

# **Janitorial Services Contract Management Follow-Up Audit**

**October 2018**

NOTE: This version of the Janitorial Services Contract Management Follow-Up Audit Report has been redacted by the City Attorney's Office to remove confidential information that, if publicly released, could compromise the security of City buildings.

City Auditor, Lori Brooks Jaquess, CPA, CIA, CGAP, CRMA  
Assistant City Auditor, Susan Edwards, CIA, CFE, CICA  
Internal Auditor, Lee Hagelstein, CGAP



October 8, 2018

Honorable Mayor and Members of the City Council:

The City Auditor's Office has completed the Janitorial Services Contract Management Follow-Up Audit. The audit objective was to determine the implementation status of the audit recommendations presented in the original audit report.

Management concurred or partially concurred with all seventeen recommendations in the original report. Audit follow-up procedures indicate management has implemented or is in the process of implementing those recommendations.

We would like to thank staff from the Parks and Recreation, Human Resources, Information Technology, Asset Management and Public Works and Transportation Departments for their assistance and cooperation.

*Lori Brooks Jaquess*

Lori Brooks Jaquess, CPA, CIA, CGAP, CRMA  
City Auditor

c:   Trey Yelverton, City Manager  
      Jim Parajon, Deputy City Manager  
      Gilbert Perales, Deputy City Manager  
      Jennifer Wichmann, Assistant City Manager  
      Mindy Carmichael, Director of Public Works and Transportation  
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# Janitorial Services Contract Management Follow-Up Audit

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## ***Background***

As part of the 2018 Annual Audit Plan, the City Auditor's Office conducted a follow-up audit of the Janitorial Services Contract Management Audit completed in March 2017. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. The audit objective was to determine the implementation status of the prior audit recommendations.

## ***Audit Scope and Methodology***

The scope of the project was limited to following up on management's implementation of the previous audit recommendations. Our methodology included obtaining updated status reports from management regarding the implementation of the audit recommendations and reviewing relevant supporting documentation.

The matrix on the following page illustrates the results of the follow up procedures.

**Status of Prior Audit Recommendations**

PRIOR AUDIT RECOMMENDATION	CONCUR/ DO NOT CONCUR	PRIOR MANAGEMENT RESPONSE*	RESPONSIBLE PARTY	DUE DATE	CURRENT MANAGEMENT RESPONSE/IMPLEMENTATION STATUS*	AUDIT CONCLUSION
<p>1. The City Auditor’s Office recommends that the Directors of Public Works and Transportation and Parks and Recreation Departments establish a more effective process that will ensure contract administrators and facility managers are held accountable for enforcing janitorial contract terms as stipulated, and that vendors are also held accountable for poor performance.</p>	<p>Concur</p>	<p><b>Parks and Recreation Response:</b> Parks and Recreation will develop a process for the department to work in conjunction with staff and the janitorial services provider to manage the contract according to specifications.</p>	<p>Venera Flores-Stafford, Asst. Director Parks and Recreation</p>	<p>March 2017</p>	<p><b>Parks and Recreation Updated Response/Status:</b> Facility staff reports daily to the Parks liaison about the cleanliness of the facilities. Pictures are taken and included with reports of poor performance. The liaison contacts the provider immediately to rectify the situation. On site visits are made to assure the standards of the contract are maintained.</p>	<p><b>Implemented</b></p>
<p>Recommendation #1 Continued.....</p>	<p>Concur</p>	<p><b>Public Works and Transportation Response:</b> PWT will review and document processes in administering the janitorial services contract to address identified areas of deficiencies regarding oversight and vendor performance. The focus will be on the position’s responsibilities related to inspection of the vendor’s work, processing of payments, and enforcement of contract terms. The review will result in creation of a Standard Operating Procedure (SOP) that</p>	<p>PWT Facility Services Manager  Assistant Director – Support Services</p>	<p>June 2017</p>	<p><b>Public Works and Transportation Updated Response/Status:</b> PWT prepared and presented a written notification of deficit performance to the incumbent addressing the accountabilities, responsibilities regarding the incumbent position.  PWT developed a SOP to detail the responsibilities, requirements, and reporting methods of the custodial position with focus on vendor performance. Metrics and measurements for reporting vendor performance including the monitoring of building inspections have been created. The reporting of the metrics and measurements is</p>	<p><b>Implemented</b></p>

