

Audit Follow up

As of March 31, 2000



CITY OF TALLAHASSEE

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City Auditor

“Price Agreement for Contract Labor for Power Plants with Watkins Engineers & Contractors, Inc.” (Report #9803, Issued August 3, 1999)

Report #0001

May 18, 2000

Summary

Electric Operations has made significant progress to implement action steps management identified in our previously issued Report #9803, Audit of the City’s Price Agreement for Contract Labor for Power Plants with Watkins Engineers & Contractors, Inc. In that audit, issued August 3, 1999, we identified several areas where administration of the price agreement with Watkins could be improved and strengthened. Electric Operations management was receptive to the issues raised in the audit and has implemented all of the scheduled action plan steps to date.

- Electric Operations and Watkins were complying with the terms of the Agreement.

Report #0001

This audit follow up focuses on the action plan steps that Electric Operations reported as implemented. We reviewed the documentation provided by Electric Operations.

Previous Conditions and Current Status

In Report #9803, we identified two main areas in the administration of the contract that management needed to address: planning and controlling.

Scope, Objectives, and Methodology

Report #9803

The scope of Report #9803 was a review of the City’s Price Agreement for Contract Labor for Power Plants (Agreement) with Watkins Engineers & Contractors, Inc. (Watkins). The primary objectives of the audit were to determine if:

- Electric Operations had established adequate internal controls to effectively and efficiently administer the Agreement, and

Outstanding Issue

As noted below, only one task remains due, and it is scheduled for completion in July 2000. That task requires a process to estimate the number of hours by type and classification for inclusion in the next bid.

We appreciate the cooperation of Electric Operations and the assistance provided in this Audit Follow Up.

**Table 1
Conditions Identified in Report #9803 and Current Status**

Previous Conditions	Current Status
Planning Areas:	
<ul style="list-style-type: none"> Establish criteria for how and when to effectively utilize the Agreement. 	<ul style="list-style-type: none"> ✓ Procedures adopted for when and how to use the Agreement.
<ul style="list-style-type: none"> Develop procedures to ensure that purchase orders only contain one project. 	<ul style="list-style-type: none"> ✓ Procedures adopted for issuing purchase orders for projects.
<ul style="list-style-type: none"> Collect data on hours by labor classifications to develop weight factors for the bid evaluation process. 	<ul style="list-style-type: none"> ✗ Target date July 1, 2000.
<ul style="list-style-type: none"> Evaluate the savings achieved through the use of the Agreement. 	<ul style="list-style-type: none"> ✓ Schedule developed to identify savings for using contract labor vs. City employees.
<ul style="list-style-type: none"> Collect data to determine the cost effectiveness of acquiring material and equipment under the Agreement. 	<ul style="list-style-type: none"> ✓ Schedule developed to identify savings of acquiring material and equipment under the Agreement.
Controlling Areas	
<ul style="list-style-type: none"> Project managers were generally not familiar with the terms and conditions of the contract. 	<ul style="list-style-type: none"> ✓ Procedures developed for making project managers familiar with the terms and conditions of the contract.
<ul style="list-style-type: none"> Electric Operations needed to improve the enforcement of contract provisions. 	<ul style="list-style-type: none"> ✓ Responsibility assigned to the project managers for enforcement of contract provisions.
<ul style="list-style-type: none"> Terms, such as personal safety equipment, contained in the Agreement needed further clarification and enumeration. 	<ul style="list-style-type: none"> ✓ Modified contract Agreement to identify responsibility for safety equipment.

Table Legend:

- Issue addressed in the original audit
- ⇒ Issue sub-components

- ✓ Issue addressed and resolved
- ✗ Issue not resolved

Appointed Official Response

City Manager's Response: We thank you for your assistance towards the improvement of

our contract administration functions. Your auditors have been an invaluable help in this cooperative process.

Copies of this Audit Follow Up or audit report #9803 may be obtained via request by telephone (850 / 891-8397), by FAX (850 / 891-0912), by mail or in person (City Auditor, 300 S. Adams Street, Mail Box A-22, Tallahassee, FL 32301-1731), or by e-mail (dooleym@mail.ci.tlh.fl.us).

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