



*Proprietary & Confidential*

FINAL REPORT

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# City of Cupertino

## PROCUREMENT OPERATIONAL REVIEW

February 16, 2022

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# I. EXECUTIVE SUMMARY

## A. INTRODUCTION

This procurement operational review provides the City of Cupertino (the City) with an assessment of its procurement operations and their alignment with City goals, policies, business plans, industry best practices, and applicable laws and regulations. For this engagement, Moss Adams focused on the structure, function, and role of procurement people, processes, and systems.

As part of the assessment, we conducted planning, data collection, and analysis to gain an understanding of the existing environment, identify opportunities for improvement, and provide practical recommendations in this report.

## B. COMMENDATIONS SUMMARY

Based on insights gathered through interviews and document review, it is evident that City staff and leadership have many commendable organizational attributes. These include:

- *Employee engagement*
- *Collaboration and innovation*
- *Committed work ethic*

Commendations are discussed in detail in [Section II.B](#) of this report. We would like to commend the City and leadership for their willingness to assist us in this assessment process. The City's strengths provide a strong foundation that may improve the outcomes of implemented recommendations.

## C. SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

The City's procurement model is currently highly decentralized, with department heads and their staff primarily responsible for conducting and managing purchasing and contracting activity with support from the Finance Division and the City Attorney's Office (CAO).

This decentralized procurement structure is the primary driver behind many of our observations and recommendations. While we did not identify individual points of failure or deficiency within the City's procurement processes and systems, we noted several opportunities to improve the efficiency and coordination of procurement activities. Therefore, our primary recommendation, as highlighted on the next page, is to consider a centralized procurement model.



OBSERVATIONS AND RECOMMENDATIONS		
PRIMARY RECOMMENDATION		
1.	<b>Observation</b>	The City's current procurement activities are highly decentralized, leading to increased inefficiencies as departments create customized processes for common procurement practices.
	<b>Recommendation</b>	Take steps towards greater centralization of procurement activities and elevate procurement to a strategic function with the installation of a Procurement Officer or Procurement Division.

The lack of a dedicated, and centralized point of procurement leadership, oversight, and management has created challenges for City employees. However, to their best of their abilities, in the current environment, staff have made significant efforts to optimize processes, procedures, and systems. Key areas of opportunity to increase coordination, unite resources, and formalize policies and procedures are discussed further in the observations below.

Observations and recommendations are summarized here, and, with greater details and actionable recommendations, listed in [Section III](#) of this report.

OBSERVATIONS AND RECOMMENDATIONS		
ENTERPRISE CONSIDERATIONS		
2.	<b>Observation</b>	Procurement roles and responsibilities are not clearly understood among City staff and the Council, which can hinder organizational effectiveness.
	<b>Recommendation</b>	Develop a matrix outlining the roles and responsibilities for all stakeholders engaged in procurement at various levels.
3.	<b>Observation</b>	The City does not provide consistent, regular training on purchasing activities to all employees engaged in purchasing activities.
	<b>Recommendation</b>	<ul style="list-style-type: none"> <li>A. Develop an onboarding program for staff who are responsible for procurement within the City.</li> <li>B. Supplement the current training catalog published by Human Resources (HR) with procurement-specific training opportunities.</li> <li>C. Evaluate the current training program content, audience, and frequency to maximize the impact of current training activities.</li> </ul>
4.	<b>Observation</b>	The City's procurement processes often rely on a single individual to maintain continuity of operations. This places the City at an increased risk of institutional knowledge loss if those individuals are not present.
	<b>Recommendation</b>	Establish and document backups for processes managed by a single individual. Conduct cross-training among employees to ensure adequate and consistent coverage of key functions and duties.



5.	<b>Observation</b>	There are gaps in the City's ability to effectively manage and communicate change related to procurement within the organization.
	<b>Recommendation</b>	Adopt a standardized change management process to promote communication, adoption, and accountability.
6.	<b>Observation</b>	There are instances where procurement practices do not align with established policies or City values regarding inclusion and sustainability.
	<b>Recommendation</b>	Standardize and communicate assistance opportunities for small businesses to meet the City's insurance requirements; where possible, update templates to modify insurance requirements for small business contracts.
<b>POLICIES, PROCEDURES, AND PROCESSES</b>		
7.	<b>Observation</b>	Increased complexity within the operating environment, along with the COVID-19 pandemic, have presented the City with an opportunity to evaluate and modernize its procurement processes to suit its current operating conditions.
	<b>Recommendation</b>	<ul style="list-style-type: none"><li>A. Explore and implement modern procurement processes and supporting technologies.</li><li>B. Conduct robust training with all employees and establish annual refresher training for employees who are highly involved with these business processes.</li><li>C. Formalize and develop procurement toolkits and comprehensive self-service guidance for all business functions.</li><li>D. Establish targeted coordination meetings for employees who are highly involved in specific functions to proactively resolve issues and support continuous improvement.</li></ul>
8.	<b>Observation</b>	The City's procurement methods and thresholds have not been updated since 2013.
	<b>Recommendation</b>	<ul style="list-style-type: none"><li>A. Review and update City purchasing method guidance as appropriate.</li><li>B. Assess the efficacy of the current purchasing methods and thresholds; assess opportunities to streamline processes and generate clarity.</li></ul>
9.	<b>Observation</b>	Although procurement data, including budget data, is generally available to City staff, some users report difficulty in properly accessing and/or interpreting this data. Additionally, some procurement-related data is inconsistently named.
	<b>Recommendation</b>	Consider surveying staff to determine common and essential project information and create improved self-serve options, such as report templates or user training guides. Ensure ongoing data accuracy, completeness, and consistency through developing a data management strategy and processes.
10.	<b>Observation</b>	Many procurement processes at the City are not well documented and are subsequently performed inconsistently across City departments. Current purchasing policies and procedures are out of date, hindering a consistent employee understanding of requirements, processes, and protocols.
	<b>Recommendation</b>	Develop a prioritization plan for updating or developing comprehensive, clear, and concise procurement policies and procedures.



## II. INTRODUCTION

### A. PROJECT OVERVIEW

Moss Adams serves as the outsourced internal auditor for the City of Cupertino (the City), and reports to the City Council’s Audit Committee who oversees our work and approves the annual internal audit plan. In 2020, Moss Adams conducted an Enterprise Risk Assessment (ERA) and identified procurement (purchasing and contracting) as an area of overall high risk due to the inherent vulnerability of the function, high level of decentralization, and the potential consequences of risk occurrences. Public procurement involves significant financial interests, numerous transactions, and close interaction with third parties. These characteristics make the function inherently vulnerable to inefficiency (waste), bias, abuse, corruption, and fraud. Negative impacts of these risks often also include public backlash, reputational harm, and damage to public trust.

The Audit Committee approved the 2021–2022 internal audit work plan, beginning with a consultative procurement operational review to identify opportunities for improvement in service delivery, internal controls, organization, operations, and process efficiency. In our role as internal auditors, we are tasked with assessing the quality of the City’s procurement framework and its procurement processes for adequacy in design and operations.

#### Internal Audit Overview

The Institute of Internal Auditors (IIA)<sup>1</sup> articulates that the mission of internal auditor is “to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight.”

The definition from the IIA is that “internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.”

Internal auditors must consider several factors that can impact the balance of serving the public and addressing the interests of other stakeholders within a political context. These include:

- Accountability in Public Funding
- Nature of Politics
- Public Sector Governance
- Public Good and Public Interest
- Transparency, Ethics, and Integrity
- Legal, Regulatory, and Fiscal Compliance
- Efficiency, Effectiveness, and Equity in Public Service Delivery

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<sup>1</sup> The international professional association that serves as the internal audit profession's recognized authority.



## Public Procurement Overview

Procurement, the act of obtaining goods or services, is an essential component of any City’s operating functions. In the public sector, procurement activities are expected to be performed in a way that ensures such goods and services are appropriate, are obtained effectively, and are readily available to achieve the organizational mission and objectives.

Public procurement relies on taxpayer money. Therefore, community members want to be assured that City revenues are spent efficiently and effectively—that the money achieves the goals promised by City officials. By its nature, procurement may be risky and complex, making strong governance and risk management practices especially critical.

While every city operates under its own purchasing practices, systems, and procedures, all cities share common practices and operations stemming from state and federal regulatory requirements. Common procurement models are as follows:

- *Decentralized Procurement Model:* Individual departments are responsible for: (a) identifying the need for a good or service, (b) conducting the appropriate vendor selection process, and (c) placing a purchase order for the good or negotiating a contract for services.
- *Centralized Procurement Model:* Individual departments identify the need for a good or service, and a dedicated functional team/group is responsible for conducting the appropriate vendor selection process, contract development, negotiating, and the transactional purchasing of goods and services.
- *Shared Services Procurement Model:* While often confused with the centralized model, the shared services model is designed to provide services to “customers” — internal stakeholders such as other employees and departments. A shared service model typically operates more like a private-sector business, with a defined set of service-level agreements and pricing structure.

PROCUREMENT MODEL	POTENTIAL BENEFITS	POTENTIAL RISKS
Decentralized	<p><b>May be easier to:</b></p> <ul style="list-style-type: none"> <li>• Empower departments to operate with greater flexibility and increased speed</li> <li>• Identify requirements/specifications for specialized procurement needs</li> <li>• Reduce administrative overhead costs</li> </ul>	<p><b>May increase risk of:</b></p> <ul style="list-style-type: none"> <li>• Insufficient training provided to employees who conduct purchasing as a secondary responsibility</li> <li>• Missing opportunities to purchase a wide range of products at lower prices</li> <li>• Insufficient purchasing expertise to identify and benefit from strategic and tactical opportunities</li> <li>• Noncompliance with city policy and other procurement requirements</li> </ul>





PROCUREMENT MODEL	POTENTIAL BENEFITS	POTENTIAL RISKS
<b>Centralized</b>	<p><b>May be easier to:</b></p> <ul style="list-style-type: none"> <li>• Ensure adherence to procurement policy and standard procedures</li> <li>• Track compliance with regulations</li> <li>• Hire and develop employees with greater specific purchasing knowledge and expertise</li> <li>• Identify and pursue savings opportunities</li> <li>• Collect, analyze, and report in a timely fashion on purchasing activity</li> </ul>	<p><b>May increase risk of:</b></p> <ul style="list-style-type: none"> <li>• Higher administrative and overhead costs</li> <li>• Fewer incentives to keep service costs low when procurement group costs are not explicitly tracked or charged</li> <li>• Experiencing slowdowns in delivery of service if processes do not have built-in flexibility to accommodate varying procurement needs</li> <li>• Disconnects in the development of technical requirements and specifications</li> </ul>
<b>Shared Services</b>	<p><b>May be easier to:</b></p> <ul style="list-style-type: none"> <li>• Set very clear expectations around service delivery</li> <li>• Track procurement service-related costs and return on investment</li> <li>• Ensure greater transparency for the business processes</li> <li>• Align customers' expectations</li> <li>• Foster a culture of continuous improvement</li> </ul>	<p><b>May increase risk of:</b></p> <ul style="list-style-type: none"> <li>• Higher administrative and overhead costs</li> <li>• Favoring a one-size-fits-all approach that may not be responsive enough for the needs of different groups</li> </ul>

Maintaining a system of effective, efficient, and ethical procurement is fundamental to the economical delivery of quality goods and services to the public. Ethical goals for procurement may include considering social issues, such as ensuring equal opportunities for and equitable treatment of all potential vendors. Another concern for public sector procurement projects may be environmental sustainability and compliance with related environmental laws and regulations.

Because governments have such substantial buying power, they may leverage public procurement as a strategic instrument to pursue complementary policy objectives, such as stimulating innovation, pursuing environmental sustainability, supporting small- and medium-sized organizations, and promoting responsible business conduct. When governments pursue these goals, they must weigh the benefits against potentially increasing the costs and complexity of procurement.

Purchases generally consist of the following categories, for which different procurement methods may apply:

- **Goods:** The purchase of goods includes materials, equipment, and supplies needed by any department.
- **Services:** City staff may require contracts for services, which fall into two categories:
  - *General Services:* Services rendered such as custodial services, building/equipment maintenance, and machinery/equipment rental.



- **Professional Services:** Services provided by a person or firm engaged in a profession based on highly specialized and/or technical knowledge or skill.
- **Construction and Public Works Projects:** Projects pertaining to the construction, alteration, repair, or improvement of any public structure, building, road, or other public improvement of any kind, including demolitions, and the construction and installation of drainage systems, lighting and signaling systems, sewer and water systems, and park and recreational facilities.

## Approach and Methodology

Moss Adams conducted this engagement between September 2021 and January 2022. For this engagement, Moss Adams focused on the City’s procurement function, evaluating the structure, function, and role of procurement personnel in order to identify opportunities to improve the operational effectiveness and efficiency of procurement processes and to emphasize important procurement principles such as ethics, equity, fair competition, quality, and sustainability. We assessed the alignment of procurement services with:

- City goals, policies, and business plan
- Industry best practices
- Applicable laws and regulations

Moss Adams is able to fulfill the objectives of the engagement and independently assess and report on operations and provide objective feedback on how well goals are met due to the ability to remain independent from management. To ensure high quality work, Moss Adams follows professional standards, which provides support for the conclusions shared in this report. The project consisted of four major phases.

PHASE		DESCRIPTION
1	<b>Start-Up and Management</b>	➤ Project initiation consisted of collaborative project planning with the City and project management, including developing our scope of work and final work plan.
2	<b>Fact-Finding and Data Collection</b>	➤ In the second phase, we conducted our fieldwork, including documentation review, peer benchmarking, focus groups, interviews, and employee and vendor surveys.
3	<b>Analysis</b>	➤ Based on the information gained during our fieldwork phase, we performed a gap analysis of current conditions and identified opportunities for improvement. Leveraging best practice information, and our own experience from working with similar entities, we developed practical recommendations.
4	<b>Reporting Results</b>	➤ We communicated the results of our analysis with observations and recommendations presented first in a draft report that was reviewed with management to confirm the practicality and relevance of recommendations before finalizing the report.



## B. COMMENDATIONS

The purpose of this section is to highlight the hard work and continued efforts of City staff to act on opportunities to optimize procurement activities across functions and levels within the City. Despite working in a resource-constrained environment with fewer employees compared to benchmarked Cities, staff remained responsive, collaborative, and committed.

This assessment took place during a particularly busy time for the City, yet employees made time to participate in interviews and surveys and responded to questions and requests for information in a timely and thorough manner. In our experience, staff engagement can vary widely. The experience with Cupertino staff remained positive for the duration of the engagement and across functions and levels within the City. Not only were staff responsive to Moss Adams, interviewed staff also remarked on the high degree of availability to one another. There were several instances where staff noted that they rely on emails and phone calls to accomplish tasks, and these staff consistently praised the reachability and responsiveness of their peers.

The current success of the decentralized procurement program is due to the careful, collaborative efforts of City staff across functions and throughout the organization. In particular, Finance Division staff have worked to ensure that current procurement processes are designed with strong internal controls to mitigate risk. Across departments, interviewed staff were quick to acknowledge a collaborative foundation built on trust, communication, and continuous improvement. New, recently promoted, or recently transferred employees positively reflected on their ability to ask questions of their peers, who readily provide feedback and guidance. Peers were observed collaborating on improvement opportunities and sharing best practices and resources.

Throughout this engagement, Moss Adams was frequently updated on continuous improvement projects throughout the City. As noted in [Observation 10](#), the CAO has launched an effort to update all contract documents and guidance on developing contracts, and is hosting this information in a shared, self-serve location. Additionally, Finance Division staff have implemented several process improvement initiatives including budget training and resources to help staff better develop and access financial information. It is evident, based on interviews, document review, and the staff survey that City employees are committed to doing their best.

We would like to commend City staff and leadership for their willingness to assist us in this assessment process. The City's strengths provide a strong foundation that may improve the outcomes of implemented recommendations.



### III. OBSERVATIONS AND RECOMMENDATIONS

Based on the input gathered from interviews, document review, focus groups, and surveys, as well as comparisons to best practices, we prepared the following set of observations and recommendations. We have grouped our observations and recommendations in this report by primary recommendation, enterprise considerations, and policies, procedures, and processes. The observations and recommendations are detailed below.

Our aim is to provide the City’s leadership with actionable information on opportunities for improvement. Our recommendations are intended positively impact the operational effectiveness and efficiency in the City’s procurement activities—its governance, risk management, and control processes. While we encourage management to implement the recommendations contained in this report, the City must assess its own degree of risk tolerance and the cost/benefit of implementing each recommendation.

#### A. PRIMARY RECOMMENDATION

##### 1. Procurement Model

1.	Observation	The City’s current procurement activities are highly decentralized, leading to increased inefficiencies as departments create customized processes for common procurement practices.
	Recommendation	Take steps towards greater centralization of procurement activities and elevate procurement to a strategic function with the installation of a Procurement Officer or Procurement Division.

As noted in the 2020 ERA, the City’s procurement model is highly decentralized, with individual departments primarily responsible for conducting and managing purchasing and contracting activity with support from the Finance Division and the CAO. To operate effectively in a decentralized environment, the City should have up-to-date training (see Observation 3), comprehensive policies and procedures (see Observation 10), and robust engagement with the City’s contracting and financial systems. In the absence of the elements previously mentioned, City staff report greater challenges maintaining standardized practices and streamlined processes.