**\*Management Response Verbatim Unless Otherwise Indicated**

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		will require the janitorial services contract administrator to submit weekly, monthly, and quarterly reporting of vendor performance to PWT management. Any necessary changes in responsibilities over contract administration processes will be substantially completed within 90 days of the review.			presented to PWT management during the Facility quarterly review process.	
2. The City Auditor’s Office recommends that the Director of Parks and Recreation seek assistance from the Finance Department’s Purchasing Division and the City Attorney’s Office to remediate the contract breach of subcontracting and the lack of City issued contractor identification, associated with the recreation center janitorial contract.	Concur	<b>Parks and Recreation Response:</b> Staff will work with the purchasing liaison to correct the contract infractions found by the auditor’s office.	Venera Flores-Stafford, Asst. Director Parks and Recreation	March 2017	<b>Parks and Recreation Updated Response/Status:</b> Beginning October 2017, the Facility Maintenance Supervisor verified the new contractor attained identification badges for all janitorial staff. City Staff will maintain an updated list for the janitorial contract staff, verified quarterly.	<b>Implemented</b>
3.						

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[Redacted Content]						

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6.						
7.						
8. The City Auditor's Office recommends that the Directors of Public Works and Parks and Recreation Departments require	Concur	<b>Parks and Recreation Response:</b> Staff will develop a process to monitor vendor employment documentation.	Venera Flores-Stafford, Asst. Director Parks and Recreation	March 2017	<b>Parks and Recreation Updated Response/Status:</b> Staff has the original list of employees that began Oct. 2017. Staff will request an updated list to verify new employees.	<b>In Progress</b>



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<p>contract administrators to monitor vendor compliance with employment documentation requirements and ensure they maintain an updated list of janitorial staff working in City facilities.</p>					<p><i>Audit Comment: This verification process has been initiated recently with identified compliance issues that need to be addressed.</i></p>	
<p>Recommendation #8 continued.....</p>	<p>Concur</p>	<p><b>Public Works and Transportation Response:</b> In coordination with Parks and Recreation, Human Resources, and the City Attorney’s Office, PWT will develop a Standard Operating Procedure (SOP) to create and implement a process for monitoring vendors’ employment documentation. The SOP will include provisions requiring the janitorial services contract administrator and/or other staff to document and report monitoring of vendors’ employment documentation. In addition, PWT will recommend to Finance-Purchasing Division to modify the Request for Proposals for the janitorial services contract to include a requirement for vendors to provide employment documentation every 30 days.</p>	<p>PWT Facility Services Manager  Assistant Director – Support Services</p>	<p>June 2017</p>	<p><b>Public Works and Transportation Updated Response/Status:</b> The new PWT SOP requires the administrator to review monthly the onsite custodial staff. The SOP compliance requirements include:</p> <ol style="list-style-type: none"> <li>1. Name of current custodial employee</li> <li>2. Employment date</li> <li>3. Name and location of Facility custodial employee is allowed access</li> <li>4. Type of access Key / Card</li> <li>5. Verification of required security clearances required to access facilities (CJIS)</li> </ol>	<p><b>Implemented</b></p>

