



Wicomico County, Maryland

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Levin Hitchens, CIA
Internal Auditor

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Internal Auditor's Report

The County Council and Acting County Executive of Wicomico County, Maryland:

Pursuant to Section 305(D) of the Wicomico County Code and Resolution 81-2021, the Office of the Internal Auditor (IA) has conducted a Bid Process Audit. A report is submitted herewith. The purpose of the audit was to assure that purchases over specified thresholds are being procured within the parameters of the County's purchasing guidelines.

IA conducted the audit with due professional care, and IA planned and performed the audit to obtain reasonable assurance about whether the current practices and procedures in regarding to the bid process is in compliance with County policies and procedures.

IA extends appreciation to the Purchasing Department for their timely assistance and cooperation with the Bid Process Audit.

Respectfully submitted,

A handwritten signature in cursive script that reads "Levin J. Hitchens".

Levin Hitchens, CIA
Internal Auditor

Contents

Internal Auditor’s Report	1
Audit Report.....	3
Background	3
Wicomico County Procurement Overview	3
Audit Objective	3
Scope of the Audit.....	3
General Statistics and Highlights	4
Internal Controls	4
Conclusion.....	5
Schedule of Findings and Recommendations	5
1. Electronic Bid Management Software	5
Auditor’s Closing Remark.....	5

Audit Report

Background

Wicomico County Procurement Overview

Wicomico County has special purchasing requirements for purchases that are \$25,000 and over. The Purchasing Department has the authority and oversees the process for these large purchases. In general, the process for settling on a vendor will occur in one of four ways: request for proposal, formal sealed bid solicitation, contract piggyback, or sole source approved by County Council. On occasion, the County waives these methods altogether for specific types of services such as professional services and legal services.

Contract piggybacking allows the County to receive contract terms from a federal, state, or co-op contract that has already completed due diligence. One benefit to piggybacking is that it tends to be the most expeditious of the four options, routinely saving three to six weeks from the purchase process.

Sole sourcing occurs when there is an expectation that only a single vendor can provide the requested product or service and the competitive bid process would not conjure further competition. Individual departments use their experience and expertise to determine when to request a sole source. That request is provided to the Purchasing Agent who evaluates the request and chooses whether to submit it to County Council for the final approval.

The County utilizes the formal sealed bid solicitation method when the requesting department has specifications for the product or service. The department provides all the information to the Purchasing Agent for review. The Purchasing Agent furnishes the bid documents and publishes the formal bid solicitation. Vendors submit their bid documentation in sealed envelopes or packages for presentation at the scheduled public bid opening. Award of the contract goes to the lowest responsive and responsible bidder.

The final method is the formal sealed request for proposal (RFP). This method is similar in preparation as the sealed bid method. The department does not necessarily know the specifications for a project but has a scope and desired outcome. The RFP opening presents each vendor and reveals the material presented; however, the lowest price is only one attribute graded in the process. A committee of employees knowledgeable with the project receive the RFP documentation for grading. The committee meets and communicates to determine the overall best candidate to award the project.

Audit Objective

The objectives of the audit were to:

1. Evaluate the County's current bidding process
2. Analyze a sample of instances in which the bid process was deemed unnecessary
3. Make recommendations (if appropriate)

Scope of the Audit

The audit period was FY2022 to date. Additionally, IA interviewed personnel, examined various documents, and observed live bid openings.

