

Competitive Bidding

(IE-21-0001) • December 17, 2021

Purpose of This Report

The purpose of the OIG's inspection was to examine whether the City's procurement practices encouraged a level of competition among potential contractors that was consistent with the law and best practices. Insufficient competition increases the risk that a municipality will pay more for the products it procures or will not receive the goods and services best suited to its needs.

What the OIG Found

When the City of New Orleans (City) issued Invitations to Bid (ITB), Requests for Proposals (RFP), and Requests for Qualifications (RFQ), they often received a limited number of responses. During the scope period of 2019-2020, 50 percent of the City's ITBs received fewer than three responses from vendors, including 16 percent that did not receive any responses. Similarly, 26 percent of its RFPs and RFQs received fewer than three responses. Evaluators found that solicitations from departments that frequently issued solicitations, such as Capital Projects and the Department of Public Works, generally received at least three responses, but those from other departments generally received fewer responses.

The Bureau of Purchasing took steps to improve the response rate for solicitations, including increased vendor outreach and questionnaires asking vendors to identify the reasons they don't respond to solicitations. However, the City lacked a systematic way to analyze the data it received and assess the effectiveness of these interventions.

Evaluators also found the Bureau of Purchasing did not fully comply with City policy for professional service solicitations that received fewer than three responses. To move forward with these solicitations, the City's Executive Order LC-20-01 required the Chief Procurement Officer to provide a written justification explaining why additional advertisement would likely not result in more responses. This measure was intended to promote competition and accountability within the professional service procurement process and reduce the risk of fraud, waste, and abuse. Evaluators reviewed documentation for the 12 solicitations during the scope period that received fewer than three responses. One solicitation reviewed lacked a written justification, and several other justification memos were deficient and did not clearly address the issue of why additional advertisement was unlikely to improve competition.

What the OIG Recommended

To improve the efficiency and effectiveness of the competitive bidding process, evaluators recommended the Bureau of Purchasing develop a process for systematically analyzing data on competition in the procurement process and implement improvements based on these trends. Given the wide range of factors that can impact responsiveness to solicitations, the City should also use data analysis to monitor the efficacy of these improvements, so it can devote its resources to efforts that provide the greatest impact. Finally, the Bureau of Purchasing should ensure that there is a sufficiently detailed written justification before proceeding with a professional service solicitation with fewer than three responses, in compliance with Executive Order LC 20-01.