In addition to challenges experienced by staff, the highly decentralized environment also impacts the City’s ability to:

- Take advantage of economies of scale or cooperative purchasing with other agencies
- Reduce duplicate purchases of materials
- Develop and share specialized knowledge held by procurement staff
- Plan, implement, monitor, and control standardized procurement practices
- Facilitate enhanced levels of cooperation and coordination among various City departments



A strategy to achieve efficiency must include consideration of how procurement is structured on an organizational level. As the City continues to grow, these challenges related to the decentralized procurement model are likely to continue unless the City evolves its procurement practices to maintain balance between operational flexibility and standardization.

When interviewed, several staff noted their desire to remain agile in their purchasing ability and were concerned about the possibility of delays in approvals if the City moved towards centralized purchasing activities. However, nearly all staff reported a desire for help with contracting and purchasing activities when interviewed, and several noted the desire for centralized services in the employee survey.

### ***Recommendation***

Procurement may be centralized or decentralized, or a hybrid approach can be used. Centralization typically reduces risks related to purchasing processes and contract administration and can empower a City to leverage its purchasing power to maximize value. However, centralization may hinder efficiency through increased bureaucracy, cause employees to feel unempowered, or hinder the City's ability to adapt to changing circumstances. Another factor that must be considered is whether the administrative costs of implementing different strategies are beneficial.

Taking steps toward or implementing elements of a centralized model does not necessarily require complete centralization. Purchasing is on a spectrum, with complete centralization on one end and complete decentralization on the other. Organizations can be anywhere along that spectrum based on their needs, desired outcomes, and available resources.

The City should establish a procurement framework that includes a strategic function led by a Procurement Officer with adequate authority to institute and enforce adherence to procurement policies and procedures across the City. According to the Institute for Public Procurement, regardless of entity type or size:

“Public procurement systems are the means through which critical and strategic services, supplies, and construction are purchased to support essential public functions. To operate effectively, it is imperative in those systems that there be central leadership to provide direction and cohesion.”

The authority for procurement decisions in the City should be developed to balance approval responsibilities between the Procurement Officer, City Attorney, City Manager, and the Council and should be informed by the needs of operational departments. When determining the level of authority for the Procurement Officer, the City can consider one that is commensurate with other executive positions, including placement on the City's leadership team. This can ensure procurement strategies are aligned with organizational goals and capitalize on opportunities to improve financial outcomes. This placement, and authority, provides several strategic benefits to the City, including:

- Increased cost effectiveness and efficiency by leveraging spending, competition, negotiations, and increasing contract success
- Cross-agency collaboration and planning
- Maximized competition, resulting in reduced costs and improved quality
- Increased transparency and accountability to key stakeholders, including management, elected officials, existing and potential vendors, and the community



- Decreased risks associated with failed contracts, protests, and possible legal actions
- Streamlined operations, supporting efficient and effective operations

Additionally, by elevating this position, the Procurement Officer will be able to maximize working relationships with other departments across the City, which can assist with interdepartmental planning and support greater user satisfaction. According to the National Association of State Procurement Officials (NASPO), lack of visibility and authority is considered the greatest impediment to optimizing the procurement function.

The Procurement Officer may delegate procurement authority to departments that employ skilled procurement professionals and are frequent users. [Appendix A](#) presents the five most common positions found in public procurement and outlines the potential framework for implementing dedicated purchasing roles. Delegated tasks should continue to be overseen by department directors while allowing departments to make moderate sized purchases that are integral and common to their specific services and activities. The decision to delegate authority should be contingent upon the availability of skilled, experienced procurement professionals in user departments and should only be considered for departments that procure a significant amount of goods and services in the course of their operations. [Appendix D](#) provides peer city data to consider when evaluating procurement models and structure of procurement staff.

Of note, many peer cities identified use a centralized purchasing model. In the City of Gilroy, where purchasing is decentralized, the finance department still maintains responsibility for:

- Purchasing materials, supplies, and equipment (goods) and services for use by all departments when appropriate
- Preparing standard specifications for goods and services wherever possible
- Maintaining a purchase order system and issuing purchase orders as required
- Verifying that all bids and proposals are in accordance with policy requirements
- Establishing and operating a system of stores for the bulk purchase of commonly used items
- Selling surplus personal property of the City, subject to the determinations and approval of department heads, the City Administrator, and the City Council



## B. ENTERPRISE CONSIDERATIONS

### 2. Roles and Responsibilities

2.	Observation	Procurement roles and responsibilities are not clearly understood among City staff and the Council, which can hinder organizational effectiveness.
	Recommendation	Develop a matrix outlining the roles and responsibilities for all stakeholders engaged in procurement at various levels.

City employees report that roles and responsibilities are sometimes unclear or misunderstood. A decentralized model can increase the risk of unclear or misunderstood roles and responsibilities amongst staff when procurement activities are secondary or infrequent job responsibilities. Fluctuating or inconsistent expectations and management practices can create confusion and operational inefficiencies. When surveyed, only 51% of respondents reported good or excellent clarity in roles and responsibilities, suggesting a significant opportunity for improvement in this area.

Differing roles and responsibilities for procurement across City departments can contribute to the lack of understanding regarding the appropriate resource for general procurements. For example, small procurements for goods and services are managed across a variety of roles including administrative staff, management analysts, project managers, and supervisors. While most staff have a clear understanding of how to obtain items, several reported varying levels of knowledge about who they needed to coordinate with for various types of contracting or purchasing methods. For example, it can be unclear if the CAO or the department director is the best resource is for up-to-date contracting exhibits. This lack of clarity was most often noted among staff who were recently hired, were newly promoted, had changed departments, or used contracting or purchasing processes infrequently.

The City Council is responsible for setting policy direction and delegating the authority to implement adopted policies and manage procurement operations. However, due in part to an embezzlement that occurred from 2000–2014 and was discovered in 2018, the Council has shown elevated levels of interest in City operational matters and tactical activities and has engaged in detail level work such as reviewing credit card statements. This practice is not the best use of Council time, and the insertion of Council into day-to-day matters can perpetuate a sense of doubt among City staff, hindering operational efficiency. Such an environment weakens the authority and expertise of City leadership to develop and implement strategic updates to procurement practices. The following table identifies high-level distinctions between the roles of the City Council and City staff.



CITY COUNCIL	CITY STAFF
<p style="text-align: center;"><b>Govern, Guide, and Direct</b></p> <ul style="list-style-type: none"> <li>● Decide <i>what</i> to implement</li> <li>● Request information</li> <li>● Consider issues</li> <li>● Create, review, and adopt strategic policy</li> <li>● Monitor progress</li> <li>● Represent public interests</li> <li>● Operate ethically and with integrity</li> </ul>	<p style="text-align: center;"><b>Administer and Operate</b></p> <ul style="list-style-type: none"> <li>● Decide <i>how</i> to implement</li> <li>● Seek and provide information</li> <li>● Develop recommendations</li> <li>● Recommend and implement policy</li> <li>● Report on progress</li> <li>● Act in public interest</li> <li>● Operate ethically and with integrity</li> </ul>
<p style="text-align: center;"><b>The role of Council is <i>NOT</i> to:</b></p> <ul style="list-style-type: none"> <li>● Carry out policies</li> <li>● Set administrative policies and procedures</li> <li>● Direct any staff other than the City Manager and chartered officers</li> <li>● Abdicate Council responsibility</li> </ul>	<p style="text-align: center;"><b>The role of City staff is <i>NOT</i> to:</b></p> <ul style="list-style-type: none"> <li>● Set strategic policies</li> <li>● Direct the Council</li> <li>● Assume Council responsibilities</li> <li>● Circumvent City or Council policies</li> </ul>

In the City’s decentralized purchasing environment, employees within departments are involved in several procurement activities including developing specifications, obtaining quotes, utilizing templates to prepare contract documents, and making purchases. Staff noted the desire to improve role and responsibility clarity. Greater clarity could lead to increased transparency into procurement processes, which could contribute to trust-building efforts between the Council and City leadership.

***Recommendation***

Effective procurement requires clearly defined roles and responsibilities for each participant in the contract or purchasing process. The City should develop a matrix that clarifies roles responsibilities for all key stakeholders in the City’s procurement function. [Appendix A](#) provides the recommended industry standard for roles and responsibilities among procurement functions within a city.

The benefits of establishing clear roles and responsibilities include greater consistency and predictability throughout the procurement process, a standard set of criteria against which to evaluate personnel, and greater transparency and clarity for operating departments and vendors. A Procurement Officer with authority and responsibility over the contracting process will have experience effectively utilizing systems and complying with requirements and can increase procurement efficiency and avoid duplication of effort. Refocusing operating department personnel toward project management better leverages their skills and abilities to effectively deliver the goods or services and can lower overall administrative costs.

Overall, the goal of the roles and responsibilities matrix should be to define and standardize expectations. Relevant contract administration and project management responsibilities should be incorporated in job descriptions and annual performance reviews.





### 3. Onboarding and Training

<b>3.</b>	<b>Observation</b>	The City does not provide consistent, regular training on purchasing activities to all employees engaged in purchasing activities.
	<b>Recommendation</b>	<ul style="list-style-type: none"> <li><b>A. Develop an onboarding program for staff who are responsible for procurement within the City.</b></li> <li><b>B. Supplement the current training catalog published by Human Resources (HR) with procurement-specific training opportunities.</b></li> <li><b>C. Evaluate the current training program content, audience, and frequency to maximize the impact of current training activities.</b></li> </ul>

The lack of standardized training regarding procurement processes and procedures, which is primarily a function of the decentralized procurement model, has led to staff reliance on peer mentoring and on outreach to partner departments to successfully undertake various procurement practices including contract development, purchasing, and approvals. Historically, this has provided sufficient opportunities for staff to gain the necessary expertise to carry out contracting and purchasing activities. However, in the last few years, the City has seen an increase in the number of new employees without a corresponding increase in procurement-related training and supporting documents such as job guides. In the absence of a formalized training program, the variable knowledge among contracting staff places the City at heightened risk of contract errors, increases the likelihood of rework, and can hinder process improvement opportunities.

When surveyed, 86% of respondents reported that they had not received procurement-related training in the last two years. While this could also be a byproduct of a disrupted working environment due to COVID-19, as the City continues to normalize operations and experience additional growth and change within and among departments, it would be beneficial to prioritize procurement training opportunities, the development of job aids, and/or centralized resources for employees.

Across departments and levels, training was the most noted opportunity to improve procurement operations among staff interviewed and surveyed. Specifically, staff requested additional training for contract development and procurement fundamentals including new functions, budgeting, and purchasing.

#### *Recommendation*

##### **Onboarding Program**

Many studies have shown that a well-designed training program can have huge benefits, including increased employee retention, productivity, morale, confidence, job satisfaction, and achievement. The City should create a systematic training program for procurement to increase employee proficiency, reduce risk, and streamline contracting and purchasing processes. According to best practices, City onboarding programs should include the following components:



- **Socialization:** This should include an explanation of procurement expectations, training or shadowing, evaluation criteria, and a discussion of policies, procedures, and key partners, including CAO and Finance.
- **Support programs:** A buddy program pairs new hires with veteran employees for a specified period ranging between a few weeks to the first year of employment. Buddies can answer questions and help build camaraderie.
- **Checklist:** Information that is specific to anticipated procurement activities should be guided by supervisors who may benefit from sharing a comprehensive checklist.
- **Review of policies, procedures, and technology:** Any checklists should include a review and discussion of relevant policies, procedures, and guidelines.
- **Communication processes:** This may include what information is expected to be communicated including contract or purchase order (PO) initiation notices, approvals, and requests for items, as well as how information should be communicated both informally (email or chat) and formally (Cobblestone, New World, DocuSign).
- **Significant program length:** Training is a comprehensive process that is expected to last between one month to the entire first year. It is not uncommon to host semi-annual or annual trainings to refresh skills and present new topics.
- **Unique activities identified by individual departments:** Each position is unique and may require additional focused training activities.

Additionally, when City employees are promoted into a new role, especially if that role includes additional or different procurement responsibilities, the City should provide relevant training opportunities to support their success.

## Ongoing Training

Training in purchasing and contract administration establishes a baseline of knowledge and increases the likelihood that staff will administer and monitor contracts consistently and reliably. Training should be mandatory for employees responsible for procurement activities, and regular refreshers should be offered, especially as processes and policies change. A baseline level of training and understanding of the purchasing and contract administration process, roles and responsibilities, and City policies should be required for project managers and department directors. The City should consider requiring procuring employees to attend a quarterly training to stay up to date with procurement policy and law. Likewise, all contract administrators should be trained to an adequate level of expertise on the use of reports to support day-to-day operations. Short, accessible online training videos and quick reference guides could be developed at a low cost to help employees comply with policies and procedures.

Currently, the City's HR department publishes a catalog of ongoing training opportunities that does not include a procurement category. The City should consider developing a section of the catalog that includes continuing education opportunities. Departments across the City including Public Works, Community Development, and others should inform the training activities included in the catalog to increase the knowledge within their unique procurement environment.



## Training Program Evaluation

Of the surveyed staff who participate in procurement training opportunities, 56% reported that the quality of training was average, presenting an opportunity for improvement. Where training does exist, the City could benefit from an evaluation of the training content, target audience, and frequency. This can help the City maximize its current program. Assessing the content for relevance should ensure that the knowledge areas needed for participants to successfully carry out their roles is included in the training materials. Evaluating the target audience will also ensure that the training offered is reaching the correct individuals. Development of the roles and responsibilities matrix (see [Recommendation 2](#)) should assist with this evaluation. Lastly, as growth and turnover continue, it may be necessary to adjust the frequency of any established training programs. This will benefit those who are new, switch roles, or conduct procurement practices infrequently. Increased frequency in training could also be supplemented by developing self-serve, up-to-date comprehensive guides.

## 4. Position Backup and Cross Training

4.	Observation	The City’s procurement processes often rely on a single individual to maintain continuity of operations. This places the City at an increased risk of institutional knowledge loss if those individuals are not present.
	Recommendation	Establish and document backups for processes managed by a single individual. Conduct cross-training among employees to ensure adequate and consistent coverage of key functions and duties.

A single point of failure (SPOF) refers to a person or other resource for which there is no redundancy in place, meaning if the resource disappears, any system or processes of which it is an essential part will fail. A decentralized procurement model can increase the likelihood of SPOFs. Departmental SPOFs related to procurement within the City include individuals in the role of departmental management analyst or administrative staff who are solely responsible for processing, assisting with, or executing key tasks related to procurement functions in their departments. This places the City at a greater risk of service disruption if these individuals are absent due to vacation, prolonged absence, or shift in employment.

During interviews, several staff noted their reliance on these key contributors; however, not all departments had a contingency plan in place to mitigate the risk of disruption. Staff in these positions also noted their inability to take time off, due to their essential role in the contract development or purchasing process, and the lack of backups for their position.

In a decentralized environment, it is difficult for departments to have redundancies in place by providing staff with the necessary backups to maintain operations (see [Observation 1](#)). This is reflected in the staff survey where only 26% of respondents reported good or excellent backup for their positions. Several staff noted lack of resources as a constraint to providing cross-training opportunities.

### **Recommendation**

Cross-training is a best practice and helps to provide intradepartmental support when an employee is unable to complete their assigned tasks because they are out of the office or focused on other project



work. Without cross-training or backup staffing, it can be a challenge to deliver a consistent level of service throughout the year. Cross-training for key functions offer the following benefits:

- **Durability:** When only one person knows how to handle a key area, the City isn't positioned for sustainability. Cross-training helps ensure that if an essential team member quits or takes a vacation, procurement operations won't suffer or need to be re-created.
- **Agility:** Cross-training creates a more agile workforce by providing on-the-job professional development. It can result in several benefits to employees by providing them with additional skillsets, a chance to learn different things, uncover hidden talents, and prepare for advancement.
- **Flexibility:** Functions that cross-train are better equipped to recover quickly from disruptions and handle transitions gracefully. This means they can deliver seamless service to key stakeholders, even in times of disruption.
- **Efficiency:** Cross-training often inspires teams to refine processes. Teaching current processes to others provides an opportunity for employees to answer questions, explain desired outcomes, and see the tasks they perform daily through a fresh set of eyes. This critical reevaluation of process effectiveness and design can lead to increased efficiencies.
- **Teamwork:** Cross-training gives employees a chance to build new relationships with people they might otherwise not have regular contact with. These relationships will help the Department work more effectively and increase employees' understanding of the big picture.

When implementing a cross-training program, considering the following factors can help to build a durable, agile, and efficient plan:

- **Create a culture of collective success:** For some employees, being indispensable is a point of pride. Department leadership should make it clear that the department values people's ability to support each other and that single points of failure are a department-wide weakness. Employees should be assured that their capacity to help their co-workers in times of need will benefit them when they need additional support.
- **Set formal expectations:** Departments should require employees to have at least one person who can step into their role at a moment's notice. Make it mandatory, give clear instructions, and provide time for people to cross-train effectively.
- **Test success:** To support long-term success, employees should run simulations to ensure cross-training meets expectations. See whether a key employee can go away on vacation with absolutely no team contact or commit that employee to another project and make sure they aren't pulled in to help the person performing their role. If someone is able to step in in this person's absence, it's covered.
- **Develop a feedback mechanism:** Employees should be provided an opportunity to provide feedback on the impact of cross-training activities, and this information should be leveraged to continuously improve efforts.

