



A Report  
to the  
Board of  
Supervisors

*Maricopa County  
Internal Audit  
Department*

**Ross L. Tate**  
County Auditor

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# Facilities Management Department

*Work Order and Contract  
Oversight Need Improvement*

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June ■ 2008

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**The mission of Maricopa County** is to provide regional leadership and fiscally responsible, necessary public services so that residents can enjoy living in a healthy and safe community.

**The mission of the Internal Audit Department** is to provide objective, accurate, and meaningful information about County operations so the Board of Supervisors can make informed decisions to better serve County citizens.

The County Auditor reports directly to the Maricopa County Board of Supervisors, with an advisory reporting relationship to the Citizen's Audit Advisory Committee.

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# Maricopa County

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June 30, 2008

Andrew Kunasek, Chairman, Board of Supervisors  
Fulton Brock, Supervisor, District I  
Don Stapley, Supervisor, District II  
Max W. Wilson, Supervisor, District IV  
Mary Rose Wilcox, Supervisor, District V

We completed our review of the Maricopa County Facilities Management Department (FMD) in accordance with the annual audit plan approved by the Board of Supervisors. The specific areas reviewed were selected through a formal risk-assessment process.

Highlights of this report include the following:

- Controls over work order monitoring need improvement
- Preventative maintenance of facilities and equipment could be improved
- Contract oversight needs improvement

Within this report, you will find an executive summary, specific information on the areas reviewed, and FMD's response to our recommendations. We have reviewed this information with the FMD Director and appreciate the excellent cooperation provided by management and staff members. If you have any questions, or wish to discuss the information presented in this report, please contact Richard Chard at 506-7539.

Sincerely,

A handwritten signature in cursive script that reads "Ross L. Tate".

Ross L. Tate  
County Auditor

# Executive Summary

## **Work Orders (Page 7)**

Facilities Management implemented a system of controls to monitor work orders, parts usage, and maintenance personnel. However, existing policies and procedures do not always ensure maintenance personnel accurately record time and parts usage. This condition may expose the County to waste and abuse of labor and parts, provide less useful management reports, and misstate inventory values. Facilities Management should develop policies and procedures to more accurately assign, capture, and control the use of parts and labor when completing maintenance on County facilities.

## **Maintenance Inspections (Page 11)**

Facilities Management coordinated the timely inspections of elevator and fire safety systems in County facilities in accordance with established regulations. However, Operations & Maintenance personnel did not always perform preventative maintenance for County buildings and facility systems, machinery, and equipment. This may result in reduced efficiencies and costly repairs. Facilities Management should continue to implement a systematic procedure to identify, prioritize, and re-schedule missed preventative maintenance work orders in a timely manner.

## **Contracts (Page 15)**

FMD's existing contract monitoring procedures need to be improved. We found that contract vendors do not always abide by established contract terms, and some existing internal controls are insufficient to identify these exceptions. This may increase the County's risk of inaccurate vendor payments and unsatisfactory facility conditions. FMD management should establish procedures to more adequately monitor contract compliance.

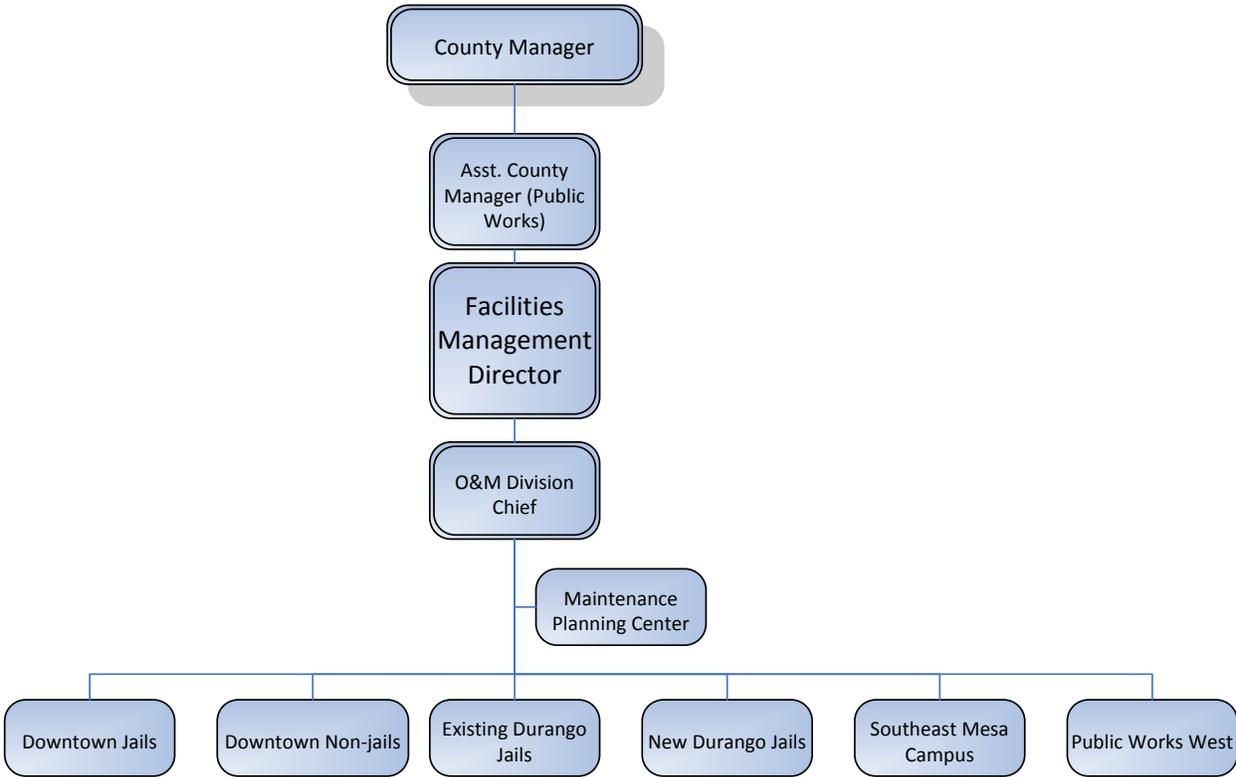
# Introduction

## Background

The Maricopa County Facilities Management Department (FMD) oversees the planning, remodeling, and construction of new and acquired County facilities. FMD is also responsible for the maintenance and security of County facilities. The department plays a crucial role in creating a safe, efficient, and economical business environment for County citizens and employees.

