SUFFOLK COUNTY
OFFICE OF THE COMPTROLLER
AUDIT DIVISION

Joseph Sawicki, Jr.
Comptroller

An Audit of

SUFFOLK COUNTY DEPARTMENT OF PUBLIC WORKS' PROCUREMENT OF SPECIALIZED SERVICE CONTRACTS AND OUTSOURCED SERVICES

For the Period January 1, 2004 through December 31, 2004

Report No. 2009-01
Date Issued: February 2, 2009

This report was prepared by:

The Suffolk County Comptroller's Office - Audit Division
Elizabeth Tesoriero, CPA, Executive Director of Auditing Services

Major contributors to this report were:

Frank Bayer, CPA, Chief Auditor
Geraldine Olson, CPA, Principal Auditor
Jason Taylor, Auditor
Edward J. Mitchell, CPA, Auditor
Jennifer Gillen, Auditor Trainee

Quality Assurance Review performed by:
Thomas Murphy, CFE

Joseph Sawicki, Jr.
Suffolk County Comptroller

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LETTER OF TRANSMITTAL

June 13, 2008

Hon. Joseph Sawicki, Jr.
Suffolk County Comptroller
Suffolk County Department of
Audit and Control
H. Lee Dennison Executive Office Building
100 Veterans Memorial Highway
P.O. Box 6100
Hauppauge, NY 11788-0099

Dear Mr. Sawicki:

In accordance with the authority vested in the County Comptroller by the Suffolk County Charter (Article V), an audit was conducted of the Department of Public Works' procurement of specialized service contracts and outsourced services. The Department is located at 335 Yaphank Avenue, Yaphank, New York.

The audit objectives were as follows:

- To obtain an understanding of how specialized service contracts and outsourced services are procured by the Department.
- To test compliance with applicable laws, regulations and Suffolk County Standard Operating Procedures.

We conducted our audit in accordance with Generally Accepted Government Auditing Standards (GAGAS). Such standards require that we plan and conduct our audit to adequately assess those Department operations within our audit scope. Further, those standards require that we understand the Department's management controls and those laws, rules and regulations that are relevant to the Department's operations included in our scope. An audit includes examining, on a test basis, evidence supporting transactions recorded in accounting and operating records and applying such other auditing procedures, as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for the findings, conclusions and recommendations contained in this report.

Respectfully,

Elizabeth Tesoriero

Elizabeth Tesoriero, CPA
Executive Director of
Auditing Services

ET:jb

SUMMARY OF AUDIT FINDINGS

RFP PROCEDURES

- The RFP process relative to a Facilities Engineering Division Energy Conservation contract and for a Transportation Division Paratransit Service contract was managed by the respective DPW Divisions without Central Purchasing oversight and without the benefit of a waiver from the RFP process (p. 10).

- Written notification of RFP issuance for DPW specialized contracts was not always provided to the Clerk of the County Legislature and to the Chief Deputy County Executive as was required by SOP I-15 (p. 10).

- Committees appointed for the purpose of evaluating RFP proposals and awarding the related contracts were not always adequately structured (p. 11).

- RFP procedures were sometimes circumvented when contracts were awarded to firms with term agreements (p. 12).

- Invalid waivers from the RFP process were sometimes used when contracts were awarded under term agreements (p. 14).

TERM AGREEMENTS

- Solicitation of proposals for term agreements for professional services is not advertised, limiting the pool of firms available for County work (p. 16).

- Numerous term agreements were awarded to firms when the proposals for those agreements lacked requested documents or information (p. 16).

- Documentation supporting deviations from legal requirements relative to the award of term agreements was not always adequate (p. 18).

SPECIALIZED SERVICE CONTRACTS

- Detailed justification for amendment to a contract that resulted in a 70% increase in the contract budget was not submitted to the County Executive (p. 19).

- Contracts for custodial and maintenance service at the Cohalan Court Complex were put out for competitive bid based on outdated cost comparisons (p. 20).

- Records documenting the evaluation and selection processes relative to the award of some Division contracts were not adequate (p. 20).

SNOW PLOW SERVICES

- Payments for outsourced snow removal services were calculated using outdated and overstated equipment rental rates (p. 22).

- There were numerous instances when one person signed as operator of multiple outsourced snow removal vehicles for the same date and time of service (p. 23).

- Vehicle and equipment descriptions necessary to determine appropriate rental rates for snow removal equipment were often missing or inaccurate (p. 24).

GENERAL INFORMATION

The Department of Public Works (DPW) constructs, maintains and operates County properties. DPW also designs, constructs and maintains County roads, sewerage systems, buildings and other facilities, such as waterways, bridges, docks and marinas. DPW is additionally responsible for the operation of the Suffolk County Transit System and for the prevention of mosquito-borne disease and the control of nuisance mosquitoes.

DPW consists of ten divisions, as follows:

- Administrative Support
- Building Design and Construction
- Buildings Operations, Maintenance and Custodial
- Facilities Engineering
- Finance
- Highways Engineering
- Highways Maintenance
- Sanitation
- Transportation
- Vector Control

Procurement of certain specialized consultant and other outsourced services unique to DPW's operations is managed by the individual DPW Divisions. The Department also awards term agreements (agreements for the rendering of services on an as needed basis during a stated period of time) for professional services such as engineering and architectural design.

The scope of this audit encompasses contracts for specialized services initiated and managed by the Buildings Operations, Maintenance and Custodial; Facilities Engineering; Highways Maintenance; Sanitation; and Transportation Divisions as well as term agreements awarded by DPW for professional services.

DPW refers to these contracts as "Accounting Unit Contracts" since the Centralized Purchasing Office and the DPW Departmental Purchasing Unit are not involved in any aspect of these transactions. The contracts relative to these purchases are initiated by the user Divisions and the corresponding payment vouchers are processed by the DPW Operating Funds Accounting Unit. One exception is the Transportation Division which initiates its own contracts and processes the corresponding payment vouchers independent of the DPW Operating Funds Accounting Unit.

Policies and procedures relative to these transactions are cited in New York State General Municipal Laws, Suffolk County Standard Operating Procedures and Suffolk County Local Laws.

New York State General Municipal Law §103 directs that all contracts for public work involving an expenditure of more than $20,000 and that all purchase contracts involving an expenditure of more than $10,000 be awarded to the lowest responsible bidder furnishing the required security after advertisement for sealed bids. Competitive bidding is also required when it can be reasonably anticipated or estimated that the aggregate cost of a certain good or service during a fiscal year will exceed the aforementioned monetary thresholds. However, according to Opinion of the State Comptroller No. 81-305, when government officials have direct control and supervision over contractors' equipment and operators, certain DPW specific services, such as snow removal services, are exempt from the competitive bidding requirements of New York State General Municipal Law §103.