Although cross-training may result in some short-term loss in productivity, it will ultimately benefit long-term risk mitigation and increased efficiency.



## 5. Change Management

<b>5.</b>	<b>Observation</b>	There are gaps in the City’s ability to effectively manage and communicate change related to procurement within the organization.
	<b>Recommendation</b>	Adopt a standardized change management process to promote communication, adoption, and accountability.

City staff and leadership report challenges in effectively managing and communicating change within the organization. When interviewed, staff noted that a primary driver of procurement process change has been changes in the CAO. As noted in the 2020 ERA report, the City has experienced turnover at multiple levels and has undergone organizational restructuring. In 2021, the City returned to an in-house attorney model. Staff reported positive changes as a result of the stability and consistency of having an in-house attorney; however, this transition also resulted in new changes to procurement processes and practices.

Currently the City does not have a standardized process for designing, implementing, or enforcing change. This impacts the ability of City staff to respond to changes that are currently underway or planned. The Finance Division and the CAO distribute comprehensive communication about changes to purchasing, budgeting, and contracting process to impacted City department staff, along with context about how the change might impact their operations. Despite this, some staff report learning about changes through the grapevine or retroactively as a correction to a current task.

Some possible reasons for the disconnect between information communicated and staff uptake or adoption may include:

- Lack of a single, centralized source of guidance related to procurement
- Staff frustration with current communication methods
- Current communication materials are not always in a self-serve format – for example, searchable, centralized resources, templates, guides, and checklists that can be referenced along with recorded trainings
- Information on change is not being cascaded within City departments to the appropriate individuals
- Staff perform certain procurement or contracting related tasks infrequently
- Staff are experiencing change fatigue

Various departments are in the process of creating their own FAQs or loading information onto the City’s intranet (the HUB) to communicate with and train others when changes to procurement occur. For example, the CAO has created a Contracting FAQ and contracting instructions, which have been loaded to the HUB. This is a positive first step in rolling out change; however, the process for communicating and adopting change could be enhanced with greater alignment between departments and formalized processes.

In addition, employees have not been consistently held accountable to adopt new changes, leading to attempted changes not achieving their targeted outcomes. For example, when interviewed, several staff noted the presence of a sustainability policy and its impact on purchasing and disposal of surplus goods. Staff were encouraged by the policy and its goals; however, they noted that some peers were unaware of



the policy due the lack of accountability for subsequent adoption. As a result, it's possible that the targeted outcomes of the policy may not be met. A key step in change management is the reinforcement of implemented changes. When this does not occur, it places the City at risk of backsliding, where employees revert to old ways of doing things, or of changes that do not achieve their intended outcomes.

### ***Recommendation***

To improve the overall adoption of procurement changes, the City should establish a standardized change management process focusing on awareness, training, and accountability. Wherever possible, employees should be notified of upcoming changes to generate awareness. This will also create an opportunity for staff to provide input on potential concerns and suggestions to improve implementation. Training or additional resources specifically highlighting what is changing and the impact to procurement activities should be developed to accompany upcoming changes. This will help employees adopt new processes and reduce the likelihood of rework and delayed timelines due to error.

The following are elements can help the City increase its awareness, training, and accountability practices when implementing changes to procurement:

- **Align key stakeholders:** Although a change may not result in significant improvements for every department, this presents an opportunity to exercise enterprise-wide thinking and consider the impact of the change on other facets of the organization.
- **Communicate the change:** Excellent communication is critical to change management. The leaders initiating the change should ensure clear and open lines of communication throughout the change management process and advocate for two-way dialogue to provide answers and inform stakeholders.
- **Plan for and understand the ramifications of the change:** Clearly identify what is changing, how it is changing, who will be affected, how users will be affected, and when the change will occur. Change should occur in a multi-step, well-communicated process that includes ample training and no surprises to staff.
- **Reinforce change:** Once updates or changes to procurement have been made and training provided, it will be important for department leaders to hold their staff accountable for incorporating changes into their workflows.

### **Accountability**

As change takes place within the organization, the City can experience improved outcomes by holding employees accountable to newly established processes. Accountability measures will help make sure that changes meet the targeted outcomes.

Creating an organizational culture of accountability leads to high performing teams through increased engagement and ownership, reduced confusion, and increased growth at the individual and organizational level. Successful accountability requires clear expectations and trust.



Leadership should consider the following to achieve greater accountability:

- Set clear expectations and be specific on what is required of an individual
- Be transparent in what processes are followed
- Create trust where staff feel supported and comfortable providing feedback without retaliation or judgment
- Communicate with those who are accountable for specific tasks or projects

Increasing accountability across the City will strengthen the culture, build better compliance monitoring, and improve performance.

## 6. Alignment with Goals

<b>6.</b>	<b>Observation</b>	<b>There are instances where procurement practices do not align with established policies or City values regarding inclusion and sustainability.</b>
	<b>Recommendation</b>	<b>Standardize and communicate assistance opportunities for small businesses to meet the City’s insurance requirements; where possible, update templates to modify insurance requirements for small business contracts.</b>

### Inclusive Procurement

Employees reported concerns around the City’s current insurance requirements and indemnification terms in contract templates. While the City has strengthened its contracting templates over the last few years, the current levels of insurance and risk management requirements may be in conflict with the City’s values related to diversity of its vendors. For example:

- If the City wants to contract with small, locally owned businesses, and/or Minority, Women, and Disadvantaged Business Enterprises (MWDBEs), the current requirements create increased risk that the City will exclude these vendors. Access to bonding, insurance, and capital remains a legacy supply-side problem for MWDBEs and may require more hands-on coaching and pooling of capital in innovative ways.
- Employees report that vendors who wish to provide lower-dollar amount services often spend more time doing the preparation work to meet the contracting requirements of the City than the amount of time they are proposing to contract for the City.
- The City does not have contract templates (and adjusted requirements/terms) that effectively allow for these low-dollar value contracting scenarios.

Employees gave examples of vendors who no longer work with the City because they found it was not economically feasible for them to purchase the required levels of insurance. In addition to providing a more efficient system, the reduction of bureaucratic burdens for small and medium size enterprises, when feasible, can increase fairness, foster integrity, and decrease corruption.



## Sustainability

On the City's website, "Green in the City," there are several references to policies in place to support green practices, and a statement that the City leads by example, enacting these policies in municipal operations. When interviewed, staff agreed that there were robust policies in place; however, due to a lack of accountability, there was inconsistent adherence to those policies in practice.

The City's green policies related to procurement include:

- Zero waste policy
- Utility Conservation Policy and Procedure
- State Law 1383 regulations, which require the City to procure recycled content paper products and keep organics out of waste streams

## *Recommendation*

The largest hurdle when contracting with small businesses or MWDBEs appears to be the City's current insurance requirements and indemnification terms in standard contract templates. There are workarounds in place where the City purchases gap insurance to help small businesses meet the insurance requirements of the City; however, this is not widely known among staff or contractors. Generating awareness will be an important first step in generating accessibility of contracts to smaller businesses. The City should also evaluate the volume of instances where this workaround takes place and consider opportunities to consult the City's risk management team and revise insurance requirements for certain types of professional services contracts. The City could also make changes to its definition of a "small contractor" for purposes of a supplier diversity program to create a more rational, data-driven process to simplify and expedite the process.

The City has sustainability policies in place that have been thoughtfully developed by the City's sustainability team. According to interviewed employees, the rollout of new sustainability policies suffered from a lack of circulation and accountability. In both situations, information regarding processes for working with small businesses to help bridge insurance and indemnity requirements, and sustainability initiatives and their impact to procurement practices, would benefit from a structured rollout (see [Recommendation 5](#)).





## C. POLICIES, PROCEDURES, AND PROCESSES

### 7. Procurement Processes

7.	Observation	Increased complexity within the operating environment, along with the COVID-19 pandemic, have presented the City with an opportunity to evaluate and modernize its procurement processes to suit its current operating conditions.
	Recommendation	<ul style="list-style-type: none"> <li>A. Explore and implement modern procurement processes and supporting technologies.</li> <li>B. Conduct robust training with all employees and establish annual refresher training for employees who are highly involved with these business processes (see Recommendation 3).</li> <li>C. Formalize and develop procurement toolkits and comprehensive self-service guidance for all business functions (see Recommendation 10).</li> <li>D. Establish targeted coordination meetings for employees who are highly involved in specific functions to proactively resolve issues and support continuous improvement.</li> </ul>

Many of the procurement processes of local governments across the country have evolved from procedures and practices created years, if not decades, ago. Leaders in local government have begun to rethink procurement approaches because of innovations in modern technology solutions, changing operational environments as a result of a multi-year global pandemic, and an expanding vendor landscape. Since March 2020, local governments like Cupertino have faced an urgent need for expedited procurement processes as they sought to adjust to the rapidly changing conditions caused by the COVID-19 pandemic. In addition, the growing size and complexity of City operations has resulted in the common growing pains of other local governments, including the inconsistent documentation (see [Observation 10](#)), confusion about roles and responsibilities (see [Observation 2](#)), and a growing need for re-engineering core business processes.

At the City, there are often manual touchpoints within departmental processes—for example, using emails and stand-alone spreadsheets to capture, execute, reconcile, and report on purchases. Although the Finance Division and CAO have developed effective, standardized procurement processes and accompanying internal controls related to budgeting, contracting, and invoice processing, manual procurement touchpoints within an operational department can introduce increased risk of error into procurement workflows. When a department relies on non-standard forms, email approvals, or tracking activity in spreadsheets to facilitate its procurement activities, a risk for inefficiencies or inaccuracies will result.

When surveyed, 55% of respondents rated procurement review and approval processes as good or excellent, and when interviewed, staff noted key opportunities to streamline review and approval processes. Only 42% of survey respondents rated overall effectiveness of the City’s contracting process as good or excellent. The top area for improvement noted by staff who participated in the survey was



greater clarity, standardization, and accountability to purchasing methods (see [Observation 8](#)). Additional areas that may represent opportunities for improvement are called out in the table below:

FUNCTIONAL AREA	PAIN POINTS AND INCONSISTENT PRACTICES
<p><b>Inventory Management</b></p>	<p>City departments often acquire supplies without coordinating with other departments, leading to custom, one-off purchases for common items including office supplies and other commodities. As a result, multiple departments buy similar items from a variety of vendors, such as for pens, paper, coffee, and uniforms. The City does not have a mechanism for procurement, tracking, and distribution of these common supplies, handheld tools, and other general materials across departments or divisions, meaning the City is unable to effectively share items across groups.</p> <p>Similarly, without citywide inventory processes and procedures, departments like IT and Public Works have created their own inventory tracking systems, which often do not get shared back into a centralized location.</p>
<p><b>Vendor Management</b></p>	<p>The City relies on third parties to provide the goods and services required for many of its operations, from multi-million-dollar construction projects to ongoing custodial contracts. The City conducts vendor management activities; however, there is not a comprehensive vendor management policy and framework in place to manage the lifecycle of vendor relationships, including strategic procurement, management, and disposition of vendor services. This can lead to increased risk of:</p> <ul style="list-style-type: none"> <li>● Expired vendor documentation or information.</li> <li>● Lack of tracking vendor performance across departments.</li> <li>● Inconsistent vendor experience when engaging with the City to provide goods and services.</li> </ul> <p>Like many public-sector organizations, the City lags in applying outcome-based performance measures and establishing effective performance assessment and reward systems for their vendors.</p>
<p><b>Contract Management</b></p>	<p>Individuals across the City are currently using Cobblestone for contract development and approval tracking. Although this system is more characteristic of document management than contract management in its current use, the Cobblestone system has allowed the City to automate some contract review and approval workflow steps. In some cases, however, staff still rely heavily on email approvals within departments in addition to available in-system workflows. Cobblestone is equipped to send contract renewal notifications; however, this is not consistently a common practice across departments. There is not currently a system-driven method for the City to monitor contract terms for cost escalators and automatic renewals that can cause increases.</p> <p>Additionally, Cobblestone is not integrated into the City's financial system.</p>
<p><b>Business Accounts</b></p>	<p>Business accounts represent an area of potential opportunity for improvement. For these credit accounts, the City has internal control measures in place including receipt requirements and monthly reconciliations. Typically, the following process and approvals occur:</p>



	<ul style="list-style-type: none"> <li>a. A supervisor pre-approves items for purchase.</li> <li>b. The vendor has a list of employees that can charge to the business account. For example, at Home Depot the employee shows a City ID during the purchase.</li> <li>c. The employee purchases goods.</li> <li>d. After purchase, the physical receipt is validated by the employee’s supervisor and reviewed; the receipt is subsequently reconciled against the monthly business account statement.</li> </ul> <p>There is agreement that approvals should take place in advance of purchases; however, this first step does not always take place. Additionally, receipts should be turned in daily by those making purchases, in order to prevent delays of the monthly reconciliation process and in order to quickly detect any unauthorized or unexpected purchase activity. This is not always the case.</p>
<b>CAL-Cards</b>	<p>The City is a participating member of the California Purchase Card (CAL-Card) Program, which the City’s Finance department initiated in order to help improve the way the City does business. The Program provides a means to pay vendors for small dollar purchases more efficiently and can facilitate increased transparency and oversight over small dollar purchasing. The City’s credit card policy, last updated in 2018, outlines the eligibility, use, and review procedures for CAL-Card holders. CAL-Card users sign this agreement, which serves as their CAL-Card training.</p> <p>Staff reported the CAL-Card program has provided increased efficiencies and convenience. However, the City has identified and corrected some CAL-Card use instances when the use of purchase orders may have been more appropriate, such as to pay for vendor services, subscriptions, and equipment. The root cause of this was likely a lack of understanding or training regarding the appropriate use of different procurement methods.</p>
<b>Invoice Processing</b>	<p>The management analyst position within a department is typically responsible for entering the invoices sent to the City by vendors into the City’s financial system. Staff in Finance then review documentation and coding and prepare vendor payments.</p> <p>When surveyed, 90% of vendors rated the invoicing and payment process as good or excellent. This is supported by the majority of staff interviewed. There was an outlier incident in which a department believed they had received an invoice in error, resulting in delayed payment. This is most common in departments that process a low volume of invoices. If invoices are not entered in a timely fashion by departments into the financial system, it can create multiple pain points down the road related to budgeting, fiscal close, operational decisions, and timely payments.</p>

**Recommendation**

**Process Modernization**

Procurement modernization steps including improving workflows, enhancing supplier relationships, providing better training (see [Recommendation 3](#)), implementing remote work technologies, incorporating data analytics, and improving vendor diversity. Modern procurement technologies can help automate and simplify purchasing processes while protecting taxpayer dollars and ensuring fair competition. Any technology solution that the City should chose to implement in the future should include features such as



streamlining workflows, data analysis, report generation, user experience records and compliance tracking along with dashboard screens showing every key module in an easy-to-use format. To meet the objective of improved controls while increasing efficiency, the City can take advantage of opportunities to improved automation, standardization, and accountability within procurement processes.

Some of the government sector changes that have emerged in the wake of the pandemic include the revision of procurement policies to accelerate procurement processes, increase cross-department collaboration, and allow for more flexible contract terms. Other changes have involved introducing exceptions to policies for specific procurements, increased delegation of purchasing, changes in contract award methodology, expanded cooperative purchasing, and centralization of procurement for non-IT goods and services. The City could make it easier to enter into certain types of contracts for innovative technology, processes or products that can promote efficiency or reduce burdens. Sector-wide, some local governments have shifted contract award criteria in response to urgent needs. And some governments have now assigned the vetting of their suppliers to other jurisdictions.

The City should establish a working group consisting of employees who are highly involved in procurement processes that meet regularly, such as quarterly, to review and update procurement practices as needed. These meetings provide a key opportunity to update staff on regulatory changes, address issues with procurement processes, and review policies and procedures. To help support a consistent and efficient procurement processes, staff should design these meetings appropriately and use the time to identify potential issues and support continuous improvement.

By following the suggestions in [Recommendation 5](#), the City can increase awareness, support use through training, and improve accountability, which can increase the consistency of employee understanding of procurement functions. This, in coordination with [Recommendation 4](#), providing guidance on backups for key positions, should help the City streamline and standardize its processes. The combination of recommendations throughout this report, including the update and reinforcement of prescribed purchasing methods and increased accountability to adhere to established policies, procedures should work together to help strengthen the City’s internal controls and positively impact processes.

