



PRINCE WILLIAM COUNTY, VIRGINIA

Prince William County, Virginia

Internal Audit of Contract Administration FY 2012/2013

Prepared By:



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Table of Contents

Transmittal Letter	1
Executive Summary	2- 4
Background	5 - 6
Objectives and Approach	7
Department Observations and Contract Summaries	8 – 26
County-Wide Contract Administration	
Area Agency on Aging	
Department of Fire and Rescue	
Department of Information Technology	
Department of Public Works	
Department of Social Services	
Police Department	
Process Map	27

June 4, 2013

The Audit Committee of
Prince William County, Virginia
1 County Complex Court
Prince William, Virginia 22192

Pursuant to the approved internal audit plan for FY2012/2013 for Prince William County, Virginia ("the County"), we hereby present the internal audit of Contract Administration for the County. We will be presenting this report to the Audit Committee of Prince William County at the next scheduled meeting on July 23, 2013. Our report is organized in the following sections:

Executive Summary	This provides a summary of the issues and observations related to our internal audit of contract administration.
Background	This provides an overview of the contract administration process.
Objectives and Approach	The internal audit objectives and focus are expanded upon in this section as well as a review of the various phases of our approach.
Department Observations and Contract Summaries	This section gives a description of the items noted during our internal audit and recommended actions by department. For each department selected, we have also provided a summary of contracts reviewed and a brief description of the management for each contract.
Process Map	This section illustrates the Contract Administration process currently in place.

We would like to thank the staff and all those involved in assisting the Internal Auditors in connection with the internal audit of Contract Administration.

Respectfully Submitted,

INTERNAL AUDITORS



Executive Summary

Executive Summary

The objective of this audit were to assess whether the system of internal controls over contract administration is adequate and appropriate for promoting and encouraging the achievement of management's objectives for effective contract monitoring and administration. In addition to evaluating the County's overall contract administration approach and policies, the internal audit and testing focused on the following departments:

- Area Agency on Aging
- Department of Fire and Rescue
- Department of Information Technology (DoIT)
- Department of Public Works (excluding Fleet, which is being included in a separate audit)
- Department of Social Services
- Police Department

The following section provides a summary of the observations identified for the departments selected. We have assigned relative risk factors to each observation identified. A summary of issues identified and their relative risk rating is provided below. This is the evaluation of the severity of the concern and the potential impact on the operations. There are many areas of risk to consider including financial, operational, and/or compliance as well as public perception or 'brand' risk when determining the relative risk rating. Items are rated as High, Moderate, or Low.

- *High Risk Items* are considered to be of immediate concern and could cause significant operational issues if not addressed in a timely manner.
- *Moderate Risk Items* may also cause operational issues and do not require immediate attention, but should be addressed as soon as possible.
- *Low Risk Items* could escalate into operational issues, but can be addressed through the normal course of conducting business.

The details of these observations are included within the Department Observations and Contract Summaries section of this report.

Observations	Risk Rating
County-Wide Contract Administration	
1. Contract Administration for "Piggyback" Rider Contracts. Departments utilize "piggyback" or riding contracts between vendors and other governmental entities in order to leverage negotiations that have already been performed and reduce the purchasing cycle time. This practice is common amongst government agencies and is allowed, as long as the original contract includes a rider provision and the proper approvals are obtained. We noted that these Rider contracts are not available on the County's eProcurement website (due to it being a vendor-updated website) and may not be included in Performance. We were unable to locate two contracts in Performance, and there were no links on the website. We also noted that the roles and responsibilities, as well as the key provisions of the contracts are not as well-defined as those where procurement has been performed through the County's Purchasing Regulations. We recommend that the contract management form be made a requirement for "piggyback" rider contracts, at a minimum, and used consistently. The form should become an internal contract between purchasing and the user agency, used to document the responsibilities of the contract administrator and an acknowledgment of the key provisions and deliverables of the contract.	Moderate
Area Agency on Aging	
No department-specific observations noted.	

Executive Summary

Observations	Risk Rating
Department of Fire and Rescue	
No department-specific observations noted.	
Department of Information Technology (DoIT)	
<p>2. Prompt Payment of Invoices.</p> <p>We noted that one of the invoices in our sample was paid 74 days after the date the invoice was received. Per discussion with DoIT's business services division, the staff responsible for the payment processing was on medical leave, and while there is cross-training, it became a challenge to maintain for such an extended period. The staff person has returned to duty.</p> <p>We recommend that all invoices be processed for payment within 30 days of receipt, or as otherwise noted on the invoice in accordance with the Virginia Public Procurement Act. We also recommend that all invoices are stamped with the date received. This will ensure documentation of timely payment under the County's adopted prompt payment policy.</p>	Low
Department of Public Works	
<p>3. Monitoring Rotational Vendor Arrangements.</p> <p>The County may use continuing contracts that approve a selection of vendors and require rotational use of the approved vendors based on the order of purchase orders (PO) initiated. Currently, this type of arrangement is only used for architectural and engineering services, and the resulting contracts are managed by either Public Works or the County Architect, depending on the specific project.</p> <p>We reviewed a listing of purchase orders issued to the approved vendors, noting a general adherence to the rotation by checking the dates of PO issuance. Because there are many types of architects, and vendors that would qualify for more than one type of project, the rotation was not always clearly identified. We also compared the listing of PO's issued to the approved vendors against the spreadsheet provided by the County Architect and noted that not all PO's were listed. Per discussion with the County Architect, monitoring and reconciliation of the rotation was delayed due to a vacant position that the department was only recently able to fill.</p> <p>We recommend the County implement a formal monitoring process for the rotation of professional service purchase orders issued to the architectural and engineering firms under contract, as required by the contract.</p>	Low

Executive Summary

Department of Social Services	
4. Payment Amount Varies From Contract Terms. There was an underpayment of \$267.50 for the 2 nd quarter Good Shepherd Housing Foundation services agreement due to an invoicing error by the vendor. The amount invoiced by the vendor and paid by the department was based upon the previous agreement; neither party noted the error. The erroneous invoice amount was lower than the actual amount due under the current agreement. We recommend that the department reinforce the importance of reviewing invoice pricing for consistency with contract terms and payment schedules	Low
Police Department	
No department-specific observations noted.	

Background

Background

Overview

Contract Administration involves those activities performed after a contract has been awarded to determine how well the government and the contractor performed to meet the requirements of the contract. It encompasses all dealings between the government and the contractor from the time the contract is awarded until the work has been completed and accepted or the contract terminated, payment has been made, and disputes have been resolved. As such, contract administration constitutes that primary part of the procurement process that assures the government gets what it paid for.

The specific nature and extent of contract administration varies from contract to contract. It can range from the minimum acceptance of a delivery and payment to the contractor to extensive involvement by program, audit and procurement officials throughout the contract term. Factors influencing the degree of contract administration include the nature of the work, the type of contract, and the experience and commitment of the personnel involved. Contract administration starts with developing clear, concise performance based statements of work to the extent possible, and preparing a contract administration plan that cost effectively measures the contractor's performance and provides documentation to pay accordingly. Skill and judgment is often required in order to protect effectively the public interest

Prince William County Contract Administration

There are over 500 active contracts written by Prince William County across all departments. The County is also riding over 300 contracts written by other jurisdictions. The contract administration process is part of the overall procurement process, but it is decentralized to the user agencies once the contracts have been issued.

