



CITY OF WINSTON-SALEM REPORT ON COMPLIANCE WITH VENDOR SELECTION

For the 6 Months Ended June 30, 2020

Submitted by:
Office of Performance and Accountability
Internal Audit Division
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Overview of City-Wide Purchasing Practices

It is the policy of the City of Winston-Salem that the Purchasing Division provide centralized procurement services for the City. The Purchasing Division has been tasked with overseeing all purchasing activities across the City to maintain and ensure compliance with regulatory guidelines and internal control procedures, to conduct business with the highest level of customer service, ethical standards, fairness, and transparency, while welcoming qualified, responsible, and diverse vendors.

The City of Winston-Salem is committed to spending funds within the local economy and when possible, to use local Minority/Woman Business Enterprise (M/WBE) businesses. Local vendors are defined as any business with a physical address location (PO Box does not qualify) within the corporate limits of Winston-Salem. For companies that do maintain a "brick and mortar" presence in the city, it is permissible to utilize their online divisions when ordering supplies. For purchases made by City/County joint departments, local vendors also include businesses within Forsyth County.

City-Wide purchasing via purchase orders (POs) over \$20,000 for the audit period is presented in the table below:

Purchasing Method	Total Number	Total Amount
Purchase Order	209	\$19,948,334.54

Definition of Compliance Requirements

Compliance requirements are defined in the City's Purchasing Policy and Procedures Manual dated 12/31/2019. The purchasing policy and procedures manual is intended for use as a guide to the City of Winston-Salem's purchasing methods and practices. The policies and procedures established enable the City to obtain needed materials, equipment, supplies and services efficiently and economically. It also provides for application of all North Carolina general statutory provisions pertaining to local governmental purchasing.

The basic goals of the City's purchasing program are:

- To comply with the legal requirements that govern public purchasing and procurement.
- To assure vendors that impartial and equal treatment is offered to all segments of the vendor community, including small businesses, minority, and women-owned/operated enterprises.
- To professionally administer the search for sources of supplies, the development of new sources, and the selection of suppliers.
- To promote good and effective vendor relations, cultivated by informed and fair buying practices and strict adherence to ethical standards.
- To ensure the wise, prudent, and economical use of public money in the best interest of the taxpayers.
- To ensure appropriate public access to contracting information.

Scope of Audit Procedures Performed

The audit concentrated on transactions occurring between January 1, 2020 and June 30, 2020. Discretionary spending over \$20,000 was reviewed for compliance with City policies concerning vendor selection with a focus toward M/WBE businesses. Emphasis was placed on internal controls and operating procedures relating to all City Departments' purchasing practices using POs. Statistical sampling methods were used (90% confidence level with a 10% margin of error).

The audit approach included testing the following attributes:

- Verifying the lowest responsible, responsive bidder was selected.
- Verifying informal or formal bids were obtained and M/WBE were solicited.
- Verifying an explanation was provided when less than three bids were obtained from vendors including minority and women vendors.
- Verifying 10% for participation by minority businesses on city building projects of \$100,000.
- Verifying 10% M/WBE participation goal has been met on all submittals for professional and other services (if applicable).
- Verifying bid attributes listed in the "Policy Guide Grid" based on the type and dollar amount of the contract were met.

Population and sample size tested are presented in the table below:

Purchasing Method	Total Population	Total Tested
Purchase Order	209	52

Conclusion

The Purchasing Division appears to be in compliance with the City's Purchasing Policies. Internal Audit found no exceptions during fieldwork testing.

Respectfully submitted,



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