In addition, see specific recommendations by functional area below:

FUNCTIONAL AREA	RECOMMENDATION
<b>Inventory Management</b>	The City should standardize a mechanism for procurement, tracking, and distribution of commonly used office supplies, handheld tools, and other general materials across departments or divisions, when feasible.
<b>Vendor Management</b>	The City should consider drafting a written framework for vendor management, which includes outcome-based performance measures, a process for ensuring up-to-date vendor data, and steps for disposition of vendor services.
<b>Contract Management</b>	The City is planning to undergo an enterprise resource planning (ERP) software upgrade in the next few years; in that upgrade, there is an opportunity to acquire a robust and well-designed modern ERP that integrates with a full lifecycle contract management system and/or with the City’s existing contracting software, which will serve to increase the City’s ability to develop, execute, and renew contracts as well as to manage



FUNCTIONAL AREA	RECOMMENDATION
	purchases against contracts and vendor relationships over time. Until that transition happens, the City should ensure that relevant contract documents are accessible to individuals who perform procurement-related tasks primarily within the ERP system, such as those who process purchase orders or vendor payments.
<b>Business Accounts</b>	Business accounts are an area where standardization of pre-approval protocol and agreed upon accountability measures, perhaps under the authority of centralized procurement leadership, would help to mitigate the risk of fraud, waste, and abuse. In addition, consideration of more strategic or centralized inventory management processes (see Inventory Management section above) may eliminate some of the just-in-time purchasing that business accounts are often used to facilitate, thereby decreasing the City’s supply costs over time.
<b>CAL-Cards</b>	The Finance Division has taken steps to review CAL-Card purchases and to transition vendors from CAL-Card to purchase order when appropriate. As a next step, the City could ensure that individuals in possession of CAL-Cards receive appropriate, intermittent refresher training on the proper use of CAL-Cards as an alternative to purchase orders and potential risks related to CAL-Card purchasing. Additionally, the City should periodically review cardholder limits for appropriateness and adjust as needed.
<b>Invoice Processing</b>	The City should ensure that departmental staff with procurement responsibilities receive sufficient, intermittent training on the importance of timely invoice entry into the financial system. (See also <a href="#">Recommendation 3.</a> )

### Emergency Procurement

Procurement necessitated by emergencies can be exempt from normal procedures in order to protect the public from an interruption of services. Typically, these procurement activities may only be exempt if there is imminent danger to the public health or safety or because there is an imminent threat of loss of an essential governmental service. Emergency procurement policies typically include a provision for the review of purchases following the event to provide assurance that purchases were made in good faith. While the City does not currently have an emergency procurement policy in place, it has recently undertaken emergency procurement for COVID-19 related items. The City should document these established procedures to standardize and expedite future situations that require emergency procurement.



## 8. Purchasing Methods and Thresholds

<b>8.</b>	<b>Observation</b>	The City's procurement methods and thresholds have not been updated since 2013.
	<b>Recommendation</b>	<p><b>A. Review and update City purchasing method guidance as appropriate.</b></p> <p><b>B. Assess the efficacy of the current purchasing methods and thresholds; assess opportunities to streamline processes and generate clarity.</b></p>

In the City's current environment, departments are directly responsible for purchasing, soliciting bids or proposals, and placing orders with suppliers, subject to the appropriate authority. The City uses several methods for the acquisition of goods and services including CAL-Cards, purchase orders, contracts for single transactions, and master service agreements. Although the City has a purchasing policy, it was last updated in 2013 (see [Observation 10](#)), and interviewed staff noted challenges in determining the best purchasing method for their needs. A lack of understanding regarding optimal purchasing methods, or a lack of up to date guidance related to purchasing methods, increases the risk of project inefficiencies including increased contracting times, delayed reviews and approvals, and difficulty building comprehensive project reporting.

The following table shows the City's current purchasing thresholds and methods, as well as the level authorization required for each:

TYPE	FORM	CATEGORY	PROCESS	AUTHORIZATION
<ul style="list-style-type: none"> <li>● General Supplies (Operating or maintenance supplies and materials, general meeting expenses, licenses, subscriptions, memberships, mileage reimbursements, tools, furniture, equipment)</li> <li>● General Services (Operating or maintenance services, recurring services, essential or emergency services or purchases from public agencies)</li> </ul>	<ul style="list-style-type: none"> <li>● Petty Cash Voucher (up to \$75)</li> <li>● Check Request</li> <li>● Partial Receipt of Purchase Order with or without contract</li> </ul>	Up to \$45,000	No specific requirements. Muni Code Sec 3.22.060A	Form authorized by designated supervisor. Note: Services of temporary personnel authorized by HR Manager.
		\$45,001 to \$175,000	Informal competitive bidding process or RFP. Code Sec 3.22.060D	Form authorized by department head. Note: Services of temporary personnel authorized by HR Manager.
		Greater than \$175,000	Formal competitive bidding or RFP with approval from the City Manager. Code Sec 3.22.060B.	Form authorized by department head. Contract approved by City Manager/City Council.



TYPE	FORM	CATEGORY	PROCESS	AUTHORIZATION
Utility Payments	Invoices	Up to \$175,000	Summarized and paid by Finance; copies sent to Public Works Supervisor.	Payment authorized by PW Supervisor (may be after payment process).  Amounts greater than \$175,000 require Council approval.
Construction Contracts	<ul style="list-style-type: none"> <li>Contract</li> <li>Construction documents and specifications approved by Dir. of Public Works or designee</li> </ul>	Up to \$45,000	No bidding required. Code Sec 3.23.130D	Contract authorized by designated supervisor
		\$45,001 to \$175,000	Informal competitive bidding process. Code Sec 3.23.120	Contract authorized by department head.
		Greater than \$175,000	Formal competitive bidding approved by department head. Formal construction documents approved by Director of Public Works. Code Sec 3.23.030 through 3.23.120	Contract approved by City Manager/City Council.
<ul style="list-style-type: none"> <li>Professional Services (including but not limited to lawyers, architects, engineers, land surveyors, artists and accountants)</li> <li>OR from another Public Agency created under California or US laws</li> </ul>	<ul style="list-style-type: none"> <li>Petty Cash Voucher (up to \$75)</li> <li>Check Request</li> <li>Partial Receipt of Purchase Order with or without contract</li> </ul>	Up to \$45,000	No bidding required. Code Sec 3.22.070D and 3.23.130A	Form authorized by designated supervisor.
		\$45,001 to \$175,000	No bidding required. Code Sec 3.22.070D and 3.23.130A	Form authorized by department head.
		Greater than \$175,000	No bidding required. Code Sec 3.22.070D and 3.23.130A	Form authorized by department head. Contract approved by City Manager/City Council.



TYPE	FORM	CATEGORY	PROCESS	AUTHORIZATION
Expense Reimbursements and Advance Payment	<ul style="list-style-type: none"> <li>Petty Cash Voucher (up to \$75)</li> <li>Check Request</li> <li>Reimbursement of Expenses</li> </ul>	Any amount	See Administrative Procedure I-12 and Unrepresented Employees' Compensation Program Policy No. 3.	Form authorized by designated supervisor.
Educational Reimbursements	Request for Educational Reimbursement of Expenses	Up to \$2,500 per year	See Administrative Procedure II-2; Memorandum of Understandings with CEA and OE3.	Authorized by Human Resources and department head.

### Recommendation

Purchasing thresholds provide guidance on the most efficient method of procurement while protecting the City from potential fraud, waste, and abuse. As the City continues to grow in size and complexity, purchasing methods and thresholds will need to be updated periodically to maintain an optimized balance between efficiency and effective internal controls. The City should finalize and publish an updated purchasing method/threshold matrix.

### Purchasing Methods

In response to changing operational needs, the City should assess its current purchasing methods and determine whether they continue to be the most effective means for procuring goods or services. For example, a lowest-bid model, based on specific dollar thresholds is often sufficient when primarily used to procure commodity products with well-defined specifications and pricing structures. However, the model breaks down when the City needs to procure higher volumes of materials or complex services. This is most notable when assessing divisions who process a high volume of similar agreements like Facilities or Fleet.

When evaluating the efficacy of establish procurement methods, the City should consider the following areas:

- Price:** The lowest price is not always the best deal if the City can't rely on the supplier to offer it consistently. It could benefit the City to instead establish long-term relationships with excellent suppliers that will provide top value at competitive prices on a continuous basis. Effective purchasing involves evaluating all available suppliers for performance, financial stability, and efficiency, and identifying two or more preferred suppliers. Such suppliers quote consistently low prices, and the way they process orders doesn't generate extra costs for the City. These purchasing practices are important for planning.
- Quality:** Purchasing procedures should consider the importance of evaluating the quality of products. There is an opportunity for the City to align quality standards across departments to generate consistency and greater efficiency. Purchasing policies could also include procedures for qualifying suppliers.





- **Quantity:** The City should consider the volume of goods or services procured and where opportunities exist to execute a master services agreement rather than individual contracts. This will become more important as the City grows and needs larger quantities of materials.
- **Delivery:** If the City is flexible or relies on substantial inventories, contracts may include longer delivery times, possibly at a better price. Often the City uses just-in-time deliveries, which can increase costs. The current planning practices of procurement staff, and opportunities to increase the ability to plan ahead should be exploited and aligned with appropriate purchasing method to maximize value.

### Purchasing Thresholds

Peer city purchasing threshold and authority information is provided in [Appendix D](#) of this report. The type of information provided in purchasing policies can vary greatly. When compared to available peer city data, the City’s current thresholds did not deviate significantly from standards outlined by those represented cities. However, the larger public sector environment continues to evolve and adapt procurement practices. For example, the micro-purchase threshold and simplified acquisition threshold for procurement set by the Federal Acquisition Regulation (FAR) officially increased in 2020. The micro-purchase threshold increased from \$3,500 to \$10,000, and the simplified acquisition threshold—for the small purchase threshold—increased from \$150,000 to \$250,000. The City’s purchasing thresholds should be evaluated every few years for both alignment with regulatory guidance as well as appropriateness of operational needs.

## 9. Purchasing Data and Reporting

<b>9.</b>	<b>Observation</b>	<b>Although procurement data, including budget data, is generally available to City staff, some users report difficulty in properly accessing and/or interpreting this data. Additionally, some procurement-related data is inconsistently named.</b>
	<b>Recommendation</b>	<b>Consider surveying staff to determine common and essential project information and create improved self-serve options, such as report templates or user training guides. Ensure ongoing data accuracy, completeness, and consistency through developing a data management strategy and processes.</b>

Detailed budget-level spending information allows a City to monitor budgetary performance against committed contract values and can serve as an early warning indicator for potential problems. At Cupertino, spending activity is currently tracked against budgets, and that data is available to operational department personnel. However, several staff report difficulty with understanding how to efficiently track purchasing activity and contract spending, and/or how to properly access and interpret the available real-time budget data. This may be a result of multiple factors, including staff lacking additional capacity to learn new systems, lack of knowledge about available resources, or simply change fatigue (see [Observation 5](#)). Some project managers noted that they depend on departmental management analysts to run and share budget reports, creating additional work for analysts and potentially slowing down timely access to this information. Newer employees also report difficulty in knowing how to access detailed project budgets.



Management analysts noted that they often export report information into spreadsheets to share among the project team; this is an inefficient process that can result in outdated data, an increased risk of data inconsistencies, and an inability to efficiently make data-driven decisions. From a departmental perspective, critical data about procurement activities, such as contract invoices, transactions, spending amounts, and negotiated amounts must be gathered from multiple sources, including the City's core financial systems, non-integrated systems, and manual sources such as spreadsheets. Manual processes, legacy software, disconnected systems and other technology constraints limit real-time decision support and diminish the support required for a shift to modern procurement processes.

Additionally, the City does not have a defined data management strategy for its procurement data. This can lead to gaps in staff understanding and adherence to practices such as following standardized naming convention guidelines to support data integrity for consistent reporting. For example, the naming conventions for City vendors are inconsistent, with some individuals listed "Last name, First name" in the system, and others are listed "First name Last name." This leads to poor data integrity and places reports and information at an increased risk of being outdated or incorrect.

### ***Recommendation***

Efficient and effective operations rely on efficient and effective procurement data, which can also increase accuracy in planning, forecasting costs, responding to market volatility, and decision-making. Accurate and timely data on available funds, existing contracts in place, and other procurement-related information is required in order to make both financial and operational decisions, especially in the circumstances where speedy action is needed (such as HVAC system failures, extreme weather events, etc.).

Project reports are an important source of information for managers and stakeholders to monitor project progress. Detailed budget level information allows the City to monitor budgetary performance against committed contract values and can serve as an early warning indicator for potential problems. This information provides decision makers time to consider actions that may be needed if major deviations in budget-to-actual results become evident. The City currently hosts training for budgeting and reporting; there is also an effort underway to requisition software to create budget dashboards. In order to address the disconnect between the availability of budget data and user ease in accessing this data, the City should consider whether the budget training information is readily available in a self-serve capacity to those who may have missed initial trainings or who may need additional assistance (see [Recommendation 3](#)) and should reinforce training using the established change management methods and accountability measures (see [Recommendation 5](#)).

The goal is to help make budgeting data more accessible and easily understood while limiting the amount of manual intervention required by business analysts to report on budget data to project managers. This is a positive step towards facilitating access to key information given differing levels technical ability and interest.

Effectively collecting, analyzing, and reporting regularly on procurement data allows an organization to evolve from a tactical function to a strategic role. Standard elements exist in public procurement in order to analyze procurement data. The City should implement a data management strategy and supporting processes to guide adoption of these practices to capture all City data related to the creation, storing, processing, and sharing of procurement actions. These practices, shown in the following table, will allow the City to increase its data reliability and completeness related to purchasing activity analysis, performance measurement, and regular reporting.



ELEMENT	DESCRIPTION
<b>Identify and Collect Data</b>	<ul style="list-style-type: none"> <li>• Work to identify all relevant procurement data, internal and external, for the City</li> <li>• Collect and automate data after sources are identified</li> </ul>
<b>Cleanse, Group, and Categorize Data</b>	<ul style="list-style-type: none"> <li>• Cleanse data to remove any duplicates and errors</li> <li>• Group and categorize data</li> <li>• Model and store data</li> <li>• Identify data relationships</li> </ul>
<b>Create Repeatable Processes</b>	<ul style="list-style-type: none"> <li>• Create and document repeatable processes to support data extraction, classification, enhancement, and analysis activities</li> </ul>
<b>Analyze Data</b>	<ul style="list-style-type: none"> <li>• Regularly analyze collected data to support management decision and improve oversight</li> </ul>

This practice would also allow the City to develop more meaningful and practical performance measures at the appropriate reporting levels to demonstrate how the City's procurement aligns with the Council's key objectives. This will be increasingly important as the City moves to replace its ERP system, since if software is adopted without the right data strategies and considerations, technology implementations can fail to achieve their full potential in terms of return on investment and process improvements.

## 10. Documentation and Governance

<b>10. Observation</b>	<b>Many procurement processes at the City are not well documented and are subsequently performed inconsistently across City departments. Current purchasing policies and procedures are out of date, hindering a consistent employee understanding of requirements, processes, and protocols.</b>
<b>Recommendation</b>	<b>Develop a prioritization plan for updating or developing comprehensive, clear, and concise procurement policies and procedures.</b>

Written policies and procedures serve as a guide to employees to ensure consistent, high-quality service. The City operates with an outdated procurement policy, as well as largely undocumented procurement procedures. A desire for more consistent and clearly defined processes was a primary concern mentioned during staff and interviews and in the survey, where 43% of respondents rated the quality of documented technical resources as good or excellent. Many staff interviewed maintain their own individual process documents or how-to guides for personal reference. As such, it is likely that there may be a significant volume of procedural documentation that has already been created, but not yet shared, organized, formalized, or stored in an accessible, centralized manner.

There are multiple factors that have created barriers for City to establish consistent, documented processes. A decentralized procurement structure allows departments more autonomy and flexibility to meet their unique needs, but this decentralized model also creates a greater risk in staff developing their own solutions and procedures, which can vary widely across departments, if the decentralized environment is not accompanied by robust policies and procedures, strong onboarding practices, frequent



training, and accountability mechanisms. In addition, only 33% of staff rated the sustainability of their workload as good or excellent. As is common in organizations with high workloads, staff report that they have limited capacity to develop policy and procedure documentation and undertake training efforts.

A lack of clear, accessible, and up-to-date policy and procedure documents has multiple impacts, including:

- Lack of process consistency, so processes may be more cumbersome or time-consuming than necessary and employees may perceive issues of fairness
- Risk of losing institutional knowledge when employees exit the organization
- Cross-departmental communication challenges when roles and responsibilities are unclear
- Lack of accountability among departments to abide by established procedures

### ***Recommendation***

Well-developed and properly applied policies and procedures can help increase employee accountability, reduce miscommunication and confusion, smooth employee transitions, and ultimately improve ability of departments to serve the City. For critical policies, the City should also develop a step-by-step guide to ensure processes are performed appropriately, consistently, and in a timely manner. In conjunction with this engagement, the City is currently undergoing a Policy Gap Analysis, the results of which can be used set the foundation of policy and procedure development moving forward.

In addition to the recommendations referenced above, City staff involved in procurement processes would benefit from the development of self-service resources and checklists. The Finance Division and CAO or centralized procurement leadership, in collaboration with experienced procurement staff, should develop the content of self-service resources and checklists to address common issues and provide clear guidance for those who may be new to key procurement processes. This will allow the City to capitalize on any preexisting documents that have been independently developed by department staff. Checklist items should work together to reduce the likelihood of rework due to error or delays due to insufficient approvals or backup documentation.

At the time of this report, the City had already taken steps to provide easily accessible standardized resources for contracting. For example, the CAO has developed a Contracting FAQ and Contract Instructions, which have been uploaded to the City's intranet, the HUB. This is an important step that achieves the dual purpose of providing readily accessible resources that are also up to date.