## Organizational Structure

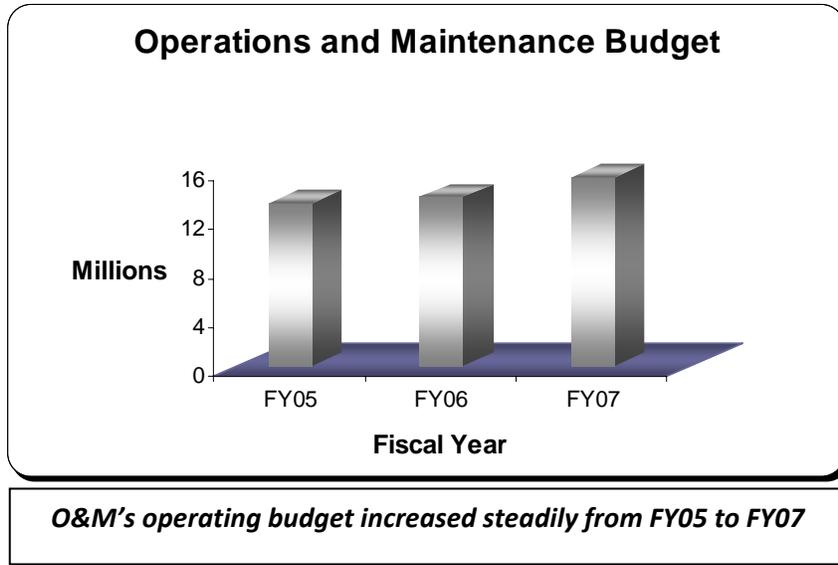
FMD is organized into four operating divisions: 1) Business Services; 2) Protective Services; 3) Capital Facilities Development; and 4) Operations and Maintenance (O&M). We focused our review on the O&M Division, which is organized as follows.



Source: <http://www.maricopa.gov/fmd/omStructure.aspx>

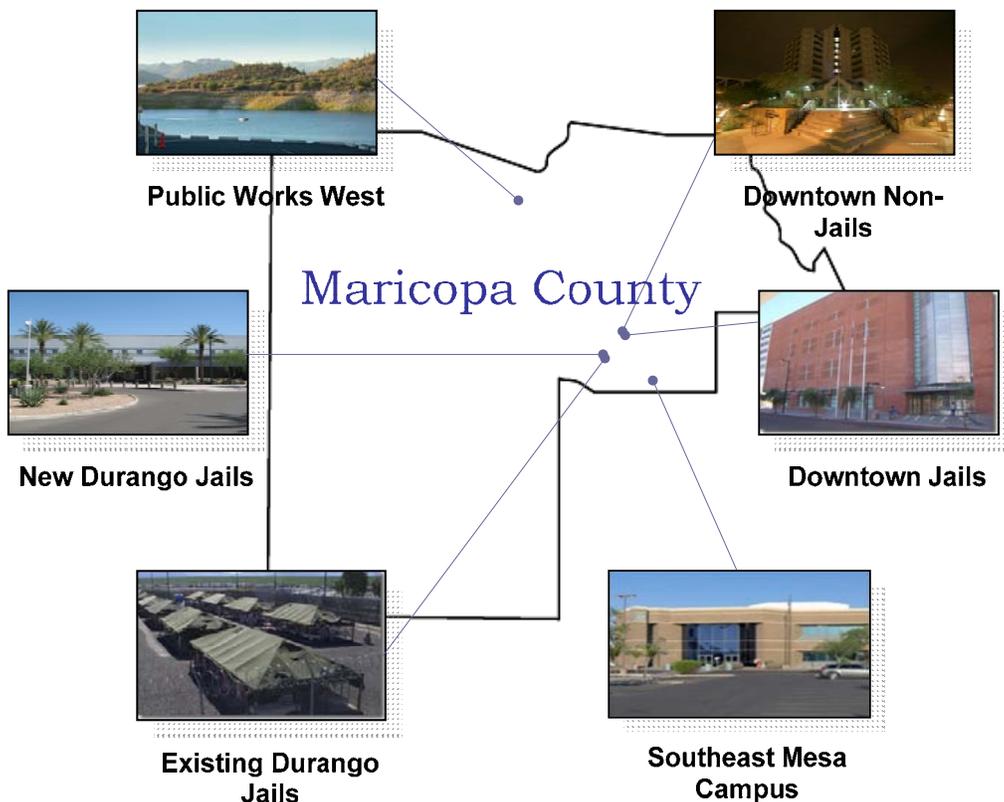
## Operating Budget

The maintenance and repair of County facilities is funded by FMD’s Operations and Maintenance Fund to provide cleaning and maintenance services to County facilities so citizens and employees can enjoy “safe, clean, functional, and cost-efficient facilities.” (Maricopa County 2007-2008 Budget Strategies Book, p. 403) The chart on the next page represents O&M’s operating budget, which includes corrective and preventative maintenance costs for the past three fiscal years.



### O&M Program Operations

Operations and Maintenance personnel are responsible for the general maintenance, repair, and equipment inspection of nearly 200 County-owned properties, covering over 8.5 million gross square feet. To manage the preventative and corrective maintenance workload associated with County properties, O&M management subdivided the County and over 130 maintenance personnel into six maintenance regions, as detailed in the map below.



