

**Montgomery County, Maryland  
Offices of the County Executive  
Office of Internal Audit**



**Contract and Grant Monitoring by  
The Department of General Services**

**June 25, 2013**

# Highlights

## Why MCIA Did this Audit

As part of the County Wide risk assessment completed by MCIA, contract and grant monitoring by departments was identified as a high risk area. In FY12, the County's total value of purchase orders issued under contracts totaled \$736 million. Of that amount \$266 million related to the Capital Improvement Program (CIP) and the Department of Health and Human Services (HHS), both of which were previously subjected to contract and grant monitoring audits. The contract and grant monitoring audit of the Department of General Services (DGS) is one in a series of five department audits to focus on the \$470 million of grant and contract spending unrelated to CIP and HHS. DGS FY12 purchase order spending under contracts was \$70.5 million or 15% of the \$470 million, which is the second highest department in Montgomery County overall. Reports regarding the other four departments are being issued separately.

## What MCIA Recommends

MCIA is making four recommendations to DGS in order to improve the performance and enhance the existing internal controls pertaining to contract monitoring and invoice review. DGS has concurred in writing with the recommendations and said that the Department has begun implementing the recommendations to improve internal controls over their contract monitoring process.

**June 2013**

## Contract and Grant Monitoring by the Department of General Services

### What MCIA Found

The Department of General Services has designed and implemented adequate internal controls for contract monitoring and invoice review and approval, however, some control procedures are not operating as designed and therefore are not as effective as possible. In testing eight contracts, we found three contracts with six errors in our testing of contract monitoring and three contracts with three errors in our testing of invoice review and approval. There were instances where we noted existing procedures were not performed as designed or identified opportunities to improve or strengthen existing procedures and controls.

We found weaknesses in internal controls over contract monitoring and invoice review in areas such as: (1) evidencing the performance of vendor observations, site visits, and meetings regarding performance; (2) ensuring vendor compliance with contract terms and identifying the need to modify contract terms when changes in terms are implemented; (3) ensuring key documentation supporting agreed upon changes in contract terms is obtained and retained; and (4) using an explicit listing of staff names in contracts rather than job position titles, when positions are known to have turnover and individual names will change during the term of the contract.

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## Objectives

This report summarizes the work performed by Cherry Bekaert LLP in an internal audit of the Montgomery County contract and grant monitoring process. The scope of this engagement included reviewing the contract and grant monitoring policies and procedures of the Department of General Services. The objective of the audit was to:

Review and test the effectiveness of contract and grant monitoring policies and procedures followed by County departments (excluding HHS and CIP projects) to ensure contractor performance is contractually compliant and being effectively tracked, that contract changes and extensions are being properly managed, and that applicable invoices are properly reviewed, maintained and are accurate. This audit will include reviewing monitoring by departments of both program performance and financial accountability.

This internal audit report was performed in accordance with consulting standards established by the American Institute of Certified Public Accountants (AICPA) and generally accepted government auditing standards (GAGAS) established by the Government Accountability Office (GAO), as appropriate. Our proposed procedures, developed to meet the objectives stated above, were reviewed and approved in advance by Montgomery County Internal Audit (MCIA). Interviews, documentation review, and field work were conducted from January 2013 to April 2013.

## Background

### Contracting Activity in Fiscal Year 2012

The Montgomery County Department of General Services (DGS) was the second highest department in purchase order spending under contracts for FY12. DGS made up approximately 15% (\$70.5 million) of the total FY12 expenditures for Non-HHS and Non-Capital purchase orders issued. The department had a total of 209 contracts that were in effect during FY12 ranging from \$161 to \$15.87 million. The contracts in effect for FY12 for DGS tended to consist of: maintenance (for vehicles and utilities equipment); purchases (vehicles, supplies and equipment); general services (e.g., snow removal, construction, custodial); and fuel and parts.

