




# CITY OF ORLANDO

## Office of Audit Services and Management Support

### MEMORANDUM

**To:** Byron W. Brooks, Chief Administrative Officer  
Rebecca W. Sutton, Chief Financial Officer  
Alan R. Oyler, Public Works Department Director  
Roger D. Neiswender, Director of Transportation  
Thomas R. Connery, Capital Improvement & Infrastructure Division Manager  
Alana C. Brenner, City Clerk

**From:** J.T. Sirak, CPA, Director   
Office of Audit Services and Management Support

**RE:** Follow-Up Review of the Audit of Contract Processes (Report No. 10-01)

**Date:** October 16, 2009

Attached is a summary of the status of recommendations as determined from our follow-up review of the Audit of Contract Processes (*Report No. 09-02*), issued October 16, 2008. Our review procedures consisted of staff inquiries, examination of certain documents and a review of the status of the recommendations provided by management.

Our follow-up review was made in accordance with generally accepted government auditing standards. The 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.

**Eight of the 18 recommendations in the original report have been implemented, six are partially implemented and four are planned for implementation.**

The six partially implemented recommendations relate to drafted, proposed changes in standard operating procedures (SOP) and City Policies and Procedures and are expected to be adopted by February 2010. The four recommendations planned for implementation all relate to proposed City Policies and Procedures changes, drafts of which are being developed with completion and adoption anticipated by February 2010.

We appreciate and thank the Chief Administrative Officer, the Chief Financial Officer, the City Clerk, and the officials and personnel of the Public Works and Transportation Departments for their cooperation during this review.

Brian Lewis, Auditor III, performed this follow-up review.

JTS/bml

Attachment

c:       Honorable Buddy Dyer, Mayor  
          Mayanne Downs, City Attorney  
          Jody M. Litchford, Deputy City Attorney  
          Kevin J. Edmonds, Deputy Chief Administrative Officer  
          Deborah D. Girard, Deputy Chief Administrative Officer  
          Conrad C. Cross, Chief Information Officer  
          Laurie J. Botts, Real Estate Division Manager  
          Rhonda S. Scott, Purchasing Division Manager  
          Charles A. Ramdatt, Transportation Engineering Division Manager

**REPLY AND IMPLEMENTATION SUMMARY  
FOLLOW-UP REVIEW OF CONTRACTS AUDIT**

#	RECOMMENDATIONS	RESPONSE	CURRENT STATUS	TARGET/ IMPLEMENTATION DATE	AUDITEE COMMENTS
1.	The <b>Public Works Director</b> should establish City Policies and Procedures to inform and guide departments that CIID serves, regarding contract creation, management, and fiscal responsibilities and practices. (MEDIUM)	Partially Concur	Planned for Implementation	SOP changes – February 2010 P&P changes – December 2009	CIID is in the process of updating their SOP outlining employee project responsibilities. The P&P section adding CIID (1130.1) has been drafted and will be forwarded through the approval process.
2.	The <b>CIID Division Manager</b> should update manuals for project Managers, Construction Managers and Standard Specifications and have them approved by the Public Works Director. (MEDIUM)	Concur	Partially Implemented	February 2010	CIID is in the process of updating their SOP outlining employee project responsibilities.
3.	THE <b>CIID Division Manager</b> should adopt a project charter or other guidance to be used when project responsibilities are divided between CIID and its clients. (HIGH)	Concur	Implemented	June 2009	A guidance checklist has been completed.
4.	The <b>CIID Division Manager</b> should review and discuss with the Public Works Director: (1) the formulas for pricing CIID services to clients; (2) the mix of services it provide to clients; and (3) the resources to provide the needed services. (MEDIUM)	Concur	Implemented	June 2009	A project cost allocation and billing rate document has been completed.
5.	The <b>Director of Transportation</b> should develop and adopt City Policies and Procedures regarding Transportation Department functions and responsibilities. (MEDIUM)	Concur	Planned for Implementation	February 2010	Other priorities including SunRail, budget and staffing changes, ARRA projects, etc. have delayed progress.

