

# Presentation: Procurement Function Operational Assessment

Prepared for: Lawrenceville City Council

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# I. Overview and Background

The City of Lawrenceville engaged Mauldin & Jenkins to conduct an Operational Assessment of the City's procurement function, in order to enhance City-wide procurement operations and address potential weaknesses in governance and controls. The Operational Assessment assessed the entirety of the City's procurement function, including both the Purchasing Department and decentralized department activities, with a focus on the Natural Gas Department.

M&J commends the City's leadership for strongly responding to the suspected purchasing improprieties and making the decision to conduct a holistic review of the City's procurement function.

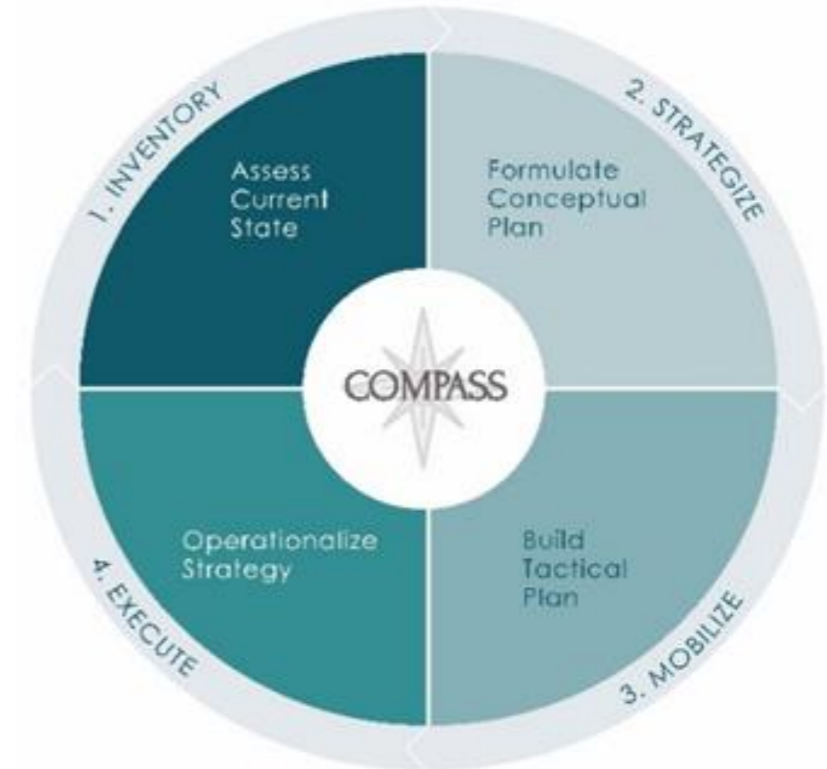
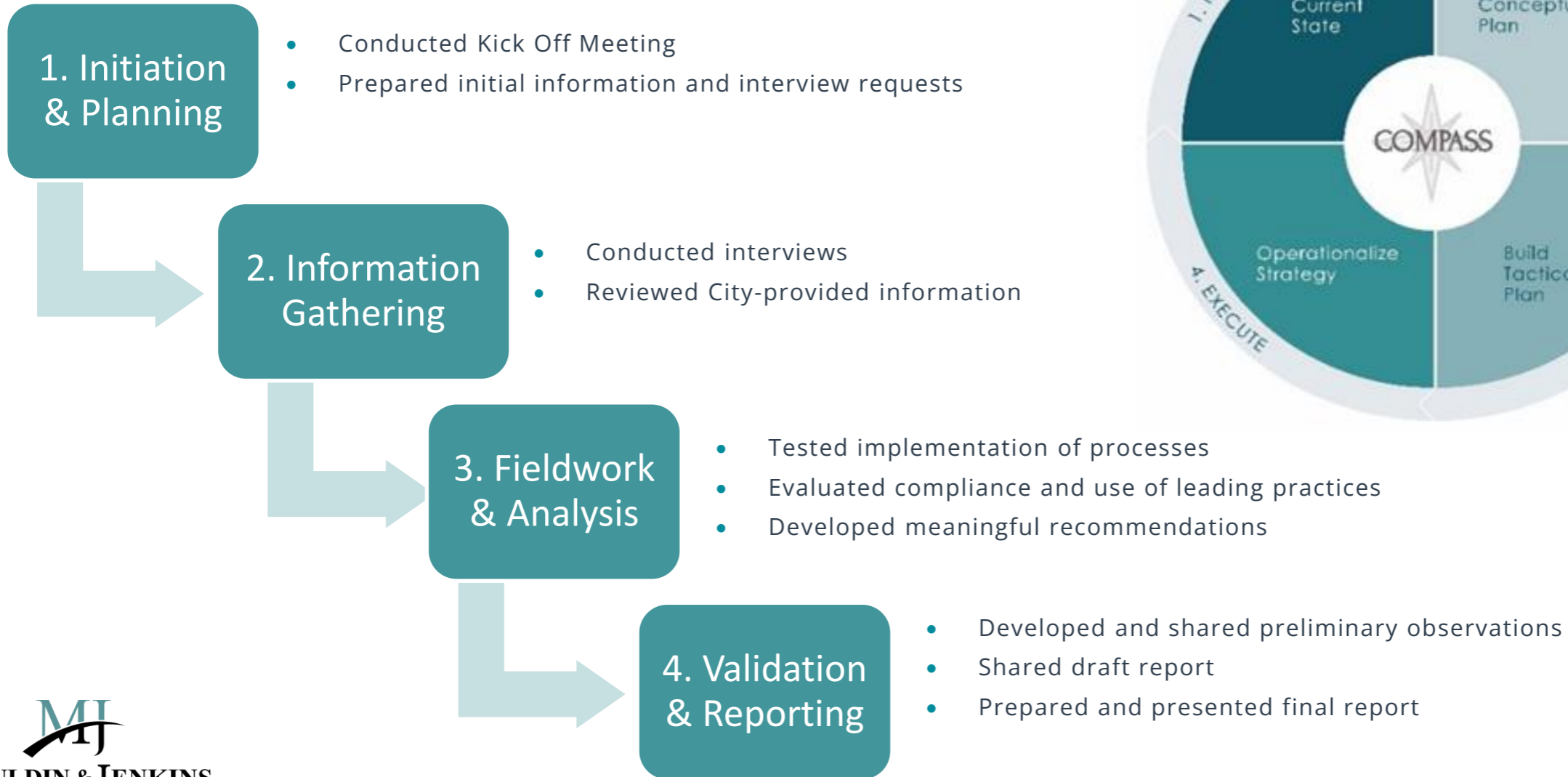
M&J would also like to thank the numerous City employees who gave their time coordinating logistics, participating in interviews, and providing requested information.

