

RESOLUTION NO.

WHEREAS, a finding in a 2010 cemetery contract review audit report (audit number AU10111), indicated that “Confusion around the cemetery contract documents stems from the City’s poor contract administration practices;” and

WHEREAS, a finding in a 2010 performance audit of citywide contract management (AU 10113), indicated that “Current policies and procedures do not clearly define the City’s contracting process and do not clearly define roles and responsibilities for staff with contract-related responsibilities;” and

WHEREAS, a finding in a 2011 audit of the Aramark contract (audit number AU11107), indicated that “...the Austin Convention Center Department does not fully comply with contractual and City requirements for internal controls, which reduces accountability for funding decisions and transparency of operations;” and

WHEREAS, in a 2011 social services contract monitoring audit (audit number AU11124), the City Auditor found that “Overall, the weaknesses identified [in the audit] hinder HHSD’s ability to detect fraud, waste, or abuse,

identify contractor non-compliance, or protect against the misuse of City funds;”
and

WHEREAS, staff from the City’s Financial and Administrative Services Department and Purchasing Office are currently working to respond to specific concerns raised by the various contract audits mentioned above, details of which have been included in a memo dated 9 December 2011; and

WHEREAS, according to the *State of Texas Contract Management Guide*, a contract management system should be an entity-wide standardized and automated mechanism that allows for uploading, monitoring, tracking, compliance, and generating reports for contracts, even if the day-to-day contract monitoring and compliance is decentralized; and

WHEREAS, according to *Components of an Effective Contract Monitoring System*, an effective contract administration and monitoring process helps governmental entities mitigate the risks that contracted dollars may be spent inappropriately or ineffectively; **NOW, THEREFORE,**

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:

In conjunction with the City Manager’s response to the contracting-related audits conducted by the Office of the City Auditor since 2010, the City

Manager is directed to prepare a comprehensive, city-wide contract management plan that ensures the City of Austin meets and adheres to best practice contracting standards. The plan should address design, development, implementation, and monitoring of and accountability to an effective contract management system.

This plan should:

1. Develop policies and procedures necessary to manage contract development, execution, and implementation, as well as an effective monitoring system, including performance measures;
2. Clearly define roles of responsibility for all parties necessary to the contracting process, including the Purchasing Office, the Contract Management Department, the Law Department, and other departments which engage in their own contracting processes;
3. Ensure that staff involved in the process has necessary competencies to ensure policy adherence and goal achievement;
4. Ensure staff compliance with and accountability to the contract management plan.

The City Manager should present the designed plan to the City Council by April 30, 2012.

BE IT FURTHER RESOLVED:

Consistent with Generally Accepted Government Auditing Standards on independence, the City Auditor is directed to provide any support requested by the City Manager for the preparation of the contract management plan.

BE IT FURTHER RESOLVED:

The City Auditor will prepare for and deliver a report to the City Council assessing the City Manager's contract management plan, particularly focusing on how the plan addresses risk management and financial and legal controls.

ADOPTED: _____, 2011

ATTEST: _____

Shirley A. Gentry
City Clerk