

Internal Audit Department  
NeighborWorks® America

**Audit Review of**  
**The Request for Proposal**  
**Lifecycle**

Project Number: NW.PROC.RFPCYCLE.2019

# Audit Review of the Request for Proposal (RFP) Lifecycle

## Table of Contents

Function Responsibility and Internal Control Assessment.....	3
Executive Summary of Observations, Recommendations and Management Responses .....	4
Risk Rating Legend.....	14
Background.....	15
Objective.....	15
Scope.....	15
Methodology.....	16
Observations and Recommendations.....	16
Conclusion .....	20

January 14, 2020

To: NeighborWorks America Audit Committee

Subject: **Audit Review of RFP Lifecycle**

Attached is our draft audit report for the RFP Lifecycle review. Please contact me with any questions you might have.

Thank you.

Frederick Udochi  
Chief Audit Executive

Attachment

cc: M. Rodriguez  
S. Rice  
S. Ifill  
R. Bond  
R. Simmons

## Function Responsibility and Internal Control Assessment Audit Review of the RFP Lifecycle

Business Function Responsibility	Report Date	Period Covered
Procurement	January 14, 2020	Plans created between April 25, 2019 and September 30, 2019
<b>Assessment of Internal Control Structure</b>		
Effectiveness and Efficiency of Operations		<b>Inadequate<sup>1</sup></b>
Reliability of Financial Reporting		<b>Not Applicable</b>
Compliance with Applicable Laws and Regulations		<b>Not Applicable</b>

This report was reissued February 15, 2024 in accordance with a recommendation by the Government Accountability Office (GAO-23-105944, June 14, 2023).

<sup>1</sup> **Legend for Assessment of Internal Control Structure:** **1. Generally Effective:** The level and quality of the process is satisfactory. Some areas still need improvement. **2. Inadequate:** Level and quality of the process is insufficient for the processes or functions examined, and require improvement in several areas. **3. Significant Weakness:** Level and quality of internal controls for the processes and functions reviewed are very low. Significant internal control improvements need to be made.

## Executive Summary of Observations, Recommendations and Management Responses

Summarized Observation Risk Rating	Management Agreement with Observation (Yes/ No)	Internal Audit Recommendation Summary	Accept IA Recommendation (Yes/ No)	Management's Response to IA Recommendation	Estimated Date of Implementation (Month/Year)	Internal Audit Comments on Management Response
<p><b>Observation 1 - Lack of Adequate Information and Reporting</b></p> <p><b>A – Unreliable Process Cycle Performance Information and Reporting</b></p> <p>Internal Audit was unable to complete an accurate and efficient analysis of procurement process cycle performance (and therefore encountered a scope limitation in its review of this effectiveness dimension), due to the following circumstances:</p> <p><b>i - Limitations in NEST Procurement Process Cycle Reporting</b></p> <p>Internal Audit was unable to identify any NEST-produced report or retrieval that lays out</p>	<p><b>Yes</b></p>	<p><b>Recommendation 1 – Consider Feasibility of Implementing New System</b></p> <p>Internal Audit recommends that Management consider the feasibility of implementing a Procurement system that can provide complete and accurate data from the system in order to allow for timely efficient analysis of the procurement process cycle. The current system deficiencies do not allow for efficient analysis of performance and increase the risk of making decisions with inaccurate or incomplete information. The system</p>	<p><b>Yes</b></p>	<p>The organization is fully aware of the functional issues with NEST and agrees that the procurement system needs to be more robust in order to meet the organization's needs, and needs to be integrated to the financial system (NetSuite). Procurement is currently working with its stakeholders to help develop the requirements for a new system, which we expect to include on the FY 2021 schedule of major IT projects. The current NEST contract expires September 2021. With the time remaining on the current contract, we are doing our due diligence to ensure that we find a system that encompasses all of the</p>	<p><b>October 2021</b></p>	<p>Internal Audit accepts Management's response</p>