## II. Scope and Approach

The objectives of this Operational Assessment included:

- Reviewing the functional taxonomy, organizational makeup, staffing, and roles and responsibilities relevant to the City's procurement function
- Reviewing governing requirements (e.g., statutes, regulations, policies and procedures) relevant to the City's procurement function
- Reviewing centralized and decentralized procurement functions to assess controls, governance, and oversight
- Reviewing business processes, workflows, inputs/outputs, and dependencies for both controls and risk mitigation, as well as efficiency and effectiveness
- Reviewing the current use of technology and identifying opportunities for automation/enhancement
- Reviewing five-year historical procurement activity from the Natural Gas Department to assess for trends and/or outliers
- Identifying procurement leading practices
- Developing meaningful recommendations to improve/enhance operations focusing on governance, compliance, and risk mitigation
- Creating a roadmap for a desired future state
- Conducting training with City-specific tailored materials based on City procurement-related artifacts and the recommendations resulting from the Operational Assessment

## II. Scope and Approach



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### III. Current State

#### Organizational Structure:

- The City uses a largely decentralized procurement model.
- There is a central Purchasing Department , responsible for overseeing the overall process and maintaining compliance with the City's governance requirement.
  - The Department maintains a Purchasing Director and a Buyer.
- End-user departments have responsibility in initiating and managing the purchase of goods and services utilized within that department.
  - Each department has different staff involved in the process, from administrative specialists through department leadership.
- Interactions between Purchasing and the end-user departments vary significantly.
  - Some departments utilize Purchasing predominantly for “processing”.
  - Other departments rely on Purchasing for decision-making and support for each step of the process.

