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City Improving Contract Oversight

2015 Audit Recommendations Lead to Improvements

San Diego – The City of San Diego continues to improve its oversight of contracts to ensure taxpayer funds are appropriately spent. A Performance Audit of Selected Contracts was released today and showed progress through the previous year and outlined additional fixes that will be implemented.

“The contract oversight function in the City was overdue for an overhaul, and we’re in the midst of that now,” said Kristina Peralta, the City’s Purchasing and Contracting Department Director.

The performance audit released today was requested by the Audit Committee as a follow up to a more comprehensive review in 2015. Last April, the City’s independent auditor completed a Performance Review of Citywide Contract Oversight and found that the City did not have standardized contract administration and monitoring processes in place to ensure compliance with contractual terms for services and goods receipt.

Since then, the Purchasing and Contracting Department began redesigning the City’s procurement processes in a joint project with the Department of Information Technology. The City is also drafting a comprehensive procurement manual of processes and guidelines for contract administrators citywide. Further, the City is investing in a contract sourcing solution that will provide the Purchasing and Contracting Department with the tools needed to effectively manage the City’s contracts centrally.

Additional improvements underway include:

- The Comptroller’s Office will work with Purchasing and Contracting to strengthen controls over contract pricing review and monitoring;
- The Park and Recreation Department will create a formalized training to ensure clear guidelines and procedures are known specific to that Department’s landscape contracts;
- The Park and Recreation Department will work with the City Attorney’s Office to clarify contract language related to extraordinary labor, scope of work, and associated mark ups.

- The Park and Recreation Department will develop and document an inventory process; and
- Contract management positions were authorized and will be recruited this summer.

“The City is appropriately investing significant effort into making our contracting oversight procedures far more robust,” said Ron Villa, the City’s Deputy Chief Operating Officer of Internal Operations. **“We’ve made consistent progress over the past year, and our development of a more comprehensive framework for contract administration is making a difference.”**

Full implementation of all planned improvements is expected in 2018 with several scheduled for completion in 2016 and 2017.

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