

DEKALB COUNTY GOVERNMENT
Facilities Management Department

FINAL REPORT



John L. Greene, CIA, CIG, CGAP, CGFM
Chief Audit Executive

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John Greene
Chief Audit Executive

DEPARTMENT OF FACILITIES
MANAGEMENT
AUDIT OF ANIMAL SHELTER POST
CONTRACT COMPLETION
AUDIT REPORT NO. 2017-018-FM

FINAL REPORT

What We Did

In accordance with the Office of Independent Internal Audit (OIIA) Audit Plan for year 2017, we conducted a performance audit on the Animal Shelter Post Contract Completion. We examined the completed DeKalb County Animal Services facility to determine whether it was consistent with the design and construction contract specifications, completed in a timely manner and within contract cost.

We benchmarked the actual facility dimensions to the contract specifications and drawings, compared actual construction time to the scheduled completion timeframes, analyzed the actual construction cost to the awarded construction amounts and examined the County's contract files.

What We Found

We found that the DeKalb County Animal Services facility was completed:

- Consistent with the contract specifications and drawings
- Within construction contract cost

In addition, we found that the County needs to improve its post contract award processes. Specifically, our examination determined:

- The County did not issue a Notice to Proceed (NTP) Letter as required by the:
 - Purchasing and Contracting Department's Standard Operating Procedures (SOP) dated March 2015
 - Contract Award Letter
 - Provisions of Contract Number 1002707
- We were unable to adequately make an assertion to the timeliness of the completed facility, since the NTP Letter, which designates the official start date, was not issued.
- The Certificate of Substantial Completion was not available in the County contract files. A copy was obtained by OIIA from the Architectural and Engineering (A&E) firm hired to certify inspection.

What We Recommend

We recommend the following:

- The Purchasing and Contracting Department should ensure the preparation and issuance of a NTP Letter prior to commencement of contract work to properly document the start date.
- The Facilities Management Department should ensure the final inspection report is maintained in the contract files.

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BACKGROUND AND INTRODUCTION

In July 2017, DeKalb County opened a new Animal Services facility located at 3280 Chamblee Dunwoody Rd, Chamblee, Georgia. To facilitate the construction of the facility, DeKalb County awarded two contracts. Contract number 15-902963, totaling \$860,000, was awarded on February 23, 2015 for the A&E design services for the new facility. Contract number 1002707, totaling \$8,660,000, was awarded on January 25, 2016 for the construction of the new DeKalb County Animal Services facility. This facility consists of adoption areas for pets, administrative space, clinical areas, and staff and support space. The construction contract required the contractor to construct the 33,440 square foot facility within 12-months of the NTP date.

The Facilities Management Department was responsible for the contract oversight. Project Managers within the Facilities Management Department are required to ensure that project schedules and budgets are met. In addition, the Project Manager is responsible for inspecting completed work to ensure facilities are compliant with the costs, schedules, and specifications. If changes need to be made to the contract in the form of modifications, terminations or claims disposition, then the Contract Administrator manages this process.

According to the DeKalb County Purchasing Policy, dated August 6, 2014 the Purchasing and Contracting Department (P&C) is responsible for obtaining required services and administering all transactions in accordance with Georgia Law and the DeKalb County Purchasing Policy. The Procurement Agents within the department are responsible for evaluating supplier performance and ensuring awarded vendors comply with contract's terms and conditions, (such as pricing, delivery schedule, warranties) and reviewing and negotiating change orders.

The May 2015 and the March 2017 P&C SOPs requires a Notice of Award Letter for all Invitation to Bids (ITB) and the Department of Purchasing and Contracting is responsible for issuing the NTP Letter.

