

Portland Public Schools Contracting for services: Status of improvement efforts

September 2005



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MEMORANDUM

To: Vicki Philips, Superintendent, Portland Public Schools

From: Gary Blackmer, Portland City Auditor
Suzanne Flynn, Multnomah County Auditor

Date: October 4, 2005

Subject: Contracting Practices Audit

The attached report covers our audit of Portland Public School District contracting practices, which was requested by the District Superintendent.

Agencies often find that outside contractors can provide certain professional services more cost-effectively than hiring their own staff. However, contract services may not be cost-effective if they are not properly managed. Additional efforts are needed in the contracting process to provide clear expectations and sufficient monitoring to ensure accountability.

The District had already taken steps to improve contracting practices prior to our audit and sought an independent assessment of progress and recommendations for additional steps. We reviewed a sample of contracts active in 2005, and observed clear progress in District procedures and practices, while noting further areas for improvement. We found that the District could increase general compliance with policies, improve accountability of contractors, and set guidelines for determining when to contract rather than provide services internally. We also recommend that the District's Internal Auditor conduct a follow-up of this audit within 12 to 18 months to determine the status of recommendations.

We appreciate the cooperation and assistance we received from District personnel in the course of this audit.

Audit Team: Fran Davison
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Summary

Portland Public Schools (the District) contracts out for a number of services that support instruction and District operations. Often, contractors can provide services that the District may not have the capacity or the expertise to provide. In some cases, it may simply be more cost effective to purchase certain services. Good administration of the contracts and contract process is necessary to assure the best results. The District's oversight and coordination of district-wide contracting occurs in the Purchasing and Distribution (P&D) office.

The audit was requested by the District Superintendent and focused on the personal services contracting processes. Personal services contracts are used to purchase professional services from a variety of individuals and organizations, such as architectural and construction firms, accountants, musicians, artists, engineers, plumbers, information technology consultants, and educational trainers.

We found that over the past several years, standard contract forms were revised and contract language strengthened to reduce the District's exposure to liability. Beginning in FY03, P&D took steps to centralize most aspects of purchasing and contracting. Previously these functions were managed primarily at the program, department, or school site level.

P&D also established a contracts database, initiated ongoing training of District staff, and developed an internal web site to advise staff about the contracting process. In support of efforts to manage personal services contracts more effectively, the Office of the Superintendent recently directed staff to stop entering into contracts that do not follow procedures, or risk being held responsible for any payments due.

We reviewed 68 contracts and available purchasing and monitoring records and found that contracts with problems were usually initiated prior to recent improvements in contracting. However, we did find that the District needs to improve its documentation of contract processes as well as continue to strengthen some of its competitive purchasing practices. Better documentation can provide increased accountability and help ensure that contract amendments which substantially increase the dollar amount, extend the contract period, or add to the scope of work are reasonable and appropriate. These findings are not unusual and are similar to weaknesses encountered by us and other auditors during audits of other public sector organizations.

The District has made significant progress in personal services purchases and contracting, however we do recommend additional improvements. The District should increase its efforts to ensure competitive purchasing

practices consistently comply with District policy. We also recommend the District take steps to improve contract language regarding contractor performance requirements and clarify contract monitoring and evaluation responsibilities. Further, the District needs to establish planning processes for the contracting of services and set up guidelines for determining when it is most appropriate to contract rather than provide services internally.

Background

The purchasing and contracting functions for Portland Public Schools (the District) are centrally administered by the office of the Chief Financial Officer (CFO). Within that office, Procurement and Distribution (P&D) coordinates and oversees district-wide contracting processes, and it advises District staff on contract development and management. P&D generally tracks all contracts over \$2,000 and verifies that contracts above \$25,000 meet procedural guidelines. P&D also manages the bidding process for contracts over \$100,000.