New York State General Municipal Law §104-b directs that local governments develop procurement policies and procedures for goods and services that are not

otherwise subject to competitive bidding. Suffolk County Code §708.4 stipulates that consultant service contracts having a cost of $10,000 or more be awarded pursuant to the issuance of an advertised Request for Proposal (RFP) or, in the case of consultant services for public works projects, proposals may be solicited from a specified number of pre-qualified firms.

Suffolk County Standard Operating Procedure (SOP) I-15 (which was superseded by SOP I-15A, effective 2/9/06 and Executive Order No. 6-2007, issued on 6/18/07) addresses procedures for the development, issuance and approval of RFPs and consultant contracts. These regulations apply to all County departments and agencies, however, under certain limited circumstances, a waiver from the RFP process may be granted by the County Executive.

Suffolk County Code §A4-13 directs that, when practical, contracts should be awarded to individuals or entities located and doing business within Suffolk and Nassau counties so as to promote and encourage economic activity on Long Island.

This audit is the second in a series of audits regarding County purchasing procedures. An audit of the Department of Public Works Purchasing Unit was previously conducted (Report No. 2006-10) and additional audits of other aspects of the County's purchasing process are in various stages of completion.

SCOPE AND METHODOLOGY

Audit period payments totaling $32,842,064 were made relative to thirty-three specialized contracts processed by the individual DPW Divisions. The scope of this audit encompasses the procurement of six of these contracts as follows:

Contract	Division	Audit Period Payment
1. Industrial Pretreatment/ Headworks Analysis	Sanitation	$ 58,024
2. Chemical Bulk Storage	Sanitation	51,917
3. Paratransit Bus Service	Transportation	5,026,110
4. Custodial/Cohalan Court	Buildings Operations,	1,037,372
5. Maintenance/Cohalan Court	Maintenance & Custodial	1,041,531
6. Energy Conservation Project	Facilities Engineering	127,208
		$ 7,342,162

The twenty-seven specialized contracts that were excluded from the scope of this audit include six rental agreements that are included in an ongoing audit of County leases, fourteen contracts with bus companies for the regular County bus routes that, during the audit, were the subject of ongoing litigation with the County, three contracts that were developed by the County Attorney or the Legislature, and four contracts that involved immaterial dollar amounts.

In addition to the six specialized contracts listed above, forty-five term agreements for professional services that were in effect during the audit period and payments totaling $1,197,998 for outsourced snow removal services managed by the Highway Maintenance Division were also included in the scope of the audit.

To accomplish the audit objectives stated in the Letter of Transmittal (p. 1), the following procedures were performed:

- New York State General Municipal Law §103 and §104(b) were reviewed to determine the requirements relative to competitive bidding and to understand local government responsibility for development of procurement policies and procedures for goods and services not subject to competitive bidding.

- Suffolk County Standard Operating Procedures were reviewed, along with Resolution No. 349-1994 and Suffolk County Code §708 to gain an understanding of policies and procedures for the initiation, development and issuance of Requests for Proposals (RFPs), the procurement of consultant contracts, and the competitive bidding process.

- Suffolk County Code Section A4-13 was reviewed to ascertain the scope and intent of the local preference law.

- Fraud risk factors were identified, assessed and incorporated into audit procedure development.

- Specialized service contracts were identified by extracting transactions coded as such from an IDEA database of DPW audit period purchases. To gain an understanding of these contracts, interviews were conducted with Division and Operating Funds Accounting Unit personnel.

- RFP waiver applications were secured, examined, analyzed and confirmed to verify that waivers from the RFP process were appropriately requested and that waiver conditions were satisfied.

- Neighboring counties (Nassau, Westchester and Dutchess) were contacted to determine which firms, if any, were retained by these counties to provide certain specialized DPW services.

- Compliance questionnaires were created and RFP evaluations were secured and reviewed to determine if contracts were awarded in concurrence with County SOP directives.

- Allegations that the Paratransit contract was awarded unfairly were addressed by reviewing the RFP evaluation committee process used to select the winning proposer and by determining the reasonableness of the final bus company selection.

- Bid packets were reviewed and tested for compliance with the competitive bidding requirements of New York State Municipal Law §103.

- Allegations that it would be impossible for the winning vendor to provide the services required under the Cohalan Court Complex Maintenance and Custodial contracts at the lowest bid price were addressed by securing and examining related records and by analyzing corresponding contract payments.

- Telephone interviews were conducted with firms that secured a project manual but did not subsequently submit a proposal for the project.

- New York State procurement guidelines regarding term agreements were secured and reviewed.

- Interviews were conducted with DPW personnel and interoffice memorandums were reviewed to establish how firms were solicited and awarded term agreements.

- Individual proposals submitted by a sample of firms were examined to ascertain if term agreements were prudently awarded based on firm qualifications.

- Interviews and observations were conducted at the Highway Division to gain an understanding of how outsourced snow plow services are solicited and managed.

- Payments for snow plow services were extracted from an IDEA database of DPW purchase vouchers. Dates of service were examined. Adjustments were made to recognize appropriate cut off dates and to compile a schedule of payments for audit period services.

- A random sample and significant or unusual payments for snow plow services were selected to test internal control operation and effectiveness over these payments. Hourly rates paid to contractors were tested for propriety by tracing to the New York State Department of Transportation Equipment Rental Rate Schedule.

DETAILED RESULTS OF THE AUDIT

RFP PROCEDURES

The RFP process relative to a Facilities Engineering Division Energy Conservation contract and for a Transportation Division Paratransit Service contract was managed by the respective DPW Divisions without Central Purchasing oversight and without the benefit of a waiver from the RFP process. Resolution No. 349-1994 provides that, under certain limited circumstances, a waiver from the RFP process may be granted relative to consultant services requiring special or technical skill, training or expertise. SOP I-15 addresses the methodology for obtaining such a waiver. Although, it is likely that a waiver from the RFP process would have been granted given the specialized nature of the services, the Department failed to seek waivers.

Recommendation 1

Waiver from the RFP process should be requested for services requiring special or technical skill, training or expertise. Without such waiver, Central Purchasing should oversee various aspects of the RFP process. This oversight would help assure compliance with SOP I-15B and Executive Order 06-2007 requirements and would also strengthen internal control over the award of RFP contracts.

