



# AUDIT HIGHLIGHTS

## Facilities Management Contract Administration

January 13, 2020

Audit Report No. 2005

### WHY WE DID THIS AUDIT

An audit of Facilities Management Contract Administration was included on the City Council-approved fiscal year (FY) 2019/20 Audit Plan. The audit objective was to evaluate Facilities Management's controls over contract administration, including cost-effectiveness and compliance.

### BACKGROUND

The Facilities Management department, within the Public Works Division, provides on-demand and preventive maintenance services and scheduled life-cycle equipment replacements for the City's facilities and building-related equipment.

Through its Contract Administration section, Facilities Management uses contractors to provide certain services, including custodial and specialized services. Of a budget of approximately \$20 million, \$3.3 million is allocated to these services.

A Service Area Manager leads 4 Contract Coordinators, who serve as the point of contact for the contractors, working with the various City departments to schedule routine services and coordinate special requests.

### City Auditor's Office

City Auditor 480 312-7867  
Integrity Line 480 312-8348  
[www.ScottsdaleAZ.gov](http://www.ScottsdaleAZ.gov)

### WHAT WE FOUND

**Facilities Management overpaid a contractor \$164,600 and does not retain quotes to ensure that other billings match contract terms.**

Facilities Management has provided limited guidance and training for its contract administrators. Specifically, we found:

- Facilities Management overpaid at least \$164,600 to a custodial contractor.
- Staff did not retain documentation that detailed the additional services and specified pricing for the work to be performed.

**Contractor performance is not effectively monitored and performance problems addressed.**

Facilities Management did not effectively monitor and ensure the contractor's performance quality despite longstanding compliance issues, and contract service changes are sometimes not documented.

**Facilities Management staff do not maintain necessary documentation, and management does not regularly verify that contract files are complete.**

A City Administrative Regulation requires specific documentation to be maintained. However, we found:

- Staff do not maintain documents necessary for effective contract management in their contract files.
- Management does not regularly verify that individual project files are complete and accurate.

### WHAT WE RECOMMEND

We recommend the Facilities Management department management develop written policies and procedures and train staff to:

- Ensure the billed amounts agree to contract pricing. Also, recover the overpayments.
- Document contract requirements, monitor contractor performance, and consistently and effectively address performance concerns.
- Retain necessary documentation in the contract file.

### MANAGEMENT RESPONSE

The department agreed with the audit recommendations and responded with plans to implement them during calendar 2020.