



CITY OF EL PASO

Internal Audit Department On-Call Services Agreement Audit A2024-08

Objectives

- Determine how the on-call contracting process is administered.
- Identify how the Capital Improvement Department (CID) determines when to use on-call contracting.
- Determine if CID has controls in place to monitor compliance.
- Determine if Accounts Payable transactions for on-call services are processed according to City Policy.

Scope

The scope of FY2023 and FY2024 included:

- Reviewing five active On-Call Agreements for Professional Services awarded to 18 Consultants.
- Conducting interviews with CID personnel.
- Reviewing CID's Policies and Procedures.
- Analyzing a sample of invoices for On-Call Professional Services.
- Conducting a review of the CID's monitoring processes.

Finding 1

CID's internal procedures "for the selection of Professional services" need to be updated.

- Procedures do not have an "effective date".
- Procedures reference former job titles.
- Weblinks cited in the procedures are no longer active.
- Procedures do not reflect current practices in place.

Recommendation

The Capital Improvement Department should update their Procedures to:

- Include an “effective date”.
- Contain current job titles and working weblinks.
- Reflect current practices in place, unique to the selection of On-Call Consultants.

Management Response

Finding 1

Staff has updated job titles and included an effective date on the procedure.

Regarding the procedure to the selection of on-call consultants: Staff has included that rotation of tasks are specifically for city-funded projects, and deviation from this assignment shall follow the defined federal process for task order requirement notices. The document directs staff to utilize an alternate task order requirement notices (TORN) approach. The term “rotational” in and of itself would be the proposed methodology.

Section 5 references policy of the City of El Paso to check if a vendor has been debarred prior to entering into a contract. During the audit was discovered that the checks were not saved to the file correctly. Debarment and Indebtedness checks are mentioned in the policy, however staff will update the sam.gov link and clearly outline the process.

Management Response (Cont.)

Finding 1

The review process of proposals for the Task Order may reference the project specific process. Will add within procedures to reference “Scoping Meeting and Fee Proposal Negotiations”

Proposal review, cost estimate practices, and project monitoring are defined in current procedures and follow standard processes: “The scoping meeting will be held with the preliminary selected firm to discuss the project scope and the deadline for the submittal of the fee proposal. The project manager will review and negotiate the fee proposal with the firm. The project manager will prepare an independent cost estimate, record of negotiations, and make a recommendation to the City Engineer to accept the final fee proposal.”

Management Response (Cont.)

Finding 1

How staff monitors the progress of the Task Order is defined in the RFQ under section Project Schedule. The section requires for the consultant to submit a detailed preliminary schedule based on project scope including review time by the owner. The schedule will also identify phases included within the contract.

Finding 2

Eighteen On-Call Consultants were selected for review with the following results:

- Eighteen Consultant files did not contain evidence of a debarment check.
- Twelve Consultant files (66.67%) did not contain evidence of verification of indebtedness to the City.
- Three Consultants (16.67%) did not submit all required certificates of insurance.

Recommendation

The Capital Improvement Department should ensure that:

- Debarment checks,
- City indebtedness verifications, and
- Insurance policy requirements,

are conducted and documented for On-Call Agreement Consultants in accordance with *City Policy* and *On-Call Agreements for Professional Services*.

Management Response

Finding 2

Checks were not consistently saved in the appropriate files. To strengthen the procedure, staff will reference sam.gov and seamless docs form and guideline to properly save documentation.

Finding 3

Four out of 9 (44.45%) invoices were not paid within 30 calendar days.

Recommendation

The Capital Improvement Department should ensure that invoices are paid within 30 days of receiving the invoice.

Management Response

Finding 3

Within our process we ask all vendors to submit invoices to Payapplication@elpasotexas.gov. Staff has been assigned to critically evaluate the Application Status Log.

This change of assignment to the CIPS has resulted in invoices paid within 30 days of receipt.

Finding 4

- Three out of 9 (33.34%) invoices did not contain documentation to confirm tasks were completed by established deadlines.
- Two out of 9 (22.23%) invoices could not be matched to the *Consultant's Fee Proposal Hourly Rates*.
- One out of 9 (11.12%) invoices did not contain the total project budget, amount billed to date, and percentage of completion.

Recommendation

The Capital Improvement Department should ensure that:

- Documentation supports tasks were completed by established deadlines.
- Invoices match the *Consultant's Fee Proposal Hourly Rates* or notate the cause of variance.
- Invoices include details required by the *On-Call Services Agreement*.

Management Response

Finding 4

- *Section 3.1 The parties agree and understand that all fees and compensation to the Consultant shall only become due and payable in accordance with the terms of this Agreement and fees to be charged for each Project shall be pursuant to the Consultant's fee proposal for such Basic and Additional Services at the rates which is attached hereto as Attachment "B".*
- *Section 3.3.1 Each invoice shall contain a brief summary indicating, at a minimum, the total Project budget, the total amount authorized for the Consultant, the current invoiced amount and the amount billed by date. In addition to the Summary, each invoice shall provide a Progress Report. The Progress Report shall describe, at a minimum, the progress of the Project to date also indicating the percentage of completion of each phase.*

Management Response (Cont.)

Finding 4

Procedures identified to address the required documentation. Training will be provided to remind staff of policy that is in place.

Conclusion

CID met the audit objectives in the following areas:

- Establishing and documenting procedures for selecting On-Call Services providers.
- Establishing proper internal controls to monitor compliance.

CID did not meet the audit objectives in the following areas:

- Ensuring procedures reflect current practices in place.
- Processing Accounts Payable transactions for on-call service in accordance with *City Policy* and *On-Call Agreement for Professional Services*.
- Ensuring debarment checks, indebtedness verifications, and insurance confirmations are conducted and documented for all On-Call Consultants.

Requested Action

To accept the results of the On-Call Services Agreement Audit.