

Office of the
Internal Auditor

ENGAGEMENT REPORT

April 2025

Procurement and
Contracting Process



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Executive Summary

Background

The Purchasing department is a component of Citizens' Financial Services division. It provides procurement assistance and process governance to ensure purchases made by business units and/or company employees are completed in compliance with statutory and Citizens' procurement policy requirements. Purchasing follows several Citizens' policies and Florida statutory requirements to ensure that all procurements are in compliance with laws and established procedures.

The Purchasing department's policies and procedures support the legislative intent that the procurement process be transparent, reduce the appearance and opportunity for favoritism, and inspire public confidence.

In conjunction with support from Citizens' Vendor Management and Legal Services departments, the Purchasing department develops over 20 competitive solicitations annually and negotiates and executes 2,300 new purchase orders per year. These solicitations and purchase orders enable the company's various business units to procure the goods and services needed to fulfill their operational responsibilities.

Florida procurement rules (s. 627.351(6)(e), F.S.) require Citizens to be subject to the same procurement rules as state agencies (s. 287.057, F.S.) with limited exceptions. These rules establish that all purchases with an anticipated contract value greater than \$35,000 must go through a competitive solicitation process. Also, the rules establish that Citizens' purchases of \$100,000 or greater are subject to Board approval. The Purchasing department's work helps to ensure the company's compliance with these requirements.

Objectives and Scope

The objective of this engagement was to evaluate the Purchasing department's management of the procurement process and identify any opportunities to streamline and drive efficiency. This included:

- A detailed review of the department's procurement policies and procedures
- A mapping of the department's procurement steps to the statutory requirements to identify areas where processes may exceed compliance obligations, potentially impacting efficiency
- Discussions with key stakeholders to gain insight into procurement challenges, identify inefficiencies, and explore opportunities for process improvements

Results

Internal Audit's assessment found the Purchasing department has designed the procurement process for Citizens in a way that is well-structured, efficient, and aligned with statutory requirements. As part of Internal Audit's review, the steps in the procurement process were mapped to the applicable regulations. The review found that in addition to all statutorily required steps, the procurement process also contains steps that are not statutorily required. Upon Internal Audit's review of these additional steps, it was determined that these practices provide sound, value-adding business benefits and should be maintained rather than eliminated for the sake of efficiency.

Internal Audit reviewed the Purchasing department's policies and procedures and found that they clearly guide the business units and all stakeholders on how to procure goods and services in a manner that is compliant with applicable regulatory requirements while ensuring that the company receives the best value possible. The Purchasing department also provides adequate training for evaluators and negotiators to ensure they are well-equipped to conduct competitive solicitations.



Executive Summary

Additionally, the Purchasing department's robust procedures and processes have helped to greatly minimize the risk of a bid protest occurring, which rarely happens. In the few cases in which a protest has occurred in the past, the department has a strong track record of defending its bid decisions.

Internal Audit concluded that the Purchasing department's procurement process is well-designed, effectively implemented, and operating as intended. As a result, no changes to the process are recommended at this time.

We would like to thank management and staff for their cooperation and professional courtesy throughout this engagement.



Distribution

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The Honorable James Uthmeier, Attorney General
The Honorable Wilton Simpson, Commissioner of Agriculture
The Honorable Ben Albritton, President of the Senate
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