



CITY OF ATLANTA
City Auditor's Office
Amanda Noble, City Auditor
404.330.6750

October 2023

Performance Audit:

Why We Did This Audit

The City Utilities Committee expressed concerns related to the costs and performance of the city's landscaping contracts with Russell Landscape, LLC and Ed Castro Landscape, Inc. Several departments in the city have contracted with these companies for landscaping-related services. This audit assesses how the departments are managing these contracts.

What We Recommended

To mitigate financial and performance risks in contract management, the chief operating officer should ensure:

- Procurement establishes a service level agreement for departments to submit requisitions
- Public Works discontinues work under the expired contracts and improves their verification process to charge invoices to the correct purchase order
- Enterprise Asset Management makes sure staff use the purchase order process to pay invoices
- Transportation amends its right-of-way contract to transfer maintenance responsibilities to Public Works
- Departments require itemized contractor invoices; attach supporting documentation in Oracle; and collaborate with Public Works to develop a quality assurance process

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

Landscaping Contracts

What We Found

Noncompliance with financial procedures could increase contract costs. Public Works has paid about \$576,000 for work performed under two expired yard trimmings contracts. Allowing contractors to work under expired contracts puts the city at risk, and clouds performance obligations. In addition, Public Works matched some right-of-way services invoices to a yard trimmings purchase order, resulting in the right-of-way purchase order being overspent by \$76,000.

We found that departments did not consistently pay invoices within the 45-day period required in the contracts. Untimely payments to contractors may limit competition resulting in the city paying higher prices for contracted work. Also, contractor invoices did not always provide a detailed listing of completed services. Lack of information affects departments' ability to monitor compliance with contract terms, or to justify the amount requested in the invoices.

Enterprise Asset Management made six payments, totaling \$9,238, using direct payments instead of a purchase order. As a result, the invoices bypassed the purchase order process, which functions as a control to ensure that the city is conducting business with certified vendors, funds are encumbered within budgetary limits, and city funds are being used for approved purposes.

Departments should follow contract management best practices to protect against substandard contractor work. Additionally, departments should coordinate where there are potential redundancies for performing similar functions, such as right-of-way maintenance handled by Public Works and Transportation.

We found that only two of the contracts outlined specific performance monitoring mechanisms. This results in varying levels of oversight across departments. Public Works has developed a quality assurance process to evaluate contractor work in response to performance complaints, which could be implemented in other departments.

Management Responses to Audit Recommendations

Summary of Management Responses		
<p>Recommendation #1:</p> <p>We recommend that the Chief Operating Officer ensures Procurement establish a deadline or service level agreement for departments to submit requisitions to ensure that purchase orders are created before contractor work is performed.</p>		
<p>Response: Agree</p>	<p>Status: Implemented</p>	<p>Estimated Completion Date (M/Y): October 2023</p>
<p>Recommendation #2:</p> <p>We recommend that the Chief Operating Officer ensures Public Works discontinue work under the expired contracts and work with Procurement and City Council to obtain contract extensions if needed, until the contract is rebid.</p>		
<p>Response: Agree</p>	<p>Status: Implemented</p>	<p>Estimated Completion Date (M/Y):</p>
<p>Recommendation #3:</p> <p>We recommend that the Chief Operating Officer ensures Public Works improve their invoice verification process to ensure the invoice is being charged to the correct purchase order before approving payment.</p>		
<p>Response: Agree</p>	<p>Status: Implemented</p>	<p>Estimated Completion Date (M/Y): June 2023</p>
<p>Recommendation #4:</p> <p>We recommend that the Chief Operating Officer ensures Enterprise Asset Management ensure that staff use the purchase order process to pay for landscape maintenance invoices instead of the disbursement process as the method of payment to make sure the department uses approved funding for contracted work.</p>		
<p>Response: Agree</p>	<p>Status: Partly Implemented</p>	<p>Estimated Completion Date (M/Y): November 2023</p>
<p>Recommendation #5:</p> <p>We recommend that the Chief Operating Officer ensures Transportation amend its right-of-way contract to transfer right-of-way gateway maintenance responsibilities from Transportation to Public Works to improve coordination of right-of-way landscape maintenance.</p>		
<p>Response: Agree</p>	<p>Status: Started</p>	<p>Estimated Completion Date (M/Y): January 2024</p>

Recommendation #6:

We recommend that the Chief Operating Officer ensures departments require landscape contractors to submit itemized invoices and supporting documentation to allow the city to evaluate whether work is being completed as expected and the contractor is charging based on the rates listed in the contract.

Response:

Agree

Status:

Partly Implemented

Estimated Completion Date (M/Y):**January 2024****Recommendation #7:**

We recommend that the Chief Operating Officer ensures departments attach supporting documentation of work completion in Oracle with the invoices.

Response:

Agree

Status:

Partly Implemented

Estimated Completion Date (M/Y):**December 2023****Recommendation #8:**

We recommend that the Chief Operating Officer ensures departments collaborate with Public Works to develop a similar quality assurance process for internal and contracted work that will allow for better performance monitoring.

Response:

Agree

Status:

Partly Implemented

Estimated Completion Date (M/Y):**January 2024**