Summarized Observation Risk Rating	Management Agreement with Observation (Yes/ No)	Internal Audit Recommendation Summary	Accept IA Recommendation (Yes/ No)	Management's Response to IA Recommendation	Estimated Date of Implementation (Month/Year)	Internal Audit Comments on Management Response
<p>the progression of requisitions across the entire procurement process cycle<sup>2</sup> (i.e., from Plan Submission, through Solicitation, to Contract Award)<sup>3</sup>. Data on plans, solicitations, and contracts could only be run separately and then needed to be compiled manually making it impossible to analyze the lifecycle business process using reporting from NEST alone. The inability to obtain a global report which would show at any point in time the status of or the stage of an RFP does not allow for the efficient management of the RFP Lifecycle process.</p>		<p>should accurately capture the data points of the entire procurement process cycle reporting from the plan through contract close out. The status of plans reflected by the system and time stamps that detail the work flow and related approvals should be reflective of the actual business sequence.</p>		<p>organizational procurement needs and can be integrated with NetSuite. While the goal is to have the systems integrated by October 2021, our contingency plan would be to utilize the 6-month option in the current contract to provide any additional time needed to implement the new system. In the meantime, we have implemented controls to mitigate the functional issues with NEST and the lack of integration between NEST and NETSUITE.</p>		

<sup>2</sup> At a high level, NEST maintains information for three primary procurement business events, executed in chronological sequence: (i) the Acquisition Plan, (ii) the Solicitation, and (iii) the Contract. After a given line function / department identifies a need for services, it inputs and completes a Plan in NEST. After appropriate approvals for the plan are obtained, a Solicitation is created. Once the Solicitation is completed and a vendor is chosen, a Contract is produced.

<sup>3</sup> The absence of a global report, which can show at any point in time the process status of a given set of procurement plans, would appear to constrain the efficient management of the procurement process.

Summarized Observation Risk Rating	Management Agreement with Observation (Yes/ No)	Internal Audit Recommendation Summary	Accept IA Recommendation (Yes/ No)	Management's Response to IA Recommendation	Estimated Date of Implementation (Month/Year)	Internal Audit Comments on Management Response
<p><b>ii – Inaccurate Information Obtained</b></p> <p>Internal Audit noted plans that had been submitted in NEST but appeared to have no link to a corresponding solicitation. Internal Audit requested the contract status of these plans directly from Procurement. Internal Audit was informed that the plans had either been submitted but not approved, revised but never approved or processed, or approved but no further action had been taken. This would indicate that no contract had been awarded. Upon reaching out to the business unit and additional follow up with Procurement, Internal Audit noted five instances where plans had contracts that had been executed despite contrary information obtained in the systems.</p>						

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<p>Departments upload plans into NEST for submission to Procurement. Internal Audit noted several plans that had been submitted but where no solicitation appeared to have been issued and updates from Procurement indicated that no action had been taken place. These plans appeared in draft form indicating that they were still in process. Through inquiry with the department Internal Audit was able to confirm that these plans were not active.</p> <p><b>iii – Confusing Time-Stamps and Approval Data Fields</b></p> <p>NEST employs a series of time-stamps, ostensibly to track key business events in the procurement work flow and related approvals. However, Internal Audit noted that the data fields in place reflect a confusing sequence of business events</p>						



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<p>and a series of approvals with labels (e.g., "COO", "CEO", "Board") that are neither accurate nor meaningful<sup>4</sup>, effectively acting as dummy fields supporting the application's arbitrary workflow routing; this workflow routing employed by NEST has been characterized by the SVP Procurement as incorrect.</p> <p><b>B – Discrepancies Between NEST and Executed Contracts (Data Integrity)</b></p> <p>Internal Audit noted two instances in its sample where the amount of the Contract in the NEST database did not agree with the amount of the actual executed contract document: In the first instance the NEST database reported that the Contract amount was \$65,000, while the executed</p>						

<sup>4</sup> Internal Audit also noted instances where time-stamps were tagged with the user name "ASC Service Agent"; the meaning of this label could not be clearly explained by Procurement Department.

