



**Ford Parts & Services Solicitation
Process Review
No. P2023-08**

Issued by the
Internal Audit Office
July 31, 2023



Internal Audit Office

MAYOR
Oscar Leeser

DATE: July 31, 2023
TO: Nicole Cote, Managing Director

FROM: Edmundo S. Calderon, CIA, CGAP, CRMA, Chief Internal Auditor 

CITY COUNCIL

SUBJECT: Ford Parts & Service Solicitation Process Review P2023-08

District 1
Brian Kennedy

At the request of the Financial Oversight and Audit Committee, the Internal Audit Office conducted a review of the Purchasing and Strategic Sourcing Department’s processes to solicit bids for two specific contracts. This engagement was accepted based on the engagement’s potential to improve management of risks, add value, and/or improve the organization’s operations (IIA 2010.C1). The work performed does not constitute an engagement conducted in accordance with Generally Accepted Government Auditing Standards (GAS 1.16). The observations and conclusions that are reported in this memorandum do not require Management Responses.

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District 3
Cassandra Hernandez

District 4
Joe Molinar

Background:

Contract #2023-0239 was awarded for Ford Proprietary Parts and Service and Contract #2023-0165 was awarded for Police Motorcycle Parts, Service and Maintenance. The two Contracts were approved by City Council on January 31, 2023 and are considered *Non-Competitive, Service Contracts*.

District 5
Isabel Salcido

Each of the two Contracts had 3 prior Solicitation attempts before being awarded. The 3 prior Solicitations were: the Original Solicitation, Solicitation ReBid I and Solicitation ReBid II.

District 6
Art Fierro

Objectives:

The objectives of this review were to:

District 7
Henry Rivera

- Obtain an understanding of the processes applicable for the procurement of proprietary parts and service.
- Obtain an understanding of the process for awarding Non-Competitive, Service Contracts.
- Determine the number of Solicitations issued for bid on each of the two contracts.
- Determine if established City of El Paso purchasing procedures were followed for each contract.
- Determine the reason why each Bid to a Solicitation was deemed Non-Responsive.
- Determine if an established process for awarding the two Non-Competitive, Service Contracts was followed.
- Document areas where inefficiencies may exist and where internal controls may be strengthened.

District 8
Chris Canales

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Methodology:

To achieve our audit objectives, we:

- Reviewed the *Amended and Restated Procurement and Sourcing Policy* dated April 17, 2018 to gain an understanding of applicable policies and procedures.
- Reviewed the Legacy and IonWave Online Solicitation Systems to gain an understanding of each Solicitation related to the two contracts.
- Gained an understanding of the required documents that a vendor needs to submit for a Responsive Bid.
- Reviewed and verified the reason why each of the six (6) Bids received for the two contracts were deemed Non-Responsive by the Purchasing and Strategic Sourcing Department staff.
- Reviewed the Bidder's List for each Solicitation to gain an understanding of the vendors invited to place a bid. We also determined how many vendors were local vs non-local.
- Reviewed the process of how the two vendors that were awarded the Non-Competitive, Service Contracts were selected.

Results:

Based on our review, we have identified the following four (4) Observations:

OBSERVATION 1

Procurement and Sourcing Policy – Local Vendor Definition

A strong system of internal controls requires that Policies and Procedures be written by management to establish criteria for executing routine or repetitive activities followed by an organization. The development and use of Policies and Procedures are an integral part of a successful quality system as it provides employees with the information and guidance to perform a job properly.

We reviewed *The Amended and Restated Procurement and Sourcing Policy* (effective April 17, 2018). The Policy does not address or define what is considered a "local" vendor or bidder. There is no mention of an area, a mileage range or a city/county border limit that would define "local". According to the Purchasing Department, a vendor that has an El Paso address is considered "local", but it is not documented in the *Policy*.

RECOMMENDATION

The Purchasing and Strategic Sourcing Department should define a "local" vendor and document it *The Amended and Restated Procurement and Sourcing Policy*.