### Invoice Review and Approval

The DGS Fleet and Facilities staff with direct oversight of vendor activity, as designated by the Contract Administrator, receives invoices directly from the vendors. The designated staff review the invoice for compliance with contract terms and accuracy of fees charged. The designee signs or initials the invoice to evidence their approval for payment. The designee forwards the invoice to the contract administrator for review and approval which is also documented on the invoice. The invoice is then forwarded to the respective administrative services section for Fleet and Facilities for processing in the County's financial system. The Senior Financial Specialist (Fleet) and the Management and Budget Specialist (all other divisions) are the financial approvers of invoices for their respective departments. Invoice supporting documentation is filed by the respective division. Per County policy, any invoice over \$10,000 must also be submitted for approval to Accounts Payable personnel in the Department of Finance.

## Scope and Methodology

We performed our review of contract and grant monitoring in two phases. Phase 1 consisted of interviewing responsible individuals from DGS – Procurement and eight other County departments to gain an understanding of the policies and procedures followed in monitoring vendor performance under contracts and grants. In addition, Phase 1 included detailed testing of contract and grants monitoring procedures of one contract from eight County departments with the highest purchase order spending for calendar year 2011. In Phase 1 We tested one contract from DGS Fleet and one contract from DGS Facilities. See Appendix A for details of the contracts tested as part of Phase 1. Results of the procedures performed in Phase 1 were used as a basis for developing the approach to our Phase 2 testing. Phase 2 involved detailed testing of the monitoring procedures for 8 DGS contracts. In Phase 1 and Phase 2, Cherry Bekaert reviewed DGS contracts totaling \$14.9 million or 21% of the total purchase orders issued during FY12.

This audit covered contracts and grants in effect during fiscal year 2012. Using procurement data of purchase orders issued under contracts in effect for FY12 provided by DGS, Cherry Bekaert initially selected 15 contracts for discussion with department staff using the following criteria:

- Dollar amount of purchase orders issued under the contract
- Description of services being procured on purchase orders issued

Cherry Bekaert and MCIA met with department staff to gain an understanding of the goods or services being procured under each contract, the length and tenure of the contract or contractor, and how much activity the department had with the contractor in FY12. Based upon information shared by the department staff and the review of additional procurement information provided by the department, Cherry Bekaert selected the following 8 contracts for review. For contracts that had multiple task orders, we selected one task order for testing.

**Table 1 – Contract Sample Selections for Phase 2**

Vendor	Contract #	Description of Goods or Services	PO Amounts for FY12
<b>Fleetwash, Inc.</b>	7507000607AA	Transit bus service lane operation	\$2,765,060.00
<b>Certified Building Services</b>	6506030178BB	Blanket purchase order for custodial services in zone 2.	\$2,211,192.29
<b>Cummins Power Systems</b>	5507000339AA	Engine & Transmission repair services and parts	\$1,170,000.00
<b>Facilities Plus, Inc.</b>	0366100119AA	Maintenance services at the Public Safety Headquarters	\$1,025,000.00
<b>Electrical Advantage, Inc.</b>	9362000014AA	Repair services, installation services, parts	\$881,454.45
<b>Criswell Chevrolet, Inc.</b>	0367000079GH	Repair services, installation services, parts	\$650,548.85
<b>Storm Water Management Facilities Repair</b>	9803000105AA	Maintenance and Repair of Underground Stormwater Facilities	\$100,000.00
<b>Nuray O Anahtar DBA NOA Architecture Planning Interiors</b>	0363200114AB	Upgrades to Strathmore Concert Hall	\$73,847.50

Vendor	Contract #	Description of Goods or Services	PO Amounts for FY12
<b>Total</b>			<b>\$8,877,103.09<sup>1</sup></b>

Our testing for Phase 2 focused on the following

- Reviewing procedures performed by department staff to ensure contractor performance was in accordance with contract terms.
- Reviewing procedures performed by department staff to ensure payments made to contractors were for services or goods provided in accordance with contract terms.

