

## BEST PRACTICES IN PURCHASING/PROCUREMENT

### SUMMARY

Humboldt County's procurement practices, which include both contracts and purchase orders, have not generated a report from the Humboldt County Civil Grand Jury (HCCGJ) since 2000. With the total County budget now in excess of \$319 million, and increasing annually, a review of what and how County funds are expended was deemed essential. In an effort to limit the scope of this investigation, the HCCGJ focused on contracts over \$50,000.

The Humboldt County Civil Grand Jury concentrated its investigation on seven issues:

1. Contractor/vendor identification
2. Reliability determination
3. Validation of contractor/vendor representations
4. Award issuance
5. Performance monitoring oversight
6. Non-performance, fraud, waste, and abuse resolution
7. Transparency report and spend analysis oversight

The HCCGJ discovered a systemic **lack of accountability**. Although certain departments could and should handle their own contract negotiations, the procedures necessary to protect the County's interests were not always in place or, at the least, were difficult to verify. The County Administrative Office (CAO) was on occasion not included in decision-making and review.

The HCCGJ found a **lack of transparency**, and no systematic procedure to insure that vendors had met the terms of their contracts. Contract descriptions and job titles were found to be confusing. The HCCGJ also found a duplication of efforts in the contract process and a lack of regular review for millions of dollars of county expenditures.

There is an assumption in standard procurement practices that a "contract administrator" must be the final authority on any given contract to which their name is attached. However, in Humboldt County there is **no consistent terminology** describing roles in the contract writing or review process. The HCCGJ is concerned that the continuing trend of both department consolidation and the elimination of critical staffing positions has resulted in a **lack of oversight**.

To this end, the Humboldt County Civil Grand Jury recommends an impartial, experienced group of experts conduct a major review of all aspects of contracts and purchasing across all County departments to improve the benefits of scale, the structure of this process, and result in greater efficiency and cost-effectiveness.

## GLOSSARY

**Benefits of scale:** The advantage gained from purchasing in large quantities.

**Centralized system:** A group of people, and the highest administrative department, i.e., a Finance Director or Department, who oversees all lower procurement practices.

**Contract management or contract administration:** The management of contracts made with customers, vendors, partners, or employees.

**Evidenced-based:** Effectiveness demonstrated in scientific evaluations

**Internal Auditor:** Provides independent and objective evaluations of the company's financial and operational business activities, including its corporate governance.

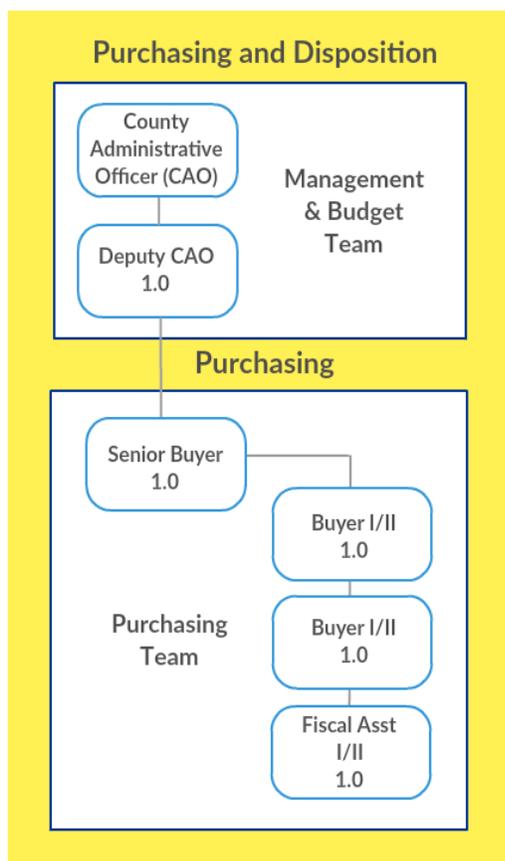
**Procurement/Purchasing:** The process of acquiring goods and services.