AUDIT RESULTS

We found that the construction of the DeKalb County Animal Services facility was completed:

- Consistent with the contract specifications and drawings
- Within construction contract cost

Our observations showed that the constructed facility was consistent with contract specifications and drawings. On January 30, 2018, we observed measurements of the newly constructed facility that validated the room dimensions (as conducted by the Facilities Management Department) and reviewed web based mapping services (Google maps) that validated the actual measurement of the building. The actual size of the facility was 33,349 square feet, which was very similar to the 33,440 square feet specified in the statement of work. The Certificate of Substantial Completion that we obtained from the A&E firm indicated that the completed facility did not deviate from the contract specifications and drawings. In addition, we held discussions with the Director of the Animal Services facility on January 30, 2018, who relayed that as of the date of our meeting, no major issues with construction was identified.

The DeKalb County Animal Services facility was constructed within contract costs. The final payment of \$116,751 was processed on September 29, 2017 to the contractor, which equaled the contract value of \$8,660,000.

In addition, our examination showed that the County did not issue a NTP Letter. The NTP Letter would document the agreed start date, facilitate an assessment of timely performance and support potential liquidated damages claims.

In addition, the County's contract file examined did not contain the final inspection report.

Our findings and recommendations highlighted below will help improve the County's post contract award processes.

FINDING 1: NOTICE TO PROCEED LETTER NOT PREPARED

Objective: To determine whether the constructed DeKalb County Animal Services facility was completed in a timely manner.

Criteria: The May 2015 and the March 2017 Purchasing and Contracting Department SOP's requires a Notice of Award Letter for all ITBs. It also requires a NTP meeting, which includes the presentation of a NTP Letter. The Notice of Award Letter issued on January 25, 2016 for contract number 1002707 stated that no work would begin until the contractor received the NTP and that no department has the authority to authorize the contractor any work until the NTP is issued.

The contract, executed on March 15, 2016, defined the NTP as a "written communication issued by the County authorizing the contractor to proceed with the work and establishes the specific date of commencement." In addition, the contract specified that the effective start date of the construction should be the date set forth on the NTP. It also required the contractor to commence work within 10 days of the issuance of the NTP and complete construction of the new Animal Services facility within 12 months of the NTP Letter. In addition, the construction contract specified:

- A \$500 per day liquidated damage for each day that Substantial Completion of the work is delayed past required contract completion time
- Any amendment to the required completion time should be reflected by a Change Order
- Change orders authorizing additional time would have to be approved by the DeKalb County Governing Authority or the Chief Executive Officer

The contract provisions defined the Substantial Completion of the work as the date determined by the County when the construction of the project is sufficiently completed.

On January 24, 2017, Change Order One was approved by the Board of Commissioners (BOC) granting a 76-day extension for soil issues, utility coordination, state and local permit requirements, and environmental concerns. In addition, it specified a revised required completion date of May 30, 2017.

Condition: There was no evidence that a NTP Letter was issued as required by the construction contract number 1002707, the Notice of Award Letter, the May 2015 and March 2017 SOPs. A kickoff meeting was conducted on February 19, 2016 with the vendor. However, the kickoff meeting agenda showed no indication of a NTP Letter.

Cause: The Purchasing and Contracting Department did not issue a NTP Letter for this contract. They stated that per the policy in existence at that time, a NTP was not required and the issuance of the Notice of Award Letter to the vendor along with the Kickoff Meeting was

sufficient. This action contradicts the May 2015 and March 2017 SOPs and the Notice of Award Letter.

Consequence: Without a NTP Letter that states a specific start date the County has no documented basis to precisely determine whether a contract is timely and determine potential liquidated damages should the contractor fail to complete the project by the contract.

Recommendation:

The Purchasing and Contracting Department should ensure the preparation and issuance of a NTP Letter prior to commencement of contract work to properly document the start date of the project.

FINDING 2: FINAL INSPECTION REPORT NOT AVAILABLE IN FILE

Objective: To determine whether the constructed DeKalb County Animal Services facility is consistent with the design and construction contract specifications.