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<p>contract stated that it was actually \$75,000. In the second instance, the NEST database reported that the contract amount was \$16,000, while the executed contract stated that it was \$15,700 NTE.</p> <p><b>C –Unavailable Documentation on Cost Reasonableness and Technical Evaluations:</b></p> <p>Internal Audit also noted that documentation that was expected in the procurement files was inconsistent and often not available in NEST. Rather, Internal Audit observed that the P-drive, where Corporate files are stored, is the de facto home of the procurement files, since most of the relevant information can be located there.</p> <ul style="list-style-type: none"> <li>Internal Audit observed that</li> </ul>						

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<p>documentation on price / cost analyses<sup>5</sup> was generally absent from NEST contract files<sup>6</sup>.</p> <ul style="list-style-type: none"> <li>• Technical Evaluations<sup>7</sup> and Tech Evaluation Summary Reports were sometimes omitted from NEST<sup>8</sup>.</li> <li>• Procurement Acquisition Lead Time were absent from the contract files<sup>9</sup>.</li> </ul> <p><b>Risk Rating:</b> (b) (5)</p>						

<sup>5</sup> Price Analysis is “the process of deciding if the asking price for a product, service or program is fair and reasonable, without examining the specific cost elements and profit the vendor used in arriving at the price.” Cost Analysis is “the review and evaluation of the separate elements including profit and/or fee of the Offeror’s proposal to determine if the projected cost is a fair and reasonable price based on the Offeror’s assumptions. It is used when price analysis techniques cannot be used, for example where there is a lack of competition.” (NeighborWorks Procurement Policy, page 17).

<sup>6</sup> The Procurement Department indicated that price analysis was not performed for contracts where only one bid was received, nor was it required for Sole Source contracts.

<sup>7</sup> Technical Evaluations are assessments of vendor proposals against the RFP evaluation criteria for the prospective purchase. The availability of the documented Technical Evaluation Reports is important in that it promotes transparency and assurance surrounding the respective Technical Evaluation efforts undertaken and the resulting procurement actions.

<sup>8</sup> According to the Procurement Department, Technical Evaluation Summary Reports are not required in cases involving only one bid – however, in such cases there should at least be an email present in the files that serves the same purpose.

<sup>9</sup> Procurement Acquisition Lead Times are milestones within the process that the department and Procurement agree upon at the beginning of the process.

Summarized Observation Risk Rating	Management Agreement with Observation (Yes/ No)	Internal Audit Recommendation Summary	Accept IA Recommendation (Yes/ No)	Management's Response to IA Recommendation	Estimated Date of Implementation (Month/Year)	Internal Audit Comments on Management Response
<p><b>Observation 2 – Siloed Data and Parallel Systems Due to NEST Deficiencies</b></p> <p>Internal Audit noted that the Procurement Department found that it had to employ a shared folder system (the P-Drive) to compensate for deficiencies in NEST and to track business events and capture documentation covering the entire procurement process.</p> <p>For example, NEST does not facilitate users' navigation across information pertaining to related procurement business events (i.e., from Plan Submission, through Solicitation, to Contract Award) for the same purchase. While the system enables a user to navigate from a given Plan to any related Solicitation(s), there is no similar feature that would allow users to search for</p>	<p>Yes</p>	<p><b>Recommendation 2 – One System of Record</b></p> <p>We recommend that there should be one system of record for Procurements. Using two systems to track Procurements is inefficient and diminishes transparency. Requiring all Procurement documentation to be stored in one location provides consistency and increases efficiencies that could otherwise be lost to time and effort wasted attempting to locate or determine the existence of documents. In addition, there should be a procedure that details which documents are required for a contract file to be considered complete. The</p>	<p><b>YES</b></p>	<p>NEST is the only system of record for procurement.</p> <p>We agree that ideally there would not be documents stored in both the P drive and in the Procurement system, but until we have a new Procurement system, we must maintain duplicate sites. Procurement Staff use the P Drive as a back-up measure to store procurement documents in case NEST fails due to technical issues.</p> <p>No one user can or will be allowed to view all of the various procurement documentation for the corporation since they do not have those</p>	<p>October 2021</p>	<p>Internal Audit accepts Management's response</p>