**Request for Proposal (RFP):** A solicitation often made through a bidding process by an agency or company interested in procurement of a commodity, service or valuable asset.

**Service contract:** Agreement whereby a contractor supplies time, effort, and/or expertise instead of a tangible product.

## BACKGROUND

The Humboldt County Board of Supervisors (BOS) has the ultimate responsibility for awarding contracts for the County. During the investigation of the 2015-16 County Budget, the HCCGJ sought simple and straightforward answers. Since all contracts over \$50,000 require BOS approval, how many contracts were current? What were the total dollar amounts for these contracts? What percentage of the total County budget does this category of contracts represent?



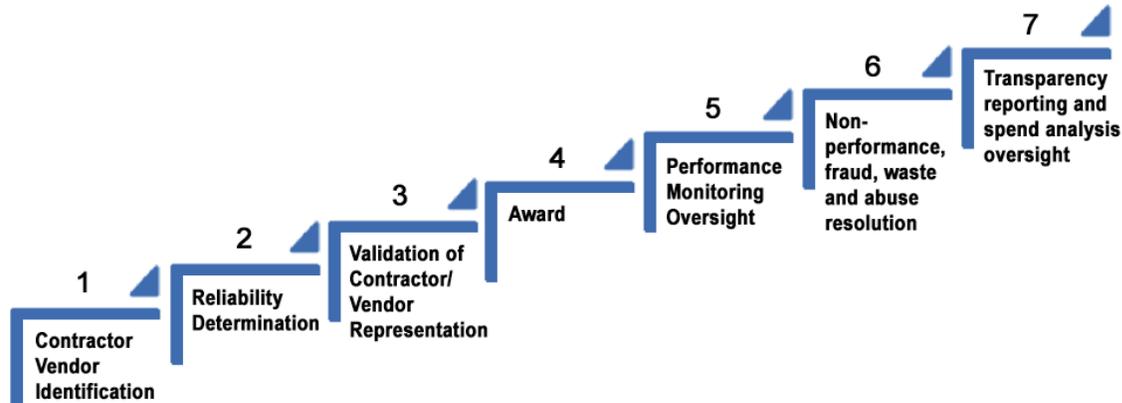
The HCCGJ was informed by various departments that the answers were unknown and/or unavailable. When the Humboldt County Civil Grand Jury requested additional information in order to analyze the entire procurement process, this same response was received. This lack of useful or available information raises several questions about how transparent the procurement process is, and how much oversight exists to effectively monitor contracting in Humboldt County.

How is procurement handled in Humboldt County? The most current organizational chart lists the Purchasing & Disposition Team as part of the CAO-Management and Budget Team, headed by the County Administrative Officer, who is the designated County Purchasing Agent.

The County of Humboldt Purchasing Policy, issued March 18, 2014, states that the Purchasing Department directly oversees the approval, award and administration of contracts. Pursuant to Government Code §25500 *et seq.*, the Humboldt County Board of Supervisors employs a Purchasing Agent who shall be the County Administrative Officer or his/her designee (Humboldt County Code §245-1). All purchases and services required by any department made on behalf of the County shall be under the direction of the Purchasing Agent, and in Humboldt County that is the CAO.

The CAO-Management and Budget Team operates with a team approach, its primary duty being the oversight of the County's budget, procurement and legislative functions. The Purchasing Team is headed by one Senior Buyer, who is assisted by two Buyers and a Fiscal Assistant. This team of four constitutes the entire purchasing department for Humboldt County. The exception is the Department of Health and Human Services (DHHS) which, when requested by County Counsel in 2009, established a separate Contracts Unit for all its departments and branches.

A review of the best practices in public procurement indicates there are several ways to structure an efficient procurement system for both public and private entities. Although these methods may not be evident in Humboldt County government, one successful system that could be implemented is illustrated by the following seven steps:



To clarify these steps:

**Step 1. Contractor/Vendor Identification:** Many government-purchasing policies have begun to explore a variety of technological means to aid in streamlining the procurement process. This can encourage new businesses to participate in and improve the depth and quality of the ways in which their process is open to the public. Old-fashioned practices of awarding contracts merely to the lowest bidder may no longer be considered the best practice.

