 5,306, or 31% of the total number of POs, were equal to or under \$500. As shown in Table 6, at \$63 per transaction, if 80% of the 5,306 PO transactions under \$500 had been procured through P-cards, the potential savings was \$267,422. Items purchased under this threshold ranged from toners, printers, office totes, and transportation costs.

Table 6: POs Under \$500 vs. P-card Cost Savings - Scope 7/1/2019 and 2/28/2022

Dollar Threshold	# of POs	Potential Saving Amount	Scenario
POs <= \$500	5,306	\$ 267,422	if 80% of the POs had been procured using P-cards
	5,306	\$ 334,278	if 100% of the POs had been procured using P-cards

Recommendation: OPS should review PO transactions and work with the Chief Financial Officer (CFO) to identify ways to encourage the usage of P-cards on low-value items that are purchased regularly and/or on a large scale.

BENCHMARKING

Analysis:

A review and comparison of various elements of the Procurement processes of institutions³ within the State University System (SUS) indicated the following:

- **Organizational structure:** Four out of seven (FIU, FSU, UF, and USF) of the SUS institutions reviewed have at least one Information Technology (IT) position within Procurement Services. In Sprint 2, we recommended Procurement Services work to implement an in-house IT position. This may include, working with the CFO and Chief Information Officer (CIO) to determine the best method to provide the needed IT services.
- **Training (contract managers, P-card holders):** Six out of seven SUS institutions reviewed require card holders to complete training and an assessment after the training and receive a passing score. In Sprint 2, we recommended Procurement Services require an assessment and passing score for P-Card usage. This may include working with the CFO to consider the value of an assessment to determine whether P-card applicants understand and retain the training prior to issuance of the P-card.
- **Receipts & Reconciliation forms:** All seven SUS institutions use electronic software to perform reconciliations and manage receipts (usually same software used for requisitions). In Sprint 2, we recommended rather than continue emailing receipts and reconciliation forms for approval, Procurement Services collaborate with Information Technology Services to integrate the P-Card system with PeopleSoft (or other existing technologies) so that reconciliation forms and receipts can be uploaded and stored in one location. This may include also working with the CFO and CIO to automate the associated processes.

³ We reviewed seven of the other 11 SUS institutions for comparison and benchmarking purposes.



- **P-Card Issuance**: P-Cards are generally distributed to or can be requested by employees who travel or purchase commodities for their department or the University (with approval from the Department head). Procurement Services should clarify in the P-Card Manual the proper procedure for requesting a P-Card and effectively communicate the P-Card request/issuance policy throughout the University.
- **Forbidden/prohibited purchases**: “Clothing” is not listed as a forbidden P-Card purchase by the FAMU Board of Trustees or any of the seven other SUS institutions (consider employee uniforms, team uniforms, theatre costumes, etc.). However, the Procurement Services’ P-Card Manual lists clothing as a prohibited purchase. In Sprint 2, we recommended a review and possible revision of the “Disallowable items” list to ensure compliance with Board of Trustees (BOT) Policy 2006-04 and include exceptions for “Clothing,” which is not listed in the BOT Policy.
- **Contract Planning (Liquidated Damages)**: Six out of seven institutions discuss liquidated damages in their contract management manual, including how its calculated and its importance for ensuring projects are completed on time. *See “Overall Effectiveness” section for recommendation.*
- **Contract Management System**: Six out of seven of the SUS institutions use a centralized electronic contract management system to gather appropriate signatures. The one institution that currently does not (FAU) is “in the process of updating [their] policies, to include steps to effective contract management/post award.” Procurement Services currently uses a repository to store contracts but lacks any components of a contract management system. *See “Overall Effectiveness” section for recommendation.*

Given the metrics above, we performed benchmarking to evaluate the staffing, budget, and systems needed to successfully increase P-card usage throughout the University. When comparing procurement data among responding SUS institutions (FSU, UF, UNF, & USF), FAMU ranked among the lowest in each of the following categories (*See Appendix for Details*):