Once a contract is executed, the contract performance must be monitored to ensure the goods or services received are in compliance with the contract terms and pricing schedules. This monitoring includes the following activities:

- Day to day delivery coordination for the goods or services;
- Inspection and any applicable testing of goods or services to ensure they meet contract terms and specifications;
- Verification of labor hours and classifications where applicable;
- Certification of receipt of goods or services;
- Certification of billing documents related to goods or services received;
- Prompt communication of contract performance discrepancies to the Purchasing Office; and
- Monitor overall contractor performance.

In Prince William County, Purchasing Regulations over Contract Administration (§100.10) state that the using department is responsible for directing, inspecting, approving or disapproving all deliveries and performance under County contracts. The using department is also responsible for the initial follow-up with the contractor to resolve contract performance discrepancies. If a contract deficiency cannot be resolved by the using department, the Contract Administrator should contact the Purchasing Office to begin formal contract resolution procedures. The Purchasing Regulations designate the "Contract Administrator" as the using department representative responsible for the inspection and approval or disapproval of all deliverables under County contracts (§100.04).

Background

Internal Controls over Contracts

The County's Internal Control Council developed an Internal Control & Ethics Accountability Program in FY 2012. Internal control questionnaires were developed for pertinent business cycles (e.g., cash, revenue, procurement, disbursements, assets/inventory, general controls, safety, ethics, etc). Each department was required to assess their risk using the questionnaire. Responses were compiled county wide to identify high risk matters requiring attention. Departments were also required to develop corrective action plans for areas of risk.

The below statements are excerpted from the County's most recent Internal Control Questionnaire for Contracts for the 6/30/2012 year end, and represent internal controls best practices. The controls shown are expected to be in place at the departments.

Contract Payments

- Each invoice is reviewed to ensure what is billed is accurate against services rendered/goods received and what was agreed upon in the contract/purchase order.
- Payments are made in accordance with the Commonwealth of Virginia's Public Procurement Act.

Recordkeeping

- Records are maintained for each contract that could contain the following: the contract and any modifications, all contract correspondence, inspections, records, memos and notes of conversations with the contractor, invoices/vouchers, supporting documentation, and travel reports.
- All key stakeholders with the Department/Division(s)/Unit(s) have access to and understand all contract milestones, commitments, and obligations.
- If requested, the department/division can demonstrate that all contract related commitments and obligations are in compliance.
- If problems with a contractor persist after attempts have been made to seek correction, the Purchasing Office is contacted with the complaint to seek formal remediation.

Quality Assurances

- Methods exist to determine that the end users are satisfied with the product or service obtained under the contract.
- Review of a contractor's performance is conducted to ensure compliance with contract specifications and terms and conditions.
- All vouchers and invoices are reviewed and recommended for approval if the nature, type and quantity of effort or materials being expended are in general accord with the progress of work under the contract.
- The contractor provides appropriate backup documentation with the invoice remitted for payment.

Objectives and Approach

Objectives and Approach

Objectives

The objectives of this audit were to assess whether the system of internal controls over contract administration is adequate and appropriate for promoting and encouraging the achievement of management's objectives for effective contract monitoring and administration. In addition to evaluating the County's overall contract administration approach and policies, the internal audit and testing focused on the following departments:

- Area Agency on Aging
- Department of Information Technology (DoIT)
- Department of Fire and Rescue
- Police Department
- Department of Public Works (excluding Fleet, which is being included in a separate audit)
- Department of Social Services

Approach

Our audit approach consisted of the following three phases:

Understanding and Documentation of the Process

During this phase we conducted interviews with representatives from the purchasing and finance departments to discuss the scope and objectives of the audit work, obtained preliminary data, and established working arrangements. We also obtained copies of financial reports and other documents deemed necessary. We reviewed the applicable State and County policies related to this internal audit. We then interviewed each contract administrator for the sampled contracts in order to obtain an understanding of the unique aspects of each in order to perform our testing.

Detailed Testing

The purpose of this phase was to test compliance and internal controls based on our understanding of the Contract Administration process. Our fieldwork testing was conducted utilizing sampling and other auditing techniques to meet our audit objectives outlined above. The time period covered by testing was July 1, 2012 through February 6, 2013. Specific procedures performed include:

- Gathering and evaluating background information on the County's contract administration procedures and any required controls or documentation;
- Determining whether the selected departments have formal contract administration procedures;
- Summarizing expenditures for the selected departments by vendor to identify significant contracts based on expenditures during our audit period;
- Selecting a judgmental sample of contracts for our selected departments and obtaining background information on the contract, including contract copy, contract administrator information, and detail of expenditures under each contract during our audit period;
- Testing a sample of invoices for each selected contract to determine that the supporting documentation agreed to the payment amount and was mathematically accurate; payment was made in a timely manner and in accordance with the pricing terms of the contract; and performance under the contract was properly verified or monitored prior to payment of the invoice;
- Assessing the overall contract administration processes and controls to determine effectiveness.

Reporting

At the conclusion of this audit, we summarized our findings related to the Contract Administration process. We have reviewed the results of our testing with the Purchasing Division Chief, the Deputy Finance Director, the Finance Director, and the Office of the County Executive. We will report the results to the Audit Committee on July 23, 2013.

Department Observations and Contract Summaries

County-Wide Contract Administration

Rating	Issues
Moderate	1. County-Wide - Contract Administration For "Piggyback" Rider Contracts
<p>Departments utilize "piggyback" or riding contracts between vendors and other governmental entities in order to leverage negotiations that have already been performed and reduce the purchasing cycle time. This practice is common amongst government agencies and is allowed, as long as the original contract includes a rider provision and the proper approvals are obtained.</p> <p>We noted that these Rider contracts are not available on the County's eProcurement website (due to it being a vendor-updated website) and may not be included in Performance. We were unable to locate two contracts in Performance, and there were no links on the website. We also noted that the roles and responsibilities, as well as the key provisions of the contracts are not as well-defined as those where procurement has been performed through the County's Purchasing Regulations.</p> <p>The Purchasing Office has developed a Contract Administrator Designation form, which provides high-level guidance to agency-level Contract Administrators. The form lists the responsibilities of Contract Administrators and includes areas to document key contract information such as contract period, renewal options, and contract amount. Copies of the contract and a contractor performance evaluation form should be attached to the form.</p> <p>The form does not include a section on the type of contract (original or riding) or a section for documenting key provisions, deliverables or pricing information. Further, use of the form is recommended, but not required. The routine use of a comprehensive template would effectively document the contract management roles and responsibilities and facilitate ongoing contract monitoring activities. It will also enable a centralized review process to ensure contract compliance.</p>	
Recommendation	
<p>We recommend that the contract management form be made a requirement for "piggyback" rider contracts, at a minimum, and used consistently. The form should become an internal contract between purchasing and the user agency, used to document the responsibilities of the contract administrator and an acknowledgment of the key provisions and deliverables of the contract.</p> <p>The form should document key provisions such as fees, deliverable requirements, further competing provisions (e.g., statements of work need to be submitted to more than one vendor for further pricing competition; or vendor rotation requirements exist), and performance deadlines. All contract management forms should be periodically reviewed and updated for changes such as extensions or amendments.</p> <p>For existing rider contracts, the County could consider setting a dollar threshold or an expiration date threshold and retroactively create the forms for only those contracts that exceed those thresholds. These forms, along with copies of the contract documents, should be included in the procurement files and available in Performance. We understand that the forms and related documentation can be retained in electronic format and will not require physical storage space, which is currently limited in Purchasing.</p>	
Management's Response	
<p>Response: The Finance Department agrees with the recommendation to use the Contract Administrator form in conjunction with "Piggyback" contracts. The Purchasing Office will begin using the form at the beginning of FY 2014 for all "Piggyback" contracts. The signed Contract Administrator form will be attached electronically to the Purchase Order created in the <i>Performance Financial Management System</i>, or the new ERP system when applicable, related to the pertinent contract.</p> <p>While the Finance Department does not conceptually take issue with the recommendation to retroactively implement the use of the Contract Administrator form for "Piggyback" contracts utilizing either the dollar threshold or expiration date threshold basis, due to the lack of internal control issues with these contracts and given the current limitations of the <i>Performance Financial Management System</i>, pragmatically, Finance does not believe it would be cost effective to implement.</p>	
Responsible Party: Adam Manne, Purchasing Division Chief, Finance Department	
Estimated Completion Date: July 1, 2013	

