



Council Auditor's Office

Follow-Up on Procurement Audit – Informal Purchase of Supplies

May 22, 2026

Report #871A

OFFICE OF THE COUNCIL AUDITOR
Suite 200, St. James Building



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Honorable Members of the City Council
City of Jacksonville

The purpose of this report is to document our follow-up review of our past report #871, Procurement Audit – Informal Purchase of Supplies, and to determine whether corrective action has been taken in response to our findings and recommendations. We are providing this special written report in accordance with Ordinance Code Section 102.102. This report does not represent an audit or attestation conducted pursuant to Government Auditing Standards. The initial audit report can be found on our website.

We sent a follow-up letter to the Deputy Chief Administrative Officer on July 11, 2025, inquiring as to the status of the original audit report recommendations. We reviewed the recommendations from our audit report, the auditees’ responses to the recommendations, and the auditees’ responses to our follow-up letter. We then performed limited testing to verify responses.

Based on the responses received and our follow-up testing, a table detailing the original number of issues noted and the number of issues reasonably resolved as of this follow-up is included below.

Types of Issues	Original Number of Issues	Issues Cleared	Remaining Issues
Internal Control Weaknesses	6	1	5
Findings	6	5	1
Opportunities for Improvement	3	0	3
Total	15	6	9

The following is a brief summary of the remaining issues with responses from the City in a joint response that we received on May 20, 2026.

Internal Control Weakness 1 *Various Issues with the Procurement Manual*

In the original audit, we found several issues related to the Procurement Manual. Some established processes were not written, while others were described in one or more separate written procedures but not addressed in the Procurement Manual, and some written procedures omitted critical details. Additionally, the Procurement Manual was not approved by the Mayor as required by the Municipal Code.

During this follow-up, we reviewed the Procurement Manual provided by the Procurement Division dated July 2025 and other separate written procedures and found the following processes were still not adequately addressed in any written procedures provided to us:

- How Buyers should process solicitation results. Specifically, any timing requirements and how to handle readvertisements.
- How Buyers should manually create a purchase order when the using agency will not be submitting a requisition, including:
 - Which users were authorized to create manual purchase orders.
 - Which circumstances warranted a manual purchase order.
 - What supporting documentation Procurement employees should attach in lieu of a requisition.
 - How to prevent suppliers from duplicating services when a manually created purchase order was issued to facilitate payment for an existing order the using agency previously placed outside of the system.

We continue to recommend that the Procurement Division develop and maintain comprehensive standard written operating procedures, including the Procurement Manual.

Procurement Division’s Response to the Follow-Up of Internal Control Weakness 1

Agree Disagree Partially Agree

The Procurement Operating Manual was revised three (3) times following the original audit and the revision of City Ordinance Code Chapter 126, with the most recent revision happening in July of 2025. Another revision of the Procurement Operating Manual will be sent to the Jacksonville Procurement Awards Committee (JPAC) for recommended approval by the Mayor in July 2026. This revision will encompass the timing expectations for when Procurement receives bids and when the using agency sends an award recommendation and the requirement to reject all bids and resolicit if an agency recommendation for award is not received in a timely manner.

Procurement only creates manual purchase orders during declared emergencies. Procurement has started to test the configuration of the system to prevent this Oracle feature outside of a declared emergency. If it is determined that procurement still needs this feature outside of a declared emergency, the Buyer Standard Operating Procedure (SOP) will be revised in July of this calendar year to include procedures on how to use.

Internal Control Weakness 2 *Requisitions Could Bypass the Procurement Division*

In the original audit, we noted that requisitions could bypass the review and approval of the Procurement Division due to the set-up of the requisition forms in the procurement system or an option on the form that enabled the using agencies to designate their requisition as previously negotiated. This in turn resulted in the system automatically generating a purchase order based on the request. We also found a similar issue with requisitions generated from an electronic supplier catalog that interfaced with the system. We found two requisitions that bypassed the Procurement Division because of an enabled catalog setting that designated all prices as previously negotiated even though not all items were addressed in the contract.