As of May 20, 2005, the District's contracts database, which is maintained by P&D, listed a total of 1,089 contracts as active in FY05, including grant and revenue contracts. This included the following contract categories:

Exhibit 1

Category	Number	Total of Original Contracts
Construction	78	\$8.2 million
General Services	33	\$3.4 million
Intergovernmental Agreements	87	\$42.3 million
Information Technology	6	\$6.1 million
Lease Agreements	14	\$4.8 million
Materials Requirements	120	\$8.3 million
Personal Services	562	\$35.5 million
Revenue	95	\$33.5 million
Service Requirements	25	\$11.9 million
All Other Categories	69	\$2.5 million

The Accounts Payable office, also under the CFO, is assigned to track personal services and some general services contracts under \$2,000. As of May 20, 2005, Accounts Payable had logged 258 personal services contracts totaling \$206,517 and 11 general services contracts totaling \$8,722 for FY05. The District's contracting and purchasing rules underwent significant revision in February 2005 primarily based on changes in the Oregon Revised Statutes and the state Attorney General's model contracting rules. Most of the contracts reviewed during our audit were initiated before the District's contracting and purchasing rules were revised. Except where noted, both sets of rules stipulate a number of general requirements, including the following:

- The School Board acts as the public contracts review board.
- The Superintendent has the authority to carry out the contracting and purchasing rules and can assign a designee to exercise that authority.

- The Superintendent (or designee) can approve contracts that are less than \$25,000.
- The dollar threshold for contracts requiring formal competitive procurement rose from \$75,000 to \$100,000 in the revised rules.
- The revised rules clarify that the Superintendent (or designee) has the authority to establish specific requirements for small procurements (less than or equal to \$5,000).

The District's revised contracting and purchasing rules contain procedures specific to personal services contracts and special procurements, such as "requirements" contracts for those goods or services (e.g. fuel oil, classroom supplies, field trip transportation) purchased for an anticipated need and at a predetermined price. The District's rules also clarify the conditions under which contracts may be exempted from competitive bidding. The District purchases contracted services in a variety of ways:

- Formal selection: amount or the complexity of a project requires the use of competitive sealed proposals
- Informal selection: formal selection is not required, but proposals must be solicited from at least three qualified vendors
- Selection by negotiation: contracts under \$25,000 or purchases made for long-term legal and audit services or when a contractor possesses unique knowledge and/or expertise
- Emergencies: do not require compliance with formal or informal solicitation procedures; used after the School Board or Superintendent declare the existence of an emergency in writing
- Under \$2,000: used by principals and administrators to make smaller purchases that do not require approval from the Superintendent

Scope and methodology

The purpose of this audit was to review contracting processes used by Portland Public Schools (the District) as compared to established best practice. Prior to the audit, the District's former Internal Auditor had carried out a preliminary assessment of procurement and contracting. Our goal was to extend that assessment, perform a more comprehensive review of current contracting practices, and determine risks within the system.

We determined that personal services contracts represented the greatest potential control risk for the District, due to the number of contracts, the total dollar amount, the frequency of amendments, and the number of individuals who are able to initiate those contracts. We reviewed a sample of 68 personal services contracts that were active in FY05. We selected 47 personal services contracts of varying dollar amounts from those entered in the contracts database kept by the Procurement and Distribution (P&D) office. We selected 21 personal services contracts from the list of the contracts that are separately tracked by the Accounts Payable office.

We compared the District's contracting processes to the best practice standards established by the performance audit committee of the National State Auditors Association (NSAA). We interviewed P&D staff, the Chief Financial Officer, and some senior program managers. We reviewed available procurement documentation, program monitoring records, and payment documents associated with the contracts in our sample.

We only verified the accuracy of information contained in the P&D contracts database that pertained to the contracts we sampled. The database was used primarily for the purpose of obtaining a general understanding of the number and dollar amount of contracts in different categories. The database was also used to develop a sample of contracts to review.

Authorized District personnel can also pay for goods and services that do not require a contract through direct payments. We did not test the District's direct payment process to determine whether there were situations in which direct payments were used for purchases that should have gone through the contracting process.

This audit was carried out at the request of Portland Public Schools as authorized by the Multnomah County temporary income tax passed in 2003. The audit was conducted in accordance with generally accepted government auditing standards.

Audit Results

We found that over the past several years, purchasing and contracting practices used for personal services contracts have improved at Portland Public Schools (the District). Personal services contracts are used to buy services performed in a professional capacity, such as an accountant, attorney, architect, engineer, appraiser, surveyor, or information technology consultant. These contracts are also sometimes referred to as professional services contracts.

Much of the improvement in the contracting process used by the District appears to be the result of changes initiated by the Procurement and Distribution (P&D) office, which is overseen by the Chief Financial Officer. Since Fiscal Year FY03, P&D has carried out the following:

- centralized most aspects of purchasing and contracting
- established the contracts database
- initiated ongoing training and education of District staff
- added options to the internal web site to advise staff about the contracting process and provide access to revised forms
- revised and strengthened standard personal services contract language
- revised contracting and purchasing rules to match new state statutes

Prior to FY03, contract administration occurred primarily at the program, department, or school site level, with limited oversight provided by District administration. In addition, there was no database for tracking the District's contracts.

