30

Office of the City Manager

INFORMATION CALENDAR
November 17, 2026

To: Honorable Mayor and Members of the City Council

From: Paul Buddenhagen, City Manager

Submitted by: Henry Oyekanmi, Director, Finance

Subject: City Contracts Audit Status Report

INTRODUCTION

On March 10, 2026, the City Auditor submitted a City Contracts audit report[1] to the City Council with recommendations to improve transparency, efficiency, and accountability in how the City solicits and awards contracts. The purpose of this information item is to update the City Council on the status of implementation of the audit report's recommendations. This is the first status report regarding this audit.

CURRENT SITUATION AND ITS EFFECTS

The audit included thirteen recommendations. As of this report, two of those recommendations have been implemented, two have been partially implemented, seven have been started, and two have not been started. Since the audit's release, the Finance Department prioritized filling critical vacancies in its General Services Division, which is now fully staffed. Additionally, the Finance Department took immediate action following the audit's release to align guidance and protocols for non-competitive procurement to increase transparency and competition. Finally, the General Services Division has launched a comprehensive review of the City's Purchasing Manual to improve transparency and efficiency in all procurement and contracting processes.

Please see Attachment 1 for a detailed table of audit report recommendations, corrective action plans, implementation program. The next status report to Council is expected to be presented in Fall 2027.

BACKGROUND

The City uses contracts for most services that are not done by city staff, like public artwork and towing, and to procure specialized goods, like fire trucks. The City typically uses simpler purchase orders rather than contracts to buy goods, like office furniture and equipment for parks maintenance. The General Services Division in the Finance Department reviews and processes all purchases of goods and services for the entire

[1] Audit: City_Contracts:_Outdated_Process_Led_to_Non-Competitive_Contracts

City, but staff in each department are responsible for initiating purchasing goods and services for their department.

Competition among contractors helps ensure that the City is accountable for public funds spent on contracts and can get the best value for Berkeley residents. However, competition is not always possible or appropriate, so City policies allow for non-competitive contracts in specific circumstances, such as when emergency maintenance is needed. This primarily occurs through either Council authorization or a waiver of competition approved by the City Manager.

ENVIRONMENTAL SUSTAINABILITY AND CLIMATE IMPACTS

There are no identifiable environmental effects associated with the subject of this report.

POSSIBLE FUTURE ACTION

The Finance Department will continue to work with all City Departments to ensure adherence to the Purchasing Manual to improve transparency, efficiency, and accountability in how the City solicits and awards contracts.

FISCAL IMPACTS OF POSSIBLE FUTURE ACTION

None at this time.

CONTACT PERSON

Henry Oyekanmi, Director, Finance, 510-981-7326

Attachments:
1: Audit Findings, Recommendations, and Status Updates

Attachment 1

Audit Title: City Contracts: Outdated Process Led to Non-Competitive Contracts

Issue Date: February 19, 2026

Table: Audit Recommendation Statuses

Finding	Recommendation	Department	Previous Status Update	Current Status Update
Berkeley spent millions of dollars on noncompetitive contracts when competition was likely possible.	**1.1** To ensure Berkeley is getting the best value for recycling services, we recommend that Public Works pursue open competition on the City's recycling contracts.	Public Works	Not Started	**Started.** The Ecology Center and Community Conservation Center (CCC) contracts were extended for two years through June 30, 2028, instead of five years. According to Public Works, the extension maintains uninterrupted zero-waste services while the Public Works Department Zero Waste staff prepare competitive Requests for Proposals, consistent with the audit recommendation. Staff anticipate releasing the RFP in Spring 2027, to leave sufficient time for contract award well in advance of the June 30, 2028 expiration of the current contract.
Berkeley spent millions of dollars on noncompetitive contracts when competition was likely possible.	**1.2** To ensure large contracts have adequate competition, we recommend City Council work with City management and the City Attorney to propose updates to the Berkeley Municipal Code Chapter 7.18 to require competition for service contracts that City Council approves.	City Manager	Not Started	**Partly Implemented.** Mayor Ishii and Councilmember Kesarwani submitted an item that proposes amendments to Chapter 7.18 of the Berkeley Municipal Code to explicitly require competitive procurement for services. The item was discussed at the Budget and Finance Policy Committee on September 24, 2026 and on October 5, 2026.
Berkeley spent millions of dollars on noncompetitive contracts when competition was likely possible.	**1.3** To ensure clear standards for waiving competition, we recommend that the Finance Department update the waiver of competitive solicitation form to be consistent with the Purchasing Manual.	Finance	Not Started	**Implemented.** The Finance Department has updated the waiver of competitive solicitation form to be consistent with the Purchasing Manual.

