



October 26, 2016

Performance Audit

**Advantage Barricade & RoadMarks, LLC
(Vendor Report)**

Citywide

Report No. 16-102



**CITY OF ALBUQUERQUE
OFFICE OF INTERNAL AUDIT**

PERFORMANCE AUDIT REPORT
ADVANTAGE BARRICADE & ROADMARKS, LLC
CITYWIDE
REPORT NO. 16-102

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City of Albuquerque - Office of Internal Audit

Advantage Barricade & RoadMarks, LLC

Performance Audit

10/26/2016

Audit #16-102 (Vendor Report)

The purpose of this audit was to review and report on the accuracy of vendor billing rates and to confirm that vendor personnel are certified. Vendor audits are included on the fiscal year (FY) 2016 audit plan.

Executive Summary

The City requires barricading services for a number of reasons, including traffic control, street maintenance, sidewalk construction, and park maintenance.

Barricading services may be classified as either critical or non-critical. The rate charged by Advantage Barricade for "Critical Services, w/ TCT [Traffic Control Technician] and Vehicle" was \$.70 higher than the approved contract rate of \$48.25. Advantage Barricade calculated the actual overcharge to be \$652.93.

Non-certified employees (employees in training) are performing barricading work for the City. Additionally, at the time of the audit, two employees' Traffic Control Supervisor certifications had expired. In these instances, Advantage Barricade billed the City for "Critical Services with a TCT and Vehicle" indicating that a certified employee had performed the work.

Advantage Barricade agreed with the findings and has implemented the recommendations as presented.

Effective contract monitoring is an important aspect to ensure contractual compliance. Through effective monitoring of contract requirements and maintaining personnel certifications, Advantage Barricade will help to ensure complete compliance with its City contract.

Recommendations



Advantage Barricade should:

- Refund the City \$652.93 for overcharges.
- Correct the known billing rate error for "Critical Services with a TCT and Vehicle" in its billing system.
- Perform an internal review to ensure that all billing rates are in accordance with the approved contract rates.
- Submit weekly project information to the appropriate City departments as required by the contract.
- Track its employees' certifications to ensure that recertification is obtained prior to expiration dates.
- Ensure that only employees possessing the required certifications perform work on City projects.



City of Albuquerque

Office of Internal Audit

October 26, 2016

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

Audit: Advantage Barricade & RoadMarks, LLC (Vendor Report)
Citywide
Audit No. 16-102

FINAL

INTRODUCTION

The Office of Internal Audit (OIA) conducted a performance audit of the citywide contract with Advantage Barricade & RoadMarks, LLC (Advantage Barricade). Audits of City vendors are included in OIA's fiscal year 2016 audit plan, and Advantage Barricade was one of the vendors selected. Information pertaining to the audit objectives, scope and methodology can be found in **Appendix A**.

On July 29, 2015, the City entered into a citywide contract with the vendor for on-call barricade services. The contract is for a 2-year term, with the option to extend for an additional 2-year period, or any part thereof, by mutual agreement.

The City requires barricading services for a number of reasons, including traffic control, street maintenance, sidewalk construction, and park maintenance. As more than one department may need barricading services, the contract with Advantage Barricade is considered a citywide contract. Over the 9-month audit period, the City paid Advantage Barricade approximately \$100,000 for barricading services.

Barricading services may be classified as either critical or non-critical. Critical services involve situations that present an immediate danger to the public, all pre-scheduled work requests with less than four hours of notification prior to set up, and all work orders for traffic control installations on major city streets. Non-critical services involve all special events and

barricading requests not on a major city street.

FINDINGS

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

1. ADVANTAGE BARRICADE SHOULD ENSURE THE ACCURACY OF BILLING RATES AND COMPLIANCE WITH CONTRACT REPORTING REQUIREMENTS.

Inaccurate billings and non-compliance with a contract reporting requirement were noted.