To further the efforts of P&D management, the Office of the Superintendent issued a memorandum to District staff in December 2004, directing them to immediately cease entering into any contracts that did not follow established procedures or risk being held personally liable for contract payments.

We reviewed 68 personal service contracts of varying dollar amounts that were active in FY05. We found a number of contracts with problems, but those with the most serious concerns were usually initiated prior to or during the first half of FY04. This indicates a general improvement in protecting the District against personal services contracting risks and aligns with the timing of more recent changes. However, we did find that the District should continue its efforts to improve some of its contracting practices.

Procurement practices
could be further
strengthened

The District should continue strengthening its competitive purchasing practices. For example, the District should work to avoid reliance on a single contractor for multiple projects. Doing so creates an unfair advantage for that vendor and can make it more difficult for the District to maintain objectivity when awarding new contracts. Management acknowledged that there is room for improvement in bidding competitively whenever possible and stated that this was an area of focus for the District in the upcoming school year.

Multiple contracts with the same vendor. Oregon law encourages competitive contracting practices and requires publicly funded organizations to foster competition in contracting. The District uses the Request for Qualifications (RFQ) process to determine if competition exists or to establish a list of vendors qualified to provide services. The District can then offer those pre-qualified vendors the opportunity to submit a formal proposal in response to a Request for Proposal (RFP) or to submit a price quote during an informal solicitation. In some cases, pre-qualified vendors are also eligible for negotiated contracts.

We found that seven vendors each held 10 to 17 active personal services contracts in FY05. Total original contract amount per vendor (excludes amendments that added to the original amount) ranged from \$62,000 to over \$900,000. We reviewed a sample of contracts held with each of these vendors and found that in most cases, District staff were able to justify the use of multiple contracts with a single vendor. However, it was unclear why some pre-qualified vendors were selected more often than others.

Example 1: We reviewed a contract with a pre-qualified vendor that was awarded 16 contracts since January 2004, totaling \$126,000 for all. The contract reviewed was initiated in February 2005 for \$38,500. In this case, the contract did not go through a competitive bidding process, and the contractor was the only vendor asked to submit a price quote, even though other vendors were also pre-qualified to do the same work. This may have been an appropriate contract decision, but the District's rationale for making that decision was not clearly evident in the documents we examined.

Example 2: We reviewed a contract with a vendor that held 14 active contracts in FY05. This contract was initiated in February 2004 in the amount of \$5,000. It was amended four times, extending the end date by 17 months and adding \$40,000 to the contract. By May 2005, the District had incurred additional charges under this contract that were beyond the terms stipulated in the final amendment. As a result, it was determined that a new contract was needed to cover the additional charges and expand the scope of work. This example suggests the District may be willing to execute new contracts with the same vendor rather than enter into a competitive bidding process. In addition, the cumulative effect was that the original contract amount for the 14 contracts combined was \$127,000, but with amendments, the vendor could earn as much as \$243,000 once all the work covered in these contracts is completed.

Decision not to compete undocumented. One contract reviewed for a large-scale consulting project lacked documentation explaining why a competitive bidding process did not occur. In addition, since being initiated in March 2003, through amendments, this contract went from \$100,000 to \$400,000. Management explained that there were no other vendors to choose from in this case, and the Board approved the contract's exemption from the competitive bidding process. However, there was no record for us to verify whether or not the District or the School Board based this decision on a true lack of other qualified vendors. Although the District may have made the appropriate decision, every effort should be made to promote competition and to adequately document when no competing vendors are available.

Conflict of interest. A contract for \$118,000 that began in December 2002 for a construction program management consultant service was subject to a conflict of interest during the bidding process. In this example, the vendor was allowed to participate in the development of the Request for Qualifications (RFQ) document the District ultimately opened for bid and then was allowed to submit a proposal in response to the RFQ. In addition, in the proposal that the vendor submitted, District personnel were listed as references, and those same personnel were members of the committee whose task it was to select the winning proposal.

This contract was initiated prior to improvements in the District's contracting processes, but it serves as an example of a conflict of interest that can occur during the competitive bidding process. The District recently began requiring proposal evaluators to complete a form declaring they have no "financial or familial interest or prejudice through current or past association or relationship" with vendors who submit proposals for evaluation. However, it was not clear in our review of more recent contracts whether the conflict of interest form was being used consistently.

