



June 27, 2018

Performance Audit

Fresh & Clean Portable Restrooms, Inc.

Citywide Contract Audit – Vendor Report

Report No. 18-104



**CITY OF ALBUQUERQUE
OFFICE OF INTERNAL AUDIT**

PERFORMANCE AUDIT REPORT
FRESH & CLEAN PORTABLE RESTROOMS, INC.
VENDOR REPORT
REPORT NO. 18-104

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The purpose of this audit was to review and report on Fresh & Clean Portable Restrooms, Inc.'s contract and billing compliance for the period August 1, 2017 through March 23, 2018.

Executive Summary

The Office of Internal Audit (OIA) conducted a citywide vendor audit of Fresh & Clean Portable Restrooms, Inc. (Fresh & Clean). Vendor audits are included on OIA's fiscal year (FY) 2018 audit plan and Fresh & Clean was selected. The audit period addressed an eight-month period from the contract start date.

During the audit period, the City paid Fresh & Clean \$35,059. From a random statistical sample of 21 invoices totaling \$5,726, net overbillings of \$197 were noted – a 3.4 percent error rate. Applying the error rate to the audit period's total paid invoices, it can be estimated that the City was overcharged a total of \$1,192 ($\$35,059 \times .034$).

Overbillings, mathematical inaccuracies, and contractual billing inaccuracies were noted and include:

- Incorrect unit rates (unit rates listed did not match approved contract rates);
- Incorrect rates charged for services;
- Incorrect rates charged for items; and
- Incorrect service dates listed on invoices submitted electronically.

In addition to the above issues, the descriptions of restrooms listed on the invoices did not match the contract descriptions. Descriptions of services also did not match, but did not impact the accuracy of billing totals, as all contracted service rates are identical.

Fresh & Clean submitted a refund check for \$1,192, will ensure its billing rates are accurate and in conformance with the contract, and is actively working with DFAS – Purchasing to clarify and/or amend the contract.

(See **Appendix C** for complete responses)

Recommendations

• • •

Fresh & Clean Portable Restrooms, Inc. should:

- Refund the City \$1,192 for calculated overcharges during the audit period.
- Ensure that billing rates are accurate and in conformance with the contract.
- Correct and clarify its invoice process to ensure that invoices include:
 - Accurate unit rates;
 - Accurate service rates;
 - Correct item rates;
 - Correct service dates; and
 - Correct descriptions.
- Work with the Department of Finance & Administrative Services – Purchasing Division to determine any overbilling on the remaining contract period.



City of Albuquerque

Office of Internal Audit

June 27, 2018

Accountability in Government Oversight Committee
P.O. Box 1293
Albuquerque, New Mexico 87103

Audit: Vendor Audit - Citywide
Fresh & Clean Portable Restrooms, Inc.
Audit No. 18-104

FINAL – Vendor Report

INTRODUCTION

The Office of Internal Audit (OIA) conducted a citywide vendor audit of Fresh & Clean Portable Restrooms, Inc. (Fresh & Clean). Vendor audits are included in OIA’s fiscal year (FY) 2018 audit plan and Fresh & Clean was selected. Information pertaining to the audit objectives, scope and methodology can be found in **Appendix A**.

According to the vendor’s website, Fresh & Clean has been in operation for over 13 years; has the latest in portable restrooms and associate products in the market; offers luxury restroom trailers, hand washing stations with hot water, and double dual sinks; and considers itself “New Mexico’s sanitation leader”. Fresh & Clean is a returning vendor of the City, having last done business with the City in 2014. The contract in place at the time of the audit has a 12-month term from August 8, 2017 through August 1, 2018. The contract term may be extended for up to three additional years by mutual written agreement of both parties.

The City of Albuquerque (City) contracts with Fresh & Clean to provide portable restrooms for employees in the field and citizens attending the numerous City events throughout the year, including Summerfest and the Twinkle Light Parade.

FINDINGS

The following findings address areas that OIA believes could be improved by the implementation of the related recommendations.

1. FRESH & CLEAN SHOULD ENSURE THAT ITS BILLING IS ACCURATE AND IN CONFORMANCE WITH THE CONTRACT.

Fresh & Clean is not billing in accordance with the contract for some services. From a statistical random sample of 21 invoices, overcharges and mathematical inaccuracies were noted and amount to an estimated net overcharge of \$1,192.

Overcharges

Seventeen of the twenty-one invoices sampled contained overcharges or miscalculations totaling \$197. A detailed summary of the overcharges and mathematical inaccuracies can be found at **Appendix B**. The statistical random sample of 21 invoices totaled \$5,726, which equates to an overall error rate of 3.4 percent (\$197/\$5,726).

By applying the error rate to the audit period’s total paid invoices, it can be estimated that the City was overcharged a total of \$1,192 (\$35,059 x .034).

Based on the review of invoices, the vendor consistently overcharges the City \$2.63 per portable restroom service. Fresh & Clean charges \$34.13 per portable restroom service rather than the approved \$31.50 rate per service, as shown below.

Invoice Number 160440										
Line #	Your Part #	Description	Pricing Unit Size	Start Date	End Date	Unit Of Measure	Qty. Shipped	Price	Ext. Price	Total
1		High Tech WITHOUT HAND SANITIZER	1	10/9/2020	11/8/2020		1	32.00	\$32.00	\$32.00
2		ServicePer month, in arrears	1	10/9/2020	10/31/2020		1	136.50	\$136.50	\$136.50
3		ServicePer month, in arrears	1	10/9/2020	10/31/2020		3	34.13	\$102.39	\$102.39
4		ServicePer month, in arrears	1	10/9/2020	10/31/2020		3	34.13	\$102.39	\$102.39
5		Handicap World Care Restroom WITHOUT HAND SANITIZER	1	10/9/2020	11/8/2020		1	62.00	\$62.00	\$62.00
6		ServicePer month, in arrears	1	10/9/2020	10/31/2020		1	136.50	\$136.50	\$136.50
7		ServicePer month, in arrears	1	10/9/2020	10/31/2020		3	34.13	\$102.39	\$102.39
8		ServicePer month, in arrears	1	10/9/2020	10/31/2020		3	34.13	\$102.39	\$102.39

Source: Fresh & Clean Invoice #160440 (electronic submission)

In addition to overcharging for services to portable restrooms, on all invoices for which “High Tech, with Hand Sanitizer” was billed, the vendor charged for a more expensive unit as shown below.

From =>	To	Duration	Unit/Service Type	Quantity	Price/Per	Tax?	Extension
01-Jan-2018	> 31-Jan-2018	31	High Tech WITH HAND SANITIZER, THREE TIMES A WEEK SERVICE, STAKE DOWN	1	\$58.00	<input type="checkbox"/>	\$58.00

Source: Fresh & Clean Invoice #162815

City departments confirmed that the unit received was Unit 1 (\$32 contract rate), pictured below.



Source of Picture: Original Request for Bid documents

**Unit 1 – Standard Toilet without hand sanitizer dispenser
 (Model: High Tech, Maxim)**

A hand sanitizer dispenser is Item 7 of the contract, and may be added to any portable restroom for an additional charge of \$1.

Hand sanitizer dispensers were not listed on any invoice. Rather, it appears that if hand sanitizer was requested, the vendor incorrectly billed for Unit 4 (\$58 contract rate), pictured below.



Source of Picture: Original Request for Bid documents

Unit 4 – Portable Toilet (Model: High Tech, Maxim)

The General Specifications for Chemical Toilet Rental states, "The successful bidder will be required to provide timely and accurate billing in the form of invoices."

The vendor indicated that the company had recently experienced staff turnover and would address and correct the accuracy of its invoices.

Mathematical Inaccuracies

Four of the twenty-one invoices sampled contained mathematical inaccuracies. Two invoices contained inaccurate extension computations, one invoice contained unnecessary proration, and one invoice contained both an extension error and a prorated amount, as shown below.

From =>	To	Duration	Unit/Service.Type	Quantity	Price/Per	Tax?	Extension
05-Nov-2017	> 30-Nov-2017	26	High Tech WITH HAND SANITIZER, THREE TIMES A WEEK SERVICE Per month, in arrears	1	\$58.00	<input type="checkbox"/>	★ \$50.27
01-Nov-2017	> 30-Nov-2017	4	Service Per month, in arrears	1	\$136.50	<input type="checkbox"/>	\$136.50
01-Nov-2017	> 30-Nov-2017	5	Service Per month, in arrears	1	\$136.50	<input type="checkbox"/>	★ \$170.63
01-Nov-2017	> 30-Nov-2017	4	Service Per month, in arrears	1	\$136.50	<input type="checkbox"/>	\$136.50

Source: Fresh & Clean Invoice #161234

★ Prorated amount. (Calculation: Unit price \$58/30 days in November x 26 day duration = \$50.27)

★ Inaccurate extension computation

Prorated billing is unnecessary, as the Request for Bid defines weekly and monthly rates as any period up to seven days; and one calendar month or any part of a calendar month, respectively.