Written notification of RFP issuance for DPW specialized contracts was not always provided to the Clerk of the County Legislature and to the Chief Deputy County Executive as was required by SOP I-15. Departments which issue RFPs for services in excess of $20,000 were required to provide written notification, at the time of

circulation of such issuance, to the Clerk of the County Legislature and the Chief Deputy County Executive. However, notification of the issuance of an RFP issued by the Facilities Engineering Division for an Energy Conservation project in excess of $100,000 and of an RFP issued by the Transportation Division for Paratransit Services in excess of $5 million was not provided to the Clerk of the County Legislature and the Chief Deputy County Executive.

Recommendation 2

To facilitate proper oversight of RFP issues, written notification of RFPs in excess of $20,000 should be provided to the Clerk of the County Legislature and the Chief Deputy County Executive at the time of circulation of the RFP; evidence of such notification should be retained in Division records.

Committees appointed for the purpose of evaluating RFP proposals and awarding the related contracts were not always adequately structured. Suffolk County Code §708.4 stipulates that RFP awards, for consultant services for public works projects with a cost over $20,000, be made by a separate committee appointed solely for the purpose of making that award and whose membership shall always include the County Executive or his duly authorized representative(s). However, the award committees appointed for DPW contracts did not always include an appropriate County Executive representative.

The separate committee that was appointed for the purpose of making the award for the Transportation Division Paratransit Service contract did not include a duly

authorized representative from the County Executive's Office. In fact, all committee members were Transportation Division employees. Likewise, the committees that evaluated proposals for all term agreements also lacked a representative from the County Executive's Office. Additionally, the Commissioner of DPW was the duly authorized representative from the County Executive's Office that was included on the separate committee appointed for the purpose of making the award for the Facilities Engineering Division Energy Conservation contract.

Recommendation 3

For proper oversight of DPW contract awards, the committee appointed for the purpose of making awards should include representatives from the County Executive's Office who are independent of DPW thereby lessening the potential for favoritism in the award process.

RFP procedures were sometimes circumvented when contracts were awarded to firms with term agreements. Even though non-specific general purpose agreements (term agreements) are discouraged by the County Comptroller's Rules and Regulations for Consultant Agreements, we found that there were forty-five term agreements with consultants for professional services in effect during the audit period. These agreements specify that the awarded consultant will be retained for the purpose of rendering services from time to time on various County projects for a period of three years. According to DPW, these agreements are only used for small projects, yet a dollar maximum is not specified in the agreement.

RFP procedures relative to consultant services for large public works projects are addressed by Suffolk County Code §708.4. The Code stipulates that in the case of projects with a cost of $10,000 to $20,000, proposals may be solicited from at least three pre-qualified firms. In the case of projects with a cost over $20,000, proposals may be solicited from at least five pre-qualified firms.

Testing of payments made to consultants under term agreements revealed that sometimes these consultants were awarded contracts that exceeded the dollar thresholds wherein formal RFP procedures would have been required. For instance, the cost of one Sanitation Division contract was initially estimated to be $9,000; based on this estimated cost, the contract was exempt from formal RFP procedures. As such, no proposals were solicited and the contract was awarded to a firm under a term agreement. However, as the project progressed, the scope of work expanded. Consequently, the cost escalated to $60,201, exceeding the dollar threshold wherein formal RFP procedures would have been required.

In another case, a Highway Division contract that was awarded under a term agreement stipulated that the cost of the project should not exceed $40,000. For a project of this size proposals from at least five pre-qualified firms would be required. However, documentation only supports the solicitation of three firms. Therefore, full compliance with RFP procedures was not realized.

Recommendation 4

To assure prudent and economical use of taxpayer monies, contracts that meet the dollar thresholds wherein formal RFP procedures would be required should be issued in compliance with those procedures. When contract costs can reasonably be expected to

escalate to the dollar thresholds wherein formal RFP procedures would be required, in the absence of a valid waiver, the contract should be awarded in accordance with RFP procedures.

Furthermore, term agreements should be prohibited in their current form and redesigned to more closely emulate the indefinite delivery or "on-call" contracts issued by New York State. These State contracts dictate a maximum contract amount thereby ensuring that these contracts are only used for smaller, less complex projects.

Invalid waivers from the RFP process were sometimes used when contracts were awarded under term agreements. Under certain limited circumstances, a waiver from the RFP process may be granted by the County Executive. However, waivers were not always appropriately requested or used. For example, a Sanitation Division request for waiver from the RFP process for the Industrial Pretreatment/Headworks Analysis project costing $58,000 included the representation that proposals were solicited from five specific pre-qualified firms. However, confirmation with four of these firms revealed that two of the firms were never contacted regarding the project. Furthermore, DPW did not retain documentation evidencing contact with any of these firms. Additionally, the waiver was approved with the condition that the Division would perform an internal review process to select the most qualified firm. However, there is no documentation supporting the performance of such a review. Therefore, the waiver that was granted for this project was invalid since it was based on misrepresented claims

and contained unsatisfied conditions. Nonetheless, the waiver was used and the contract was awarded under a term agreement.

Another waiver was requested by the Sanitation Division for the design phase of a security improvement project at the Bergen Point sewer plant. Approximately one year after the waiver was granted, Suffolk County was served with a complaint from the New York State Department of Environmental Conservation (NYSDEC) alleging numerous violations regarding chemical bulk storage procedures and facilities. To address this complaint, the Sanitation Division inappropriately utilized the security improvement project RFP waiver for the chemical bulk storage contract costing $51,917 and awarded the contract under a term agreement.

Recommendation 5

Only valid waivers from RFP procedures should be utilized. Waivers are only valid when all of the representations in the request are substantiated, all of the conditions in the approval are satisfied, and when they are project specific. In addition, all documentation supporting the solicitation and review of proposals should be retained to avoid any appearance of impropriety.

TERM AGREEMENTS

Solicitation of proposals for term agreements for professional services is not advertised, limiting the pool of firms available for County work. RFPs for term agreements are only sent to firms that have previously done business with the County or to firms that DPW deems qualified to do the work. However, by not soliciting proposals through advertisement, the pool of firms available for County work is limited, thereby increasing the potential for favoritism relative to the issuance of these agreements.

Recommendation 6

Advertisement of RFPs for term agreements would broaden the base of firms from which to choose, thereby increasing the likelihood of saving taxpayer dollars and lessening the potential for favoritism in the awarding of agreements.