During this follow-up, we found that some requisition forms were still set up in a way that would bypass Procurement approval. The Procurement Division stated they do not use the fields on the forms that caused the system to bypass approval. However, since the system is configured to bypass Procurement approval based on these fields, the Procurement Division should consider either removing the fields from the template all together or, if they determine the fields are necessary, clearly define in a written procedure when the fields should be used.

We also reviewed the configurations for the electronic supplier catalogs and found that the “all prices are negotiated” option was still selected. That means purchases tied to an electronic supplier catalog vendor were still being automatically generated without consideration as to whether the items purchased were allowable according to the contract. We randomly selected 10 purchase orders that were tied to an electronic supplier catalog but not tied to a contract and found that 9 (or 90%) of the purchase orders were automatically generated by the system (i.e., bypassed review by the Procurement Division when it should not have). These transactions totaled \$4,958.

We continue to recommend that the Procurement Division ensure the configuration settings are updated in a way that will ensure compliance with the intended review and approval requirements and other applicable laws, rules, and regulations. The Procurement Division should ensure that written requirements are consistent with system requirements. Additionally, addressing Internal Control Weakness #6 below (which is also still outstanding) should help avoid these issues.

We also continue to recommend that the City’s Technologies Solutions Department develop a comprehensive document that details which Departments and Divisions are responsible for the different control aspects of the system. This document should at a minimum make clear protocols related to the responsibilities of each area and provide an explanation of what is expected of the staff of each area (e.g., need to document changes to system and how to test changes to prevent these types of issues).

Procurement Division’s Response to the Follow-Up of Internal Control Weakness 2

Agree Disagree Partially Agree

ICloud configuration has been updated for all punchout requisitions to go through an approval path to Procurement before the purchase orders are created and sent to the supplier.

Procurement is still in the process of determining if the “Request a Requisition line” is still needed now that we are in a steady state within the system. If it is determined that this Oracle feature is still required, the procedures on how to use will be included in the revised Buyer SOP in July 2026.

Accounting Division (Finance Department) and Technology Solutions Department’s Response to the Follow-Up of Internal Control Weakness 2

Agree Disagree Partially Agree

The Technology Solutions Department and Accounting Division (Finance Department) maintains system controls through various workflow configurations and role assignments to ensure segregation of duties and is currently developing an SOP planned for end of June 2026.

Internal Control Weakness 4 *System Access Rights Issues*

In the original audit, we noted multiple Procurement Division users had inappropriate access that included the following items:

- 16 users could create a supplier, issue a purchase without secondary approval, and facilitate payments by submitting invoices and receipts.
- 12 employees could delete a combination of different types of data including solicitation records, existing assignments of a manager, contract documents, and supporting documents.
- 12 employees (not buyers) could initiate a procurement request from a funding source they should not have had access to request from.
- 5 buyers lacked corresponding access to enable them to place a requisition in the correct workflow for approval when inputting a requisition for a department.

Additionally in the original audit, a limited review of non-Procurement Division employees disclosed that 13 users were unintentionally granted access to process requisition and receipts for all areas of the City due to how their roles were set up and 35 users did not have access to all cost centers but were able to select any non-department cost center through a similar issue.

Lastly in the original audit, the Procurement Division configured the system to apply workflows for requisitions based on user position and business unit without consideration of the selected cost center. This set up allowed certain approvers to approve requests to purchase supplies from funding sources they were not authorized to approve.

During this follow-up, we found that all of the above issues identified in the original audit remained. Specifically:

- 18 out of 22 (or 82%) Procurement employees had a combination of access privileges that would allow them the ability to single handedly complete a purchase.
- 56 users had the ability to submit a requisition utilizing any City funding source.
- 179 users could submit a requisition for non-departmental cost centers, including cost centers that are not necessarily related to their department.
- The system is still configured to apply workflows for requisitions to flow based on user position and business unit without consideration of the funding source (this means that a requisition can be approved by someone in the requestor's department instead of the department that controls the funding source).