**Step 2. Reliability Determination:** Quality of service and reliability of the vendor's ability to perform must be taken into consideration through a review of the vendor's history. Due diligence should be exercised to detect signs of an inability to fulfill contracts – including criminal conduct by prospective contractors/vendors which may jeopardize projects.

**Step 3. Validation of Contractor/Vendor Representations:** Representations made by vendors must be verified prior to the issuance of any contractual agreement. This is necessary in order to assure that the contractor/vendor is able to comply with said contract.

**Step 4. Award Issuance:** Before an award is issued, the requesting department usually issues a Request for Proposal (RFP) or in an emergency situation a Letter of Intent (LOI), which has been approved by the department head. It is then submitted to County Counsel and Risk Management for approval and signatures before it is forwarded to the CAO for placement on the Board of Supervisors' agenda. Once the award is signed by the BOS it is returned to the requesting department for submission and signature of the vendor.

**Step 5. Performance Monitoring Oversight:** An important factor in the ability of the government to achieve the best possible value for its dollar is to initiate post-award monitoring to ensure continued financial stability or be alerted to risk of fraud, waste, non-performance and abuse. Ideally, this monitoring should be an automatic requirement of best purchasing practices.

**Step 6. Non-performance, Fraud, Waste and Abuse Resolution:** When fraud, waste or abuse is detected, there needs to be a predetermined method for correcting these problems. These issues must trigger an immediate response from the purchasing department in order to stop and correct the problem.

**Step 7. Transparency Report and Spend Analysis Oversight:** The single most important issue in government is transparency. According to the National Institute for Government Procurement (NIGP):

...in a democratic society, public awareness and understanding of government practice ensures stability and confidence in governing systems. Awareness and understanding of government practices relies greatly on the public's ability to access the information relevant to its interests. Ease of access to information and understanding is more succinctly referred to as "transparency."

In evaluating the County's conformance with the above steps and guidelines, the Humboldt County Civil Grand Jury found Humboldt County's procurement system in need of critical evaluation and improvement.

## METHODOLOGY

In preparation for this report, the 2015-2016 Humboldt County Civil Grand Jury:

- Conducted interviews with representatives from eleven County offices.
- Conducted a comprehensive review of Humboldt County's purchasing processes, policies, procedures, annual budgets, current contracts and financial reports as well as the most recent CAO Mid-Year Budget Review.
- Reviewed and compared past Humboldt County Civil Grand Jury Reports and reports from several other California County Civil Grand Juries related to their purchasing departments and policies.
- Researched numerous academic sources regarding the best practices in public procurement.

## DISCUSSION

The Humboldt County Mid-Year Budget Review, submitted to the Board of Supervisors on February 1, 2016 by the County Administrative Office, recommended several departmental changes – including combining the elected positions of Auditor-Controller and Treasurer-Tax Collector into a new Finance Director position. This recommendation would require voter approval and could result in either an elected position or one appointed by the Board of Supervisors. The BOS appears to favor an elected position while the HCCGJ supports an appointed position. After studying the purchasing and contracting processes of the County, the HCCGJ supports the consideration of the consolidation of these two departments, but only as a first step.

The HCCGJ recommends a further consolidation of the entire contract award, review and renewal process within a new centralized Finance Department, headed by an experienced financial expert. As discussed elsewhere, the HCCGJ is concerned that taking half-steps will not lead to a satisfactory result. This is also true in the consideration of an elected versus an appointed Finance Director. By choosing an appointed Director, there exists an opportunity to obtain first-class, professional leadership of disparate County employees who presently have no core direction or understanding of the entire system. By contrast, an elected official by definition would need to be a current resident. This in itself precludes the search for the most qualified candidate. Unlike an elected official, an appointed professional can be recruited from any locale, bringing added expertise to the table. This change in structure would also need voter approval.