Table 7: Comparison of Procurement Data in Responding SUS Institutions

Select SUS Institutions	Number of Staff to Number of P-Card Holders	Number of Students to Number of P-Card Holders in Student Affairs	Number of Student Athletes to Number of P-Card Holders in Athletics Department	Number of Procurement Staff	Annual Operating Budget per Number of Procurement Services Staff	Number of P-Card Administrators	Average Annual P-card Spending per P-Card User
FSU⁴	17:1	5055:1	10:1	20	-	5	\$16,681
UF	6:1	265:1	-	17	\$138,681	5	\$15,936
UNF	1.4:1	153:1	7:1	13	\$88,519	1	\$12,556
USF	10:1	335:1	9:1	27	\$60,000	9	\$28,396
FAMU	12:1	656:1	91:1	9	\$55,363	1	\$8,709

NOTES: Related information was not provided by the institution.

⁴ FSU uses “Buying on an Existing Contract” through SpearMart more often because for them it is the most efficient and most economical means of procurement.



Recommendation: Procurement Services should work with the CFO to identify the budgets and staffing required to meet the expectations and obligations to increase overall efficiency and effectiveness for meeting University Goals.

Also, Procurement Services should work with the Departments of Athletics and Student Affairs to determine where additional P-Cards would be beneficial. The CFO should consider whether the implementation of travel cards would increase efficiency and cost savings in areas of the University with high travel, such as Athletics.

OVERALL EFFECTIVENESS

We conducted a review of the overall effectiveness and effectiveness for meeting University goals of various processes in OPS. We identified the following opportunities for improvement for Sprint One, where we reviewed OPS’ eProcurement processes:

Table 8: Sprint 1 eProcurement Processes Review

Opportunity for Improvement Categories	Observations	Recommendations
Culture of Accountability	Although the Procurement Manual defines some responsibilities for the Procurement Director, the Office of Procurement, Fiscal Representatives, and Deans/Directors. None of the responsibilities include ensuring timeliness.	OPS should clearly define responsibilities for receiving, processing, and/or communicating information in a timely manner.
	The Procurement Manual does not indicate or explain consequences for University Staff who secure commodities or services via non-compliance.	OPS should update the Procurement Manual to include procedures for any follow-up activities or consequences for staff who secure a commodity or service via non-compliance.
Internal/External Relationships	Although, the Procurement Manual says the OPS Director “works closely with University departments and academic units,” there is no evidence of effectively coordinated activities	OPS should implement relationship building activities and effectively coordinate with internal University staff (i.e., Regularly scheduled meetings with Departmental Fiscal Representatives to discuss needs or concerns).



	to share valuable information or discuss procurement needs.	
Strengthen Internal Controls	OPS does not have effective control activities in place to ensure processes follow a clear path in a timely manner. The Procurement Manual does not include timelines, timeframes, or flowcharts to assist University staff with ensuring timeliness.	OPS should consider creating flowcharts to document timelines and define a clear path for procurement decision makers such as, Fiscal Representatives and Procurement staff. (NOTE: DoA staff is willing to assist with the creation of timelines and flowcharts to be included in the Procurement Manual.)
	OPS does not create an annual plan for procuring goods and services.	OPS should consider implementing monitoring activities for "needs recognition" or collaborate with other Departments to sketch out an annual plan for procuring goods and services for the University in a timely manner and at a reasonable cost.
	The Procurement Manual does not include procedures for the procurement of purchases up to \$5,000.	OPS should document existing procedures for procurement of purchases up to \$5,000.00 in the Procurement Manual.
	The Procurement Manual does not indicate any required training for Departmental Fiscal Representatives or Procurement staff.	The Procurement Manual should specify any required or recurring training, as well as the processes used to inform departmental Fiscal Representatives of procedural changes.
	OPS does not demonstrate efficient use of modern information technology (IT) systems and related IT control activities to achieve objectives and respond to risks.	OPS should collaborate with Information Technology Services and the Office of the Controller to implement the Automated Clearinghouse (ACH) functionality within PeopleSoft, which would eliminate the need to mail paper checks to vendors.
Leveraging Technology & Data-driven Culture	OPS lacks processes for the collection and assessments of procurement data, which could provide meaningful internal financial insights and could assist with the creation of an annual procurement plan.	OPS should document procedures for tracking, collecting, and assessing procurement data (i.e., which Departments are ordering what items, from which vendors, and how often). Also, OPS should establish timeliness metrics to be used to compare actual performance data to expected performance to determine where improvements can be made.