Increase review of
contract amendments and
contracts of smaller
amounts

The District's most recent personal services contract form introduced prior to the 2005 school year contains standard language that generally clarifies expectations and responsibilities of the contractor. The new standard language may have resolved some of the problems of unclear contract terms that we found in older contracts. However, the District may need to take further steps to prevent some of the problems we saw in some contracts that are described below.

Amendments substantially increased dollar amounts. We found that many contracts had amendments that substantially increased the contract dollar amount in a relatively short period of time, and often without a clear explanation for the increase.

Management explained that any change in a contract, including contract renewal, is processed as an amendment. A number of contracts we reviewed were for services to be carried out over several years. In these cases, each annual renewal added to the original contract amount as stipulated in the initial agreement with the contractor. Most of the contracts in our sample were initially of limited duration and scope, but

some were amended soon after being executed, often multiple times, to extend the contract period, add to the scope, and/or increase the dollar amount.

The following are examples of personal services contracts that were substantially increased through amendments, and the reasons for the amendments were not clear, or we found no record documenting decisions. These examples signal a concern that the District has amended contracts without clear rationale which includes careful consideration of the long-term financial impact.

Example 1: This contract for building space and move planning increased three-fold over the life of the contract. The original contract was initiated in November 2003 for \$28,000. The scope expanded quickly and was amended three times within a year. This extended the contract by six months and added \$48,000 to the original amount, for a total of \$76,000.

Example 2: In this contract for desktop support services, it appeared the District did not anticipate the extent of needed services. The contract was initiated in July of 2004, but it was amended to increase from \$400,000 to \$800,000 within a year. We found no indication of what prompted the increase.

Example 3: This contract for security services was initiated in July of 2003. It escalated from an annual cost of \$74,000 to \$108,000 in a two-year period without any documented change in scope. This represented an increase of nearly 46% over the original contract amount.

Example 4: A more recent contract for conflict resolution services was issued January 2004 for \$10,000. The contract amount increased to nearly \$25,000 within six months, but we found no explanation to justify the increase.

Contract changes may have been appropriate in every example noted above, but we were unable to determine if that was the case because of the lack of information documenting and clarifying the rationale for amendments.

Limited review of contracts under \$25,000. We found that personal services contracts above \$2,000 and under \$25,000 have limited review by the District's contracting and purchasing staff, and personal services contracts under \$2,000 receive little or no review by those staff. While monitoring every contract may not be cost-effective, selective reviews can improve compliance with contracting procedures.

The P&D contracts database listed 388 personal services contracts between \$2,000 and \$25,000 as active in FY05. This represents 69% of the total number of personal services contracts listed in the database. The original contract amounts for these contracts totaled \$3.5 million, or 10% of the total original contract amount for all personal services contracts in the database. Of the 19 contracts within that dollar range that were tracked in the contracts database and included in our sample, three were substantially amended.

Two of those three contracts ultimately exceeded the \$25,000 threshold that would have required more extensive review by P&D, including one

for move planning services that went from \$5,000 to \$45,000 and the one for temporary information technology (IT) staff that went from \$24,000 to \$83,000. Scope of work was only broadly defined in the contract for move planning services, and the project scope may have been insufficient in the original contract for temporary IT staff. Initial scrutiny from P&D might have resulted in more detailed scope and limited the escalation in costs.

P&D staff often consult with departments in developing personal services contracts, but management stated they lack the staff resources to thoroughly review every contract between \$2,000 and \$25,000. Although we found no significant problems overall with contracts in this dollar range, the examples noted in the previous paragraph indicate a potential problem associated with limited review of contract provisions.

Principals and managers can approve personal services contracts under \$2,000 to purchase a variety of services, including such services as language interpreting, teacher training, art and music workshops, and writing classes. There were 258 of these contracts issued in FY05, totaling \$206,517, and 318 in FY04, totaling \$208,911. Although contracts under \$2,000 represented a relatively small dollar amount overall, there is some risk to the District because of the number of personnel who are able to execute and authorize payment for these contracts with no administrative review.

For federal tax purposes, the Controller tracks payments accumulated by individual vendors for contracts under \$2,000, but the purpose of such tracking is not to assess the strength of contract provisions and outcomes. We found that in some contracts under \$2,000, the description of services was unclear. In a number of contracts under \$2,000, we also saw that contractors started or completed work before the contracts were signed. Management stated that contracts under \$2,000 are written on forms that contain language that has undergone legal review.