*According to Procurement Authority in Public Entities: A position paper from NIGP: The Institute for Public Procurement on the Meaning of Procurement Authority and the Importance of its Effective Delegation and Use:*

Public entities should have a centralized procurement division and empower a Chief Procurement Officer with procurement authority, including the power to delegate authority to his or her staff or to other trained staff, to ensure procurement is conducted in a manner that is fair, transparent, responsible, and ethical. Structured, centralized, and narrow delegation of procurement authority to the professional procurement department provides the benefit of establishing a business unit that has specialized knowledge of public procurement principles, processes and best practices.

Procurement professionals with the proper training, certification, knowledge, and experience make a substantial contribution to the organization's bottom line by leveraging cost savings through, among other things, strategic procurement planning and the effective use of competition and negotiation practices.

This centralized concept is not new. A combined Finance Department was previously considered by the Board of Supervisors based on recommendations from the Humboldt County Civil Grand Jury (1994-1995), a County Budget Task Force, and an independent auditor. It was presented to the BOS by the CAO on the February 24, 1998 agenda. It was not adopted at the time because of the pending election cycle and the perception that it was not a cost-saving measure.

This current proposal by the CAO would be the first step towards a centralized system and create a "one-stop" single department. Because of current low staffing levels and insufficient staff training in most departments, many of the functions of oversight and accountability are at risk. Department centralization and staff position allocation would make cross-training possible. By removing the procurement process from the CAO's responsibilities, that office could become more clearly focused on the legislative, public information and economic development needs of the Board, and less focused on internal services to other departments.

The Finance Director, as proposed by the BOS, would also have authority for Revenue Recovery, as recommended in the *Mid-Year Budget Review for 2015-16 and Outlook for 2016-17*, and would have a total of five supervisory staff, operating with a staffing level more conducive to long-term sustainability.

The HCCGJ believes that had these changes been made when they were first proposed, many of the weaknesses found in the current County procurement structure would not exist. It is also very likely that the overall savings associated with greater efficiency and budget sustainability would have clearly been a long-term benefit to the County.

### **Best Practices in Public Procurement:**

**1. Contractor/Vendor Identification:** One of the issues the HCCGJ investigated was how vendors are 'vetted' or evaluated before they are awarded contracts with the County. Generally local suppliers are used based on reputation and previous evaluations. Partly due to our geographic location, it is often prudent to use local vendors even if at a slightly higher cost, in

part due to the urgency of a need and availability of providers. However, there currently is no uniform system of evaluating vendor performance on past awards or ongoing contracts.

History has proven that inadequate screening can be costly or, at a minimum, embarrassing to the County. In one instance, the Allvest Information Services, Inc. (dba Assessments.com) contract was signed by the BOS on April 9, 2012 for its web-based juvenile and adult assessment software package, which includes consulting and staff training. Humboldt County was a member of the Northern California Probation Consortium, along with fourteen (14) other northern California counties using these services. While the services were provided and paid for, it came to light in reviewing other consortium member counties' Civil Grand Jury Reports, specifically the October 2012 Yolo County Grand Jury Report, that the CEO of Assessments.com personally had multiple arrests for drug and alcohol offenses, as well as various other charges in several states during preceding years. Two days prior to Humboldt County's April 2012 award, the CEO was again arrested and subsequently entered rehabilitation.

All members of the Consortium ultimately chose to discontinue their contracts, with the exception being Humboldt County. Humboldt County had been satisfied with the services provided and continued to retain this vendor. While no deliberate malfeasance was revealed, there was no apparent oversight exercised to prevent any misconduct, misrepresentation, breach of contract, nor the appearance thereof. Whether or not the services contracted for were provided, the taint of a company CEO with such a history doing business with Humboldt County should have been noted or considered.

The HCCGJ could find no cohesive system of performance evaluations and believes a database should be developed that would include a ranking/evaluation of each vendor's performance. This would allow any County department or member of the public to make inquiries, based not only on cost but also on ability to perform. There is no apparent system in place to alert those negotiating pending contracts to possible ethical or legal issues of potential vendors seeking to do business with the County.