Numerous term agreements were awarded to firms when the proposals for those agreements lacked requested documents or information. Procedures related to the development, issuance and approval of requests for proposals and consultant contracts are established by SOP I-15. The SOP directs that RFPs should be designed so that award decisions are based on evaluation of the ability of the consultant to provide quality services and to comply with all applicable laws, rules and regulations.

Examination of fourteen of the forty-five proposals for term agreements revealed that only one firm in the sample supplied all of the documents and information called for in the proposal request. Documents or information required but missing was as follows:

- The entire proposal relative to one firm was missing.
- A letter of transmittal was not included with two proposals.
- Seven proposals lacked an affidavit & certification for minority/women business enterprise.
- Public disclosure statements were omitted from five proposals.
- Living wage forms were not included with eight proposals.
- One proposal lacked an organization chart.
- Three proposals did not include reference to the financial standing of the firm. Two other proposals only contained a statement that the firm was financially stable. Four other proposals included limited, informal information about the firm's financial standing.
- A plan on staffing a typical project was not discussed in one proposal.
- One proposal only included the resume of the principal owner (a former Commissioner of DPW) and omitted the eight other project members' resumes.
- Six proposals did not include a certificate of authorization.
- One proposal was submitted after the deadline date and the date of submission could not be determined for another proposal.

It was not possible for the evaluation committee to accurately and fairly assess the ability of the consultant to provide quality services and to comply with all applicable laws, rules and regulations when required documents and information were omitted.

Recommendation 7

To facilitate accurate and fair evaluation of firms, proposals that lack documentation or information requested in the RFP should be rejected. Formal statements supporting financial representations should be required from all proposing firms. Also, proposals should be date and time stamped upon receipt to document time of

submission. Evaluation committee review and selection decisions should be formally documented and all proposals and evaluations should be retained in a DPW file.

Documentation supporting deviations from legal requirements relative to the award of term agreements was not always adequate. Suffolk County Code Section A4-13 dictates that all contracts for consulting services should be awarded to a consultant having its principal place of business within Suffolk or Nassau County, except when there is no local consultant who has the necessary professional expertise or credentials to provide the needed service. Nonetheless, two firms that did not have a principal place of business in Nassau or Suffolk County were issued term agreements and there was no explanation documented indicating the absence of local firms capable of providing these services or clarifying the reason for these awards.

Another term agreement was awarded to a firm whose organization chart included names of individuals that were designated as contacts for other firms that were also issued term agreements, indicating the existence of a related party situation. Yet, there was no documentation explaining or disclosing this relationship.

Recommendation 8

Justification for deviation from legal requirements should be documented and retained to dispel any appearance of favoritism. In addition, the existence of related party situations should be openly disclosed to dispel any appearance of impropriety.

SPECIALIZED SERVICE CONTRACTS

Detailed justification for amendment to a contract that resulted in a 70% increase in the contract budget was not submitted to the County Executive. An Industrial Pretreatment/Headworks Analysis Project was initiated by the Sanitation Division based on an estimated total project cost of $80,000. Subsequently, a New York State Consent Judgment was issued relative to project services. Consequently, the project scope of work was expanded and the contract budget increased from the initial $80,000 to $136,550.

SOP I-03 dictates that a request for amendment of the budget of a contract that involves an increase in the overall budget usually requires a resolution modifying the County Budget by the Legislature. If such a request is made, both the contracting agency and the Department are required to submit detailed justification to the County Executive outlining the factors that require such a change. However, no such communication was initiated with respect to the increase in this contract budget.

Recommendation 9

To ensure proper oversight of contracts in compliance with SOP I-03, detailed justification from both the consultant and the Department for amendments to contracts that increase the overall budget should be presented to the County Executive. This would eliminate the possibility of executing contract amendments for which funds are not available in the County Budget or where County or State rules and policies are not followed.

Contracts for custodial and maintenance service at the Cohalan Court Complex were put out for competitive bid based on outdated cost comparisons. SOP I-13 establishes procedures to enable a cost comparison of governmentally provided services with comparable services provided by the private sector, which would be subject to competitive bidding, to determine the most cost effective alternative.

Although a cost comparison that encompassed the years 1992 through 1997 was compiled by the Buildings Operations, Maintenance and Custodial Division relative to custodial and maintenance services at the Cohalan Court Complex, this cost comparison was outdated and no longer relevant when the custodial and maintenance contracts were put out for competitive bid in 2002 and 2005.

Recommendation 10

A current cost comparison of governmentally provided services with comparable services provided by the private sector for the custodial and maintenance functions at the Cohalan Court complex should be compiled before issuance of the next contract to determine if the privatization of these functions is still the most cost effective alternative.

Records documenting the evaluation and selection processes relative to award of some Division contracts were not adequate. An All Department Heads Memorandum, dated June 14, 2004, specifies that a copy of the RFP Scoring Evaluation Sheet, which documents the evaluation criteria and committee member rankings, should be provided to the Budget Office with the Contract Inventory Form. The Memorandum

also dictates that if the contract was awarded to a contractor who was not the lowest cost proposer in the RFP process, then an explanation should be included with the RFP Scoring Evaluation Sheet. However, although the Facilities Engineering Division created scoring evaluation forms quantifying the evaluation criteria relative to proposals for an Energy Conservation project costing $127,208, these forms were not utilized. As such, the basis for the selection of the awarded firm was not documented.

On the other hand, although the Transportation Division complied with the evaluation documentation requirements relative to a Paratransit Services contract by documenting proposal evaluations, justification for the final award to other than the lowest proposal was not documented.

Lastly, there was no documentation available supporting the formal evaluation of any of the forty-five proposals for term agreements.

Recommendation 11

Evaluation criteria, committee member rankings, and justification when award is made to other than the lowest proposer should be adequately documented and submitted to the Budget Office for each RFP issued by the Department to ensure that taxpayer monies are being properly spent.

SNOW PLOW SERVICES

Payments for outsourced snow removal services were calculated using outdated and overstated equipment rental rates. Payment for outsourced snow removal services is based on an equipment operator prevailing wage rate plus an equipment rental rate. Each snow removal vehicle is inspected by the Highway Maintenance Division (Division) and an appropriate equipment rental rate is assigned from the New York State Department of Transportation's Equipment Rental Rate Schedule.