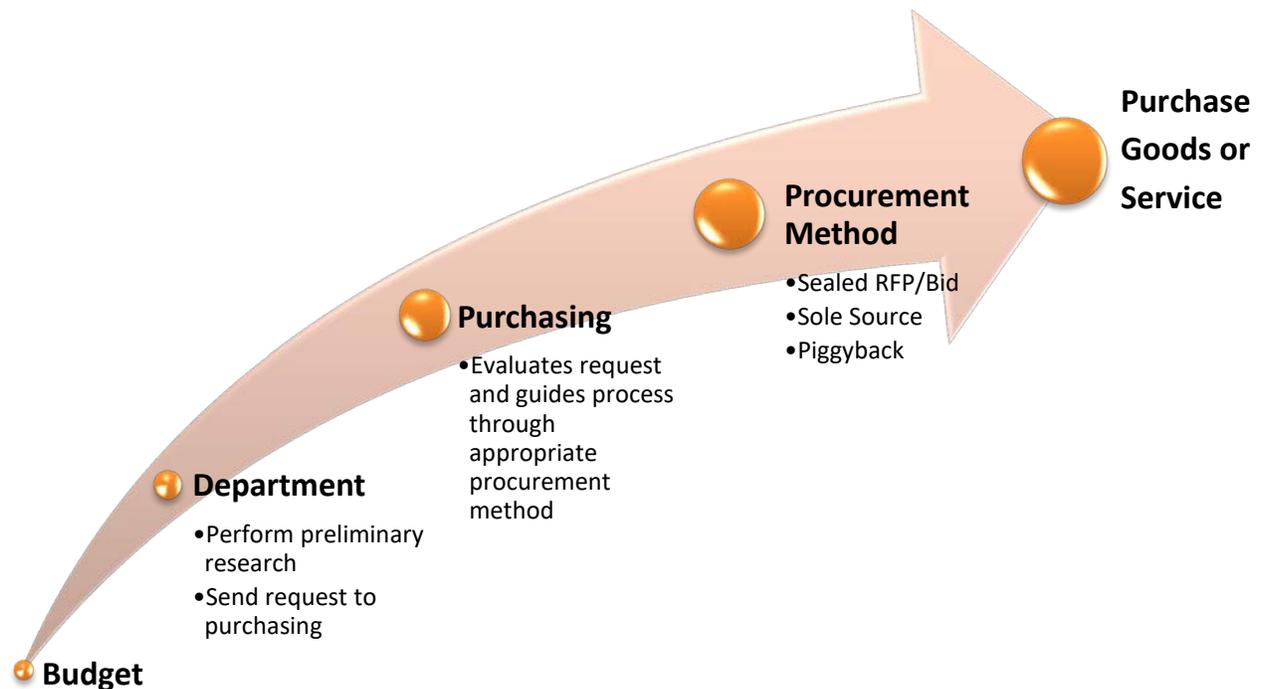
General Statistics and Highlights

During calendar year 2021, the County processed 162 purchase orders for \$25,000 or more, for a total value of \$23.6 million. The purchasing department posted 56 bids and RFPs and received approval by Council for three sole source vendors. IA tested purchase orders in Munis to confirm adherence to procurement guidelines. Additionally, IA observed several public bid openings hosted in the Purchasing Office.



Internal Controls

The process for purchases over \$25,000 travels through multiple layers before final approval. The process always starts at the department level before heading to the purchasing agent for decision on the proper method for procurement (as detailed in the background section on page 3).



Conclusion

Based on testing, and interviews performed for the Bid Process Audit, IA is of the opinion that the program's design is at a satisfactoryⁱ level.

Schedule of Findings and Recommendations

1. Electronic Bid Management Software

The County's bid and RFP processes follow sealed bid guidelines to help assure bids are secure and confidential to the extent possible. Electronic bid management software is available that may present a number of advantages to a manual system. Primarily, absolute control for deadlines and bid security. Secondly, it may prove to be more vendor friendly with central communication ability for Q&A, remote delivery of documentation, and ability to alert the submitter of missing components that could have disqualified them in a manual system. Therefore, IA recommends the County explore the market options for bid software and complete a cost-benefit analysis to gauge its feasibility.

Auditor's Closing Remark

The Wicomico County Office of the Internal Auditor would like to thank management and staff from the Purchasing Department for their timely cooperation and assistance during the audit.

ⁱ For the purposes of this audit, IA uses a three-tier grading system recommended by the International Professional Practices Framework (IPPF) as expressed by the [IPPF Practice Guide](#) issued March 2009. The three tiers are Inadequate System of Internal Control, Adequate System of Internal Control, and Satisfactory System of Internal Control. Satisfactory findings indicate that overall controls are satisfactory, although some enhancements may be recommended. It is the highest rating on the scale.