



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

January 2020

## ***Closeout Construction Audit:***

### **Northside Drive Pedestrian Bridge Project**

#### ***What Talson Solutions LLC Found***

Atlanta's Open Checkbook website does not reconcile to actual payments made to Georgia Bridge. As of July 2019, the Open Checkbook website incorrectly depicted a total of \$33.6 million in expenditures, \$10.4 million higher than the approved lump sum agreement value of \$23.2 million. After audit fieldwork, the City of Atlanta Financial Systems Services office revealed the over-reporting was due to incorrectly including the retainage portion of invoices, and updated the website to reflect a total of \$22,735,799, leaving an unknown difference of \$487,125. Despite the difference in Open Checkbook, Talson concluded the total amount paid to Georgia Bridge equals the amount of the lump sum agreement—\$23.2 million.

The Owner's allowance was used to pay \$14,257 in interest charges due to payments over 90 days late. The contract expressly allows for interest to accrue on undisputed amounts owed for over 90 days. Of the 35 payments made to Georgia Bridge, eight exceeded the contractual 45 days with the longest lag time at 132 days.

Georgia Bridge invoiced a total of \$398,785 in design and construction charges relating to MARTA station parking improvements. DPW provided written approval for the \$79,900 in design fees and stated the remaining \$318,885 in material and labor costs were approved through verbal conversations which is non-compliant with the lump sum agreement.

City of Atlanta made two overpayments totaling \$154,402 to Georgia Bridge. The overpayments were reconciled prior to project completion and therefore had no negative financial impact to the city. The overpayments occurred in January 2017 and March 2018 and appear to have carried until November 2018 when the final invoice from Georgia Bridge was submitted. The final invoice included a reconciliation by Georgia Bridge. Talson confirmed that the final payment to Georgia Bridge did not exceed the lump sum agreement value.

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

We contracted with Talson Solutions LLC to perform this closeout construction audit because it was a large project with a budget of over \$23 million. The project was funded using several sources including the Renew Atlanta Bond premium, and required legislative authorizations in 2016 and 2017. The Department of Public Works administered the project.

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

The City of Atlanta Controller's Office should:

- Work to identify the remaining \$487,125 difference between the total amounts invoiced and paid to Georgia Bridge on the project and the total expenditures reported on Atlanta's Open Checkbook and make adjustments accordingly. Additionally, the city should strive to ensure future transactions posted to Atlanta's Open Checkbook website reflect executed transactions (e.g. payments made to third parties).

The Department of Public Works and the City of Atlanta Controller's Office should:

- Identify the cause of the late payments to Georgia Bridge.
- Review the accounts payable processes in place for construction contracts to determine the cause of the overpayments to reduce risk in future projects.

The Department of Public Works should:

- Confirm if Georgia Bridge submitted the appropriate cost proposals for the MARTA parking improvements and that the DPW provided written approval prior to incurring the expense in accordance with the DB Lump Sum Agreement.
- For future projects, adhere to the contract provisions for changes to projects including usage of allowances that should include approval prior to commencing work.

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

## Management Responses to Audit Recommendations

Summary of Management Responses		
<b>Recommendation #1:</b>	The chief financial officer should work to identify the remaining \$487,125 difference and make adjustments accordingly. Additionally, the City should strive to ensure future transactions posted to Atlanta's Open Checkbook website reflect executed transactions (e.g. payments made to third parties).	
<b>Response &amp; Proposed Action:</b>	We reviewed the information in the audit and noticed that the total in the audit report reflects everything invoiced and not paid. In addition, the audit report reflected a date of August 12 <sup>th</sup> . August 12 <sup>th</sup> is the date the information was retrieved from Open Check Book. In order to reconcile, we had to compare the last invoice that was posted in Open Check Book when the report was retrieved on August 12 <sup>th</sup> .  As a result of the reconciliation, Open Check Book compared to Oracle had a difference of \$127,496.10. The difference was identified as the amount paid to Georgia Concrete for a different project that was not related to Northside Bridge. Therefore, Open Check Book is properly stated for the Northside Bridge Project.	<b>Agree</b>
<b>Timeframe:</b>	January 7, 2020	
<b>Recommendation #2:</b>	The commissioner of the Department of Public Works and the chief financial officer should identify the cause for the late payments to Georgia Bridge.	
<b>Response &amp; Proposed Action:</b>	The late payments were due to delays in the posting of the funds allocated to the project. (GDOT funding which did not materialize). Also, the initial legislation only authorized \$14M, however, the contract amount was for \$23M.	<b>Agree</b>
<b>Timeframe:</b>	November 5, 2019	
<b>Recommendation #3:</b>	The commissioner of the Department of Public Works should confirm if Georgia Bridge submitted the appropriate cost proposals for the MARTA parking improvements and that the DPW provided written approval prior to incurring the expense in accordance with the DB Lump Sum Agreement.	
<b>Response &amp; Proposed Action:</b>	The Department confirmed that no written approval was given. Approvals occurred verbally during an on-site meeting regarding relocating the MARTA parking.	<b>Agree</b>
<b>Timeframe:</b>	January 7, 2020	
<b>Recommendation #4:</b>	For future projects, the Department of Public Works should adhere to the contract provisions for changes to projects including usage of allowances that should include approval prior to commencing work.	
<b>Response &amp; Proposed Action:</b>	All Capital projects and construction contracts will be entered in to our e-Builder system from notice to advertise to project completion. Every aspect of the project will be chronicled in this system. A flow process will be completed to show the actions taken from start to finish. All team members will be trained on the use of the system, and training will be documented. This should ensure that all contract provisions are adhered to. These responsibilities will reside with the new Department of Transportation.	<b>Agree</b>
<b>Timeframe:</b>	July 1, 2020	

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**Recommendation #5:** The commissioner of the Department of Public Works and the chief financial officer should review the accounts payable processes in place for construction contracts to determine the cause of the overpayments to reduce risk in future projects.

**Response & Proposed Action:** Overpayments were due to retainage not being withheld as per the pay applications. The department will work to ensure that the disbursement document reflects the correct amount to be paid. **Agree**

**Timeframe:** November 5, 2019

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