Inaccurate billings

The amount charged by Advantage Barricade for "Critical Services, w/ TCT [Traffic Control Technician] and Vehicle" was \$.70 higher than the approved contract rate of \$48.25. A statistical random sample of 23 invoices was selected for testing. All 23 invoices contained charges for "Critical Services, with TCT and Vehicle", which were billed at the higher rate. The cumulative overcharge identified on the 23 sampled invoices totaled \$65.98. The \$65.98 overcharge equates to an error rate of 0.57 percent (Total error \$65.98/\$11,493.70 total value of sampled invoices). By extrapolating the 0.57 percent error rate to the population amount of \$98,059.40, it can be estimated that the City overpaid Advantage Barricade \$558.94.

After OIA notified Advantage Barricade of the overcharges, the General Manager reviewed the records and past billings sent to the various City departments and determined that Advantage Barricade had actually overcharged the City \$652.93.

As stated in the contract's general terms and conditions, Item 29 (Invoices and Payments), "The contractor shall submit an accurate invoice, in duplicate, for each purchase".

According to the General Manager, the rate for "Critical Service w/ TCT and Vehicle" was entered incorrectly into Advantage Barricade's billing system. Subsequent reviews of billing rates are not performed. Due to the original data entry error of the "Critical Services, with TCT and Vehicle" billing rate and the absence of subsequent billing reviews, Advantage Barricade overcharged the City for services.

Weekly Contract Reporting Requirement

Advantage Barricade does not submit weekly project information to City departments as required by the contract.

Section 1.12 Operational Requirements of the contract's Scope of Service states:

By 12:00 pm (noon) on Monday, or the next workday after a Monday Holiday, the Contractor shall email an electronic data file in Excel format containing the invoice information for the previous week's activities to each user contact. The data file shall include, but not be limited to the following information:

- PeopleSoft 311CRM Case Number/Work Order Number,
- Project Location,
- Barricade actions (deliver, set-off, pick-up, and any maintenance activity performed in prior week, etc.),
- Listing of all standard and requested maintenance activities,
- Number of barricades by barricade type,
- Cost of this project for the time period,
- City entity for invoicing, and
- Any credits due City for late or non-performance.

Not addressing all contract elements may be considered non-compliance, and could lead to the City terminating the contract.

RECOMMENDATIONS:

Advantage Barricade should:

- Refund the City \$652.93 for the actual overcharges,
- Correct the known billing rate error for "Critical Services, w/ TCT and Vehicle" in its billing system,
- Perform an internal review to ensure that all billing rates are in accordance with the approved contract rates, and
- Submit weekly billing information to the appropriate City departments.

RESPONSE FROM ADVANTAGE BARRICADE

"A clerical entry error was found in the pricing item for "Critical Service with a TCT and Vehicle". An overcharge of \$652.93 was found and Advantage Barricade and Roadmarks LLC will refund the overcharges in a form suitable to the City of Albuquerque. The clerical error was corrected immediately. All other rates have been reviewed and are in accordance with the approved

contract rates.

Additionally, Advantage Barricade & Roadmarks LLC shall provide weekly progress billing on all open jobs as well as an electronic data file in Excel format illustrating the weeks' activities as required by Section 1.12, Operational Requirements of the contract' Scope of Service."

For Advantage Barricade & RoadMarks, LLC complete response, please refer to Appendix B.

2. ADVANTAGE BARRICADE SHOULD ENSURE THAT EMPLOYEES WORKING ON CITY PROJECTS ARE PROPERLY CERTIFIED.

Non-certified employees (employees in training) are performing barricading work for the City. Additionally, at the time of the audit, two employees' Traffic Control Supervisor certifications had expired. In these instances, Advantage Barricade billed the City for "Critical Services with a TCT and Vehicle" indicating that a certified employee had performed the work.

As stated in the contract's Scope of Services, Section 1.4 Personnel "The Contractor shall maintain personnel certified as Traffic Control Supervisors (TCS) and/or Traffic Control Technicians (TCT). Certified personnel shall possess proof of certification at all times...."

The Owner and General Manager explained that training to become a certified TCT requires 1 year of experience or 2,000 hours and, certification cannot be obtained until the experience is achieved. Additionally, they had not recently reviewed the expiration dates of certifications and did not realize that the employees' certifications had expired.

Not ensuring that employees who work on City barricading projects are properly certified, may be considered non-compliance with the contract, which could lead to contract termination.

RECOMMENDATIONS:

Advantage Barricade should:

- Track its employees' certifications to ensure that recertification is obtained prior to the expiration date.
- Ensure that only employees possessing the required certifications perform work on City projects.