**2. Reliability Determination:** Due to the fragmented or decentralized system of awarding and oversight of service contracts throughout Humboldt County government, the HCCGJ found a lack of accountability. Individual departments or branches handle their own initial contract negotiations and determine their own oversight procedures. Citing the above referenced contract between the County and a vendor with multiple arrests, the HCCGJ finds it disturbing that the history of potential vendors in future contracts are not adequately scrutinized, placing the County at risk.

**3. Validation of Contractor/Vendor Representations:** While the current County of Humboldt Purchasing Policy is explicit on the issue of contractor and/or vendor requests for proposals and requests for quotations, it makes no mention of the validation of contractor/vendor representations. Assuring that contractor/vendor performance is as stated is extremely important in insuring that the County gets the expected value for its expenditures.

The CAO, who is the Purchasing Agent for the entire County, normally reviews contracts before placing them on the BOS agenda for action. In the case of a large software purchase, contract approval was on the BOS agenda without the CAO's knowledge or approval. In that instance, the event was recognized in time and the agenda item was returned to the department for further evaluation.

In 2015 there were concerns over a Department of Health and Human Services (DHHS) contract approaching four million dollars for specialized healthcare professionals. The vendor, along with a very complex contract, were presented to and approved by the BOS in an extremely short ten days to avert a near collapse of the Mental Health Branch of DHHS. It seems unlikely that proper review of the vendor's representations could have taken place in such a minimal time frame.

This is one of the primary advantages of a countywide database, where past evaluations of vendors and contracts that have previously been used or refused, may save the County both time and money. As mentioned previously, problems such as non-compliance and criminal records might be discovered with proper validation of contractors before entering into contracts with the County.

**4. Award Issuance:** When a contract over \$50,000 is due for award or renewal, the Board of Supervisors is presented with a standard letter that sets out the recommendations of the department head and/or the CAO. Once the BOS approves it, and copies are provided to other departments having responsibilities for the contract, (i.e. the CAO and Auditor-Controller), the contract is returned to the originating department. The originating department then advises the contractor/vendor and determines the administrative details.

Through the HCCGJ's investigation, a practice was discovered which circumvented the intent of the \$50,000 threshold for required approval of contracts by the Board of Supervisors. In this scenario, contract funding proposals of \$50,000 or more are split into two or more smaller contracts, whose individual costs are less than the threshold, but whose total cost would exceed \$50,000. Conceivably, this practice could avoid BOS approval for an indefinite period of time.

**5. Performance Monitoring Oversight:** In the HCCGJ's quest for information, a number of issues were raised. It was found there is neither consistent terminology describing roles nor consistent language used in the contract writing or review process. Many of those listed as contract administrators were merely department members who signed the contract, not the person actually in charge of monitoring it. Hoping to find transparency, the HCCGJ instead found confusing contract descriptions, job titles, duplication of efforts, and perhaps worst of all, a lack of regular review of millions of dollars of taxpayer-funded contracts.

Well-trained personnel are crucial when monitoring and determining if the contracting vendors are providing value for the monies the County expends. It appears that there is inadequate training in contract administration for those responsible for such contracts. Once contracts are

approved and awarded, there does not appear to be adequate continuity in oversight and cross-training of departmental staff to cover for absences or succession changes.

As noted previously, best practices in procurement dictate that purchasing be made with a clear determination of responsibility and oversight of performance monitoring, transparency monitoring, reporting and spending. The current system appears to be lacking in these areas. As an example: in March 2015, the DHHS Mental Health Branch issued a very large contract to Napa County-based Traditions Behavioral Health (\$3.5 million for 12 months) for psychiatric staffing services. Traditions Behavioral Health was contractually committed to conduct semi-annual performance evaluations, the first of which should have been executed by September 2015. When asked to see a copy of the semi-annual performance evaluation, the HCCGJ discovered that no evaluation had been done. However, a 90-day extension had been granted to complete it, which meant a completed evaluation was due no later than December 2015. As of May 2016, this still had not been completed.

