



# City of Greensboro

Date: May 17, 2004

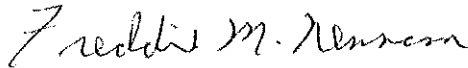
To: Jim Westmoreland, P.E., Director of Transportation and Dale Wyrick, P.E., GDOT  
Operations Manager

From: Fred Newnam, Internal Auditor and Len Lucas, Acting Director Internal Audit


Subject: GDOT departmental response to May 11, 2004 Internal Audit Memo regarding Storm  
Debris Removal Recommendations.

We have reviewed your responses dated May 13, 2004 to our recommendations regarding the Storm Debris Removal Contracts. We agree with your responses to our audit regarding monitoring storm debris removal, and enhanced monitoring of storm debris dumping operations, based on our understanding that neither will require increased staff.

Freddie M. Newnam

  
Internal Auditor

Len Lucas

  
Acting Director, Internal Audit

cc: Ed Kitchen, City Manager  
Mitchell Johnson, Deputy City Manager  
Bob Morgan, Assistant City Manager  
Ben Brown, Assistant city Manager for Economic Development  
Rick Lusk, Director of Finance  
Bobby L. Baskin, Executive MWBE Program  
Jeryl Covington, Director of Environmental Services  
file

City of Greensboro  
North Carolina



Department of Transportation

Date: May 13, 2004

To: Ed Kitchen, City Manager

From: Dale Wyrick, P.E., GDOT Operations Manager

Subject: Response to May 11, 2004 Internal Audit Memo of Storm Debris Removal Recommendations

This memo shall serve as GDOT's departmental response to the recent internal audit memo dated May 11, 2004.

In reference to the level of inspection required by GDOT staff monitoring storm debris removal, the recommendation made by Internal Audit to sign and date existing maps illustrating a contractor's progress is reasonable and can be accommodated using existing resources. Also, Landfill staff will position existing cameras for enhanced monitoring of storm debris dumping operations. The ability to record the storm debris dumping operations will be announced to each contractor, which will further ensure compliance with contract specifications in itself. In addition, the video of these operations can be inspected randomly utilizing existing resources.

If further information is required, please advise.

Signature

Date

5-13-04

Dale Wyrick, P.E.  
GDOT Operations Manager

Signature

Date

5-13-04

Jim Westmoreland, P.E.  
Director of Transportation

cc: Mitchell Johnson, Deputy City Manager  
Bob Morgan, Assistant City Manager  
Ben Brown, Assistant City Manager for Economic Development  
Linda Miles, City Attorney  
Jim Westmoreland, Director of Transportation  
Jeryl Covington, Director of Environmental Services  
Rick Lusk, Director of Finance

Larry Jones, Purchasing Manager  
Dale Dillon, Purchasing  
✓ Len Lucas, Internal Audit  
Bobby Baskin, MWBE  
file

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# City of Greensboro

Date: May 11, 2004

To: Dale Wyrick, P.E. GDOT Operations Manager, and  
Jim Westmoreland, P.E. Director of Transportation.

From: Fred Newnam, Internal Auditor and Len Lucas, Acting Director Internal Audit

Subject: Response to April 2, 2004 Internal Audit of Storm Debris Removal and Utility Cut Contracts.

We have reviewed your responses dated May 4, 2004 to our audit of the Storm Debris Removal Contracts and the On Call Utility Cut Contract. With some exceptions we agree with your assessments and responses to our audit.

Regarding the Storm Debris Removal Contracts while we agree in general with the reply, we do not see why the GDOT inspectors could not initial and date the GIS mapping project documents similar to the way you indicate will be done for the utility cut contract. This should cause no great delay or increase in staffing, and would document that the follow-up work was done by a responsible party on a date certain. Regarding scarce resources at the landfill and GDOT resources to inspect the dumping of the debris removed, we lack data to determine that you do not have sufficient resources available to perform inspections recommended, but if so this should be taken up with council in your budget request procedure. Your replies regarding MWBE and City Business Privilege licenses are considered adequate.

Regarding the On Call Utility Cut Contract, your reply was sufficient and answered our concerns.

Please reply within the ten days of the date of this memorandum concerning your actions to be taken regarding the initialing and dating of daily mapping progress, and specifics as to what your intentions regarding extra staffing to inspect on a test basis the dumping of loads at the landfill might be. Should any of the parties to whom the response is addressed have any questions, please contact us at 2230.