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6.	THE <b>CIID Division Manager</b> should produce comprehensive, accurate, and timely data and reports about all CIID contracts and projects for management review. (MEDIUM)	Concur	Implemented	September 2009	TM recently completed Beta testing of the Sharpsoft program and is now migrating into full scale application. Formal staff training begins October 2009.
7.	THE <b>CIID Division Manager</b> should create tools such as checklists to document key steps that are performed and monitored by the Project Managers, Construction Mangers, Inspectors, Fiscal Manager, and Division Manager. (MEDIUM)	Concur	Partially Implemented	February 2010	CIID is in the process of updating their SOP outlining employee responsibilities.
8.	The <b>CIID Division Manager</b> should efficiently capture and post on the City's Website, on a regular basis, updated information about all CIID managed projects and contracts, and include information about CIID's mission and services. (LOW)	Concur	Implemented	March 2009	Staff Assistant has been assigned the responsibility of updating web entries on a monthly basis.
9.	The <b>Public Works Director</b> should ensure that City Council Agenda Item fiscal information includes the original contract amount and all previously approved revision amounts. (HIGH)	Partially Concur	Implemented	March 2009	Contract histories, where appropriate, are being attached to council items.
10.	The <b>CIID Division Manager</b> should ensure that staff fully utilize the Fiscal Impact Statement to incorporate useful disclosures of contract fiscal information to City Council. (HIGH)	Partially Concur	Implemented	March 2009	Fiscal Impact Statements are included on all council items where appropriate.

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11.	The <b>City Clerk</b> should assist the City Attorney's Office in developing a system and guidance to ensure that the Clerk's office receives all of the appropriate contract-related documents. (MEDIUM)	Concur	Planned for Implementation	December 2009	City Clerk has met with City Attorney's Office which is drafting amendment to P&P to give guidance on how and where official contract documents will be maintained and kept. In addition, the City Clerk is setting up tighter control system for tracking execution of contract documents once approved by Council.
12	The <b>CAO</b> and the CFO should ensure that City Policies and Procedures define the requirements for designating and utilizing contingency amounts for City contracts including any required caps and a check and balance approval process. (MEDIUM)	Partially Concur	Partially Implemented	December 2009	The CAO, in the original audit response, set forth the procedure to be followed for approving the use of contingency. This has been in effect since that time. P&P modifications have been drafted (1100.2) and will be forwarded through the approval process.
13	The <b>CAO</b> and the CFO should ensure that City Policies and Procedures: (1) delineate when a Change Order or amendment to an existing contract is appropriate to perform the additional work within the contract scope; and (2) define the approval processes needed, along with required disclosures to City Council. (MEDIUM)	Concur	Partially Implemented	December 2009	P&P modifications have been drafted (1100.2) and will be forwarded through the approval process.

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14	The <b>CAO</b> and the CFO should ensure that City Policies and Procedures clearly define the conditions for renewal or extension of consultant agreements. (MEDIUM)	Partially Concur	Implemented	October 2008	Chapter 7 of City Code addresses this item. In accordance with the original audit response, no P&P changes are contemplated.
15	The <b>Public Works Director</b> should ensure that City Policies and Procedures provide guidance to determine dollar limits, timeframes and approvals needed to process Change Orders and Change Requests, and provide that Change Requests are properly approved before related work is performed. (MEDIUM)	Partially Concur	Partially Implemented	December 2009	Guidance has been included in CIID SOPs regarding this matter. P&P modifications have been drafted (1100.2) and will be forwarded through the approval process.
16	The <b>Public Works Director</b> should ensure that City Policies and Procedures are established regarding the solicitation, awarding, documentation, approval, funding, accountability, and reporting for amounts spent for Rapid Response contracts. (MEDIUM)	Concur	Partially Implemented	December 2009	P&P modifications have been drafted (1100.2) and will be forwarded through the approval process.
17	The <b>CIID Division Manager</b> should institute a post mortem process to apply lessons learned from each major contract. (MEDIUM)	Concur	Implemented	January 2009	A port mortem process has been instituted.
18	The <b>CFO</b> should revise City Policies and Procedures to provide an approval process for certified appraisal staff or an independent appraiser to determine the market value of real estate acquisitions. (MEDIUM)	Concur	Planned for Implementation	February 2010	Revisions to City Policies and Procedures related to the Real Estate Division are currently in process.