Area Agency on Aging

Total Department Expenditures (July 1, 2012 – February 6, 2013)	\$3,644,958
Overview of Selected Contracts:	
Birmingham Green Contracted Services: Operation of nursing home Contract Term: July 1, 2012 through June 30, 2013	
This contract is a multi-jurisdictional agreement for funding of a nursing home for low-income citizens. The Director of the Area Agency on Aging, as well as the County's Budget Director, sit on the Board for the home, as do their counterparts from the four other participating jurisdictions (Culpepper, Fairfax, and Fauquier Counties; and the City of Alexandria). Per the Director of the Area Agency on Aging, each year the Board of Directors of Birmingham Green approves the funding amount, which is generally allocated based upon a five-year average population of nursing home residents by County. The Board then submits a letter to each jurisdiction with the budget request. Upon approval of the agency's annual budget, the agency creates a purchase order for the amount. The FY2013 letter was dated December 2011, to give the agency adequate notice to include the amount in their annual budget for the following year. The agency pays this on a 3-part voucher: first, the agency calculates the payment manually, then Birmingham Green invoices the agency for the full year, and then it's entered into Performance after the fact. The vouchers are approved by the Administrative Analyst and the Director of the Area Agency on Aging.	
Certified Skilled Nursing Services & Associates Contracted Services: Personal care services Contract Term: November 1, 2011 through October 31, 2013	
This contract was bid by Prince William County and designates Certified Skilled Nursing Services & Associates as the primary contractor for providing personal care services for the County. The eligibility for services under the contract is determined by support services specialists. If an applicant is determined to be eligible for services, a referral is sent to the contractor. These are maintained in a web-based system called PeerPlace. A care plan, consent form, and service agreement are completed by the agency, the contractor and the client. These are maintained by the contractor who also has access to the PeerPlace system. Monthly, the contractor provides timesheets for each employee, and an invoice with hours by employee shown. The Home & Community-Based Services Division Manager then reconciles the hours on the invoice to the hours on the timesheets submitted using a spreadsheet. Any discrepancies are marked on the invoices and only the actual amounts supported by timesheets are approved for payment. The Manager also uses a spreadsheet to bill the clients if they have a co-pay agreement, but their ability to pay does not impact the services received. If the client does not pay, the agency is still required to provide the services under the approved care plan. The Manager also makes annual site visits to the vendor's main office and performs monitoring for compliance with contract terms. For example, an employee records review is performed to verify employee certifications and training hours received for the contractor's employees providing services under the contract.	

Overview of Selected Contracts:

Public Partnerships, LLC

Contracted Services: Fiscal intermediary services to veterans

Contract Term: September 2008 through June 30, 2013

This is a piggyback contract through the Virginia Department for the Aging (VDA). The VDA contracts with Public Partnerships (PPL) to provide fiscal intermediary services to eligible veterans, such as assistance with finances and budget. The County administers the program and is reimbursed by the VDA. The Commonwealth of Virginia Department for the Aging requires the County to use PPL as the vendor for these services, and also requires use of the PeerPlace system for tracking clients. The County currently only has one veteran using the fiscal intermediary service. The VDA will establish the person's monthly allowable budget, and then PPL meets with the client to determine how the money is spent. They then get approval from the VDA for the budget. The Area Agency on Aging pays PPL the funds each month up front, and then PPL provides support for the actual payments made. Amounts are reimbursed up to a set budgeted amount, and are typically paid for items such as medical care and other similar services. There are therefore variances between budget and actual amounts, which the department's Administrative Analyst reviews quarterly to identify differences between budget and actual amounts supported. If there is an overage, PPL will apply it to the next month's payment rather than pay it back. The agency then bills the VDA for reimbursement of the actual amounts paid.

Conclusion:

There are no department-specific recommendations or exceptions noted to the contracts tested. In conjunction with the County-wide recommendations made at Observation #1, we recommend the Area Agency on Aging complete a Contract Administration Forms, as well as ensure that the contracts under their management are available on the County's eProcurement website and/or within Performance, as applicable.

Department of Fire and Rescue

Total Department Expenditures (July 1, 2012 – February 6, 2013)	\$58,188,848
Overview of Selected Contracts:	
Safeware, Inc.	
Contracted Supplies: Safety supplies, equipment, and fixtures	
Contract Term: September 1, 2011 through September 30, 2014	
This is a piggyback contract initially written by Fairfax County (Virginia). This contract is for public safety and emergency preparedness supplies and services. The department's training and operations divisions use this contract to purchase many kinds of equipment, including logistical items, personal protective equipment and clothing, detection equipment, and other operational items. The sampled invoices we examined were for purchases of extrication gloves, multi gas monitor, and safety signs. Several supervisory employees in the department purchase from Safeware and monitor contract performance for each purchase made under the contract. The pricing schedule for the piggybacked contract states a discount percentage of 41% from the Safeware list price. Based on our discussions with the department, quotes are received for all items prior to purchase and the quoted price is compared to the Safeware website and other competitor vendor websites prior to payment. When invoices are received, the department inspects all goods received to ensure they match what was ordered and that the price was charged as stated in the quote.	
Physio-Control, Inc.	
Contracted Supplies: Automated external defibrillators and heart monitors	
Contract Term: April 1, 2011 through March 31, 2017	
The County is riding a cooperative contract written by the state of Oklahoma and NASPO (National Association of State Procurement Officials). The contract is for automated external defibrillators and heart monitors to be placed on emergency vehicles or in County facilities. The department also contracts with the vendor to provide technical support and maintenance services on the purchased equipment. The goods received were checked by a crew of DFR employees, who verified the quantity of items, serial numbers, and model numbers, of the goods received against the price quote. The County's inventory control team also verified receipt of high-dollar items and tagged them for inventory control purposes. The Contract Administrator also checks the pricing to the quote for accuracy, and signs off on the invoices to document the inspection of the goods and pricing.	
Excellance, Inc.	
Contracted Supplies: Ambulance	
Contract Term: April 13, 2011 through completion	
This contract was for a purchase of an ambulance for the Stonewall Jackson Volunteer Fire Department. The contract terms include detailed chassis specifications and minimum equipment standards to be met by the goods. The department's inspection process upon receipt of the vehicle, led by the President of Stonewall Jackson Volunteer Fire Department, included functionality checks, comparison to Fire Rescue Association minimum standards, and comparison to specifications listed on build documents. The vehicle was rejected twice before acceptance because the original specifications were not met. The Purchasing Department assisted in the cure process to ensure the contract terms were met.	