The Equipment Rental Rate Schedule used by the Division during the audit period was dated January, 1990; this schedule was outdated because a revised schedule had been issued in 2000. Moreover, the rates listed on the outdated schedule were higher than the rates listed on the revised schedule because, according to the New York State Department of Transportation, newer equipment is more efficient and less expensive to operate. Therefore, the rates used to calculate audit period payments for snow removal services were overstated since they were based on the higher rates listed on the outdated schedule. Audit testing of 26 vouchers relative to 180 snow plow service invoices revealed overpayments totaling $28,070.

Recommendation 12

To ensure that snow removal contractors are paid appropriate amounts, the Division should use the equipment rental rates contained on the most current New York State Department of Transportation's Equipment Rental Rate Schedule. In addition, the schedule should be monitored periodically and Division rates updated accordingly.

There were numerous instances when one person signed as operator of multiple outsourced snow removal vehicles for the same date and time of service. Contractors with snow removal equipment are solicited by the Highway Maintenance Division to assist in providing snow removal services. When a contractor is called upon to provide these services, a Daily Report of Equipment Rental is prepared by the assigned County supervisor. Recorded on the rental report is the contractor name, vehicle model and number, operator name, date and time of service and rental rate. Two hundred forty Daily Reports of Equipment Rental were examined. One hundred thirty-five, or 56%, of these reports exhibited the same operator signature for services provided by multiple trucks at the same time and on the same date.

Moreover, there were three instances when the carbon copy of the rental report, which is retained by the Division, lacked a County supervisor signature but the original rental report, that was retained by the contractor and subsequently submitted with the contractor invoice, was signed.

Based on these findings, it does not appear that the Daily Reports of Equipment Rental were signed on site after completion of the shift. In addition, the County supervisors were not reviewing the information recorded on the report for reasonableness before approving payment and sometimes did not sign the report until after receipt of the contractor invoice. Therefore, it is possible that duplicate payments could be made for the same service and that payments could be made when services were not actually provided.

Recommendation 13

To strengthen internal control over payments for snow removal services, operators of the snow removal equipment should be required to sign and print their name on the Daily Report of Equipment Rental on site at the end of the shift. Moreover, County supervisors should review the rental report for reasonableness and accuracy before signing and approving payment. This would reduce the possibility of payments being made when services have not been provided.

DPW's Accounting Unit should consider creating a spreadsheet of snow plow payments listing the operator, the vehicle number and the date and hours of service to be used as an additional check before payment is approved. This would reduce the possibility of duplicate payments being made for the same service.

Vehicle and equipment descriptions necessary to determine appropriate rental rates for snow removal equipment were often missing or inaccurate. Formal, written service contracts were not executed between the County and the snow removal contractors. Instead, a description of each contracted snow removal vehicle and related equipment was documented by the Highway Maintenance Division on a Description of Equipment form. Rental rates were assigned by the Division using the information on the Description of Equipment form and rates listed on New York State Department of Transportation's Equipment Rental Rate Schedule. Rates on this schedule were categorized based on vehicle characteristics, such as drive classification (2X4, 4X4, etc.), vehicle weight and fuel type (gas or diesel).

Seventy-nine Description of Equipment forms were examined. The drive classification was missing on 47% of the forms tested. The form relative to one vehicle was missing from the vendor file. The truck model was recorded inaccurately on another form. When information on the Description of Equipment form is missing or inaccurate, it is not possible for the Division to determine the appropriate rental rate that should be used to calculate contractor payments which could result in the overpayment of County funds to the vendors.

Recommendation 14

A formal, written contract should be executed with each snow removal contractor after inspection of the contractor's equipment. The contract should include a description of all vehicles that will be used to provide snow removal services, including the vehicle classification, weight and fuel type and the current equipment rental rate. Signature by the County and the contractor would certify that the information is accurate.

A written contract would facilitate the assignment of appropriate rental rates based on accurate vehicle and equipment descriptions and would reduce the potential for any misunderstandings regarding authorized vehicles and corresponding payment rates.

We also noted certain matters that will be reported to the Department of Public Works in a separate Management Letter.

APPENDICES

APPENDIX A

COUNTY OF SUFFOLK

STEVE LEVY
SUFFOLK COUNTY EXECUTIVE

DEPARTMENT OF PUBLIC WORKS

THOMAS LAGUARDIA, P.E.
CHIEF DEPUTY COMMISSIONER

GILBERT ANDERSON, P.E.
COMMISSIONER

LOUIS CALDERONE
DEPUTY COMMISSIONER

June 13, 2008

Elizabeth Tesoriero, CPA
Executive Director of Auditing Services
Office of the County Comptroller
H. Lee Dennison Building
100 Veterans Memorial Highway
Hauppauge, NY 11788

Re: AUDIT OF SUFFOLK COUNTY DEPARTMENT OF PUBLIC WORKS PROCUREMENT OF SPECIALIZED SERVICE CONTRACTS AND OUTSOURCED SERVICES 1/1/04 – 12/31/04

Dear Ms. Tesoriero:

Attached is the response to the referenced Audit Report. I would like to thank Audit and Control for their time and effort in reviewing our RFP process and providing constructive remarks. We take it as a positive note that all 33 RFPs this department did in 2004, Audit only identified two RFPs that they believed to be in variance with state and county procedures. As you will note in our response to the draft audit, **we believe both these RFPs were issued under alternate federal or state procedures and are in full compliance with state and county laws and procedures.** Attached please find documentation of our first two training sessions for your information.

Where appropriate, we are already taking corrective action and/or developing additional training for staff to insure all required procedures are followed.

Very truly yours,

Thomas LaGuardia, P.E.
Chief Deputy Commissioner

TL/def
Attachment
cc: Gilbert Anderson, P.E., Commissioner
Jim Morgo, Chief Deputy County Executive
Jeff Szabo, Deputy County Executive
Joseph Sawicki, Comptroller
Laura Conway, Chief Accountant
Frank Bayer, Chief Auditor

See Audit & Control's Assessment (p. 34)

AUDIT
SUFFOLK COUNTY
DEPARTMENT OF PUBLIC WORKS
PROCUREMENT OF SPECIALIZED SERVICE CONTRACTS AND OUTSOURCED SERVICES

For the Period January 1, 2004 through December 31, 2004

DPW RESPONSE

Audit Comment and Recommendation No. #1
Waiver from the RFP process was not properly requested for certain unique DPW contracts.

DPW Response

(1) SOP I-15 is directed at the procurement of Consultant Services and does not apply to either of the two RFP's in question as neither are for Consultant Services.