	<p>OPS does not retain a low-risk, best-in-class vendor and supplier portfolio to assist University staff when determining which vendors to select for future projects.</p>	<p>OPS should work with Department Heads to implement procedures and training for procurement decision-makers to perform periodic (i.e., monthly, quarterly, annually, etc.) evaluations of vendor performance and submit those evaluations to Procurement Services in a timely manner for assessment and storage.</p>
<p>Culture of Service Excellence & Sustain Superior Service Levels</p>	<p>Although OPS management does provide excellence recognition initiatives for OPS staff who demonstrate exemplary service, OPS does not use surveys or other tools to gauge and improve eProcurement customer service levels.</p>	<p>OPS should implement the use of surveys or other tools to monitor and improve customer service and satisfaction levels.</p>

For Sprint Two, we reviewed OPS’ P-Card processes and identified the following opportunities for improvement:

Table 9: Sprint 2 P-Card Processes Review

<p>Opportunity for Improvement Categories</p>	<p>Observations</p>	<p>Recommendations</p>
<p>Strengthen Internal Controls</p>	<p>Unlike other institutions in the SUS, OPS does not administer an assessment with a required passing score after each P-Card Training.</p>	<p>As a best practice, OPS should implement a comprehensive assessment after each P-Card training, with a required passing score, to ensure training objectives are being met. (Consider use of Canvas or other existing technologies for assessment.)</p>
	<p>Although Organizational Development and Training maintains training records for the University, the training records are sometimes incomplete.</p>	<p>OPS should track the attendees of OPS trainings in case there are any disputes about whether or not training was completed. (This can also be resolved by implementing mandatory assessments.)</p>
	<p>Some University staff expressed confusion or uncertainty about when P-Card usage is appropriate.</p>	<p>OPS should create flowcharts or guidelines to document when P-Card usage is appropriate or preferred.</p>



	The P-Card Manual does not describe how receipts and reconciliation forms should be routed and stored.	OPS should create flowcharts to document how receipts and reconciliation forms should be routed and stored.
	There are no procedures for P-Cards that are not being used or are underutilized.	OPS should document procedures for underutilized P-Cards and P-Cards that are not being used.
	OPS does not provide guidance for approvers and reconcilers to identify P-Card misuse.	OPS should create a set of guidelines to help approvers and reconcilers identify common red flags for misuse (i.e., duplicate charges, round number purchases, reluctance to provide additional information for a purchase, etc.)
	OPS does not have procedures for monitoring P-Card usage or providing oversight.	OPS should implement procedures for monitoring P-Card usage and providing oversight of transactions on a regular basis (i.e., bi-weekly, monthly, etc.) to identify training opportunities or areas of improvement (i.e., declined transactions, P-Card usage when another payment method should have been used, no usage of P-Card or under-utilization, etc.)
Efficiency and Cost-Effectiveness of University Operations	OPS' P-Card process is not streamlined, cost-efficient, or aligned with industry best practices.	OPS should collaborate with Information Technology Services to integrate the P-Card system with PeopleSoft (or other existing technologies) so that forms and receipts can be uploaded and stored in one location. This can help automate some of the more manual processes and eliminate redundancies, increase productivity, streamline the reconciliation process, and ensure we are aligned with industry best practices.
	An item on the University's "Disallowable Items" list is not aligned with industry best practices or Board of Trustees (BOT) Policy 2006-04 and could be impeding business for the Athletics Department.	OPS should consider a review and possible revision of the "Disallowable items" list to ensure compliance with Board of Trustees (BOT) Policy 2006-04 and include exceptions for "Clothing," which is not listed in the BOT Policy (i.e., should be allowed for University funding sources that allow for these purchases, like with Food).
Leveraging Technology &	OPS does not demonstrate efficient use of modern IT	As an industry best practice, OPS should work with ITS to create an IT position to