Freddie M. Newnam

Internal Auditor

Len Lucas

Acting Director, Internal Audit

cc: Ed Kitchen, City Manager  
Mitchell Johnson, Deputy City Manager  
Bob Morgan, Assistant City Manager  
Ben Brown, Assistant city Manager for Economic Development  
Linda Miles, City Attorney  
Jeryl Covington, Director Environmental Services  
Rick Lusk, Director of Finance  
R. Larry Jones, Purchasing Director  
Dale Dillon, Finance-Purchasing

Bobby L. Baskin, Executive MWBE Program

*F. A. File*



*Date:* May 11, 2004  
*To:* Ed Kitchen, City Manager  
*From:* R. Larry Jones/Purchasing Director  
*Subject:* In response to March 30,2004 Internal Audit of Storm Debris Removal and Utility Cut Contracts

This memo will serve as the Purchasing Divisions response to the Internal Audit report of March 30,2004.

**Storm Debris Removal Contracts for the 12/04/02 and 2/27/03 Winter Storms**

The Purchasing Division in compliance with the Policy For Negotiating, Awarding, and Executing Service Contracts under section 9.6 (4) requested bids for storm removal under an emergency contract situation. It is stated in our policy **that under these conditions we are exempted from these requirements.**

The Purchasing Division did advertise these bids in the paper and received from the MWBE Office a list of vendors shortly after the original quotes were sent out. We included these vendors in our process. We sent this contract, as we do all contract of this amount to the City Manager for approval.

As stated in the letter from Internal Audit two minority vendors were awarded portions of these quotes because the original bidder was unable to accomplish the work as timely as required.

Purchasing has in place a policy that we will contact our MWBE Office and request a list of vendors but we will continue to meet the needs of the using departments and the Citizens of Greensboro as stated in City Policy.

**On Call Utility Cut Contract**

In the future the Purchasing Division has implemented rules that the MWBE Office will be included in this process and written documentation will be part of our all of our files.

As stated in the response from Dale Wyrick, Purchasing has just sent out a new RFQ for this service. Included in the process were six (6) MWBE'S provided by Bobby Baskins. Purchasing sent out eight (8) bids and two (2) were received back. We are sorry to say that we did not receive a bid back from any MWBE'S for this contract.

Signature R Larry Jones  
R.Larry Jones  
Purchasing Director

Date May 11, 2004

Cc: Rick Lusk, Director of Finance  
✓ Len Lucas, Internal Audit  
Fred Newnam, Internal Audit



*Date:* May 4, 2004  
*To:* Ed Kitchen, City Manager  
*From:* Dale Wyrick, P.E., GDOT Operations Manager  
*Subject:* Response to April 2, 2004 Internal Audit of Storm Debris Removal and Utility Cut Contracts

This memo shall serve as GDOT's departmental response to the recent internal audit of three GDOT contracts: the Storm Debris Removal Contracts of 12/04/02 and 02/27/03, and the On Call Utility Cut Contract. The purpose of this audit was to determine the appropriateness of bid procedures and adequacy of administrative efforts for the contracts, all three of which are administered by GDOT's Operations Division.

#### **Storm Debris Removal Contracts for the 12/04/02 and 2/27/03 Winter Storms**

The purpose of these contracts was to obtain curbside storm debris removal services for the City of Greensboro in response to the winter storms of 12/04/02 and 2/27/03. The contracts were bid through the City of Greensboro's Purchasing Division and administered by the GDOT Operations Manager and staff.

In response to the issue of including MWBE in the 12/04/02 contract bidding process, the Internal Audit memo indicates that, according to GDOT personnel, one of the two next lowest bidders awarded a portion of the contract was a minority-owned firm. In fact, *both* of the two next lowest bidders, United Maintenance & Harold Wright Construction, were minority-owned businesses, although not on file with the City of Greensboro. Both contractors submitted bids independent of the MWBE process, and were awarded portions of the work based on their low bids and their apparent ability to perform the work.

The Internal Audit memo also states that, with both projects, the administrative effort to oversee the work of the contractor was not fully documented by written and dated statements of their actually going on site and reviewing the contractors' work. In both instances, GDOT and Engineering/Inspections staff were required to visit the previous day's work areas and confirm service as indicated by the contractor in order to ensure accuracy of a GIS mapping project that was made available to the public and updated on a daily basis. While these employees kept no project diaries, this follow-up inspection did ensure that citywide debris removal services were being provided consistent with the project specifications. This level of follow-up was acceptable to FEMA, which will be reimbursing the City of Greensboro for this work.

## **Recommendations for Storm Debris Removal Contracts**

Several recommendations provided in the Internal Audit memo have been incorporated into the latest bidding process for a pre-positioned storm debris removal contract. MWBE staff were contacted and provided a listing of contractors capable of performing this type of work. Furthermore, contracts were awarded by quadrant of the city in order to provide an opportunity for smaller contractors to get a portion of this work. However, no MWBE firms were selected to perform this work due to the competitive bid prices and contractors' ability/inability to secure a 100% performance bond.