## Information Technology

Repair and maintenance work orders are tracked in Maximo, O&M's maintenance database. Maximo stores assignments of work orders and inventory levels, and accumulates job costs based on parts and labor charged. Maintenance personnel record labor hours and parts used during jobs into Maximo with a barcode reader. Data gathered in barcode readers is uploaded to Maximo at the end of each business day. With this data, supervisors can generate reports from Maximo, which enable them to evaluate:

- Tradesmen time sheets and parts usage
- Indirect versus direct labor hours
- Parts inventory levels

Management uses these reports to evaluate and manage their maintenance program.

## **Scope and Methodology**

### Audit Objectives

While construction and major maintenance projects present a material risk to County finances, construction contracts and job order costing received significant attention from Internal Audit in FY07 and FY08. O&M is not responsible for inspecting or assessing the structural integrity of County buildings. As such, we focused our review on the Operations and Maintenance Division. The objectives of this audit were to determine if:

- Inspections of elevators, fire-safety systems, and County facilities are performed in compliance with established regulations, policies, and contracts
- FMD monitors work orders and the personnel and contract vendors who perform maintenance and repair

### Audit Timeframe

We used data from the following fiscal years to conduct this audit: 2006, 2007, and 2008.

### Auditing Standards

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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# Department Reported Accomplishments

**Facilities Management Department Management provided the Internal Audit Department with the following information for inclusion in this report.**

During the last 12 months, Facilities Management has been recognized for various efforts related to our construction and operation of County facilities on behalf of Maricopa County citizens and employees. A partial summary of some of those items are listed below.

## **Arizona Public Works Award – Buckeye Hills Shooting Range**

Maricopa County Buckeye Hills Shooting Park is an Off the Grid new shooting range and training facility located within the 4,500-acre Buckeye Hills Regional Park. This facility generates its own power through the use of a solar energy grid system.

## **NACo Award – Mentor Fair**

The department partnered with the department of Workforce Management and Development on the development of the Mentor Fair Program. The program received a National Association of Counties (NACo) Achievement Award. The program is aimed at retaining quality employees within the County and giving them the opportunity for advancement within the County.

## **LEED Certification - Downtown Justice Center**

New buildings are judged in five design categories: sustainable sites, water efficiency, energy and atmosphere, materials and resources, and indoor environmental quality.

## **Arizona Governor's Energy Efficiency Awards**

Projects receive awards that maximize the benefits of energy efficiency and renewable energy through communications and outreach activities, technology deployment, and accessing new partnerships and resources.

Administration Building – Window Shading project

Transportation Building – Energy efficient lighting upgrade

Downtown Justice Center – Award of Merit

## **Maricopa County Safety Bowl**

Safety Bowl Award for 2008

# Issue 1 Work Orders

## Summary

Facilities Management implemented a system of controls to monitor work orders, parts usage, and maintenance personnel. However, existing policies and procedures do not always ensure maintenance personnel accurately record time and parts usage. This condition may expose the County to waste and abuse of labor and parts, provide less useful management reports, and misstate inventory values. Facilities Management should develop policies and procedures to more accurately assign, capture, and control the use of parts and labor when completing maintenance on County facilities.

## Criteria

County policy guides the work performed by Operations and Maintenance (O&M) personnel. County and Federal policy and regulations define labor time:

- Facilities Management Department (FMD) policy requires FMD management to identify, evaluate, execute, manage, and continuously update the five-year Maintenance Renewal Program
- FMD's barcode procedures manual is written with the objective of accurately capturing labor hours and parts usage for work orders
- County's Compensation Plan and Employee Ethics Manual designate meal periods as unpaid time
- Fair Labor Standards Act recommends employers expressly and unambiguously communicate specific non-work timeframes that are acceptable for breaks and meal periods

## Condition

### Background

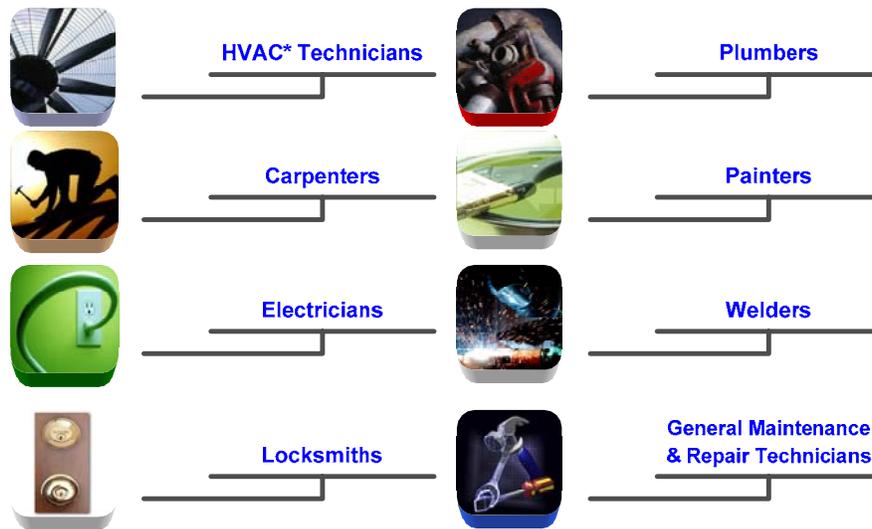
O&M personnel complete more than 40,000 work orders each year. FMD categorizes these work orders as either preventative or corrective maintenance. Maintenance activities can at times expose O&M personnel to risk of injury. As such, FMD management established an extensive series of written policies and procedures to address a variety of safety concerns. The policies outline safety training and define managerial responsibilities for ensuring maintenance personnel are equipped with the highest safety standards.

A team of maintenance personnel performs all corrective and preventative maintenance throughout the County. Because the needs of County facilities cannot be met by one maintenance trade, O&M management select



*An O&M electrician inspects a high-voltage transformer*

maintenance personnel from a variety of skilled backgrounds, as illustrated in the following diagram.