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OBSERVATION 2

Non-Responsive Bids

We reviewed 3 bids submitted for Ford Proprietary Parts and Service and 3 bids submitted for Police Motorcycle Parts, Service and Maintenance. All 6 bids were deemed Non-Responsive by the Purchasing Department staff due to missing information or documents. The bids were missing either a pricelist, labor rate schedule, operational information, or forms were left blank by the respective vendor.

- The Purchasing Department has a process in place to review staff's determination of a Non-Responsive Bid.
- If the bid is determined to be Non-Responsive, the Purchasing Department sends a letter informing the vendor and explaining the reason for the disqualification.

The two tables that follow include the names of vendors and the reason for the disqualification.

| No. | Solicitation #: | Title: | Vendors Who Submitted a Bid | Reason for Disqualification | Why Non-Responsive? |
|--|-----------------|---|-----------------------------|-----------------------------|--|
| Ford Proprietary Parts, Service and Maintenance | | | | | |
| 1 | 2022-0572 | Ford Proprietary Parts and Service | 1) Casa Ford, Inc. | Non-Responsive | 1) No Pricelist or Catalog. 2) Labor Rates not completed. |
| | | | 2) Lobo Distribution, LLC | Non-Responsive | 1) No Pricelist or Catalog. |
| 2 | 2022-0751 | Ford Proprietary Parts, Service and Maintenance (Re-Bid I) | 1) Casa Ford, Inc. | Non-Responsive | 1) Part Numbers on Bid Form, Not Found on Submitted Pricelist. |
| 3 | 2022-0904 | Ford Proprietary Parts, Service and Maintenance (Re-Bid II) | 1) Casa Ford, Inc. | Non-Responsive | 1) No Bidder's Operational Information. |





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| No. | Solicitation #: | Title: | Vendors Who Submitted a Bid | Reason for Disqualification | Why Non-Responsive? |
|---|-----------------|--|-----------------------------|-----------------------------|--|
| Police Motorcycle Parts, Service and Maintenance | | | | | |
| 1 | 2022-0570 | Police Motorcycle Parts, Service and Maintenance | No Bids Submitted | No Bids Submitted | N/A |
| 2 | 2022-0687 | Addendum 2 (Police Motorcycle Parts, Service and Maintenance (Re-Bid)) | 1) Viva Powersports | Non-Responsive | 1) Part 5 "Scheduled Maintenance" for Groups I & II were left blank. |
| 3 | 2022-0878 | Police Motorcycle Parts, Service and Maintenance Re-Bid II | 1) Viva Powersports | Non-Responsive | 1) Comparable Contract form was left blank. |
| RECOMMENDATION | | | | | |
| No recommendation provided. | | | | | |

OBSERVATION 3

Bidder's List

We reviewed each Solicitation's Bidder's List and Bid Tabulation Sheet to determine if the bidder data reported to City Council truly depicts the number of vendors (local and non-local) that may be interested in providing a bid for the respective Solicitation.

The Bidder's List can include vendors that do not provide goods or services related to the Solicitation. Vendors appear on the Bidder's List due to opting to receive notifications from the IonWave Online Solicitation System for the particular commodity that is required by a Solicitation.

According to the Purchasing Department, the vendors on the Bidder's List will receive an invitation to submit a bid and will be counted as a vendor on the Bid Tabulation Sheet. Vendors are not required to submit any response to a bid invitation.





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For example, the Bidder's List for Solicitation #2022-0751 includes a towing and recovery company, a quarter horse and alfalfa hay sales vendor, and a school district. The Bidder's List for Solicitation #2022-0687 includes a hotel and a banner and signs vendor. This list is not all inclusive, it only provides an example.

Based on our analysis, the counts reported on the Bid Tabulation Sheet and subsequently reported to City Council are overstated. The Bid Tabulation Sheet does not contain an accurate number of vendors (local and non-local) that are truly interested in placing a bid or that can provide the required goods and services.

