

DEKALB COUNTY, GEORGIA



POLICE DEPARTMENT

AUDIT REPORT

ANIMAL CONTROL – HVAC SYSTEM UPGRADE

**PREPARED BY
FINANCE- INTERNAL AUDIT DIVISION**



Finance Department
Internal Audit & Licensing

**Interim Chief Executive
Officer**

Lee May

Board of Commissioners

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Sharon Barnes Sutton

District 5
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District 6
Kathie Gannon

District 7
Stan Watson

DATE: January 13, 2014
TO: Zachary L. Williams, Executive Assistant/Chief Operating Officer
FROM: Interim Deputy Director of Finance, Internal Audit & Licensing
SUBJECT: Police Services-Animal Control
RE: HVAC System Upgrade

General Information

On April 10, 2012, the Board of Commissioners (BOC) approved a budget amendment to transfer \$316,000 to Police Services-Animal Control to improve the HVAC system of the Animal Control facility.

On July 10, 2012, the BOC approved a contract with Moha Mechanical Services (Moha) "for the purpose of providing design, build, installation and upgrades to the HVAC system and associated construction" at the Animal Control facility in an amount not to exceed \$587,300. The specifications and requirements for these upgrades are found in Attachment A of the contract.

Purpose and Scope

The purpose of this review was to determine the flow of funds allocated for upgrading the Animal Control facility.

We reviewed BOC meeting minutes, Oracle records, budget records, and various communications regarding the HVAC upgrade.

Findings

In April 2012, Police Services transferred \$182,718 from the Non-Departmental General Reserve account and \$133,282 from the Police Services' Precinct Rental of Real Estate account to the Animal Control Maintenance account for a total of \$316,000. In order to have sufficient funding in the Maintenance account for the HVAC upgrade, Police Services also transferred \$300,000 from their Administrative Security Services account to Animal Control Maintenance in September 2012. (See attached chart)

Brown Design Group Inc. (Brown), working under an existing contract (09-901573), was tasked with preparing a construction design for the upgrade which was used to prepare Attachment A of the Moha contract (#12-902482). Brown was paid \$13,250. (See attached chart)

In December 2012, the work on the HVAC system upgrade was terminated. In June 2013, Moha was paid \$84,696 for the work they performed. (See attached chart) This payment was for labor performed in cleaning the ductwork and other charges incurred by the vendor due to the cancellation of the contract. (See comments below)

The remaining funds were used to make payments on the Lifeline Animal Project contract out of the Animal Control cost center. As of November 07, 2013, \$842,187 had been paid on this contract. (See attached chart)

Comments

The original scope of services for the agenda item approved by the BOC was for designing, building, and installing upgrades to the HVAC system along with any associated materials and construction at an amount not to exceed \$587,300. The executed contract with Moha was for labor only at a cost of \$237,300 with materials to be obtained with a Purchase Order.

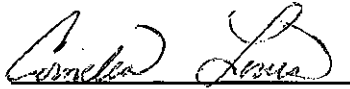
Part of the payment to Moha for \$84,696 was \$32,000 for 20 days of labor cleaning, sealing, and insulating duct work. This is not in accordance with Attachment A of the contract which required the removal of the existing HVAC system components; we found no evidence of a County approved change for labor only. Other invoice charges include: \$23,540 payment for a cancellation fee on equipment ordered; \$15,786 payment for a non-refundable down payment on that equipment; and the remaining \$13,370 was for materials utilized, a bond payment, and engineer drawings. As the contract was for labor only, with equipment to be obtained through a County Purchase Order, we consider some of these payments to Moha questionable.

Although the purpose of the Moha contract was to design, build, install and upgrade the Animal Control's HVAC facility, Moha was found to have a Residential Light Commercial Individual license as a Residential/General Contractor, which does not allow for HVAC or electrical work.

Moha's original bid of \$587,300 was considerably lower than the two other bids, \$961,937 and \$1,139,850, Galgon and Legacy, respectively. This large difference was a concern to some County personnel. Purchasing and Contracting Request for Quote (RFQ) procedure requires emergency bids to be solicited from companies that are already in a pool of companies to be used by the County. Galgon HVAC & Mechanical Service, Inc. and Legacy Mechanical Services, Inc. are the on-call HVAC contractors used by the County. When the on-call HVAC contractors were approved by the BOC on May 24, 2011, Moha Mechanical Services was listed as an Additional Bidder, but was deemed "Non-Responsive." It is unclear why Moha was included in this RFQ.

This upgrade was terminated before completion. Internal Audit was informed of a new Animal Control facility scheduled to be completed in 2015. It is the County's intention to use temporary systems to address the environmental problems until the new facility is available. This will be a

better use of County resources instead of spending funds on upgrading a facility that will be abandoned in the near future.



Cornelia Louis

CL/MW

cc: Claudette Leak, Administrative Project Manager
Gwen Brown-Patterson, Interim Finance Director
Morris Williams, III, BOC Chief of Staff

POLICE SERVICES - ANIMAL CONTROL
HVAC SYSTEM UPGRADE
FLOW OF FUNDS

DATE	FROM	TO	IN	OUT	BALANCE OF ALLOC FUNDS
Apr-12	Non-Departmental.General Reserve	Police.Animal Control.Maintenance & Repair	182,718		182,718
Apr-12	Police Services.Precinct Rental of Real Estate (due to BOC Budget Amendment April 2012)	Police.Animal Control.Maintenance & Repair	133,282		316,000
Sep-12	Police Services.Admin SE Security Services (due to Moha HVAC contract, not to exceed \$587,300)	Police.Animal Control.Maintenance & Repair	300,000		616,000
Aug-12	Police.Animal Control.Maintenance & Repair (for work performed in June/July 2012)	Brown Design Group Inc		10,950	605,050
May-13	Police.Animal Control.Maintenance & Repair (for review of Moha invoice)	Brown Design Group Inc		2,300	602,750
Jun-13	Police.Animal Control.Maintenance & Repair	Moha Mechanical Services		84,696	518,054
Jun-13	Police.Animal Control.Other Professional Svcs	Lifeline		336,875	181,179
Sep-13	Police.Animal Control.Other Professional Svcs	Lifeline		168,473	12,706
Oct-13	Police.Animal Control.Other Professional Svcs	Lifeline		168,473	-
Nov-13	Police.Animal Control.Other Professional Svcs	Lifeline		168,473	-