Section 29 of the City's General Terms and Conditions states, "Invoices and Payments: The Contractor shall submit an accurate invoice for each purchase. Invoices shall be...itemized unless otherwise specified...."

The vendor stated that there has been recent staff turnover and would address mathematical accuracy of invoices with the staff. The vendor's billing system automatically prorates, based on duration, if applicable.

RECOMMENDATIONS

Fresh & Clean should:

- Reimburse the City \$1,192 for the calculated overpayment during the audit period.

- Ensure that future billing rates and invoice computations are accurate and in conformance with the contract.
 - Rates charged match the rates listed in the contract.
 - Extension amounts should total the quantity ordered multiplied by the unit price.
 - Prorated amounts are unnecessary as the contract contains daily, weekly, and monthly rates.
- Work with the Department of Finance & Administrative Services – Purchasing Division to calculate any overpayment for the remaining contract term.

RESPONSE FROM FRESH & CLEAN

Fresh & Clean strives to be accurate and accountable to all of its customers and has submitted a check for \$1,192 as recommended.

Fresh & Clean is working with the City of Albuquerque's Purchasing Division to clarify portions of the contract, and is working with individual City departments to help ensure that, when ordering portable restroom services, all department requisitions reference the correct unit and item numbers as listed in the contract.

Fresh & Clean asserts that its invoices were accurate and timely and that, at the beginning of the contract, the City of Albuquerque had provided an incorrect billing formula that created mathematical inaccuracies. The vendor agrees that the formula was incorrect and has made appropriate changes so its billing will now be accurate.

*See **Appendix C** for complete vendor response.*

ESTIMATED COMPLETION DATES

No date specified.

2. FRESH & CLEAN SHOULD ENSURE THE ACCURACY OF ITS INVOICES.

Fresh & Clean's invoices do not accurately capture service information. From the statistical random sample of 21 invoices, the following issues were noted:

- Incorrect Unit Rates,
- Vague/Inaccurate Descriptions, and
- Incorrect Service Years.

Invoices containing inaccurate information are not in compliance with the contract and complicate the billing process.

The following subsections provide detailed information for, and examples of, the issues noted.

Incorrect Unit Rates

Nineteen of the twenty-one invoices selected for review contained incorrect “per unit” rates. For example, invoice #160450 lists a monthly per unit service rate of \$136.50 (\$34.125 x 4) as shown below.

From =>	To	Duration	Unit/Service Type	Quantity	Price/Per	Tax?	Extension
04-Oct-2017	> 03-Nov-2017	31	High Tech NO HAND SANITIZER, ONCE A WEEK SERVICE (Reflects minimum due)	2	\$32.00	<input type="checkbox"/>	\$64.00
09-Oct-2017	> 31-Oct-2017	4	Service (New delivery pro-rated to current billing cycle close.)	2	\$136.50	<input type="checkbox"/>	\$273.00

Source: Fresh & Clean Invoice #160450

The contract does not contain a monthly rate for portable restroom services, only a per service rate of \$31.50.

Note: The per service rate of \$31.50 multiplied by 4 weeks in 1 month totals \$126.00, not \$136.50, which is a difference of \$10.50. The difference of \$10.50 per month service (or \$105 difference between the vendor's "monthly service rate" and the \$31.50 "approved contract rate") may be misleading.

In addition, the incorrect unit rates were not always due to the overcharged service rate. Occasionally, the unit rate listed was multiple service charges combined. For example, Invoice #160423 lists one service at a per unit rate of \$63.00, as shown below. The contracted service rate is \$31.50 per service (correct service rate \$31.50 x 2 services = \$63.00).

From =>	To	Duration	Unit/Service Type	Quantity	Price/Per	Tax?	Extension
02-Oct-2017	> 01-Nov-2017	31	High Tech NO HAND SANITIZER (Reflects minimum due)	1	\$32.00	<input type="checkbox"/>	\$32.00
02-Oct-2017	> 31-Oct-2017	2	Service (New delivery pro-rated to current billing cycle close.)	1	\$63.00	<input type="checkbox"/>	\$63.00

Source: Fresh & Clean Invoice #160423

As detailed on page 8 of "How the Procurement Process Works" section of the Vendor

Handbook "The invoice must reference the appropriate Purchase Order or Purchase Order Release number, itemized quantities, description of goods and/or services unit prices and total price."

The vendor stated that there has been recent staff turnover and would discuss invoice accuracy with the staff in training and would ensure the accuracy of future billings.

Vague/Inaccurate Descriptions

All 21 invoices reviewed contained descriptions of portable restrooms that did not match the contract descriptions and did not list the unique unit/item numbers defined in the contract.

According to the Vendor's Handbook, Important for Prompt Payment, the vendor should:

- Make sure that the invoice clearly indicates the Department and Division.
- Make sure that the amount(s) match the amounts on the Purchase Order.
- Make sure that the Purchase Order Number is indicated on the invoice.
- Make sure that the invoice clearly states what goods or services are being invoiced.

Vague descriptions, or descriptions that do not match the portable restroom descriptions listed in the contract complicate the billing process.

Inaccurate Service Years

Eleven of the twenty-one invoices selected for review had been submitted electronically by the vendor. Each of the electronically submitted invoices listed the service dates as the year 2020, as shown below.

Invoice Number 160442										
Line #	Your Part #	Description	Pricing Unit Size	Start Date	End Date	Unit Of Measure	Qty. Shipped	Price	Ext. Price	Total
1		High Tech WITH HAND SANTIZER ONCE A WEEK SERVICE	1	10/26/2020	11/25/2020		1	58.00	\$58.00	\$58.00
2		Service(New delivery pro-rated to current billing cycle close.)	1	10/26/2020	10/31/2020		1	34.13	\$34.13	\$34.13

Source: Fresh & Clean Invoice #160442 (electronic submission)

The General Specifications for Chemical Toilet Rental states, "The successful bidder will be required to provide timely and accurate billing in the form of invoices."

The vendor was unsure as to why the service dates listed on invoices submitted electronically showed the year 2020, but would ensure the accuracy of future electronic invoices.

RECOMMENDATIONS

Fresh & Clean should ensure that invoices are accurate and in conformance with the contract.

- Rates charged match the rates listed in the contract. The rates charged should be the “per unit” rate defined in the contract and should not require various mathematical calculations or assumptions to verify charges.
- Invoices should reference the unique Unit/Item numbers and descriptions as detailed in the contract.
- Service dates should reflect actual dates of services provided.

RESPONSE FROM FRESH & CLEAN

Fresh & Clean disagrees that its invoices were inaccurate and, although it is undocumented, states that the City of Albuquerque had given Fresh & Clean instruction on how to calculate the monthly service rate. Fresh & Clean has removed the inaccurate formula from its computers and will change the billing to per service, per event.

*See **Appendix C** for the vendor’s complete response.*

ESTIMATED COMPLETION DATES

No date specified.

CONCLUSION

Invoice accuracy and contractual compliance are key requirements of City vendors. Opportunities exist for Fresh & Clean to improve in these areas. The review of an eight-month period of Fresh & Clean's invoices identified various billing and mathematical issues. These issues resulted in calculated net overcharges to the City of \$1,192 during the audit period. By addressing the items contained in this report, Fresh & Clean will help to improve and strengthen its relationship with the City departments.

We greatly appreciate the assistance, involvement and cooperation of Fresh & Clean's management and staff throughout the audit process.

Contract Auditor

REVIEWED:

Senior Information Systems Auditor

APPROVED:

Lawrence L. Davis, Acting City Auditor
Office of Internal Audit

APPROVED FOR PUBLICATION:

Chairperson, Accountability in
Government Oversight Committee

ACKNOWLEDGED:

Jim Thompson, City Auditor
Office of Internal Audit

APPENDIX A

OBJECTIVE

The audit objectives were to determine:

1. Are the vendor's billings accurate and in conformance with the contract?
2. Is the vendor in compliance with the insurance requirements of the contract?

SCOPE

Our audit did not include an examination of all functions and activities related to the Fresh & Clean Portable Restrooms, Inc. contract. Our scope was limited to the objectives above.