Criteria: Section GR-9 of the construction contract requires the County to issue a final inspection report to ensure the work adheres to specifications of the contract. Acceptance of the contractor's work by the County must occur prior to processing the final payment. Contract number 15-902963, which was for the A&E design services for the new facility, required the A&E contractor to perform monthly site visits and ensure performance and adherence to the construction schedule and specifications. Discussions with Facilities Management Department personnel indicated that they primarily relied on the A&E contractor to ensure the construction contractor is adhering to the specifications in a timely manner.

Condition: A final inspection report was not available in the contract files. We contacted both the Department of Purchasing and Contracting and the Facilities Management Department to obtain the final inspection report. Since neither departments could provide a copy of the report, we contacted the A&E firm, who provided us with a copy of the American Institute of Architect (AIA) Form G704, "Certificate of Substantial Completion" which they consider the final inspection report. The Certificate was issued by the A&E firm on June 27, 2017. The Facilities Management Department Project Manager (assigned at that time) signed the form on July 6, 2017. This was 37 days past the required date of completion May 30, 2017 (which was effective from Change Order Number One). The current Project Manager signed the final payment on October 9, 2017.

Cause: The Facilities Management Director stated the department has experienced significant turnover over the past year. This may have resulted in an oversight in retention of all contract documentation on file.

Consequence: The non-existence of the final inspection report on file impairs the County's ability to demonstrate that proper oversight and due diligence was performed prior to final payment.

Recommendation:

The Facilities Management Department Director should ensure the final inspection report is maintained in the contract file.

Additional Information provided :

Clyde D. Stovall, Director of Facilities Management Department did provide a copy of the Certificate of Substantial Completion on June 18, 2018 in his response to the recommendation. The Certificate of Substantial Completion was not available in the contract files during the time of our audit fieldwork. We contacted both the Department of Purchasing and Contracting and the Facilities Management Department to try an obtain the Certificate of Substantial Completion during our audit fieldwork.

APPENDIX

Appendix I- Purpose, Scope and Methodology

Purpose

The purpose of the engagement was to determine whether the constructed DeKalb County Animal Services facility is:

- Consistent with the design contract and construction contract specifications
- Completed in a timely manner and within contract cost

Scope and Methodology

The scope of this engagement is to examine the following contracts associated with the construction of the DeKalb County Animal Services facility:

- Architectural and engineering design services (contract number 15-902963)
- Construction contract of the new DeKalb County Animal Services facility (contract number 10027007)

The methodologies included, but not limited to the following:

- Review of the design contract and construction contract specifications
- Review of the contract management files to include vendor invoices, change orders, paid vouchers, and inspection reports
- Comparison of the contract specifications to actual facility
- Comparison of the actual completion times to scheduled completion timeframes
- Observation and inspection of the newly constructed Animal Services facility
- Interview with appropriate County personnel and third parties

Appendix II- Management Response

Facilities Management Department Response:

From: Stovall, Clyde
Sent: Monday, June 18, 2018 2:48 PM
To: Greene, John L.
Subject: Animal Shelter Audit

June 18, 2018

To: John Greene, Director
Office of Independent Internal Audit
From: Clyde Stovall P.E. Director of Facilities
Facilities Management
RE: Audit of Animal Shelter Post Contract Completion Report : *Response to Findings*

In response to the Audit of Animal Shelter Post Contract Completion Report:

The finding regarding “The Certificate of Substantial Completion” for the project not being found in the electronic file- It is our believe that our Project Manager received the original certificate (we have a hard copy) and the Project Manager missed filed it electronically. She was in the transition process in leaving her position with County Government employment.

This same Project Manager was rapidly trying to close out the Project in an orderly fashion while planning on leaving her County employment. She completed other Project closeout tasks and start-up operations such as finalizing the project’s final punch list, planning for ribbon cutting opening ceremony, and updating her other last minute work assignments including project filing.

Facilities Management does have the hard copy “original document” in our paper files.



