

AUDIT OF CONTRACT No. 2017-199 CUSTODIAL SERVICES FOR PARK FACILITIES

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EXECUTIVE SUMMARY

As part of the Annual Audit Plan, the Clerk of Circuit Court and County Comptroller's *Internal Audit Department and Office of the Inspector General* conducted an independent audit of Contract No. 2017-199 **Custodial Services for Park Facilities** (Agreement). The purpose of the audit was to evaluate the effectiveness of processes used by the Parks, Recreation and Natural Resources (PRNR) Department to monitor for compliance with the terms of the contract.

The audit detected non-compliance with the following contractual stipulations:

- Employment screenings,
- Product requirements,
- Insurance requirements,
- Utility vehicle training,
- Key inventory,
- Invoicing, and
- Contract Amendments.

Lack of monitoring to ensure compliance with contractually mandated employment screenings, insurance and product requirements, utility service vehicle training, and key inventory could result in a higher level of reputational and public relations risk. Additionally, non-compliance with the contractual stipulation requiring a formal amendment for any added or increased services, permanent or temporary, could result in the County paying higher rates for services.



BACKGROUND AND OBJECTIVES

The Clerk of the Circuit Court and County Comptroller's *Internal Audit Department and Office of the Inspector General* has completed an audit of Contract No. 2017-199 **Custodial Services for Park Facilities**. The audit was planned and conducted in conformance with the *International Standards for the Professional Practice of Internal 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 objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. The purpose of the audit was to determine compliance with the terms of the contract.

Background

The Parks, Recreation and Natural Resources (PRNR) Department oversees a diverse portfolio of park facilities, natural areas and recreation programs. The County's existing system of parks and preserves contains over 160 sites, encompassing approximately 3,600 acres of parkland and over 50,000 acres of managed natural areas. These sites range from very small, neighborhood-scaled parks that provide close-to-home recreation opportunities, to large natural areas that protect thousands of acres of native southwest Florida habitats.

The County entered into the current agreement, Contract No. 2017-199 Custodial Services for Park Facilities effective June 1, 2017. The agreement provides that the contractor shall provide general maintenance services at a total of 76 County parks, recreation, and preserve locations. The services include emptying garbage and recycle containers, collecting loose litter and debris, restroom facility cleaning, picnic shelter and pavilion cleaning, playground raking, and other related services. The contract was amended on December 14, 2017, to include an additional location, bringing the total to 77. The agreement also allows for the County to request the contractor to provide additional custodial services on an as needed basis at a specified contractual rate.

Objectives, Scope and Methodology

The objective of this audit was to determine that policies and procedures are in place and documentation is available to support the effective and efficient administration of the Agreement. The scope of the audit included the time period June 1, 2017, through July 12, 2018.

To meet the objectives of the audit, the procedures performed included, but were not limited to the following:

- Obtained an understanding of Contract No. 2017-199, the Agreement and Amendment No. 1 to the Agreement.
- Performed inquiries of responsible personnel.
- Evaluated documentation for compliance with provisions of the Agreement.
- Identified opportunities for improvement.



OPPORTUNITIES FOR IMPROVEMENT AND MANAGEMENT RESPONSES

The audit disclosed certain policies, procedures, and/or practices that could be improved. The audit was neither designed nor intended to be a detailed study of every relevant system, procedure, or transaction. As a result of the audit, observations and recommendations identified below are related to *Standards*:

- (Standard 2110) Ensuring effective organizational performance management and accountability,
- (Standard 2120.A1) Effectiveness and efficiency of operations and programs, and
- (Standard 2130.A1) Effectiveness of controls, particularly compliance with laws, regulations, and contracts. As well as, compliance with policies and procedures and the reliability and integrity of financial and operational information.

The **Opportunities for Improvement** presented in this report may not be all-inclusive of areas where improvement may be needed. There were seven *Opportunities for Improvement* identified as a result of the audit:

1. **Employment Screenings**
2. **Environmentally Friendly Product Requirements**
3. **Insurance Coverage**
4. **Utility Vehicle Training**
5. **Key Inventory**
6. **Contractor Invoicing**
7. **Contract Amendments**

1. Employment Screenings

Observation

Per Exhibit A, Section 4.0 of the contract, *“The Vendor shall be responsible for employment screening for each employee that includes at a minimum: National and local criminal background checks, SSN verification through the U.S. Department of Homeland Security’s E-Verify system, Sexual predator database checks and 10-panel drug testing.”*

Additionally, Exhibit A, Section 4.2 states, *“Sarasota County reserves the right to periodically request a background check and/or drug alcohol screening test for any or all persons assigned to county facilities, at the Contractor’s expense, with or without cause.”*

The auditor requested documentation to support that the contractor completed employment screenings for all current and terminated employees that performed work under the Agreement since June 1, 2017. The documentation was provided for all such employees; however, it appears the screenings were performed after the information was requested by the auditor. Additionally, the documentation for terminated employees did not include the required social security verification or proof of the 10-panel drug testing.