The attributes tested are listed below:

**Table 2 – Attributes Tested for Contract Administration/Monitoring**

Attribute	Description
<b>A</b>	Monitoring of contractor performance milestones delivery, submission of status reports, and/or submission of invoices and other data related to payment
<b>B</b>	Reviewing of contractor status and performance reports
<b>C</b>	Pre approving, receiving, inspecting, and/or accepting of contractor work
<b>D</b>	Certifying costs incurred for payment under time and material or labor hour contracts
<b>E</b>	Performing site visits or visual observations of contractor work performance, if applicable
<b>F</b>	Monitoring procedures performed in accordance with contract terms continually and on a timely basis)
<b>G</b>	Identification and reporting of contract problems and violations to appropriate managers on a timely basis.

**Table 3 – Attributes Tested for Invoice Review and Approval**

Attribute	Description
<b>A</b>	Services or goods invoiced in accordance with contract terms
<b>B</b>	Supporting documentation required by the contract was submitted with the invoice and retained
<b>C</b>	Unallowable costs do not appear to be included in invoice submission
<b>D</b>	Invoice signed by Vendor (if applicable)
<b>E</b>	Invoice approved by Contract Administrator/Monitor /Task Order Manager and/or appropriate department manager
<b>F</b>	Voucher approved by appropriate finance department person
<b>G</b>	Voucher approved by A/P
<b>H</b>	Amount per invoice agrees to amount paid
<b>I</b>	Invoice signed by Contract Administrator's/Task Order Manager supervisor, if applicable
<b>J</b>	Invoice signed by Contract Administrator's/Task Order Manager subordinate, if applicable

<sup>1</sup> The value of contracts tested in Phase 1 were \$6,050,199, when added to Phase 2 contracts total \$14,927,302.09

## Results

Our review found that contract and grant monitoring and invoice review and approval was generally performed in accordance with applicable County policies and procedures, department practices and contract or grant terms and conditions. We have, however, identified opportunities for improvement in contract monitoring and invoice review and approval for 4 of the 8 contracts. Three contracts had 6 exceptions with 4 of the 7 attributes tested for contract administration or a 10.7% error rate<sup>2</sup>.

Three had 3 exceptions related with 3 of the 10 attributes tested for invoice review and approval or a 4.6% error rate<sup>3</sup>.

The tables presented below provide a summary of the exceptions noted during our testing.

**Table 4 – Summary of Exceptions from Phase 2 Contract Administration/Monitoring Testing**

Attribute Tested	Total Exceptions Per Attribute	Sample Tested Per Attribute	% Exceptions Per Attribute
A - Monitoring of contractor performance milestones delivery	0	8	0%
B - Reviewing of contractor status and performance reports	0	8	0%
C - Receiving, inspecting, and/or accepting of contractor work	2	8	25%
D - Certifying costs incurred for payment	1	8	13%
E - Visual observations of contractor work	2	8	25%
F - Monitoring procedures performed in accordance with contract terms	1	8	13%
G - Identification and reporting of contract problems timely	0	8	0%
<b>Total Exceptions</b>	<b>6</b>		
<b>Total Sample Contracts</b>	<b>8</b>		
<b># of Sample Contracts with Exceptions</b>	<b>3</b>		

**Table 5 – Summary of Exceptions from Phase 2 Invoice Review and Approval Testing**

Attribute Tested	Total Exceptions Per Attribute	Sample Tested Per Attribute	% Exceptions Per Attribute
A - Services or goods invoiced in accordance with contract terms	1	8	13%
B - Supporting documentation required by the	1	8	13%

<sup>2</sup> Contract Monitoring Error rate : Total number of exceptions noted (6)/ Total number of attributes tested (56)=10.7%

<sup>3</sup> Invoice Review and Approval error rate : Total number of exceptions noted (3)/ Total number of attributes tested (65)=4.6%