We continue to recommend that the Procurement Division segregate the various role assignments across the Procurement Division staff in a way that limits each individual user's capabilities and thereby the opportunity to complete a purchase singlehandedly. If there are instances where the Procurement Division cannot eliminate excessive access (e.g., due to operating needs or system limitations), we recommend they establish a method to reduce the risk it creates (e.g., implement monitoring procedures) and ensure that as few employees as possible have that access.

City Response to the Follow-Up of Internal Control Weakness 4

Agree

Disagree

Partially Agree

Regarding Procurement team access:

Accounting Division is working to remove supplier-related transactional roles and access from all Procurement team members (except one user, for support) by mid June 2026.

Regarding the access to COJ All Cost Centers as well as non-departmental centers:

Accounting Division will work with Departments to minimize the number of users with ability to submit requisitions for any City funding source and for non-departmental cost centers by the end of September 2026. Accounting Division is also monitoring through regular reporting to provide additional oversight and early detection of any anomalies.

Regarding Approval workflows: Giving the magnitude of the scope, Accounting Division, Technology Solutions and Procurement will create a proof of concept by end of July 2026, with target date to complete all changes by end of December 2026.

Internal Control Weakness 5 *Lack of Organization Method for Authorization Records for Access Rights*

In the original audit, we found that there was no system in place to document authorizations for access rights being granted/requested by using agencies. Therefore, it was difficult, if not impossible, to determine who properly authorized changes in access rights in some instances. For example, the Procurement Division did not have the records to support the authorization for the requestors for 130 out of 205 informal solicitations tested.

Additionally, the system included a workflow feature that allowed authorized users to delegate their assignment to a different user. Although the system recorded the delegation activity details, the data appeared to be purged after a set amount of time.

During this follow-up, we learned that access authorization requests are now being submitted and maintained through the use of ITD request tickets. However, there was no written policy regarding the process for tracking such requests, and there is still no periodic review of using agency authorizations to ensure access is up to date.

Additionally, we reviewed the access rights of two employees with the ability to approve requisitions who were recently transferred between departments within the City. We found that one of the employees never had their access to approve requisitions from their prior department removed. For the second employee, although Technology Solutions Department stated the employee was not authorized to approve on behalf of their prior department, they were unable to provide the service ticket that was submitted requesting the access removal.

We continue to recommend that the Procurement Division, along with any other City division responsible for setting up system access rights, develop and maintain a comprehensive record of each using agency's documented authorization including documenting their process to effectively update the record for changes in a written policy. Additionally, the City needs to periodically request that

using agencies verify the accuracy of the current access rights similar to what is done with the current human resources and payroll system.

Procurement Division’s Response to the Follow-Up of Internal Control Weakness 5

Agree Disagree Partially Agree

Procurement management is currently in the DocuSign workflow to approve any access requests for the Procurement Module. This said, Technology Solutions and Accounting Division (Finance Department) maintain the records.

Technology Solutions Department’s Response to the Follow-Up of Internal Control Weakness 5

Agree Disagree Partially Agree

Technology Solutions worked with Employee Services to have a weekly list of transfers sent out to Department Directors and Division Chiefs. Technology Solutions' Enterprise Center of Excellence resources have been instructed to follow the guidelines for not making changes until the ticket is received from the agency and will follow the Technology Solutions change management process to make the changes and will document the changes in the ticket. Technology Solutions has completed the development of a written SOP. Tehnology Solutions will conduct a yearly review with all using agencies to ensure access authorization is up to date, which will be conducted in June 2026.