This evaluation is being prepared for presentation to DHHS Compliance and Quality Improvement (CQI) at their annual meeting. There have apparently been no penalties imposed for not providing the prescribed semi-annual evaluation when scheduled. This “compliance and quality improvement” unit is poorly named as it is seldom timely in evaluating effectiveness of policies and does not really recommend quality improvements per se.

This contract, without the overdue performance evaluation, was renewed for another 14+ months in April 2016. The renewal contract now has grown to over \$4 million. Had a well-trained County staff with strong oversight capabilities and supervision been in place, the issues raised here might have been avoided.

**6. Non-performance, Fraud, Waste and Abuse Resolution:** Humboldt County does not currently have a countywide database tracking system. In a centralized contracts department it would be possible and expected that a database, tracking all contracts/awards/purchase orders, would be augmented by specific oversight systems. In following required performance evaluations for each department’s contracts, notice should be given when due dates approach, and submission of evaluations should be required and recorded.

**7. Transparency Report and Spend Analysis Oversight:** In its investigation, the HCCGJ could find no common use of terminology and no consistent pattern of chain of command within the various County departments engaged in the process of pursuing contracts. Terms such as “procurement,” “contracting,” “monitoring,” “administrating” and “contract administrator” were defined differently depending on which departments were consulted. Specific duties and responsibilities in various departments, using whatever terminology, were difficult to determine. Responsibility for monitoring reporting requirements was inconsistent throughout departments.

According to the Auditor-Controller's office, a vendor receives payment as long as sufficient line-item funds are available, providing the required departmental approval is noted. The Auditor-Controller does not require or monitor performance evaluations as a necessity for payment. Although many counties' auditors monitor contract management, the Humboldt County Auditor has neither the necessary staffing nor authority to ensure that the vendor is performing according to the terms of the contract.

In 2015, the BOS enlisted W. Brown Creative Partners to prepare a study of the Humboldt County Department of Health and Human Services entitled, *Transition Organizational Assessment Study* (the Brown Report). This report stated that the Auditor-Controller's Department is neither sufficiently staffed nor conducting internal audits of the County departments. To help with the lack of staffing in the Auditor-Controller's office, the 2015-16 Mid-Year Budget Review recommended the Board of Supervisors provide for a senior accountant auditor to perform the function of tax manager in this office.

The CAO's recommended position of senior accountant auditor should not be confused with the function of an Internal Auditor. The duties and responsibilities of this position are critical for monitoring financial matters for the County. Without the existence of an independent Internal Auditor, either within this office or in some newly-configured Finance Department, it is difficult to envision how the current system's performance evaluation weaknesses can be addressed.

Another of the Brown Report recommendations was that the County explore automating the budget development and fiscal tracking system. To assist with transparency throughout the purchasing department and the County, a database should be developed that would include information on all County contracts, including those due for evaluations, their dates of renewals, up-to-date account balances, and other pertinent information. A program is currently under construction by the Purchasing Department, using software that has been available in the County since 1998 but was only partially utilized until recently. This is an example of the need for a countywide database to enable all departments to know what tools are available. If one department purchases a new software program or has it on hand, it might be applicable to other departments. Although the HCCGJ learned of no specific goal for completion, this database would reduce questions of transparency and accountability and be more accessible not only for County departments but also for the public.

The value of an electronic database to increase transparency in procurement processes is explained by The Institute for Public Procurement's September 2010 article on *Transparency in Government Procurement*:

Many procurement entities are high on the transparency curve with easy access to procurement information online, electronic bid notification and online bidding and award notification. Others are somewhere further down the transparency curve and

may be posting bids on-line, registering suppliers online, and/or posting financial data and award information on-line. Unfortunately, many organizations are technologically challenged and function entirely in a paper environment. Paper is the least transparent form of information and may make it difficult for the public to find the desired information or do business with government.

The HCCGJ agrees with this observation and has found that Humboldt County has been too reliant on continuing with the paper-oriented system instead of embracing newer technology.