Finding	Recommendation	Department	Previous Status Update	Current Status Update
Berkeley spent millions of dollars on noncompetitive contracts when competition was likely possible.	**1.4** To ensure transparency, we recommend that City management work with the Finance Department, Human Resources, and the City Attorney's office to strengthen the City's existing ethical standards, including guidance for City officials, staff, and contractors regarding disclosing personal, professional, and business relationships.	City Manager	Not Started	**Not Started.** An interdepartmental team will be convened to implement this recommendation.
Berkeley spent millions of dollars on noncompetitive contracts when competition was likely possible.	**1.5** To ensure City staff have guidance on how to appropriately use amendments, we recommend that the Finance Department develop and distribute written policies and procedures on contract amendments, including when contracts are required to go back out for competition.	Finance	Not Started	**Started.** Finance added the requirement for most contracts to be re-bid every five to seven years to the Purchasing Manual. The new General Services Manager, who was hired in August 2026, has also begun a review of the Purchasing Manual. An updated version is being drafted and is expected to include detailed protocols around contract amendments, piggybacking, and clear expectations for competition.
Berkeley spent millions of dollars on noncompetitive contracts when competition was likely possible.	**1.6** To increase transparency of spending on legal services contracts, we recommend that the City Attorney's Office regularly report legal services contracts and amendments to City Council.	City Attorney	Not Started	**Started.** On October 5, 2026, the Budget and Finance Committee voted to send amendments to BMC Chapter 7.18 to Council with a qualified positive recommendation. This recommendation includes annual reporting from the City Attorney's Office related to legal services contracts and amendments. The City Attorney's Office will work to establish regulations that meet the intent of the required annual reporting.

Finding	Recommendation	Department	Previous Status Update	Current Status Update
Paper contracts, unclear guidance, and short staffing led to delays and overuse of noncompetitive contracts.	**2.1** To increase efficiency and accountability in the contract process, we recommend that City management work with the Finance Department to adopt a comprehensive and integrated electronic contract management system, as funds are available.	City Manager	Not Started	**Started.** While a full enterprise Contract Lifecycle Management (CLM) system remains unfunded due to budget and staffing constraints, IT and Finance have completed extensive discovery and vendor evaluations alongside key stakeholders. In the interim, Finance and IT are actively revising and refining DocuSign/AdobeSign routing workflows to digitize core contract execution and approvals. However, automated records retention, central repository tracking, and end-to-end contract governance will still require a dedicated enterprise CLM platform once dedicated funding and resources are secured.
Paper contracts, unclear guidance, and short staffing led to delays and overuse of noncompetitive contracts.	**2.2** To more easily assess the use of non-competitive contracts, we recommend that the Finance Department track what type of competition is used for each contract and maintain documentation in an accessible format as part of the new contract management system.	Finance	Not Started	**Partly Implemented.** The GS Contract Log now includes a column which identifies which type of competition is used (RFP, piggyback, non-competitive waiver). However, the information is just starting to be tracked as of August 2026 and has not been entered consistently.

Finding	Recommendation	Department	Previous Status Update	Current Status Update
Paper contracts, unclear guidance, and short staffing led to delays and overuse of noncompetitive contracts.	**2.3** To ensure consistent application of standards, we recommend the Finance Department update the Purchasing Manual and any additional guidance documents for staff to include complete sections on key topics such as amendments, piggybacking, ethics, and suspension or debarment of contractors who engage in misconduct.	Finance	Not Started	**Started.** The new General Services Manager, who was hired in August 2026, has begun a review of the Purchasing Manual. An updated version is being drafted and is expected to include detailed protocols and expectations around contract amendments, piggybacking, ethics, and suspension or debarment of contractors who engage in misconduct.
Paper contracts, unclear guidance, and short staffing led to delays and overuse of noncompetitive contracts.	**2.4** To ensure clarity in the primary guidance on purchasing for all City staff and consistent application of standards, we recommend the Finance Department work with the City Attorney and City management to update the Purchasing Manual with a table of contents, clear definitions, and consistent language and standards across the Purchasing Manual and related forms, boilerplates, templates, and other additional guidance documents.	Finance	Not Started	**Started.** The new General Services Manager has begun a review of the Purchasing Manual. An updated version is being drafted.

Finding	Recommendation	Department	Previous Status Update	Current Status Update
Paper contracts, unclear guidance, and short staffing led to delays and overuse of noncompetitive contracts.	**2.5** To ensure that City staff know how to use the contracting process correctly and efficiently, we recommend that the Finance Department offer and publicize a regular procurement training program for staff from other departments.	Finance	Not Started	**Started.** Several contracts trainings occurred in 2025. However, due to the General Services Manager vacancy, trainings have not been offered since then. According to Finance, a new training is currently planned for November 2026.
Paper contracts, unclear guidance, and short staffing led to delays and overuse of noncompetitive contracts.	**2.6** To ensure adequate resource support for City contracts, we recommend that City management assess Finance Department staff positions needed to provide oversight and prioritize filling these positions when possible.	City Manager	Not Started	**Implemented.** Both the General Services Manager and all the Buyer positions have been filled. HR will continue prioritizing these important positions if they become vacant.
Paper contracts, unclear guidance, and short staffing led to delays and overuse of noncompetitive contracts.	**2.7** To ensure the City makes progress towards promoting fairness in contracts, we recommend that City management formally assign responsibility for managing the demographic data from potential contractors to facilitate data analytics and implementing prior recommendations related to contractor outreach and the contracting process.	City Manager	Not Started	**Not Started.** This work would have been assigned to staff in the Office of Diversity, Equity and Inclusion. However, as part of the FY 27- FY 28 budget, in order to address a $30 million deficit, staff assigned to the Office of DEI were eliminated (all vacant positions at the time that the budget was adopted). This work has yet to be reassigned.