Strengthen contractor
evaluation

In several contracts reviewed, performance expectations were not clearly described. In addition, many contracts did not clarify how work would be evaluated, outline incentives for complying with contract expectations, or identify the contract manager responsible for monitoring performance. We found that although more recent contracts contained greater specificity than in the past, some still lacked adequate detail in the description of the services to be performed.

The lack of performance expectations, coupled with unclear descriptions of services being purchased, provide no mechanism for evaluating the quality of services delivered. More importantly, contracts that do not clarify performance expectations undermine the District's ability to hold vendors accountable for their work.

Standard contract language has been strengthened recently in the District's personal services contracts. But that language could be improved to ensure that contracts describe the performance requirements and detail the monitoring and evaluation responsibilities that are unique to any given contract.

Better documentation of
planning and decisions to
contract

We saw limited evidence documenting the planning process and the decision to contract out for services. This is particularly important in personal services contracts with large dollar amounts that extend over several years. Planning and deliberative decision-making are also essential to managing the cumulative effect of less expensive, short-term personal services contracts.

Most contract files we reviewed showed little or no evidence of short-term or long-term planning. In most cases, it was not clear how the District determined the need for a service or how that service fit into strategic goals. This was particularly true with older contracts that continued to be in place in FY05.

Planning for services and determining whether or not to contract for those services is important given the heightened need to carefully manage limited resources and streamline activities. We did find that the Information Technology (IT) Department contracts we reviewed appeared to have consistently undergone comprehensive planning and decision-making. The processes used by IT might serve as a model to use in developing standards for how contracts should be planned and what steps should be taken when making the decision to enter into a personal services contract.

Increase monitoring
efforts

Contract monitoring activities should include tracking budgets, comparing invoices to contract terms, and evaluating contractor performance based on pre-determined criteria. In most contracts we reviewed, it was not clear who was responsible for monitoring contractor performance, and we saw that few contracts were routinely monitored and evaluated. Further, the District's contracting procedures and administrative guidelines provide minimal guidance for the monitoring of contracts.

Since a number of contracts did not define performance expectations, those responsible for monitoring contracts did not have the tools needed to closely manage contractor performance. Without adequate monitoring of performance that includes a documented assessment of the contractor's work, the District cannot demonstrate that the work has been satisfactorily completed or show the rationale for withholding payment when expectations are not met.

In contrast, the contracts that we reviewed which were managed by Alternative Education Services included clear monitoring and evaluation components. The monitoring and evaluation processes used by Alternative Education Services may also serve as a model for the District.

Other areas for
improvement

We also found a range of minor problems that, when added together, demonstrate a need for the District to continue its efforts to strengthen personal services contracting processes and to regularly assess the extent to which the problems noted below continue to occur.

Additional payments outside of contracts. For one contract we reviewed, the department overseeing the contract authorized an additional \$21,000 direct payment to the vendor that was not tracked as a contract payment. P&D explained that the direct payment should have been treated as an amendment and counted as part of the total contract amount.

It was not clear from our review of contracts whether or not vendors regularly receive direct payments. Management indicated that this rarely occurs any longer. However, this example highlights a potential problem, in that some vendors may be receiving additional funds that are not recorded as part of their contracts. As a precaution, the District may want to take further steps to ensure that direct payments to vendors outside of the contracted amount are not being authorized.

Contracting database errors. The audit did not include extensive review of the P&D contracts database. However, in the course of our review of contracts, we found several discrepancies between contract documents and the information included in the database. Some dates or time frames were incorrectly entered in the database, and in one case, the original contract amount was listed in the database as \$24,600, rather than the \$225,000 agreed to in the contract. To be an effective tool for collecting and tracking contract information, the District should regularly test the database for data accuracy.

Some missing information. We found that a few recent contracts were initiated on outdated forms. We also observed a number of recordkeeping omissions and errors, such as missing signatures or titles and missing dates. In addition, the new personal services contract form does not require District staff signing the contract to identify their department or school, making contract tracking more difficult.