Overview of Selected Contracts:

Welch, Graham & Ogden Insurance, Inc.

Contracted Services: Insurance broker services and insurance coverage for volunteer fire departments

Contract Term: March 24, 2011 through March 23, 2016

This contract is not managed by the DFR. The Contract Administrator is the County's Risk Manager, but the individual volunteer fire departments are responsible for selecting insurance types and coverage, and reviewing and approving the related invoices. The contract includes a Scope of Work that lists the risk management requirements to be met by the insurance broker, Welch, Graham & Ogden Insurance. The contract states in the Payment Schedule that a flat fee of 10% for all lines of insurance written will be paid to the broker. The broker presents a comprehensive coverage overview and solicits bids based on the selected insurance specifications for each fire department. The departments are responsible for ensuring they select appropriate insurance policies and coverage amounts. The County's Risk Management department does not conduct a formal review of the policies or coverage levels of the insurance held by the volunteer fire departments. Based on discussions with personnel from a sample of three volunteer fire departments (Nokesville, Stonewall Jackson, and Buckhall), we noted that the policies are renewed annually and the broker is familiar with each department, their insurance needs, and the current market. The broker presents options for coverage from several insurance companies, and the departments choose based on the coverage and past history of service provided. When the annual insurance invoice is received, the premiums are verified against the insurance policies and the broker fee is recalculated. Per discussion with Risk Management, the coverages are not consistent across departments and are not formally monitored for appropriateness on a periodic basis. This observation will be included in a separate report of the Volunteer Fire and Rescue Companies Review for recommended action.

Atlantic Emergency Solutions, Inc.

Contracted Goods: Pumper fire truck

Contract Term: December 1, 2011 through November 30, 2013

This is a piggyback contract written by a nationwide government procurement service, HGACBuy (Houston-Galveston Area Council), for purchase of a pumper fire engine truck for the Stonewall Jackson department. The original Contract Administrator recently retired in January 2013 and a new Contract Administrator has been assigned. Under this arrangement, the purchase price includes a fee for using the HGAC cooperative purchasing program. The specifications are listed in the proposal and purchase agreement. The invoices were approved by the President of Stonewall Jackson Volunteer Fire Department, who performed inspections before accepting the truck.

Community First National Bank

Contracted Services: Lease for fire trucks for the Dale City volunteer fire department

Contract Term: 4-year lease term through 2015

The Dale City Volunteer Fire Department purchased two custom pumper fire trucks from Antietam Fire Apparatus. Individual volunteer fire departments may choose to enter leases for fire trucks rather than direct purchase, and are often offered better financing interest rates than the County. The volunteer fire departments can obtain leases at a special interest rate from organizations that only finance for volunteer fire stations, using their tax-exempt status. Each individual volunteer fire department manages their own lease contracts with this vendor. The lease payments are approved for payment via email and attached to the payment voucher in Performance.

Conclusion:

There are no department-specific recommendations or exceptions noted to the contracts tested. The department heavily utilizes piggyback contracts, along with the decentralized nature of the volunteer fire departments, thereby heightening the importance of maintaining all contracts in a designated location with documented roles and responsibilities for each. As such, in conjunction with the County-wide recommendations made at Observation #1, we recommend the Department of Fire and Rescue, as well as the Volunteer Fire Departments, complete the Contract Administration Forms, and ensure that the contracts under their management are available on the County's eProcurement website and/or within Performance, as applicable.

Department of Information Technology

Rating	Issues
Low	2. Department of Information Technology – Prompt Payment of Invoices
	<p>We noted that one of the invoices in our sample was paid 74 days after the date the invoice was received. Per discussion with DoIT's business services division, the staff responsible for the payment processing was on medical leave, and while there is cross-training, it became a challenge to maintain for such an extended period. The staff person has returned to duty.</p> <p>The County has adopted the Virginia Public Procurement Act standard for prompt payment of bills. This standard requires payment by the contract due date, if one is established by contract. If a due date is not established, payment should be made within 30 days after receipt of a proper invoice or receipt of the goods or services, whichever is later (§ 2.2-4350).</p> <p>Failure to pay invoices on time is a violation of the County's adopted prompt payment policy above, and may result in late payment penalties or harm the County's reputation.</p>
	Recommendation
	<p>We recommend that all invoices be processed for payment within 30 days of receipt, or as otherwise noted on the invoice, in accordance with the Virginia Public Procurement Act. We also recommend that all invoices are stamped, or otherwise noted with the date received. This will ensure documentation of timely payment under the County's adopted prompt payment policy.</p>
	Management's Response
	<p>Response: Our typical process includes controls for ensuring that invoices are processed timely for payment. This was a unique situation that left us short-staffed, and we will work to adequately cover all responsibilities should such a situation occur again. Even with cross-training, the structure is such that having a backup may create a segregation of duties conflict. We will work with Finance to minimize these issues should such a situation occur again.</p> <p>Responsible Party: Jennifer Rankin, Business Services group, Department of Information Technology</p> <p>Estimated Completion Date: Complete.</p>

Total Department Expenditures (July 1, 2012 – February 6, 2013)	\$27,743,853
Overview of Selected Contracts:	
<i>Motorola Solutions, Inc.</i>	
Contracted Services: Trunked radio system	
Contract Term: December 12, 2011 through complete implementation, with additional renewal options	
<p>This contract is one of multiple Motorola contracts, and is for the provision, installation, and testing of the E-911 Trunked Radio System. This system will be integrated with a new CAD and Orion product for the Department of Fire and Rescue's new timekeeping, staffing and performance system. This contract has two administrators, one from the Department of Information Technology (DoIT) and one from the Department of Fire and Rescue (DFR). Most information technology contracts have shared contract administration duties between responsible parties from both DoIT and the end user agency. The Technology Improvement Plan (TIP) projects, such as the trunked radio system, are budgeted through DoIT, but generally have a non-IT end user, such as DFR. This Motorola contract payment schedule is based upon pre-determined milestones, which are monitored by the two Contract Administrators. The contractor invoices the County based on achievement of a milestone, and the invoices are approved by both contract administrators to accept 'delivery'. For example, one payment milestone states "10% of the System Price upon Successful Completion of Factory Staging." Per discussion with the Contract Administrators, in order to validate successful completion of this task, the DFR's Communications and IT Division (CIT) and DoIT representatives went to a staging location where the contractor had a system mock up set up for testing and observation. The department observers went through a specification checklist ("factory acceptance test plan") to ensure the functionality was as planned, and then signed off that the work was completed satisfactorily. The project is currently in the Equipment Delivery phase.</p>	
<i>Keys Ridge Construction Company, Inc.</i>	
Contracted Services: Construction of data center at the Western District Police Department	
Contract Term: June 1, 2012 through 120 days after the Notice to Proceed	
<p>This is a construction contract for a new information technology data center for the Western District of the Police Department. There are two Contract Administrators, one from DoIT and one from Public Works. All construction contracts are managed in some way by Public Works. Per discussion with the DoIT Contract Administrator, the project is still in the construction phase and DoIT has not had much involvement in the project to date. They are working also with an architect/engineering firm (Moseley) for the design as well as sign off on the payment applications for percentage completion, design specs, etc. The County's representatives visit the site regularly to check on progress of construction. Payment applications are issued on a percentage of completion basis, as certified by the contractor and architect, and approval for payment is made by both contract administrators, as documented via emails attached with the invoices in the Performance system.</p>	

Overview of Selected Contracts:

CDW Government, Inc.

