



Office of Independent Internal Audit

JOHN GREENE, CHIEF AUDIT EXECUTIVE

November 6, 2020

Reginald Wells, Director of the Department of Watershed Management
1580 Roadhaven Drive
Stone Mountain, Georgia 30083

Cathryn Horner, Chief Procurement Officer
1300 Commerce Drive, 2nd Floor
Decatur, Georgia 30030

RE: Audit of Sewer Cleaning Contracts 971933, 971934, and 971935, Audit Report
Number 2018-010-WM - Audit Follow-up Report

Dear Director Wells and Chief Procurement Officer Horner:

As required by DeKalb County, Georgia – Code of Ordinances / Organizational Act Section 10A- Independent Internal Audit (I), I have attached the Office of Independent Internal Audit's report on the status of actions taken by your office to address the findings contained in the audit report referenced above.

The two findings/recommendations (1&2) related to the Department of Watershed Management in this report have been implemented pending verification by the Office of Independent Internal Audit.

The one finding/ recommendation (1) related to the Purchasing and Contracting Department in this report have been implemented pending verification by the Office of Independent Internal Audit.

Please contact me if you require additional information.

Sincerely,

A handwritten signature in green ink that reads 'John L. Greene'.

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

Attachment

cc. Michael L. Thurmond, Chief Executive Officer
Nancy Jester, Board of Commissioners District 1
Jeff Rader, Board of Commissioners District 2

Larry Johnson, Board of Commissioners District 3
Steve Bradshaw, Board of Commissioners District 4
Mereda Davis Johnson, Board of Commissioners District 5
Kathie Gannon, Board of Commissioners District 6
Lorraine Cochran-Johnson, Board of Commissioners District 7
La'Keitha D. Carlos, Chief Executive Officer's Chief of Staff
Kwasi K. Obeng, Board of Commissioners Chief of Staff
Zachary L. Williams, Chief Operating Officer
Harmel Codi, Chairperson, Audit Oversight Committee
Adrienne T. McMillion, Vice-Chairperson, Audit Oversight Committee
Claire Cousins, Audit Oversight Committee
Lisa Earls, Audit Oversight Committee
Harold Smith, Audit Oversight Committee

Dekalb County Government
Office of Independent Internal Audit
Audit Findings Status Update Form

Status Date	Report #	Report Title	
11/06/20	2018-010-WM	Audit of Sewer Cleaning Contracts 971933, 971934, and 971935	
Contact Person	Title	Phone No.	Email Address
Reginald Wells Cathryn Horner	Director, Department of Watershed Management Chief Procurement Officer	770.621.7208 404.371.6344	rdwells@dekalbcountyga.gov cghorner@dekalbcountyga.gov
Activity	Accountability	Schedule	
Department of Watershed Management (DWM) Purchasing and Contracting Department (P&C)	Responsible Area	Repeat Finding	Anticipated Completion Date/Date Adjustments will be made
	DWM and P&C	No	N/A
Finding			
No.	1	Finding Detail	
Date	1/23/19		
Finding	Contract Award Procedures		
Recommendation	<p>We recommend that the DWM interim director:</p> <p>Ensure on all current and future pipe cleaning contracts that:</p> <ul style="list-style-type: none"> • Quantity estimates are developed (in consultation with all relevant stakeholders and external expertise as necessary) by reviewing historical output quantities, County pipe GIS inventory records, spill/overflow data and any other relevant factors/information. • Independent cost estimates are prepared for each contract line item number on the solicitation. • Adequate documentation should be maintained to support the process used, stakeholder involvement, and key factors considered in developing quantity estimates and Independent cost estimate. <p>We recommend the Purchasing and Contracting Department director should implement the following:</p> <ul style="list-style-type: none"> • Ensure that independent cost estimates are obtained from the user department. Evaluate bids by utilizing the independent cost estimate, the competing vendors' prices, and historical awarded prices to detect unbalanced or unreasonable bids. • Evaluate the bid prices and follow-up with the user departments to ensure the accuracy of quantity and cost estimates when unusually low or unbalanced bids are received. • Reject vendor's bids that are materially unbalanced. Prohibit renewing the option periods if material unbalanced bidding was detected after the commencement of the contract. • Ensure evaluation of bids are subjected to documented supervisory review and signoff to help detect errors in bid tabulation, unbalanced bidding and other potential vendor procurement schemes. 		