### III. Current State

#### Governance:

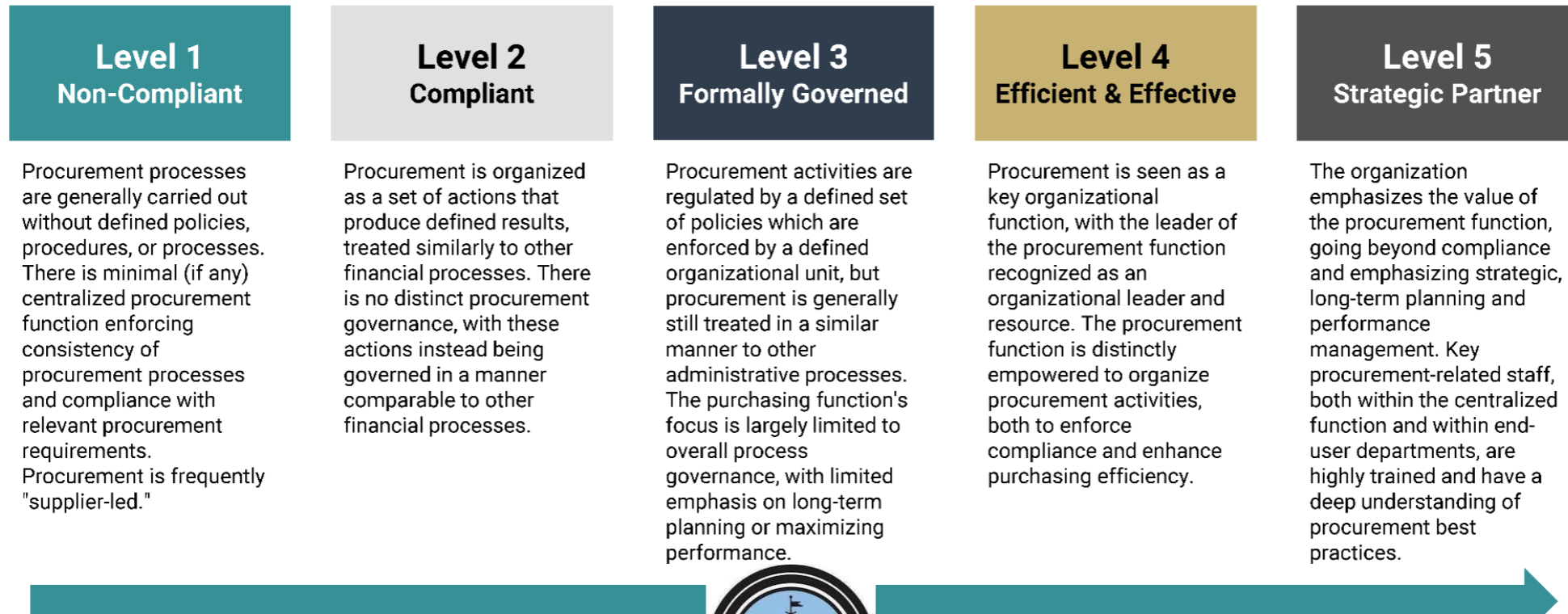
- The City currently has limited documented policies and procedures.
  - Most current documentation is compliance-driven (e.g. approval requirements, authorized methods), but doesn't necessarily provide operational guidance (e.g. how to select a solicitation method, what documentation should be prepared and retained, etc.)

#### Ethics:

- The City's Code of Ordinance includes a Code of Ethics, which includes subsections for both City leadership and City employees.
  - The City leadership subsection is detailed and specific, while the City employee subsection is less explicit.
- The City lacks additional policies, procedures, or guidelines for City employees on what is and is not required or prohibited, or processes to disclose a potential conflict, and how the City will respond.