\*HVAC: Heating, Ventilation, and Air Conditioning

### Work Order Weaknesses

Maximo, O&M's database for tracking work orders, inventory levels, job costs, and other maintenance-relevant data, serves as a key internal control mechanism for FMD. To determine if FMD's established work order monitoring procedures adequately assign, capture, and control the use of parts and labor when completing maintenance on County facilities, we performed the following tests:

- Accompanied four tradesmen throughout their work days, noting any control weaknesses or process inefficiencies
- Sampled 60 work orders occurring between July 1, 2007 and March 31, 2008 from Maximo, identifying possible discrepancies related to time and parts usage

As a result, we identified weaknesses that could lead to waste and abuse of labor and parts. The weaknesses and associated exceptions are discussed below.

### *Bar Code Readers*

Maintenance personnel initially record labor time and parts used for each work order into a barcode reader. Barcode readers lack controls to prevent tradesmen from erroneously charging labor and parts to work orders. FMD management did not establish adequate supplemental controls to mitigate barcode data-entry weaknesses. We noted seven instances of inadvertent input errors that regional supervisors did not identify in their daily time sheet reviews. We also identified several instances of control weaknesses related to parts usage and inventory.

### *Parts*

Maintenance personnel use their barcode readers to charge parts used to work orders during maintenance jobs. The most common method of obtaining parts is through FMD's parts

warehouse. FMD management established the following inventory control process to improve the accountability of parts issued from the warehouse for work orders.



Maintenance personnel do not always follow the above process. If maintenance personnel fail to book parts to their storeroom at the time of receipt, Maximo will assign the part to the warehouse staff member who issued the part rather than to the employee who used the part. We found 22 work orders where parts issued to maintenance personnel by warehouse staff members did not appear on maintenance personnel parts usage reports, creating a gap in inventory accountability. We also noted four instances of Maximo reflecting incorrect parts pricing when compared to inventory records.

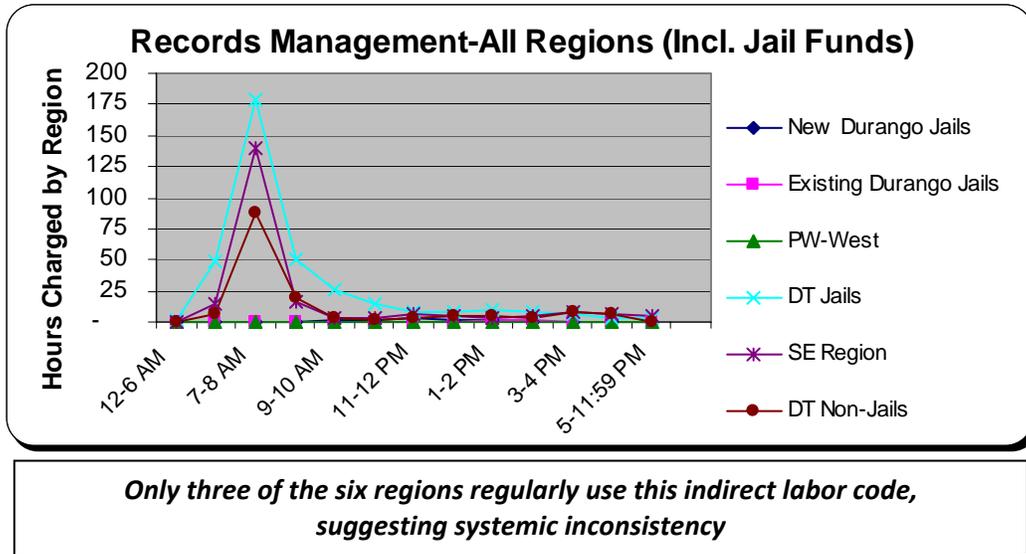
### *Timekeeping*

Our tests determined that controls over ensuring labor time was correctly charged to appropriate work codes were inadequate. We performed observations at four of the six regions to document instances where maintenance personnel incorrectly charged indirect labor time (such as meal breaks) to direct labor codes. We found 27 instances and a total of 17 hours and 49 minutes of meal and non-productive time charged to direct and indirect labor codes. We compared our observations to timesheets, which verified our findings detailed in the table below.

<b>Meal Period Reporting Exceptions</b>				
<b>Tradesman #</b>	<b>Occurrences</b>	<b>Mealtime Reported</b>	<b>Actual Time Observed</b>	<b>Difference</b>
Tradesman 1	3	0:00	4:12	4:12
Tradesman 2	3	1:52	4:40	2:48
Tradesman 3	5	2:22	3:34	1:12
Tradesman 4	2	0:49	1:22	0:33
Tradesman 5	3	1:04	1:52	0:48
Tradesman 6	1	0:31	0:43	0:12
Tradesman 7	1	0:26	1:16	0:50
Tradesman 8	1	0:29	0:38	0:09
Tradesman 9	1	0:29	0:33	0:04
Tradesman 10	1	0:37	1:45	1:08
Tradesman 11	1	0:37	1:45	1:08
Tradesman 12	1	0:27	1:12	0:45
Tradesman 13	1	0:29	1:00	0:31
Tradesman 14	1	0:31	1:08	0:37
Tradesman 15	1	0:30	0:49	0:19
Tradesman 16	1	0:21	2:54	2:33
<b>Total</b>	<b>27</b>	<b>11:34</b>	<b>29:23</b>	<b>17:49</b>

### Indirect Labor Codes

O&M personnel are required to book administrative time (such as training and education) to one of several indirect labor codes assigned in Maximo. O&M management can then evaluate their resource allocation based on direct versus indirect labor reports generated by Maximo. We analyzed the time charged to indirect labor codes for all regions from July 1, 2007 to March 31, 2008. Our evaluation concluded that O&M personnel do not charge identical activities to the same indirect labor codes, resulting in inconsistencies from region to region. The following chart shows one example of the inconsistent application of indirect labor codes for identical activities.



### Effect

The weaknesses in tradesmen and work order monitoring expose the County to waste and abuse of labor and parts, decrease the usefulness of management reports, and distort inventory valuation.