Under the pre-positioned contract, GDOT Operations staff is prepared to dedicate more personnel to the inspection process and better document those inspections of the contractor's performance. We have also explored the ability of Landfill staff to use the existing camera system to ensure that we are not charged for improperly dumped or identified loads. However, limited resources in both departments may limit the ability to document inspections to the level described in the Internal Audit memo.

City of Greensboro Business Privilege Licenses will be required of any contractors performing this work in the future.

## **On Call Utility Cut Contract**

The purpose of this contract was to obtain a qualified contractor to perform permanent asphalt repairs of the city's water and sewer utility cuts. This contract was bid through the City of Greensboro's Purchasing Division and administered by the GDOT Operations Manager and staff, and funded by the Water Resources Department.

The Internal Audit memo indicates that this work is being performed up to the standards required by the contract specifications and that there are no duplications of work being performed by the contractor and city forces. However, the memo states that the administrative effort that ensures that the contractor does not bill for work not performed is insufficient due to a lack of written reports. In fact, GDOT staff visits each utility cut site before (to obtain quantities) and after (to verify quantities and ensure the quality of work) the contractor performs these repairs prior to accepting the work and compensating the contractor for services provided. Prior to mobilizing the contractor, GDOT staff verifies location and provides in place and permanent repair dimensions of each utility cut on a spreadsheet. This list is provided to the contractor for his direction to make permanent asphalt repairs (GDOT staff is unable to inspect the actual work being performed due to current resource allocations). Upon completion of those repairs, the contractor submits the listing back to GDOT as complete. At this point, a final inspection and verification of quantities is performed by GDOT, and the contractor is paid for accepted work. In my opinion, this verification of quantities and final inspection by this spreadsheet serves as adequate documentation for payment.

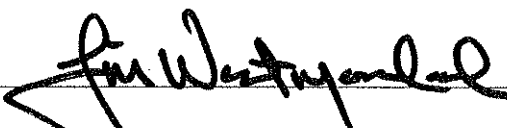


**Recommendations for On Call Utility Cut Contract**

As a result of this audit, I elected to re-bid this contract in April, 2004. MWBE was included in the bidding process, along with several other contractors. No MWBE contractors submitted a bid to perform this work. Our current contractor did not increase his current contract prices, but was underbid by \$0.50 per square yard. That contractor has no experience in asphalt patching and the estimated quantities translated the potential savings to the city to be around \$1,000. Given the exceptional performance of our current contractor, I have recommended that we continue this contract at the current price of \$85/square yard. In keeping with the recommendations of the Internal Audit memo, I will also require staff to add "DATE OF FINAL INSPECTION" and "INSPECTOR'S INITIALS" columns to our current spreadsheet in order to better document this practice.

Signature  Date 5-4-04

Dale Wyrick, P.E.  
GDOT Operations Manager

Signature  Date 5-4-04

Jim Westmoreland, P.E.  
Director of Transportation

- cc: Mitchell Johnson, Deputy City Manager
- Bob Morgan, Assistant City Manager
- Ben Brown, Assistant City Manager for Economic Development
- Linda Miles, City Attorney
- Jim Westmoreland, Director of Transportation
- Jeryl Covington, Director of Environmental Services
- Rick Lusk, Director of Finance
- Larry Jones, Purchasing Manager
- Dale Dillon, Purchasing
- Len Lucas, Internal Audit
- Bobby Baskin, MWBE
- file



# City of Greensboro

Date: April 2, 2004  
To: Ed Kitchen, City Manager  
From: Internal Audit  
Subject: Greensboro Department of Transportation Contracting and Administration of Storm Debris Collection and On Call Utility Cut Contracts

The Internal Audit Division has audited the Storm Damage contracts for the December 2002 and February 2003 storms, and the On-Call Utility Cut Repairs Contract for the 2003 year at the behest of the Greensboro Department of Transportation. The purpose of the audit was to determine the appropriateness of bid procedures and adequacy of administrative efforts for the contracts. In order to accomplish the audit it was necessary to review the contracts in the Greensboro Department of Transportation (GDOT) contract files to determine work to be accomplished under each contract. Review work orders of the GDOT, and interview GDOT staff as well as inspect work accomplished under the Utility Cut Contract, interview staff of the Greensboro Environmental Services Department, and review reports prepared by them of trucks bringing debris to the landfill area in order to determine adequacy of administrative efforts. We reviewed City of Greensboro contract policy, Greensboro Purchasing Department files, and interviewed the purchasing officer in charge of the contracting effort; we interviewed staff of and obtained documentation from Minority and Women's Business Enterprise (MWBE), and the Legal Departments to determine appropriateness of the contracting effort. We, also, reviewed a portion of payments for the three contracts to determine the propriety of payment support.