This report and its conclusions are based on information taken from a sample of transactions and do not represent an examination of all related transactions and activities. The audit report is based on our examination of activities through the completion of fieldwork on May 16, 2018 and does not reflect events or accounting entries after that date.

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

METHODOLOGY

Methodologies used to accomplish the audit objectives include but are not limited to the following:

- Reviewed procurement contract and corresponding General Instructions, Terms and Conditions;
- Determined the population of paid invoices during the audit period;
- Generated a statistical, random sample using "The Number" sampling software to provide a 90 percent confidence level;
- Selected a judgmental sample of all invoices over \$1,000.
- Tested the samples of invoices for billing compliance with the contract, rules and regulations, and policies and procedures;
- Recalculated invoices to verify that all are mathematically accurate;
- Identified charges that are not included in the contract; and
- Other methodologies as needed.

APPENDIX B

Summary of Invoice Overcharges/Undercharges

#	Invoice #	Date	Amount Billed	Correct Amount	Overcharge/ (Undercharge)	Reason for overcharge
1	160449	10/31/2017	\$134.39	\$126.50	\$7.89	Service rate overcharge on 3 services
2	160451	10/31/2017	\$537.56	\$506.00	\$31.56	Service rate overcharge on 12 services
3	106450	10/31/2017	\$337.00	\$316.00	\$21.00	Service rate overcharge on 8 services
4	160440	10/31/2017	\$776.56	\$724.00	\$52.56	Service rate overcharge on 12 services, 2 extra service charges, duration undercharge
5	160442	10/31/2017	\$92.13	\$64.50	\$27.63	Service rate overcharge on 1 service, incorrect item rate charged, undercharge
6	161228	11/30/2017	\$992.60	\$1,131.00	(\$138.40)	Incorrect duration rate charged (undercharge), Service rate overcharge on 24 services
7	161241	11/30/2017	\$202.63	\$189.50	\$13.13	Service rate overcharge on 5 services
8	161234	11/30/2017	\$493.90	\$442.50	\$51.40	Service rate overcharge on 13 services, incorrect item rate charged, unnecessary proration
9	52012	12/1/2017	\$58.00	\$32.00	\$26.00	Incorrect item rate charged
10	52021	12/29/2017	\$58.00	\$32.00	\$26.00	Incorrect item rate charged
11	162050	12/31/2017	\$168.50	\$158.00	\$10.50	Service rate overcharge on 4 services
12	162049	12/31/2017	\$168.50	\$158.00	\$10.50	Service rate overcharge on 4 services
13	162045	12/31/2017	\$190.76	\$159.00	\$31.76	Service rate overcharge on 4 services, unnecessary proration, incorrect item rate charged

Summary of Invoice Overcharges/Undercharges

#	Invoice #	Date	Amount Billed	Correct Amount	Overcharge/ (Undercharge)	Reason for overcharge
14	162039	12/31/2017	\$198.50	\$251.00	(\$52.50)	Service rate overcharge on 4 services, incorrect duration rate (undercharge)
15	162810	1/31/2018	\$168.50	\$158.00	\$10.50	Service rate overcharge on 4 services
16	162815	1/31/2018	\$467.50	\$411.00	\$56.50	Service rate overcharge on 12 services, incorrect item rate charged, undercharge
17	162793	1/31/2018	\$301.50	\$291.00	\$10.50	Service rate overcharge on 4 services
Total Overcharges:					\$196.53	

Source: Paid invoices

**FRESH & CLEAN PORTABLE RESTROOMS, INC.
COMPLETE AUDIT RESPONSE**



PRELIMINARY DRAFT

City of Albuquerque

Office of Internal Audit

P.O. BOX 1293 ALBUQUERQUE, NEW MEXICO 87103

Interoffice Memorandum

June 13, 2018

Ref. No.: 18-104

To: Robert Medina, Fresh & Clean Portable Restrooms, Inc.

From: Lawrence L. Davis, Acting City Auditor, Office of Internal Audit

Subject: PRELIMINARY DRAFT OF AUDIT REPORT NO. 18-104, FRESH & CLEAN PORTABLE RESTROOMS, INC. – VENDOR REPORT

Response Due: June 20, 2018

Attached is the Preliminary Draft of Audit Report No. 18-104, Fresh & Clean Portable Restrooms, Inc. - Citywide. It is submitted to you for your technical review.

The Accountability in Government Ordinance states, “The Auditees, including departments whose assistance is needed in order to accomplish a recommendation, shall respond to the Director, in writing, within 14 days of receipt of the audit report.” As we have discussed and you have agreed, your written response to the report are due no later than June 20, 2018.

Your responses should:

1. Specify agreement with each of the findings and recommendations or reasons for disagreement with the findings or recommendations.
2. Include plans for implementing recommended improvements.
3. Include a timetable with the anticipated completion dates for the proposed improvements.

Your response will be included in the final report. If we decide to change the report, an amended draft of the report will be submitted to you for your examination prior to preparation of the final report.

LD/CO/JS
Attachment

NOT FOR PUBLICATION



June 13, 2018

Performance Audit

Fresh & Clean Portable Restrooms, Inc.

Citywide Contract Audit – Vendor Report

Report No. 18-104

FRESH & CLEAN

PORTABLE RESTROOMS

NEW MEXICO'S SANITATION LEADER

CITY OF ALBUQUERQUE
OFFICE OF INTERNAL AUDIT

Fresh & Clean Portable Restrooms, Inc.

Citywide Vendor Audit

June 13, 2018

Audit #18-104

The purpose of this audit was to review and report on Fresh & Clean Portable Restrooms, Inc.'s contract and billing compliance for the period August 1, 2017 through March 23, 2018.

Recommendations

Fresh & Clean Portable Restrooms, Inc. should:

- Refund the City \$1,192 for calculated overcharges during the audit period.
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Vendor Response to be inserted



City of Albuquerque
Office of Internal Audit

June 13, 2018

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Fresh & Clean Portable Restrooms, Inc.
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PRELIMINARY DRAFT – Vendor Report

INTRODUCTION

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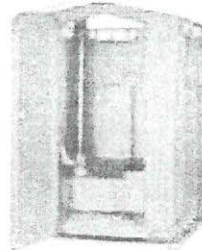
The City of Albuquerque (City) contracts with Fresh & Clean to provide portable restrooms for employees in the field and citizens attending the numerous City events throughout the year, including Summerfest and the Twinkle Light Parade.

In addition to overcharging for services to portable restrooms, on all invoices for which “High Tech, with Hand Sanitizer” was billed, the vendor charged for a more expensive unit as shown below.

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Source: Fresh & Clean Invoice #162815

City departments confirmed that the unit received was Unit 1 (\$32 contract rate), pictured below.

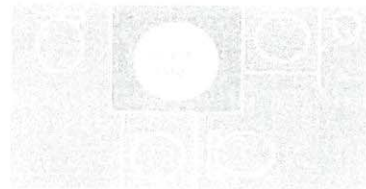
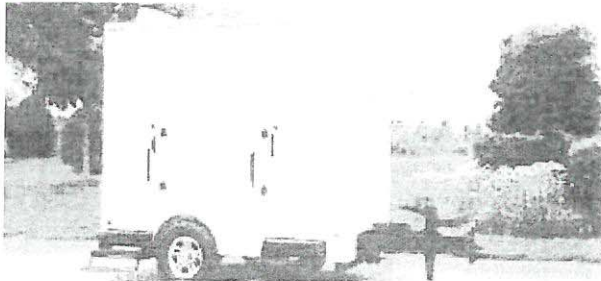


Source of Picture: Original Request for Bid documents

**Unit 1 – Standard Toilet without hand sanitizer dispenser
 (Model: High Tech, Maxim)**

A hand sanitizer dispenser is Item 7 of the contract, and may be added to any portable restroom for an additional charge of \$1.

Hand sanitizer dispensers were not listed on any invoice. Rather, it appears that if hand sanitizer was requested, the vendor incorrectly billed for Unit 4 (\$58 contract rate), pictured below.



Source of Picture: Original Request for Bid documents

Unit 4 – Portable Toilet (Model: High Tech, Maxim)

1. We discussed and explained to the audit department that the City of Albuquerque instructed us to use the formula of

In 2017 we were instructed by the financial department at the City of Albuquerque to bill the services as follows:

$$\begin{aligned} \$31.50 \text{ per service} \times 52 \text{ weeks} &= \$1,638 \\ \$1,638.00 / 12 \text{ months} &= \$136.50 \text{ per month} \end{aligned}$$

We were instructed to bill the City of Albuquerque to use this formula to calculate services.