### Cause

FMD management did not establish adequate policies and procedures over time and parts reporting.

### Recommendations

Facilities Management should:

- A. Implement random and routine supervisory spot checks of labor and parts usage by maintenance personnel.
- B. Work with Information Technology personnel to resolve barcode reader weaknesses.
- C. Develop and enforce policies defining appropriate timekeeping for non-productive time.
- D. Identify common indirect labor activities among all maintenance regions, and mandate the usage of specific indirect labor codes.

# Issue 2 Maintenance Inspections

## Summary

Facilities Management coordinated the timely inspections of elevator and fire safety systems in County facilities in accordance with established regulations. However, Operations & Maintenance personnel did not always perform preventative maintenance for County buildings and facility systems, machinery, and equipment. This may result in reduced efficiencies and costly repairs. Facilities Management should continue to implement a systematic procedure to identify, prioritize, and re-schedule missed preventative maintenance work orders in a timely manner.

## Criteria

### *Elevator Inspections*

- Arizona Administrative Code R20-5-507 requires every owner or operator of an elevator to comply with the American Society of Mechanical Engineer's A17.1-2000 or ASME A17.1 Safety Code for Elevators and Escalators, which designate required elevator specifications
- Arizona Revised Statute (ARS) §23-491.05 states that the State Elevator Inspector shall inspect elevators at least annually
- ARS §23-491.02 states that every owner and operator of an elevator shall provide safe and adequate devices which properly move all persons and material utilizing the services offered by the owner or operator

### *Fire Alarm, Fire Extinguisher, and Fire Suppression System Inspections*

- ARS §41-2163 states that the State Fire Marshall is responsible for establishing a fire safety inspection schedule for all County facilities
- ARS §41-2161 and ARS §41-2164 state that all fire related system services must be provided in accordance with the National Fire Protection Association (NFPA) standards

### *Maintenance Inspections*

- County Administrative Policies A1906 and A1907 state that FMD shall maintain, service and inspect all County Departments in all matters relating to buildings and grounds, alterations, additions, etc.

## Condition

The Operations and Maintenance (O&M) Division is required to coordinate the inspection of elevators and fire safety systems. Additionally, O&M personnel are responsible for conducting inspections and preventative maintenance (PM) on the equipment that services County facilities.

### *Elevator and Fire System Inspections*

We examined invoices and other supporting documentation from elevator and fire system inspection and maintenance contractors, Maximo data, logs, and spreadsheets maintained from

July 1, 2006, through April 30, 2008. Our examination was to determine if contracted vendors were meeting inspection frequencies of elevators and fire safety systems in four judgmentally sampled County-owned facilities.

Our review found that the company contracted to conduct annual elevator inspections for each of the County's approximately 134 elevators met the required frequency. Additionally, we found that the County's elevators conform to the required safety specifications outlined in the Arizona Administrative Code. Finally, the State Elevator Inspector stated that he was unaware of any unresolved correction order deficiencies related to County elevator operation and safety.

Test work also validated that contractors timely and satisfactorily documented contractually required inspections, repairs, and maintenance of the County's fire safety systems. Additionally, a representative of the State Fire Marshall's Office stated that he was unaware of any unresolved deficiencies associated with the County's fire safety systems.

### *Maintenance Inspections*

O&M personnel inspect a variety of major equipment and building systems, including:

- HVAC (Heating, Ventilation, and Air Conditioning)
- Plumbing
- Mechanical
- Electrical

To observe O&M's inspection processes, we accompanied O&M employees throughout their days as they completed predictive maintenance inspection work orders. Predictive maintenance, one of O&M's innovative inspection methodologies, is a means of inspecting electrical and mechanical equipment using thermal imaging and ultrasonic technologies. These technologies allow an assessment of the equipment's operation without having to shut it down, take it apart, examine it, and then reassemble it.



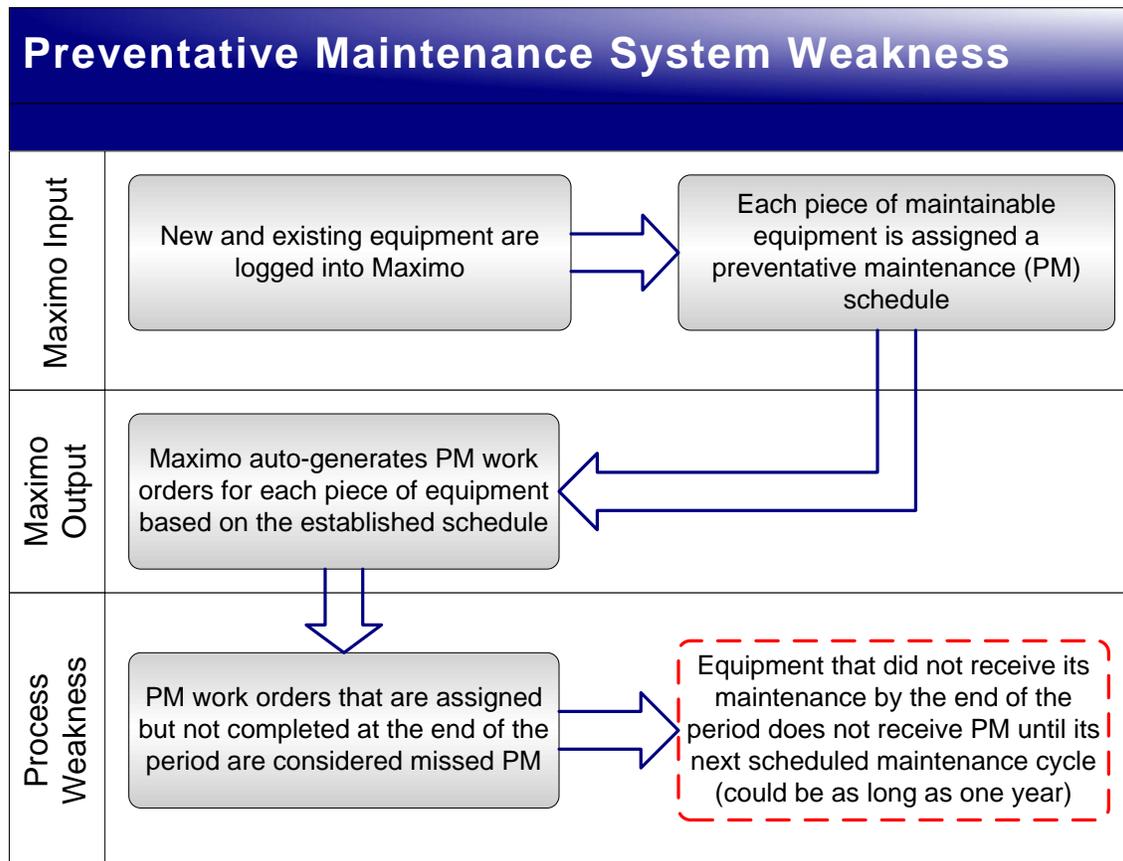
***An O&M Technician evaluates noise vibrations using ultrasonic vibration technology to detect anomalies***



