



Federal Janitorial Contract  
Follow-Up Audit Report  
A2015-01

Issued by the  
Internal Audit Office  
November 17, 2014

**City of El Paso  
Internal Audit Office  
Federal Janitorial Contract Follow-Up Audit Report No. A2015-01**

***EXECUTIVE SUMMARY***

The Internal Audit Office conducted a Follow-Up Audit of the Federal Janitorial Contract Audit Report dated November 20, 2012. The original Audit Report contained four findings. Upon completion of the audit fieldwork, we have determined the status of the recommendation for each audit finding as outlined in the table below:

<b>Finding No.</b>	<b>Description of Findings</b>	<b>Status</b>
1	Federal Janitorial STG, LLC submitted three (3) duplicate invoices for the month of June 2012 resulting in an overpayment of <u>\$1,861.43</u> .	Not Applicable
2	Federal Janitorial STG, LLC overbilled the City of El Paso <u>\$1,598.27</u> on six invoices for regular monthly janitorial services from November 2011 to June 2012. The invoices submitted for payment had the following irregularities: <ul style="list-style-type: none"> <li>• Six of six (100%) invoices did not have the Sign-in sheets or Performance Rating Forms with sufficient hours to support the amount being billed,</li> <li>• Six of six (100%) invoices were not itemized or showed the number of hours worked by the individual porters,</li> <li>• Six of six (100%) invoices were dated before services were rendered,</li> <li>• Four of six (67%) invoices did not have Sign-in Sheets to document hours worked by the Porter.</li> </ul>	Not Applicable
3	Federal Janitorial STG, LLC overbilled the City of El Paso <u>\$145.50</u> for After-Party Clean-ups.	Not Applicable
4	The Parks and Recreation Department used eight (8) unencumbered vouchers instead of using the Purchase Order established for the Janitorial Services Contract #2010-204 to pay Federal Janitorial STG, LLC.	Not Applicable

For a detailed explanation of the findings and current observations please refer to the appropriate finding contained in the body of this Audit Report.

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***BACKGROUND***

The City of El Paso awarded Janitorial Service Contract #2010-204 to Federal Janitorial STG, LLC for janitorial services provided to the three Recreation Centers, Westside (Don Haskins), Seville, and Chihuahuita. The initial contract period is from October 18, 2010 through September 3, 2013. There is an option to extend the contract for an additional year if the option is exercised prior to the expiration of the initial term. The estimated award value is \$74,140.98.

***AUDIT OBJECTIVES***

The audit objective was to ensure that corrective action was taken by management to address the recommendations detailed in the original Audit Report dated November 20, 2012.

***AUDIT SCOPE***

The audit period covered the operations of Fiscal Year 2014-2015.

***AUDIT METHODOLOGY***

To achieve our audit objectives we:

- Conducted an interview with the Parks and Recreation Department Management.
- Confirmed the Federal Janitorial STG, LLC Contract was cancelled.
- Verified if an overpayment reimbursement request of \$3,605.20 was sent to Federal Janitorial STG, LLC.

We conducted this audit in accordance with the Generally Accepted Government Auditing Standards and the International Standards for the Professional Practice of Internal Auditing. 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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***ORIGINAL FINDINGS, ORIGINAL RECOMMENDATIONS, MANAGEMENT'S  
RESPONSE TO ORIGINAL FINDINGS, CURRENT OBSERVATION, AND STATUS***

Based on the results of follow-up test work, each original finding recommendation will be designated with one of the following four status categories:

<i>Implemented</i>	The finding has been addressed by implementing the original corrective action or an alternative corrective action.
<i>In Progress</i>	The corrective action has been initiated but is not complete.
<i>Not Applicable</i>	The recommendation is no longer applicable due to changes in procedures or changes in technology.
<i>Not Implemented</i>	The recommendation was ignored, there were changes in staffing levels, or management has decided to assume the risk.

**Finding 1**

**Duplicate Payment**

Section 26.2.1 of the City of El Paso's Account Payable Manual, states the following:

- *The Supervisor or authorizing official should sign off on the document to ensure that there is compliance with contract or quoted prices.*

Federal Janitorial STG, LLC submitted three (3) duplicate invoices for the month of June 2012. The total amount of the duplicate billing is \$1,861.43. The invoice numbers and amounts for the duplicate payment are as follows:

#	Invoice	Invoice Date	Description	Actual Payment Amount	Date Paid
1	8876	6/26/2012	Monthly Janitorial for Don Haskins	\$930.23	7/3/2012
2	8874	6/26/2012	Monthly Janitorial Service for Chihuahuita	\$465.60	7/3/2012
3	8875	6/26/2012	Monthly Janitorial Service for Seville	\$465.60	7/3/2012
<b>Total</b>				<b>\$1,861.43</b>	

**Recommendation**

The Parks and Recreation Department needs to verify invoices received against the hours worked by the janitorial service personnel. The hours worked must be documented on Sign In/Out sheets located at the Recreation Center.