We removed the City of Albuquerque's formula from our computer system and made the correction, billing will now be accurate.

FINDINGS

The following findings address areas that OIA believes could be improved by the implementation of the related recommendations.

1. FRESH & CLEAN SHOULD ENSURE THAT ITS BILLING IS ACCURATE AND IN CONFORMANCE WITH THE CONTRACT.

Fresh & Clean is not billing in accordance with the contract for some services. From a statistical random sample of 21 invoices, overcharges and mathematical inaccuracies were noted and amount to an estimated net overcharge of \$1,192.

Overcharges

Seventeen of the twenty-one invoices sampled contained overcharges or miscalculations totaling \$197. A detailed summary of the overcharges and mathematical inaccuracies can be found at Appendix B. The statistical random sample of 21 invoices totaled \$5,726, which equates to an overall error rate of 3.4 percent (\$197/\$5,726).

By applying the error rate to the audit period’s total paid invoices, it can be estimated that the City was overcharged a total of \$1,192 (\$35,059 x .034).

Based on the review of invoices, the vendor consistently overcharges the City \$2.63 per portable restroom service. Fresh & Clean charges \$34.13 per portable restroom service rather than the approved \$31.50 rate per service, as shown below.

Invoice Number 160440										
Line #	Your Part #	Description	Pricing Unit Size	Start Date	End Date	Unit Of Measure	Qty. Shipped	Price	Ext. Price	Total
1		High Tech WITHOUT HAND SANITIZER	1	10-9-2020	11-8-2020		1	32.00	\$32.00	\$32.00
2		Service Per month, in arrears	1	10-9-2020	10-31-2020		1	136.50	\$136.50	\$136.50
3		Service Per month, in arrears	1	10-9-2020	10-31-2020		3	34.13	\$102.39	\$102.39
4		Service Per month, in arrears	1	10-9-2020	10-31-2020		3	34.13	\$102.39	\$102.39
5		Handicap World Care Restrooms WITHOUT HAND SANITIZER	1	10-9-2020	11-8-2020		1	62.00	\$62.00	\$62.00
6		Service Per month, in arrears	1	10-9-2020	10-31-2020		1	136.50	\$136.50	\$136.50
7		Service Per month, in arrears	1	10-9-2020	10-31-2020		3	34.13	\$102.39	\$102.39
8		Service Per month, in arrears	1	10-9-2020	10-31-2020		3	34.13	\$102.39	\$102.39

Source: Fresh & Clean Invoice #160440 (electronic submission)

Response 18-104:

We disagree with this statement.

1. The City of Albuquerque has not clearly ordered the toilets/units correctly.
2. Unit numbers and item numbers have not been on purchase orders.
3. The City of Albuquerque departments call at the last minute (in an untimely fashion for us as a company) without a purchase order.
4. The contract is not clear on unit number 4, explained as a portable toilet model (High Tech, Maxim).
5. We are working with the purchasing department to clarify unit number 4 as a luxury restroom trailer. The contract is not clear.
6. I am providing a copy of a purchase order number that clearly shows that there are no item numbers or unit numbers.
7. I am also providing a correct purchase order that has the unit numbers and item numbers.

Purchase Order Release



PR-Administration Mail
P. O. Box 1293

Albuquerque NM 87103
United States

Dispatch Via Email		
Purchase Order POPRK-PRK0013178	Date 04-04-2018	Revision
Payment Terms NET 30	Freight Terms FOB Destination	Ship Via Common
Buyer Sandoval, Claire	Reference QCK_SRC_REQ_PRK	Currency USD

FRESH AND CLEAN PORTABLE
RESTROOMS INC
4202 BROADWAY BLVD SE
ALBUQUERQUE NM 87105
United States

Supplier: 0000123825
Ship To: 50008
MD Park Design San Pedro
Bldg A
7701 San Pedro NE
Pino Yards
Albuquerque NM 87109
United States

Bill To:
City of Albuquerque
ATTN: Accounts Payable
P. O. Box 1985
Albuquerque NM 87103
United States

Attention: Montoya, Rebecca I - rmontoya@cabq.gov

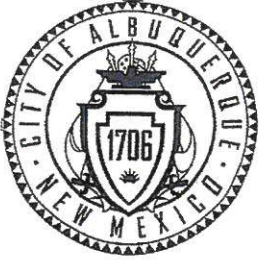
Line-Sch	Item/Description	Mfg ID	Quantity	UOM	PO Price	Extended Amt	Due Date
1 - 1	1- One High Tech Portable Restroom		1.00	EA	58.00	58.00	04/04/2018
Contract ID: SHR000020948		Version: 1	Contract Line: 0		Schedule Total Release: 70	58.00	
						Category Line: 1	
						Item Total	58.00
2 - 1	One Units services for delivery		1.00	LSM	31.50	31.50	04/04/2018
Contract ID: SHR000020948		Version: 1	Contract Line: 0		Schedule Total Release: 71	31.50	
						Category Line: 1	
						Item Total	31.50
3 - 1	One Unit Once A Week Service		5.00	EA	31.50	157.50	04/04/2018
Contract ID: SHR000020948		Version: 1	Contract Line: 0		Schedule Total Release: 72	157.50	
						Category Line: 1	
						Item Total	157.50
						Total PO Amount	247.00

In:
Vague not accurate
no item #'s
no unit #'s

Authorized Signature See above for COA contact

B. Jan M...

Purchase Order Release



FC-Administration
400 Marquette NW
Room 504
Albuquerque NM 87102
United States

Dispatched		Dispatch Via Print
Purchase Order	Date	Revision
POFCS-FCS0011481	10-25-2017	
Payment Terms	Freight Terms	Ship Via
NET 30	FOB Destination	Common
Buyer	Reference	Currency
Vargas, Estevan F	QCK_SRC_REQ_FCS	USD

FRESH AND CLEAN PORTABLE
RESTROOMS INC
4202 BROADWAY BLVD SE
ALBUQUERQUE NM 87105
United States

Supplier:
0000123825

Ship To:
FC-Administration
400 Marquette NW
Room 504
Albuquerque NM 87102
United States
Attention: See Detail Below

Bill To:
FA-AcctPay Mail
P. O. Box 1985
Albuquerque NM 87103
United States

Line-Sch	Item/Description	Mfg ID	Quantity	UOM	PO Price	Extended Amt	Due Date
1 - 1	Chemical Toilet Rental for Coronado Park		1.00	EA	1536.00	1536.00	10/25/2017

DIST: 1

Attention: Valverde, Stacey M

Chartfields

Status	Percentage	PO Qty	Amount
Open	100.0000	1.0000	1536.000

GLUnit	Account	Fund	Dept
ABQ01	527500	110	2931600

Details/Tax

BaseAmt	BaseCurrency	Currency	Location	Consigned
1536.000	USD	USD	10021	N

Req Details

ReqBU	ReqID	Lin	Sch	Dist	OpenQty	Requester	RequesterNm	Attention
POFCS	RFC000685	1	1	1				Valverde, Stacey M
	3							

Schedule Total 1536.00

Contract ID: SHR000020948

Contract Line: 0 Release: 38 Category Line: 1

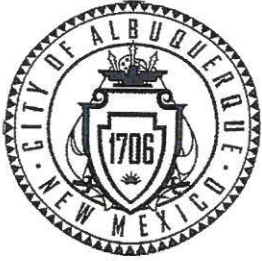
Item Total 1536.00

Total PO Amount 1536.00

not accurate
vague
no Item #'s
no unit #'s

Unauthorized See above for COA contact

Purchase Order Release



PR-Administration Mail
P. O. Box 1293

Albuquerque NM 87103
United States

		Dispatch Via Email
Purchase Order POPRK-PRK0013173	Date 04-03-2018	Revision
Payment Terms NET 30	Freight Terms FOB Destination	Ship Via Common
Buyer Sandoval, Claire	Reference QCK_SRC_REQ_PRK	Currency USD

FRESH AND CLEAN PORTABLE
RESTROOMS INC
4202 BROADWAY BLVD SE
ALBUQUERQUE NM 87105
United States

Supplier:
0000123825

Ship To: 44100
PR-Open Space Picaros
3615 Los Picaros SE
Albuquerque NM 87105
United States

Bill To:
City of Albuquerque
ATTN: Accounts Payable
P. O. Box 1985
Albuquerque NM 87103
United States

