

INTER-OFFICE MEMORANDUM

CITY OF HARRISBURG

March 1, 2017

TO: Eric Papenfuse, Mayor
Office of the Mayor

FROM: Charlie DeBrunner, Controller
Office of the Controller

SUBJECT: 2016 Purchasing-Payables Summary of Results

The attached analysis represents a summary of the Administration's 2016 compliance with a major component of the city's purchasing policy.

City employees authorized to make purchases on behalf of their department/bureau/office are responsible for ensuring a properly executed purchase order is in place prior to executing the purchase. A properly vetted purchase order ensures the city is complying with city policy regarding competitiveness and budgetary authority.

The attached analysis represents 2016 city purchases using purchase orders. Therefore, it does not include purchases under an annual threshold of \$1,000, which do not require purchase orders. The data was segregated into two basic categories-compliant and non-compliant. The purchase was deemed compliant if a purchase order was posted in the city's Efinance System prior to the corresponding invoice date. It was deemed non-compliant if the invoice date preceded the purchase order date.

All non-compliant transactions were sent to the Purchasing Office throughout the year for evaluation. Therefore, mitigating circumstances may exist that allow a non-compliant transaction to have been properly executed.

An executive summary of the results are as follows:

1. Average non-compliance for fiscal year 2014 was approximately 34%. Average non-compliance for fiscal year 2015 was approximately 19%. Average non-compliance for fiscal year 2016 was 5% of the total transaction volume of 4,435 transactions and 12% of the total transaction value of \$10.85 million. This marked a significant improvement over prior years.
2. The cost center with the greatest amount of non-compliant activity was Neighborhood Services, which accounted for 45% of the non-compliant transactions (100) and 65% of the non-compliant dollar value (\$820,412). This was nearly 6.7 times the value of the second leading non-compliant cost center.

3. Eliminating Neighborhood Services as an outlier would decrease the overall non-compliance of 5% and 12% to 2.9% and 4.2%, respectively.
4. Other cost centers experienced a much higher rate of non-compliance based on the total number of transactions they processed during the year, but their impact on the total non-compliance rate was negligible due to the small volume.

Recommendation

In order to achieve the greatest reduction in overall non-compliance, we recommend the purchasing activity within the Neighborhood Services Fund be evaluated for any potential factors contributing to their high non-compliance experience. Remediation may include additional training for personnel with purchasing responsibility.

As a secondary measure, those cost centers with a high non-compliance rate based on the percentage of transactions they process could also be targeted for additional training as resources become available.

Please feel free to contact us if you have any questions.

Thank you.

cc: Bruce Weber, Finance Director
Hillary Greene, Purchasing Manager

CITY OF HARRISBURG

2016 CHECK-RUN ANALYSIS-ALL PURCHASE ORDER TRANSACTIONS RESULTING IN CHECKS

	Count	Percent	Value	Percent
Transactions Compliant:	4211	95%	\$ 9,574,131	88%
Transactions Non-Compliant:	224	5%	\$ 1,271,726	12%
Total Transactions:	4435	100%	\$ 10,845,856	100%

(1) Includes only expenditures recorded on the 2016 books.

(2) Includes only those expenditures in footnote 1 that have checks processed.

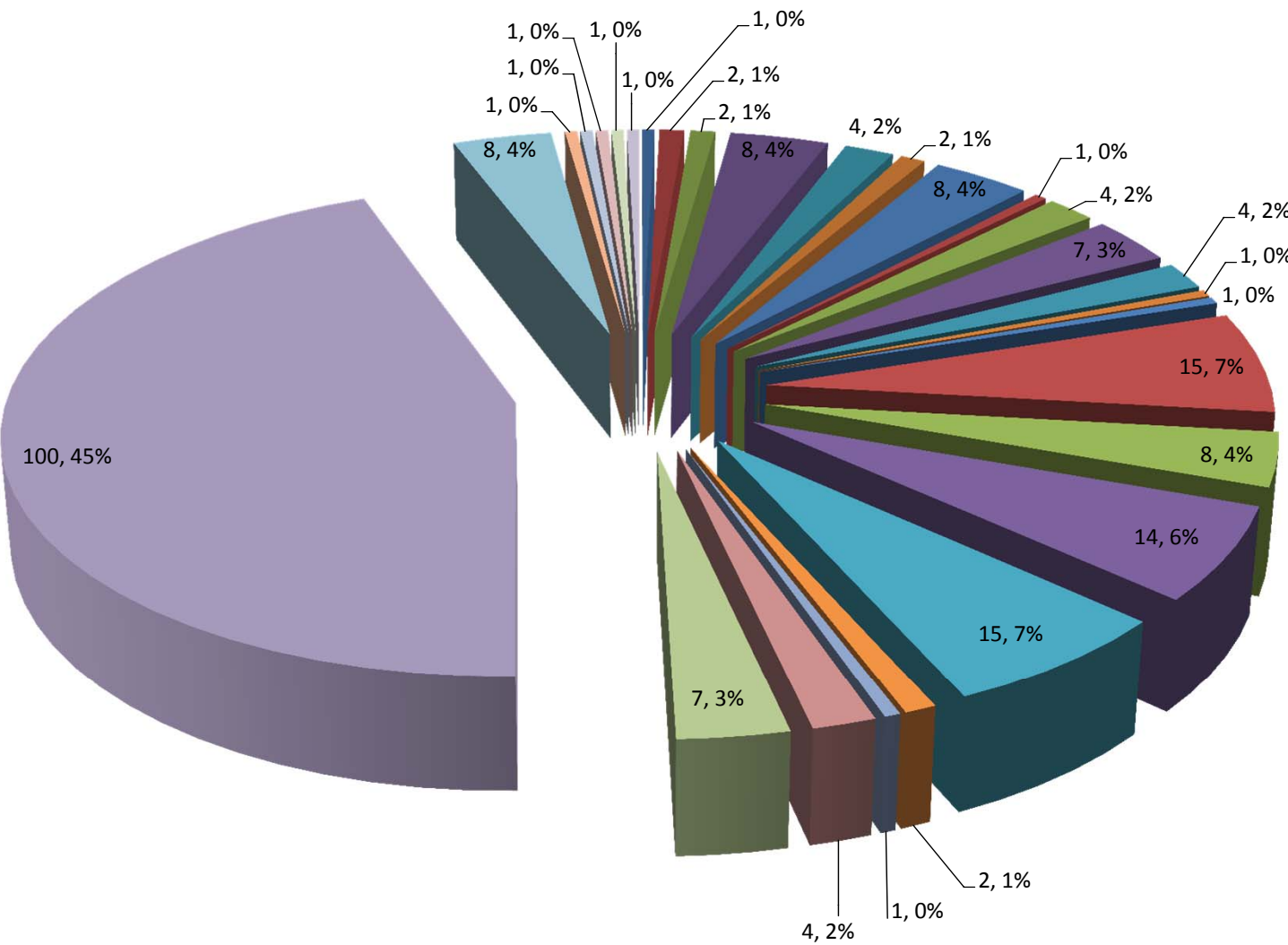
(3) Includes only those expenditures in footnote 1 and 2 that were paid with purchase orders.