### **Storm Debris Removal Contract for 12/04/02 Winter Storm**

The purpose of the contract was to obtain curbside storm debris removal services for the City of Greensboro under a Federal Emergency Management Agency (FEMA) response expense contract. The contract was for removal of such debris on a per ton basis, and was expected to be around 15,000 tons.

The lowest bidder was awarded the contract at \$54.60 per ton. The contract bidding was conducted under an emergency contract situation, but would have otherwise been deficient, in that no input from MWBE was obtained before request for quotations (RFQ) were sent out. No explanation of the omission was documented in the purchasing files, but purchasing stated that they received a requested listing from MWBE shortly after they sent out invitations to bid on this storm. City of Greensboro contract policy in provision(s) 6.1 and 7.2 requires MWBE input before requests for quotations of contracts exceeding or expected to exceed \$20,000 are sent out. Greensboro contract policy provision 9.6 allows exemption from the other provisions under emergency situations. The next lowest bidders were awarded contracts under this same storm contracting effort at \$55 and \$60 per ton, based on the original bidder not being able to accomplish the work as timely as required. According to GDOT personnel one of these was a minority owned firm.

The administrative effort to oversee work of the contractors was not fully documented as the supervisors whose job assignment(s) it was to oversee the effort were not documented by written and dated statements of their actually going on site and reviewing the contractors work. The contractor was required to provide daily reports as to where working, but the oversight responsibility by GDOT was not spelled out or documented in writing. GDOT Street Operations indicated that they did not have sufficient staff to oversee each contractor on a given route full-time. Additionally, we note that City of Greensboro crews picked up loads after the contractors were released. The GDOT Streets Operations Manager indicates that he released the contractors after two sweeps through their areas because after that date the bulk provisions of emergency pick-up expired, and the public was required to tie and bundle yard waste as before for pick up by environmental services.

The administrative effort to properly pay the contractors as documented by the GDOT was heavily dependent on the best efforts of the Greensboro Environmental Services Landfill weight station personnel. The contractor(s) was/were paid by the ton based on landfill weight tickets. Landfill personnel indicate that they weighed trucks empty to obtain their tare weight, and that load weight is total weight less tare weight, but that they neither had staff nor impetus to make sure that each truck properly disposed of its load before leaving the landfill sight. Our review of loads and tickets by truck as provided by Environmental Services indicate that Landfill personnel appear to have made errors in inputting the correct truck and/or some of the trucks did not dump their loads and returned in a short time not having dumped a load the first time and were therefore paid for load weight not actually picked up and dumped. We question seven such loads with payments made on a per ton basis totaling \$1,015 or 17.48 tons. This is approximately 0.25% of total tonnage of 6,338.25 tons.

#### **Storm Debris Removal Contract for 3/27/03 Winter Storm**

The purpose of the contract was to obtain curbside storm debris removal services for the City of Greensboro under a FEMA response expense contract. The contract was for removal of such debris on a per ton basis, and was expected to be around 20,000 tons.

The lowest bidder was not awarded with the contract at \$49.60 per ton. The second lowest bidder was awarded the contract at \$62.40 per ton. MBWE listings of certified vendors made available shortly after the prior storm were used in contacting vendors with RFQ. Purchasing and GDOT amply documented their reasons for not choosing the lowest bidder, as being due to the lowest bidder not having previous experience, and not having sufficient equipment to finish the contract timely as required in the RFQ. We note, however, that since that time the GDOT has seen fit to break the work down by quadrant, so that smaller contractors, which MBWE vendors usually are, can successfully bid on the work.

The administrative effort to oversee work of the contractors was not fully documented as the supervisors whose job assignment(s) it was to oversee the effort were not documented by written and dated statements of their actually going on site and reviewing the contractors work. The contractor was required to provide daily reports and maps as to where working, but the oversight responsibility by GDOT was not spelled out in written assignment of responsibility or documented in writing as to when such oversight was being conducted and by whom. GDOT Street Operations indicated that they did not have sufficient staff to oversee the contractors on each route, 100% of the time. Additionally, we note that City of Greensboro crews picked up loads after the contractors

were released. The GDOT Streets Operations Manager indicates that he released the contractors after two sweeps through their areas because after that date the bulk provisions of emergency pick-up expired, and the public was required to tie and bundle yard waste as before for pick-up by environmental services.