Summarized Observation Risk Rating	Management Agreement with Observation (Yes/ No)	Internal Audit Recommendation Summary	Accept IA Recommendation (Yes/ No)	Management's Response to IA Recommendation	Estimated Date of Implementation (Month/Year)	Internal Audit Comments on Management Response
<p>Contracts that resulted from those Solicitation(s)– effectively creating a break in the navigation process. To work around this deficiency, the user would have to consult files that are kept outside of NEST in order to determine the contract number.</p> <p>Moreover, the P-Drive is where all vendor communications, evaluations, communications between Procurement Department and the business unit, award determination memos, contracts, technical evaluations and other pertinent documentation are stored. Although a subset of this information is uploaded to NEST Contract file when the vendor is selected and the Contract is about to be created, much of the relevant documentation is absent from</p>		documents identified should be consistently stored in the system.		access rights or permissions. They can only view their respective divisions' procurement documents. This is to maintain the fiduciary responsibility of procurement for the corporation.		

Summarized Observation Risk Rating	Management Agreement with Observation (Yes/ No)	Internal Audit Recommendation Summary	Accept IA Recommendation (Yes/ No)	Management's Response to IA Recommendation	Estimated Date of Implementation (Month/Year)	Internal Audit Comments on Management Response
<p>NEST and may be located only on the P-Drive.</p> <p><b>Risk Rating:</b> (b) (5)</p>						
<p><b>Observation 3 – Lack of Formally Documented and Distributed Procedures</b></p> <p>Internal Audit noted that, while the Corporation had a procurement policy<sup>10</sup> in place at the time of this review, there was an absence of procedures that detailed exactly how this policy should be implemented.</p> <p><b>Risk Rating:</b> (b) (5)</p>	Yes	<p><b>Recommendation 3 – Addition of Supplemental Materials</b></p> <p>Internal Audit recommends that the Procurement Policy Manual should be supplemented with detailed procedures that include simplified flow charts and screen shots that show end users how to complete various tasks within the system and which highlights the distinction between RFP and RFQ, among other aspects.</p>	Yes	Management agrees to implement this recommendation with the deployment of the new procurement system.	October 2021	Internal Audit accepts Management's response

<sup>10</sup> Titled "NeighborWorks Procurement Policy Manual," and effective April 25, 2019

## Risk Rating Legend

### Risk Rating: High

A serious weakness which significantly impacts the Corporation from achieving its corporate objectives, financial results, statutory obligations or that may otherwise impair the Corporation's reputation.

### Risk Rating: Moderate

A control weakness which could potentially undermine the effectiveness of the existing system of internal controls and/or operational efficiency, integrity of reporting and should therefore be addressed.

### Risk Rating: Low

A weakness identified which does not seriously detract from the system of internal control and or operational effectiveness/efficiency, integrity of reporting but which should nonetheless be addressed by management.

<b>Management Responses to The Audit Review of:  RFP Lifecycle</b>		
<b># Of Responses</b>	<b>Response</b>	<b>Recommendation #</b>
3	Agreement with the recommendation(s)	1, 2, 3
	Disagreement with the recommendation(s)	

## **Background**

In February 2015 the management of NeighborWorks® America created the Procurement Division with the main objective of centralizing the Procurement function of the Corporation. This division was charged with the functional responsibility of being the gatekeeper with oversight responsibility for the company's acquisition process for all material goods and services. Prior to 2015, Management used Excel Spreadsheets as the electronic database record to track procurement activity in the absence of a procurement software package.

In October 2016 the NEST procurement application was implemented as a part of the WeConnect system. In February 2017 there was overwhelming feedback that the procurement protocols were hindering user ability to carry out the organization's mission and creating undue risk. As a result, a cross divisional team, the Procurement Redesign Committee, was assembled with the goal of establishing an efficient, streamlined and effective procurement function. New policies and procedures were implemented and became effective as of April 25, 2019.