Note: Non-compliant transactions represent situations where the invoice date preceded the purchase order date. All non-compliant payables are sent to the Purchasing Office for evaluation. Consequently, a non-compliant transaction may have mitigating circumstances.

2016 NON-COMPLIANT BY COST CENTER

<u>Cost Center</u>	<u>Title</u>	<u>Non-Comp</u>		<u>Amount</u>	<u>%</u>	<u># Processed</u>		<u>Non-Comp as % of # Processed</u>
		<u>Count</u>	<u>%</u>			<u>Comp/Non-Comp</u>	<u>% of # Processed</u>	
01000101	COUNCIL	1	0.4%	\$ 19,811	1.6%	18	5.6%	
01000102	MAYOR'S OFFICE	2	0.9%	\$ 367	0.0%	26	7.7%	
01000104	TREASURER'S OFFICE	2	0.9%	\$ 24,904	2.0%	4	50.0%	
01000105	SOLICITOR	8	3.6%	\$ 13,843	1.1%	103	7.8%	
01010112	FINANCE	4	1.8%	\$ 33,404	2.6%	45	8.9%	
01010114	COMMUNICATIONS	2	0.9%	\$ 339	0.0%	18	11.1%	
01010116	INFORMATION TECHNOLOGY	8	3.6%	\$ 25,848	2.0%	131	6.1%	
01010117	HUMAN RESOURCES	1	0.4%	\$ 138	0.0%	108	0.9%	
01010124	LICENSE-TAX-SUPPORT	4	1.8%	\$ 2,546	0.2%	75	5.3%	
01010188	GENERAL EXPENSES	7	3.1%	\$ 39,668	3.1%	34	20.6%	
01030135	PLANNING	4	1.8%	\$ 13,132	1.0%	18	22.2%	
01030137	CODES	1	0.4%	\$ 1,724	0.1%	44	2.3%	
01030139	BUSINESS DEVELOPMENT	1	0.4%	\$ 1,470	0.1%	2	50.0%	
01040142	POLICE	15	6.7%	\$ 96,476	7.6%	475	3.2%	
01040151	FIRE	8	3.6%	\$ 24,584	1.9%	419	1.9%	
01060160	PUBLIC WORKS DIRECTOR	14	6.3%	\$ 24,805	2.0%	393	3.6%	
01060172	VEHICLE MANAGEMENT	15	6.7%	\$ 36,144	2.8%	1143	1.3%	
01080180	PARKS & REC DIRECTOR	2	0.9%	\$ 3,108	0.2%	165	1.2%	
14031405	HOME	1	0.4%	\$ 7,394	0.6%	27	3.7%	
14031440	LEAD BASED PAINT	4	1.8%	\$ 13,016	1.0%	55	7.3%	
20062020	STATE LIQUID FUELS	7	3.1%	\$ 3,149	0.2%	67	10.4%	
25062562	NEIGHBORHOOD SERVICES	100	44.6%	\$ 820,412	64.5%	739	13.5%	
30033010	CDBG	8	3.6%	\$ 51,378	4.0%	157	5.1%	
52505202	SHARP TEAM	1	0.4%	\$ 4,123	0.3%	14	7.1%	
53505309	PA GAMING CONTROL	1	0.4%	\$ 1,535	0.1%	15	6.7%	
54505401	CITY ISLAND	1	0.4%	\$ 3,030	0.2%	21	4.8%	
54505402	RESERVOIR PARK	1	0.4%	\$ 1,377	0.1%	10	10.0%	
54505403	EVENTS	1	0.4%	\$ 4,000	0.3%	19	5.3%	
		224	100.0%	\$ 1,271,726	100.0%			

2016 NON-COMPLIANT BY COUNT



- 01000101
- 01000102
- 01000104
- 01000105
- 01010112
- 01010114
- 01010116
- 01010117
- 01010124
- 01010188
- 01030135
- 01030137
- 01030139
- 01040142
- 01040151
- 01060160
- 01060172
- 01080180
- 14031405
- 14031440
- 20062020
- 25062562
- 30033010
- 52505202
- 53505309
- 54505401
- 54505402
- 54505403

2016 NON-COMPLIANT BY AMOUNT (\$)