Contracted Services: Technology equipment and accessories

Contract Term: December 7, 2009 through December 6, 2013

This is a piggyback contract riding on the National Joint Powers Alliance (NJPA) agreement for technology equipment and accessories. CDW maintains an online catalog, but the pricing and terms are not specified in the contract documents. The contract includes a list of discounts on products by category. Several departments in the County utilize this contract for purchases. DoIT and DFR use this contract heavily. The invoices are processed by employees within the departments who have purchased using this contract. The payments in our sample were all for items ordered by DoIT, and were processed by either the Administrative Support Coordinator or Accounting Assistant. The Support Coordinator or Accounting Assistant verifies that the invoice price agrees to the purchase order, which has been completed with prices from the current price list input when the purchase order was initiated. The verifying employee also ensures that all items are received as ordered prior to approving the invoices for payment.

Shared Technologies, Inc. (Arrow S3)

Contracted Services: Telecommunications services

Contract Term: March 23, 2011 through March 31, 2015

This is a piggyback contract riding on a Kansas state contract for telecommunication maintenance services. The County utilizes a telephone system manufactured by Avaya, whose preferred vendor for service is Shared Technologies (now Arrow S3), and the County originally rode a State of Maryland contract for the services. However, during 2013, it was discovered that the Maryland contract required that any project to be re-bid to 5 of the approved vendors for pricing. Because Avaya requires the use of Shared Technologies, the County completed a sole source justification and moved ahead with the Shared Technologies contract. It was later discovered, when another department wanted to ride the same contract for a different purpose, that the County was not following Maryland's more restrictive policies and could no longer use that rider. Upon further research, the County found that the State of Kansas has a contract with Shared Technologies and is now riding that contract instead. The contract is based upon a task order, and is for maintenance services rather than billings at an hourly rate. The contract deliverables include having two people onsite daily to perform various tasks, and they record their time in a database with the activities performed. The onsite contractors are required to complete a monthly checklist of deliverables, which is signed off on as complete by a supervisor and then submitted to the Contract Administrator for approval and payment. The contractor sends a monthly invoice for payment, which the Contract Administrator reviews and approves. We noted during testing that the vendor name has been updated from Shared Technologies, Inc. to Arrow S3.

Overview of Selected Contracts:

Digicon Corporation

Contracted Services: Information technology support services

Contract Term: January 18, 2011 through June 30, 2016

This contract is for 'seat management' services, which are outsourced information technology support services for employees within the County. The contract specifies a price per "seat," which is multiplied by the total number of employees supported by the contractor. The County may also purchase equipment from Digicon at a 7% markup. The Contract Administrator reconciles the number of active seats per a system-generated report to the number of seats listed on the monthly invoice from Digicon to verify accuracy of the invoices prior to payment. To enable the County to evaluate the competitiveness of the equipment prices charged, the contract requires that Digicon provide the purchase invoices for equipment that is resold to the County. The Contract Administrator also monitors the Service Level Agreements (SLA's) listed in the contract. For example, the listed SLA's include a target percentage of 90% for Digicon to meet the following standards: a customer satisfaction rating of excellent/superior, 8 business hour window for resolution of hardware/software failures, and service desk average speed to answer calls of 30 seconds, among other criteria. The SLA standards have not been consistently met, and the Contract Administrator stated that the department continues to monitor performance and may modify the contract in the future to change the service standards for reasonableness. The contract also states that Digicon will provide a Standard Operating Procedure Manual within 90 days of contract execution. Per the Contract Administrator, a draft manual has been received, but the County has not approved the version, so this requirement has not yet been met. For equipment purchases, all received goods are inspected, including comparison of serial numbers and testing, prior to approval of invoices for payment by the inspecting employee and the contract administrator.

Ronco Communications & Electronics, Inc.

Contracted Services: Telecommunication equipment solution services

Contract Term: April 19, 2010 through March 17, 2024

This is a piggyback contract to provide telecommunication equipment solution services, riding a State of New York contract. The County uses this contract to purchase telecommunication goods and services, including network configuration, network engineering assistance, and design and testing services. Labor is billed at a standard contract rate. Invoices with labor are accompanied by work order forms that include contract employees' hours by day and the tasks from the statement of work that were completed. The work order forms are signed off by the contract employee and the County employee responsible who verifies the accuracy of the hours and tasks submitted. The Contract Administrator reviews invoices and approves them for payment after verifying that appropriate documentation for services provided is present and signed off, and that the pricing agrees to the contract terms. The County has also negotiated pricing that is lower than the contract price or rate for some items and services.

Overview of Selected Contracts:

EnerGov Solutions, LLC

Contracted Services: Permitting system software and configuration services

Contract Term: October 13, 2011 through implementation, support services for 5 years after go-live date

This contract was for software and professional configuration services for a land and building development permitting system, which will go live in 2014. There has been one major modification to the contract to increase the training and development services at the end of the contract. There have also been several change orders to increase the configuration hours for the project to meet changing project needs. The Contract Administrators from DoIT and Development Services perform ongoing monitoring of weekly status reports and hours spreadsheets from EnerGov. When Energov has completed a deliverable, they submit a Deliverable sign off form to the Contract Administrators for approval. Both are authorized to approve the deliverable sign off forms, which are then sent back to EnerGov. EnerGov then invoices the County for the deliverable that has been signed off. The DoIT Contract Administrator compares the invoices received to the deliverable sign off documentation and approves them for payment.

Wheat Systems Integration (Infiian)

Contracted Supplies: Mobile computers for police and fire vehicles

Contract Term: July 22, 2010 through October 21, 2012

This is a piggyback contract riding on a City of Richmond contract to purchase mobile computers for the police and fire vehicles. The Contract Administrator is the Police Department Senior Administrative Manager. The contract pricing schedule is available online at the City of Richmond's procurement website. Incoming orders were inspected by the Management Information Systems Coordinator, who performed testing of the equipment, compared serial numbers on the machines to the order documents and counted all of the computers received. Once the inspection process was complete and the order had been verified and agreed to the purchase documentation, the inspecting employee signs off on the invoices. The Seat Management Division Chief from DoIT also reviewed and approved the invoices. We noted that during the contract term with Richmond, the vendor name was changed from Wheat Systems Integration to Infiian.

Conclusion:

Please see Observation #2 for department-specific recommendations or exceptions noted to the contracts tested for DoIT. The department heavily utilizes piggyback contracts, as well as works closely with other end-user agencies to cross-functionally administer contracts, thereby heightening the importance of maintaining all contracts in a designated location with documented roles and responsibilities for each. As such, in conjunction with the County-wide recommendations made at Observation #1, we recommend the department complete the Contract Administration Forms, as well as ensure that the contracts under their management are available on the County's eProcurement website and/or within Performance, as applicable.

