

MEMORANDUM OF TRANSMITTAL



To: David L. Dunn, Facilities Management Division Manager

From: George J. McGowan, CPA
Director, Office of Audit Services and Management Support

Dates: August 17, 2021

Subject: Facilities Management Purchase Controls (Report No. 21-09)

A handwritten signature in black ink, appearing to be 'GJM', written over the 'From:' field.

The Office of Audit Services and Management Support performed an audit of the Facilities Management purchase controls. The audit objectives were to ensure that the Facilities Department protects the best interest of the City by ensuring purchases are made for authorized projects.

We conducted this performance audit in conformance with the International Standards for the Professional Practice of Internal Auditing. 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 objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The scope of this audit focused on the controls around the work request process, for the period October 2020 through April 2021.

Facilities Management provides maintenance and repair services, including but not limited to plumbing, painting, electrical, and locksmith services to the approximately 1,200 facilities and structures used by every City department. Further, Johnson Laux and Ovation Construction were awarded contracts with the City for general construction services, which are managed by the Facilities Management team. These contracts are referred to as Job Order Contracts (JOC). The Archibus platform is utilized to manage all work request/orders and an MS ACCESS based control log is used to facilitate edits made to the work orders in Archibus.

Overall, we believe that the controls over purchasing are functioning adequately. We offer the recommendations below as further enhancements to current controls.

Our review of the purchase control environment revealed the following:

- A review of the current policy governing Facilities Management's work order process (1000.11 Fleet Management and Facilities Management Bureaus Supply Support System) revealed that the policy is outdated. For example, it references the JD Edwards and FOCIS applications which were replaced by Workday several years ago. Recently, the City moved to reorganize the former Fleet and Facilities Management Division, and with this action, it seems appropriate for a comprehensive review and update of City policies governing Facilities Management should occur. We were informed that such a review is currently underway.

- We also reviewed internal division procedures and learned that client approval is required prior to an RS Means Cost Estimate breakdown for a proposed project. This practice is to ensure that contractors do not invest time and effort into this process and that it “does not become a free cost estimator.” The Assistant Construction Manager confirmed this procedure and added that a cost code must also be included in the proposed cost approval email from the client. Of the 11 JOC work requests we reviewed, there were three (3) instances where there was no evidence of the proposed cost being approved prior to development of the RS Means Cost Estimate Breakdown. We recommend that these procedures be reiterated to the employees and evidence retained of the proper approvals in advance.

We appreciate the cooperation and courtesies extended by the staff of the Facilities Division. The Division Manager has concurred with these recommendations. This review was performed by Joanne Cambridge, Senior Auditor.

c: Michelle McCrimmon, Deputy Chief Financial Officer