OFFICE OF THE CITY CONTROLLER

GENERAL SERVICES DEPARTMENT
JANITORIAL SERVICES CONTRACT

PERFORMANCE AUDIT

Chris B. Brown, City Controller

Courtney E. Smith, City Auditor

Report No. 2016-05

OFFICE OF THE CITY CONTROLLER
CITY OF HOUSTON
TEXAS

CHRIS B. BROWN

February 16, 2016

The Honorable Sylvester Turner, Mayor
City of Houston, Texas

SUBJECT: **REPORT #2016-05 GENERAL SERVICES DEPARTMENT (GSD) - CONTRACT PERFORMANCE AUDIT OF JANITORIAL SERVICES**

Mayor Turner:

The Office of the City Controller's Audit Division has completed a contract performance audit of janitorial services performed at City of Houston (City) facilities by McLemore Building Maintenance, Inc. (McLemore). The primary audit objectives were:

1. Determine contractor compliance with the key administrative terms and conditions of contract numbers 4600012301 and 4600012338 and any related contract amendments;
2. Examine and assess internal controls related to the assignment and validation of personnel;
3. Identify and document internal controls related to the contractor/vendor billing and payment process;
4. Ensure all payments due contractor/vendor personnel have been properly paid; and
5. Observe fulfillment of required service obligations at selected locations.

We concluded that adequate internal controls were in place to:

- Validate personnel assigned by the contractor to perform services at City facilities; and
- Verify that vendor billings reflect services and facilities covered by the contract, amounts billed reflect contractually approved rates, invoices are properly approved prior to payment and all valid invoices are submitted for payment.

In addition, we determined that McLemore was compliant with administrative requirements of the contracts and provided supporting information to validate whether payments have been made properly to contractor/vendor personnel.

In performing our work, we noted the following issues:

- Neither GSD nor the Strategic Procurement Division (SPD) were aware of the status of McLemore's compliance with administrative requirements (Finding #1); and
- Internal controls in place to monitor contract performance were not consistently applied (Finding #2).

We appreciate the time and efforts extended to the Audit Division during the course of the project by HDHHS management and staff.

Respectfully submitted,

Chris B. Brown
City Controller

cc: Scott Minnix, Director, General Services Department
City Council Members
Ja'nice Sparks, Deputy Assistant Director, General Services Department
Shannan Nobles, Chief Deputy City Controller, Office of the City Controller
Allison Brock, Chief of Staff, Mayor's Office
Kelly Dowe, Chief Business Officer, Mayor's Office
Harry Hayes, Chief Operating Officer, Mayor's Office
Courtney Smith, City Auditor, Office of the City Controller

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EXECUTIVE SUMMARY

INTRODUCTION

The Office of the City Controller's Audit Division has completed a contract performance audit of the janitorial cleaning services provided by an external vendor and managed by the Property Management Division of the General Services Department (GSD). The audit considered vendor and department compliance with key terms and conditions of the contract as well as the effectiveness of administrative internal controls and monitoring activities in place. The audit was included in the Fiscal Year (FY) 2015 Audit Plan and was a direct result of our Enterprise Risk Assessment process.

BACKGROUND

The City of Houston (City) contracts with McLemore Building Maintenance, Inc. (McLemore) to perform janitorial cleaning and associated services for building locations that house City Departments. City Council (Council) approved Ordinance 2013-0739 awarding contract # 4600012301 for janitorial cleaning and associated services at more than 50 locations for the Houston Police Department (HPD) on August 21, 2013. On November 13, 2013, Council also approved Ordinance 2013-1055 awarding contract # 4600012338, covering janitorial cleaning and associated services for more than 85 locations related to several other departments. The maximum contract amounts are $7,916,961 for contract 4600012301 and $11,254,426 for contract 4600012338. Both contracts have three (3) year terms with the option for two successive one-year renewals. Total contract spend during calendar year 2014 was just over $3.4 million.

The primary services contracted with McLemore include general cleaning and janitorial services, day porter labor support[1], collection of recycling products at facilities that participate in the City's Recycle program, interior and exterior window washing, and power washing. Pricing is specified in contract Exhibit H by service type, facility, unit of measure (UOM), and contract year. Examples of contract pricing are shown in Table 1[2] below:

Table 1

Janitorial	**UOM**	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**
Wheeler Fleet Shop	Monthly	174.89	179.48	184.07	188.66	203.99
Porter Services	**UOM**	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**
Carnegie Library	Monthly	1,394.40	1,437.97	1,481.54	1,525.12	1,568.69
Window Washing	**UOM**	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**
Gragg Building	Each	440.00	440.00	440.00	440.00	440.00
Recycling Services	**UOM**	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**
Fire Logistics Complex	Each	17.08	17.08	17.08	17.08	17.08

[1] Porter services are defined as daytime janitorial support activities at facilities.
[2] Examples in Table 1 are taken from Exhibit H, Contract #4600012338.