The administrative effort to properly pay the contractors as documented by the GDOT was heavily dependent on the best efforts of the Greensboro Environmental Services Landfill weight station personnel. The contractor was paid by the ton based on landfill weight tickets. Landfill personnel indicate that they weighed trucks empty to obtain their tare weight, and thus when loaded subtract the tare weight to obtain load weight, but that they neither had staff nor impetus to make sure that each truck properly disposed of its load before leaving the landfill sight. Our review of loads and tickets by truck as provided by Environmental Services indicate that Landfill personnel appear to have made errors in inputting the correct truck and/or some of the trucks did not dump their loads and returned in a short time not having dumped a load the first time and were therefore paid for load weight not actually picked up and dumped. We question fifteen such loads with payments made on a per ton basis totaling \$6,190 or 99.2 tons. This is approximately 0.58% of a total tonnage of 17,142.65 tons.

Both of the storm debris removal contracts required that the contractors obtain and supply copies of all permits required in performing such work. City of Greensboro legal staff indicate that privilege licenses for these contractors would be required, but none was required or documented for either of the contracts.

#### **Recommendations for Storm Debris Removal Contracts**

We strongly recommend that MWBE be included in the contracting process and that this inclusion be documented before sending out further RFQ for this type of contract, particularly since it will apparently be an in place contract. We, further, request that GDOT require its staff to document oversight by indicating in writing those responsible for oversight on certain dates at certain places, and their actions taken to oversee the contractors. Since Environmental Services has inspection personnel, these might be made available to supplement oversight of the contractors for the length of time necessary in an emergent situation. We further suggest that on a test basis, oversight of the dumping process by GDOT or Environment Service personnel be undertaken to ensure that we are not charged for loads which are not properly dumped or trucks improperly identified. The Environmental Services Department Director indicates that there is insufficient staff to implement these actions at present.

Additionally the GDOT or the department overseeing the contract should require the contractors provide them copies of their City of Greensboro Privilege License to be included in file documentation.

#### **On Call Utility Cut Contract**

The purpose of the contract was to obtain a qualified contractor to effect the permanent asphalt repair of water and sewer roadway utility cuts in accordance with standards stated in the RFQ. The RFQ required the contractor bid on the work on a Square Yard basis, with work not to exceed 6,000 square yards annually, and the successful contractor required to mobilize only after a minimum of 50 square yards of utility cuts to repair.

The contract was awarded at \$85 per square yard without input from MWBE for certified MWBE vendors, and the lone responsive bidder was awarded the contract, both contrary to City of Greensboro contracting policy provisions 9.5 and 6.1 respectively. Purchasing indicated that they included all possible vendors for the utility cut contract and that they and GDOT determined that the contractor awarded the contract has a local monopoly by means of its asphalt plants scattered around the city. Because of this they determined that further bidding would not be conducive to increasing competition. Neither of these assertions was documented in the contract files of the GDOT or Purchasing. MWBE asserted that other vendors certified by MWBE were available.

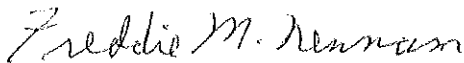
Our reviews of the quality and work performed by the contractor indicate that the work is being performed up to standards specified in the contract, and that there are no duplications of work performed by the contractor and by the City of Greensboro. The administrative effort to make sure the contractor does not bill for work not performed, however, is insufficient in that while the contract specifies inspection by GDOT, there are no written reports of inspections of work documented in files maintained by the GDOT, in essence the payment to the contractor becomes acceptance of the work.

#### **Recommendations for On Call Utility Cut Contract**

We recommend that MWBE be included in the contracting process and that this inclusion be documented before sending out further RFQ for this type of contract. We, further, recommend that GDOT require its staff to document oversight by indicating in writing those responsible for oversight on certain dates at certain places, and that these inspectors indicate in writing their actions taken to oversee the contractor by date and place as well as results of inspections.

We wish to thank staff members of the Greensboro Department of Transportation Street Maintenance, Purchasing Department, MWBE, Legal, and Environmental Services for their cooperation and assistance in this audit effort. We request that GDOT and Purchasing provide written responses to our recommendations within 45 days of the date of this report. Should any of the parties to whom the report is addressed have any questions, please contact us at 2230.

Freddie M. Newnam



Internal Auditor

Len Lucas



Acting Director, Internal Audit

cc: Mitchell Johnson, Deputy City Manager  
Bob Morgan, Assistant City Manager  
Ben Brown, Assistant City Manager for Economic Development  
Linda Miles, City Attorney  
Jim Westmoreland, Director Greensboro Department of Transportation  
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Bobby L. Baskin, Executive MWBE Program