Department of Public Works

Rating	Issues
Low	3. Department of Public Works – Monitoring Rotational Vendor Arrangements
	Recommendation
	<p>The County may use continuing contracts that approve a selection of vendors and require rotational use of the approved vendors based on the order of purchase orders (PO) initiated. Currently, this type of arrangement is only used for architectural and engineering services, and the resulting contracts are managed by either Public Works or the County Architect, depending on the specific project.</p> <p>The County Architect maintains a rotation list in spreadsheet and informally monitors that projects are offered to the appropriate vendor. Public Works may update the listing directly, which is available on the County's shared network, or request an update by the County Architect's office.</p> <p>We reviewed a listing of purchase orders issued to the approved vendors, noting a general adherence to the rotation by checking the dates of PO issuance. Because there are many types of architects, and vendors that would qualify for more than one type of project, the rotation was not always clearly identified. We also compared the listing of PO's issued to the approved vendors against the spreadsheet provided by the County Architect and noted that not all PO's were listed. Per discussion with the County Architect, monitoring and reconciliation of the rotation was delayed due to a vacant position that the department was only recently able to fill.</p> <p>Not having a formal reconciliation process between purchase orders issued and the contract requirements for rotation exposes the County to contract compliance violations. Manual tracking of the rotation is subject to human error, further demonstrating the need for reconciliation.</p>
	<p>We recommend the County implement a formal monitoring process for the rotation of professional service purchase orders issued to the architectural and engineering firms under contract, as required by the contract. The reconciliation should include periodic review and approval by a Procurement Contract Specialist, who would be independent of the PO process. If possible, the County should explore a way to automate the process of assigning the rotational purchase orders to these vendors in the system.</p> <p>In accordance with the recommendations at Observation #1, the contract administration form should be utilized to ensure that any rotational requirements are properly identified prior to issuance of the PO and monitored by the Contract Administrators as well as the Procurement Contract Specialists.</p>
	<p>Response: With the vacant secretary position filled, the rotation list has been updated to-date. Management recognizes the need for a Standard Operating Procedure for this process, and has formed a sub-task group to prepare one for the open-end contracts and to investigate different ways to make sure the rotation listings are kept up to date with complete info by the users. The new procedure will be implemented in time for the new contract term.</p> <p>Responsible Party: Lou Ann Dorrier, County Architect</p> <p>Estimated Completion Date: August 31, 2013</p>

Total Department Expenditures (July 1, 2012 – February 6, 2013)	\$48,660,221
Overview of Selected Contracts:	
<i>Yorkshire Supply, Inc.</i>	
Contracted Supplies: Plumbing supplies, equipment, and fixtures	
Contract Term: November 1, 2010 through October 31, 2013	
<p>This contract is for purchases of plumbing supplies, equipment, and fixtures for all agencies and activities of the County. The pricing of the items purchased is outlined in the Pricing Schedule, Attachment B to the contract, which lists discounts by manufacturer. The contract requires that goods are delivered within 24 hours of receipt of the order from the County for stocked items, and within 14 days for non-stocked items. Goods are also picked up by County employees at the vendor's location. There are designated employees in the County who are authorized to approve receipts of goods purchased on behalf of the various divisions. There are separate listings of authorized employees in each Division who are authorized to approve invoices and other financial documentation. Pricing is verified against the contract terms. There are also some items purchased by the Property Management division for which an additional discount beyond the contract terms has been negotiated. The project manager monitors the invoices for these items and verifies that the pricing includes the contract discount, or that the lower negotiated price was given, if lower than the contract pricing. Occasionally, the departments purchase items from Yorkshire Supply that are not listed in the various manufacturers' standard price lists. For example, our sample included the purchase of a water heater that required customization to be placed in operation at the Juvenile Detention Center. For this purchase, the Supervisor of the Manassas Maintenance Hub obtained a verbal price quote and approved the invoice as verification that the invoice price agreed to the quote.</p>	
<i>SCS Engineers</i>	
Contracted Supplies: Professional engineering services for solid waste management programs	
Contract Term: July 15, 2009 through July 14, 2012	
<p>This contract is for professional engineering services for solid waste management programs, provided on a task order basis. The services covered by the contract include landfill engineering, landfill gas, and yard waste composting design. A separate task order is written for each piece of the project and provided to the service vendor prior to initiation of services. The Contract Administrator is the Solid Waste Division Chief; and the project manager is an Engineer, Solid Waste Division. The contract expired in June 2012, although services and payments continued after this date under separate task orders. The contract fees are reflected in the Fee Schedule, effective July 2011, which lists hourly rate by project team role. These rates are used to prepare each task order. The project manager reviews received invoices for accuracy based his knowledge of the work, compares them to the task orders, verifies that the hourly rates are in accordance with the Fee Schedule, and signs the invoice to note his approval. The Contract Administrator then reviews and approves the invoice.</p>	

Overview of Selected Contracts:

R. M. Soderquist, Inc.

Contracted Services: Construction of landfill liner

Contract Term: May 23, 2012 through completion

The Contract Administrator is the Director of Public Works. The project manager is an Engineer, Solid Waste Division, who is responsible for day-to-day contract management. This contract is for construction of landfill liners. The contractor prepares and certifies payment requests that reconcile the original contract sum to the balance to finish. The payment requests also show change orders, retainage, previous payments, and current payment amount. The payment requests are submitted first to the project engineer, an outside consultant working on-site with the County on managing the project and performing construction quality assurance. The engineer reviews the request and confirms the quantities and payment amounts submitted based upon the schedule of values submitted with each payment. The engineer approves and signs the payment application and forwards it to the Project Manager for payment. The project manager also reviews and verifies the payment application and signs off to document approval for payment. Additional approvals are obtained from the Division Management Analyst, the Solid Waste Division Chief, and the Director of Public Works, prior to payment.

Conclusion:

Please see Observation #3 for department-specific recommendations or exceptions noted to the contracts tested for Public Works. The department heavily utilizes piggyback contracts, as well as works with other end-user agencies to cross-functionally administer contracts, thereby heightening the importance of maintaining all contracts in a designated location with documented roles and responsibilities for each. As such, in conjunction with the County-wide recommendations made at Observation #1, we recommend the department complete the Contract Administration Forms, as well as ensure that the contracts under their management are available on the County's eProcurement website and/or within Performance, as applicable.

