Professional Services Contract-Delphi Research of Nevada

3100-0809-07

Submitted after meeting
Date 7-16-09 Item 8

The City Auditor's Office has completed an audit of the Professional Services Contract with Delphi Research of Nevada. Delphi Research is to design and implement a thirty-eight month program to monitor and provide an assessment of the effectiveness of the Batteries Included program. Batteries Included is sponsored by the City, Nevada Partners, and the School District. The total cost of the contract is $157,056 and was started in September 2007. The contract is administered by Leisure Services.

OBJECTIVES

The objectives of our review were to:

- Determine the Basis of Contract Award
- Review the Contract Preparation
- Review Contract Compliance
- Review Payments to Contractor
- Review Modifications and Change Orders
- Review adequacy and effectiveness of Contract Administration Controls

We noted the following exception related to a comprehensive Contract Policy and Procedure:

- A comprehensive, written city wide contract monitoring policy and procedure does not exist. Management controls over Professional Services activities should be communicated to all employees performing functions related to the acquisition and performance of the Professional Services contract.

The procedures should address the following areas:

- Segregation of Duties
- Qualified Trained Personnel
- Authorization of transactions
- Records
- Reporting of performance
- Control over Assets and Records
- Periodically Independent Review
- Limited Access

- The policy and procedures should be written to give relative assurance to management that if the policy and procedures are followed, contract performance will meet the objectives and authorizations of management. These procedures should also provide management a means to determine if the City received value for the expense.

- The City Manager's Office is performing a comprehensive policy and procedures review. Completed Guidelines are due by December 31, 2009.

- We noted a number of internal control exceptions which could limit management's ability to effectively administer this contract.
- Leisure Services Management is supportive of our recommendations as documented in their responses to the audit findings and all the issues have been addressed and resolved.

Questions?