## **SYNOPSIS**

**Dual Contract Units:** During this investigation, at least one County department was found to have a stand-alone group handling its department's contracts. In 2009, County Counsel recommended that DHHS establish its own separate Contracts Unit. At that time, DHHS consolidated several departments and due to the increased number of employees brought under DHHS leadership, as well as the specialized needs of the mental health branch, it was deemed more efficient for them to operate their contracting separately. The DHHS Contracts Unit was finally established in January 2010 to centralize the system for the department.

This separate Contracts Unit keeps all the documents required to administer the contracts for the DHHS. One consequence of this separation is a lack of transparency from outside the DHHS staff. Interviews conducted by the HCCGJ revealed previous efforts to provide for an Internal Audit Department within the DHHS Contract Unit. Although qualified personnel existed, they were never used for this critical monitoring function. An Internal Auditor would be valuable, not only in the DHHS but across all departments of the County procurement structure.

**Board of Supervisors Recommendation for Consolidation:** As this report was in its final preparation, the Board of Supervisors was considering recommendations that could partially address concerns of the HCCGJ regarding procurement, oversight, accountability and efficiency within the entire purchasing/procurement process. These recommendations include the consolidation of the Auditor-Controller with that of the Treasurer-Tax Collector, the elimination of both these elected positions, and their replacement with one elected official who would be the "Finance Director." However, the HCCGJ still believes this should be an appointed position.

While this proposed consolidation begins to address some issues of staffing shortages and succession training, it falls short of what is possible. What is unaddressed is a very fragmented purchasing/procurement process, which is spread throughout many departments of County government.

### **Establish Bold Professional Procurement Practices:**

**Finance Department:** The HCCGJ sees an opportunity to improve this entire process with one Finance Director at the head of a newly-created Finance Department. The Finance Director would

ultimately be responsible for the entire procurement process and responsible for all those involved with the important work of negotiating, reviewing, monitoring and auditing all contracts.

The HCCGJ believes it is critical that the proposed Finance Department be headed by a NON-elected official who is a financial expert in this area. Continuing to elect individuals into highly complex and demanding roles for political expediency does not guarantee a satisfactory outcome. Despite previous attempts to reorganize the procurement system throughout the County and create standardized policies, the procurement and contract process in Humboldt County has not improved and shows no indication that it will.

Without significant changes now the HCCGJ fears the County will be looking at this issue again in the near future.

**Internal Audit Department:** A repeated suggestion made by several sources is to develop the structure for a new department that would perform internal auditing for the entire County. Heading this department would be a Certified Internal Auditor with the responsibility of reviewing County auditing practices and instituting new systems to more efficiently control and account for the County's funds. These actions would increase the transparency and accountability of County procurement practices. The responsibilities of the Internal Audit Department, headed by a Certified Internal Auditor, could provide independent and objective evaluations of the County's financial and operational business activities, including its governance.

**Outside Task Force Review:** The HCCGJ suggests that a lack of accountability, transparency and oversight in the procurement process within all County departments indicates an analysis by an outside professional firm is needed.

No one presently involved in this system appears fully qualified or unbiased to take a leading role in making the critical decisions of how to reorganize to best protect the taxpayer's fiscal interests. Experts are required to make wise, long-term recommendations. A task force of outside financial experts, versed in government procurement, should be employed to review Humboldt County procurement processes and to recommend the most definitive set of solutions possible.

Treating weaknesses of the current system with political remedies will not suffice. This is, as the HCCGJ discovered, a complex subject. The Humboldt County Civil Grand Jury believes that the Board of Supervisors must now take the time to evaluate the pros and cons of department consolidation. In their decision-making, the BOS should consider the most cost-effective, productive and efficient protection of County taxpayer funds. Postponing meaningful reforms does not solve the problems and is a disservice to the people of Humboldt County.

## **FINDINGS**

**F1.** There is no Countywide system reflecting the status of contracts that are outstanding or due for evaluations.

**F2.** There is no current vendor database for departments to share information or to research the performance of vendors.

