

# DeKalb



# County

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Department of Finance

Internal Audit and Licensing

**DATE:** September 1, 2010

**TO:** Joel Gottlieb, Interim Director of Finance

**FROM:** Acting Deputy Director of Finance, Internal Audit & Licensing (DIAL)

**SUBJECT:** Seminole Road Landfill

**RE:** Vendor - Atlantic Coast Consulting Inc.

### **General Information**

Georgia Department of Natural Resources, Environmental Protection Division (EPD) provides guidelines for the maintenance of groundwater wells. A professional geologist with knowledge of Georgia solid waste management rules is required to supervise the abandonment and replacement of the wells, and stamp the construction certification report which is required by the EPD.

In 2000, Georgia experienced a severe drought which affected our groundwater wells at the County's Seminole Landfill. The County's groundwater wells are tested semiannually. In a report dated August 1, 2006, the County was informed that, if the "wells continue to be dry during the next semiannual sampling event, they must be replaced." As a result, Atlantic Coast Consulting, Inc. (ACC) was selected to modify, abandon or replace several wells and piezometers (an instrument used for measuring pressure or compressibility). The company provides professional services of designing and building wells along with structural analysis civil engineering.

Also, ACC was subcontracted by Sterns, Conrad and Schmidt, Consulting Engineers, Inc. (SCS) to provide financial assurance reporting services, which includes DeKalb's Seminole Road Landfill Closure, Post -Closure, and Corrective Action reports for the period 2008 and 2009.

### **Purpose and Scope**

The purpose of this audit is to review the selection process for ACC and ensure compliance with standard operating procedures set forth by the Purchasing and Contracting Department.

### **Scope**

Our review covered the period February 2006 through December 2009. Information was obtained from various websites, including ACC, Solid Waste Association of North America (SWANA), Georgia Secretary of State, and other websites. Also, we obtained information from the Community Development Department, City of Roswell - Occupational Tax Division and reviewed Oracle data, and held interviews with employees from the Purchasing and Contracting Department and the Sanitation Division.

### **Conclusion**

It was noted that Sanitation did not obtain a bid or proposal for professional services in excess of \$50,000. During 2007, ACC received approximately \$69K from the County. Purchasing and Contracting confirmed with Internal Audit that the maintenance of groundwater wells was considered professional services. Purchasing's Policy/Procedures 1.2.6.3 for Professional Services states that "Professional Services Expenditures greater than \$50,000 but less than \$100,000 requires a Request for Proposal (RFP) and should be issued on a Professional Service Contract (Purchasing and Contracting Form 2 or 2A)." Purchasing and Contracting informed Internal Audit that a contract does not exist.

### **Observation**

During the period February 2006 through December 2009 DeKalb County paid \$103,723 to ACC for maintenance of groundwater wells at the landfills. Eight out of the twenty-four purchase orders (POs) assigned to ACC resulted in a Financial Payment Request (FPR) totaling \$26,185. The services provided were outside the scope of the "FPRs are limited to" list, outlined in the Purchasing and Contracting Policy/Procedures. FPRs are usually used to pay for services of a highly specialized nature that is not a normal purchasing-type item. In 2009, controls were implemented requiring all FPRs to be reviewed by Purchasing and Contracting before a PO is generated.

The remaining POs were under \$5,000 and were given little review. Per the policy, POs under \$5,000 are treated as a one time buy and only require the placement of a requisition in the Oracle system, to ensure availability of funds to purchase the item. There were multiple POs created on the same date and same time in the amount of \$4,700 and \$4,900. It may be perceived that the Sanitation Division avoided obtaining a bid or proposal by "splitting" purchase orders to achieve lower dollar limits. The County's Purchasing Policy/Procedure does not allow "splitting" of purchase orders.

### **Recommendation:**

We recommend that Sanitation Division follow Purchasing's procurement process to obtain professional services and POs be generated based on the estimated project budget amount. Also, we recommend that purchase orders be monitored to ensure compliance with Purchasing's expenditure process by creating a mechanism to identify the "splitting" of POs for vendors/suppliers.

**Comment**

Although, ACC subcontracted with SCS to provide financial assurance services for DeKalb County, the RFP 300380 attached to the DeKalb County Contract No. 06-900066 with SCS states that "Because this is a turnkey project, SCS Energy has not made a commitment to any subcontractors as of the bid due date."

An employee of ACC (a CAD designer) is the son of the Assistant Director of Sanitation. Sanitation informed Finance that the said employee did not work on the financial assurance reporting services for the County.

Also, DeKalb County's Sanitation Division Assistant Director, the CEO and Vice-President and the Discipline Manager of Landfill Operations at ACC serve on the Board of Directors for the Georgia Chapter of Solid Waste Association of North America (SWANA). Internal Audit was informed by Sanitation that ACC was selected to transact business with DeKalb County because of their knowledge of Georgia's solid waste management guidelines.

We noted that, during 2008, estimated closure costs for phases 3 and 4 (Landfill Engineering Report) endorsed by ACC were understated by \$2,102,677 due to a mathematical error in one of the calculations.

Internal Audit expresses appreciation for the assistance provided by your staff during our review. Please let us know if you have any questions or concerns.

Sincerely,

A handwritten signature in black ink, appearing to read "Cornelia Louis", written over a horizontal line.

Cornelia Louis

CL/CH

Cc: Keith Barker, Chief Operating Officer and Executive Assistant  
William Rhinehart, Deputy COO for Infrastructure  
Kelvin Walton, Director of Purchasing