Attention: Romero, Amanda E - aeromero@cabq.gov

Line-Sch	Item/Description	Mfg ID	Quantity	UOM	PO Price	Extended Amt	Due Date
1 - 1	STANDARD PORTABLE RESTROOM		3.00	EA	58.00	174.00	04/03/2018
						Schedule Total	174.00
Contract ID: SHR000020948		Version: 1	Contract Line: 0	Release: 68	Category Line: 1		
						Item Total	174.00
2 - 1	SERVICE		3.00	EA	31.50	94.50	04/03/2018
						Schedule Total	94.50
Contract ID: SHR000020948		Version: 1	Contract Line: 0	Release: 69	Category Line: 1		
						Item Total	94.50
						Total PO Amount	268.50

Amanda Romero
505-452-5212
aeromero@cabq.gov

not accurate
vague
no Item #'s
no unit #'s

Authorized Signature See above for COA contact

B. Jan M...



CS-Administration
 One Civic Plaza NW
 6th Floor
 Room 605
 Albuquerque NM 87102
 United States

DUPLICATE		Dispatch Via Email
Purchase Order PODCS-DCS0012866	Date 06-06-2018	Revision
Payment Terms NET 30	Freight Terms FOB Destination	Ship Via Common
Buyer Ray, Cassandra L	Reference QCK_SRC_REQ_DCS	Currency USD

FRESH AND CLEAN PORTABLE
 RESTROOMS INC
 4202 BROADWAY BLVD SE
 ALBUQUERQUE NM 87105
 United States

Supplier:
 0000123825

Ship To: 10038
 CS-Special Events - Rm 605
 400 Marquette NW
 Old City Hall
 Albuquerque NM 87102
 United States

Bill To:
 City of Albuquerque
 ATTN: Accounts Payable
 P. O. Box 1985
 Albuquerque NM 87103
 United States

Attention: Werner, Eric J - ewerner@cabq.gov

Line-Sch	Item/Description	Mfg ID	Quantity	UOM	PO Price	Extended Amt	Due Date
1 - 1	Item 001 Unit 1 Standard Toilet		52.00	EA	32.00	1664.00	06/06/2018
						Schedule Total	1664.00
Contract ID: SHR000020948						Version: 1 Contract Line: 0 Release: 108	Category Line: 1
						Item Total	1664.00
2 - 1	Item # 8 Unit 2 ADA Accessible Toilet		8.00	EA	62.00	496.00	06/06/2018
						Schedule Total	496.00
Contract ID: SHR000020948						Version: 1 Contract Line: 0 Release: 106	Category Line: 1
						Item Total	496.00
3 - 1	Item #37 Item 7 hand Sanitizer Dispenser		60.00	EA	1.00	60.00	06/06/2018
						Schedule Total	60.00
Contract ID: SHR000020948						Version: 1 Contract Line: 0 Release: 109	Category Line: 1
						Item Total	60.00
4 - 1	item #23 Unit 5 Free Sstanding Handwash Basin		5.00	EA	42.00	210.00	06/06/2018
						Schedule Total	210.00
Contract ID: SHR000020948						Version: 1 Contract Line: 0 Release: 107	Category Line: 1
						Item Total	210.00
						Total PO Amount	2430.00

Correct PO#
 Awesome!

unit # provided
 Item # provided

Authorized Signature See above for COA contact

CITY OF ALBUQUERQUE TERMS AND CONDITIONS

Direct all inquiries to: City of Albuquerque, Purchasing Division, P.O. Box 1293, Albuquerque, NM 87103 or call (505) 768-3320.

- 1. Contract:** By commencing work, vendor accepts all Terms and Conditions herein and agrees that, to the extent vendor terms conflict, these Terms and Conditions shall govern. These Terms and Conditions and any non-conflicting vendor terms and conditions shall constitute the Contract.
- 2. Invoicing:** Department name AND purchase order/procurement contract, or contract release order number MUST be on all invoices, packing slips, shipping notices, freight bills, and correspondence concerning the order.
Send invoice original and duplicate to: Accounting, P.O. Box 1985, Albuquerque, NM 87103.
- 3. Payment:** City's payment terms are net 30 days unless otherwise stated. City shall not pay late fees, finance fees, or collection fees. Any vendor that accepts payments by credit card on behalf of City must be Payment Card Industry Data Security Standard compliant.
- 4. FOB Destination and Inspection:** The risk of loss, injury and destruction, and legal title to the goods remains with vendor until the goods reach the location of the City. All goods delivered are subject to inspection upon receipt by City. Department's count will be accepted by vendor as final and conclusive on all shipments not accompanied by a packing slip. All rejected goods shall remain the property of vendor and will be returned at vendor's expense.
- 5. Taxes:** Vendor is responsible for determining whether taxes are applicable to the order and for payment of the tax. Applicable taxes are to be included in each invoice due and may not be billed more than sixty (60) days after providing the goods or services to which the taxes apply.
- 6. Warranty:** Vendor warrants that the goods and services furnished shall (a) conform to the specifications; (b) be free from defects in materials and workmanship; (c) be suitable for the purpose intended; (d) be new and of most current production; (e) be free from security interests or liens; and (f) not infringe upon or violate any copyrights or patent rights.
- 7. Workers' Compensation and Additional Insurance:** Vendor agrees to comply with its state's law pertaining to workers' compensation benefits for its employees. If vendor fails to comply with the applicable workers compensation law when required to do so, the Contract may be terminated by City. Vendor agrees to procure and maintain any additional insurance coverage requested by City.
- 8. Default:** City reserves the right to cancel all or any part of the Contract without cost to the City if vendor fails to meet the provisions of the Contract and, except as otherwise provided herein, to hold Vendor liable for any excess cost incurred by City due to vendor default.
- 9. Force Majeure:** Neither Vendor nor City shall be liable for failure to perform its obligations under the Contract due to causes beyond the control and without the fault or negligence of either party. Such causes include, but are not restricted to, acts of God or the public enemy, acts of the State or federal government, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, unusually severe weather and defaults of subcontractors due to any of the above, unless City shall determine that the supplies or services to be furnished by the subcontractor were obtainable from other sources in sufficient time to permit vendor to meet the required delivery scheduled. The rights and remedies of the City provided in this paragraph shall not be exclusive and are in addition to any other rights now being provided by law or under the Contract.
- 10. Termination for Lack of Appropriations:** Notwithstanding any provision in the Contract to the contrary, payments hereunder are contingent upon the Albuquerque City Council making the necessary appropriations. If sufficient appropriations are not made, the Contract may be terminated at the end of City's then current fiscal year upon written notice given by City to vendor. Such event shall not constitute an event of default and all payment obligations of City and all of its interest in the Contract will cease upon the date of termination. City's determination regarding appropriation shall be accepted by vendor and shall be final.
- 11. Termination for Convenience:** City may terminate the Contract at any time by giving at least 30 days' written notice to the Vendor. In such event, vendor shall be paid under the terms of the Contract for all goods and/or services provided to and accepted by City, if ordered or accepted by City prior to the effective date of termination.
- 12. Contract Changes:** In no case shall the Contract be changed without the prior written approval of City's Chief Procurement Officer.
- 13. Assignment:** Neither the Contract, nor any interest therein, nor claim thereunder, shall be assigned or transferred by vendor, except as expressly authorized in writing by City's Chief Procurement Officer or designee. No such assignment or transfer shall relieve vendor from the obligations and liabilities under the Contract.
- 14. City Furnished Property:** City furnished property shall be returned to City upon request in the same condition as received except for ordinary wear, tear, and modifications ordered hereunder.
- 15. Indemnity:** Vendor agrees to defend, indemnify and hold harmless City from any and all claims, actions, suits or proceedings brought against City because of any injury or damage received or sustained by any person or property arising out of or resulting from the Contract or by reason of any asserted act or omission, neglect or misconduct of vendor or its agents or employees or any subcontractor or its agents or employees. This indemnity shall not be limited by reason of the specification of any particular insurance coverage in the Contract. City shall not indemnify vendor.
- 16. Debarment, Suspension, Ineligibility and Exclusion Compliance:** Vendor certifies (a) that it has not been debarred, suspended or otherwise found ineligible to receive funds by any agency of the executive branch of the federal government, the State of New Mexico, any local public body of the State, or any state of the United States; and (b) should any notice of debarment, suspension, ineligibility or exclusion be received by vendor, vendor will notify City immediately.
- 17. Conflict of Interest:** No officer, agent or employee of City will participate in any decision relating to the Contract which affects that person's financial interest, the financial interest of his or her spouse or minor child or the financial interest of any business in which he or she has a direct or indirect financial interest.
- 18. Interest of Contractor:** Vendor agrees that it presently does not have, and shall acquire no direct or indirect interest which conflicts in any manner or degree with the performance of the terms of the Contract. Vendor will not employ any person who has any such conflict of interest to assist Vendor in performing the services.
- 19. No Collusion:** Vendor represents that it has entered into the Contract without collusion on the part of Vendor with any person or firm, without fraud and in good faith. Vendor also represents that no gratuities, in the form of entertainment, gifts or otherwise, were, or during the term of the Contract, will be offered or given by vendor or any agent or representative of vendor to any officer or employee of the City with a view towards securing the Contract or for securing more favorable treatment with respect to making any determinations with respect to performing the Contract.
- 20. Audits and Inspections:** At any time during normal business hours and as often as City may deem necessary, there shall be made available to City for examination all of vendor's records with respect to all matters covered by the Contract. Vendor shall permit City to audit, examine, and make excerpts or transcripts from such records, and to make audits of all contracts, invoices, materials, payrolls, records of personnel, conditions of employment and other data relating to all matters covered by the Contract. Vendor understands and will comply with City's Accountability in Government Ordinance, §2-10-1 et seq. and Inspector General Ordinance, §2-17-1 et seq. R.O.A. 1994, and also agrees to provide requested information and records and appear as a witness in hearings for City's Board of Ethics and Campaign Practices pursuant to Article XII, Section 8 of the Albuquerque City Charter.
- 21. Compliance With Ethics Provisions:** Vendor certifies that it has not, either directly or indirectly, entered into action in restraint of free competitive bidding and is in compliance with the Ethical Conduct provisions of City's Public Purchases Ordinance. 5-5-22 R.O.A. 1994.
- 22. Non-discrimination:** In performing the Contract, vendor shall comply with the Federal Civil Rights Act of 1964 and Title VII of the Act and the Americans with Disabilities Act of 1990.
- 23. Compliance With Laws:** In performing the Contract vendor shall comply with all applicable laws, ordinances and codes of the federal, state and local governments.
- 24. Governing Law:** The Contract is governed by the laws of the State of New Mexico and the City of Albuquerque. The venue for actions arising out of the Contract is Bernalillo County, New Mexico.
- 25. Federal Funding:** Procurements involving the expenditure of federal funds may be subject to mandatory applicable federal law and regulations.