SOP I-15 was written in response to Resolution 349-1994 which established policies and procedures for procurement of Consultant Services. Both these documents were a result of a new section of General Municipal Law (GML), Section 104-b requiring municipalities to develop procedures for goods and services which are not otherwise subject to competitive bid. In general, this only applies to Consultant Services.

Subdivision 6 of Section 9-103 of the Energy Law states that "[i]n lieu of any other competitive procurement or acquisition process that may apply pursuant to any other provision of law ... municipality ... may procure an energy performance contractor by issuing a written request for proposals in accordance with procurement or internal control policies, procedures or guidelines that the ... municipality ... has adopted pursuant to the ... general municipal law...". Subdivision 7 of that same section provides that "[s]ections one hundred three and one hundred nine-b of the general municipal law shall not apply to an energy performance contract for which a written request for proposals is issued pursuant to subdivision six..."

This unique RFP was managed by the Division overseeing the project under the authority of this law.

With respect to the paratransit contract, historically DPW has not considered these "Consultant Contracts" as they are bid in accordance with specific Federal requirements. The appropriate division of the Department managed the RFP process due to the fact that federal funding is involved. The Federal Transit Administration has issued procurement circulars relating to contracting requirements. The County as grantee must adhere to the requirements in any solicitation. A best practices manual issued in conjunction with the circular has been followed. It should be noted that the
(2) County Attorney was intimately involved in both these RFP's and eventual contracts.

See Audit & Control's Assessment (p. 34)

The above being said, a recent opinion (2007) of the State Comptroller has indicated that Para Transit Bus could fall under 104-b of GML, i.e., they can be considered "Consultant Contracts". Based on this, for future Paratransit RFP's we will either obtain a Waiver or process these contracts through Central Purchasing.

Finally, we do agree with Audits recommendation that for those contracts to which SOP I-15A is applicable, and without a waiver of the SOP, that DPW will follow all the provisions of the SOP.

Audit Comment and Recommendation #2

Written notification of RFP issuances for DPW specialized contracts was not always provided to the Clerk of the County Legislature and to the Chief Deputy County Executive as was required by SOP I-15.

DPW Response

(3) As stated above neither of these RFP's are subject to the requirements of SOP I-15.

Audit Comment and Recommendation #3

Committees appointed for the purpose of evaluation of RFP proposals and awarding the related contracts were not always adequately structured.

DPW Response

(3) Here again the Paratransit and Energy Conservation Contracts/RFP's are referred as not meeting the requirements of SOP I-15. As previously stated, SOP I-15 does not apply to these contracts. We have been following the same process for RFQ's for many years. Additionally, the County Term Contact for Professional Services was noted not to have the proper selection team per SOP I-15. The Term selection
(4) process is as a result of an RFQ, Request for Qualifications, and not an RFP process and therefore not subject to SOP I-15. This procedure was recently clarified by Executive Order No. 6-2007.

In the above cases the staff with the required expertise was included in the selection processes and each RFP/RFQ resulted in contracts which are in the best interest of Suffolk County. The majority of RFP's done at DPW involve selection by only the professional staff at DPW. The reason for this is they possess the technical knowledge necessary to properly evaluate the selection consultant/contractors performing work for the County.

Audit Comment and Recommendation #4

RFP procedures were sometimes circumvented when contracts were awarded to firms with Term agreements.

DPW Response

(5) In some instances while initially meeting the thresholds on a project, the project grew above the dollar threshold. It should be noted that this rarely occurs. Where such

See Audit & Control's Assessment (p. 34)

growth occurs we will ensure that our staff contacts the executive level for guidance before proceeding.

(6) Regarding the recommendations for restructuring our Term Contracts, we disagree. The current contracts have served the County very well, in one form or another, for at least 25 years. Whether they are called Term Contracts, Work Order Contracts, On Call Contracts or some other similar name, all levels of government use these types of contracts which are generally awarded based on some type of RFQ process. As you are aware DPW uses these contracts in accordance with GML, SOP I-15A and DPW's "Guidelines for Procurement of Consultant Services". The guidelines limit the use of our Term contracts to smaller less complex projects of $100,000 or less.

Audit Comment and Recommendation #5

Invalid waivers from RFP process were sometimes used when contracts were awarded under Term agreements.

DPW Response

(7) The description of the process for the Industrial Pretreatment/Headworks analysis is incorrect and that prior to issuing an RFP, the five firms on the pre-qualified list that were capable of performing specialized environmental and industrial type activities were contacted. Of the five firms contacted, CDM, Ganett Fleming, H2M, Cameron Engineering and Dvirka & Bartilucci, only CDM responded that they performed this type of work in the past. An RFP waiver was submitted to the County Executive's office and in that waiver it indicated that five firms were contacted and only one responded that they could perform the work. The waiver was issued and the contract under the Term agreement was entered into.

(8) A second issue occurred with this project involving the increase of the contract from approximately $80,000 to $136,000, an increase of 70%. This increase was necessary due to the U.S. EPA's consent order on the industrial pretreatment program. Due to meetings with U.S. EPA and the County Attorney's office the Scope of Work had changed as well as the schedule and it was necessary to authorize additional work in order to complete the project.

(9) Regarding the waiver for security improvements at Bergen Point a reading of the body of the waiver request, which was DPW's intent, indicates that the security would include operations at our bulk chemical storage facilities. In fact, the Scope of Work issued to the consultants, as a result of the waiver, included this work. After receiving the cost proposals it was clear we could not do all the work envisioned by the waiver and the bulk elements were not authorized as part of the work.

Upon receiving the notice of violation from the DEC for non-compliance additional funding was identified and the work authorized to the consultant. It should be noted that the Department was under significant time constraints imposed through the order of consent and we acted accordingly. In the future we will request relief of these

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constraints otherwise we will have no choice but to develop the contract using term agreements because of the emergency nature of needed work.

We believe we have and will continue to follow the intent of recommendation #5.

Audit Comment and Recommendation #6
Solicitation of proposals for Term agreements for professional services is not advertised, limiting the pool of firms available for County work.

DPW Response

(10) Article II of Chapter 708 of the Suffolk County Code and SOP I-15A address policies and procedures for RFP(s). DPW utilizes an RFQ process to establish a list of qualified professionals to whom the County may turn for smaller projects or a short notice for emergency situations. RFQ requests are set every three years, and if a professional seeks to do business as a consulting professional with the County during an interim period, DPW undertakes a review and if qualifications are met, the professional is added. DPW's RFQ solicitation process has evolved by custom and usage over many decades. In fact, this process actually advances competitive procurement goals as project costs would escalate if an RFP or RFP Waiver was sought in every case where consultant services are needed. Nevertheless, the point is well taken that some professionals may be overlooked. DPW will also implement an advertising process to make certain that the greatest pool of professionals is captured.

