



City of Albuquerque

Office of Internal Audit

FOLLOW-UP OF THE

MWI, Inc.

Report 23-19-106F

Date: December 14, 2022

INTRODUCTION

The Office of Internal Audit (OIA) issued vendor audit Report No. 19-106 MWI, Inc. on June 27, 2019. OIA completed a follow-up to determine the corrective actions that the Department of Municipal Development (DMD) has taken in response to the report. The report contains two recommendations, both of which remain open.

BACKGROUND

The City of Albuquerque (City) contracted with MWI, Inc (MWI) to provide line location services for New Mexico 811 (NM811) calls placed throughout the City. NM811 is a communication medium between citizens and businesses, and the various utility companies with cables and other facilities buried underground. NM811 dispatches locators from utility companies to mark the buried lines before any digging occurs. All line location spotting request tickets within the City boundaries are dispatched to MWI by NM811. From the time the spotting request ticket is received, MWI has forty-eight hours to clear the ticket for non-emergency requests and two hours to clear emergency requests. Once MWI receives a spotting request ticket, research is performed to determine if underground utility lines are at the location. If MWI's research determines there are no underground utility lines at the location, MWI documents the results of their research and clears the open ticket on the NM811 system. If MWI's research identifies that there are underground utility lines, an MWI employee goes to the location and locates, marks the lines, and then clears the open ticket as marked on the NM811 system. Under the contract, MWI is authorized to charge \$30 per ticket for the line location review to determine if utility lines are present at the location and an additional \$60 per ticket plus \$1 per foot marked if they have to mark the underground utility location on site.

DMD provides contract oversight and also reviews and approves all MWI invoices. The audited contract began on May 16, 2016 and was extended through August 4, 2018. The City paid MWI approximately \$1.6 million during the term of the contract. The original audit was included in OIA's fiscal year 2019 audit plan. The audit objectives were to determine whether the vendor billed the City accurately and in conformance with the contract and whether the vendor was in compliance with the insurance, bonding, and licensing requirements of the contract. Further information pertaining to the audit scope, limitations and methodology can be found in Appendix A of the original audit report.

The audit report found that DMD does not sufficiently review MWI invoices for accuracy prior to authorizing payment. Specifically, the audit found that the vendor underbilled the City for services provided and failed to submit the proper utility spotting request information. Additionally, the audit found that MWI employees did not possess a valid New Mexico State Electrical License as required by the contract.

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FOLLOW-UP OBJECTIVE

The objective of the follow-up is to determine whether DMD has taken the corrective actions recommended in OIA's June 27, 2019 original audit report. Consistent with Government Auditing Standards, Section 9.08, promulgated by the U.S. Government Accountability Office, the purpose of audit reports includes facilitating a follow-up to determine whether appropriate corrective actions have been taken. This field follow-up is a non-audit service. Government Auditing Standards do not cover non-audit services, which are defined as professional services other than audits or attestation engagements. Therefore, DMD is responsible for the substantive outcomes of the work performed during this follow-up and is responsible to be in a position, in fact, and appearance, to make an informed judgment on the results of the non-audit service. OIA limited our scope to actions taken to address our audit recommendation from the original audit report dated June 27, 2019, through the submission of actions on November 30, 2022.

METHODOLOGY

To achieve the objective, OIA:

- Obtained documentary evidence from DMD.
- Interviewed DMD staff to understand and verify the status and nature of the corrective actions taken.
- Verified the status of the recommendations that DMD had reported as implemented.

RESULTS

Of the two recommendations addressed in the original audit report, both remain open. See **ATTACHMENT 1** for further details. OIA will continue to monitor the corrective action taken by the department in response to the report.

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ATTACHMENT 1

Recommendations	Responsible Department	Department Response	OIA Conclusion	<u>OIA Use Only</u> Status Determination
<p>1. The Department of Municipal Development (DMD) should:</p> <ul style="list-style-type: none"> • Verify the accuracy of MWI, Inc. (MWI) line location service billings prior to approval; • Consider allowing MWI to submit invoices for unbilled line location services; and • Ensure MWI provides the NM811 utility spotting request information for each ticket when billing the City or work with MWI to determine what information may be provided that would enable DMD staff to verify the accuracy of line location billings. 	<p>Department of Municipal Development</p>	<p>Employees now verify each ticket submitted by MWI is verified for accuracy when it comes to work performed and billing. DMD staff constantly reviews and updates all contractual agreements with MWI.</p> <p>Traffic Engineering (TED) has verified verbally that MWI keeps records for all NM811 tickets. Those records are turned in daily from MWI field staff to office staff, and billing is prepared. In addition to the actual NM811 tickets, the line locators are also required to take photos of each site, both for billing verification, but more importantly, for record keeping in case a line is hit by a contractor during construction. However, due to staffing shortages, City staff has been unable to perform inspections of MWI's records.</p> <p>The PRC quarterly sends out a list of NM811 requests that lack a response. The City has never been notified that a street light line locate request was not responded to.</p> <p>TED is also unaware of any damage caused by construction activities as a result of a line locate not being completed.</p> <p>MWI has not submitted an invoice for unbilled line locations services. Should</p>	<p>Per discussion with DMD management, DMD is in the process of hiring to fill the vacant TED position of Engineering Assistant M14/Engineering Associate M15. OIA confirmed that an individual was currently being hired into the position via the City of Albuquerque's (City) hiring system, NEOGOV (Requisition # 2201495), as of November 2022.</p> <p>DMD has recently updated the primary responsibilities for the position engineer or engineering assistant to include "managing the street light line locating process, including opening purchase orders, verifying contract requirements are met, and field reviewing locations and billing reports to ensure charged amounts are accurate". While DMD has not received indications that requests have not been completed, it is DMD's expectation that the individual(s) hired will complete these responsibilities during the course of their job duties.</p>	<p><input checked="" type="checkbox"/> Open</p> <p><input type="checkbox"/> Closed</p> <p><input type="checkbox"/> Contested</p>

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		<p>they do so, DMD will coordinate with them on an and acceptable means and process to verify past work.</p> <p>Documentation: Recommendation for Hire documentation Traffic Engineering position of Engineering Assistant, M14/Engineering Associate M15, position number: 10007015 email</p> <p>M14/M15/E16 Job Duties for Street Lighting Maintenance</p> <p>Completion: N/A</p>	<p>Per DMD management, DMD has not received unbilled invoices from MWI, but will coordinate with the vendor to verify work.</p> <p>In addition to the responsibilities mentioned above, the position will also be responsible for “follow up on missed NM811 locate requests, and work to determine liability when City street lightings underground power lines are struck.”</p>	
<p>2. DMD should ensure that employees performing line location services for the City possess a valid New Mexico State Electrical License.</p>	<p>Department of Municipal Development</p>	<p>Verification is confirmed once the employee for MWI is hired. MWI has complied thus far on license requirements on all jobs performed in the past 3 years.</p> <p>The state pricing agreement that the City uses requires all contractors on the approved contractors list to have a valid NM Electrical License (see attached). City staff verified verbally with MWI that they were in compliance with this requirement.</p> <p>Documentation: N/A Completion: N/A</p>	<p>Per DMD management, DMD’s Engineering Assistant M14/Engineering Associate M15 position that is currently in the hiring process will be responsible for verifying that MWI employees possess valid licenses.</p>	<p><input checked="" type="checkbox"/> Open <input type="checkbox"/> Closed <input type="checkbox"/> Contested</p>