

Dr. Steve Gallon III, Vice Chair

SUBJECT: REVIEW AND UPDATE OF PROCUREMENT MANAGEMENT SERVICES

COMMITTEE: FISCAL ACCOUNTABILITY & GOVERNMENT RELATIONS

LINK TO STRATEGIC BLUEPRINT: EFFECTIVE AND SUSTAINABLE BUSINESS PRACTICES

The Miami-Dade County Public Schools is both committed and obligated to ensuring the proper and appropriate use of all public funds. As a part of ensuring this effort and process, ongoing review, monitoring, assessment, and auditing of procedures and processes governing purchasing must be implemented. Although most of these procedures and processes are the responsibility of the Superintendent through Procurement Management Services (PMS), the School Board maintains both a statutory role and responsibility, as well as fiduciary accountability for compliance with all applicable State statutes, Florida State Board of Education Rules, School Board policies, and administrative procedures.

PMS is the centralized purchasing system and is responsible for providing procurement services to and on behalf of the School Board. Each year, hundreds of millions of dollars are transacted through the Office of Procurement and through PMS. In order to ensure the effectiveness and efficiency of the District, as well as to secure and maintain the confidence and trust of the public, increased and frequent levels of review and accountability must be adopted and implemented. The District's procurement function is governed by Board Policy 6320-Purchasing which provides guidelines, procedures, and protocols for the *"procurement of supplies, materials, equipment, and services paid for from county school funds."* Policy 6320 stipulates that purchasing *"shall be the responsibility of the procurement department under the general supervision of the Chief Procurement Officer and shall be made in accordance with all applicable State statutes, Florida State Board of Education Rules, School Board policies, and administrative procedures."* It also states that *"no person may make any purchase with Board funds unless authorized to do so by Board policy or by administrative directive, or manuals approved by the Superintendent. The agency designated for making purchases with Board funds is the Board's Procurement Management Services."*

To ensure compliance of the District's fiscal and related service at all levels, the Office of Management and Compliance Audits, under the direction of the Chief Auditor, *"provides the Superintendent, the Audit and Budget Advisory Committee and the Board with an independent and objective evaluation of the operation of the school system."* As stated previously, hundreds of millions of dollars are transacted through the Office of Procurement and through PMS each year.

The School Board has previously addressed procurement related issues, as well as approved School Board items that established and/or amended policies to address and/or strengthen levels of accountability, efficiency, effectiveness, and transparency in Procurement Management Services. In fact, one School Board item approved to address and strengthen levels of accountability, efficiency, effectiveness, and transparency in procurement related issues directed the Superintendent to initiate rulemaking procedures in which audits of the Office of Procurement as well as District Offices whose transactions exceed \$50 million dollars annually are recurrently audited, at least every three years and to direct the Chief Auditor to develop both a short and long range plan, inclusive of resources needed, for increasing the frequency of auditing of the Office of Procurement Management, as well as District Offices whose transactions exceed \$50 million dollars annually not less than every three years.

Prior to this Board action, proposed by Dr. Steve Gallon III and approved by the School Board at its Meeting of April 17, 2019, there was no policy and/or required practice to conduct an audit of the Office of Procurement and related transactions which exceed hundreds of millions of dollars annually on a frequent basis---despite the fact schools in M-DCPS whose annual expenditures are as little as \$3,000.00 a year were routinely audited on an annual basis. Considering that Procurement is responsible for and has oversight for the expenditure of such large amounts of District revenue and taxpayer dollars, and in anticipation of potentially fiscally challenging times as a result of the adverse economic impact of the COVID-19 pandemic, as well as recent issues that raised public awareness, questions, and even specter around M-DCPS' procurement practices and policies, continued and increased engagement and understanding of the School Board to ensure full compliance of PMS with all applicable State statutes, Florida State Board of Education Rules, School Board policies, and administrative procedures remains increasingly prudent, proper, and pragmatic.

Lastly, although Board Policy and practice delineates the duty and responsibility of the Superintendent and the Chief Procurement Officer, the ultimate authority and accountability for the expenditure of Board funds rests with the Board, as stipulated in F.S. 1001.42. Consequently, and as a result of recent issues and staff changes in PMS, continued monitoring and understanding by the Board of procurement and related processes and practices must remain a priority of the School Board.

This item seeks to direct the Superintendent to schedule a Board Workshop to discuss the Office of Procurement Management, including but not limited to material changes in personnel, practices, and/or policies governing the function and use of the PMS, as well as related measures to be taken to ensure and improve compliance with applicable State statutes, Florida State Board of Education Rules, School Board policies, and administrative procedures at the Fiscal Accountability and Governmental Relations Committee Meeting of January 2021. It also seeks to direct the School Board Attorney and Chief Auditor to provide any related updates at the same regarding their roles and responsibility in working with and/or the auditing of the Office of Procurement Management to ensure compliance with all applicable State statutes, Florida State Board of Education Rules, School Board policies, and administrative procedures.

This item has been reviewed and approved by the School Board Attorney's office as to form and legal sufficiency.

**ACTION PROPOSED BY
DR. STEVE GALLON III:**

That The School Board of Miami-Dade County, Florida, direct:

1. the Superintendent to schedule a Board Workshop to discuss the Office of Procurement Management, including but not limited to material changes in personnel, practices, and/or policies governing the function and use of the PMS, as well as related measures to be taken to ensure and improve compliance with applicable State statutes, Florida State Board of Education Rules, School Board policies, and administrative procedures at the Fiscal Accountability and Governmental Relations Committee Meeting of January 2021;
2. direct the School Board Attorney and Chief Auditor to provide any related updates at the Fiscal Accountability and Governmental Relations Committee Meeting of January 2021 regarding their roles and responsibility in working with and/or the auditing of the Office of Procurement Management to ensure compliance with all applicable State statutes, Florida State Board of Education Rules, School Board policies, and administrative procedures; and
3. provide any individual and/or joint recommendations to the School Board in writing no later than the January 2021 School Board meeting.