Audit Comment and Recommendation #7
Numerous Term agreements were awarded to firms when the proposals for those agreements lacked requested documents or information.

DPW Response
We will ensure that we retain all necessary documents in the central location for future Term Contracts.

Audit Comment and Recommendation #8
Documentation supporting deviations from legal requirements relative to the award of term agreements was not always adequate.

DPW Response

(11) It is our belief that all firms awarded Term Contracts have a principal place of business in Suffolk/Nassau. DPW will only award contracts to firms having a
(12) principal office within Suffolk or Nassau Counties and to where staff who will work on our contracts will work out of. Further level of detail beyond this would be difficult to prove and be overly burdensome to this Department.

(13) Regarding the issue "related party situations", almost all the proposers indicate other firms they may team with when necessary to complete a project. For instance, where we authorize a small renovation project to an architectural firm on the Term Contract, they will team with an engineering firm to complete the mechanical, electrical and

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plumbing design necessary to do a complete project. As part of the evaluation process, we will look at the proposed team the consultant has put together. It may include in addition to MEP firms, Structural Engineers, Civil Engineers, etc. We believe this relationship is proper and well documented in the Term Contract RFQ's.

Audit Comment and Recommendation #9
Detailed justification for amendment to a contract that resulted in a 70% increase in the contract budget was not submitted to the County Executive.

DPW Response
(14) SOP I-03 does not apply. SOP I-03 outlines general policies and procedures for execution of contracts. A particular signatory to a contract is determined by contract value according to SOP I-03. While it is true that alteration of a contract budget may require a like amendment to the County budget, at issue here are term agreements for consultant services which are paid out of a fee for services account or capital budget account, not a budgeted line items for contract agencies; which if such line item contract has a funding change, we believe, goes through a contract and budget amendment process.

Audit Comment and Recommendation #10
Contracts for custodial and maintenance service at the Cohalan Court Complex were put out for competitive bid based on outdated cost comparisons.

DPW Response
DPW has always carefully considered contractor cost versus "in house" cost prior to re-negotiating custodial and maintenance contracts at the Cohalan Court Complex.

In fact, as a result of our analysis, in 2002 we took over with County personnel the security function there which had for ten years been performed by an outside contractor.

We have no written records of our analyses for recent bids, but will make sure for future bids to document our cost comparisons of County provided service versus private sector.

Audit Comment and Recommendation #11
Records documenting the evaluation and selection process relative to award of some Division contracts were not adequate.

DPW Response
(15) Regarding the Term Contracts, since the audit we have located our evaluation sheets. Copies of the sheet are available for review.

(16) Regarding the Para-Transit award, the successful proposal consistently ranked the highest in all category rankings by each member of the evaluation committee.

See Audit & Control's Assessment (p. 34)

Materials on file state, "The final determination of award was made to Suffolk Bus Corp. based on their competitive price, site visit and overall superior proposal."

Audit Comment and Recommendation #12

Payments for outsourced snow removal services were calculated using outdated and overstated equipment rental rates.

DPW Response

The person who established these rates from 2004 is no longer with the County and we are unable to find out how they were determined. In the future, the rates will be based on the current State contract for snow equipment, State contract for labor rates and a fuel adjustment for the prices in order to get the best rate for the County.

Audit Comment and Recommendation #13

There were numerous instances when one person signed as operator of multiple outsourced snow removal vehicles for the same date and time of service.

DPW Response

See answer to Audit Comment and Recommendation #14 below.

Audit Comment and Recommendation #14

Vehicle and equipment descriptions necessary to determine appropriate rental rates for snow removal equipment were often missing or inaccurate.

DPW Response

(17) Some contractors have more than one vehicle and piece of equipment. Each is assigned a DPW number. Each description of equipment form has the DPW number assigned on it. If you check the chart for the snow rental equipment that number will tell you who owns the vehicle and what year, make and model the vehicle is with the license plate number. The Foreman signs the form (and therefore signs for multiple pieces of equipment) and checks to see if all trucks from each vendor were working at the time of snow and ice storms. The Foreman is assigned to check the trucks when they come in and leave (from start to finish of the storm) and make sure their area is cleaned. There is one payment made for each truck number.

A new computer program has been implemented to keep track of all the information relative to the contractor, equipment, rates and payments.

In the future we will have the contractor sign the "Description of Equipment" form which includes all information, thereby creating a contractual agreement between the County and the Contractor.

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Exit Conference Report

An exit conference was held on April 10, 2008. Those in attendance were as follows:

Name	Title	Department
Elizabeth Tesoriero	Exec. Director of Auditing Services	Audit & Control
Frank Bayer	Senior Investigative Auditor	Audit & Control
Geraldine Olson	Asst. Municipal Finance Admin.	Audit & Control
Gilbert Anderson	Commissioner	DPW
Thomas Laguardia	Chief Deputy Commissioner	DPW
Louis Calderone	Deputy Commissioner	DPW

The Department also submitted a written response to the report which was discussed at the exit conference. Audit and Control's assessment of DPW's response is limited to findings with which DPW did not concur. Our evaluation, which is cross-referenced to Appendix A, is as follows:

Audit & Control's
Assessment of
Auditiee's Response

(1) We do not agree with DPW's contention that the Energy Conservation contract was not for consultant services and was not subject to the stipulations of SOP I-15. SOP I-15 addresses goods and services not otherwise subject to competitive bidding, or consultant services. Consultant services are defined as expertise, advice, professional services including, but not limited to design work, planning work, medical, legal, engineering, computer, accounting or educational services. Although it is acknowledged that the Energy Conservation contract is unique, it still falls under the consultant services category.

In addition, with respect to the Energy Conservation contract, Section 9 of the Energy Law cited in DPW's response allows for the procurement of an energy performance contractor by issuing a written request for proposals in accordance with the procurement procedures that the municipality has adopted. The County procurement procedures for RFPs are governed by SOP I-15.

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SOP I-15 provides that formal bid solicitations or RFP's for the hiring of certain consultant services requiring special or technical skill, training or expertise in the $10,000 and up range may be waived. As such, a waiver from the RFP process should have been requested for both the Energy Conservation and the Paratransit contracts. Had a waiver been granted, then DPW would have had the authority to manage the related RFPs.