**F3.** There is currently no requirement for written, evidence-based evaluations for prospective vendors, or evaluations of existing contracts and current vendors.

**F4.** The current system of purchasing does not sufficiently address issues of accountability and transparency.

**F5.** While each department head has responsibility for procurement in their respective departments, there is a lack of accountability and follow-through within those departments.

**F6.** The process of procurement is not standardized across the various departments of the County.

**F7.** There is no centralized oversight of procurement by the County Purchasing Department.

**F8.** Contract and purchasing/procurement terminology is not consistent throughout County departments.

**F9.** There is a lack of communication between, within, and among the County departments.

**F10.** The opportunity exists for County departments to circumvent Board of Supervisors' required approval for contracts exceeding \$50,000 by creating smaller contracts, which are in fact related to the same project.

**F11.** Contact information for purchasing/procurement personnel is not easily found on County websites.

**F12.** The Auditor-Controller processes and pays invoices. The only verification expected for payment is whether there is departmental approval and if funds are available. No additional information is required prior to payment.

**F13.** There is insufficient staffing and cross-training within the Auditor-Controller's office to enable monitoring of existing contract performance.

**F14.** There is no standardized training or minimum qualifications for contract administrators and others involved in the procurement process.

**F15.** The County's procurement process lacks the necessary unified, consistent and independent auditing functions throughout the various departments and branches that would assure all best practices and value are received for County goods and services.

**F16.** The Board of Supervisors is not currently considering all possibilities in a recommendation to create a new elected position of Finance Director.

## **RECOMMENDATIONS**

**R1.** The Humboldt County Civil Grand Jury recommends the County Administrative Officer (Purchasing Agent) allocate a staff position responsible for training individual department personnel in contract management. **F8, F13, F14**

**R2.** The Humboldt County Civil Grand Jury recommends the County Purchasing Department establish a County database to include a vendor evaluation field so that formal evaluations can be available to other County departments. **F1, F2, F3**

**R3.** The Humboldt County Civil Grand Jury recommends the County Purchasing Department require written, evidence-based evaluations of vendor performance. **F3, F4, F7**

**R4.** The Humboldt County Civil Grand Jury supports the recommendation of the CAO's Mid-Year Budget Review to consolidate the Auditor-Controller and Treasurer-Tax Collector offices and remove Revenue Recovery from the County Administrative Office. **F4, F6, F7, F9, F13**

**R5.** The Humboldt County Civil Grand Jury recommends establishment of a consolidated Finance Department, headed by an appointed Director of Finance. **F4, F5, F6, F7, F15, F16**

**R6.** The Humboldt County Civil Grand Jury recommends the proposed Finance Department shall conduct annual audits. **F7, F10**

**R7.** The Humboldt County Civil Grand Jury recommends that the Board of Supervisors engage an outside firm to conduct a review and provide recommendations on how best to oversee a newly-established, unified Finance Department. **F15, F16**

**R8.** The Humboldt County Civil Grand Jury recommends that County databases and websites include user-friendly information relative to procurement staff contacts. **F11**

**R9.** The Humboldt County Civil Grand Jury recommends that the Board of Supervisors create and fund a new position of Internal Auditor within the current Purchasing Department or in a newly-formed Finance Department. **F15, F16**

**R10.** The Humboldt County Civil Grand Jury recommends that the Board of Supervisors engage a firm to conduct an outside audit review of procurement practices. **F4, F5, F6, F12, F14, F15**

## REQUEST FOR RESPONSES

Pursuant to Penal Code §933.05, the Humboldt County Civil Grand Jury requests responses as follows:

- The Humboldt County Auditor-Controller (**R4, R9**)
- The Humboldt County Administrative Officer (**R1, R2, R3, R4, R5, R6**)
- The Humboldt County Board of Supervisors (**R4, R7, R8, R9, R10**)

Reports issued by the Grand Jury do not identify individuals interviewed. Penal Code section 929 requires that reports of the Grand Jury not contain the name of any person or facts leading to the identity of any person who provides information to the Grand Jury.

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