



CITY OF ATLANTA
City Auditor's Office
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August 2023

Performance Audit:

Department of Aviation Plane Train

What We Found

The city should establish stronger controls for contract administration. Although Alstom, the contractor, has procedures for managing the Plane Train, the Department of Aviation does not have standard operating procedures for overseeing the contractor and monitoring contract terms.

The city did not comply with overtime requirements of the contract. The contractor's overtime costs for fiscal year 2022 exceeded the budgeted amount by \$127,000. Also, the contract requires Alstom to obtain written pre-approval from the city's representative for overtime, but Aviation was unable to provide pre-approval forms in all instances in which overtime was used.

Alstom follows most procurement best practices for contract management, but system controls could improve. Best practices include collecting meaningful data, assessing contract risks, establishing performance metrics, and using tools to monitor spending. Alstom uses SIMS, an automated system, to operate and maintain the Plane Train, but some data are manually entered.

The contractor met its preventative maintenance requirements, completing 95% of scheduled work orders within 90 days, consistent with contract requirements. Preventative maintenance reporting could be improved—Alstom shares a manually generated report with the city's representative to substantiate that it fulfilled its maintenance obligations, and we found several minor discrepancies between the system data and reports provided to the city.

The city has used a sole source contract with the same vendor since 2005 to operate and maintain the Plane Train. Cost-reimbursable, sole source contracts are risky, and Procurement could not provide us with the required sole source written justification for the current contract.

Why We Did This Audit

The Department of Aviation requested the audit of the Plane Train due to the inherent risks associated with a third-party contractor managing the project, the importance of the service to airport operations, and the sizable dollar amount of the contractual agreement (over \$22 million per year). This audit assesses whether controls were in place to ensure that the third-party contractor complied with contract requirements related to performance incentives, maintenance requirements, wages, overtime pay, and allowable expenses.

What We Recommended

To better manage the contract, the airport general manager should:

- create internal standard operating procedures for how Aviation monitors Alstom

If a competitive procurement is not possible, the chief procurement officer should:

- document thorough justification for a sole source procurement as required by city code and ensure that the term of the sole source agreement is reasonable

For more information regarding this report, please use the "contact" link on our website at www.atlaudit.org.

Summary of Management Responses

Recommendation #1:

We recommend that the Department of Aviation create internal standard operating procedures that would allow the department to track and monitor all requirements and deliverables in the contract with Alstom.

Response:	Status:	Estimated Completion Date (M/Y):
Agree	Not Started	December 2023

Recommendation #2:

We recommend that the chief procurement officer document thorough justification for a sole source procurement as required by city code and ensure that the term of the sole source agreement is reasonable.

Response:	Status:	Estimated Completion Date (M/Y):
Agree	Implemented	January 1, 2023