The Parks and Recreation Department needs to request a refund of \$1,861.43 from Federal Janitorial STG, LLC for the overpayment.

**Management's Response:**

The Parks and Recreation Department has implemented a procedure on July 16, 2012, that requires a sign-in/sign-out sheet be filled in by the vendor porters each time they come on shift and depart.

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This form is countersigned by on-duty center staff. Each week, the Center Director completes a janitorial inspection sheet. This sheet is reviewed and signed by the Center Director and Vendor Supervisor. These forms are scanned weekly and copied to a P:drive folder.

To process the vendor invoice, division accounting staff reviews the sign-in/sign-out sheets and compares to the contract work schedule. If there are discrepancies, then staff reflect it on a summary spreadsheet which is scanned and placed on the P:drive. Department accounting staff review the monthly invoice and compare to the scanned information in the P:drive. If there is less work performed by labor hours documented through this process, then the approved payment is reduced accordingly and processed for final payment.

A letter requesting reimbursement has been sent to Federal Janitorial STG, LLC. See attached copy.

**Responsible Party:**

Tracy Novak, Assistant Parks and Recreation Director, 541-4259  
Robert Cortinas, Business/Finance Manager, 541-4335

**Implementation Date:**

January 7, 2013

**Current Observation**

The Federal Janitorial STG, LLC contract 2010-204 lapsed on September 3, 2013 and was not renewed. Therefore, ensuring the following is no longer applicable:

- Verifying invoices received against the hours worked by the janitorial service personnel,
- Verifying if the janitorial service personnel are documenting their hours worked on Sign-In/Out sheets located at the Recreation Center.

The Parks and Recreation Department sent Federal Janitorial STG, LLC a letter requesting a refund for the \$1,861.43 dated January 4, 2013 followed by an Invoice dated January 30, 2013. The refund has not been received as of September 30, 2014.

**Status**

Not Applicable since the contract has expired. The amount due is immaterial to continue further review by the Internal Audit Office.

**Finding 2**

**Monthly Janitorial Service Invoice**

Janitorial Services Contract #2010-204 – Westside, Seville, and Chihuahuita Recreation Center states the following:

- *Section B Line 1, Invoices will show the number of hours each employee worked per day. Contractor will not be paid for hours that were not worked.*
- *Section B Line 2, All janitorial personnel will sign in and out when arriving and leaving on a daily basis.*
- *Section C Line A, Invoices will be itemized, including serial number of unit; transportation charges, if any will be listed separately.*

Section 17.1 City of El Paso’s Account Payable Manual dated November 1, 2012 states the following:

- *If the goods and or services have been received and the quantity and price match the purchase order or the non-encumbered order, the invoice will be approved for payment by the assigned personnel.*

Six invoices for monthly janitorial services ranging from November 2011 to June 2012 were reviewed and contained the following discrepancies:

- Six of six (100%) invoice amounts reviewed did not have Sign-in sheets or Performance Rating forms with sufficient hours to support the amounts being billed. This resulted in an overpayment of \$1,598.27 to Federal Janitorial STG, LLC.
- Six of six (100%) invoices were not itemized and did not show the number of hours worked by the individual Porter.
- Six of six (100%) invoices were paid 7 to 19 days in advance before janitorial services were rendered.
- Four of six (66.67%) invoices did not have Sign-in Sheets to document hours worked by the Porters.

**Recommendation**

The Parks and Recreation Department needs to ensure that:

- Invoices are paid only for services that are rendered,
- Hours on the Sign-in sheets and Performance Rating forms confirm the amount being billed on the invoice,
- Sign-in sheets and Performance Rating forms are received by the Recreation Centers as supporting documentation for the invoice,
- Invoices state the time period that is being billed,
- Invoices are itemized and document the number of hours worked by each employee of Federal Janitorial STG, LLC.

The Parks and Recreation Department needs to request a refund of \$1,598.27 from Federal Janitorial STG, LLC for the overpayment.

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**Management's Response:**

The Parks and Recreation Department has implemented a procedure on July 16, 2012, that requires a sign-in/sign-out sheet be filled in by the vendor porters each time they come on shift and depart. This form is countersigned by on-duty center staff. Each week, the Center Director completes a janitorial inspection sheet. This sheet is reviewed and signed by the Center Director and Vendor Supervisor. These forms are scanned weekly and copied to a P:drive folder.