The table below summarizes the Bidder's List for each Solicitation. The table shows the number of vendors invited to place a bid and classifies them by the number of local/non-local vendors.

| No. | Solicitation #: | # of Vendors Invited to Bid | # of Local Vendors Invited to Bid* | % Local Vendors | # of Non-Local Vendors Invited to Bid | % Non-Local Vendors | # of Local Vendors Submitting a Bid |
|---|-----------------|-----------------------------|------------------------------------|-----------------|---------------------------------------|---------------------|-------------------------------------|
| Ford Proprietary Parts and Service | | | | | | | |
| 1 | 2022-0572 | 28 | 15 | 53.6% | 13 | 46.4% | 2 |
| 2 | 2022-0751 | 100 | 48 | 48.0% | 52 | 52.0% | 1 |
| 3 | 2022-0904 | 102 | 50 | 49.0% | 52 | 51.0% | 1 |
| Police Motorcycle Parts, Service and Maintenance | | | | | | | |
| 1 | 2022-0570 | 10 | 9 | 90.0% | 1 | 10.0% | 0 |
| 2 | 2022-0687 | 65 | 41 | 63.1% | 24 | 36.9% | 1 |
| 3 | 2022-0878 | 72 | 45 | 62.5% | 27 | 37.5% | 1 |

* - Vendors were classified as "Local" if the vendor's address on the Bidder's List was in the City of El Paso, TX.

RECOMMENDATION

The Purchasing and Strategic Sourcing Department should implement a method of reporting bidder statistics to report the number of actual bidders.





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OBSERVATION 4

Non-Competitive, Service Contract Award

The *Amended and Restated Procurement and Sourcing Policy* (effective April 17, 2018) Section 9.1.9.1 Sole Source states: “*In accordance with Section 252.022 of the State of Texas Government Code, it shall be the policy of the City of El Paso to employ a non-competitive process on a limited basis on goods and services that may only be acquired from a single source or when a specific source may be the only one to meet the City’s requirements.*”

The *Amended and Restated Procurement and Sourcing Policy* (effective April 17, 2018) Section 9.1.9.1 #2 states: “*If a contract cannot be awarded after two competitive procurements/selection process. The requirement can be fulfilled by a non-competitive award. [Revised August 19, 2019].*”

Contract #2023-0239 for *Ford Proprietary Parts and Service* and Contract #2023-0165 for *Police Motorcycle Parts, Service and Maintenance* underwent three competitive procurement attempts. Although the *Policy* states that a Non-Competitive award could have been given to a vendor after the two competitive procurement attempts, the Purchasing Department staff made three attempts. Since there were no responsive bids, the Purchasing Department staff used the Non-Competitive Procurement Method to select a vendor for each respective Solicitation.

The following two vendors were selected for the Non-Competitive Awards.

| Contract #: | Contract Name | Non-Competitive Award Vendor |
|-------------|---|------------------------------|
| 2023-0239 | <i>Ford Proprietary Parts and Service</i> | Casa Ford, Inc. |
| 2023-0165 | <i>Police Motorcycle Parts, Service and Maintenance</i> | Santa Teresa Motorsports |

The Streets and Maintenance Department (SAM) is the user department for both contracts. SAM staff were able to select the two vendors that would meet the department’s needs. According to the Purchasing Department, there were no restrictions on which vendors the department could have selected as long as they met the required needs. One contract called for the use of Ford proprietary parts while the second contract called for the use of Kawasaki and Yamaha proprietary parts. Each selected vendor was required to submit a bid packet with information similar to the packets originally submitted by the Non-Responsive vendors.

RECOMMENDATION

No recommendation provided.





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Conclusion:

Based on our review of the Purchasing and Strategic Sourcing Department's processes to solicit bids for Contracts #2023-0239 and #2023-0165, we were able to;

- Determine that Purchasing Department staff followed internal processes to solicit bids for the two contracts.
- Determine that reason that the bids that were deemed Non-Responsive was correct.
- Determine that an established process for awarding the two Non-Competitive, Service Contracts was followed and awarded.

