

CITY AND COUNTY



OF SAN FRANCISCO

**BOARD OF SUPERVISORS**

**BUDGET AND LEGISLATIVE ANALYST**

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March 4, 2010

**TO:** Government Audit and Oversight Committee

**FROM:** Budget and Legislative Analyst

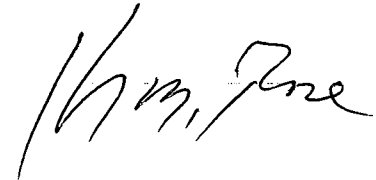
**SUBJECT:** March 11, 2010 Government Audit and Oversight Committee Meeting

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<b>Item 1</b> <b>File 10-0201</b>	<b>Department:</b> Office of Contract Administration
<b>EXECUTIVE SUMMARY</b>	
<p><b>Legislative Objectives</b></p> <p><u>File 10-0201</u>: Hearing on the Budget and Legislative Analyst’s <i>Management Audit of the City and County of San Francisco’s Commodity Purchasing Process</i>.</p> <p><b>Fiscal Impact</b></p> <p>The Budget and Legislative Analyst estimates that implementation of the audit recommendations would save the City approximately \$3.7 million annually. These savings are based on our estimates of reduced commodity costs by increasing the competitiveness of the purchasing process.</p> <p><b>Key Points</b></p> <p>In response to a motion adopted by the Board of Supervisors in April 2009 (Motion No. 09-65), the Budget and Legislative Analyst conducted a management audit of the City’s commodity purchasing process. The purpose of the audit was to evaluate the efficiency, economy, and effectiveness of the Citywide purchasing process for commodities.</p> <p>Under the Administrative Code, the Purchaser oversees the City’s purchasing function. The Purchaser serves as the Director of the Office of Contract Administration (OCA) and the OCA Purchasing Division processes many of the City’s commodity purchasing transactions. However, the Charter and the Administrative Code authorize City departments to directly purchase commodities or services under certain conditions. The Purchaser may also delegate to City departments authority to purchase commodities up to \$50,000.</p> <p>In FY 2008-09, the City issued 38,730 purchase orders for commodities with a combined value of \$383,550,523. Commodity purchases include materials and supplies, vehicles, information technology, pharmaceuticals, and medical supplies.</p> <p>The management audit report contains 16 findings and 66 recommendations. The audit findings include: (1) the Citywide commodity purchasing process under the oversight of the Purchaser; (2) purchases of information technology materials and supplies through OCA’s Technology Store; (3) purchases of vehicles; and (4) the Department of Public Health’s purchasing processes through the group purchasing organization.</p>	

The Budget and Legislative Analyst submitted the *Management Audit of the City and County of San Francisco's Commodity Purchasing Process* to the Board of Supervisors on December 7, 2009.



Harvey M. Rose

cc: Supervisor Mar  
Supervisor Chu  
Supervisor Maxwell  
President Chiu  
Supervisor Alioto-Pier  
Supervisor Avalos  
Supervisor Campos  
Supervisor Daly  
Supervisor Dufty  
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