To process the vendor invoice, division accounting staff reviews the sign-in/sign-out sheets and compares to the contract work schedule. If there are discrepancies, then staff reflect it on a summary spreadsheet which is scanned and placed on the P:drive. Department accounting staff review the monthly invoice and compare to the scanned information in the P:drive. If there is less work performed by labor hours documented through this process, then the approved payment is reduced accordingly and processed for final payment.

Prior to processing payments, the Business/Finance Manager will ensure invoices state the time period being billed.

A letter requesting reimbursement has been sent to Federal Janitorial STG, LLC. See attached copy.

**Responsible Party:**

Tracy Novak, Assistant Parks and Recreation Director, 541-4259  
Robert Cortinas, Business/Finance Manager, 541-4335

**Implementation Date:**

January 7, 2013

**Current Observation**

The Federal Janitorial STG, LLC contract 2010-204 lapsed on September 3, 2013 and was not renewed. Therefore, ensuring the following is no longer applicable:

- Verifying invoices are only paid for services rendered,
- Confirming the amount billed on the invoice to the hours on Sign-in sheets and Performance Rating Forms as supporting documentation for the invoices,
- Verifying that Sign-in sheets and Performance Rating Forms are received by the Recreation Centers as supporting documentation for the invoices,
- Verifying that invoices state the time period that is being billed,
- Verifying if the invoices are itemized and document the number of hours worked by each employee of the Federal Janitorial STG, LLC.

The Parks and Recreation Department sent Federal Janitorial STG, LLC a letter requesting a refund for the \$1,598.27 dated January 4, 2013 followed by an Invoice dated January 30, 2013. The refund has not been received as of September 30, 2014.

**Status**

Not Applicable since the contract has expired. The amount due is immaterial to continue further review by the Internal Audit Office.

**Finding 3**

**After Party Clean-Up Invoices**

Section 7.1 of the City of El Paso’s Account Payable Manual, dated November 1, 2012 states:

- *If the goods and or services have been received and the quantity and price match the purchase order or the non-encumbered order, the invoice will be approved for payment by the assigned personnel.*

Eight invoices for After Party Clean-ups contained the following discrepancies:

- Two of eight (25%) invoices for After Party Clean-Ups were not located in the Active Net System. This resulted in an overpayment of \$145.50:

Invoice Date	Invoice	Amount Paid	Comments
6/04/2012	8836	\$ 97.00	For two events that were not found in the Active Net System.
5/14/2012	8783	\$ 48.50	The invoice did not specify the event date and an event was not found close to the date of the invoice in the Active Net System.
	<b>Total</b>	<b>\$ 145.50</b>	

- Eight of eight (100%) invoices did not contain the number of hours worked by the Porter or have Sign-in sheets and Performance Rating Forms documenting that an after party cleaning was performed.
- Four of eight (50%) invoices were billed before the event date.

**Recommendation**

The Parks and Recreation Department needs to ensure:

- That sign-in sheets and Performance Rating forms are received before approving invoices,
- That an event actually occurred before approving and paying invoices,
- That Federal Janitorial STG, LLC does not submit invoices in advance of services being rendered.

The Parks and Recreation Department needs to request a refund of \$145.50 from Federal Janitorial STG, LLC for the overpayment.

**Management’s Response:**

The Department will utilize the same procedures outlined in Findings 1 and 2 that requires a sign-in/sign-out sheet be filled in by the vendor porters each time they come on shift and depart. The sign-in/sign-out sheet for after party cleanups will be located in a separate tabbed section of the binder for these forms, so it is clear to anyone where the form is located.

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As these forms are scanned weekly and sent to a P:drive folder, division accounting staff will verify the sign-in/sign-out sheets are completed. If this documentation reflects that work hours have not been performed, then the spreadsheet will reflect the reduced hours and payment will be reduced accordingly. Since the P:drive will have all the backup documentation, Department accounting staff can verify the information prior to submitting the invoice for payment.

Department accounting staff will verify After Party Clean-Up in the Activenet System and write the permit number for rentals on the invoice.

Department accounting staff will process a request for reimbursement in the amount of \$145.50 from Federal Janitorial STG, LLC for the overpayment.

A letter requesting reimbursement has been sent to Federal Janitorial STG, LLC. See attached copy.

**Responsible Party:**

Response #1 – Tracy Novak, Assistant Parks and Recreation Director, 541-4259

Response #2 – Robert Cortinas, Business/Finance Manager, 541-4335

**Implementation Date:**

January 7, 2013

**Current Observation**

The Federal Janitorial STG, LLC contract 2010-204 lapsed on September 3, 2013 and was not renewed. Therefore, ensuring the following is no longer applicable:

- Verifying Sign-in sheets and Performance Rating Forms are received before approving invoices,
- Verifying that an event actually occurred before approving and paying invoices,
- Verifying that Federal Janitorial STG, LLC is not submitting invoices in advance of services being rendered.