We identified the following areas where internal controls can be strengthened:

- The Purchasing and Strategic Sourcing Department should define a "local" vendor and document it *The Amended and Restated Procurement and Sourcing Policy*.
- The Purchasing and Strategic Sourcing Department should implement a method of reporting bidder statistics to report the number of actual bidders.

If you have any questions please feel free to contact me at extension 21365.

cc: Financial Oversight and Audit Committee
Cary Westin, Interim City Manager

**Ford Parts & Services Solicitation
Process Review No. P2023-08
Management Responses**



Purchasing and Strategic Sourcing

MAYOR
Oscar Leeser

TO: Edmundo Calderon, Internal Auditor
FROM: K. Nicole Cote, Managing Director of Budget & Strategic Sourcing
SUBJECT: Ford Parts and Service Solicitation Process P2023-08

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This memorandum is to provide an update to the actions taken in response to the observation made by Internal Audit as part of the scheduled Ford Parts and Service Solicitation Process P2023-08.

Observation 1, 2 and 4

We are in concurrence with Internal Audit.

Observation 3 – Bidders’ List

In order to provide clarification to the process, please find additional information regarding in response to the recommendation made by Internal Audit in reporting the number of actual bidders.

The online bidding system captures the following information:

Number of invites sent to registered vendors.

The breakdown for this is as follow:

1. Commodity: Vendors registered under the commodity used when the solicitation was created. We have no control over who registered under each commodity. When registering vendors can register under one or all commodities.
2. User department list: Emails provided by the user department of those vendors that may be able to provide goods and services. These emails/vendors may be already registered in Ionwave and the system will not send a duplicate invite and will send it as part of the commodity list. This list may be more specific to the goods and services we are procuring.

The agenda packet includes the following information:

1. Tabulation
 - a. Total Number of Invitations: this will include the total number of invites that went out, commodity and User Department list.

| | | | | |
|--------------------|--------------------------|-----------------|-----------------------|-----------|
| RFPs SOLICITED:719 | LOCAL RFPs SOLICITED:240 | RFPs RECEIVED:4 | LOCAL RFPs RECEIVED:1 | NO BIDS:4 |
|--------------------|--------------------------|-----------------|-----------------------|-----------|

NOTE: The information contained in this RFP tabulation is for information only and does not constitute actual award/execution of contract.





Purchasing and Strategic Sourcing

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- b. Invites that are classified local: from the total number of invitations, we sort by "El Paso". If the vendor registered El Paso as its city, it will be counted.

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| | | | | |
|--------------------|--------------------------|-----------------|-----------------------|-----------|
| RFPs SOLICITED:719 | LOCAL RFPs SOLICITED:240 | RFPs RECEIVED:4 | LOCAL RFPs RECEIVED:1 | NO BIDS:4 |
|--------------------|--------------------------|-----------------|-----------------------|-----------|

NOTE: The information contained in this RFP tabulation is for information only and does not constitute actual award/execution of contract.

2. View list

- a. This is a record of how many vendors included in the total number of invitations and the ones registered in Ionwave (not receiving an invite) looked at the solicitation.

Because of these the total number of invitations, invitations going to local vendors and view lists are "overstated"

To present the information in a more accurate way to City Council, we will revise the information to provide the following breakdown:

1. Tabulation for Goods and Services Procurements:

- a. Changing the title from Bids Solicited to Automatic Invites:
- b. Changing the Local Bids Solicited: to Automatic Local Invites:
- c. Adding the record: Targeted Invites. This will be the number of emails we get from the User Department.
- d. Adding the record: Targeted Local Invites: This will be the number of local vendors we get from the User department.

| | | | |
|------------------------|------------------------------|----------------------|----------------------------|
| Automatic Invites: 719 | Automatic Local Invites: 240 | Targeted Invites: 16 | Targeted Local Invites: 14 |
| RFPs RECEIVED: 4 | LOCAL RFPs RECEIVED: 1 | NO BIDS: 4 | |

- 2. Views: List: we can sort by City to include all local vendors (as registered in Ionwave) on top and leave the rest at the bottom. The list would be numbered so up to a number that is the number of local vendors that viewed the solicitation.





