

INTERNAL AUDIT REPORT

2019- S4

Bidding Review Board

Purchasing Department

August 9, 2019

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Municipality of Anchorage

Ethan Berkowitz, Mayor

Internal Audit Department

August 9, 2019

Honorable Mayor and Members of the Assembly:

I am pleased to present **Sunset Audit Report 2019-S4, Bidding Review Board, Purchasing Department**, for your review. A brief summary of the report is presented below.

In accordance with Assembly Ordinance Number 2011-64(S-1), Section 14, we have performed a sunset audit of the Bidding Review Board. The objective of this audit was to provide information to the Mayor and Assembly to assist them in determining if the Bidding Review Board should be reauthorized. Our audit included a review of meeting minutes, resolutions and agendas, and member authorization and participation.

Based on our review of meeting minutes, resolutions, and attendance records, we recommend that the Bidding Review Board be reauthorized. However, given the infrequent, yet important nature of these meetings, we recommend that the Bidding Review Board be reauthorized for five years instead of the typical three-year reauthorization.

The Bidding Review Board will sunset on October 14, 2019, unless reauthorized by the Assembly.

Michael Chadwick, CIA, CICA
Director, Internal Audit



Municipality of Anchorage

Ethan Berkowitz, Mayor

Internal Audit Department

August 9, 2019

**Sunset Audit Report 2019-S4
Bidding Review Board
Purchasing Department**

Introduction. We have performed a sunset audit of the Bidding Review Board (Board) as required by Assembly Ordinance Number 2011-64(S-1), Section 14 which states:

“The Municipal Clerk shall notify the Assembly and the Mayor by assembly memorandum at least 120 days prior to the sunset of any board or commission, and an ordinance for reauthorization shall be introduced through the Assembly Chair with the assembly memorandum. The assembly memorandum shall include direction to the Office of Internal Audit to audit the board or commission under Anchorage Municipal Code section 3.20.110 D.3. and 4. The Office of Internal Audit shall report its findings to the Mayor and Assembly at least 60 days, prior to sunset, prior to vote by the Assembly on reauthorization.”

Objective and Scope. The objective of this audit was to provide information to the Mayor and Assembly to assist them in determining if the Board should be reauthorized. Our audit included a review of meeting minutes, resolutions and agendas, and member authorization and participation.

We conducted this performance audit in accordance with generally accepted government auditing standards, except for the requirement of an external quality control review. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained

provides a reasonable basis for our findings and conclusions based on our audit objectives. The audit was performed during the period of May through June 2019.

Overall Evaluation. Based on our review of meeting minutes, resolutions, and attendance records, we recommend that the Board be reauthorized. However, given the infrequent, yet important nature of these meetings, we recommend that the Board be reauthorized for five years instead of the typical three-year reauthorization.

SUNSET FACTORS

The following factors were used in our evaluation and are presented for information to the Mayor and Assembly:

1. **Name of Board.**

Bidding Review Board

2. **Sunset Date.**

October 14, 2019

3. **The Purpose and Goal of the Board.**

Anchorage Municipal Code (AMC) subsection 4.50.020D., Bidding review board, states "The bidding review board shall review those proposed contracts of the municipality which may be referred to it by the mayor or the assembly for appropriateness of the award."

In addition, AMC subsection 7.20.130A., Appeals, states "Any person adversely affected by the provisions of chapters 7.10, 7.15 or 7.20, or regulations promulgated thereunder, or by any

acts of the municipality in connection with the award of a municipal contract, may request that the mayor or assembly refer the matter to the bidding review board.”

4. Have Board members been appointed?

AMC subsection 4.50.020A. states “There is established a bidding review board consisting of five members including:

- 1. One member from the general public, preferably experienced with bidding activities common to the municipality;*
- 2. One member from a utility board of directors or commission;*
- 3. Two members from the construction and labor industries; and*
- 4. One member from the engineering/professional services industry.”*

Audit Finding. Currently, the Board is fully staffed.

<u>Board Member</u>	<u>Most Recent Assembly Confirmation</u>	<u>Term Expiration Date</u>
Scott A. Bohne (Engineering/Professional Services Industry)	1-9-18	10-14-19
Tim M. Sullivan, Sr. (Anchorage Water and Wastewater Utility Board of Directors)	1-9-18	10-14-19
Paul Michelson (Construction and Labor Industries)	1-9-18	10-14-20
Don Winchester (General Public)	11-7-18	10-14-21
Ric Davidge (Construction and Labor Industries)	11-7-18	10-14-21

Source: Assembly Memorandums

5. Are the terms of the Commission members current?

AMC section 4.05.040, Terms, states “Except as otherwise specified in this Code, the regular term of each member of a board or commission is three years commencing on October 15 of

the year in which appointed and ending three years thereafter on October 14, provided however, to avoid a vacancy until new appointments can be made and confirmed, an appointed member's term is extended until a new appointment is confirmed or a maximum of 120 days which ever occurs first. The terms of initial or subsequent appointments to a board or commission shall be staggered so that, as nearly as possible, a pro rata number of its members shall be appointed each year of the established regular term of office."