### **Procurement and Contracting Manual**

A comprehensive, clear, and concise Procurement and Contracting Policy Manual (PCPM) should explain the applicable laws and policies enables procurement staff, staff, vendors, and other stakeholders to understand the proper procedures and rules to follow throughout the process. The absence of comprehensive guidance presents opportunities for inconsistency, complexity, and confusion, resulting in likely frustration, delays, and overall suboptimal utilization of scarce sources. The PCPM should include clearly defined authority, responsibility, and guidelines to follow. As such, the manual should, at a minimum, incorporate the following elements:

- Purchasing authority, including dollar threshold limits and delegation
- Roles and responsibilities



- Conflict of interest and ethics
- Competitive solicitation and waivers
- Supplier evaluation and selection
- Emergency purchases
- Special considerations, including use of bonds, prevailing wages, warranties, insurance, and preferences for certain vendor types
- Purchasing classifications, such as IT, goods, and services
- Use of contracts and contractor performance
- Protests and post-award dispute
- How employees will be held accountable for adhering to standards.

Key components of procurement process that should be delineated in the PCPM include:

- **Procurement oversight:** A high-level summary of planned and completed activities that can be used throughout procurement process for oversight and reporting. It should detail the methods and performance measures that departments and project manager will use to monitor procurement activity, including purchasing activity, vendor performance, and compliance with procedures.
- **Change management procedures:** It is important to note that while policies and procedures are critical to consistency and effectiveness, they must be formalized, training must be provided, and personnel must be held accountable to adhering to them. As procurement processes evolve over time, training should be revised and redelivered to ensure consistency (see [Recommendation 5](#)).

Once policies and procedures are updated, they should be available in a centralized location, such as the HUB, for employees to easily reference. City leadership should ensure all staff are sufficiently trained on any major changes and are held accountable for implementing them (see [Recommendation 3](#)).



# APPENDIX A: PROCUREMENT ROLES AND RESPONSIBILITIES

## STAKEHOLDER ROLES

Effective oversight requires clear organizational roles and responsibilities to enable accountability. This table represents best practices for role responsibility definitions.

STAKEHOLDER	ROLE RESPONSIBILITIES
<b>City Council</b>	<ul style="list-style-type: none"> <li>Set strategic policy</li> <li>Approve contracts and amendments for procurements not delegated</li> </ul>
<b>Chief Procurement Officer<sup>2</sup></b>	<ul style="list-style-type: none"> <li>Provide leadership, policy development, oversight, and management of City procurement</li> <li>Create citywide forms and guidance manuals</li> <li>Review departmental requirements and specifications</li> <li>Solicit bids and other offers, review evaluation, and provide contractor services</li> <li>Monitor contractor compliance with City social equity and other procurement-related programs</li> <li>Resolve contractual and administrative issues arising related to procurements</li> </ul>
<b>Departments</b>	<ul style="list-style-type: none"> <li>Identify need for procurement</li> <li>Determine requirements</li> <li>Verify sufficient funding exists</li> <li>Prepare specifications</li> <li>Act as technical representative or advisor during solicitation and contracting process</li> <li>Manage contract administration, including contract changes</li> <li>Review and approve vendor invoices</li> </ul>
<b>Finance Division</b>	<ul style="list-style-type: none"> <li>Ensure all finance-related approvals are obtained</li> <li>Confirm requested payments are within dollar amount of contract/agreement</li> <li>Perform three-way matching (purchase order, receiving, and invoice)</li> <li>Maintain documentation of payments</li> <li>Provide regular reporting to departments</li> </ul>
<b>City Attorney</b>	<ul style="list-style-type: none"> <li>Review and approve all contracts for legality</li> </ul>
<b>City Clerk</b>	<ul style="list-style-type: none"> <li>Verify signers have authority</li> <li>Record contracts</li> </ul>

<sup>2</sup> Presented as if the City implements the recommendation to create the Chief Procurement Officer role.



## PROCUREMENT ROLES

The following roles descriptions for public procurement are sourced in part from the NIGP Institute for Public Procurement (NIGP).

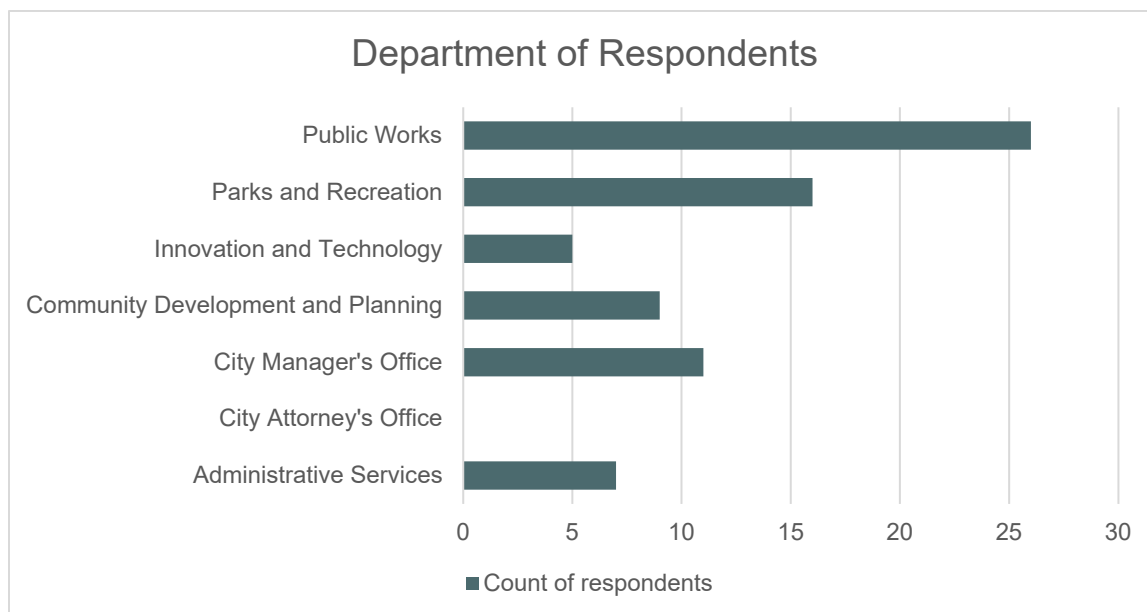
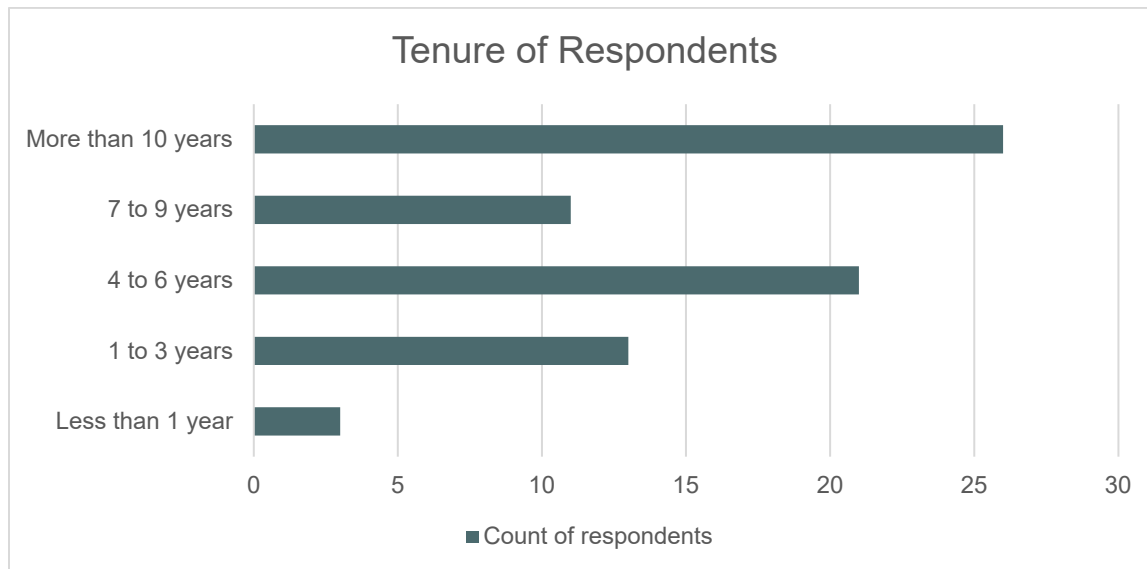
POSITION	NATURE OF ROLE
<b>Chief Procurement Officer</b>	<p>Consistent with the strategic priorities of the City, performs professional work of unusual difficulty in the planning, organization, development, and coordination of the procurement activities for the entire organization. This executive management position serves as the principal public procurement official for the City and is responsible for all procurement of goods, supplies, and services in accordance with applicable federal, state, and local laws, ordinances, rules, and regulations.</p> <p>Responsibilities include providing professional support and sound contractual advice to all stakeholders involving contractual services, consultants, equipment, supplies, construction, capital improvements, and other applicable activities. Supervision is exercised over professional, technical, and clerical staff engaged in procurement activities.</p>
<b>Procurement Manager</b>	<p>Under general direction of the Chief Procurement Officer, the Procurement Manager provides general supervision over professional, technical, and clerical staff engaged in purchasing activities, including planning, directing, and coordinating the purchasing activities for the organization.</p> <p>Responsibilities include the development and implementation of annual contracts, strategic procurement planning, procurement policies and procedures, delegated procurements, quality control, procurement training, electronic procurement systems, and procurement card administration.</p>
<b>Purchasing Agent</b>	<p>Under supervised direction, performs professional work of advanced difficulty in the technical and administrative functions of the purchasing activities of the City, including purchasing and contract administration. This position is responsible for the procurement of construction, supplies, and professional services that are to be conducted in accordance with applicable federal, state, and local laws, ordinances, rules, and regulations. Direction is received from the Procurement Manager.</p>
<b>Government Buyer</b>	<p>Under direction, performs traditional purchasing work including the development, supervision, and related functions of the purchasing activities for the City. This position is responsible for all aspects of purchasing within the dollar limits prescribed by law.</p>
<b>Purchasing Technician</b>	<p>Under direction, acquires services, supplies, and goods as required by the assigned department at a competitive price in a time-efficient manner and provides basic routine administrative support work relating to the purchasing function. Position is responsible for the submission of invitations to bid; review, analysis, and purchase of supplies, services, and goods; review of methods of acquisition; and preparation of purchase orders and related documentation.</p>



## APPENDIX B: STAFF SURVEY RESULTS

A survey was sent to City employees who were involved in procurement practices. Employees who met one of the following criteria were surveyed: have a CAL-card, have access to Cobblestone or New World, or were otherwise identified by management as being involved in City procurement activities. Submissions were open between November 3, 2021 and November 15, 2021. Out of 106 employees who were invited to take the survey, 75 individuals submitted either full or partial responses (a strong participation rate of 70%).

### Employee Tenure, Department, and Roles



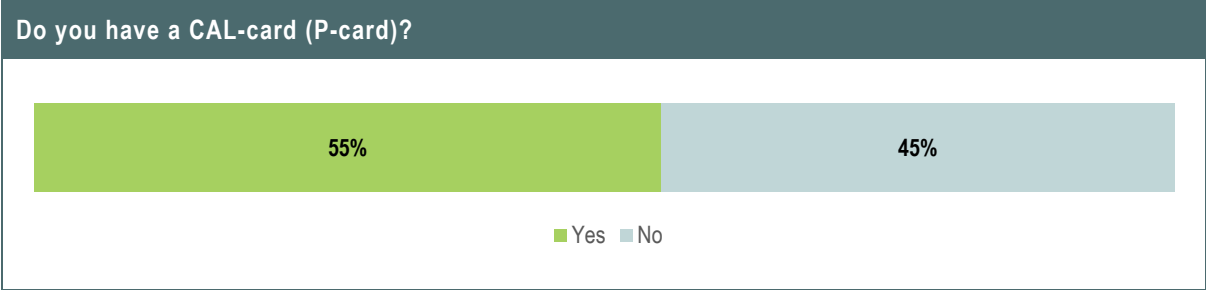




ROLE IN PROCUREMENT ACTIVITIES	
Other procurement processes	2%
Publishing and managing bids / proposals	7%
Approving purchase requests	8%
Drafting and developing contract documents	8%
Developing requirements/specifications/scopes of work	10%
Placing orders and buying products	12%
Receiving orders (goods, materials, supplies)	12%
Overseeing contract execution for projects and services	13%
Reviewing and authorizing payments to vendors	14%
Requesting purchases of products/goods/supplies	15%

**Other**

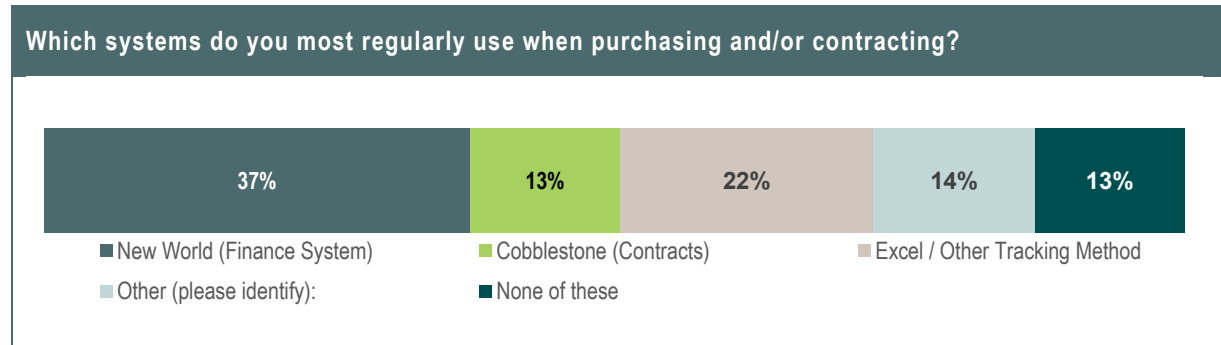
- Send requests for outside agencies for plan review
- Request Bond Payments
- Approve PO entries
- Review contract drafts submitted by staff from start to completion





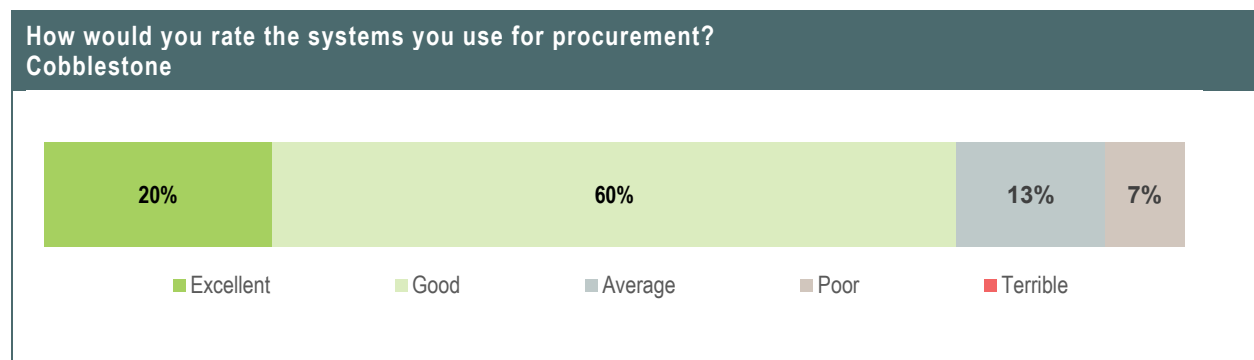
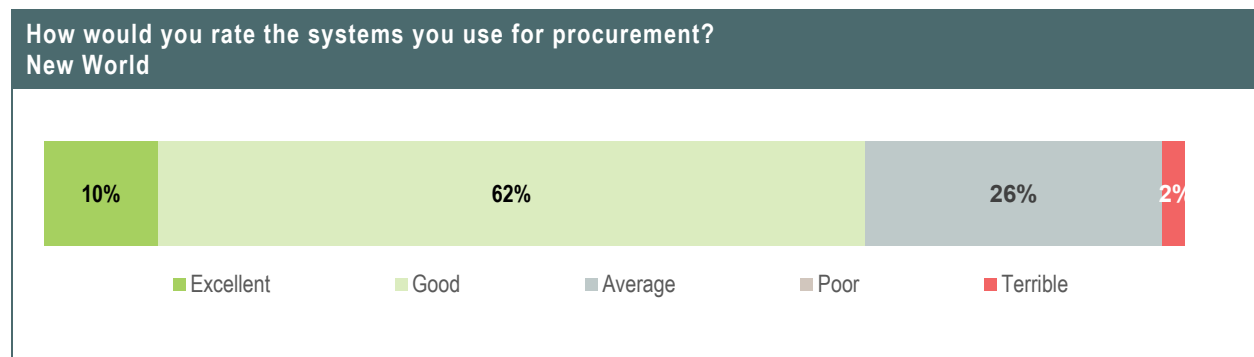
## Systems

In this section, participants were asked for information about their use of the following procurement systems.