## IV. Maturity Model

# Maturity Model



## V. Analysis and Evaluation

### Procurement Data

M&J analyzed City-provided procurement records from Tyler ERP for 8,926 requisitions entered from Jan 2020 through May 2025. Data provided includes:

- Fiscal year
- Requisition number
- Requisition entry date
- Brief description of the goods or services covered by the requisition
- Requisition value
- Associated Purchase Order number
- Requisition status (e.g., rejected, converted into Purchase Order)
- Department code
- Comments field

## V. Analysis and Evaluation

### Procurement Data

M&J reviewed for approval status, comment inclusion, and activity by end-user department. Details of this review are in the full report. Generally:

- M&J found no significant trends or themes in the rejected requisitions
- Use of the comment field was haphazard, and the entries were not standardized
- End-user activity generally followed expected norms based on departmental function and overall departmental budgets

## V. Analysis and Evaluation

### End-User Perception of Purchasing Department

M&J sampled eight departments for additional review, including:

- Purchasing Style
- Interaction with the Purchasing Department
- How well the City's purchasing function meets the end user department's needs

## V. Analysis and Evaluation

### Purchasing Style:

- Director-led Procurement
  - Primarily performed by Department leadership
- Specialized Procurement
  - Designated individual responsible for the tactical components
- Service Provider-based Procurement
  - Multiple individuals involved, based on subject matter or expertise

## V. Analysis and Evaluation

### Interaction with Purchasing

Overall, departments found Purchasing easy to work with and accessible

Three primary relationship types, which impact the communications:

- Independent Relationship
  - Purchasing as “processor” and necessary final approvals
- Collaborative Relationship
  - Engagement with Purchasing at key steps, but can make initial decisions and prepare routine documents
- Dependent Relationship
  - Reliant on Purchasing for all purchasing steps and many decisions

## V. Analysis and Evaluation

How the City's function meets end-user needs:

- Overall, departments find Purchasing accessible
- End-user departments would appreciate additional operational guidance and training
- End-user departments expressed frustration with the requirement that Informal Purchase solicitations be awarded to the lowest priced quote
- End-user departments appreciate the opportunity for on-call contracts and “piggybacking” on contracts awarded by other public entities
- End-user departments feel that the purchasing timelines are not always sensitive to their operating needs

## V. Analysis and Evaluation

### Other trends noted by M&J

- The City lacks a vendor management process that includes regular review of vendor performance or contract compliance
- There is not a formal PCard training program

## VI. Recommendations Summary

M&J provided 17 recommendations for steps that should be taken to improve the City's procurement function. The City has the ultimate responsibility to determine which, if any of the recommendations should be implemented and the timing of such implementation. General themes of the recommendations are noted below:

- The City should work to develop additional written processes, job aids, and operating guidance for the procurement function as well as vendor/contract management.
- The City should consider updating its procurement code to reflect additional procurement models, and providing some flexibility in current models.
- The City should ensure that purchasing roles are fully cross-trained and that there is continuity of operation planning.
- The City should update its employee subsection of the Code of Ethics to be more detailed, and develop processes for reporting and responding to potential conflicts of interest.
- The City should develop formal training for purchasing and P-Card functions, and make this information available on-demand.

## VII. Conclusion and Next Steps

M&J commends Lawrenceville's leadership for responding to the City's procurement-related concerns and commencing this Operational Assessment, as this process has identified both areas where the City's current procurement activities succeed and areas where there the City has opportunities for improvement. The City now better understands the current state of its procurement function and has a roadmap that leadership can use to guide improvement into the future, helping to mitigate risk and create a stronger control environment.

## VII. Conclusion and Next Steps

The second component of this assessment will be the M&J team preparing and delivering procurement training, based on City ordinance and regulation, procurement leading practice, and the recommendations contained in our report.

The training will be provided to end-user department leadership and other employees involved in purchasing action. M&J will provide two sessions: one of the principles and ethics of public procurement, and one on solicitation methods and supporting documentation. All materials developed for use in the training will be provided to the City for continued use.

M&J's upcoming procurement training can serve as a strong first step in the City's pathway towards enhancing the effectiveness and efficiency of its procurement function.