Department of Social Services

Rating	Issues
Low	4. Department of Social Services – Payment Amount Varies From Contract Terms
	<p>There was an underpayment of \$267.50 for the 2nd quarter Good Shepherd Housing Foundation services agreement due to an invoicing error by the vendor. The amount invoiced by the vendor and paid by the department was based upon the previous agreement; neither party noted the error. The erroneous invoice amount was lower than the actual amount due under the current agreement.</p> <p>Failure to identify discrepancies between invoice amounts and the supporting agreements could cause the County to make under or overpayments and be out of compliance with the contract terms.</p>
	Recommendation
	<p>We recommend that the department reinforce the importance of reviewing invoice pricing for consistency with contract terms and payment schedules.</p>
	Management's Response
	<p>Response: While donations are made on a quarterly basis, the total contribution amount given to the Community Partners are based on an annual allocation. The total amount distributed is tracked in Performance and any discrepancy created by an under or overpayment during the first three quarters will be corrected prior to the end of the year and the fourth quarter payment adjusted to reflect the available balance.</p>
	<p>Responsible Party: Charles Toothman, Administrative Manager, Department of Social Services</p>
	<p>Estimated Completion Date: June 30, 2013</p>

Total Department Expenditures (July 1, 2012 – February 6, 2013)	\$17,393,140
Overview of Selected Contracts:	
Action in the Community Through Service, Inc.	
Contracted Services: Transitional housing assistance and homeless shelter services	
Contract Term: July 1, 2012 through June 30, 2013	
<p>This agreement is not a procurement contract, but an agreement for the Department of Social Services to provide a donation to a community partner for services provided to the community. The agreement is authorized by Board of County Supervisors Resolution to approve funding provided to community partners. The agreement is governed by two Memorandums of Understanding (MOU's) between the Department of Social Services and the community partner, Action in the Community through Service, Inc., a non-profit organization. The agreements are for transitional housing assistance and homeless shelter services for the effective term of July 1, 2012 through June 30, 2013. While the MOU terms and conditions govern the actions and obligations of the community partner, there are no defined performance measures or deliverables required in the MOU's. The services provided are monitored during quarterly and annual visits by the Homeless Services Coordinator and Residential Services Chief. The donation amounts approved by the Board for the homeless shelter and transitional housing services are to be paid in quarterly installments. The quarterly invoices are approved by the Social Services Administrative Manager. No annual visit was done during 2012 to monitor the performance of the community partner, as stipulated in the MOU.</p>	
Northern Virginia Family Service	
Contracted Services: Homeless shelter operation and case management services	
Contract Term: July 1, 2012 through June 30, 2013	
<p>This agreement is not a procurement contract, but an agreement for the social services department to provide a donation to a community partner for services provided to the community. The agreement is authorized by Board of County Supervisors Resolution to approve funding provided to community partners. The agreement is governed by a Memorandum of Understanding (MOU) between the Department of Social Services and the community partner, Northern Virginia Family Service, a non-profit organization. The community partner provides a family emergency shelter to house homeless residents and provides other services including case management, advocacy, financial management, housing referral, employment assistance, child care assistance, and life skills classes to homeless individuals and families. The effective term of the agreement is from July 1, 2012 through June 30, 2013. While the MOU terms and conditions govern the actions and obligations of the community partner, there are no defined performance measures or deliverables required in the MOU. The services provided are monitored during quarterly and annual visits by the Homeless Services Coordinator and Residential Services Chief. The donation amount approved by the Board of County Supervisors is to be paid in quarterly installments. The quarterly invoices are approved by the Social Services Administrative Manager. No annual visit was done during 2012 to monitor the performance of the community partner, as stipulated by the MOU.</p>	

Overview of Selected Contracts:

Volunteers of America Chesapeake, Inc

Contracted Services: Operation of homeless prevention center operation

Contract Term: October 1, 2009 through September 30, 2013

This contract is for services provided to operate the Hilda Barg Homeless Prevention Center. The department's Residential Services Chief is the Contract Administrator. The services to be provided are outlined in the Scope of Work, Attachment A to the contract. The services include facility operations, staffing, fiscal management, and program management. Payments are made to the contractor for up to the annual contract amount stated in the budget, Attachment B to the contract. The contractor submits documentation of all expenses incurred with a reimbursement request. The Administrative Manager reviews the documentation provided to validate the expenses prior to payment. The expenses are verified as valid and have supporting documentation, and checked to ensure that the total to be reimbursed does not exceed the budget amount per the contract. Periodic site visits to the facility are made by the Residential Services Chief and Homeless Services Coordinator to verify that services are being provided as stated in the contract. A monitoring tool is used to document the visits. In addition, the Contract Administrator receives and reviews periodic statistical reports to monitor operational and financial information.

Good Shepherd Housing Foundation

Contracted Services: Housing and employment services to homeless families

Contract Term: July 1, 2012 through June 30, 2013

This agreement is not a procurement contract, but an agreement for the social services department to provide a donation to a community partner for services provided to the community. The agreement is authorized by Board of County Supervisors Resolution to approve funding provided to community partners. The agreement is governed by a Memorandum of Understanding (MOU) between the Department of Social Services and the community partner, Good Shepherd Housing Foundation, a non-profit organization. The agreement is for housing and employment services to homeless families for the effective term of July 1, 2012 through June 30, 2013. While the MOU terms and conditions govern the actions and obligations of the community partner, there are no defined performance measures or deliverables required in the MOU. The services provided are monitored during quarterly visits by the Homeless Services Coordinator and Residential Services Chief. The donation amount approved by the Board of County Supervisors is to be paid in quarterly installments. The quarterly invoices are approved by the Social Services Administrative Manager. We noted that one of the 2 payments in our sample was not made in accordance with the agreement, and was paid for a lesser amount.

Overview of Selected Contracts:

BARN, Inc.

Contracted Services: Transitional housing and case management services

Contract Term: July 1, 2012 through June 30, 2013

This agreement is not a procurement contract, but an agreement for the social services department to provide grant funds to a community partner for services provided to the community. The agreement is authorized by Board of County Supervisors Resolution to approve funding provided to community partners. The agreement is governed by a Memorandum of Agreement (MOA) between the Department of Social Services and the community partner, BARN, Inc., a non-profit organization. Under the agreement, the grant funds must be used for eligible activities, which include providing supportive transitional housing for families and on site case management, which includes assistance in the areas of employment and education. The grant is monitored annually in a formal annual performance report that is submitted to the Department of Social Services and then sent to the Department of Housing and Urban Development. Transitional Housing BARN sends invoices to the Social Services Department, and the department then submits a voucher to HUD for reimbursement. Transitional Housing BARN records enrollment information in the Homeless Management Information System (HMIS). Monthly reports are generated from HMIS and submitted to the Department of Social Services for monitoring. Invoices are approved by the Homeless Services Coordinator based on review of the support for the expenditures and eligible expenses under the grant. No annual visit was done during 2012 to monitor the performance of the community partner, as stipulated by the MOA.

Office Max

Contracted Supplies: Office supplies

Contract Term: June 14, 2011 through May 31, 2014

This is a piggyback contract initially written by Oakland County (Michigan). This contract is for office supplies for all of the County's departments and agencies. The pricing is set by the price list, which is available online on the Oakland County purchasing website, and is attached to the blanket purchase order in the Performance system. The price list generally offers discounts of 30-50% off of current catalog prices. Within the social services department division, there are designated individuals authorized to initiate an order by filling out an order form. A supervisor reviews and approves the order before it is submitted. The department level employees are responsible for verifying that the pricing agrees to the current price list. The purchasing department is also available to assist in checking prices or following up on price differences on invoices. The department employee responsible for receiving the order signs off on the invoice to document that the goods have been received and pricing is correct.

Conclusion:

Please see Observations #4 and #5 for department-specific recommendations or exceptions noted to the contracts tested for the Department of Social Services. In conjunction with the County-wide recommendations made at Observation #1, we recommend the department complete the Contract Administration Forms, as well as ensure that the contracts under their management are available on the County's eProcurement website and/or within Performance, as applicable.

