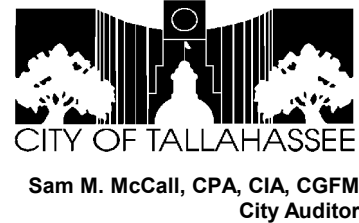


Final Audit Follow up

As of September 30, 2000



“Price Agreement for Contract Labor for Power Plants with Watkins Engineers & Contractors, Inc.” (Report #9803, Issued August 3, 1999)

Report #0104

November 16, 2000

Summary

Electric Operations has implemented all of the action steps management identified in our previously issued Report #9803, Audit of the City’s Price Agreement for Contract Labor for Power Plants with Watkins Engineers & Contractors, Inc. In that audit, issued August 3, 1999, we identified several areas where administration of the price agreement with Watkins could be improved and strengthened. Electric Operations management was receptive to the issues raised in the audit and has implemented all of the scheduled action plan steps.

primary objectives of the audit were to determine if:

- Electric Operations had established adequate internal controls to effectively and efficiently administer the Agreement, and
- Electric Operations and Watkins were complying with the terms of the Agreement.

Report #0104

This final audit follow up focuses on the action plan steps that Electric Operations has implemented. We reviewed the documentation provided by Electric Operations.

Previous Conditions and Current Status

In Report #9803, we identified two main areas in the administration of the contract that management needed to address: planning and controlling. Table 1 summarizes all conditions identified in Report #9803 and shows that they have all been addressed and resolved.

Scope, Objectives, and Methodology

The audit and this subsequent follow up were conducted in accordance with generally accepted government auditing standards, and accordingly included such tests of the records and other auditing procedures as were considered necessary.

Report #9803

The scope of Report #9803 was a review of the City’s Price Agreement for Contract Labor for Power Plants (Agreement) with Watkins Engineers & Contractors, Inc. (Watkins). The

**Table 1
Conditions Identified in Report #9803 and Current Status**

Previous Conditions	Current Status
Planning Areas:	
<ul style="list-style-type: none"> Establish criteria for how and when to effectively utilize the Agreement. 	<ul style="list-style-type: none"> ✓ Procedures adopted for when and how to use the Agreement.
<ul style="list-style-type: none"> Develop procedures to ensure that purchase orders only contain one project. 	<ul style="list-style-type: none"> ✓ Procedures adopted for issuing purchase orders for projects.
<ul style="list-style-type: none"> Collect data on hours by labor classifications to develop weight factors for the bid evaluation process. 	<ul style="list-style-type: none"> ✓ Procedures developed to evaluate the bids based on the historical use of contract labor. Some crafts are weighted at two times other crafts.
<ul style="list-style-type: none"> Evaluate the savings achieved through the use of the Agreement. 	<ul style="list-style-type: none"> ✓ Schedule developed to identify savings for using contract labor vs. City employees.
<ul style="list-style-type: none"> Collect data to determine the cost effectiveness of acquiring material and equipment under the Agreement. 	<ul style="list-style-type: none"> ✓ Schedule developed to identify savings of acquiring material and equipment under the Agreement.
Controlling Areas	
<ul style="list-style-type: none"> Project managers were generally not familiar with the terms and conditions of the contract. 	<ul style="list-style-type: none"> ✓ Procedures developed for making project managers familiar with the terms and conditions of the contract.
<ul style="list-style-type: none"> Electric Operations needed to improve the enforcement of contract provisions. 	<ul style="list-style-type: none"> ✓ Responsibility assigned to the project managers for enforcement of contract provisions.
<ul style="list-style-type: none"> Terms, such as personal safety equipment, contained in the Agreement needed further clarification and enumeration. 	<ul style="list-style-type: none"> ✓ Modified contract Agreement to identify responsibility for safety equipment.

Table Legend:

- Issue addressed in the original audit
- ⇒ Issue sub-components

- ✓ Issue addressed and resolved
- ✗ Issue not resolved

We appreciate the cooperation of Electric Operations and the assistance provided in this Final Audit Follow Up.

Appointed Official Response

City Manager’s Response: The positive resolution of all audit issues underscores the

commitment of senior management in the Electric Department to internal controls and operating efficiency and effectiveness. I commend them and the participating auditors for their cooperation and objectivity.

Copies of this Final Audit Follow Up or audit report #9803 may be obtained via request by telephone (850 / 891-8397), by FAX (850 / 891-0912), by mail or in person (City Auditor, 300 S. Adams Street, Mail Box A-22, Tallahassee, FL 32301-1731), or by e-mail (dooleym@mail.ci.tlh.fl.us).

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