## **Objective**

The objective of this review was to obtain:

- An understanding of the policies and procedures in place which administer and monitor the Procurement Request for Proposal (RFP) Lifecycle process
- Assurance that the steps which administer RFP Lifecycle are incorporating the procedures defined in the Procurement Department's policies
- Assurance that the process steps as designed and implemented through the current policies and procedures result in an efficient and effective RFP Lifecycle as evidenced by process performance metrics

## **Scope**

Internal Audit reviewed "plans"<sup>11</sup> that were created between 4/25/2019, the date that the most recent Procurement Policies became effective, and 9/30/2019. The subsequent solicitations and contracts that resulted from the plans are also included in the scope.

Request for Proposals are used in negotiated acquisitions, generally for requirements that are above the small purchase threshold (which according to page 10 of the policy is \$20,000.01) and those that do not meet sealed bidding requirements. The range for RFQ in the policy is \$3,500 - \$99,999 which overlaps the small purchase threshold generally used for RFPs. For this reason, Request for Quotes over \$20,000 were also included in the scope.

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<sup>11</sup> Plans are the information contained in the requisition that is submitted by the department to Procurement for contracts over \$20,000. It includes elements such as scope of services, accounting code, amount budgeted/estimated value, market research and independent price estimate, delivery schedule/period of performance, and evaluation approach.



In addition, based on observations as the fieldwork progressed, Internal Audit felt it necessary to include some RFPs and RFQs that are below the small transaction threshold.

## **Methodology**

Internal Audit began its review by reviewing the audit report completed in FY16 and its corresponding observations and recommendations. Internal Audit met with Procurement to obtain an understanding of the procurement RFP business process from the identification of a need by the business unit and the corresponding plan that is submitted to Procurement through contract award. Current policies, procedures, and key performance indicators were requested. These items were reviewed when available. A walk through was conducted to further assist in the understanding of the process. During the walk through and at other points during the audit review, observations related to the process were done inclusive of vendor creation.

Internal Audit began the detailed testing by first requesting a report from NEST that included all plans that were submitted, inclusive of additional fields that would provide insight as to how the Procurement flowed through the NEST system. However, a systemic report detailing this information was not able to be extracted from the system. As a result, Internal Audit obtained the population of plans for the specified time period along with the estimated amount of the plans, and their creation dates from the system. The remainder of the data points were built out manually into an excel spreadsheet. These data points consisted of approval workflows and times stamps related to the plan, the corresponding solicitation. The plan and solicitation information compiled was submitted to Procurement in order to obtain the status of the plans in process and any contract numbers for contracts that had been awarded. Internal Audit also reached out to the departments to confirm the status of select plans and contracts and then met with Procurement for any follow up questions.

The results of the manually built out spreadsheet represent the population of plans submitted to Procurement and show the progression through the business process. From this population Internal Audit selected contracts with amounts greater than \$20,000 to be included in the sample determining lifecycle. Results were also used to make observations on the population in general.

Below are the observations and recommendations that resulted from the testing performed.

## **Observations and Recommendations**

### **Observation 1 - Lack of Adequate Information and Reporting**

#### **A – Unreliable Process Cycle Performance Information and Reporting**

Internal Audit was unable to complete an accurate and efficient analysis of procurement process cycle performance (and therefore encountered a scope limitation in its review of this effectiveness dimension), due to the following circumstances:

##### **i - Limitations in NEST Procurement Process Cycle Reporting**

Internal Audit was unable to identify any NEST-produced report or retrieval that lays out the progression of requisitions across the entire procurement process cycle<sup>12</sup> (i.e., from Plan Submission, through Solicitation, to Contract Award)<sup>13</sup>. Data on plans, solicitations, and contracts could only be run separately and then needed to be compiled manually making it impossible to analyze the lifecycle business process using reporting from NEST alone. The inability to obtain a global report which would show at any point in time the status of or the stage of an RFP does not allow for the efficient management of the RFP Lifecycle process.

