



FACT SHEET

Independent Office of Audits and Investigations

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Purchase Order Management of Non-IT Goods and Services Audit

BACKGROUND

Department of General Services (DGS) has delegated purchasing authority to Caltrans' Division of Procurement and Contracts (DPAC) to procure non-IT goods and services through the use of purchase orders, which is a document generated to authorize purchase transactions. A purchase order sets forth the descriptions, quantities, prices, payment terms, terms and conditions, and identifies a specific seller. For non-IT goods and services, the DGS delegated Caltrans purchase limits of: \$50,000 for informal competitive bidding, \$100,000 for formal competitive bidding, and \$249,999 for the Small Business/Disabled Veteran Enterprise Program (SB/DVBE) option.

KEY FINDINGS

Our audit disclosed that Caltrans has in general, established policies and internal controls over the use of purchase orders for non-IT goods and services. However, our audit identified the following:

- Procurement Policies and Procedures Need Improvement
- Procurement Training and Conflict of Interest Statement were not Completed or not Completed Timely
- Non-Compliance with Procurement Procedures

KEY RECOMMENDATIONS

We made the following recommendations:

- DPAC work with other appropriate Caltrans Program(s) to provide specific guidance for buyers to evaluate commercially useful functions for SB/DVBE vendors and require the evaluation to be included in the procurement file.
- DPAC update the Acquisitions Manual to clarify that managers approving purchase requests are also required to take annual procurement training, biennial ethics training, and sign a conflict of interest statement.
- DPAC ensure analysts review procurement documents such as the Notice to Bidders, Request for Quotes, and Bidder Declaration for accuracy and completeness. In addition, DPAC Analyst should ensure quotes are received within the submission timeframe specified in the Notice to Bidders.
- Management in Districts 3, 4, and 8 send a reminder to staff involved in the procurement process to:
 - Complete annual procurement training, biennial ethics training, and sign a conflict of interest statement prior to being involved in the procurement process.
 - Include and complete required procurement documents such as Notice to Bidder, Request for Quotes, and Bidder Declaration forms.
 - Ensure quotes are received within the submission timeframe specified in the Notice to Bidders and update if there are any changes.

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