- If non-certified employees (employees still in training) work on City projects, they should be supervised by a certified employee.
- All documentation should identify the certified employee present at the job.

RESPONSE FROM ADVANTAGE BARRICADE

“Also found was that work was performed by Employees that were in training for the TCT certification. The TCT certification requires that an individual obtain 2000 hours of actual on-site worksite traffic control experience in order to obtain the TCT certification. These hours are obtained through training with an already certified TCT/TCS. The work performed for the City of Albuquerque is now performed by a TCT/TCS on site and or observed by the training employee. The two expired TCS certified employees have been recertified with certificates provided. All other TCT/TCS certifications are up to date and there are no expired TCT/TCS certified personnel. Regular monitoring of these expiration dates is now done.”

For Advantage Barricade & RoadMarks, LLC complete response, please refer to Appendix B.

CONCLUSION

Effective contract monitoring is an important aspect to ensure contractual compliance. Through effective monitoring of contract requirements and personnel certifications, Advantage Barricade will help to ensure complete compliance with its City contract.

We greatly appreciate the assistance, involvement and cooperation of the Advantage Barricade management and staff. Their engaged participation throughout the audit process and prompt action following notification of the incorrect billing rate reflects their dedication and commitment to being a respectable City vendor.

Advantage Barricade (Vendor Report)
Citywide
October 26, 2016

16-102

Contract Auditor

REVIEWED & APPROVED:

APPROVED FOR PUBLICATION:

Lawrence L. Davis, Acting Director
Office of Internal Audit

Chairperson, Accountability in
Government Oversight Committee

APPENDIX A

OBJECTIVE

The audit objectives were to determine:

1. Are the vendor billings accurate and in conformance with the contract rates?
2. Is Advantage Barricade ensuring that service personnel are certified as Traffic Control Supervisors or Traffic Control Technicians?

SCOPE

Our audit did not include an examination of all functions and activities related to barricading services. 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 June 10, 2016 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 the contract and scope of service,
- 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,
- Applied the statistical random sample generated to the total population of paid invoices to determine the sample,
- Compared approved contract rates to billed rates,

- Tested mathematical accuracy of sampled invoices,
- Interviewed key employees from City departments that used barricading services from Advantage Barricade,
- Documented the departments' processes for receiving and approving vendor invoices for payment,
- Interviewed key employees from Advantage Barricade,
- Obtained copies of work orders from Advantage Barricade,
- Confirmed current certifications of Advantage Barricade employees, and
- Other methodologies as needed.



August 16th, 2016

City of Albuquerque
Office of Internal Audit
Lawrence L. Davis Acting Director
P.O. Box 1293 Albuquerque, New Mexico 87103

RE: Audit Report 16-102

Dear Mr. Davis

Advantage Barricade and Roadmarks LLC has reviewed the findings and recommendations set forth in the Performance Audit #16-102 (Vendor Report). Advantage Barricade and Roadmarks LLC is in agreement with both the findings and the recommendations.

A clerical entry error was found in the pricing item for "Critical Service with a TCT and Vehicle". An overcharge of \$652.93 was found and Advantage Barricade and Roadmarks LLC will refund the overcharges in a form suitable to the City of Albuquerque. The clerical error was corrected immediately. All other rates have been reviewed and are in accordance with the approved contract rates.

Also found was that work was performed by Employees that were in training for the TCT certification. The TCT certification requires that an individual obtain 2000 hours of actual on-site worksite traffic control experience in order to obtain the TCT certification. These hours are obtained through training with an already certified TCT/ TCS. The work performed for the City of Albuquerque is now performed by a TCT/TCS on site and or observed by the training employee. The two expired TCS certified employees have been recertified with certificates provided. All other TCT/TCS certifications are up to date and there are no expired TCT/TCS certified personnel. Regular monitoring of these expiration dates is now done.

Additionally, Advantage Barricade & Roadmarks LLC shall provide weekly progress billing on all open jobs as well as an electronic data file in Excel format illustrating the weeks' activities as required by Section 1.12, Operational Requirements of the contract' Scope of Service.

Sincerely,

Jim Key / Member LLC