

**Mid America Intergovernmental
Audit Forum, May 1, 2008
High Impact Audits**

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City of Kansas City, Missouri



Today's Agenda

- Timeline of Events
- Audit Findings and Recommendations
- Post Audit Events
- Questions

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Timeline of Events

January 2005 - Commissioner of Purchasing was working with Ricoh to replace existing copiers. City Manager asked a consultant to review the copier contract.

September 2005 – RFP was issued for document management and mail services.

October 2005 – the September RFP was cancelled.

December 2005 – New RFP issued, virtually identical to the September RFP.

February 2006 – Presentations were made by the four proposers.

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Timeline of Events continued

May 2006 – Perfect Output and Ricoh made 2nd presentations for a “new” selection committee.

January 2007 – Finance and Audit committee considers ordinance approving contract with Perfect Output.

February 2007 – Resolutions 070100 and 070142.

March 2007 – Resolution 070368.

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Sources for Best Practices

- Government Accountability Office
- International City/County Management Association
- American Bar Association
- The National State Auditors Association
- Prior Audits

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Audit Findings

- City's RFP process incorporates few best practices. (See Exhibit 1.)
- City's RFP process only partially followed.
- Three city requirements conflict with best practices.
- RFP Process open to charges of bias.

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Findings Continued

Initial Selection Committee

- Paid Leasing Consultant
- Assistant to the City Manager
- CIMO Architect
- Assistant to the Director of ITD
- Purchases and Supplies Commissioner
- OMB Analyst

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Findings Continued

"New" Selection Committee

- Paid Leasing Consultant
- Assistant to the City Manager
- CIMO Architect
- Assistant to the Director of ITD
- Purchases and Supplies Commissioner
- OMB Analyst
- **Director of ITD**
- **Finance Director**

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Findings Continued

The process followed was open to charges of bias.

- Some vendors participated in developing the RFP.
- Selection committee members inadequately fulfilled their responsibilities.
- A council member got involved during the process.
- Selection committee members had personal and business relationships with some proposers.
- Other city staff communicated with some proposers.

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Findings Continued

Actions of an elected official tainted the process.

- 2/21/06 Councilmember contacts Human Relations staff person during consideration of the subcontractor's MBE/WBE certification.
- 5/16/06 Councilmember communicated with a selection committee member before and just after voting.
- 9/27/06 Councilmember meets with Perfect Output and the city's negotiating team and instructs them to conclude negotiations quickly.

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Findings Continued

Message from councilmember to selection committee member:

Time: 11:28:42 AM

Subject: Copier

Body: Call me before u vote. Please!!

Message from selection committee member to councilmember

Time: 5:58:15 PM

Subject: It is done.

Body: Call me when you get a minute. I am in my office (office number given).

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Findings Continued

Proposed contract does not protect city's interests.

- Initial RFP goal of cost reductions will not be met.
- Walk-up equipment will cost more than projected.
- Duplicating center capacity is unknown.
- Mail operations could increase costs.

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Recommendations

- Strengthen contracting culture and practices.
- Provide ethic training for city staff.
- Council should adopt a resolution reaffirming Council/Manager role and that individual council members should not direct staff.
- All four proposals should be rejected. Begin again with a new selection committee.

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Post Audit Events

- Contract training was developed.
- Additional experienced purchasing staff were hired.
- Increase in contracting-related complaints.
- Municipal Ethics Commission Investigation.
- All bids were rejected.
- City has been sued.

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Report Address

- <http://www.kcmo.org/auditor/07-08audits/CopierRFP07.pdf>

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Questions?

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