Recommendation

To ensure compliance with the contractual agreement and reduce risk, the County should consider procedures for periodical monitoring of contractor employment screenings.

Management Response

Parks, Recreation and Natural Resources (PRNR) staff will request proof of the required background screening and drug/alcohol tests as identified in Exhibit A, Section 4.0 of the contract when new employees are hired/assigned to our account.

2. Environmentally Friendly Product Requirements

Observation

Per Exhibit A, Section 7.4 of the contract, *“The Contractor supplied garbage bags shall meet the minimum requirements of UL Standard 126 Sustainability for Plastic Film Products.”*

Section 7.5 states, *“All cleaning products and deodorizers used in County facilities shall be either “Green Seal Certified” or ECO LOGO unless written permission is given by the County, under penalty of immediate termination. All products are to be used per the manufacturer’s directions as described on the product labeling or in its accompanying literature. A list of all cleaning products proposed for use shall be submitted to the County’s Administrative Agent ten business days after contract award, and thereafter as required.”*

Section 7.6 states, *“Safety Data Sheets shall be furnished on all products used at County facilities. The Contractor shall submit Safety Data Sheets as well as a janitorial products and equipment list to the County’s Administrative Agent no later than ten business days after the contract award. These lists must be updated and supplied to the County’s Administrative Agent, as information changes.”*

The auditor requested a list of all products in use by the contractor and the corresponding Safety Data Sheets. The documentation provided did not clearly identify if the products met the contractual requirements, so the auditor performed additional research to determine if the products met the required standards.

The auditor determined that the contractor’s janitorial products were not “Green Seal Certified” or ECO LOGO compliant and the garbage bags used did not meet the minimum requirements of “UL Standard 126 Sustainability for Plastic Film Products”. Additionally, the contractor did not submit the required product list and corresponding Safety Data Sheets until May 14, 2018.

PRNR provided documentation indicating that once it was determined that the contractually required products and supplies were not being used, the contractor was contacted for corrective action to occur.

Recommendation

To ensure compliance with the contract, the County should verify that the contractor fulfills the requirements in relation to products and supplies used in County facilities, and monitor for compliance throughout the contracted period.

Management Response

PRNR staff has worked with the vendor on identifying and implementing new cleaning products and trash bags that comply to the green standards outlined in the contract. PRNR staff have also verified that all locations are using these approved products. PRNR will verify these products with vendor staff on a semi-annual basis moving forward.

3. Insurance Coverage

Observation

Per Exhibit C, Item D of the contract, *“The contractor agrees to maintain Pollution Liability coverage with limits not less than \$1,000,000 per claim/occurrence for bodily injury, property damage and environmental damage from sudden and gradual occurrences resulting from pollution conditions arising out of the work or services performed under this contract...”*.

The auditor reviewed the *Certificates of Insurance* to determine whether the insurance requirements were met per the contractual agreement. PRNR was unable to provide proof that the contractor obtained and maintained the required Pollution Liability coverage.

Recommendation

To ensure compliance with the contract and reduce the risk of liability to the County, the County should develop and implement quality assurance procedures to verify that contractor obtains and maintains all required insurance coverages.

Management Response

The requirement for pollution liability insurance coverage was not part of the solicitation for this contract and was included in the contract in error. An amendment of the agreement has been initiated to remove this requirement. Staff anticipate the amendment being completed early 2019.

4. Utility Vehicle Training

Observation

Per Exhibit A, Section 11.8 of the contract, *“Utility Vehicle: Some facilities may require the use of a utility vehicle (club car, golf cart, etc.). Where required, the vehicle will be supplied by the County to be used by the Contractor’s staff at that specific location. The County will provide required training to Contractor’s staff. Only trained staff shall be permitted to operate the County supplied vehicle.”*

The auditor was advised by PRNR management that there was only one location where the use of a utility vehicle was required by the contractor’s employees. However, it was determined during audit work that there are three such locations.