Clyde D. Stovall, PE | [Director](#)
DeKalb County Department of Facilities Management
1300 Commerce Drive, Suite 300, Decatur, GA 30030
www.dekalbcoutygga.gov

Purchasing and Contracting Department Response:



June 10, 2018

MEMORANDUM

TO: John L. Greene, Chief Audit Executive
FROM: Talisa R. Clark, Chief Procurement Officer *Talisa Clark*
SUBJECT: Audit of the Animal Shelter Construction Contract-Audit Report No 2017-018-FM

This memorandum will serve as the official response of the audit conducted for the Department of Facilities Management Animal Shelter Construction Contract. The Department of Purchasing and Contracting (P&C) responds to finding #1:

1. **Finding:** Notice To Proceed letter not prepared

Recommendation: The Purchasing and Contracting Department should ensure the preparation and issuance of a NTP Letter prior to commencement of contract work to properly document the start date of the project.

Management Response: The CPO has reiterated with staff the importance of following and completing all procedural steps and documenting the solicitation file. Procurement Managers are required to review procurement files to ensure that staff is completing all required procedural steps and manage/train staff when necessary. Purchasing staff has been instructed to complete contract file close-out to ensure that all required documents are present.

Please do not hesitate to contact me with any questions or need for additional documentation.

cc: Michael L. Thurmond, Chief Executive Officer
La'Keitha Carlos, Chief of Staff, CEO
Zachary Williams, Chief Operating Officer
Viviane Ernstes, Interim County Attorney
Marian Adeimy, Assistant County Attorney
Terry G. Phillips, Senior Staff Attorney
ShaTausa Edwards, Procurement Projects Manager - Operations

DISTRIBUTION

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Clyde Stovall, Director of Facilities Management Department

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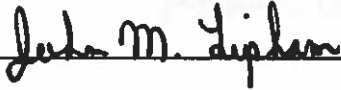
Antwyn Brown, Chief of Staff, Board of Commissioners

Stacey Kalberman, Ethics Officer, DeKalb Board of Ethics

OFFICE OF INDEPENDENT INTERNAL AUDIT
DEKALB COUNTY GOVERNMENT
AUDIT OF ANIMAL SHELTER POST CONTRACT COMPLETION
FINAL REPORT

PROJECT TEAM

This report submitted by:



John Lipham
Senior Internal Auditor
Office of Independent Internal Audit

June 25, 2018

Date

This report reviewed by:

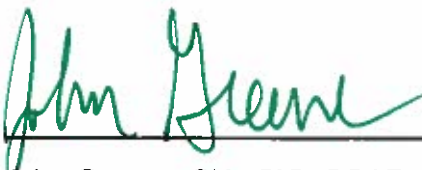


Lavois Campbell, CIA, CFE, CPA, CGA
Performance Audit Manager
Office of Independent Internal Audit

June 25th, 2018

Date

The report approved by:



John Greene, CIA, CIG, CGAP, CGFM
Chief Audit Executive
Office of Independent Internal Audit

June 25, 2018

Date

STATEMENT OF ACCORDANCE

Statement of Accordance

The mission of DeKalb County is to make the priorities of the citizens of DeKalb County; the priorities of County government - by achieving a safer DeKalb, building stronger neighborhoods, creating a fiscally accountable and more efficient county government and uniting the citizens of DeKalb County.

The mission of the Office of Independent Internal Audit is to provide independent, objective, insightful, nonpartisan assessment of the stewardship or performance of policies, programs and operations in promoting efficiency, effectiveness and integrity in DeKalb County.

This performance audit was prepared pursuant to DeKalb County, Georgia- Code of Ordinances/Organizational Act/ See 10A- Independent Internal Audit's. We conducted this performance audit in accordance with generally accepted government 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 that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

This report is intended for the use of the agency to which it was disseminated and may contain information that is exempt from disclosure under applicable law. Do not release without prior coordination with the Office of Independent Internal Audit.

Please address inquiries regarding this report to the Office of Independent Internal Audit at 404-371-2765.