Version Date: July 14, 2015

The General Specifications for Chemical Toilet Rental states, "The successful bidder will be required to provide timely and accurate billing in the form of invoices."

The vendor indicated that the company had recently experienced staff turnover and would address and correct the accuracy of its invoices.

Mathematical Inaccuracies

Four of the twenty-one invoices sampled contained mathematical inaccuracies. Two invoices contained inaccurate extension computations, one invoice contained unnecessary proration, and one invoice contained both an extension error and a prorated amount, as shown below.

From =>	To	Duration	Unit/Service Type	Quantity	Price/Per	Tax?	Extension
05-Nov-2017	> 30-Nov-2017	26	High Tech WITH HAND SANITIZER, THREE TIMES A WEEK SERVICE Per month, in arrears	1	\$58.00	<input type="checkbox"/>	★ \$50.27
01-Nov-2017	> 30-Nov-2017	4	Service Per month, in arrears	1	\$136.50	<input type="checkbox"/>	\$136.50
01-Nov-2017	> 30-Nov-2017	5	Service Per month, in arrears	1	\$136.50	<input type="checkbox"/>	★ \$170.63
01-Nov-2017	> 30-Nov-2017	4	Service Per month, in arrears	1	\$136.50	<input type="checkbox"/>	\$136.50

Source: Fresh & Clean Invoice #161234

★ Prorated amount. (Calculation: Unit price \$58/30 days in November x 26 day duration = \$50.27)

★ Inaccurate extension computation

Prorated billing is unnecessary, as the Request for Bid defines weekly and monthly rates as any period up to seven days; and one calendar month or any part of a calendar month, respectively.

Section 29 of the City's General Terms and Conditions states, "Invoices and Payments: The Contractor shall submit an accurate invoice for each purchase. Invoices shall be...itemized unless otherwise specified...."

The vendor stated that there has been recent staff turnover and would address mathematical accuracy of invoices with the staff. The vendor's billing system automatically prorates, based on duration, if applicable.

RECOMMENDATIONS

Fresh & Clean should:

- Reimburse the City \$1,192 for the calculated overpayment during the audit period.

Response 18-104:

We have provided accurate and timely invoices. We were given the incorrect billing formula provided by the City of Albuquerque that created mathematical inaccuracies. We agree that the formula that the City of Albuquerque provided us in the beginning of our contract is incorrect. We have made the appropriate changes.

We want to make clear that the City of Albuquerque has outstanding invoices that are currently 4 months late.

- Ensure that future billing rates and invoice computations are accurate and in conformance with the contract.
 - Rates charged match the rates listed in the contract.
 - Extension amounts should total the quantity ordered multiplied by the unit price.
 - Prorated amounts are unnecessary as the contract contains daily, weekly, and monthly rates.
- Work with the Department of Finance & Administrative Services – Purchasing Division to calculate any overpayment for the remaining contract term.

2. FRESH & CLEAN SHOULD ENSURE THE ACCURACY OF ITS INVOICES.

Fresh & Clean’s invoices do not accurately capture service information. From the statistical random sample of 21 invoices, the following issues were noted:

- Incorrect Unit Rates,
- Vague/Inaccurate Descriptions, and
- Incorrect Service Years.

Invoices containing inaccurate information are not in compliance with the contract and complicate the billing process.

The following subsections provide detailed information for, and examples of, the issues noted.

Incorrect Unit Rates

Nineteen of the twenty-one invoices selected for review contained incorrect “per unit” rates. For example, invoice #160450 lists a monthly per unit service rate of \$136.50 (\$34.125 x 4) as shown below.

From =>	To	Duration	Unit/Service Type	Quantity	Price/Per	Tax?	Extension	
04-Oct-2017	>	03-Nov-2017	31	High Tech NO HAND SANITIZER, ONCE A WEEK SERVICE (Reflects minimum due)	2	\$32.00		\$64.00
06-Oct-2017	>	31-Oct-2017	4	Service (New delivery pro-rated to current billing cycle close.)	2	\$136.50		\$273.00

Source: Fresh & Clean Invoice #160450

The contract does not contain a monthly rate for portable restroom services, only a per service rate of \$31.50.

Note: The per service rate of \$31.50 multiplied by 4 weeks in 1 month totals \$126.00,

Recommendations 18-104:

- We agree to reimburse the City of Albuquerque \$1,192.00 for inaccurate billing (due to the City of Albuquerque's inaccurate formula).
- Our company strives to be accurate and accountable to all of our customers. Any time we have a problem, we strive to find common ground to resolve it. I am providing a check for \$1,192.00.
- We agree and will ensure that billing rates and invoices are accurate, in accordance with the contract.

2. Fresh & Clean Portable Restrooms

We disagree with this statement. Please refer to the purchase order number that the City of Albuquerque has provided. The City of Albuquerque clearly has not provided correct item numbers and correct unit numbers.

We discussed how the City of Albuquerque provided the formula of

$$\$31.50 \times 52 \text{ weeks} = \$1,638.00$$

$$\$1,638.00 / 12 \text{ months} = \$136.50 \text{ per month}$$

The City of Albuquerque's formula is incorrect and we agree to change it to bill per service, per event.

Please refer to PO #s
provided by COA.

We have made the correct changes to invoice the City of Albuquerque and have removed the City of Albuquerque's inaccurate formula from our computers. We agree not to provide the services. We will change our billing to per service, per event.

not \$136.50, which is a difference of \$10.50. The difference of \$10.50 per month service (or \$105 difference between the vendor's "monthly service rate" and the \$31.50 "approved contract rate") may be misleading.

18-104

In addition, the incorrect unit rates were not always due to the overcharged service rate. Occasionally, the unit rate listed was multiple service charges combined. For example, Invoice #160423 lists one service at a per unit rate of \$63.00, as shown below. The contracted service rate is \$31.50 per service (correct service rate \$31.50 x 2 services = \$63.00).

