

INTER-OFFICE MEMORANDUM

CITY OF HARRISBURG

March 7, 2016

TO: Bruce Weber, Finance Director
Bureau of Financial Management

FROM: Charlie DeBrunner, Controller
Office of the Controller

SUBJECT: Purchasing Change Orders

I would like to bring to your attention a purchasing matter that may impact internal controls related to procurement. The city's purchasing module within the financial management system (Efinance) has the ability to process "change orders" to existing purchase orders. These change orders bypass the existing controls currently in place for all city procurement.

As you know, procurement over a minimum dollar threshold for the city requires a requisition and purchase order. The requisition is currently vetted and approved at five different levels (including the Controller's Office). The fully approved requisition is converted into a purchase order and is signed by the Purchasing Manager, Mayor, and Controller. These internal control processes provide for the proper segregation of duties and pre-audit of expenditures to verify budget availability and to ensure proper purchasing procedures.

Efinance allows for the optional processing of "change orders" to purchase orders. A change order may include a name change, an account code change, or even a dollar amount change to an existing purchase order. However, change orders do not include a multi-step approval process and can be executed by one individual.

The attached purchase order is the result of a change order. It adds an additional \$16,691.25 to the original purchase order and was not subject to the multi-step approval process.

The Controller's Office does not support the use of change orders due to the inherent risk associated with the lack of controls. Changes to existing contracts/purchase orders should be processed as new purchase orders.

Thank you.

cc: Eric Papenfuse, Mayor
File



CITY OF HARRISBURG
 DIVISION OF PURCHASING
 (717) 255-6472

PURCHASE ORDER	NO. 15000445-5
<small>IMPORTANT: THE ABOVE NUMBER MUST APPEAR ON ALL CORRESPONDENCE, INVOICES, SHIPPING PAPERS, AND PACKAGES. EACH P.O. MUST BE INVOICED SEPARATELY.</small>	

VENDOR: 112795
 THE EFFICIENCY NETWORK INC
 1501 REEDSDALE STREET
 SUITE 401
 PITTSBURGH PA 15233

SHIP TO: OFFICE OF CITY ENGINEER
 123 WALNUT STREET-SUITE 212
 HARRISBURG, PA 17101
 717-255-3091
 ATTN: WAYNE MARTIN

ORDER DATE: 09/29/15	BUYER: WAYNE MARTIN	REQ. NO.: 00023445	REQ. DATE: 09/24/15
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TERMS: NET 30 DAYS	F.O.B.:	DESC.: CHANGE ORDER - 5
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ITEM#	QUANTITY	UOM	DESCRIPTION	UNIT PRICE	EXTENSION
	.00		GSC STREETLIGHT LED CONVERSION CONTRACT PROJECT RE: CONTRACT DATED 9/21/15	16691.2500	16,691.25

ITEM#	ACCOUNT	AMOUNT	PROJECT CODE	PAGE TOTAL \$	16,691.25
				TOTAL \$	16,691.25

00	01060160	458030	16,691.25	LEDLIGHT
00	06006007	458030	.00	LEDLIGHT
00	11001101	458030	.00	LEDLIGHT

APPROVED BY

[Signature] 2/29/16
 PURCHASING AGENT DATE

[Signature] 3/1/16
 CONTROLLER DATE

[Signature] 2/29/16
 MAYOR DATE

READ CAREFULLY THE PROVISIONS AS SET FORTH ON THE REVERSE SIDE OF THIS DOCUMENT.

THIS DOCUMENT IS NOT VALID WITHOUT THE ABOVE REQUIRED SIGNATURES