<p>Data-driven Culture</p>	<p>systems and related IT control activities to achieve objectives and respond to risks.</p>	<p>exist within the Office of Procurement Services to assist with:</p> <ul style="list-style-type: none"> • Implementing new IT systems and applications • Improving use of existing IT systems and applications • Implementing and monitoring IT controls • Improving record-keeping processes • Data collection and analysis • Training and consulting Procurement staff on new and existing IT products • Developing manuals & training University staff on newly implemented Procurement IT
	<p>OPS does not measure achievement towards measurable goals.</p>	<p>OPS should implement processes to collect data on and conduct periodic measurements on the achievement towards the P-Card program’s measurable pre-set goals (i.e., provide a cost-effective and convenient method of purchasing, reduce the volume of individual payments processed by the University to vendors, reducing the payment processing time and expense).</p>
<p>Culture of Service Excellence & Sustain Superior Service Levels</p>	<p>OPS does not use surveys or other tools to gauge and improve P-Card customer service/satisfaction levels.</p>	<p>OPS should implement the use of surveys to analyze and improve customer service and satisfaction levels among University cardholders and reconcilers</p>
<p>Risk Assessment</p>	<p>OPS does not appear to have measurable preset goals for the P-Card program.</p>	<p>As a best practice, reevaluate current goals to ensure they are SMART (Specific, Measurable, Achievable, Relevant, and Time-bound). (i.e., timeliness of submissions by Department reduction of reconciliation cycle time over the last year, estimated annual savings, etc.).</p>
		<p>OPS should use the S.M.A.R.T. goals to identify risks tolerances and conduct measurements of the progress towards minimizing the risks.</p>



Control Activities	Although the separation of duties appears to be generally described throughout the P-Card Manual, emphasis should be placed on the importance of segregation of duties as an internal control	OPS should address the concept of segregation of duties in a clear in precise manner in the P-Card Manual.
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For Sprint Three, we reviewed OPS’ Contract Management processes and identified the following opportunities for improvement:

Table 10: Sprint 3 Contract Management Review

Opportunity for Improvement Categories	Observations	Recommendations
Culture of Accountability	Contract Management training and the Contract Management manual do not include guidance on how Contract Managers should financially protect the University.	Since the University’s financial protection is the responsibility of the Contract Managers, OPS should work with the Office of General Counsel to include language in its Contract Management training and Contract Management manual regarding the Contract Manager’s responsibility for financial protection of the University and the importance of including liquidated damages and financial consequences in University contracts.
Efficiency and Cost-Effectiveness of University Operations	It is currently not standard practice for University contracts to include financial consequences or a liquidated damages clause.	OPS should work with the Office of General Counsel to 1) require liquidated damages/ financial consequences as a standard element of University contracts, 2) create a standardized formula for calculating liquidated damages/ financial consequences, and 3) add the necessary language to University contract templates, training, and manuals to ensure the University’s financial protection from contractors/vendors who do not perform services or complete projects in accordance with the terms of the contract.
Strengthen Internal Controls	Contract Management training is not required to be taken by all University Contract Managers.	OPS should work with University Department heads to ensure all contract managers for the University take the



		<p>University’s Contract Manager training and receive a passing score on an assessment.</p> <p>OPS should also consider if the Florida Certified Contract Manager training program offered by the Florida Department of Management Services can serve as a supplemental training alternative for Contract Managers responsible for managing contracts over a certain amount, as this may reinforce the training offered by the University and alleviate the training demand placed on Procurement Services’ staff.</p>
	<p>The Contract Management Manual does not include guidelines for appropriate contract routing for signatures (i.e., who signs the contract first, second, etc.).</p>	<p>The Contract Management Manual should be updated to include guidelines for appropriate contract routing for signatures.</p>
	<p>Procurement Services does not provide any oversight for the contract management process.</p>	<p>Procurement Services should establish adequate monitoring activities to monitor existing internal controls in the contract management process and identify opportunities for improvement.</p>
	<p>The Contract Management Manual and training do not provide detailed procedures for using piggy-back⁵ contracts.</p>	<p>Since the University relies heavily on the usage of piggy-back contracts, the Contract Management Manual should highlight Procurement Services’ expectations towards the use of piggy-back contracts and provide detailed procedures on how the piggy-back process works.</p> <p>The Contract Management training should also include procedures and guidelines related to the usage of piggy-back contracts.</p>