Attribute Tested	Total Exceptions Per Attribute	Sample Tested Per Attribute	% Exceptions Per Attribute
contract was submitted			
C - Unallowable costs do not appear to be included in invoice submission	1	8	13%
D - Invoice signed by Vendor, if applicable	0	6	0%
E - Invoice approved by Contract Administrator/ Task Order Manager	0	8	0%
F - Voucher approved by appropriate finance department person	0	8	0%
G - Voucher approved by A/P	0	8	0%
H - Amount per invoice agrees to amount paid	0	8	0%
I - Invoice signed by Contract Administrator's/ Task Order Manager supervisor, if applicable	0	2	0%
J - Invoice signed by Contract Administrator's subordinate, if applicable	0	1	0%
Total Exceptions	<b>3</b>		
Total Sample Contracts	<b>8</b>		
# of Sample Contracts with Exceptions	<b>3</b>		

Below is a summary of our findings on specific contracts reviewed.

Contract #9362000014AA – Electrical Advantage, Inc.: Repair services, installation services, parts

1) Contract Administration/Monitoring (Attribute E):

There is lack of consistent documented evidence supporting the observation, inspection or confirmation of work performed by the vendor. Currently, the contract administrator's designee does visit vendor work sites at County facilities for large or planned work orders and on smaller repair work orders the contract administrator's designee relies on verbal confirmation from the respective building manager or the vendor. However, the actual performance of or confirmation of observations or inspections by the contract administrator and his designees are not documented. Per discussion with DGS management, building tenants can call the DGS hotline to report any complaints regarding the custodial services in the building. However, DGS management could not confirm that reports of hotline calls are forwarded to the contract administrator for follow up and action with the vendor. The documented evidence of the observations and inspections helps establish an audit trail that the work has been accepted and it is proper to pay the vendor for work completed.

2) Invoice Review and Approval (Attribute B, C) and Contract Administration/Monitoring (Attribute D):

The invoice supporting documentation provided by the vendor and accepted by the contract administrator and his designee are not in accordance with contract terms. Section C, "Special Terms and Conditions," #47 "Payments:"

*"Contractor must submit (2 copies) of each invoice supported by records of "Time and Material" along with the Contractor's completed copy of the Job Authorization*

*Form (JAF – Attachment A)”. A copy of paid receipts for materials/equipment used or installed for each job performed shall be submitted with the invoice only when the material purchased for a specific job is of major cost and when such record is requested by the Contract Administrator.”*

Currently the contract administrator and his designee is accepting and approving invoices without 2 copies invoices and supporting JAF's. In addition, no cost threshold has been established for when the vendor is requested to provide supporting documentation for materials and equipment used. According to DGS Staff, this is a recognized departure from the contract requirements and changes to the invoicing requirements should be formally documented with a contract amendment.

Contract #6506030178BB – Certified Building Services: Custodial services for County facilities in zone 2<sup>4</sup>

1) Contract Administration/Monitoring (Attribute C, E, F):

The lack of consistent observation or inspection of vendor's custodian service performance is a weakness in the monitoring of the contract. Per the contract Section IV Special Terms and Conditions, 3, A, 1:

*Verification of completion of all routine cleaning tasks will be prerequisite for a monthly payment to the Contractor. The County may inspect routine cleaning on the date of its performance at locations where it is required to determine whether the Contractor has performed in accordance with the contract. Whenever the County determines that the Contractor has not performed in accordance with the contract a deduction will be assessed using the Cleaning Inspection Report Attachment J of RFP #650630178.*

Per the contract administrator and his designee, reliance is placed on building managers to perform the periodic inspection and to report any issues of non-compliance. In addition, DGS Facility staff indicated that complaints on conditions can be made to the customer hotline for County facilities. However, the staff could not confirm that the complaints received by the hotline were forwarded to the contract administrator or his designee for action or follow up with the vendor.