Internal Control Weakness 6 *Issues with Set-up of Standard Request Forms*

In the original audit we found that forms used to initiate an informal purchase failed to capture all information the Buyers needed to properly process the type of procurement that the form was customized for, including one generic form that was used quite often but was not designed to obtain all information Buyers needed in many instances. Additionally, using agencies could alternatively select supplies from electronic supplier punchout catalogs that interfaced with the system, but instructions lacked details related to how a requestor should decide the appropriate form/method to use when submitting a requisition.

During this follow-up, we found that the forms that failed to capture all the information the Buyers needed to properly process the specific type of procurement had not been updated. The Procurement Division had created an Appendix in the Procurement Manual that described each requisition form including a description of the generic form that is used often. However, the description still lacked details that would assist users in determining when the generic form should be used in place of others.

We continue to recommend that the Procurement Division clarify in written procedures when the generic form should be used versus the others.

Procurement Division’s Response to the Follow-Up of Internal Control Weakness 6

Agree

Disagree

Partially Agree

Procurement and Technology Solutions have removed the Administrative Award Smart Form from the system as it has become obsolete with the cityside implementation of DocuSign. Procurement will also work with Technology Solutions to determine system capability to include an abstract field within the ITQ Smart Form for the term. Appendix D in the Procurement Operating Manual will be revised in July 2026.

Finding 5 *Issues with Procurement’s Solicitation Process*

In the original audit, we found various issues related to purchases that the Procurement Division solicited. Specifically, we found that some purchases:

- were issued based on solicitations that were inconsistent with a quote the using agency provided without explanation.
- lacked details that seemed necessary for a prospective supplier to understand the nature and extent of the supplies the City needed.
- were based on a solicitation with details that seemed unfair to one or more suppliers.

During this follow-up, while the first two bullets appeared to be addressed, we found that 2 of the 10 (or 20%) solicitations tested were worded in a way that would limit vendors (other than the vendor who provided the budgetary quote) from responding.

We continue to recommend that the Procurement Division ensures solicitations are structured in a manner to allow an open and fair solicitation process.

Procurement Division’s Response to the Follow-Up of Finding 5

Agree

Disagree

Partially Agree

Procurement staff have been retrained to not rely on the draft specifications submitted by using agencies for informal solicitations. Buyers are required to review all requisitions to confirm using agencies are not completely relying on budget estimate quotes for their specifications.

Although all registered suppliers are invited to submit a quote in response to a solicitation, Procurement understands where this practice could be confusing to suppliers and potentially limit competition.

Opportunity for Improvement 1 *Enhance Data Reliability*

In the original audit, we found that it would benefit Procurement to enhance the reliability of the procurement system data by:

- Implementing controls to prevent and detect the following issues:
 - Missing, incomplete, or inaccurate solicitation numbers.
 - Missing, incomplete, or inaccurate procurement code exemption references.

- Missing requisition numbers for replacement purchase orders.
- Missing designations in the established field for emergency purchases.
- Missing designations in the established field for purchases with unique thresholds.
- Converting uploaded attachments to information directly input into the system when possible (e.g. single source requisition memo).

During this follow-up, we found that for the most part, input controls existed to limit issues related to missing, incomplete, or inaccurate fields included on the purchase order. However, the solicitation number is still manually entered. This can lead to increased input errors and there is no periodic review performed to specifically detect anomalies. Additionally, the single source justification memo is still required to be completed and manually uploaded to the requisition.

We continue to recommend that the Procurement Division implement controls to enforce accurate and reliable data. We also continue to recommend that the Procurement Division periodically run and review reports by type of procurement to detect, investigate, and correct anomalies. This should be done in a manner that documents the review in a way that identifies the reviewer, an explanation for each anomaly, any corrective action taken, and the date completed.

Procurement Division’s Response to the Follow-Up of Opportunity for Improvement 1

Agree Disagree Partially Agree

Procurement’s newly established Contract Administration Office has been tasked to run a periodic report of POAs/POs by Procurement Method to identify such anomalies caused by system limitations and is currently working with Procurement Analysts to document and correct where possible.