Audit Finding. The terms for all Board members are current.

6. **Are positions deemed vacant after the maximum number of absences?**

AMC subsection 4.05.060A., Attendance requirements; vacancies, states "The office of a member of a board or commission member shall become vacant if the member:

1. *Ceases to meet the qualifications prescribed for the office;*
2. *Resigns;*
3. *Dies;*
4. *Is judicially determined to be incompetent;*
5. *Is convicted of a felony;*
6. *Is removed from office for breach of the public trust; or*
7. *During any 12-month period while in office:*
 - a. *Is absent from three regular meetings without excuse;*
 - b. *Is absent from:*
 - i. *Six regular meetings; or*
 - ii. *Eight regular meetings for members of the planning and zoning commission, urban design commission, platting board, or zoning board of examiners and appeals; or*
 - c. *Fails to attend a two-thirds majority of the regular meetings without excuse."*

Note: Attendance requirements found in AMC subsection 4.05.060A. were amended on April 24, 2018, by Assembly Ordinance Number 2018-31, as amended and shown above. According to Assembly Counsel,

this ordinance is effective prospectively. As a result, we evaluated attendance from May 2018 to the end of June 2019.

Audit Finding. No members were absent from three regular meetings without an excuse during any 12-month period from May 2018 through June 2019.

No members were absent from six regular meetings during any 12-month period from May 2018 through June 2019.

Two members failed to attend two-thirds of the regular meetings without an excuse during the 12-month period from May 2018 through May 2019. However, according to Board staff, these two Board members called the day of the meeting asking to be excused, but the Board minutes do not mention that these Board members were excused from the meeting. These members have not been removed from the Board. According to the Purchasing Officer, the requirement to attend two-thirds of the meetings is not practical for this Board, as the Board only meets when required.

7. **Does the Board meet regularly?**

AMC section 4.05.090, Meetings, states "A board or commission shall hold regular monthly meetings at such time and place as may from time to time be designated by the board or commission, but meetings need not be held if no business is pending. Boards and commissions shall advise the public of their meeting schedules, or publicly advertise their meetings where necessitated by statutory requirements. The chairman of a board or commission, or the municipal employee who is designated as an ex officio member of the board or commission pursuant to section 4.05.140, or a majority of the board or commission, may call a special meeting of the board or commission. Meetings of all boards and commissions shall be open to the public, except for an executive session, from which the public may be excluded."

Audit Finding. From January 2018 through June 2019, the Board met one time on May 21, 2018. The Board does not have a regular meeting schedule. Instead, the Board meets when proposed Municipal contracts are referred to it by the Mayor or Assembly for appropriateness of award. We were unable to find any evidence that the May 21, 2018, meeting was publicly announced on the Mayor's Boards and Commissions Events' website or the Municipality of Anchorage's Public Notices website. However, we did note that communication was provided to the impacted parties.

8. **Are minutes taken and published?**

AMC section 4.05.130, Reports, minutes and public hearing records, states "A board or commission shall keep minutes of the board or commission proceedings, and such minutes shall record the vote of each member physically present upon every question formally presented to the board or commissions for its consideration. The minutes shall be maintained in the custody of the municipal agency which supplies staff support to the board or commission and shall be a public record, open to inspection by any person."

Audit Finding. Board minutes were not published for the one Board meeting from January 2018 through June 2019. Although published minutes were not completed, an audio recording of the May 21, 2018, was available at the Purchasing Department. The public is informed of the Board's decisions through Assembly Information Memorandums. Board decisions are also announced to all impacted parties at the conclusion of the Board meetings.

9. **Do meetings have action items or other business?**

AMC subsection 4.50.020.E states "All actions involving contract disputes before the board shall be recorded electronically. Recommendations for resolution shall be forwarded to the assembly at its next regular or special meeting after final action of the bidding review board. The assembly may require a verbatim transcript of the hearings before the bidding review

board and assess expenses against each party for production of the transcript as directed by the assembly. The assembly may limit participation in a matter which has proceeded before the bidding review board to written briefs, providing a verbatim transcript is available for the bidding review board proceedings.”

Audit Finding. The Board provided one recommendation to the Assembly, based on its May 21, 2018, Board meeting.