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Activity	Accountability	Schedule	
Department of Watershed Management (DWM) Purchasing and Contracting Department (P&C)	Responsible Area	Repeat Finding	Anticipated Completion Date/Date Adjustments will be made
	DWM and P&C	No	N/A
Finding			
No.	1		
Date	1/23/19		
Finding	Contract Award Procedures		
Management Response	<p>1. Purchasing and Contracting took steps including:</p> <p>Per the auditors recommendation, the evaluation checklist form was revised to include comparison review of the cost estimates and competitor's unit prices to detect unbalanced bids.</p> <p>The recommended process for rejecting any bid price that is materially unbalanced including not exercising options to renew contracts based on unbalanced bids is already in place. A thorough evaluation for responsiveness and responsibility is conducted on all solicitations. Any bids deemed nonresponsive or non-responsible are rejected and not further considered. The vendor is notified and provided with the specific causes for non-responsive or non-responsible details.</p> <p>Watershed Management has taken the following steps including:</p> <ul style="list-style-type: none"> • Developing a method to improve and obtain more accurate quantity estimates for each bid line item and management reviewing data from previous years to examine the workload history, scope, and inspection schedule results. This information allowed management to generate a more precise annual projection regarding linear footage and the amount of manholes to be cleaned prior to solicitation. <p>Conjunctively, Purchasing and Contracting took steps including:</p> <ul style="list-style-type: none"> • The recommended process for user departments conducting reviews for accuracy of quantity estimates to identify significant deviations between independent cost estimates and competitors' prices is already in place. • Additionally, the pre-solicitation checklist agenda form includes estimated quantities and the user departments are provided with the "draft" solicitation for use to add, change and edit sections (SOW, requirements, estimated quantities, etc.) to ensure it meets their procurement needs. The user departments must sign-off on the pre-solicitation checklist agenda form and final approval of the solicitation prior to advertisement. 		

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Activity		Accountability	Schedule	
Department of Watershed Management (DWM) Purchasing and Contracting Department (P&C)		Responsible Area	Repeat Finding	Anticipated Completion Date/Date Adjustments will be made
		DWM and P&C	No	N/A
Finding				
No.	1	Finding Detail		
Date	1/23/19	Contract Award Procedures		
Finding		Contract Award Procedures		
Management Response (continued)		<p>Watershed Management took steps including:</p> <p>In order to address the audit team's expressed concerns regarding the ability to obtain competitive cost estimates for each line item listed on the bid schedule:</p> <p>i. Management studied bids received from 8 contractors and subsequently reviewed the data from the bid results.</p> <p>ii. Management effectively used the averages of the data to obtain a representation of the industry standard pricing for a project of this magnitude.</p> <p>Purchasing and Contracting took steps to include:</p> <ul style="list-style-type: none"> • Revising the pre-solicitation checklist agenda form to include receipt of cost estimates upon submission of procurement requests from user departments. <p>The Purchasing and Contracting Department has taken the following steps:</p> <ul style="list-style-type: none"> • Ensuring submitted bids are calculated correctly as Procurement Managers are required to review assigned staff evaluation and recommendation findings to ensure that the results are accurate. Purchasing staff has been instructed and trained to thoroughly evaluate and document to ensure clear and accurate assessments have been conducted. 		
Status Update-12 months		<p>Utilizing previous contract data and current geographic information system (GIS) records, DWM was able to better reflect the quantity of work estimates for this contract. DWM used cleaning footage from recent years to prepare an annual projection of work.</p> <p>The Purchasing and Contracting Department developed a Pre-solicitation Meeting Checklist, which requires the inclusion of the contract/project cost estimate and historical quantity usage. This will enable procurement agents to better identify unbalanced bidding practices on future solicitations. The Purchasing and Contracting Department also informed OIIA that while formal training has not been provided but through the work review and agenda item process managers have been made aware that unbalanced bids are to be investigated and an analysis provided.</p>		
<input type="checkbox"/>	Open			
<input type="checkbox"/>	Management/Agency Assumes Risk			
<input type="checkbox"/>	Partially Complete			
<input checked="" type="checkbox"/>	Complete Pending Verification by OIIA			
<input type="checkbox"/>	Closed			
Status Update-Final				
<input type="checkbox"/>	Open			
<input type="checkbox"/>	Management/Agency Assumes Risk			
<input type="checkbox"/>	Partially Complete			
<input type="checkbox"/>	Complete Pending Verification by OIIA			
<input type="checkbox"/>	Closed			

