

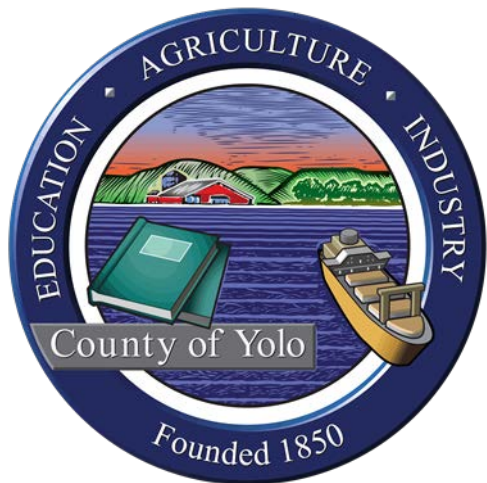
Vendor Performance Monitoring Audit

Performed by Baker Tilly,
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Presented by:

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Division of Internal Audit, Yolo County

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Vendor Performance Monitoring Audit Overview



Part of the Fiscal Year 2023-24 Audit Plan, approved by the Audit Subcommittee of the Financial Oversight Committee.



Conducted by Baker Tilly, a leading advisory and consulting firm, supporting specialized audits and supplementing Internal Audit resources.



The purpose of this audit was to assess the effectiveness of Yolo County's vendor performance monitoring internal controls.

Audit Objectives

1

Assess the end-to-end performance monitoring process, including setting performance standards, data collection, performance assessment, and reporting.

2

Evaluate the criteria and metrics used for vendor performance evaluation, key performance indicators (KPIs), and key monitoring documentation.

3

Evaluate the assignment of monitoring ownership and status reporting.

4

Analyze escalation procedures for non-compliance or non-performance.

5

Analyze service level agreements compliance to determine effective third-party risk management.

Finding 1: Inadequate Vendor Performance Monitoring and Technology Utilization

Finding	Recommendation
<ul style="list-style-type: none">• <u>The County does not have a centralized process for tracking and monitoring vendor performance</u>, which includes the absence of performance evaluations.• Vendor performance monitoring is <u>not consistently performed</u> across departments.• The County's ERP system has the capability of supporting vendor performance monitoring.	<ul style="list-style-type: none">• <u>Develop procedures that can be utilized at the department level and Procurement Division</u> for third-party service level agreements.• The procedures should include vendor performance evaluations throughout the duration of the contract.• After departments complete performance evaluations, the Procurement Division should update the Strategic Sourcing module within Infor for each respective supplier.

Finding 2: Absence of Performance Metrics for Vendor Performance Evaluations

Finding	Recommendation
<p><u>The County currently lacks a structured set of performance metrics to effectively monitor and evaluate vendor performance across departments.</u></p>	<ul style="list-style-type: none">• <u>Develop Key Performance Indicators (KPIs) that align with the County's objectives.</u> Ex: delivery timelines, quality of goods or services, adherence to contract terms, and responsiveness.• Review KPIs Periodically - Arrange regular, concise review meetings to evaluate vendor performance against the established KPIs.• Receive Vendor Feedback - Invite vendors to share feedback on their performance metrics.

Finding 3: Lack of Risk Monitoring Plan and Efforts to Monitor Subrecipients

Finding	Recommendation
<p><u>The County's Procurement Policy refers to a Risk Monitoring Plan, however, such a plan could not be provided.</u></p> <p>While the County has a <i>Subrecipient Risk Assessment Analysis</i> for use as the County considers issuing contract awards, <u>the organization currently lacks formal documented process for evaluating and monitoring subrecipients.</u></p>	<ul style="list-style-type: none">• <u>Develop a Risk Monitoring Plan that incorporates regular assessments of vendor performance, identification of potential risks, and strategies for risk mitigation.</u>• <u>Monitor Performance of Subrecipients - Develop formal procedures for regular monitoring and performance evaluation of subrecipients.</u>

Finding 4: Inadequate Documentation for Remediating Poor Vendor Performance

Finding	Recommendation
<p><u>The County does not have formal documented procedures for addressing and remediating poor vendor performance.</u></p>	<p><u>Develop formal documented procedures for addressing poor vendor performance.</u></p> <ul style="list-style-type: none">• Incorporate documentation protocols, structured escalation procedures, and centralized documentation

Next Steps for Implementation



Management Responses:

Management has reviewed and agreed to the recommendations, providing action plans to address the identified findings.



Approval and Tracking:

Upon approval by the Board of Supervisors, recommendations will be entered into the Division of Internal Audit's issue tracking system facilitate monitoring of progress.



Ongoing Monitoring & Reporting:

The Division of Internal Audit will track implementation progress and provide regular reports to the Board of Supervisors to ensure accountability and timely resolution.

CONTACT INFORMATION

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