Most of the primary services are performed on a daily basis and invoiced monthly; however power washing services are only performed when requested by the City and window washing is performed twice a year. The contract language defines the types of services covered in the contract, specifies which services are required at each facility, the frequency of the services and pricing. If there are special considerations for a particular facility those considerations or requirements are spelled out in the contract language.

Although the City is billed a set price for each service/facility, both McLemore contracts contain language in Exhibit B – Specification / Scope of Work, Section A, Subsection 3.0 which governs minimum wage and personnel benefits for employees of the contractor and subcontractors. Further, subsection 3.6 – Compliance Verification requires the contractor and subcontractors to submit certified copies of "payrolls showing classifications and wages paid for each Personnel to the Office of Business Opportunity" (OBO) as a control mechanism to ensure contractors comply with this provision. The contract also contains an MWSBE[3] participation goal of 20%

AUDIT SCOPE AND OBJECTIVES

Our audit objectives as refined during research and risk assessment processes occurring throughout the course of our work were as follows:

1. Determine contractor compliance with the key administrative terms and conditions of contract numbers 4600012301 and 4600012338 and any related contract amendments;
2. Examine and assess internal controls related to the assignment and validation of personnel;
3. Identify and document internal controls related to the contractor/vendor billing and payment process;
4. Ensure all payments due contractor/vendor personnel have been properly paid; and
5. Observe fulfillment of required service obligations at selected locations.

The engagement scope covered activities and transactions occurring during calendar year 2014 and included site visits in May and June of 2015 for selected facilities currently covered under the contracts.

PROCEDURES PERFORMED

In order to obtain sufficient evidence to achieve audit objectives and support our conclusions, we performed the following:

- Obtained and reviewed contracts and change orders;
- Obtained and reviewed evidence to support contractor compliance with contractual insurance certificate and drug policy provisions;
- Obtained and reviewed documentation related to on-site staffing requirements for both McLemore and McLemore's subcontractors;
- Reviewed and tested internal controls in place to ensure contractor compliance with administrative quality control requirements;
- Obtained and reviewed invoices submitted for services performed under both contracts during calendar year 2014 and selected a sample of 30 for substantive testing;

[3] MWSBE – City's Code of Ordinances; Chapter 15, Article V, Minority, Women and Small Business Enterprises.

- Verified that the services, service locations, and billed amounts reflected the current contractual agreements;
- Reviewed reported MWSBE contract participation for fiscal years 2014 and 2015;
- Requested McLemore and McLemore subcontractors weekly payroll submissions to the OBO for calendar years 2014 and 2015;
- Reviewed a sample of service requests from the Work Ticket Report; and
- Performed site visits to selected locations to make visual observations and verify contractor/subcontractors provided contracted services.

AUDIT METHODOLOGY

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards and the International Standards for the Practice of Internal Auditing as promulgated by the Institute of Internal Auditors. 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.

The scope of our work did not constitute an evaluation of the overall internal control structure of GSD. Management is responsible for establishing and maintaining a system of internal controls to ensure that City assets are safeguarded; financial activity is accurately reported and reliable; and management and employees are in compliance with laws, regulations, and policies and procedures. The objectives are to provide management with reasonable, but not absolute assurance that the controls are in place and effective.

CONCLUSIONS AND SIGNIFICANT ISSUES

We believe that we have obtained sufficient and appropriate evidence to adequately support the conclusions provided below as required by professional auditing standards. Each conclusion is aligned with the related Audit Objective for consistency and reference. For detailed findings, recommendations, management responses, comments and assessment of responses see the "Detailed Findings, Recommendations, Management Responses, and Assessment of Responses" section of this report.

OBJECTIVE 1 – Determine contractor compliance with the key administrative terms and conditions of contract numbers 4600012301 and 4600012338 and any related contract amendments.

CONCLUSION

Based on the results of the procedures performed, the audit team noted that McLemore was generally compliant with administrative requirements of the contacts. Based on inquiries conducted during the audit and supporting documentation reviewed, we determined:

- McLemore maintained evidence of insurance coverage during the period under review and provided initial evidence of adherence to drug policy requirements.
- McLemore has evidence of subcontractor insurance coverage for the period under view but did not have evidence of subcontractor drug policy compliance; and
- Neither GSD nor SPD were aware of the status of McLemore's compliance with administrative requirements ***(See Finding #1)***.

OBJECTIVE 2 – Examine and assess internal controls related to the validation of contract and subcontract personnel assigned to staff City facilities.

CONCLUSION

Based on the results of procedures performed, the audit team noted that McLemore and their subcontractors had adequate internal controls in place to validate personnel they have assigned to perform services at City facilities.

OBJECTIVE 3 – Identify and document internal controls related to the contractor/vendor billing and payment process.

CONCLUSION

GSD had sufficient internal controls in place to process vendor billings. Specifically, there are procedures in place to verify that services and facilities billed are covered by the vendor contract, amounts billed reflect contractually approved rates, invoices are properly approved prior to payment, and that all valid invoices are submitted for payment.

