



## ***Performance Audit:***

### **Renew Atlanta Roadway Resurfacing**

#### ***What We Found***

We reviewed Oracle records, Project Control Board documentation, and Renew Atlanta's internal financial records for roadway resurfacing projects performed under two contracts from July 2015 through January 2017. Fifty-six out of eighty-four streets (67%) lack the required documentary approval of baseline budgets and schedules by the Project Control Board. The Project Control Board has seen no closeout documentation for any completed resurfacing projects. As a result, the Project Control Board has incomplete or incorrect information on the money budgeted and spent and on the status of projects.

Five resurfaced streets never appeared on a purchase order and did not have funds encumbered in Oracle to pay for the work. Insufficient funds were encumbered for an additional group of streets because of similarly named projects, one of which never appeared before the Project Control Board. Three more streets had insufficient funds encumbered for an increased scope of work. As a result, encumbered funds were about \$1 million less than the value of the work performed.

We examined additional records relating to a sample of 33 streets, representing about \$3 million paid to contractors. Line items totaling about \$1 million in that sample lacked sufficient documentation to support the amounts billed. We did note improvement in documentation supporting line items billed under the second contract, once the full Renew Atlanta program management team was in place.

The city overpaid for traffic control and mobilization. Under the contracts, the city should make only one mobilization payment for projects in close proximity on the same purchase order.

Controls are in place to mitigate many risks. However, the Renew Atlanta program management plan relies on a document management and information technology system for the implementation of controls and for internal communication. Renew Atlanta does not currently have such a system in place.

#### ***Why We Did This Audit***

We undertook this audit to assess the roadway resurfacing projects performed for the Renew Atlanta Infrastructure Bond Program. We assessed both compliance with the terms of the contract, including the appropriateness of billings and supporting documentation for quantities billed, and the city's management of the contract and the resurfacing projects. We selected this project based on factors including number of bids, amount spent, and geographic distribution of projects throughout the city.

#### ***What We Recommended***

To ensure the Project Control Board has current information on the money budgeted and spent, the program management officer and project managers should:

- Present required documents to the Project Control Board for authorization, including preliminary design and closeout project implementation plans.

To ensure sufficient funds are encumbered to pay for authorized work and maintain financial information, the Renew Atlanta project controls and finance teams should:

- Develop a process to ensure that funds are encumbered in Oracle before contractors begin work or complete an increased scope of work.
- Regularly reconcile Oracle budgets and encumbrances, Project Control Board documents, and internal financial documentation.

To ensure that payments to contractors are appropriate and allowable, Renew Atlanta management should:

- Require the contractor to generate and maintain all required documentation, including support for invoices
- Work with the Department of Law to pursue cost recovery for potential overpayments

To ensure integrity of information, Renew Atlanta management should:

- Work with Atlanta Information Management to implement an electronic document management system

For more information regarding this report, please use the "contact" link on our website at [www.atlaudit.org](http://www.atlaudit.org)

## Summary of Management Responses

**Recommendation #1:** We recommend that the program management officer and project managers present preliminary design PIPs for all projects, including new projects and ongoing or finished projects.

**Proposed Action:** We are currently addressing the deficiencies in FC-6945 and FC-8831. **Agree**

**Timeframe:** September 2017

**Recommendation #2:** We recommend that the program management officer and project managers report variances over the threshold defined by the program management plan to the Project Control Board.

**Proposed Action:** We are currently addressing deficiencies in FC-6945 and FC-8831. **Agree**

**Timeframe:** September 2017

**Recommendation #3:** We recommend that the program management officer and project managers present closeout PIPs for completed projects.

**Proposed Action:** Once projects have completed the project closeout process, PIPs will be presented to the Project Control Board as per the PMP. **Agree**

**Timeframe:** September 2017

**Recommendation #4:** We recommend that the Renew Atlanta project controls and finance teams develop a process to ensure that, after Project Control Board authorization, procurement creates a purchase order, funds are encumbered in Oracle, and Renew Atlanta issues a written notice to proceed before contractors begin work or complete an increased scope of work.

**Proposed Action:** Program Controls and Finance will work closely with the Program Management Officers to ensure sufficient internal controls. These controls are dynamic in nature and we are constantly working to improve our processes and procedures. **Partly Agree**

**Timeframe:** December 2017

**Recommendation #5:** We recommend that the Renew Atlanta project controls and finance teams regularly reconcile Oracle budgets and encumbrances, Project Control Board documents, and internal financial documentation.

**Proposed Action:** Project Controls and Finance have established a standing weekly review meeting that includes PMOs to ensure operation and fiscal coordination. **Agree**

**Timeframe:** October 2017

<b>Recommendation #6:</b>	We recommend that the construction manager take steps to ensure that the contractors are generating and maintaining all documentation required by the contracts.	
<b>Proposed Action:</b>	Renew Atlanta will continue to require documentation from each contractor as per each contract.	<b>Agree</b>
<b>Timeframe:</b>	September 2017	
<b>Recommendation #7:</b>	We recommend that the construction manager continue to require sufficient supporting documentation as a precondition for payment, as has been done on work performed more recently.	
<b>Proposed Action:</b>	Renew Atlanta will continue to require sufficient supporting documentation as a precondition for payment.	<b>Agree</b>
<b>Timeframe:</b>	September 2017	
<b>Recommendation #8:</b>	We recommend that Renew Atlanta management work with the Department of Law to pursue cost recovery for potential overpayments to contractors.	
<b>Proposed Action:</b>	Renew Atlanta worked with the Department of Procurement and Department of Law to address this item. After presenting the circumstances, Law concluded the City had the right to approve and issue payment to the contractor for these specific instances. Therefore, the City did not overpay the contractor and cost recovery is not warranted for these specific occurrences. However, in the isolated instances where mobilization should not have applied, costs will be recovered from the funds currently being withheld in retainage.	<b>Partly Agree</b>
<b>Timeframe:</b>	October 2017	
<b>Recommendation #9:</b>	We recommend that Renew Atlanta management work with Atlanta Information Management to complete implementation of an electronic document management system and ensure that that system contains all necessary documentation.	
<b>Proposed Action:</b>	The Renew Atlanta Program Team will implement an electronic document management system once legislation is approved by City Council. Legislation language and the vendor package are in Department of Procurement to route for Department of Law's approval.	<b>Agree</b>
<b>Timeframe:</b>	December 2017	