The auditor requested documentation to support that past and current contractor’s employees using the utility vehicles received required training. At the one location identified by PRNR management, there have been a total of four employees scheduled to work since June 1, 2017. The auditor was provided an email dated June 26, 2017 that confirmed the two contractor employees assigned to this location at that time received the required training. However, both employees have since terminated. A third employee, hired by the contractor on December 28, 2017 and terminated during the audit, never received the training. The current employee, hired by the contractor on April 1, 2018, received the training on July 7, 2018.

Additionally, documentation was provided showing that two additional contractor employees providing services at two other County locations obtained the utility vehicle training on June 29, 2018.

The lack of timely training could lead to an increased risk of incidents, accidents and damage to county-owned utility vehicles.

Recommendation

To ensure compliance with the contract, the County should develop and implement procedures to confirm that only contractor employees who have received the training are permitted to operate the county-owned vehicles. The procedures should include, at a minimum, maintaining a current list of contractor’s employees at locations requiring the use of a utility vehicle, documentation of the training provided, and documented completion of the training prior to access to the county-owned vehicle.

Management Response

PRNR will develop a tracking mechanism as well as a standard operating procedure (SOP) for training associated with any golf cart use by contractor staff. There is currently only one location on the contract where a golf cart is used. As of July 15, 2018, all contractor employees that operate golf carts have been properly trained and documentation completed.

5. Key Inventory

Observation

Per the contract, Exhibit A, Section 4.3 states that the *“County will issue keys as necessary for access to the service areas... Keys shall not be duplicated and shall be returned to the County at the end of the contract period.”*

The auditor requested a list of all keys provided to the contractor, which PRNR staff was initially unable to provide. Subsequently, PRNR staff obtained the information from the contractor in email communications. It was noted in the emails that the contractor provided the number of keys that had been issued by the County throughout the contract period to date (June 29, 2018). This included nine master padlock keys, which allows access to areas that are gated.

Recommendation

To ensure compliance with the contractual agreement, the County should develop and implement procedures to track keys that are issued to the contractor.

Management Response

PRNR staff will develop a standard operating procedure that outlines the process for providing keys to outside vendors and a tracking mechanism for such keys.

6. Contractor Invoicing

Observation

Per Exhibit A, Section 9.1 of the contract, *“The Contractor shall submit invoices on a per month basis, for services provided. Payment shall be made in accordance with the contract fee schedule for work satisfactorily performed as described in the Scope of Services.”*

Additionally, Exhibit A, Section 8.3 states, *“Any added or increased service, permanent or temporary, shall require a formal amendment to the contract and pro-rata invoicing for any partial month period.”*

The auditor obtained a list of 10 Purchase Orders and 56 related invoices that were associated with the Agreement since June 1, 2017. A random sample of 20 invoices was selected for testing to determine if payments were remitted in accordance with the contract fee schedule.

During testing, the auditor identified one location in which the County was overbilled for services in the amount of \$29.73. This location is billed a monthly rate for daily services. However, no services were provided for 12 days and the pro-rated change was inaccurately calculated. Once the overbilling was brought to the attention of PRNR management, the contractor promptly issued a credit to the County.

Recommendation

To ensure appropriate payment is remitted for services rendered, the County should verify invoiced amounts to contracted rates prior to approving for payment.

Management Response

PRNR management team has reviewed payment procedures with staff and emphasized the importance of verification and reconciliation of any park closures with field staff during the invoiced time.

7. Contract Amendments

Observation

Per Exhibit A, Section 8.3 states, “Any added or increased service, permanent or temporary, shall require a formal amendment to the contract and pro-rata invoicing for any partial month period.”

The auditor obtained a list of 10 Purchase Orders and 56 related invoices that were associated with the Agreement since June 1, 2017. A random sample of 20 invoices was selected for testing to determine if payments were remitted in accordance with the contract fee schedule.

During testing, the auditor observed four locations where monthly recurring services are billed in addition to the contracted monthly rate. These recurring services are being billed at the \$18.20 per hour rate, which is in agreeance with the fee schedule for “As Needed Custodial Services”. However, based on our review, the only amendment to the contract, executed on December 14, 2017, was to add a location for services. No amendments were made for increased services at the four locations already under contract for monthly services.

Recommendation

To ensure compliance with the contract, a formal amendment should be executed for increased services at locations already included in the contract.

Management Response

A contract amendment has been initiated to clarify when an amendment is needed for added service and to address the conflicting language associated with the temporary service needs. Staff anticipate the amendment being completed early 2019.