Regarding attachments, Procurement will continue to look for opportunities to move data directly into the system versus attached documents. This said, Oracle Fusion is a Commercial Off the Shelf (COTS) product that is limited in its capabilities. The City would have to determine the long term costs and implications of further changing a COTS product due to the quarterly “Patches” Oracle releases to already enhance system capabilities and address bug fixes. This could also generate additional unforeseen system issues.

Technology Solutions reviews these scheduled updates with Procurement along with mandatory and optional configuration changes and facilitates testing requirements to continuously improve system performance. Until these configuration changes are implemented by Oracle, and these system limitations are allowed and supported by Oracle, Procurement will continue to manually input these data fields and will be continuously trained and reminded.

Opportunity for Improvement 2 *Review and Selection of Commodity Codes*

In the original audit, we noticed instances where the commodity code selected by the respective using agency was not consistent with the description of the supplies that were being requested, and Buyers were not reviewing and questioning the commodity codes being selected. Requisitions require the using agency to select the appropriate commodity code that describes supplies being requested from a preset listing of 5-digit codes, and the codes are used to solicit buyers who sell the requested supplies.

Without the proper commodity codes selected, the appropriate vendors may not become aware of procurement opportunities, which could lead to the City overpaying for goods and services.

During this follow-up, we were told that the commodity codes were reviewed by the Buyers. However, there was no clear written guidance on what that review looks like. Out of a sample of 10 solicitations reviewed, we found 6 (or 60%) solicitations where the commodity code selected was not the most accurate.

We continue to recommend that the Procurement Division provide training to using agencies to assist them in selecting the correct commodity codes. Buyers should then review commodity codes when processing the request to ensure the commodity codes selected will result in suppliers who can provide the supplies requested.

Procurement Division Response to the Follow-Up of Opportunity for Improvement 2

Agree

Disagree

Partially Agree

Training is currently provided to all users as requested and is available through the self-paced learning module on ICloud. Procurement ran Contract Administration Training Level I is required by all Oracle Fusion users with requisitioning or requisition approval roles, and covers most topics related to Procurement 101 and a comprehensive review of the Procurement Operating Manual. In the future, the Contract Administration Training Team will offer some additional customized ICloud voluntary training for staff.

Opportunity for Improvement 3 *Disqualified/Probationary Vendor List*

In the original audit we found that Buyers were responsible for preventing ineligible suppliers from participating by comparing each supplier recommended for an award to the Disqualified/Probationary vendor list prior to issuing a purchase order or agreement. However, there was no process in place to prevent debarred vendors from bidding. We also found two ineligible suppliers with a City supplier account.

Additionally in the original audit, we found the Procurement Division was not checking the State of Florida Department of Management Services list of companies convicted of public entity crimes and discrimination.

During this follow-up, we found that 3 out of 32 suppliers (or 9.4%) on the City's barred suppliers list did not have their accounts deactivated in a timely manner. The suppliers' accounts were deactivated between 33 and 337 days after the supplier's date of disqualification. Additionally, we were told that the Procurement Division performs periodic review of the Disqualified/Probationary vendor list, but they were unable to provide any supporting documentation evidencing the review and the reviews only seem to be performed when a supplier is sent a letter of suspension or debarment.

We continue to recommend that the Procurement Division implement a process to periodically review and update the list of ineligible suppliers for accuracy and look at including the listing from the State of Florida Department of Management Services.

Procurement Division's Response to the Follow-Up of Opportunity for Improvement 3

Agree

Disagree

Partially Agree

Procurement agrees and has taken additional steps to ensure disqualified suppliers are deactivated immediately (within 7 days) to ensure this oversight does not occur in the future. The list will also be reviewed semi-annually.

We would like to thank the Procurement Division, Accounting Division, and the Technology Solutions Department for their cooperation in conducting this follow-up review.

Respectfully submitted,

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