While it is reasonable to have building managers assist with oversight of the vendor performance, the contract administrator should ensure all observations performed are documented. The documented evidence of the observations and inspections help establish a basis that the work has been adequately performed and it is proper to pay the vendor for work completed.

Contract #9803000105AA – Storm Water Management Facilities Repair: Maintenance and Repair of Underground Stormwater Facilities

1) Contract Administration/Monitoring (Attribute C):

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<sup>4</sup> The DGS Facilities divided County facilities into two zones for contracting purposes for custodial services. Zone 2 includes County facilities located in Bethesda, Chevy Chase, Potomac, Kensington, Garrett Park, Aspen Hill, Wheaton, Silver Spring, Rockville, Colesville, Olney and Burtonsville.

There is lack of consistent documented evidence supporting the observation, inspection or confirmation of work performed by the vendor. Currently, the contract administrator stated the he or his designee's visit vendor work sites and receives verbal confirmation from designees who also perform observations. However the actual performance of or confirmation of the observations or inspections by the contract administrator and his designees are not documented. The documented evidence of the observations and inspections help establish a basis that the work has been adequately performed and it is proper to pay the vendor for work completed.

Contract #75707000607AA – Fleetwash, Inc.: Transit bus service lane operation (daily bus inspection, servicing and cleaning)

1) Invoice Review and Approval (Attribute A):

The vendor and DGS Fleet agreement to a specified discount on the total invoice amount was not formally documented. Per Fleet staff, the vendor is offering the discount to the County in light of its recent budget constraints. While the application of the discount is being applied by the contract administrator after costs have been calculated in accordance with contract terms, the agreement to apply the discount should be documented as it represents a material change to the terms and conditions of the contract. A contract amendment that contains the discount percentage and timeframe to be applied should be adopted and approved by the County and Fleetwash, Inc.

In addition, we had one observation from Phase 1 of our testing related lack of documentation supporting the performance vendor of observations and site visits by the contract administrator or designee. See Appendix A for full observation detail.

## **Other Matters**

Contract #5507000339AA – Cummins Power Systems: Engine & Transmission repair services and parts

The contract documents have not been updated to reflect DGS Fleet staff with current authority to order parts and services from the vendor. According to the contract, Section C Catalog Discount Prices, Item 69, *Telephone Ordering*, the authorization to order parts and services is explicitly given to 5 individuals. In Item 71 *Express Authority*, verbal orders against purchase orders were explicitly given to 5 individuals. During our review, DGS Fleet staff indicated that a total of 4 individuals on both lists are no longer employed in the roles indicated on the contract, and thus, have no authority to order parts or services. Likewise the staff with current authority to order parts and services is not listed in the contract. DGS staff told us that the contract administrator and DGS Fleet management inform the vendor of changes in who is authorized to order parts and services. However, having individuals listed in contract documents by name, as opposed to simply by title, might require an unnecessary contract amendment to update the contract language when there is staff turnover.

## **Recommendations**

We are making four recommendations to improve internal controls over the Montgomery County DGS contract monitoring process. Cherry Bekaert recommends that the Director of the Department of General Services:

1. Develop and implement procedures (a) for DGS contract administrators or their designee that perform vendor site visits, inspections or observations to (a) document the performance of such contract monitoring procedures and (b) for DGS to compile calls to the DGS hotline regarding contractor performance into reports to provide to the contract administrator and require the completed documentation prepared by designees and reports of the DGS hotline calls be forwarded to the contract administrator for review prior to invoice approval.
2. Reinforce with contract administrators the responsibility of ensuring that vendors comply with all contract requirements and that any agreed changes or removal of contract terms be documented in a contract amendment.
3. Reinforce with contract administrators and department management the responsibility to assess if any agreed changes in contract terms with the vendor require a contract amendment and to obtain and retain documentation supporting agreed upon changes to contract terms. Specifically for the Fleetwash contract, work with the Office of Procurement to obtain a contract amendment for the discount granted by the vendor.
4. Request department management work with DGS Procurement to review and assess the need to modify contracts that explicitly list staff names as having authority to order goods or services from the vendor. Consideration should also be given to modify future procurements and contract language to include the position titles and not staff names.