(2) Although the County Attorney was involved with the RFPs, representation was made by DPW to the County Attorney that County RFP procedures were followed relative to the Energy Conservation contract as evidenced by the following excerpt from a County Attorney memo dated May 13, 2003: "Based on the information provided by DPW to this office, DPW has procured a potential contractor through the County RFP process in accordance with County policy and procedure." This statement is footnoted with "The Law Department has not reviewed the RFP at issue and offers no opinion at this time regarding its legal sufficiency."

(3) As noted above, these contracts were subject to the requirements of SOP I-15. Again, due to the unique characteristics of these contracts, a waiver from the RFP process should have been requested.

(4) The solicitation of firms for Term Agreements in January 2003 included a cover page with the title "Request for Proposal (RFP)". As such, Term Agreement solicitation in 2003 was subject to the requirements of SOP I-15.

(5) Although 45 Term Agreements existed during the audit period, only a sample of 27 payments relative to 10 projects was examined. Two out of the 10 projects, or 20% of the projects examined, grew above the dollar threshold wherein formal RFP procedures would have been required. A 20% rate of occurrence does not support DPW's assertion that instances when projects grow above the dollar threshold wherein formal RFP procedures would be required rarely occur.

(6) It is agreed that Term Agreements are used by all levels of government. However, New York State term contracts indicate a maximum contract amount. This provision is not included, but should be incorporated into DPW's Term Agreements. Indicating a maximum contract amount within the Term Agreement would eliminate the escalation of contract costs without execution of a formal contract amendment.

The "Guidelines for Procurement of Consultant Services" noted in the response were not made available during the audit but were provided at

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the exit conference. Review of these guidelines revealed that they do limit the use of Term Agreements to projects of $100,000 or less when a waiver has been granted for the project. According to the Guidelines, without a waiver, contracts over $20,000 are required to be granted via a full advertised RFP in compliance with SOP I-15.

(7) Confirmations were mailed to the four firms that were not awarded the project. Two of the firms (Dvirka & Bartilucci and H2M Group) sent back written responses indicating that they were not contacted by DPW regarding this project. Although they may not have been able to perform the work, they could not submit a proposal because they were not contacted about the project.

(8) A formal amendment to the contract, once properly executed, would serve as notification to the County Executive's office regarding the increase in the project budget. But, an amendment to the contract was never executed.

(9) Although a waiver from the RFP process was issued relative to the design of a security system for Bergen Point, it was improperly used for the design of secondary containment construction for chemical bulk storage, as evidenced by the following:

- A waiver request dated April 19, 2002 which was submitted to the Commissioner specifically indicated that the purpose of the contract was "...to perform an evaluation and have recommendations made on limited security for Bergen Point. ...initial in-house evaluation has indicated that cameras and card access to chemical storage areas along with gates at various locations would be necessary... The work involves professional services associated with the **design of a security system** for the Bergen Pont site and for those areas that contain substantial amounts of chemicals."

- The waiver request dated April 23, 2002 sent by the Commissioner to the County Executive indicated that the work involves "...the **design of a security system** for the Bergen Point site and for those areas that contain substantial amounts of chemicals."

- The waiver that was granted on June 24, 2002 was for "SCSD #3...Security improvements for design phase only..."

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- An Order of Consent by the Department of Environmental Conservation was issued regarding the requirement that "...the transfer of hazardous substances take place within a transfer station which is equipped with a permanently installed secondary containment system."

- The scope of work was changed on June 20, 2003 (one year after the waiver was granted) to require "...design documents necessary for DPW to implement **secondary containment construction**..."

- "Includes Chemical Bulk Storage" was handwritten on the waiver approval which had been issued on June 24, 2002.

(10) Although DPW maintains that an RFQ process was utilized to establish a list of qualified professionals for smaller projects during the audit period, the January, 2003 Term Agreement cover page exhibits "Request for Proposal (RFP)" indicating that the RFP process was utilized.

(11) According to local preference law, the principal place of business is the office to which the preponderance of correspondence and communications is directed and at which at least a majority of the entity's work force is assigned on a regular basis. However, not all firms awarded Term Contracts had a principal place of business in Suffolk/Nassau, as follows:

- A Term Agreement was awarded to Camp, Dresser, McKee (CDM). According to CDM's website, the principal office is located in Cambridge, MA with a satellite office in Woodbury (Nassau County). A phone call to CDM headquarters revealed that there are approximately 700 employees at the Cambridge office and 28 employees at the Woodbury office. Therefore, a majority of the entity's work force is not assigned to the Nassau office on a regular basis.

- A Term Agreement was awarded to RBA. According to RBA's website, the corporate headquarters are in Morristown, NJ and there is a satellite office in Melville (Suffolk County). The website also indicates that total employees number over 350 while a phone call to the Melville office revealed that there are only about 30 employees at that office. Therefore, a majority of the entity's work force is not assigned to the Suffolk office on a regular basis.

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(12) It was not difficult to prove or overly burdensome to access information regarding firms' principal places of business since this information was readily available on the company websites and/or through short telephone inquiries to the corporate headquarters.

(13) DPW contends that almost all proposers indicate other firms they may team with when necessary to complete a project. However, review of Term Agreement proposals revealed two instances where individuals were indicated as the contact for one firm while also appearing on another firm's staffing chart. This is not a situation where firms are teaming up to complete a project since Term Contracts are not issued for a specific project but for possible future projects. There is the appearance of impropriety because explanations for these relationships are not documented.

(14) SOP I-03 directs that contracts for services in excess of $1,000 will require the signature of the County Executive. The value of the noted contract was $136,550. As such, SOP I-03 does apply. A formal amendment to the contract should have been properly executed to reflect the 70% increase in the contract budget.

(15) The evaluation sheets that were supplied subsequent to the exit conference did not relate to the audit period. As such, an adjustment to the audit finding is not warranted.

(16) The materials on file, indicated in DPW's response were provided and reviewed. The documentation was not prepared at the time that the evaluation process was conducted since it was dated subsequent to the audit period. As such, an adjustment to the audit finding is not warranted.

(17) A Daily Report of Equipment Rental form is prepared for each vehicle that is used by an outside contractor during a snow removal event. On this form there is an area requiring signature by the equipment operator. The same signature and name appears in the operator area of the Daily Report of Equipment Rental form for multiple pieces of equipment used on the same date and at the same time of service. The Daily Report of Equipment Rental should be signed by the equipment operator on site at the end of the shift.