

Office of the City Auditor City of San Diego

Review of the Managed Competition Cost Comparison Tool

Audit Committee Meeting, February 7, 2011



Introduction

- The City Administration proactively requested the City Auditor's assistance and expertise in reviewing the mechanisms and principals that drive the Managed Competition Cost Comparison Tool (CCT).

Objectives

We determined the extent to which the Cost Comparison Tool:

- **Accurately calculates personnel and non-personnel costs of the Employee Proposal Team bid.**
- **Accurately aggregates those costs for comparison against private bids.**
- **Is a user-friendly tool for the Employee Proposal Team.**

Scope & Methodology

- We conducted our review of the Cost Comparison Tool in accordance with generally accepted government auditing standards.
- We designed a scenario in the Cost Comparison Tool that tested the accuracy and transparency of calculations across each component of the tool.

Summary of Findings

We identified three major findings:

- 1. The Managed Competition CCT underestimates the costs of the Employee Proposal Team's bid and continuing government operations.**
- 2. Opportunities exist to improve the user-friendliness of the Managed Competition CCT.**
- 3. Misuse of the CCT could undermine the Managed Competition Process.**

Recommendations

We made 2 recommendations to improve the CCT:

1. The Business Office should consider making the recommended changes to improve the CCT's accuracy and user-friendliness.
2. The City Administration should apply the security provisions that lock and password-protect all cells in the workbook except the cells where the user is required to input information. Additionally, the City Administration should conduct verification testing after proposers submit proposals to confirm the validity of each proposal.