## **Comments and MCIA Evaluation**

We provided DGS with a draft of this report for review and comment on June 13, 2013 and DGS responded with comments on June 25, 2013. The response received has been incorporated in the report at Appendix B. DGS concurred with the recommendations in the report and said it had begun implementing the recommendations to improve internal controls over their contract monitoring process.

## Appendix A

The contracts tested in Phase 1:

Vendor	Contract #	Description of Goods or Services	PO Amounts for FY12
All Star Fleet Services	0367000003AA	Automotive maintenance services for Fleet vehicles	\$5,937,016.38
Colossal Contractors, Inc.	1366000009AA	Painting and carpentry services on as-needed basis	\$113,183

The attributes tested and results from Phase 1

**Table A1 – Attributes Tested for Contract Awarding**

Attribute	Description	Exceptions for All Star Fleet Services	Exceptions for Colossal Contractors, Inc.
1	Determine if all documentation, per solicitation method, was included in submission package	0	0
2	Solicitation request met specified criteria	0	0
3	Determine DGS supervisor and management review was performed and documented (submission checklist)	0	0
4	Based on solicitation amount were proper formal or informal procurement procedures followed	0	0
5	Determine if there was proper cutoff on receipt of solicitations based on the solicitation due date	0	0
6	Determine if the department had proper management review and approval of award recommendations prior to submission to DGS (if applicable)	0	0
7	Determine if DGS performed review of the department's solicitation review and recommendation	0	0
8	Determine if DGS posted the award after approval of the award recommendation	0	0

**Table A2 – Attributes Tested for Contract Administration/ Monitoring**

Attribute	Description	Exceptions for All Star Fleet Services	Exceptions for Colossal Contractors, Inc.
1	Determine if a copy of the contract and all modifications are documented in the contract file	0	0
2	Determine if any correspondence concerning performance of the contract are documented in the contract file	0	0
3	Determine if status reports are documented in the contract file (if applicable)	N/A	N/A
4	Determine if invoices copies are documented in the contract file	0	0
5	Determine if contract has proper approval	0	0
6	Determine if amendments have proper approval	0	0
7	Determine if contract is properly monitored	1	1
8	Determine if contract and corresponding amendment(s) were approved in accordance with the Procurement Guide.	0	0
9	Determine if current contract cost exceed contract/PO cost	0	0
10	Determine if Contract Administrator has discussed project overrun with department management	0	N/A

**Table A3 – Attributes Tested for Invoices Review and Approval**

Attribute	Description	Exceptions for All Star Fleet Services	Exceptions for Colossal Contractors, Inc.
1	Invoice calculations are in accordance with the contract terms and accurate (foot and cross-foot)	0	0
2	Supporting documentation required by the contract was submitted with the invoice	0	0
3	Unallowable costs do not appear to be included in invoice submission	0	0
4	Invoice signed by Vendor (if applicable)	0	N/A
5	Invoice signed by Contract Monitor	0	0
6	Voucher approved by appropriate department person	0	0
7	Voucher approved by A/P	0	0

Attribute	Description	Exceptions for All Star Fleet Services	Exceptions for Colossal Contractors, Inc.
8	Amount per invoice agrees to amount paid	0	0
9	Invoice rates agree to contract rates	0	0

N/A = Attribute is non-applicable to contract

DGS – Facilities -COLOSSAL CONTRACTORS INC (Contract #1366000009AA)

- Contract Administration and Monitoring (Attribute 7): For work that is less than \$3,000 the DGS contract administrator will not perform an on-site visit; instead he will telephone the requestor of the services to see if the project was satisfactorily completed, this is usually done during the invoice approval process. There is a lack of consistent documented evidence supporting the observation, inspection or confirmation of work performed by the vendor. The documented evidence of the observations and inspections helps establish an audit trail that the work has been accepted and it is proper to pay the vendor for work completed