### Other

- Excel
- Vendor sites (i.e., Amazon, Staples)
- Request purchase order or use credit card
- Emails
- OneNote
- Net30
- The Hub





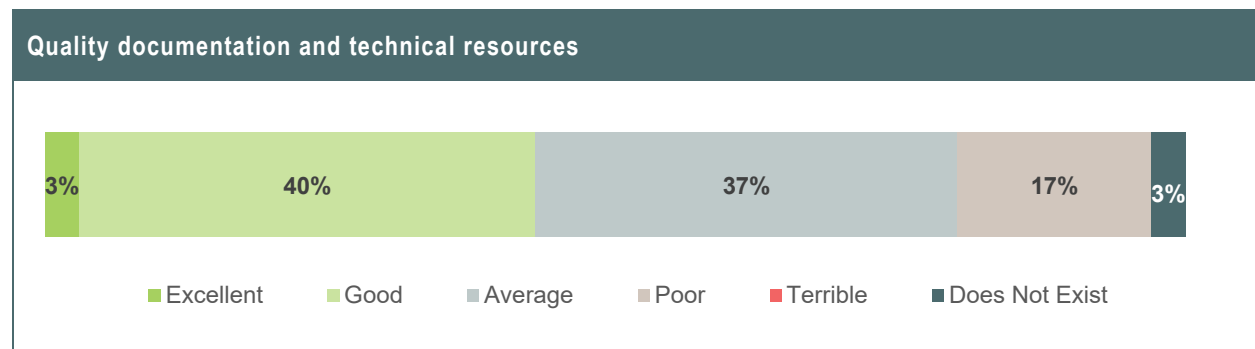
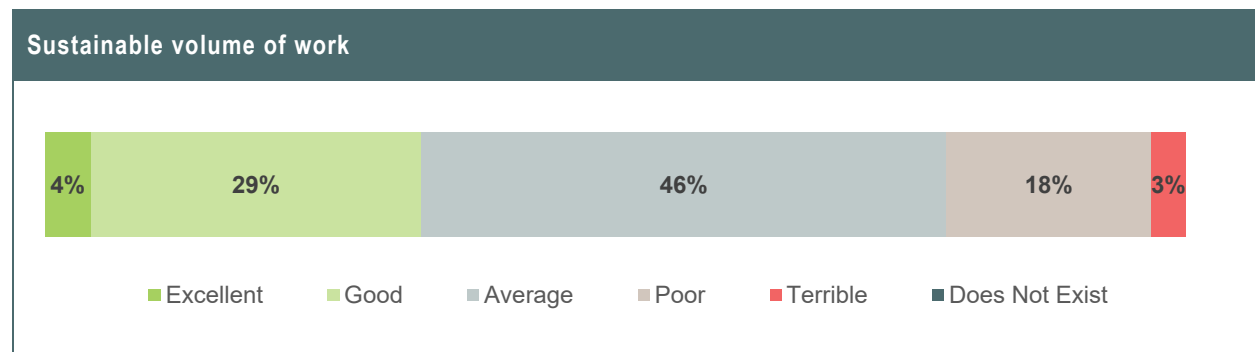
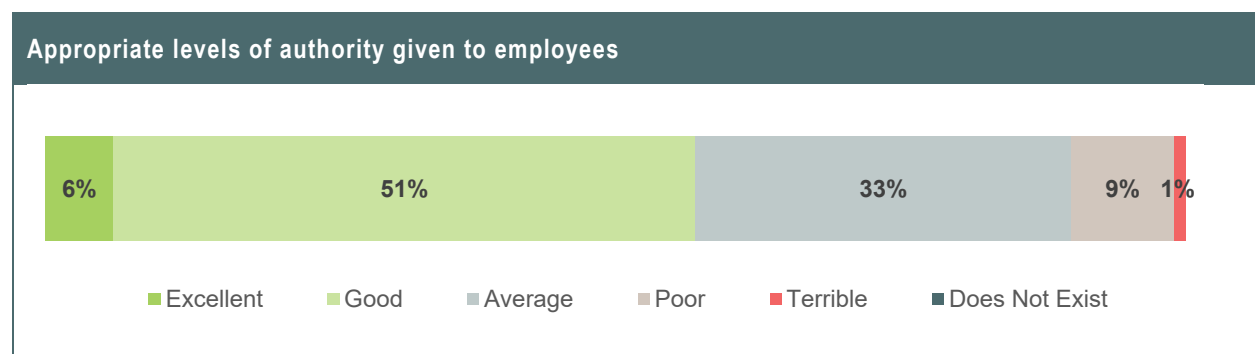
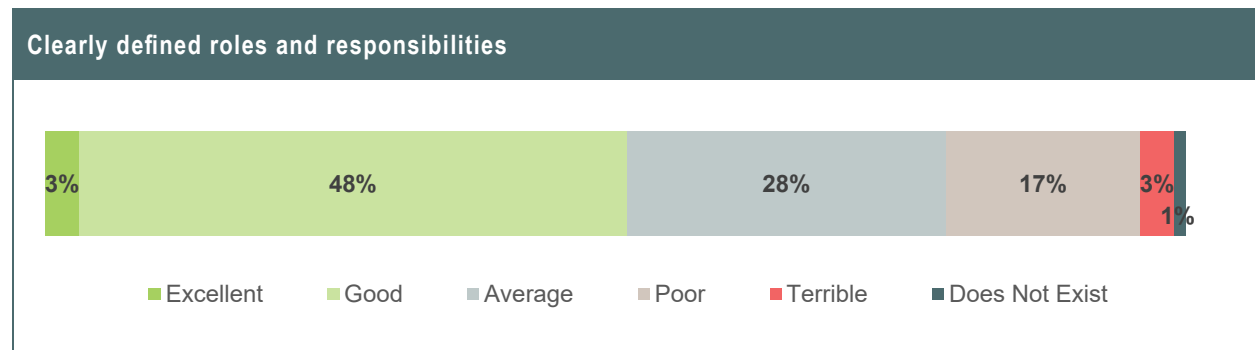
### Do you have any comments or suggestions for ways the City could improve its use of systems and/or technology related to procurement?

- Hire someone dedicated to developing and managing contracts for Public Works.
- New World ERP has limited functionality in tracking CAL-card purchases.
- The Business Analyst Excel reports don't match what is in New World sometimes, even though they are supposed to.
- Cobblestone and NWS do not interface. I do double entry in these systems.
- Have some connection between Cobblestone and New World, i.e., to generate a Purchase Order once a contract is fully executed.
- More character space for item descriptions. We are told specific details help Finance and the department in the long run when reviewing past purchases.
- I hope to see a good tracking system that will allow us to track payments from applicants, invoices billed to that deposit amount collected and all changes to that applicant account, so we know how much balance is left from the original deposit.
- I think we need more licenses for the Cobblestone software so staff have more access and can better monitor contracts/insurance.
- Using Cobblestone to produce a draft of a contract for review.
- It would be great if we could improve the way we process invoices.
- Clarify purchasing processes and policies. Provide ongoing training on the New World platform. Define the baseline "view" into the system to base budgeting and planning processes.
- A centralized procurement section to consistently apply policies and procedures city-wide.
- Expand the use of CAL-cards to those responsible for ordering office supplies.
- The City's I&T Department elected not to move forward with the contract management module within New World and went with Cobblestone. While Cobblestone provides value, an apparent disconnect with the City's financial system remained. With the City's ERP exploration project, I would recommend a more integrated solution/process.
- Connect the two systems to communicate with each other and share information. Also, utilize Cobblestone to its fullest capabilities, to help in streamlining the entire procurement process.



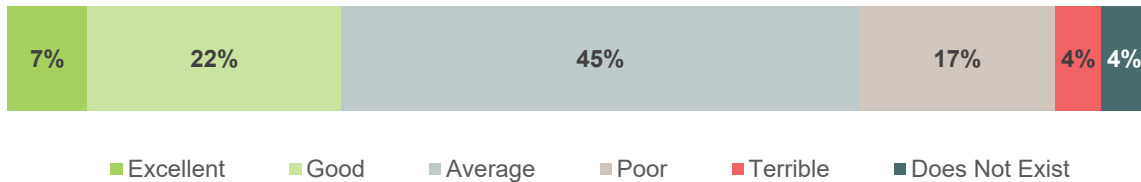
## Structure

In this section, participants were asked to rate the following procurement and contracting areas.

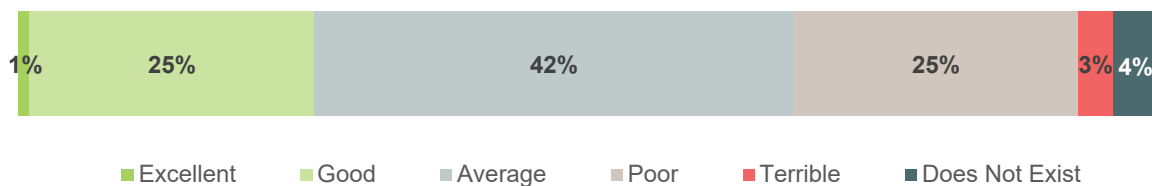




### Initial and ongoing training opportunities



### Established backup for key positions



### What is one way that the City could better support staff involved in procurement activities?

#### *Administration*

- Defined roles, responsibilities, and expectations
- Thresholds for PO purchases
- Standardized procurement procedures
- Centralized procurement, or a designated alternate for review, and approval
- Reporting with budgeted vs actual activities

#### *City Manager’s Office*

- Training for all managers to align all divisions on procurement procedures
- Central purchasing officer and procurement staff
- Defined roles and responsibilities based on task
- Procurement policy governance
- Backups for key procurement positions
- Provide a reference sheet of contacts and processes

#### *Community Development and Planning*

- Training
- Improved contract guidance
- Policy and procedure updates



- Defined roles and responsibilities
- Contract tracking and reporting
- A procurement department or additional support staff

### ***Innovation and Technology***

- RFP development and buyer assistance

### ***Parks and Recreation***

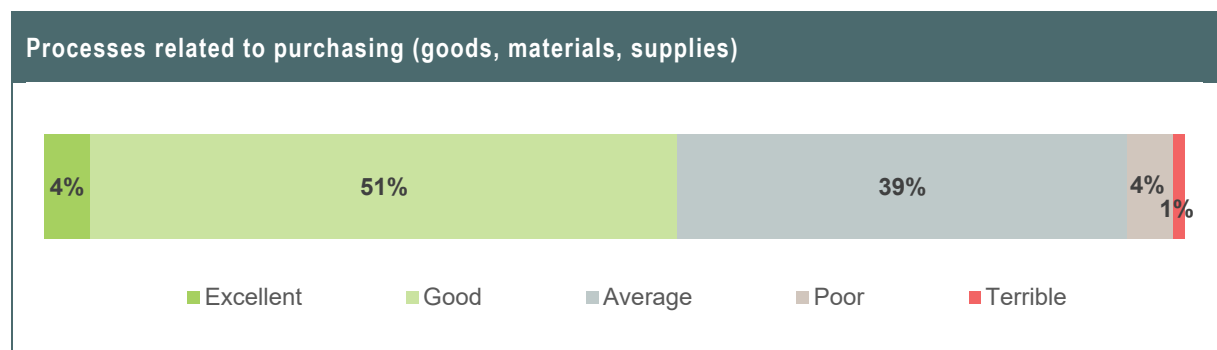
- Procurement coordination among key staff
- Improved communication regarding changes to procurement processes and required approvals
- Published and consistent timelines for approvals
- Updated policies, procedures, and accountability methods

### ***Public Works***

- Training, and mentoring
- POs for services
- Defined roles and responsibilities by task
- Improved communication during key procurement, contracting, and budgeting processes
- Purchasing Policy alignment with the California Contract Code
- Consider central procurement officer/employee

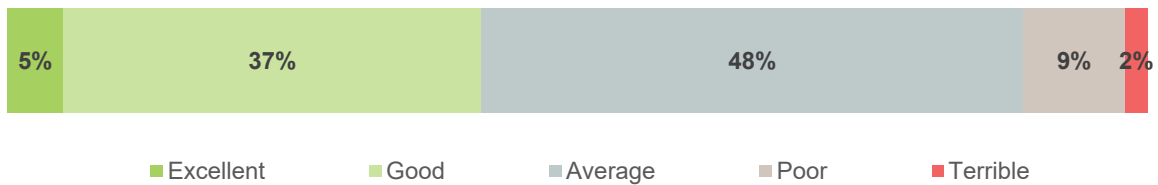
## **Processes**

In this section, participants were asked to rate the overall effectiveness City's procurement processes.

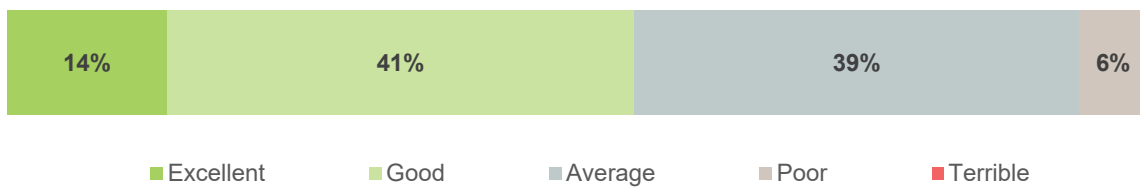




### Processes related to contracting (services, projects)



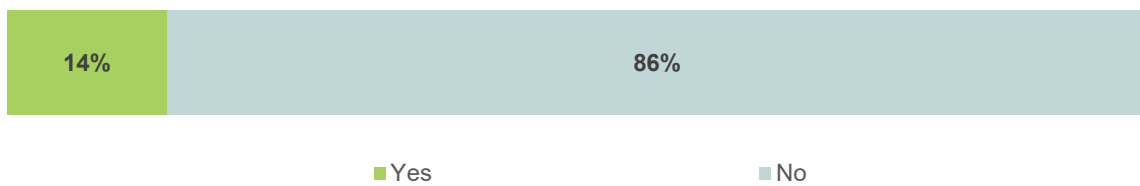
### Review and approval processes



## Training

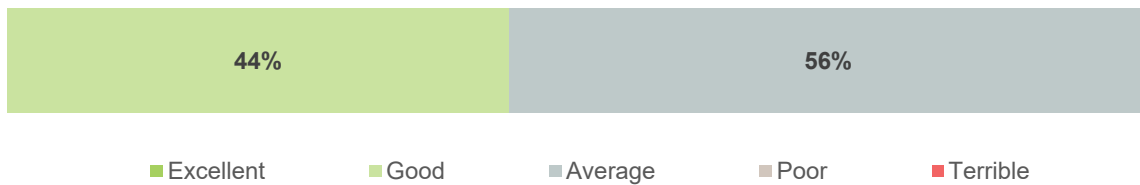
In this section, participants were asked for information about procurement training practices.

### Have you attended or received training related to procurement within the last two years?





### How would you rate the training you received related to procurement processes?



### Are there any other challenges or opportunities for improvement related to procurement?

- Assistance with contract development.
- Centralized purchasing or procurement department or person.
- Coordinated payment tracking including POs, Invoicing, and Credit Cards.
- Standardized processes for purchasing approvals across departments.
- Streamlined approval processes with automated notifications and published timelines for expected turnaround.
- Regular training including basics, new functions (as applies), budgeting, and purchasing.
- Comprehensive contract reporting including contract amount, payments, remaining, and change orders.
- Cross-training and backups for key positions.
- Updated and enforced purchasing and contract policies and procedures.
- Defined procurement roles and responsibilities.
- Consideration of additional business memberships including Costco.
- Create a Sustainable Purchasing program which is inclusive of services, goods, and CIP programs.