The Parks and Recreation Department sent Federal Janitorial STG, LLC a letter requesting a refund for the \$145.50 dated January 4, 2013 followed by an Invoice dated January 30, 2013. The refund has not been received as of September 30, 2014.

**Status**

Not Applicable since the contract has expired. The amount due is immaterial to continue further review by the Internal Audit Office.

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**Finding 4**

**Unencumbered Purchases**

Accounts Payable Manual Section 8.1.1 states the following:

*In order for payment to be processed, a Purchase Order is required for all purchases that are at least \$3,000 but less than \$49,999.*

Purchasing Manual Section 7.1 states the following:

*...The purchasing thresholds represent limits for the total purchase amount of similar goods and services by all City departments in a fiscal year.....*

The Janitorial Services Contract #2010-204 has an estimated award of \$74,140.98.

Eight out of 49 (16.33%) invoices for janitorial services during the period of September 1, 2011 to August 31, 2012 were paid with unencumbered vouchers instead of using the Purchase Order established for the Janitorial Services Contract #2010-204. The unencumbered payments totaled \$3,601.03. The invoice numbers and amounts paid are as follows:

#	Invoice	Invoice Date	Description	Actual Payment Amount	Date Paid
1	8949	8/01/2012	Monthly Janitorial Service for Seville	\$ 465.50	8/9/2012
2	8950	8/01/2012	Monthly Janitorial for Don Haskins	\$ 844.68	8/9/2012
3	8948	8/01/2012	Monthly Janitorial Service for Chihuahuita	\$ 331.92	8/6/2012
4	8622	3/5/2012	After Party Clean-up for Don Haskins	\$ 49.00	3/12/2012
5	8592	2/15/2012	After Party Clean-up for Don Haskins	\$ 48.50	2/22/2012
6	8582	2/15/2012	Janitorial Service for Don Haskins	\$ 930.23	2/22/2012
7	8581	2/15/2012	Janitorial Service for Seville	\$ 465.60	2/22/2012
8	8580	2/15/2012	Janitorial Service for Chihuahuita	\$ 465.60	2/22/2012
			<b>Total</b>	<b>\$ 3,601.03</b>	

**Recommendation**

The Parks and Recreation Department should ensure that all payments to Federal Janitorial STG, LLC are paid using the appropriate Purchase Order to ensure an accurate accounting of contract expenditures.

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**Management's Response:**

City of El Paso Purchase Order number 2012000907 was issued by the Purchasing Division on October 6, 2011. This Purchase Order was created for use with expenditures associated with contract number 2010-204. Upon reviewing the invoices from September 2011 to August 2012 it was discovered that the invoices had either the wrong Purchase Order number or no Purchase Order number on them. In order to prevent a similar occurrence in the future the Business/Finance Manager will verify accuracy of all invoices, including Purchase Order number. Also, the Business/Finance Manager will verify that all appropriate Purchase Orders are used prior to approving payments in the financial system.

**Responsible Party:**

Robert Cortinas, Business/Finance Manager, 541-4335

**Implementation Date:**

January 7, 2013

**Current Observation**

The Federal Janitorial STG, LLC contract 2010-204 lapsed on September 3, 2013 and was not renewed.

**Status**

Not Applicable since the contract has expired. No additional review will be conducted by the Internal Audit Office.

***INHERENT LIMITATIONS***

Because of the inherent limitations of internal controls, errors or irregularities may occur and not be detected. Also, projections of any evaluation of the internal control structure to future periods are subject to the risk that procedures may become inadequate due to changes in conditions, or that the degree of compliance with the procedures may deteriorate.

***CONCLUSION***

We have concluded our audit work on the objectives of the Federal Janitorial Contract Audit Follow Up. The audit evidence used in the analysis is sufficient and appropriate for addressing the objective and supporting the observations and conclusion. In accordance with Generally Accepted Government Auditing Standards we are required to conclude on whether the Parks and Recreation Department met the objectives of the audit. The following is our conclusion.

The Parks and Recreation Department has met the Audit objectives in the following areas:

- Requesting a refund of \$3,605.20 from Federal Janitorial STG, LLC for the overpayment. This amount is considered immaterial to warrant further review.
- The City of El Paso cancelled all contracts with Federal Janitorial STG, LLC. A new vendor is currently in place at the Recreation Centers for Janitorial services.

We wish to thank the management of the Parks and Recreation Department for their assistance and courtesies extended through this audit.

Signature on File  
Edmundo S. Calderón, CIA, CGAP, CRMA, MBA  
Chief Internal Auditor

Signature on File  
Lyz González, MBA  
Auditor

Signature on File  
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