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9. The City Auditor's Office recommends that the Director of Public Works require the Facility Services Manager to determine billing overcharges and inconsistencies with assistance from the appropriate Finance Department personnel.	Concur	<b>Public Works and Transportation Response:</b> PWT will review invoices and payments for the last two complete fiscal years to identify any billing overcharges. PWT will assemble all documentation and prepare a report on its findings.	PWT Facility Services Manager  Assistant Director – Support Services	April 2017	<b>Public Works and Transportation Updated Response/Status:</b> PWT reviewed the last two fiscal years of invoicing for identifying any billing overcharges. A report was prepared with the focus on the Council Chamber demolition, the closing of the Central Library, and the addition of the Central Express Library. A modification to the contract was discovered dated 3/5/15 identifying the cost for the Central Library Express Area. Upon completion of the report it seems due to an oversight the vendor over charged around \$4,000.	<b>Implemented</b>
10. The City Auditor's Office recommends that the Director of Public Works require the Facility Services Manager to consult with the City Attorney's Office to determine what billing overcharges can be recovered from the vendor.	Concur	<b>Public Works and Transportation Response:</b> PWT will review the janitorial services contract and consult with the City Attorney's Office to determine if any billing overcharges can be disputed and recovered. PWT will request their opinion/counsel in writing and begin taking any appropriate next steps. PWT will prepare a report on actions taken and outcomes.	PWT Facility Services Manager  Assistant Director – Support Services	May 2017	<b>Public Works and Transportation Updated Response/Status:</b> PWT Facility Manager met with Deputy City Attorney, Eddie Martin, on 05/16/17 to discuss the result of the audit findings related to overcharges. A copy of the original janitorial contract was provided to Mr. Martin, along with other materials for his review. Mr. Martin delivered to PWT the result of his review on 9/15/2017. Among other concerns, Mr. Martin noted the contract did not specify how to address the library closure or a reduction in scope of work. He also noted that not knowing what the current actual market value should be, it would be difficult to determine an overpayment based on the original contract and market value at the time of acceptance of the contract. Based on Mr. Martin's review and observations, recovery of funds was not recommended.	<b>Implemented</b>

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<p>11. The City Auditor’s Office recommends that the Director of Public Works ensure there is a proper methodology in place that assures contract billing accuracy; provide training with assistance from appropriate Finance Department personnel, if necessary; and hold contract management staff accountable for accurate vendor payments.</p>	<p>Concur</p>	<p><b>Public Works and Transportation Response:</b> As part of an overall review and update of Standards for Operating Procedures, PWT already has drafted an SOP for management of the janitorial services contract, which is currently under review. The draft SOP will be modified as needed to improve documentation, processing, and tracking of vendor payments. The Facility Services Manager will ensure that staff complete any training required to adhere to the SOP.</p>	<p>PWT Facility Services Manager  Assistant Director – Support Services</p>	<p>May 2017</p>	<p><b>Public Works and Transportation Updated Response/Status:</b> The PWT SOP contains a section titled “Invoicing.” The general requirements addressed in this section require the administrator to verify the following:</p> <ol style="list-style-type: none"> <li>1. Vendor Name, and address</li> <li>2. Invoice date</li> <li>3. Month of vendor service</li> <li>4. Description of location of vendor service (Facility)</li> <li>5. Unit Price (weekly, monthly)</li> <li>6. Total Amount</li> <li>7. Any additions or deletions of vendor requirements with supporting documentation</li> </ol> <p>After reviewing the invoice for accuracy, the approval of the invoice by the Administrator requires the administrator to write on the invoice ‘ok to pay’, or ‘approved for payment’, with current date and the Administrator’s signature.</p>	<p><b>Implemented</b></p>
<p>12. The City Auditor’ Office recommends that the Directors of the Public Works and Parks Departments review the contract administrator job description, with assistance from the City’s Human Resources Department, to ensure appropriate skills and job tasks, required to</p>	<p>Concur</p>	<p><b>Parks and Recreation Response:</b> Staff in conjunction with the department’s HR liaison will review the contract administrator’s job description to ensure the appropriate skills and job tasks are included.</p>	<p>Venera Flores-Stafford, Asst. Director Parks and Recreation</p>	<p>March 2017</p>	<p><b>Parks and Recreation Updated Response/Status:</b> Amber Dembroski is in the process of job description review, which includes the Facility Maintenance Supervisor position.</p> <p><i>Audit Comment: Parks subsequently provided a copy of a revised job description for the Facility Maintenance Supervisor.</i></p>	<p><b>Implemented</b></p>