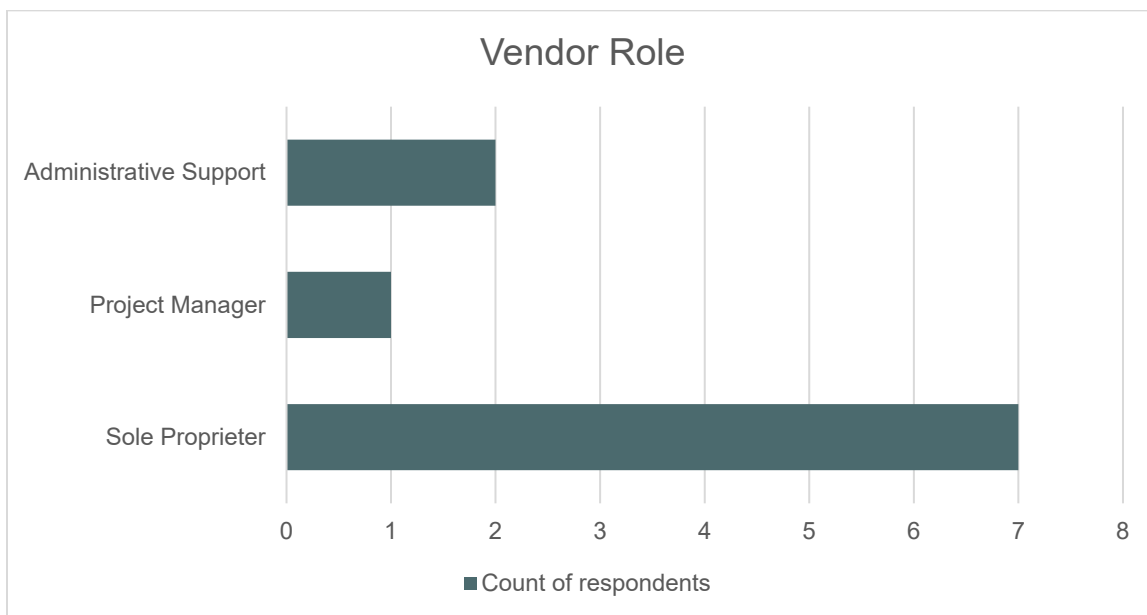
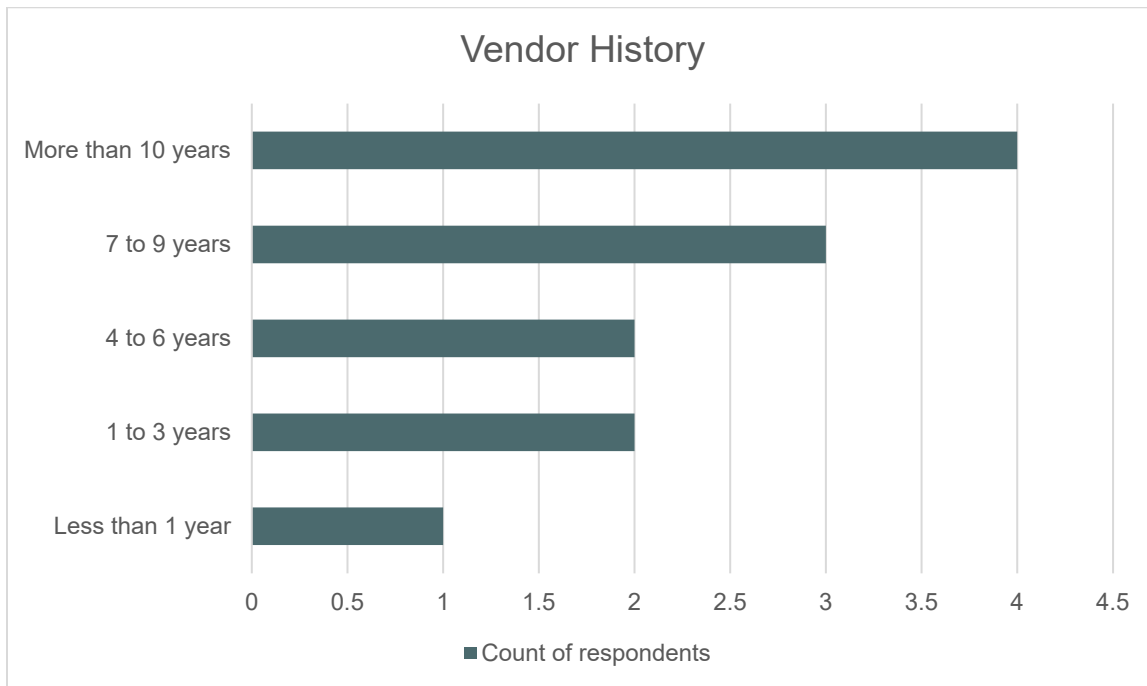


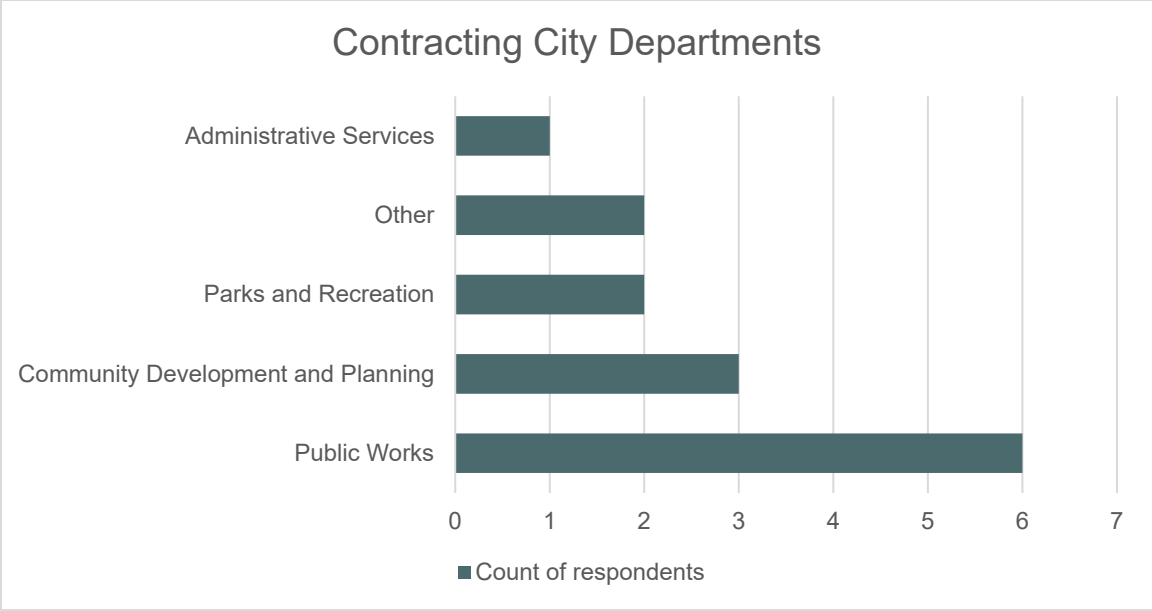


## APPENDIX C: VENDOR SURVEY RESULTS

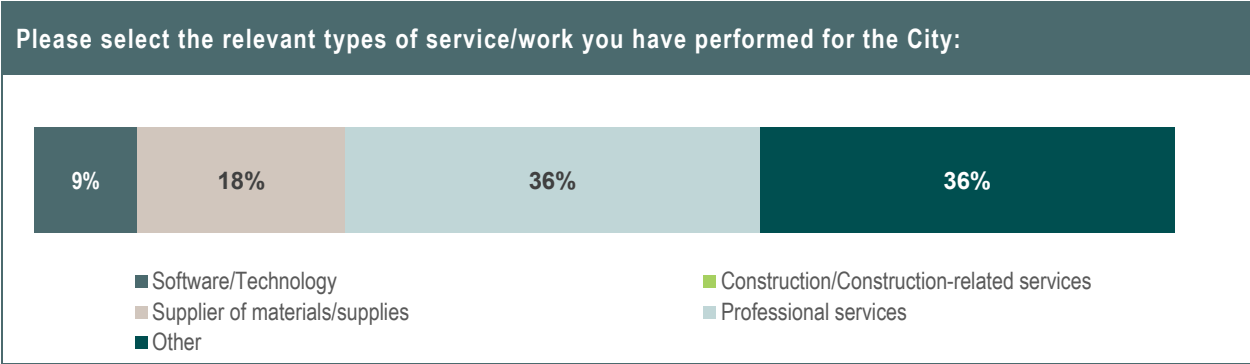
A survey was sent to select City vendors. Vendors who had submitted a bid to the City in the last three years were included in the distribution list. Submissions were open between November 3, 2021 and November 15, 2021. Out of 63 vendors who were invited to take the survey, 12 individuals submitted either full or partial responses (a suboptimal participation rate of 19%).

### Vendor History, Roles, and Relationships



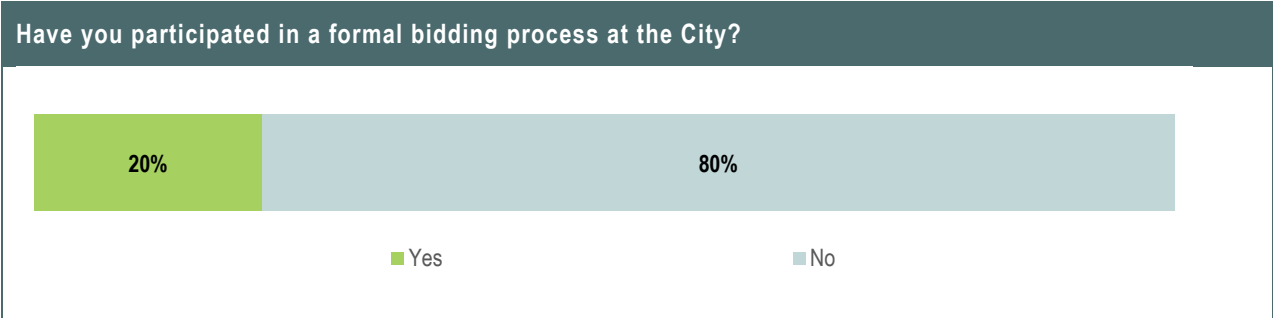


### Description of Procurement Activities



#### Other

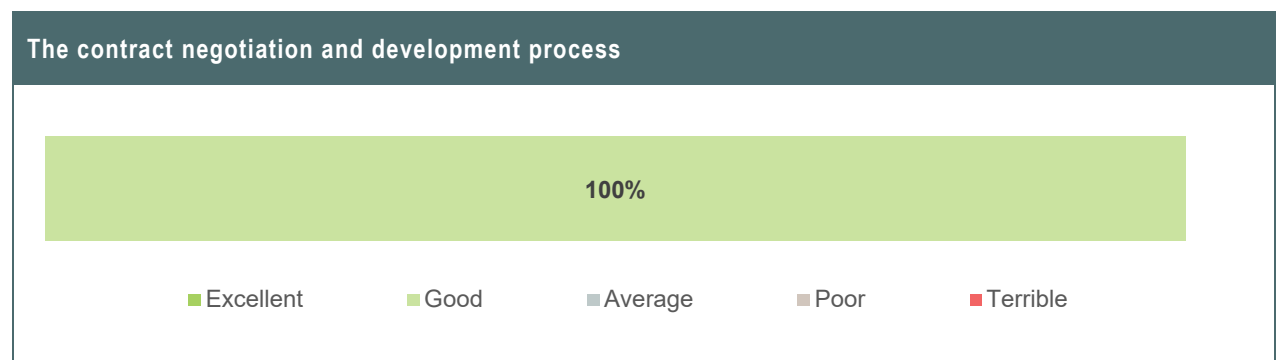
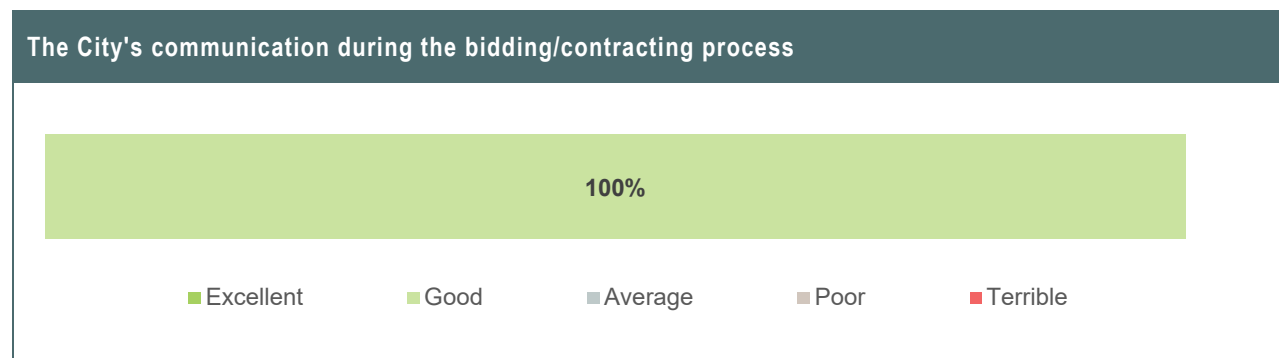
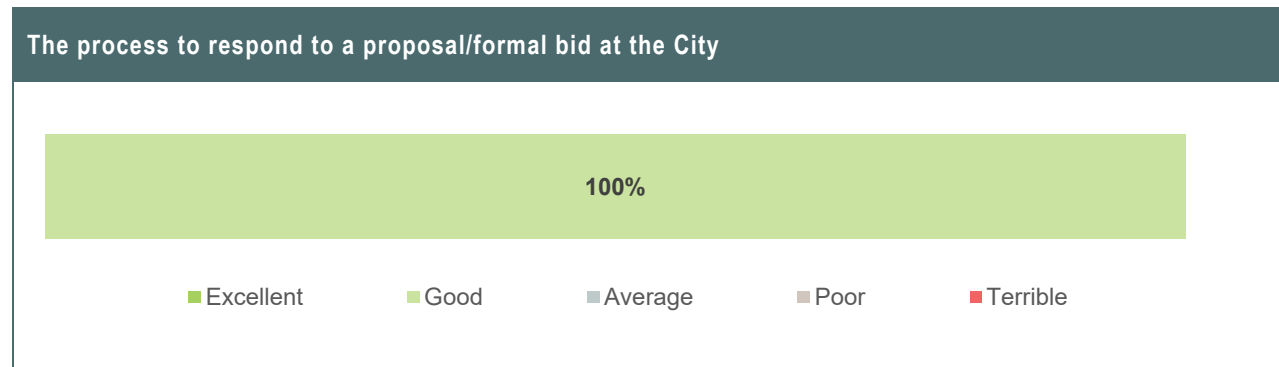
- Tires
- Fire extinguishers
- Printing





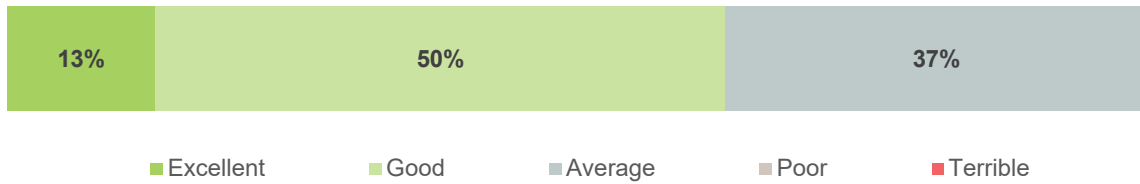
## Stages of Procurement

In this section of the survey, respondents were asked to rate their experience with the following stages of procurement.

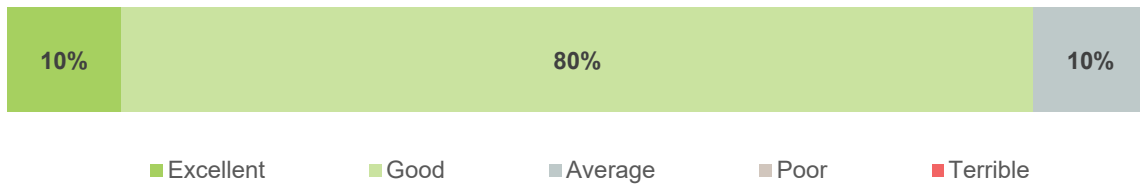




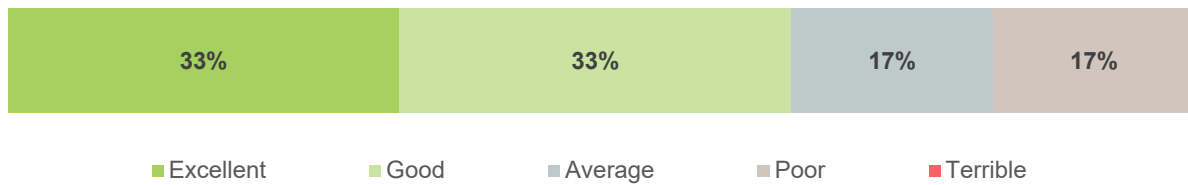
### The systems and technologies used by the City related to procurement (website, reporting, payment processing, etc.)



### The City's invoicing and payment processes



### The City's communications related to procurement opportunities





## APPENDIX D: PEER BENCHMARKING

For this engagement, Moss Adams focused on seven peer cities identified by Cupertino as common partners for peer benchmarking. Peer benchmarking focused on two main areas: 1) the type of procurement within each city (whether procurement is centralized or decentralized); and 2) city policies and guidelines used for purchasing thresholds and authority. Results are informed by direct outreach, FY 2020 Annual Comprehensive Financial Reports, the most recently adopted operational budgets, and city websites, including budget and reporting tools. Information from our peer benchmarking research is provided in the table below.