From =>	To	Duration	Unit/Service Type	Quantity	Price/Per	Tax?	Extension
02-Oct-2017	>	01-Nov-2017	31 High Tech NO HAND SANITIZER (Reflects minimum due)	1	\$32.00	1	\$32.00
02-Oct-2017	>	31-Oct-2017	2 Service (New delivery pro-rated to current billing cycle close.)	1	\$63.00		\$63.00

Source: Fresh & Clean Invoice #160423

As detailed on page 8 of "How the Procurement Process Works" section of the Vendor Handbook "The invoice must reference the appropriate Purchase Order or Purchase Order Release number, itemized quantities, description of goods and/or services unit prices and total price."

The vendor stated that there has been recent staff turnover and would discuss invoice accuracy with the staff in training and would ensure the accuracy of future billings.

18-104:

We agree with the statement that the City of Albuquerque gave us the formula incorrectly.

We disagree with the statement; the changes are correct, but the price per service is incorrect.

Please refer to the City of Albuquerque's purchase numbers. The City of Albuquerque has not ordered the correct unit numbers or item numbers.

Fresh & Clean has had recent staff turnover. However, by no means is this the reason for invoice inaccuracies or mistakes. I recently called these two employees that worked for us and had a meeting explaining the audit. Both employees state that the City of Albuquerque provided us with the incorrect billing formula, and have always had inaccurate item numbers and unit numbers on every purchase order. Please refer to the examples that we have provided. Also, we would like to state that because of these incorrect formulas from the City of Albuquerque, it has delayed payments. The City of Albuquerque currently has 4 months of outstanding invoices that are past due.

Vague/Inaccurate Descriptions

All 21 invoices reviewed contained descriptions of portable restrooms that did not match the contract descriptions and did not list the unique unit/item numbers defined in the contract.

According to the Vendor's Handbook, Important for Prompt Payment, the vendor should:

- Make sure that the invoice clearly indicates the Department and Division.
- Make sure that the amount(s) match the amounts on the Purchase Order.
- Make sure that the Purchase Order Number is indicated on the invoice.
- Make sure that the invoice clearly states what goods or services are being invoiced.

Vague descriptions, or descriptions that do not match the portable restroom descriptions listed in the contract complicate the billing process.

Inaccurate Service Years

Eleven of the twenty-one invoices selected for review had been submitted electronically by the vendor. Each of the electronically submitted invoices listed the service dates as the year

Office of Internal Audit

Vague/Inaccurate Descriptions:

We agree with the first paragraph. The City of Albuquerque must agree that they need to provide an accurate unit number and item number that is listed within the contract. We have too many orders without them, making them vague and inaccurate.

We agree with the statements. We are having problems getting paid for invoices because the department within the City of Albuquerque does not have accurate unit numbers or item numbers on them.

We have outstanding invoices with the City of Albuquerque that are 4 months past due.

We hand delivered invoices and put a time stamp on them. We asked that the City of Albuquerque finance and pay them. We are having a difficult time because the City of Albuquerque would have to go to each department to find out and explain why the purchase order numbers, item numbers, and unit numbers do not match our invoices, which further delays our payments.

2020, as shown below.

Invoice Number 160442

Line #	Your Part #	Description	Price	Unit Size	Start Date	End Date	Unit Of Measure	Qty. Shipped	Price	Ext. Price	Total
1		High Tech WITH HAND SANITIZER ONCE A WEEK SERVICE		1	10/26/2020	11/25/2020		1	58.00	\$58.00	\$58.00
2		Service(New delivery pro-rated to current billing cycle close.)		1	10/26/2020	10/31/2020		1	34.13	\$34.13	\$34.13

Source: Fresh & Clean Invoice #160442 (electronic submission)

The General Specifications for Chemical Toilet Rental states, “The successful bidder will be required to provide timely and accurate billing in the form of invoices.”

The vendor was unsure as to why the service dates listed on invoices submitted electronically showed the year 2020, but would ensure the accuracy of future electronic invoices.

RECOMMENDATIONS

Fresh & Clean should ensure that invoices are accurate and in conformance with the contract.

- Rates charged match the rates listed in the contract. The rates charged should be the “per unit” rate defined in the contract and should not require various mathematical calculations or assumptions to verify charges.
- Invoices should reference the unique Unit/Item numbers and descriptions as detailed in the contract.
- Service dates should reflect actual dates of services provided.

RESPONSE FROM FRESH & CLEAN

ESTIMATED COMPLETION DATES

We disagree with this statement. Our invoices simply do not state that we have the capability to put 2020 on it.

This is a Transcepta issue:

Transcepta has a category on the computer program (that should not be able to allowed to enter a year other than 2018) that allows 2020, this is not a mistake on Fresh & Clean's end.

Please reach out to Transcepta to fix the problem.

○ this is a Transcepta issue
& needs to be Fixed.

CONCLUSION


Invoice accuracy and contractual compliance are key requirements of City vendors. Opportunities exist for Fresh & Clean to improve in these areas. The review of an eight-month period of Fresh & Clean's invoices identified various billing and mathematical issues. These issues resulted in calculated net overcharges to the City of \$1,192 during the audit period. By addressing the items contained in this report, Fresh & Clean will help to improve and strengthen its relationship with the City departments.

We greatly appreciate the assistance, involvement and cooperation of Fresh & Clean's management and staff throughout the audit process.

Conclusion

Thank you for the opportunity to service the residents of the City of Albuquerque. We are proud to provide first class facilities to all of our customers. We strive to be the best in our industry and trust that you will honor our contract and that the department within the City of Albuquerque the procurement accurately. We will continue to work to improve our accuracy and billing methods.

Thank you,

A handwritten signature in green ink, appearing to read 'R. Medina', is written over the typed name.

Robert Medina



Processing: Your invoice is currently being processed.

Contact Customer
(mailto:fgonzales@cabq.gov?subject=Invoice
52294) **Cancel Invoice**

INVOICE

City of Albuquerque

Invoice Type Invoice
Invoice Date 6/19/2018
Invoice Number 52294
PO Number PODCS-DCS0012866
Payment Terms Net 15 days
Currency USD

Sales Rep.
Requestor Email
Comments
Customer Number FA-ACCTPAYMAIL
Due Date 7/4/2018
Vendor Number 0000123825

Bill To
Site Code
Name FA-ACCTPAY MAIL
Address Re: CITY OF ALBUQUERQUE CULTURAL
SERVICE DEPT
PO BOX 1985
ALBUQUERQUE, NM 87103
Contact
Phone
Fax
Email
▶ **Ship To**
▶ **Remit To**
▶ **Vendor**

Copies: of correct po #'s
Correct Billing information.
Correct transcript info.
* All changes made
We improved all our invoices & info:

Heights Summerfest - Norte Domingo Baca Park June 9, 2018

000042

Line #	PO Line #	Your Part #	Description	Start Date	End Date	Unit Of Measure	Qty. Shipped	Price	Ext. Price	Total
1	1	001	STANDARD TOILET	6/9/2018	6/9/2018	1	52	32.00	\$1,664.00	\$1,664.00
2	2	008	ADA ACCESSIBLE TOILET	6/9/2018	6/9/2018	1	8	62.00	\$496.00	\$496.00
3	3	037	HAND SANITIZER DISPENSER	6/9/2018	6/9/2018	1	60	1.00	\$60.00	\$60.00
4	4	023	FREE STANDING HANDWASH BASIN	6/9/2018	6/9/2018	1	5	42.00	\$210.00	\$210.00

	Subtotal	\$2,430.00
Sales Tax %	0%	Sales Tax \$0.00
	Total	\$2,430.00
	Amount Paid	\$0.00
	Amount Due	\$2,430.00

 Supporting Documents

- 1 PODCS-DCS0012866-06192018024606.pdf (42 KB)

Invoice History

Created by NANCY SEAL on 06/19/2018

Other Actions

Create a copy of this invoice

Purchase Order Release



CS-Administration
 One Civic Plaza NW
 6th Floor
 Room 605
 Albuquerque NM 87102
 United States

DUPLICATE		Dispatch Via Email
Purchase Order PODCS-DCS0012866	Date 06-06-2018	Revision
Payment Terms NET 30	Freight Terms FOB Destination	Ship Via Common
Buyer Ray, Kassandra L	Reference QCK_SRC_REQ_DCS	Currency USD

FRESH AND CLEAN PORTABLE
 RESTROOMS INC
 4202 BROADWAY BLVD SE
 ALBUQUERQUE NM 87105
 United States

Supplier:
 0000123825

Ship To: 10038
 CS-Special Events - Rm 605
 400 Marquette NW
 Old City Hall
 Albuquerque NM 87102
 United States

Bill To:
 City of Albuquerque
 ATTN: Accounts Payable
 P. O. Box 1985
 Albuquerque NM 87103
 United States

