
CITY OF SAN ANTONIO
OFFICE OF THE CITY AUDITOR



Audit of Finance Department

Purchasing Division – Procurement Electronic Submissions

Project No. AU21-014

May 4, 2022

Kevin W. Barthold, CPA, CIA, CISA
City Auditor

Executive Summary

As part of our annual Audit Plan approved by City Council, we conducted an audit of the Finance Department, specifically the Purchasing Division's Procurement Electronic Submissions Process. The audit objectives, conclusions, and recommendations follow:

Determine if the electronic submission process of procurement is performed according to City Procurement Policies and Texas Local Government Code (TLGC) regulations.

The procurement electronic submissions process via the San Antonio eProcurement System (SAePS) is operating effectively according to TLGC regulations and City Policies. We determined that policies and procedures are made available to all Purchasing Division staff and all City employees. Additionally, both formal and informal procurements are advertised to vendors for bids and responses are appropriately reviewed prior to selecting the final vendor. Furthermore, SAePS system controls are effectively configured, and user access is appropriate.

Determine if the electronic submission process of procurement via the SAePS portal is easily accessible, functioning properly and secured.

SAePS is functioning properly and secured; however, the system is not user friendly for vendors. While vendors have usability and accessibility concerns with SAePS, the Purchasing Division is effectively addressing the concerns via a third-party review and phased improvement plan.

We make no recommendations regarding the Procurement Electronic Submissions Process; consequently, no management responses are required. Management's acknowledgement of these results is in Appendix B on page 6.

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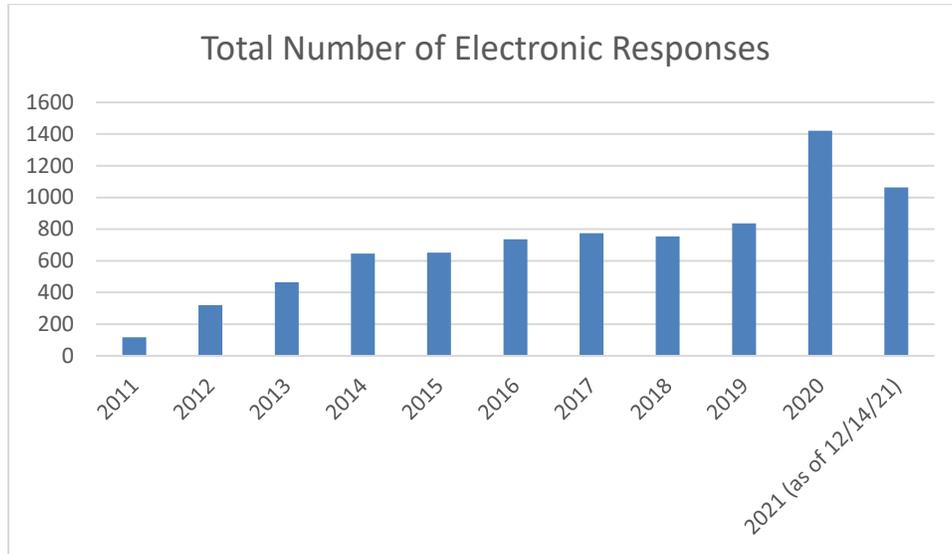
Background

The Purchasing Division (Purchasing) of the Finance Department (Finance) provides support to all City departments on every aspect of procurements, from the development of solicitation documents to contract administration. Purchasing is responsible for the timely and efficient procurement of goods and services necessary for the delivery of municipal services.

All requirements for goods and non-professional services are routed to Purchasing via SAP or SAePS electronic shopping carts. Procurement system workflow routes most solicitations, purchase orders and contracts to a Procurement Manager or Procurement Administrator for approval prior to release. Discretionary purchases, typically for professional services, are routed to Purchasing via a Discretionary Solicitation Request Memo (DSRM) and are approved by the Deputy CFO or designee prior to drafting and releasing the solicitation for bidding.

The City's procurement process must meet the standards per Chapter 252 of the TLGC for the purchase of goods and Chapter 2254 of the TLGC for contracting professional services. Ch. 252 states that expenditures of more than \$50k must go through a competitive bidding process. In addition, at least two historically underutilized businesses must be contacted on a rotating basis, and bids obtained for expenditures between \$3k and \$50k.

