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Date: August 29, 2012

To: Audit, Finance & Enterprise Committee

From: Jennifer Ruttman, City Auditor

Subject: Audit of Custodial Services Contracts – 2nd Follow-up Review

cc: Kari Kent, Deputy City Manager
Marc Heirshberg, Parks, Recreation and Commercial Facilities Director

Attached is the final report on the 2nd follow-up review of our 2010 Audit of Custodial Services Contracts. This report will be presented at the next scheduled meeting of the Audit, Finance and Enterprise Committee. If you have any questions, please feel free to contact me at x3767.

2nd FOLLOW-UP REVIEW

CITY AUDITOR

Report Date:	August 13, 2012
Departments:	PRCF and City Manager
Subject:	Custodial Services Contracts Audit
Lead Auditor:	Karen Newman, Sr. Internal Auditor

OBJECTIVE

The objective of this review was to determine whether Facilities Maintenance; Parks, Recreation, and Commercial Facilities (PRCF); and the City Manager's Office have effectively implemented the remaining action plans from our May 2011 Follow-up Review of the audit of the City's Custodial Services Contracts.

SCOPE & METHODOLOGY

To accomplish our objectives, we questioned City staff members and reviewed security-related policies and procedures and ID/access card listings.

BACKGROUND

On May 11, 2010, we issued a report on our audit of the City's Custodial Services Contracts. The objectives of that audit were to verify compliance with the contracts' terms; verify compliance with federal and state immigration laws and regulations; and determine whether there are opportunities for improvement in the monitoring of custodial services contracts.

The audit report included several recommendations involving background checks for custodial contractors; changes to City policies and procedures related to background checks; AZ Legal Workers Act (ALWA) compliance monitoring; and documentation and monitoring of performance-related communication with the contractor. In response to the report, the respective departments agreed with the recommendations and presented corresponding corrective action plans.

FOLLOW-UP REVIEWS and CURRENT STATUS

On May 18, 2011, a follow-up review was completed. At that time, we found that the majority of the corrective action plans had been implemented; however, two were still in progress. The two remaining action plans and the departments' responses were as follows:

PRCF DEPARTMENT

Action Plan (May 2010): Parks, Recreation and Commercial Facilities will request monthly employee lists and will work with Municipal Security to verify and reconcile the list of eligible

employees to those that have been issued access/ID cards. Any discrepancies identified will be immediately addressed with the vendor.

Response (May 2011): *"... the department believes that when a follow-up review is done in nine months your office will find that a system is in place to verify and reconcile with Municipal Security and the contractor that the appropriate eligible personnel are properly credentialed."*

Status (July 2012): PRCF has not yet implemented this recommendation.

CITY MANAGER'S OFFICE

Action Plan (May 2010): Currently the only City policy or procedure that addresses background checks for City contractors is Personnel Rule 210. The City's Contracts Administrator is currently working with the Human Resources Department to develop a new Management Policy to ensure that a consistent, citywide process (and corresponding contractual language) is developed and implemented.

Response (May 2011): *"... Due to the extent of the suggested revisions, the Policy will be revised and submitted again to the City's executive management staff for review. Ideally the Management Policy will be finalized and in place no later than mid-July 2011."*

Status (July 2012): Implemented. Management Policy 116 – Identification/Access Cards has been updated and in place since 2/20/2012.

CONCLUSION

One of the two remaining action plans has been implemented. We plan to conduct a third follow-up review in approximately 9 months, to re-assess the status of the remaining corrective action plan.

Interoffice MEMORANDUM



Date: August 21, 2012

To: Jennifer Ruttman, City Auditor

Through: Christopher J. Brady, City Manager
Kari Kent, Deputy City Manager

From: Marc Heirshberg, Parks, Recreation and Commercial Facilities Director

Subject: August 13, 2012 – 2nd Follow up Review of Custodial Services Contracts Audit

This memo is in response to the findings of your 2nd follow-up review of custodial services dated August 13, 2012. As indicated in your memo, a complete plan was not put into place to reconcile with Municipal Security those employees who have left or been dismissed from employment with the custodial services contractor. While staff did improve and implement a system to ensure all custodial contractor staff are badged and in the Municipal Security system, they unfortunately (as you indicated) did not complete the same reconciliation when employees left.

Upon receipt of your memo, Parks, Recreation and Commercial Facilities Department staff created the attached form to use for reconciliation with both Municipal Security and the contractor. Additionally, the attached form was used as a “baseline” and all staff not listed on the form were deleted from the system by Municipal Security staff.

As mentioned above, this form will be utilized and reconciled between the contractor and Municipal Security once **immediately before** the start of spring training; once **mid-season** of spring training and once at the **end** of the spring training season. During non-spring training season when the turnover of employees is much lower, the reconciliation will occur bi-monthly.

Again, I would like to thank the City Auditor’s office for their assistance in this review and I apologize all of the follow-through recommendations were not completed more expediently.

Please don’t hesitate to contact me if you have any additional questions or concerns.