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administer the janitorial contracts, are included.						
Recommendation # 12 Continued.....	Concur	<b>Public Works and Transportation Response:</b> PWT has revised job descriptions for all employees in Facility Services. These new descriptions are currently under review and will be submitted to HR next for its review and approval. For the janitorial services contract administrator, revisions will be made to address deficiencies noted in the audit.	PWT Facility Services Manager  Assistant Director – Support Services	Dec 2017	<b>Public Works and Transportation Updated Status/Response:</b> PWT Custodial Administrator job description has been revised to include: <ul style="list-style-type: none"> <li>• Responsibility and Accountability</li> <li>• Essential Job Functions</li> <li>• Facility Conditioning</li> <li>• Vendor Performance</li> <li>• Essential Work Skill</li> <li>• Preferred Qualifications</li> </ul>	<b>Implemented</b>
13. The City Auditor’s Office recommends that the Directors of the Public Works and Parks Departments ensure that current incumbents have the training and knowledge needed to fulfill the responsibilities of the contract administrator position; establish performance goals and objectives associated with contract management; and hold employees accountable for required job performance.	Concur	<b>Parks and Recreation Response:</b> Staff will schedule contract management training with purchasing for those involved with the contract facilitation process.	Venera Flores-Stafford, Asst. Director Parks and Recreation	March 2017	<b>Parks and Recreation Updated Response/Status:</b> Contract management duties are assigned to the Facility Maintenance Supervisor. As one of the essential job functions, the supervisor is annually evaluated.  <i>Audit Comment: Parks provided a copy of a document located on the Purchasing portal outlining the basics of contract management. The document signed by the incumbent acknowledges he has read the document and understands the City’s expectations.</i>	<b>Implemented</b>

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<p>Recommendation #13 Continued</p>	<p>Concur</p>	<p><b>Public Works and Transportation Response:</b> Once the revised job description for the janitorial services contract administrator has been finalized and approved by HR, PWT will ensure accountabilities for the position are included within the new SOP for management of the contract. The Facility Services Manager will ensure the current incumbent has the knowledge, skills and training required to fulfill job duties and responsibilities.</p>	<p>PWT Facility Services Manager  Assistant Director – Support Services</p>	<p>Jan 2018 and on-going</p>	<p><b>Public Works and Transportation Updated Response/Status:</b> PWT developed a recommended draft of the Custodial Administrator job description. However, this year, HR instructed PWT to revise/ update all job descriptions for Management Professionals, such as the Custodial Administrator’s position. HR directed us to do so in a specific format. The accountabilities and expectations of the position have been identified in the SOP. A review of the custodial administrator’s skills and knowledge was performed with the incumbent. The incumbent will be taking advanced training in Oct 2019 to further strengthen the incumbent’s skills.</p>	<p><b>Implemented</b></p>
<p>14. The City Auditor’s Office recommends that the Directors of Public Works and Parks examine alternative janitorial options, with a focus on better performance, safeguarding of City’s assets, labor law compliance, and cost control.</p>	<p>Concur</p>	<p><b>Parks and Recreation Response:</b> Staff will re-bid the contract at the end of the contract cycle to better convey the City’s expectations for contract management. In addition, Parks will investigate the process to return to an in-house system for janitorial services.</p>	<p>Venera Flores-Stafford, Asst. Director Parks and Recreation</p>	<p>Oct 2017</p>	<p><b>Parks and Recreation Updated Response/Status:</b> The new contract was awarded to UBM for FY17-18.</p>	<p><b>Implemented</b></p>

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<p>Recommendation #14 Continued</p>	<p>Concur</p>	<p><b>Public Works and Transportation Response:</b> PWT will perform a cost-benefit analysis of alternatives which will include:</p> <ul style="list-style-type: none"> <li>• hiring in-house janitorial staff;</li> <li>• a combination of hiring in-house janitorial staff and contract employees; and</li> <li>• procuring janitorial services for the entire City, including Parks and Recreation facilities.</li> </ul> <p>PWT will document its findings and prepare a report to present to the City Manager’s Office with recommendations.</p>	<p>Facility Services Manager  Assistant Director – Support Services</p>	<p>Oct 2017</p>	<p><b>Public Works and Transportation Updated Response/Status:</b> PWT performed a cost-benefit analysis of three alternatives regarding the current contract cost for custodial services performed at specified City Facilities. Custodial services identified as a soft service, and a candidate for being contracted compared to other services proved to be the most cost beneficial to the City compared to the three proposed alternatives.</p>	<p><b>Implemented</b></p>
<p>15.</p>	This row is redacted					

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