⁵ Piggyback is when existing contracts awarded by other public agencies (universities, colleges, cities, states, etc.) or cooperative purchasing groups (i.e. Educational and Institutional Consortium, US Communities Government Purchasing Alliance, Sourcwell, etc.) is used to acquire the same commodities or services at the same or lower price.



**Leveraging
Technology &
Data-driven
Culture**

Although Procurement Services has a centralized repository to store University contracts, there is no Contract Management System implemented to execute, manage, and view all Procurement contracts and supporting documentation. There are no processes in place to collect or track contract data for purposes of making procurement decisions or annual planning to accommodate the University's contracting needs.

Procurement Services should work with the CIO to implement a contract management system, which can be used to collect metadata to assist management with procurement planning and decision-making. Furthermore, we recommend interfacing the contract management system with an eSignature application to ensure contracts are routed properly and all appropriate signatures are collected.



APPENDIX A: Purpose, Scope, and Methodology

Purpose and Scope

The purpose of the consulting service was to identify opportunities for enhancements to the Office of Procurement Services' processes, policies, and procedures, to help achieve University goals more effectively. We reviewed various OPS processes and OPS procurement data from July 1, 2019 through February 28, 2022. The overarching goal of this consulting project

Methodology

As part of the engagement we:

- Reviewed the Procurement Manual, P-Card Manual, and Contract Management Manual;
- Reviewed OPS procurement data including, P-Card transaction logs, contract data, and purchase order and requisition data;
- Reviewed procurement data from seven other SUS institutions (FAU, FIU, FSU, UCF, UF, UNF, USF); and
- Interviewed OPS staff, Organizational and Development Training (ODT) staff, the VP for Department of Athletics (and other Athletics staff), the VP for Student Affairs, the Assistant VP for the Office of the Controller, and the procurement and audit staff at the other SUS institutions.



APPENDIX B: Management’s Response

Wright, Trystal S.

From: Walker, Gloria J.
Sent: Wednesday, August 10, 2022 10:46 AM
To: Maleszewski, Joseph
Cc: Melton, Deidre; Wright, Trystal S.
Subject: RE: 21-22 Procurement Services Advisory Summary and Responses

Good Morning Colleagues,

I have reviewed again the documentation attached. I agree with 100% of the assessment. I do not know what response you are expecting, but as I read each assessment it trends to a total reorganization of the Procurement Department in which I had come to that conclusion after my first month. The transition will take time and for the most part I have already started with the low hanging fruit; ACH processing. ITS and the Accounts Payable Department started the redesign of the payment platform in PeopleSoft in mid-June. It is about 50% completed to date. We have already discuss P-card management and operation. Next, is the reorganization of Contract Management. In my last employment, Contract Management reported directly to me, and I am thinking about how that could work at FAMU. I need to assess the skills of the individual to determine our needs. And, I agree with training and General Counsel involvement.

Since this email could get a bit lengthy, let plan to meet next week or thereafter, and discuss. I could easily just accept the access and respond in the affirmative that we are working on all of this. However, I do not think just a response is going to get us there we need to be. There will have to be a plan of implementation and we can discuss how we want to proceed. Let me know when there is a convenient time for us to meet.

Thanks,
Gloria

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The Division of Audit's mission is to enhance and protect the value of FAMU and its stakeholders by providing excellence in risk-based and objective assurance, advice, and insight through the promotion of accountability, integrity, and efficiency.

We conducted this consulting service in accordance with the International Standards for the Professional Practice of Internal Auditing. We believe the evidence obtained provides a reasonable basis for our recommendations.

Please address inquiries regarding this report to the Division of Audit at (850) 412-5479.

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