# Appendix B



DEPARTMENT OF GENERAL SERVICES

Isiah Leggett  
*County Executive*

David E. Dise  
*Director*

## MEMORANDUM

June 25, 2013

TO: Larry Dyckman  
Manager, Office of Internal Audit

Deirdre Bland  
Manager, Cherry Bekaert

FROM: David E. Dise, Director   
Department of General Services (DGS)

SUBJECT: DGS Comments on Audit Report of Contract and Grant Monitoring

DGS has reviewed the draft report *Contract and Grant Monitoring by the Department of General Services* dated June 13, 2013 and agrees with the four recommendations proposed by the auditors. We have begun implementing the recommendations, as outlined below, to improve internal controls over our contract monitoring process.

### RECOMMENDATIONS:

- I. Develop and implement procedures (a) for DGS contract administrators or their designee that perform vendor site visits, inspections or observations to document the performance of such contract monitoring procedures and (b) for DGS to compile calls to the DGS hotline regarding contractor performance into reports to provide to the contract administrator and require the completed documentation prepared by designees and reports of the DGS hotline calls be forwarded to the contract administrator for review prior to invoice approval.

**AGREE.** We will review and assess our current processes for contract monitoring including assuring that DGS hotline calls with complaints reach the Property Manager. DGS is responsible for the maintenance of over 250 facilities and would require additional staff resources to be able to fully implement this recommendation. Page 6 of the report notes that under the Certified Building Services contract for custodial services, there is lack of consistent observation or inspection of the custodian service performance which is seen as a weakness in the monitoring of the contract. The Property Manager responsible for zone 2 handles 80 buildings. To do a daily inspection would require that he complete one building every 6 minutes. In addition to monitoring the routine cleaning contract, the Property Manager also handles ground maintenance contracts, pest control, vending services, and refuse/recycling contracts for his area. Because it is not feasible for the Contract Administrator or Property Manager to visually inspect all work, the DGS hot line call-in-center functions as a monitoring system. When the cleaners fail to perform, DGS gets the complaint from the user and follows-up with the vendor. Our

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Property Manager to visually inspect all work, the DGS hot line call-in-center functions as a monitoring system. When the cleaners fail to perform, DGS gets the complaint from the user and follows-up with the vendor. Our FY13 Approved budget included three new Building Services Inspector positions. These positions will provide spot-checks on work being done in our buildings.

2. Reinforce with contract administrators the responsibility of ensuring that vendors comply with all contract requirements and that any agreed changes or removal of contract terms be documented in a contract amendment.

**AGREE.** Contract administrators were included in the discussions and meetings with auditors related to this review and have received a copy of the auditor's report and recommendation.

3. Reinforce with contract administrators and department management the responsibility to assess if any agreed changes in contract terms with the vendor require a contract amendment and to obtain and retain documentation supporting agreed upon changes to contract terms. Specifically for the Fleetwash contract, work with the Office of Procurement to obtain a contract amendment for the discount granted by the vendor.

**AGREE.** DGS will work with the Office of Procurement to amend the Fleetwash contract to reflect the agreed-upon discount.

4. Request department management work with DGS Procurement to review and assess the need to modify contracts that explicitly list staff names as having authority to order goods or services from the vendor. Consideration should also be given to modify future procurements and contract language to include the position titles and not staff names.

**AGREE.** DGS will modify future procurements and contract language to include position titles rather than explicitly listing staff names as having authority to order goods or services from the vendor.

DD: ag

Cc: Fariba Kassiri, Assistant CAO  
Joseph Beach, Director Department of Finance  
Beryl Feinberg, DGS  
Angela Dizelos, DGS  
Richard Jackson, DGS  
Michael Harkness, DGS  
Bill Griffith, DGS  
Richard Taylor, DGS

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