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Date: August 29, 2011

To: Audit, Finance & Enterprise Committee

From: Jennifer Ruttman, City Auditor 

Subject: Skilled Trades Contracting Practices – 2nd Follow-up Review

cc: Trisha Sorensen, Assistant to the City Manager
John Pombier, Acting Assistant to the City Manager
Ed Quedens, Business Services Director
Dennis Ray, Facilities Maintenance Department Director

Pursuant to the Council-approved Audit Plan, the City Auditor's office has completed a 2nd follow-up review of the City's Skilled Trades Contracting Practices. The final report is attached. Please feel free to contact Tami Steadman at x5059 or me at x3767 if you have any questions.

SECOND FOLLOW-UP REVIEW

CITY AUDITOR

Report Date: August 29, 2011

Departments: Facilities Maintenance and Business Services

Subject: Skilled Trades Contracting Practices

OBJECTIVE

The objective of this second follow-up review was to determine whether the Facilities Maintenance and Business Services Departments have implemented the corrective actions presented in their responses to our September 2010 follow-up review of skilled trades contracting practices.

SCOPE & METHODOLOGY

To meet this objective, we interviewed City staff members, reviewed and analyzed expenditure data, and reviewed contracts, invoices, & other relevant documents produced since the first review.

BACKGROUND

In March 2009, the City's Contracts Administrator, Tom LaVell, issued a report regarding the City's skilled trades contracting practices that indicated that improvements were needed in the City's procurement and contract management policies and expectations. The report included seven recommendations. In response to these recommendations, Facilities Maintenance Director Dennis Ray and Business Services Director Ed Quedens each submitted to the City Manager a memo detailing specific actions they had taken or planned to take to address the issues.

In 2010, our office conducted a follow-up review to determine whether these corrective actions had been implemented. During that review, we found that only a few of the actions listed in the departments' responses had been implemented as planned, resulting in this second follow-up review.

CONCLUSION

We found that the Facilities Maintenance and Business Services Departments have implemented the corrective actions presented in their responses to the 2010 follow-up review. Specifically:

- Facilities Maintenance, with the support of Business Services, coordinates the use of multiple qualified vendors for work on City buildings and ensures that all of these vendors possess the proper licenses and adequate insurance coverage.
- A written Scope of Work is prepared for each job, and invoices contain the required information, detail, and approvals.
- Contractor files have been established and include documentation of contracts, licenses, insurance coverage, correspondence, and performance history.
- Business Services has incorporated into their citywide training best practices on reviewing quotes and invoices, and on documenting vendor interaction.

We thank the Facilities Maintenance and Business Services Departments for their cooperation during these reviews, and for their continued attention to the implemented corrective actions.