***This thermal imaging device displays hot and cold spots that might indicate electrical irregularities***

If the technician performing the predictive maintenance identifies a problem, they notify the Preventative Maintenance Program Manager. This manager decides whether the problem requires repair or maintenance.

O&M management also established a preventative maintenance cycle for most pieces of equipment that service County facilities. However, personnel do not complete all regularly scheduled preventative maintenance assigned each month. The following diagram highlights the PM cycle and its associated weakness.



As the diagram above indicates, Maximo will not prioritize missed PM work orders; a piece of equipment will not receive regularly scheduled PM until the time associated with the equipment’s assigned maintenance frequency elapsed. According to management, preventative maintenance associated with critical equipment is always completed. In December 2007, Maximo automatically generated 1,577 PM work orders. Maintenance personnel were unable to complete 534 of these work orders (34%), amounting to 687 hours of work backlog.

**Effect**

Lack of timely maintenance inspections may result in problems with systems, machinery, and equipment, resulting in a continuum of operational deficiencies, from reduced equipment efficiencies to costly repairs.

## **Cause**

Maintenance personnel do not complete certain PM inspections because O&M management must first allocate their limited resources to higher-priority inspections, leaving little time for lower-priority preventative maintenance work orders.

## **Recommendations**

Facilities Management should:

- A.** Develop a process to assign a priority level to equipment.
- B.** Continue to implement a systematic procedure to identify missed preventative maintenance work orders, to prioritize their importance, and to re-schedule them in a timely manner.

# Issue 3 Contracts

## Summary

FMD's existing contract monitoring procedures need to be improved. We found that contract vendors do not always abide by established contract terms, and some existing internal controls are insufficient to identify these exceptions. This may increase the County's risk of inaccurate vendor payments and unsatisfactory facility conditions. FMD management should establish procedures to more adequately monitor contract compliance.

## Criteria

- ARS §35-214 describes the ability of all state and local government agencies to inspect contractor's books and related documentation
- HVAC Service and Repair Contract, Serial #01101-SC terms and conditions
- Terms and conditions from the following contracts: Fire Alarm Services Contract, Serial #05102-S; Building Mounted Fire Extinguisher Services Contract, Serial #07014-S; Fire Suppression Systems—Test, Inspect, and Repair Contract, Serial #05114-S
- Elevator Service Contract, Serial #02107-S terms and conditions
- Janitorial Services Contract, Serial #06021 establishes cleaning frequency and billing requirements

## Condition

We tested the Heating, Ventilation, and Air-Conditioning (HVAC) Service and Repair contract, Fire Systems contracts, Elevator Service and Repair contract, and the Janitorial Services contract to ensure contract vendors comply with contract terms and conditions. The results of our tests are discussed below.

### *HVAC Contract*

We tested 21 invoices totaling \$261,082 from six HVAC service and repair vendors. We found that an FMD employee incorrectly coded two vendor invoices to this HVAC contract, when they should have been coded to an HVAC Commissioning contract. Incidentally, the invoices were billed at a slightly higher rate than the Commissioning contract allowed, resulting in a \$196 overpayment to the vendor. This indicates a weakness in FMD's invoice review process.

### *Fire Alarm, Fire Extinguisher, and Fire Suppression System Contracts*

Several contracts exist for the inspection, repair, and maintenance of fire extinguishers, fire alarms, and fire suppression systems found in County facilities. Our review found that the contractors responsible for servicing and inspecting these systems and devices complied with financial and performance contract terms. We confirmed that the contractors possessed and maintained the proper professional licenses to perform their work, as contractually required. Our test work validated that contractors timely performed contractually required inspections, repairs, and maintenance of the County's fire related systems.

*Elevator Service Contract*

The contractor responsible for inspecting, repairing, and maintaining County elevators complied with financial and performance contract terms. We verified that documentation supported that inspections of the County’s approximately 134 elevators and escalators were performed at least annually, as contractually required. We also confirmed that the contractor possessed and maintained the required professional licenses to perform their work. Based on the test work performed, we concluded that the contractor timely conducted the contractually required elevator inspections.

*Janitorial Services Contract*

Two vendors provide Maricopa County’s janitorial services. To ensure these vendors complied with contract terms, FMD established an invoice review process. The process requires FMD personnel to compare invoice rates to contract rates prior to approving payment. However, the contract was updated with several pricing changes, which FMD and both vendors overlooked on a number of invoices. We reviewed three months of invoices totaling \$790,350 for both contract vendors and found that the vendors under billed the County for services rendered, as shown in the table below.