### CITY STATISTICS AND PROCUREMENT TYPE

DESCRIPTION	CUPERTINO	GILROY	LOS ALTOS	MILPITAS	MOUNTAIN VIEW	PALO ALTO	SARATOGA	SUNNYVALE
Population	66,274	57,084	30,504	88,660	84,757	65,550	30,697	155,565
General Fund Expenses	\$89,767,034	\$56,138,838	\$48,552,964	\$110,729,648	\$146,412,350	\$183,331,789	\$25,002,139	\$202,415,809
General Fund—Supplies and Services	\$30,412,644	\$6,127,681	N/A	\$9,890,016	\$22,159,200	\$39,979,791	\$2,813,845	\$74,582,221
Ratio: Supplies (Materials) and Services/Total General Fund Expenses	34%	11%	N/A	9%	15%	22%	12%	37%
Procurement Type	Decentralized	Decentralized/Hybrid	Decentralized	Centralized	Centralized	Centralized	Decentralized	Centralized
City FTEs (Budgeted)	203.8	284	136	237.3	642.8	1,035.0	60	998.0
Purchasing FTEs	0	0	0	2.5	6	7	0	9
Ratio: General Fund/Purchasing FTE	N/A	N/A	N/A	\$44,291,859.20	\$24,402,058.33	\$26,190,255.57	N/A	\$22,490,645.44
Ratio: City FTE/Purchasing FTE	N/A	N/A	N/A	94.9	107.1	147.9	N/A	110.9
Number and titles of procurement staff	N/A	N/A	N/A	1 – Purchasing Agent 1.5 – Buyer	1 – Purchasing & Support services manager 2 – Senior management analysts 1 – Supervising buyer 2 – Assistant buyer/buyer	1 – Manager purchasing & contract administration 3 – Contract administrators 2 – Senior Buyer 1 – Buyer	N/A	1 – Purchasing Officer 1 – Principal Buyer 1 – Senior Buyer 1 – Senior Buyer (vacant) 2 – Buyer II 1 – Management Analyst 2 – Office Assistant



## PURCHASING THRESHOLDS AND AUTHORITY

### Legend

- IFB Invitation for Bid
- NIB Notice Inviting Bid
- RFP Request for Proposal
- RFQ Request for Quote
- RFQ Request for Qualifications
- CUPCCAA California Uniform Public Construction Cost Accounting Act
- Agreement Maintenance, Professional, Master, General
- Contract For construction jobs only

### Sunnyvale

SUNNYVALE					
Purchase Amount	For Purchases Of		Purchasing Process	Competitive Bid/Proposal Requirements	Executing Authority
	Goods	Services			
\$1 – \$100	x		Employee Reimbursement	None	The City manager shall be the awarding authority for every procurement of goods and/or services for which the cost to the city is two hundred fifty thousand dollars or less in any one transaction.
\$1 – \$1,000	x	Off Site	Purchasing Card or Purchase Order	None	
\$1 – \$5,000	x	On Site	Field Purchase Order	None	
\$1,001 – \$15,000	x	x	Purchase Requisition Submitted Purchase Order Issued	One quote necessary	The City manager shall be the awarding authority for every procurement of goods and/or services, the cost of which will be fully paid or reimbursed to the city, regardless of amount.
\$15,001 – \$25,000	x	x	Purchase Requisition Submitted Purchase Order Issued	Three written quotes solicited	
\$25,001 – \$100,000	x	x	Purchase Requisition Submitted Purchase Order Issued	Written request for quotations prepared by purchasing or department (pilot up to \$50,000)	
Over \$100,000	x	x	Purchase Requisition Submitted Purchase Order Issued	Invitation for bids or request for proposals prepared by purchasing. Public bid opening. Awarded by council if over \$250,000)	



City of Milpitas

CITY OF MILPITAS			
<b>SUPPLIES, MATERIALS, AND EQUIPMENT</b>			
Purchase Amount	Minimum Solicitation per MCC	Procurement Method	Executing Authority
\$0.01 – \$10,000.00	One Quote	PO or use P-card	Department Head
\$10,000.01 – \$50,000.00	RFQ	PO or use P-card	City Manager
\$50,000.01 – \$100,000	IFB or RFP	contract or PO	City Manager
\$100,000.01+	IFB or RFP	contract or PO	City Council
<b>MAINTENANCE/GENERAL SERVICES AGREEMENT</b>			
Purchase Amount	Minimum Solicitation per MCC	Procurement Method	Executing Authority
\$0.01 – \$1,000.00	One Quote	PO or use P-card	Department Head
\$1,000.01 – \$10,000.00	One Quote	PO or use P-card	Department Head
\$10,000.01 – \$50,000.00	RFQ	Contract and Insurance	City Manager
50,000.01 – \$100,000	IFB or RFP	Contract and Insurance	City Manager
\$10,000.01 – \$100,000.00	IFB or RFP	Contract and Insurance	City Manager
\$100,000.01+	IFB or RFP	Contract and Insurance	City Council
<b>PROFESSIONAL SERVICES AGREEMENT</b>			
Purchase Amount	Minimum Solicitation per MCC	Procurement Method	Executing Authority
\$0.01 – \$1,000.00	One Quote	PO or use P-card	Department Head
\$1,000.01 – \$10,000.00	One Quote	PO or use P-card	Department Head
\$10,000.01 – \$50,000.00	One Quote	PO or use P-card	Department Head
\$50,000.01 – \$100,000.00	RFP or RFQ	Contract and Insurance	City Manager
\$100,000.01+	RFP or RFQ	Contract and Insurance	City Council
<b>CONSTRUCTION CONTRACTS/CUPCAA</b>			
Purchase Amount	Bid/Quote Requirement	Procurement Method	Executing Authority
\$0.01 – \$60,000.00	One Quote	Direct contract (on-call or short form) with Contractor	City Manager
\$60,000.01 – \$100,000.00	Informal IFB	Short Form Construction Document and Short-Form Bid Documents	City Manager
\$100,000.01 – \$200,000.00	Informal IFB	Short Form Construction Document and Short-Form Bid Documents	City Council
\$200,000.01+	Formal IFB (NIB)	Long-Form Construction Contract and Bid Documents	City Council



CITY OF MILPITAS

AMENDMENTS (CMO AWARDED CONTRACTS)			
Description	Individual Amendment Authority	Cumulative Amendment Authority	Amendment Execution Authority
Time Extension	n/a	n/a	City Manager
Revisions to Scope of Services or Schedule	n/a	n/a	City Manager
Clerical Corrections	n/a	n/a	City Manager
Total Not-To-Exceed: \$0.01 – \$50,000.00	Any percentage or amount not-to-exceed \$100,000 total contract value	Any percentage or amount not-to-exceed \$100,000 total contract value	Purchasing Agent
Total Not-To-Exceed: \$50,000.00 – \$100,000.00	Any percentage or amount not-to-exceed \$100,000 total contract value	Any percentage or amount not-to-exceed \$100,000 total contract value	City Manager
Total Contract Exceeds \$100,000.01+	n/a	n/a	City Council
Minor Revisions to Scope of Services, Schedule, Compensation	n/a	n/a	Purchasing Agent
Major Revisions to Scope of Services, Schedule, Compensation	n/a	n/a	City Council
Clerical Corrections	n/a	n/a	Purchasing Agent
Time Extensions	Up to 12 Months, indefinite for City Council Actions	Up to 12 Months, indefinite for City Council Actions	Purchasing Agent/CMO (not to exceed twelve consecutive months from the last Council-approved expiration date) or City Council— <b>PA/CMO and CC may alternate approval up to 12 consecutive months at a time</b>
Total Not-To-Exceed: \$0.01 – \$100,000.00	10% of Award or \$10,000.00; whichever is less	15% of Award or \$15,000.00; whichever is less	Purchasing Agent
Total Contract Exceeds \$100,000.01+	10% of Award or \$20,000.00; whichever is less	15% of Award or \$40,000.00; whichever is less	Purchasing Agent
CHANGE ORDERS (CUPCAA)*			
Purchase Amount	Individual Change Order Authority	Cumulative Change Order Authority	Change Order Execution Authority
Total Not-To-Exceed: \$60,000.00	Up to \$60,000.00	Up to \$60,000.00	City Manager
Total Not-To-Exceed: \$60,000.01 – \$100,000.00	Up to \$100,000.00	Up to \$100,000.00	City Manager
Total Not-To-Exceed: \$100,000.01 – \$200,000.00	10% of Award or \$20,000.00 whichever is less (cannot exceed \$200,00.00)**	15% of Award or \$40,000 whichever is less (cannot exceed \$200,000.00)**	Purchasing Agent
Total Not-To-Exceed: \$100,000.01 – \$200,000.00	Up to \$200,000.00 (greater than 10% but not to exceed \$200,000)**	Up to \$200,000 (greater than 15% but not to exceed \$200,000)**	City Council
Total Contract Exceeds \$200,000.01+	10% of Award or \$20,000.00; whichever is less	15% of Award or \$40,000.00; whichever is less	Purchasing Agent
Total Contract Exceeds \$200,000.01+	Unlimited	Unlimited	City Council

\* These change order thresholds do not preclude administrative change order authorization authority if so provided by City Council action to the Purchasing Agent, Department Head, or City Manager.

\*\* All other change orders outside the parameters defined in this section must be approved by the City Council.





City of Los Altos<sup>3</sup>

PURCHASING BID POLICY		
MATERIALS, GOODS, MAINTENANCE SERVICES		
Order Type	Cost Point	Feature
<b>Materials, Goods, Maintenance Service</b> These include supplies, equipment, operating or maintenance services and projects. Excludes Public Works Projects and Professional Services	Less than \$5,000 (No bids required)	Prudent judgment should be used along with obtaining comparative pricing whenever practical. Orders require department head or designee approval.
	\$5,000 to \$50,000 (Informal bid)	At least 2 quotes required but 3 recommended. Written bids/quotes are preferred but may be verbal with documentation. City Manager and Department head-approved Purchase Order (PO) required. City Attorney approval, Risk Manager approval, and CPO required for contracts.
	\$5,000 to \$50,000 (Informal bid)	Obtain at least 2 formal quotes - 3 recommended with bid publication for purchases of \$1075,000 or over. City Manager and Department Head approved Purchase Order (PO) required. City Attorney approval, Risk Manager approval, and CPO required for contracts. City Council approval is required before award.
	\$100,000 or more (Published advertised sealed bid)	
	Materials, Goods, and Maintenance Service contract costs of any dollar value must adhere to pre-defined signature approval limits. All Information Technology (IT) purchases require approval of the IT Manager for network compliance. Any IT Purchase for a service department must be authorized via an IT Work Order authorized by a department head or designee.	
PROFESSIONAL SERVICES		
Order Type	Cost Point	Feature
<b>Professional Services</b> These services include those of a highly technical nature requiring extended training and certification.  Include legal, accountancy, technology, and specialty consulting services.  These are general guidelines. The evaluation and selection of consultant services may vary on a case-by case basis.	\$0 to \$25,000 (RFP Highly Recommended)	Prudent judgment should be exercised and obtaining comparative pricing if practical. Orders require department head or designee approval. Price proposals not required but three are recommended and must include a City Manager, City Attorney, Department Head and Finance Director approved CPO and service contract.
	Over \$25,000 (RFP Required)	RFP required with three bids are encouraged and must include a City Manager, City Attorney, Department Head, Finance Director and City Council-approved (Over \$100,000), or City Council authorized, CPO and service contract.
PURCHASING CARD POLICY		
MATERIALS, GOODS, MAINTENANCE SERVICES		
Order Type	Cost Point	Process
<b>Small Dollar, Materials, Goods, Non-Professional Services</b> Includes materials, supplies, equipment, operating or nonprofessional services excluding Public Works Projects and Professional Services	<ul style="list-style-type: none"> <li>Less than department head set single purchase limits - must be under \$5,000 (No Bids Required);</li> <li>Also, within the monthly total dollar volume limit established by the department head;</li> <li>Cannot be used for: Personal Use Cash Advances Cash Refunds Professional Services.</li> </ul>	<ul style="list-style-type: none"> <li>Calcards can only be issued to City employees authorized by Department heads.</li> <li>Calcards can only be used for City business and never personal use.</li> <li>Calcards must be used directly by the employee named on the card and never by other individual.</li> <li>The employee must execute a formal approved "Purchase Card Employee Agreement" and comply with its requirements.</li> <li>Monthly statements are received directly by the employee and must be reconciled and sent to Finance within 10 days mail delivery.</li> <li>Monthly statement packets sent to Finance must include a required "Purchase Card Log," or Allocations made on the banks Calcard site.</li> <li>Department head monthly purchase logs are to be approved by the City Manager and Finance Director prior.</li> <li>Finance will process payments within the required due date. Late fees caused by untimely or incomplete submission will be charged to the subject department</li> <li>Hardware and software IT purchases must be approved by the IT manager before an order is placed.</li> </ul>

<sup>3</sup> City of Los Altos. 2021. "City of Los Altos Purchasing Policy." [https://www.losaltosca.gov/sites/default/files/fileattachments/financial\\_commission/meeting/76411/purch\\_policy\\_revision-\\_2021\\_redline\\_fc.pdf](https://www.losaltosca.gov/sites/default/files/fileattachments/financial_commission/meeting/76411/purch_policy_revision-_2021_redline_fc.pdf)



## City of Gilroy<sup>4</sup>

### 1. General Categories of Purchases

City purchase categories generally consist of the following categories, for which different procurement methods may apply (see Section 4, Procurement Methods, page 11):

- a. **Goods.** The purchase of goods consists of materials, equipment and supplies needed by any department.
- b. **Services.** City staff may require contracts for services, which fall into two categories:
  - i. **General Services.** Services rendered such as custodial services, building/ equipment maintenance, and machinery/equipment rental, excluding contracts for public works projects or professional services.
  - ii. **Professional Services.** Services provided by a person or firm engaged in a profession based on highly specialized and/or technical knowledge or skill, such as the professions of accountant, attorney, artist, architect, landscape architect, construction manager, engineer, environmental consultant, dentist, physician, training or educational consultant, or land surveyor, and whose services are considered distinct and unique to such a degree that bidding of such services may not be feasible, if appropriately justified and documented (see Subsection 4.9, Exemptions from Competitive Bidding, page 20).
- c. **Public Works Projects.** Public works pertain to the construction, alteration, repair, or improvement of any public structure, building, road, or other public improvement of any kind, including demolitions, and the construction and installation of drainage systems, lighting and signaling systems, sewer and water systems, and park and recreational facilities. Maintenance required to preserve a public improvement is not considered a public work.

### 2. Authority to Award Contracts

The following section outlines the various contract award authorities established under the decentralized Purchasing System.

- a. **Award Authority.** Contract award authority is established by dollar threshold for each of the following entities:
  - i. **City Council.** Purchases or contracts for goods and services of \$100,000 or more, and public works contracts exceeding \$35,000, must be awarded by the City Council.
  - ii. **City Administrator.** Purchases or contracts up to \$99,999 may be awarded by the City Administrator, with the exception of public works contracts exceeding \$35,000.
  - iii. **Department Heads.** As authorized by the City Administrator, department heads may make purchases and enter into contracts for goods and services up to \$49,999, and for public works construction contracts up to \$34,999.
  - iv. **Staff.** Purchases up to \$2,999 may be made at the staff level as designated by department directors.
- b. **Authority to Legally Bind City.** Unless specifically authorized as established in this section or elsewhere in City policy, staff other than the City Administrator and department heads cannot enter into contractual arrangements to purchase goods or services or otherwise legally bind the City for such purchases.

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<sup>4</sup> City of Gilroy. 2020. "Purchasing System Authorities and Responsibilities."  
<https://www.cityofgilroy.org/DocumentCenter/View/10774/Gilroy-Purchasing-Policy->



- c. **Award Authority Determined by One Transaction.** For the purpose of determining the appropriate award authority, contract amounts are defined by what constitutes a single or one transaction. This rule also applies to competitive bidding (the estimate of dollar value of the transaction dictates the level of bidding required).
  - i. **One-Time Purchases.** Each discrete, one-time purchase is a single transaction.
  - ii. **Blanket Purchase Orders.** The contract term of a blanket purchase order is generally considered a single transaction, subject to total contract length requirements established in a competitive bidding process. See also Subsection 3.7.6.b on page 9.

**Examples:** A blanket order in the amount of \$10,000 that is issued for vehicle parts for a one-year period is a single transaction. Subsequent annual renewals of the blanket order are considered separate, single transactions.

A five-year blanket order for on-call maintenance work in the amount of \$25,000 each year (for a total of \$125,000) requires Council approval.
  - iii. **Contract Amendments.** Dollar increases to existing contracts require the sum of the original contract to be added to the amount of the amendment to determine the single transaction value.
  - iv. **Example:** The City Administrator awards a contract for \$75,000 and a \$30,000 amendment is required. The resulting transaction is \$105,000, now requiring Council approval.

### 3. Responsibilities of Purchasing Division

- a. **Purchasing Function.** As established in Section 2.43(c) of the City Code, the Purchasing Division is responsible for:
  - i. Purchasing materials, supplies, and equipment (goods) and services for use by all departments when appropriate.
  - ii. Preparing standard specifications for goods and services wherever possible.
  - iii. Maintaining a purchase order system and issuing purchase orders as required.
  - iv. Verifying that all bids and proposals are in accordance with policy requirements.
  - v. Establishing and operating a system of stores for the bulk purchase of commonly used items.
  - vi. Selling surplus personal property of the City, subject to the determinations and approval of department heads, the City Administrator and the City Council.

### 4. Responsibilities of City Staff

- a. **Responsibilities of All Employees.** As keepers of the public trust, all City employees are required to discharge their duties fairly, impartially and with the highest degree of integrity. In support of these concepts as they apply to the purchase of goods and services, City staff shall:
  - i. Clearly identify procurement needs and the availability of funding.
  - ii. Work with the purchasing coordinator to develop suitable competitive specifications.
  - iii. Participate in the evaluation of bids and proposals as required.
  - iv. Inspect goods delivered and services performed to determine conformity with established requirements and contractual obligations.
  - v. Authorize payment for conforming goods and services.
  - vi. Notify the purchasing coordinator of non-conforming goods or services.



- vii. Document tangible or intangible value to the city when requisitioning goods or services without competition.
- viii. Recognize that fair and open competition results in better value to the city.
- ix. Understand and be accountable for the policies and procedures established for purchasing goods and services.
- b. **Purchasing Requisition Required.** Goods and services purchases that will require a contract, purchase order, or blanket purchase order, including public works construction, must be initiated with a properly documented and approved purchase requisition which includes:
  - i. Concise description of the purchase which adequately communicates need.
  - ii. Actual or estimated dollar amount.
  - iii. Valid charge/project and object number.
  - iv. Verification of available funding or identification that funding is needed.
  - v. Price quotes with recommended vendor selection and appropriate award justification.
  - vi. Bid exemption documentation as required.



MOSSADAMS