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Activity		Accountability		Schedule
Department of Watershed Management (DWM)		Responsible Area	Repeat Finding	Anticipated Completion Date/Date Adjustments will be made
		Department of Watershed Management	No	N/A
Finding		Finding Detail		
No.	2			
Date	1/23/19			
Finding		Contract Administration Procedures		
Recommendation		<p>The DWM interim director should develop contract administration procedures to ensure that sewer pipe and manhole cleaning is performed at the lowest possible prices. Specifically, the director should:</p> <ul style="list-style-type: none"> • Implement an inspection process (i.e. CCTV type or comparable system) to ensure that sewer cleaning was performed as required by the contract specifications. Inspections should be documented in a log book referencing date, time, and location. Visual inspections should be conducted of both surface and internal inspections if used. • Incorporate provisions in future solicitations to require photographs of manholes (both pre and post cleaning) prior to payment and ensure invoices are consistent with the unit bid schedule. • Review the manhole photographs to ensure cleaning was conducted. • Ensure invoices are consistent with the contract line items in the bid schedule. • Review the invoices to identify inconsistent pricing between the invoices and unit bid prices and questionable outputs invoiced by the contractors 		
Management Response		<p>Watershed Management has taken the following steps:</p> <ul style="list-style-type: none"> • Including language in the contract/ technical specifications to ensure contractors are fully aware of all cleaning requirements and the penalty related to unsatisfactory cleaning. • Having CCTV inspections performed. The purpose of the CCTV inspections is to determine whether or not sewer lines are being properly cleaned. In the event of an unsatisfactory cleaning discover during the CCTV inspection, the contractor will not be paid until the sewer lines are re-cleaned. • Establishing the goal of having one invoice format for all contractors since this contract is drafted to be awarded to three contractors. As a result, management established a mandate that all contractors must submit invoices/pay applications in the form of AIA Document G702. 		

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	Department of Watershed Management	No	N/A
Finding			
No.	2	Finding Detail	
Date	1/23/19		
Status Update-12 months			
<input type="checkbox"/>	Open	<p>DWM utilizes inspectors from both DeKalb personnel and contract inspectors to review cleaning work practices and results. For this contract, DWM assigned work to the cleaning contractors using the existing CMMS software. Each segment of the pipe was a single work order. This allowed for inspections to be performed at each asset level and invoices paid for only segments cleaned instead of areas as previous contracts. This also provided opportunities to collect data for each pipe segment. Attributes like the type of cleaning (light, medium, heavy), amount of debris removed, and type of debris were captured by the contractor in the field. This allowed for review by inspectors and project engineers to review what areas required the most cleaning and what type of cleaning they would expect to have to do in the future. This data was used in the payment of invoices as well. Inspectors signed off on what type of cleaning was performed. The CMMs software provided a great benefit in helping to schedule the CCTV inspection of reported cleaned pipes when the contractor closed a work order for a pipe that indicated that the pipe had been cleaned.</p> <p>The DWM project manager, in coordination with the DWM inspector, would then schedule a third party CCTV inspection of that pipe that was indicated as cleaned. The third-party CCTV inspector, who was inspected by DWM personnel as well, would provide a report of the status of the pipe. If the report came back that the pipe was not cleaned to the contract specifications, the cleaning contractor was required to return and clean the pipe to specification. This re-cleaning was done at no expense to DeKalb County. Approximately 10% of cleaned pipes were randomly checked by CCTV. This was done across all three contractors and was done within 72 hours of the work order indicates that the contractor had cleaned the pipe. The cleaning contractors were inspected daily by DWM or contract inspectors, their completed work orders were reviewed by inspectors, a random CCTV inspection was done of their work constantly, and any required rework was ordered to ensure a clean pipe according to contract specifications. The cleaning contractors were able to meet the yearly goal for cleaning.</p>	
<input type="checkbox"/>	Management/Agency Assumes Risk		
<input type="checkbox"/>	Partially Complete		
<input checked="" type="checkbox"/>	Complete Pending Verification by OIIA		
<input type="checkbox"/>	Closed		
Status Update-Final			
<input type="checkbox"/>	Open		
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