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| No. | Participant Name | City | State |
|-----|---|----------------|-------|
| 1 | Abescape Landscaping, LLC | El Paso | TX |
| 2 | CEA Group (CEA Engineering Group, Inc.) | El Paso | TX |
| 3 | DECA Integrated Solutions, Inc. | El Paso | TX |
| 4 | Elite Contracting of El Paso | El Paso | TX |
| 5 | Floor Coverings International El Paso (Leachinco Corporation) | El Paso | TX |
| 6 | Food Trailers To Go (Etex Alliance, LLC) | El Paso | TX |
| 7 | GrayMar Environmental Services Inc | El Paso | TX |
| 8 | J Carrizal General Constructio | El Paso | TX |
| 9 | MONEYLINEZ 915 LLC | El Paso | TX |
| 10 | The Plant Room | El Paso | TX |
| 11 | North America Procurement Council Inc., PBC | Grand Junction | CO |
| 12 | 2H LLC | Horizon City | TX |
| 13 | Amtek USA, Austin | Houston | TX |
| 14 | ENVIRONMENTAL LAND MANAGEMENT | HOUSTON | TX |
| 15 | Alamo Environmental dba Alamo 1 | San Antonio | TX |
| 16 | Virtual Builders Exchange | San Antonio | TX |
| 17 | JSR Construction & Remodeling LLC | Santa Teresa | NM |
| 18 | Aguirre & Fields, LP | Sugar Land | TX |
| 19 | Trumble Construction | Texarkana | TX |
| 20 | Construction Reporter | Albuquerque | NM |
| 21 | Paradigm Traffic Systems, Inc. | Arlington | TX |
| 22 | ConstructConnect | Cincinnati | OH |
| 23 | OVOL USA (Western BRW-Bosworth) | Dallas | TX |

Or include the breakdown below 10

Online View for 2024-0658 Arboleda Street Remediation

| No. | Participant Name | City | State |
|-----|---|----------------|-------|
| 1 | 2H LLC | Horizon City | TX |
| 2 | Abescape Landscaping, LLC | El Paso | TX |
| 3 | Aguirre & Fields, LP | Sugar Land | TX |
| 4 | Alamo Environmental dba Alamo 1 | San Antonio | TX |
| 5 | Amtek USA, Ausbn | Houston | TX |
| 6 | CEA Group (CEA Engineering Group, Inc.) | El Paso | TX |
| 7 | ConstructConnect | Cincinnati | OH |
| 8 | Construction Reporter | Albuquerque | NM |
| 9 | DECA Integrated Solutions, Inc. | El Paso | TX |
| 10 | Elite Contracting of El Paso | El Paso | TX |
| 11 | ENVIRONMENTAL LAND MANAGEMENT | HOUSTON | TX |
| 12 | Floor Coverings International El Paso (Leachinco Corporation) | El Paso | TX |
| 13 | Food Trailers To Go (Etex Alliance, LLC) | El Paso | TX |
| 14 | GrayMar Environmental Services Inc | El Paso | TX |
| 15 | J Carrizal General Constructio | El Paso | TX |
| 16 | JSR Construction & Remodeling LLC | Santa Teresa | NM |
| 17 | MONEYLINEZ 915 LLC | El Paso | TX |
| 18 | North America Procurement Council Inc., PBC | Grand Junction | CO |
| 19 | OVOL USA (Western BRW-Bosworth) | Dallas | TX |
| 20 | Paradigm Traffic Systems, Inc. | Arlington | TX |
| 21 | The Plant Room | El Paso | TX |
| 22 | Trumble Construction | Texarkana | TX |
| 23 | Virtual Builders Exchange | San Antonio | TX |

10 El Paso Suppliers viewed this solicitation.

These audits provide an opportunity for improvement and ensure that the multi-departmental teams set the standard for all to follow by adhering to our policies and procedures.

