

**Post-Audit Review 16-01:
Consent Decree Contract
Oversight**

March 2017

City Auditor

Stan Sewell, CPA, CGFM, CFE

Senior Auditor

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OFFICE OF INTERNAL AUDIT

Stan Sewell, City Auditor

March 28, 2017

To: Mayor Andy Berke
City Council Members

Subject: Post-Audit Review of Consent Decree Contract Oversight (Report #16-01)

Dear Mayor Berke and City Council Members:

Attached is a summary report on the status of audit recommendations in our 2016 Consent Decree report. The purpose of this report is to confirm whether, and to what degree, management has implemented the recommendations made in the original audit.

The original audit concluded:

1. The Jacobs contract covers all Consent Decree requirements;
2. The Consent Decree projects have proper management oversight; and,
3. Public Works management is properly reviewing Consent Decree payments.

The audit had 7 recommendations to improve management oversight. At the time of this Post-Audit Review, three were partially implemented and four were implemented. Recommendations partially implemented are herein reported to the Audit Committee for follow-up, as appropriate.

This Post-Audit Review consisted principally of inquiries of City and Jacobs personnel and examinations of various supporting documentation. It was substantially less in scope than an audit in accordance with generally accepted government auditing standards. The evidence obtained provided a reasonable basis for our conclusions; however, had an audit been performed, other matters might have come to our attention that would have been reported to you and our conclusions may have been modified.

Sincerely,

Stan Sewell, CPA, CGFM, CFE
City Auditor

Attachment

cc: Audit Committee Members
Stacy Richardson, Chief of Staff
Maura Sullivan, Chief Operating Officer
Justin Holland, Public Works Administrator
Daisy Madison, Chief Financial Officer

RECOMMENDATION PARTIALLY IMPLEMENTED (3)

Recommendation	Actions Taken
1 We recommended Public Works ensure the contractor develops and implements performance evaluations for consultants.	They have developed measurements for evaluating the consultants but have not implemented the process yet.
3 We recommended Public Works thoroughly review each vendor's reimbursable expenses and obtain the required support documentation.	Public Works management is conducting a more detailed review of reimbursable expenses. We reviewed February invoices and support documentation, and noted one consultant submitted receipts to support their reimbursable charges. Some consultants submitted mileage logs for travel expenses. Updated Monthly Invoice Processing Procedures do not require submission of extensive backup. However, the documentation is kept by the consultant and provided at the City's request.
7 We recommended Public Works perform a random review of consultants hours billed for projects. Further, we recommended Public Works consider requiring consultants submit time logs for hours charged per month along with their invoices, Progress Reports and Reimbursable Expense Summary.	They have not performed a review of consultant hours but they have started requiring the consultants to submit a Bill Rate Breakdown with each invoice.

RECOMMENDATIONS FULLY IMPLEMENTED (4)

Recommendation	Actions Taken
2 We recommended Public Works ensure contract terms for reimbursable expenses are detailed and specific.	The Jacob's contract is expiring in July 2017 and will be renewed for another 5 years. They will be adding language to the contract requiring more detail on reimbursable expenses, limits to travel expenses and specification of equipment ownership. Also, a new version of the Standard Engineering contract has been approved. It includes language regarding out of town travel and equipment ownership.

Recommendation**Actions Taken**

- 4 We recommended management consider requesting the support documentation for previous subcontractor payments to ensure payments were accurate and valid.
- 5 We recommended Public Works require the Consulting Engineers provide detailed explanations of charges and work completed on the Progress Report, listing the monthly activities by task number which should correspond to task billing amount.
- 6 We recommended Public Works require consultants include the Supplemental Services Approval letter or number in the details of the Progress Report.

Since the audit was released, Jacobs and Public Works staff reviewed two prior project's reimbursable expenses. The consultants provided sufficient backup to support expenses.

They have updated their Progress Report and Consultant Invoice Processing Procedures to require detailed explanations that support the billing amounts. The report will be organized so the task number on the invoices corresponds to the listed activity.

They have updated their Consultant Invoice Processing Procedures to require the Supplemental Services Approval letter number be noted on Progress Report.

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