Police Department

Total Department Expenditures (July 1, 2012 – February 6, 2013)	\$50,053,274
Overview of Selected Contracts:	
F&F and A. Jacobs and Sons, Inc.	
Contracted Supplies: Standard issue uniforms for police department	
Contract Term: May 22, 2012 through May 21, 2013	
This contract is for the purchase of standard issue uniforms for the police department under a blanket purchase order. The pricing of the items purchased is outlined in the Specifications/Pricing Schedule, Attachment A to the contract. The contract requires that goods are delivered within 30 days of receipt of the order from the County for off the shelf items, and within 60 days for custom items. When items are received, the Contract Administrator is responsible for inspecting and testing the goods prior to acceptance. The receiving employee signs off on the invoice or approves via email to document that the goods have been received and inspected.	
Southern Police Equipment	
Contracted Supplies: Taser equipment and supplies	
Contract Term: July 28, 2010 through July 27, 2013	
This contract is for the purchase of taser equipment and supplies for the police department. The pricing of the items purchased is outlined in the Scope of Work/Pricing Schedule, Attachment A to the contract. The pricing for the equipment and supplies is updated annually on January 1 of each year by the manufacturer, and the price list is available online. The contract requires that goods are delivered within 30 days of receipt of the order from the County. When items are received, the Contract Administrator is responsible for inspecting and testing the goods prior to acceptance. The Contract Administrator signs off on the invoice or approves via email to document that the goods have been received and inspected.	
Sprint Communications	
Contracted Supplies: Wireless digital voice and data services	
Contract Term: February 2010 through June 30, 2014	
This is a piggyback contract initially written by Fairfax County Public Schools. This contract is for monthly cell phone services for the police department. The monthly fees are determined by the Pricing Schedule for Sprint, Attachment B to the Notice of Award. This contract does not currently have a County employee who acts as the Contract Administrator, but a Police Lieutenant is responsible for approving invoices for payment, and verifying that the invoiced services were provided prior to payment of the monthly invoice. After this has been verified, the designated Lieutenant signs off on the invoice to document that the goods have been received.	

Overview of Selected Contracts:

Hammerhead Construction, Inc.

Contracted Supplies: Wireless digital voice and data services

Contract Term: April 16, 2012 through completion

This contract is for the construction of outdoor duty bag lockers and canopy to be attached to the Garfield Police Station. The contract designates the Director of Public Works as the contract administrator. The overall contract is monitored by the Police Department Senior Administrative Manager and an Engineer from Public Works. A police department project manager is responsible for day-to-day contract management. Payment applications are received from the contractor that reconcile the original contract, noting payments-to-date and a balance to completion. The payment applications also show change orders, retainage, previous payments, and current payment amount. The contractor and architect also certify that the work covered by the Application for Payment has been completed and that the work quality is in accordance with the contract document. The project engineer reviews and approves invoices from a Public Works/Construction Management perspective, documenting that any contractual issues have been resolved and that appropriate construction processes are followed. The police department project manager and the Senior Administrative Manager sign off on the invoice to document that the work has been completed to the department's satisfaction.

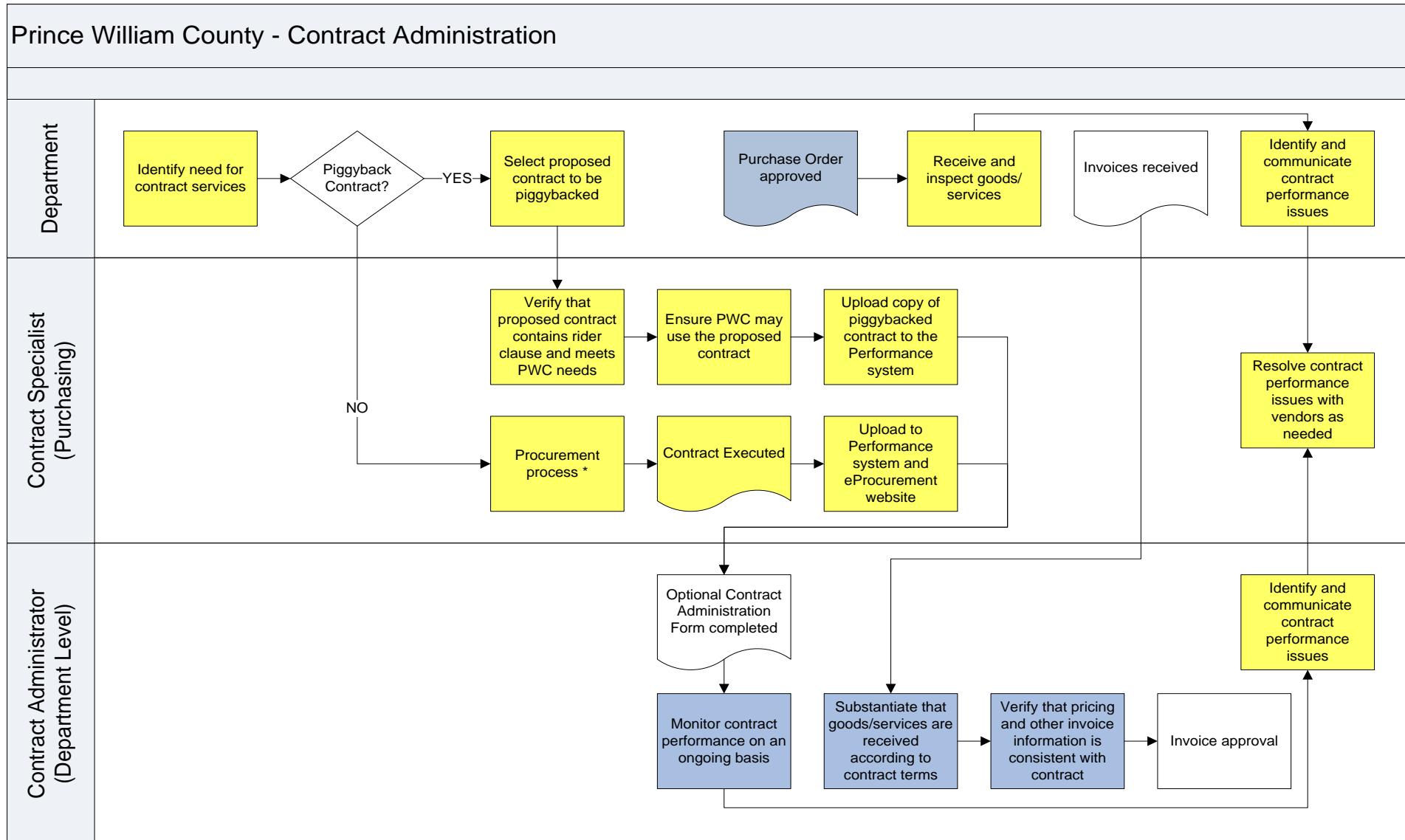
Conclusion:

There are no department-specific recommendations or exceptions noted to the contracts tested. The department heavily utilizes piggyback contracts, thereby heightening the importance of maintaining all contracts in a designated location with documented roles and responsibilities for each. As such, in conjunction with the County-wide recommendations made at Observation #1, we recommend the Police Department complete the Contract Administration Forms, and ensure that the contracts under their management are available on the County's eProcurement website and/or within Performance, as applicable.

Process Map

Process Map

Contract Administration



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