SAePS is the electronic system administered by Purchasing for all departmental procurement requirements. SAePS was fully implemented and operational in 2011. With the use of SAePS and SAP's Supplier Relationship Management (SRM) module, this solution has been designed from a government point of view to handle sourcing, procurement, transaction processing and order management functions. SAePS allows vendors to self-register via the SAePS website, which provides them the ability to electronically respond to City solicitations for goods or services. As of March 2020, due to the COVID-19 pandemic, all responses to City solicitations must be received electronically via SAePS. A historical look at the number of electronic responses received via SAePS as of December 14, 2021 is as follows:



Over the course of the years since implementation in 2011, there have been numerous vendor complaints on SAePS as the system is not very intuitive for vendors to use and can be cumbersome in their process to submit responses to the solicitations posted. Purchasing engaged a third-party consultant, Firecat Studio, to review the electronic submission process and conduct an assessment over SAePS. Firecat Studio issued a report to Purchasing in October 2020 of findings and recommendations. Purchasing has created a work plan prioritizing the recommendations, however there are over 16 SAePS usability issues identified by Firecat Studio that require SAP work or customization. These issues would require significant investments to improve and change which will not be feasible due to the potential City-wide implementation of SAP S/4 Hana in 2025. Purchasing collaborated with ITSD to create a phased improvement plan which includes the high impact, low-cost changes to improve the system.

Finally, the City utilizes Bonfire, a web-based tool, to streamline the scoring process completed by the evaluation committee on discretionary, formal purchases.

Audit Scope and Methodology

The audit scope was from October 1, 2020 to June 30, 2021.

We interviewed staff to obtain an understanding of the procurement electronic submissions process. Testing criteria included the Procurement Policy and Procedures Manual, TLGC Ch. 252 and Ch. 2254, respective solicitation documents released in SAePS and City Administrative Directives.

We assessed internal controls relevant to the audit objective. As part of our testing procedures, we examined the following areas:

- Purchasing’s knowledge and approval of procurement requests, including high-profile spend requests.
- The approval of formal purchases, greater than \$50k by City Council and informal purchases between \$3k and \$50k by the respective department and Purchasing.
- The creation, review, approval, and release of solicitations in SAePS.
- The minimum requirements review (MRR) process over vendors responses received.
- The accuracy of scores in Bonfire from evaluation committees for discretionary formal purchases.
- The selection and approval of the final vendor by the various individuals, committees, and City Council.
- Access and configuration controls in SAePS and Bonfire.
- The third-party review over the SAePS end-to-end vendor experience.

We relied on computer-processed data in SAP and SAePS to determine the solicitations released during the scope period. Our reliance was based on performing direct tests on the data rather than evaluating the system’s general and application controls. Our direct testing included reviewing approvals over shopping carts, solicitation documents, Minimum Requirement Reviews, and the final selected vendor. We do not believe that the absence of testing general and application controls had an effect on the results of our audit.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Audit Results and Recommendations

The procurement electronic submissions process via SAePS is operating effectively according to TLGC regulations and City Policies. We determined that policies and procedures are made available to all Purchasing Division staff and all City employees. Additionally, both formal and informal procurements are advertised to vendors for bids and responses are appropriately reviewed prior to selecting the final vendor. Furthermore, SAePS system controls are effectively configured, and user access is appropriate.

SAePS is functioning properly and secured; however, the system is not user friendly for vendors. While vendors have usability and accessibility concerns with SAePS, the Purchasing Division is effectively addressing the concerns via a third-party review and phased improvement plan.

Procurement Electronic Submission Process

Purchasing has sufficient controls in place to comply with procurement policies, guidelines and TLGC regulations. Formal purchases greater than \$50,000 and informal purchases between \$3,000 and \$5,000 were adequately supported, approved, and sent out for bid. In addition, responses from vendors were adequately reviewed and considered prior to final approval by City Council for formal purchases and by the respective department and Purchasing for informal purchases.

Furthermore, High Profile purchases followed procurement guidelines and were adequately supported and reviewed by the Audit and Accountability Committee or City Council at both pre and post solicitation phases.

There are no findings. Consequently, we make no recommendations to Finance – Procurement Electronic Submissions.

Appendix A – Staff Acknowledgement

Gabe Trevino, CISA, Audit Manager
Caitlin Loomis, CPA, Auditor in Charge
Loretta Faxlanger, Auditor

Appendix B – Management Response



CITY OF SAN ANTONIO

SAN ANTONIO TEXAS 78283-3966

March 30, 2022

Kevin W. Barthold, CPA, CIA, CISA
City Auditor
San Antonio, Texas

RE: Management's Acknowledgement of its Review of Finance – Procurement Electronic Submissions

The Finance Department has reviewed the audit report and provided its comments to the auditors. As there are no recommendations for management, no management responses are required.

Finance:

Fully Agrees

Does Not Agree (provide detailed comments)

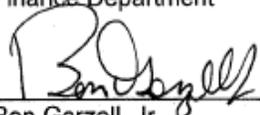
Sincerely,



Troy Elliott
Deputy Chief Financial Officer
Finance Department

3/30/22

Date



Ben Gorzell, Jr.
Chief Financial Officer
City Manager's Office

4/14/2022

Date