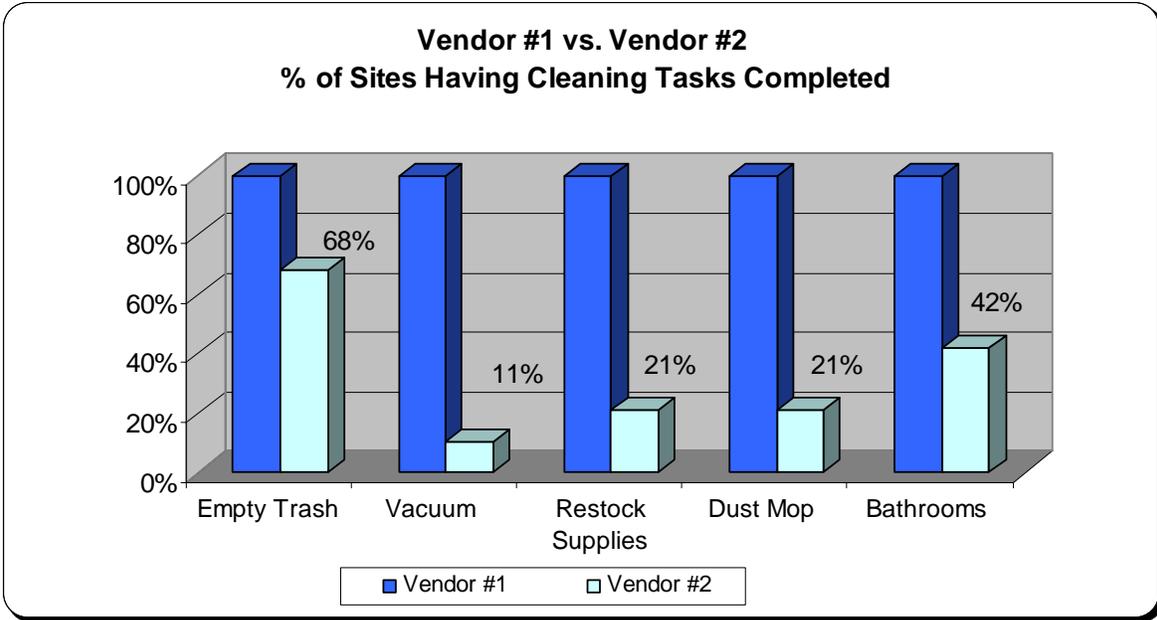
<b>Vendors</b>	<b>Total Under Billing</b>
Vendor #1	(\$ 996)
Vendor #2	(\$12,200)
<b>Total (Under billing)</b>	<b>(\$13,196)</b>

The Janitorial Services Contract establishes frequencies for cleaning tasks, requiring vendors to complete most general tasks such as vacuuming and trash service daily. To determine if Janitorial Service contract vendors executed their required tasks according to the terms of the contract, we surveyed 30 County departments, asking them to monitor several required cleaning tasks over a five-day period. Only 17 departments responded, having monitored 24 different locations. The survey results revealed that departments received distinctly different levels of service depending on the vendor.

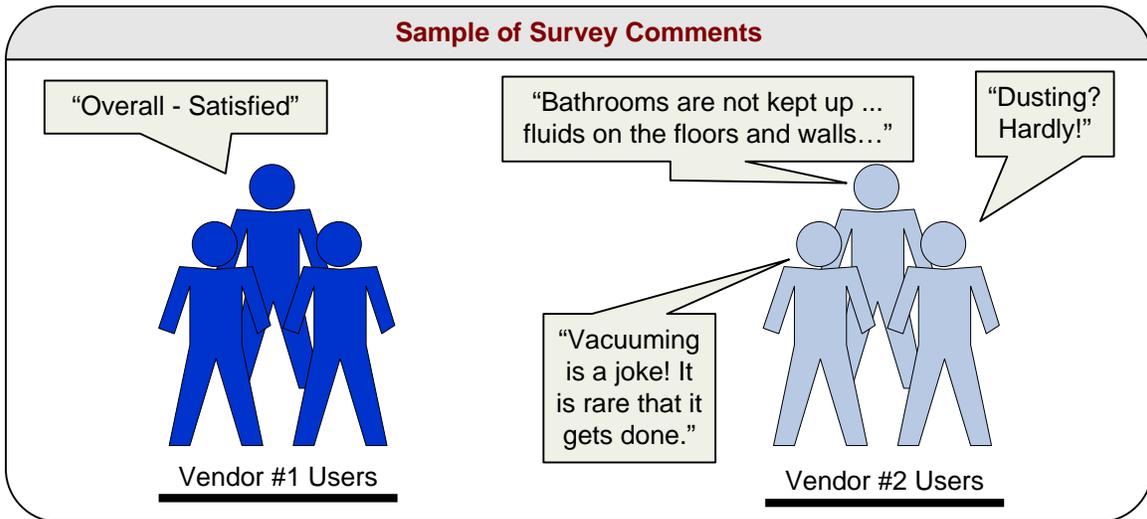
To validate the results of the survey, we accompanied an FMD contract monitor on a quality control assessment. We found Vendor #1 provided satisfactory service, as supported by survey responses. However, Vendor #2 did not provide all contract-required services. Our review found that Vendor #2 does not consistently provide services in the following areas:

- Bathroom cleaning
- Break room cleaning
- Dusting
- Dust mopping
- Re-stocking supplies
- Trash Service
- Vacuuming
- Wet mop

The following chart shows the difference in the level of services provided to County departments from each vendor.



Several survey respondents returned comments for the two vendors; most comments indicated Vendor #2 was not providing adequate service.



FMD hired a private consulting firm to review and evaluate the contract. The report indicated that the compensation rate for Vendor #2 is well below industry standard. Our review of invoices and contract rates supports the consultant’s report.

Global Price Per Sq. Foot		
	Industry Std.*	Contract
<b>Vendor #1</b>	\$ 1.55	\$ 1.53
<b>Vendor #2</b>	\$ 1.21	\$ 0.98

\*Industry standards from the consultant’s report

We also benchmarked our janitorial contract's cleaning frequencies and service rates against other local governmental agencies. We found that the County's contract requires cleaning tasks to be completed more frequently than benchmarked entities, and Vendor #2's contracted cleaning rates are below two of these benchmarked organizations.