Recommendations

- I. To improve personal services contracting processes, we recommend that the District take following steps:
 - A. Determine whether competitive purchasing practices consistently comply with District policies and procedures, as well as Oregon statute.
 - B. Clarify to District staff the appropriate use and documentation of amendments and strengthen oversight of the use of amendments.
 - C. Increase the review of contracts under \$25,000 to ensure greater compliance with District procedures.
 1. If staff resources do not allow for increased review of contracts under \$25,000, determine alternatives that would allow for selective review of as many of the contracts in that range as possible.
 - D. Review standard contract language regarding contractor performance expectations.
 1. Determine how contract language might be strengthened to ensure that contracts describe performance expectations and detail monitoring and evaluation responsibilities.
 2. Inform District staff regarding the need to clarify performance expectations and monitoring and evaluation responsibilities in the contracts they develop.
 - E. Establish long-term and short-term planning processes for contracted services.
 - F. Establish guidelines for determining when may be most appropriate to contract out for services.
 - G. Clarify the responsibilities of District staff with regard to contract monitoring.
 1. Determine the elements necessary for effective monitoring.
- II. We further recommend that the District's Internal Auditor conduct a follow-up of this audit within 12 to 18 months to determine whether recommendations have been implemented.

Responses to the Audit



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September 27, 2005
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Subject: Response to audit of Portland Public Schools contracting

Thank you for the opportunity to review and discuss your audit of Portland Public Schools' contracting procedures and history – another step in our efforts to implement best practices and the highest accountability in this area. Thank you also for agreeing to conduct this audit as part of your work this year. I know that I made the request when you had a number of other audits you were already undertaking.

I appreciate your acknowledgment of the significant improvements Portland Public Schools has made in the last few years, particularly since 2003 when we established a contracting office, developed standard contracts and built a central contracts database. As Superintendent, I have stressed the need to follow all contracting policies and procedures, and I am pleased that the audit found no violations of state law, or school district policies and rules, and that all contracts of \$25,000 and above went before the Board as required. The audit serves as confirmation that there has been no pattern of inappropriate contracting, let alone abuse.

Although the contracts you examined were legal and appropriate, you suggest a number of improvements, particularly in regards to documentation. For example, in the past, sole source contracts have been awarded. Those contracts followed legal requirements, and were based on sound reasons and proven cost effectiveness, but those rationales were inadequately documented in the contract files. That will not happen again; it clearly does not meet the high standards we have put in place. Similarly, we will make sure that contracts more clearly spell out the scope of work and deliverables, and that contract amendments or extensions also have appropriate documentation on file.

In the report, you have identified contracting best practices that we are eager to implement. To be sure that the policies and procedures are consistently followed, we will make our training — offered in the past on a voluntary basis — mandatory for the principals and managers initiating contracts. Below you will see a list of steps we have taken to address your specific list of recommendations:

- A. Determine whether competitive purchasing practices consistently comply with District policies and procedures, as well as Oregon statute.
 - *Training in state and local requirements for all staff responsible for initiating or monitoring contracts continues.*

- *Majority (75%) of procurement staff are nationally certified in procurement and others are encouraged to pursue this training.*
- B. Clarify to District staff the appropriate use and documentation of amendments and strengthen oversight of the use of amendments.
- *Training includes instruction on how to complete the new form for documenting justification for contract amendments.*
- C. Increase the review of contracts under \$25,000 to ensure greater compliance with District procedures.
- *Spot review of contracts by Procurement staff will be implemented this school year.*
 - *Deputy Clerk position has been redesigned to include contract review in the job duties.*
- D. Review standard contract language regarding contractor performance expectations.
- *Sample descriptions of work scopes for commonly contracted services are being prepared to put on District web site as a resource to contract preparers.*
- E. Establish long-term and short-term planning processes for contracted services.
- *Forms to document the rationale for initiating contracts and for amending contracts will now include documentation of the planning processes.*
- F. Establish guidelines for determining when it may be most appropriate to contract out for services.
- *For complex projects and as appropriate, all departments will use a planning template based on the template developed by Information Technology to document rationale for using outside contractors.*
- G. Clarify the responsibilities of District staff with regard to contract monitoring.
- *Procurement will add a section on contract monitoring to the “Administrators Guide to Contracting for Services,” an on-line manual the contents of which are required knowledge for administrators.*
 - *Contract training courses will now include information on Contract Administration*

While we have made great strides in our contracting procedures, – we are one of only seven school districts nationwide to have earned the Achievement of Excellence in Procurement Award from the National Purchasing Institute two years running – we know that sound contracting practice requires continued vigilance. I appreciate the wisdom of the county voters who not only supported the local income tax, but also provided for the county and city auditors to examine how the money was spent. I look forward to working with you on future audits to ensure ongoing accountability to our taxpayers.

Sincerely,
Vicki L. Phillips, Superintendent