## **ii – Inaccurate Information Obtained**

Internal Audit noted plans that had been submitted in NEST but appeared to have no link to a corresponding solicitation. Internal Audit requested the contract status of these plans directly from Procurement. Internal Audit was informed that the plans had either been submitted but not approved, revised but never approved or processed, or approved but no further action had been taken. This would indicate that no contract had been awarded. Upon reaching out to the business unit and additional follow up with Procurement, Internal Audit noted five instances where plans had contracts that had been executed despite contrary information obtained in the systems.

Departments upload plans into NEST for submission to Procurement. Internal Audit noted several plans that had been submitted but where no solicitation appeared to have been issued and updates from Procurement indicated that no action had been taken place. These plans appeared in draft form indicating that they were still in process. Through inquiry with the department Internal Audit was able to confirm that these plans were not active.

## **iii – Confusing Time-Stamps and Approval Data Fields**

NEST employs a series of time-stamps, ostensibly to track key business events in the procurement work flow and related approvals. However, Internal Audit noted that the data fields in place reflect a confusing sequence of business events and a series of approvals with labels (e.g., “COO”, “CEO”, “Board”) that are neither accurate nor meaningful<sup>14</sup>, effectively acting as dummy fields supporting the application’s arbitrary workflow routing; this workflow routing employed by NEST has been characterized by the SVP Procurement as incorrect.

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<sup>12</sup> At a high level, NEST maintains information for three primary procurement business events, executed in chronological sequence: (i) the Acquisition Plan, (ii) the Solicitation, and (iii) the Contract. After a given line function / department identifies a need for services, it inputs and completes a Plan in NEST. After appropriate approvals for the plan are obtained, a Solicitation is created. Once the Solicitation is completed and a vendor is chosen, a Contract is produced.

<sup>13</sup> The absence of a global report, which can show at any point in time the process status of a given set of procurement plans, would appear to constrain the efficient management of the procurement process.

<sup>14</sup> Internal Audit also noted instances where time-stamps were tagged with the user name “ASC Service Agent”; the meaning of this label could not be clearly explained by Procurement Department.

## **B – Discrepancies Between NEST and Executed Contracts (Data Integrity)**

Internal Audit noted two instances in its sample where the amount of the Contract in the NEST database did not agree with the amount of the actual executed contract document: In the first instance the NEST database reported that the Contract amount was \$65,000, while the executed contract stated that it was actually \$75,000. In the second instance, the NEST database reported that the contract amount was \$16,000, while the executed contract stated that it was \$15,700 NTE.

## **C –Unavailable Documentation on Cost Reasonableness and Technical Evaluations:**

Internal Audit also noted that documentation that was expected in the procurement files was inconsistent and often not available in NEST. Rather, Internal Audit observed that the P-drive, where Corporate files are stored, is the de facto home of the procurement files, since most of the relevant information can be located there.

- Internal Audit observed that documentation on price / cost analyses<sup>15</sup> was generally absent from NEST contract files<sup>16</sup>.
- Technical Evaluations<sup>17</sup> and Tech Evaluation Summary Reports were sometimes omitted from NEST<sup>18</sup>.
- Procurement Acquisition Lead Time were absent from the contract files<sup>19</sup>.

## **Recommendation 1 – Consider Feasibility of Implementing New System**

Internal Audit recommends that Management consider the feasibility of implementing a Procurement system that can provide complete and accurate data from the system in order to allow for timely efficient analysis of the procurement process cycle. The current system deficiencies do not allow for efficient analysis of performance and increase the risk of making decisions with inaccurate or incomplete information. The system should accurately capture the data points of the entire procurement process cycle reporting from the plan through contract

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<sup>15</sup> Price Analysis is “the process of deciding if the asking price for a product, service or program is fair and reasonable, without examining the specific cost elements and profit the vendor used in arriving at the price.” Cost Analysis is “the review and evaluation of the separate elements including profit and/or fee of the Offeror’s proposal to determine if the projected cost is a fair and reasonable price based on the Offeror’s assumptions. It is used when price analysis techniques cannot be used, for example where there is a lack of competition.” (NeighborWorks Procurement Policy, page 17).