Cleaning Frequencies and Price per Square Foot					
Government Organization	General*	Bathrooms	High traffic areas	Outsourced	\$ per sq ft
City of Phoenix	3 X week	Daily	Daily	Y	Unknown
City of Mesa	3 X week	3 X week	Daily	Y	Unknown
Pima County	2 X week	Daily	Daily	Y	1.44
City of Glendale	2 X week	3 X week	3 X week	N	1.08
Maricopa County	Daily	Daily	Daily	Y	.98** / 1.53***

\* General cleaning includes, vacuuming, trash services, and dust mopping for low traffic areas

\*\* Vendor #2's contracted rate

\*\*\* Vendor #1's contracted rate

### Effect

Vendor invoices that are not compared to approved contract billing rates may result in under or overpayments to the vendor. Additionally, non-compliance with janitorial contract performance terms could result in unsatisfactory facility conditions.

### Cause

FMD employees responsible for reviewing vendor invoices did not always compare invoiced amounts to contract rates prior to payment.

Vendor #1 underbid the Janitorial Services contract and did not provide adequate staffing to perform services according to the contracted performance standards.

### Recommendations

Facilities Management should:

- A. Develop policies and procedures to ensure all contract invoices are compared to contract rates prior to paying vendors.
- B. Research the level and frequency of cleaning services needed for County facilities, and work with the Materials Management Department and the Office of Management and Budget to amend the contract, reflecting revised service levels and compensation.

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# Department Response



# Maricopa County

Facilities Management Department

401 W. Jefferson Street  
Phoenix, Arizona 85003  
Phone: (602) 506-8227  
Fax: (602) 506-4275

Date: June 20, 2008  
Subject: Facilities Management Department Audit Response

In response to your audit report of June 18, 2008, the Facilities Management Department submits the following responses:

**Issue 1:**

**Existing Facilities Management policies and procedures do not ensure maintenance personnel accurately record time and parts usage.**

**Recommendation A:** Implement random and routine supervisory spot checks of labor and parts usage by maintenance personnel.

Response: Concur—completed. O&M Parts Tracking policy 265 revised to implement random supervisory spot checks.

Target Completion Date: 6/23/08

Benefits/Costs: Increased control over accountability and accuracy.

**Recommendation B:** Work with Information Technology personnel to resolve barcode reader weaknesses.

Response: Concur—in process. We are currently working with our Public Works IT group on an update to our Maximo system, which includes updating the programming language for our barcode readers to eliminate this weakness.

Target Completion Date: 08/31/08

Benefits/Costs: Increased control over accuracy and accountability.

**Recommendation C:** Develop and enforce policies defining appropriate timekeeping for non-productive time.

Response: Concur— will implement immediately. Will design and incorporate into standard operating procedure new policies to resolve this issue.

Target Completion Date: 09/30/08

Benefits/Costs: Increased control over accuracy and accountability.

**Recommendation D:** Identify common indirect labor activities among all maintenance regions, and mandate the usage of specific indirect labor codes.

Response: Concur – in process. As part of the Maximo upgrade we are reducing the number of and defining the indirect labor codes.

Target Completion Date: 12/31/08

(June 20, 2008)  
(Facilities Management Department Audit)  
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Benefits/Costs: Improve the timeliness, accuracy, and usefulness of performance measure data and results.

**Issue 2:**

**Operations & Maintenance personnel did not always perform assigned preventive maintenance for County buildings and facility systems, machinery, and equipment.**

**Recommendation A:** Develop a process to assign a priority level to equipment.

Response: Concur-currently implementing with modifications. This process will be implemented to the best our ability in light of budgetary constraints. The reduction of 24 vacant trades' positions limits our ability to meet the ever growing preventative maintenance needs of county facilities. We are currently meeting the needs of our corrective maintenance program and allocating all remaining resources to the preventive maintenance effort.

Target Completion Date: 12/31/08

Benefits/Costs: Improve process, a complete preventative maintenance program has been shown to reduce costs over the long run.

**Recommendation B:** Continue to implement a systematic procedure to identify missed preventive maintenance work orders, to prioritize their importance, and to re-schedule them in a timely manner.

Response Concur. This procedure will be accomplished to the best of our ability within our current resource allocation.

Target Completion Date: 12/31/08

Benefits/Costs: A complete preventative maintenance program has been shown to reduce costs over the long run.

**Issue 3:**

**Facilities Management's existing contract monitoring procedures could be improved. Contract vendors do not always abide by established contract terms, and existing internal controls are insufficient to identify these exceptions.**

**Recommendation A:** Develop policies and procedures to ensure all contract invoices are compared to contract rates prior to paying vendors.

Response: Concur--completed. We have implemented new procedures to ensure that personnel responsible for the completed work is required to review, sign and date all invoices for contract payments to service vendors and to ensure that contract updates are completed within a timely manner.

Target Completion Date: 06/19/08

Maricopa County  
Facilities Management  
Department  
401 W. Jefferson Street  
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Phone: (602) 506-8227  
Fax: (602) 506-4275

(June 20, 2008)  
(Facilities Management Department Audit)  
3

Benefits/Costs: Increased control over accuracy and accountability.

**Recommendation B:** Research the level and frequency of cleaning services needed for County facilities, and work with the Materials Management and Office of Management and Budget Departments to amend the contract reflecting revised service levels and compensation.

Response: Concur -Completed. We have worked with Materials Management, OMB and the vendor to incorporate into the contract recommended changes that we received from our external consultant.

Target Completion Date: 06/19/08

Benefits/Costs: Improved service to building occupants and better accountability to taxpayers.

Approved By:

Janet E Palacino  
Department Head

6.24.08  
Date

Kenny W Harris  
Assistant County Manager

6.27.08  
Date

David Smith  
County Manager

6/27/08  
Date