



City of Galveston

City Auditor's Office

Audit Plan 2023

CMS2023-3

12/15/2022

City Auditor Executive Summary Procurement of Engineering for Street Construction

Why We Are Doing This Audit

On July 29, 2022, the Mayor and City Council did approve the City Auditor's Audit Plan for the 2023 fiscal year. This Audit Plan requires the execution of an audit to examine the city procurement practices for engineering firms of randomly selected street construction projects. City procurement practices receive significant interest from the general public due to the growing concern for greater transparency. The scope of this audit is due to a request from a former City Councilman and his constituents, who are not understanding why the City of Galveston requests procurement from engineering firms that may not exist on the original Pre-Qualified Consulting Engineering List. The City Auditor's Office determines that the performance of this audit is necessary as a matter of reassurance to the general public and the City Council.

What We Are Using to Evaluate the Procurement Practices of Engineering Firms

We are matching the City of Galveston's "*written*" Procurement Policies and Procedures Manual to Purchase Bid Packets for compliance regarding procuring consulting engineering services meant for street construction projects. The City Auditor's Office compares the Purchase Bid Packets for agreement with Local and State laws. The Auditor's Office is selecting eleven (11) street construction projects as a sample to evaluate the City's procurement practices for engineering firms.

Relevant Background for Hiring Consulting Engineering Firms

The City of Galveston uses a Pre-Qualified Consulting Engineering List for the City's Capital Improvement Projects. However, City Council should note that Staff does not have to choose from this pre-qualified list. Staff infrequently requests engineering firms not originally on the pre-qualified list to submit qualifications for procurement for specific street construction projects. This is done when certain engineering firms exhibit particular qualifications that will save the City time and money. It is also used when an individual engineering firm displays a unique characteristic that will benefit the quality of a specific street construction project.

What We Are Observing

The Auditor's Office observes that all City procurement practices for selecting engineering firms for street construction projects are appropriate. Nonetheless, The City Auditor's Office does see an opportunity to prevent any misinterpretation in the future. We propose that City Staff include any information for hiring a consulting engineering firm that is not originally on the Pre-Qualified List in Staff Reports to City Council. This would create a crystal-clear paper trail for any individual or group reviewing prior procurement practices that took place many years ago.



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City Manager's Office Comment

The Manager appreciates the work of the Auditor. The efforts of staff to procure the best possible Engineering firm may well include seeking firms that are not on the preapproved list. That list contains firms that possess experience and knowledge that avail them the opportunity to qualify for City work where they have the experience and expertise. Often, projects have requirements that do not fit within the existing preapproved list and in those cases the City should seek out the most qualified engineering firm from the universe of available firms, not just those on the preapproved list.

The Manager will direct staff that they must document the reasons for seeking firms not on the approved list and justify why the selected firm is the best for the project. We continue to seek the best value for the City.

Prepared by: Cherie Small Date: 4/4/2023

The City Auditor's Verification of Auditor Assignments

I have assigned the above staff to the stated engagement. I have determined that they collectively possess the competence, knowledge, and skills necessary to perform the assigned work, and individuals have the skills necessary to perform their assigned roles in accordance with Generally Accepted Government Auditing Standards (Standards 4.02 & 4.03).

Approved By: Glenn Bulghini Date: 4/4/2023