Attention: Werner, Eric J - ewerner@cabq.gov

Line-Sch	Item/Description	Mfg ID	Quantity	UOM	PO Price	Extended Amt	Due Date
1 - 1	Item 001 Unit 1 Standard Toilet		52.00	EA	32.00	1664.00	06/06/2018
						Schedule Total	1664.00
Contract ID: SHR000020948		Version: 1	Contract Line: 0	Release: 108	Category Line: 1		
						Item Total	1664.00
2 - 1	Item # 8 Unit 2 ADA Accessible Toilet		8.00	EA	62.00	496.00	06/06/2018
						Schedule Total	496.00
Contract ID: SHR000020948		Version: 1	Contract Line: 0	Release: 106	Category Line: 1		
						Item Total	496.00
3 - 1	Item #37 Item 7 hand Sanitizer Dispenser		60.00	EA	1.00	60.00	06/06/2018
						Schedule Total	60.00
Contract ID: SHR000020948		Version: 1	Contract Line: 0	Release: 109	Category Line: 1		
						Item Total	60.00
4 - 1	item #23 Unit 5 Free Sstanding Handwash Basin		5.00	EA	42.00	210.00	06/06/2018
						Schedule Total	210.00
Contract ID: SHR000020948		Version: 1	Contract Line: 0	Release: 107	Category Line: 1		
						Item Total	210.00
						Total PO Amount	2430.00

Authorized Signature See above for COA contact

FRESH & CLEAN SPECIAL EVENTS

4202 BROADWAY BLVD SE
 ALBUQUERQUE, NM 87105
Telephone: (505) 293-7311
Fax: (505) 293-7315

Invoice

Number: 52294
 Date: 19-Jun-2018
 P.O. Number: PODCS-DCS0012866

BILL TO 8103
 FA-ACCTPAY MAIL
 Re: CITY OF ALBUQUERQUE CULTURAL
 SERVICE DEPT
 PO BOX 1985
 ALBUQUERQUE, NM 87103

JOB SITE 41512
 VERONICA ARCHULETA 505-768-3531
 7520 CORONA AVE NE
 NORTH DOMINGO BACA PARK
 ALBUQUERQUE, NM

Last Payment Date
 06-Jun-2018

Job Number: HEIGHTS SUMMERF Accounting ID:

09-Jun-2018	>	09-Jun-2018	1	Handicap World Care Restroom ITEM # 008 UNIT 2 Special Event rate	8	\$62.00	<input type="checkbox"/>	\$496.00
09-Jun-2018	>	09-Jun-2018	1	High Tech ITEM # 001 UNIT 1 Special Event rate	52	\$32.00	<input type="checkbox"/>	\$1,664.00
09-Jun-2018	>	09-Jun-2018	1	Hand Sanitizer ITEM # 037 ITEM 7 Special Event rate	60	\$1.00	<input type="checkbox"/>	\$60.00
09-Jun-2018	>	09-Jun-2018	1	HANDWASHING STATION ITEM # 023 UNIT 5 Special Event rate	5	\$42.00	<input type="checkbox"/>	\$210.00

Subtotal NonTaxed: \$2,430.00
 Current Invoice Total: \$2,430.00
Please Pay: \$2,430.00

Payment Terms: COD

WE ACCEPT MASTERCARD, VISA & AMERICAN EXPRESS
 MAKE CHECKS PAYABLE TO FRESH AND CLEAN PORTABLE
 A LATE CHARGE OF 1.5% PER MONTH (18% PER ANUM) WILL APPLY
 TO ALL PAST DUE ACCOUNTS

Contract Auditor

REVIEWED:

Senior Information Systems Auditor

APPROVED:

Lawrence L. Davis, Acting City Auditor
Office of Internal Audit

APPROVED FOR PUBLICATION:

Chairperson, Accountability in
Government Oversight Committee

APPENDIX A

OBJECTIVE

The audit objectives were to determine:

1. Are the vendor's billings accurate and in conformance with the contract?
2. Is the vendor in compliance with the insurance requirements of the contract?

SCOPE

Our audit did not include an examination of all functions and activities related to the Fresh & Clean Portable Restrooms, Inc. contract. Our scope was limited to the objectives above.

This report and its conclusions are based on information taken from a sample of transactions and do not represent an examination of all related transactions and activities. The audit report is based on our examination of activities through the completion of fieldwork on May 16, 2018 and does not reflect events or accounting entries after that date.

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

METHODOLOGY

Methodologies used to accomplish the audit objectives include but are not limited to the following:

- Reviewed procurement contract and corresponding General Instructions, Terms and Conditions;
- Determined the population of paid invoices during the audit period;
- Generated a statistical, random sample using "The Number" sampling software to provide a 90 percent confidence level;
- Selected a judgmental sample of all invoices over \$1,000.
- Tested the samples of invoices for billing compliance with the contract, rules and regulations, and policies and procedures;
- Recalculated invoices to verify that all are mathematically accurate;
- Identified charges that are not included in the contract; and
- Other methodologies as needed.

APPENDIX B

Summary of Invoice Overcharges/Undercharges

#	Invoice #	Date	Amount Billed	Correct Amount	Overcharge/ (Undercharge)	Reason for overcharge
1	160449	10/31/2017	\$134.39	\$126.50	\$7.89	Service rate overcharge on 3 services
2	160451	10/31/2017	\$537.56	\$506.00	\$31.56	Service rate overcharge on 12 services
3	106450	10/31/2017	\$337.00	\$316.00	\$21.00	Service rate overcharge on 8 services
4	160440	10/31/2017	\$776.56	\$724.00	\$52.56	Service rate overcharge on 12 services, 2 extra service charges, duration undercharge
5	160442	10/31/2017	\$92.13	\$64.50	\$27.63	Service rate overcharge on 1 service, incorrect item rate charged, undercharge
6	161228	11/30/2017	\$992.60	\$1,131.00	(\$138.40)	Incorrect duration rate charged (undercharge), Service rate overcharge on 24 services
7	161241	11/30/2017	\$202.63	\$189.50	\$13.13	Service rate overcharge on 5 services
8	161234	11/30/2017	\$493.90	\$442.50	\$51.40	Service rate overcharge on 13 services, incorrect item rate charged, unnecessary proration
9	52012	12/1/2017	\$58.00	\$32.00	\$26.00	Incorrect item rate charged
10	52021	12/29/2017	\$58.00	\$32.00	\$26.00	Incorrect item rate charged
11	162050	12/31/2017	\$168.50	\$158.00	\$10.50	Service rate overcharge on 4 services
12	162049	12/31/2017	\$168.50	\$158.00	\$10.50	Service rate overcharge on 4 services
13	162045	12/31/2017	\$190.76	\$159.00	\$31.76	Service rate overcharge on 4 services, unnecessary proration, incorrect item rate charged
14	162039	12/31/2017	\$198.50	\$251.00	(\$52.50)	Service rate overcharge on 4 services, incorrect duration rate

Summary of Invoice Overcharges/Undercharges

#	Invoice #	Date	Amount Billed	Correct Amount	Overcharge/ (Undercharge)	Reason for overcharge
15	162810	1/31/2018	\$168.50	\$158.00	\$10.50	Service rate overcharge on 4 services
16	162815	1/31/2018	\$467.50	\$411.00	\$56.50	Service rate overcharge on 12 services, incorrect item rate charged, undercharge
17	162793	1/31/2018	\$301.50	\$291.00	\$10.50	Service rate overcharge on 4 services
Total Overcharges:					\$196.53	

Source: Paid invoices

13534

FRESH & CLEAN

MAIN ACCOUNT
4202 BROADWAY SE
ALBUQUERQUE, NM 87105
PH. (505) 293-7311



Bank of New Mexico

Check Fraud
Protection for Business

95-193/1022

6/20/2018

PAY TO THE
ORDER OF

City of Albuquerque

\$ **1,192.00

One Thousand One Hundred Ninety-Two and 00/100***** DOLLARS

City of Albuquerque
PO Box 25700
Albuquerque, NM 87125-5700



AUTHORIZED SIGNATURE

MEMO

COA audit refund

Security features. Details on back.

FRESH & CLEAN MAIN ACCOUNT

13534

City of Albuquerque

Date	Type	Reference
6/20/2018	Bill	

Original Amt.	Balance Due
1,192.00	1,192.00

6/20/2018	Discount

Payment
1,192.00
Check Amount
1,192.00

Main account

COA audit refund

000050

1,192.00