

**Collier County
Clerk of the Circuit Court
Internal Audit Department**

Management Advisory 2004 – 9

To: Dwight E. Brock  Clerk of the Circuit Court

From: Patrick Blaney  Internal Audit Director

CC: Steve Carnell Purchasing Director

Audit File

Date: September 17, 2004

Re: Purchase Order Processing

Purchase Order Processing

BACKGROUND

The Purchasing Department is part of the Administrative Services Division. Purchasing's primary role is "to procure for the County the highest quality commodities, supplies and contractual services at least expense to the County." Its authority and responsibilities are established by Collier County Resolution No. 97-435 in accordance with County Ordinance No. 87-25, and Chapter 287, Florida Statutes. The Director of Purchasing serves as the principal public purchasing official for the County, and is responsible to the Board of County Commissioners for the procurement of supplies, services and construction. The Purchasing Department also maintains the County's purchasing Internet site.

AUDIT OBJECTIVES & SCOPE

We sampled new and active purchase orders for the period October 1, 2002, through September 30, 2003, and examined them for compliance with applicable statutes, rules, and regulations, and with the Purchasing Department's policies and procedures. We also reviewed related procedures as necessary under the circumstances.

FINDINGS

Purchasing Manual

Currently the Collier County Purchasing Department does not have a formal written purchasing manual, but rather a collection of assorted documents and policies. The Board's Purchasing Policy dictates that one of Purchasing's responsibilities is to: "*Prescribe and maintain a standard Purchasing Manual for all using agencies.*" Such a manual is essential for the consistent operation of a department, and for continuity in case of unexpected interruptions, such as absence and termination. A comprehensive purchasing manual would not only enable employees to more readily take over business procedures and meet the standards of a particular position, it could also protect from potential misuse of computer systems and information technology resources.

RECOMMENDATION

The Purchasing Director should follow Board policy and implement a formal Purchasing Manual.

PURCHASING DEPARTMENT'S RESPONSE

The reference in the purchasing policy to a purchasing manual does not define the phrase nor provide any elaboration as to what the manual must actually contain other than to state the manual is governed by the policy. The language was originally coined in 1987 and for several years thereafter, the department issued and maintained a document that was literally titled "the purchasing manual."

As the Board of County Commissioners' agency has grown, roles and functions have changed. Hence, administrative procedures are now maintained in a variety of venues and not all are centrally found in one all encompassing document. With regard to purchasing-related procedures, pertinent documents include, but are not limited to the County Manager Agency Procedures and Practices, a SAP user training manual, Contract Administration Procedures and other procedures and instructions pertaining to specific transactions (e.g.; selection committee procedures, vendor evaluation procedures). While all of these procedures are technically applicable to all County Manager departments, most are regularly utilized by only a subgroup of specific users in specific circumstances. Hence, we have found that disseminating specific procedures individually to their targeted user audiences is generally more effective in ensuring their proper use and acceptance.

The department is presently updating the Contract Administration Procedures and will be examining the cost and benefits of developing and maintaining a single, centralized document in the future.

Uniform Accounting System Manual

The Uniform Accounting System Manual (UAS Manual) listing of Authorized Signatories on the Clerk of Courts Intranet website needs updating. Verifying the purchasing authority of requisitioners revealed that some were not listed in the UAS Manual. We noted county personnel who requisition PO's but do not appear on the UAS Manual list, and we noted former or transferred personnel who are still listed. The Finance Department uses the UAS Manual list routinely to verify signers for items being paid without a PO.

RECOMMENDATION

We recommend that the Purchasing Director conduct a complete review and update of the authorized signatories in the manual.

PURCHASING DEPARTMENT'S RESPONSE

The Purchasing Department does not have, and has never had, direct or primary responsibility for nor authority over the formulation or maintenance of the UAS Manual. This is in part due to the fact that some of the authorization lists within the manual do not pertain to transactions under the domain of the Department. Further, with the advent of the SAP Financial Management System, the Department establishes and maintains approval authorizations pertaining to the various functions within the Materials Management (MM) module directly within that system.

CONCLUSION

Internal Audit thanks Purchasing personnel for their cooperation in this examination.

PURCHASING DEPARTMENT'S RESPONSE

PURCHASING MANUAL

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UNIFORM ACCOUNTING SYSTEMS MANUAL

The Purchasing Department does not have, and has never had, direct or primary responsibility for nor authority over the formulation or maintenance of the UAS Manual. This is in part due to the fact that some of the authorization lists within the manual do not pertain to transactions under the domain of the Department. Further, with the advent of the SAP Financial Management System, the Department establishes and maintains approval authorizations pertaining to the various functions within the Materials Management (MM) module directly within that system.