<sup>16</sup> The Procurement Department indicated that price analysis was not performed for contracts where only one bid was received, nor was it required for Sole Source contracts.

<sup>17</sup> Technical Evaluations are assessments of vendor proposals against the RFP evaluation criteria for the prospective purchase. The availability of the documented Technical Evaluation Reports is important in that it promotes transparency and assurance surrounding the respective Technical Evaluation efforts undertaken and the resulting procurement actions.

<sup>18</sup> According to the Procurement Department, Technical Evaluation Summary Reports are not required in cases involving only one bid – however, in such cases there should at least be an email present in the files that serves the same purpose.

<sup>19</sup> Procurement Acquisition Lead Times are milestones within the process that the department and Procurement agree upon at the beginning of the process.

close out. The status of plans reflected by the system and time stamps that detail the work flow and related approvals should be reflective of the actual business sequence.

### **Observation 2 – Siloed Data and Parallel Systems Due to NEST Deficiencies**

Internal Audit noted that the Procurement Department found that it had to employ a shared folder system (the P-Drive) to compensate for deficiencies in NEST and to track business events and capture documentation covering the entire procurement process.

For example, NEST does not facilitate users' navigation across information pertaining to related procurement business events (i.e., from Plan Submission, through Solicitation, to Contract Award) for the same purchase. While the system enables a user to navigate from a given Plan to any related Solicitation(s), there is no similar feature that would allow users to search for Contracts that resulted from those Solicitation(s)– effectively creating a break in the navigation process. To work around this deficiency, the user would have to consult files that are kept outside of NEST in order to determine the contract number.

Moreover, the P-Drive is where all vendor communications, evaluations, communications between Procurement Department and the business unit, award determination memos, contracts, technical evaluations and other pertinent documentation are stored. Although a subset of this information is uploaded to NEST Contract file when the vendor is selected and the Contract is about to be created, much of the relevant documentation is absent from NEST and may be located only on the P-Drive.

### **Recommendation 2 – One System of Record**

We recommend that there should be one system of record for Procurements. Using two systems to track Procurements is inefficient and diminishes transparency. Requiring all Procurement documentation to be stored in one location provides consistency and increases efficiencies that could otherwise be lost to time and effort wasted attempting to locate or determine the existence of documents. In addition, there should be a procedure that details which documents are required for a contract file to be considered complete. The documents identified should be consistently stored in the system.

### **Observation 3 – Lack of Formally Documented and Distributed Procedures**

Internal Audit noted that, while the Corporation had a procurement policy<sup>20</sup> in place at the time of this review, there was an absence of procedures that detailed exactly how this policy should be implemented.

### **Recommendation 3 – Addition of Supplemental Materials**

Internal Audit recommends that the Procurement Policy Manual should be supplemented with detailed procedures that include simplified flow charts and screen shots that show end users how to complete various tasks within the system and which highlights the distinction between RFP and RFQ, among other aspects.

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<sup>20</sup> Titled “NeighborWorks Procurement Policy Manual,” and effective April 25, 2019

## **Conclusion**

The audit review of RFP Lifecycle process identified several opportunities for Procurement to continue to enhance the efficiency and effectiveness over their process and strengthen the internal control structure. Many of the observations and recommendations that have been identified are byproducts of the issues that arose from the ERP system transition and implementation of NEST as a part of WeConnect.

We have been made to understand that Management plans to replace the NEST application some time in the near future. We strongly urge that the recommendations identified here be taken into account when sourcing for a new system replacement.

Our interactions with the Procurement team were collaborative and productive. We would like to take this opportunity to extend our thanks to the SVP Procurement and team for their corporation and assistance during this review.