OBJECTIVE 4 – Ensure all payments due contractor/vendor personnel have been properly paid.

CONCLUSION

Upon review of the required weekly payroll submissions to the Mayor's Office of Business Opportunity, we determined that payroll information was not submitted by McLemore or the subcontractors in calendar years 2013 or 2014. Payroll submissions began as of January 2015. Based on the information submitted, MWSBE participation is just over 50% for both contracts.

OBJECTIVE 5 – Observe fulfillment of required service obligations at selected locations.

CONCLUSION

During site visits to selected facilities, we observed several issues related to the fulfillment of the required service obligations. McLemore does have quality control procedures in place to address issues. While the audit team does not believe that one visit is sufficient to make a determination regarding service fulfillment, those observations in conjunction with inquiries of on-site City staff lead us to conclude that internal controls in place to ***monitor*** these activities are not consistently applied ***(See Finding #2)***.

ACKNOWLEDGEMENT AND SIGNATURES

The Audit Team would like to thank the management and staff of both GSD and McLemore for their cooperation, time, and effort throughout the course of the engagement. We would also like to recognize the management and staff of The Gee Group for the execution of detailed audit procedures that provided the evidence contained in this report.

Courtney E. Smith, CPA, CIA, CFE
City Auditor

DETAILED FINDINGS, RECOMMENDATIONS, MANAGEMENT RESPONSES, AND ASSESSMENT OF RESPONSES

FINDING #1 – REQUIRED ADMINISTRATIVE AND SAFETY REPORTING IS NOT ON FILE
RISK RATING (IMPACT AND MAGNITUDE) = MEDIUM

BACKGROUND:

The City of Houston (City) General Services Department (GSD) has awarded two (2) contracts for janitorial cleaning and associated services to McLemore Building Maintenance, Inc. (McLemore). Due to the nature of the contracted work, the contractor and subcontractors have access to multiple City facilities on a daily basis. Some of the facilities contain sensitive information or require personnel to employ specific safety steps. Language in each contract stipulates several administrative and safety compliance areas the contractor and subcontractors which must be met prior to contract commencement or for the duration of the contract term. Administrative and safety requirements often serve as controls to ensure financial risks or exposures are mitigated but are also in place to mitigate health and safety risks.

Both GSD and the Strategic Procurement Division (SPD) within the Finance Department have monitoring roles to ensure these contract provisions are followed and operate effectively. Effectively monitoring the administrative and safety provisions allows the City to identify when contract provisions are not being followed and minimize potential financial exposure. McLemore, as the prime contractor should be able to produce documentation of compliance when requested. GSD and SPD should maintain copies of the administrative and safety related reporting as required by the contract.

FINDING:

Documents demonstrating contractor and subcontractor compliance with administrative and safety requirements were not contained in GSD or SPD files. The lack of documentation hinders the City's ability to comprehensively monitor compliance.

We requested documents supporting contractor and subcontractor compliance with several key contractual provisions related to administrative activities and safety to determine if those requirements had been met. Documents requested included those related to: 1) evidence of insurance coverage for McLemore and seven (7) subcontractors used during 2014, 2) documents on file with SPD to support adherence to Drug Abuse Detection and Deterrence Procedures for McLemore and all subcontractors, 3) evidence of employment eligibility verification (Form I9) for a sample of 41 subcontractors, and 4) Material Safety Data Sheet notebook including safety data sheets and other written reports of safety meetings.

- Evidence of insurance coverage for McLemore and all subcontractors was provided by McLemore however neither GSD nor SPD were able to find copies of the documents in their files. (***See Exceptions Log #s 1 & 2***)
- All applicable documentation required to support evidence of McLemore's compliance Drug Abuse Detection and Deterrence Procedures at contract signing was supplied by McLemore however no subsequent information was provided.

SPD did not have copies of those documents in their files. (***See Exceptions Log #s 3 & 4***)

- No evidence of subcontractor compliance with Drug Abuse Detection and Deterrence Procedures reporting was provided by McLemore or SPD. (***See Exceptions Log #s 3 & 4***)
- No Material Safety Data Sheet notebook is on file. McLemore does not have any Material Safety Data Sheets for the period since contract numbers 4600012301 and 4600012338 were awarded. We did find evidence that safety meetings are being held periodically and reviewed 4 reports. (***See Exceptions Log #12***)

RECOMMENDATION:

GSD should work with SPD to ensure the administrative reports currently required by contract are on file with the appropriate department. We also recommend that prior to making any changes to contractually required administrative or safety requirements GSD should work with the Legal Department and other advisory personnel to ensure any risks mitigated by those requirements are covered by other compensating controls.

GENERAL SERVICES DEPARTMENT MANAGEMENT RESPONSE[4]:

GSD has reviewed the administrative reporting requirements of the contract in which some has changed. A meeting will be set up with the legal department to review the contractual changes we think are required and we issue a contract change order to McLemore to update both City of Houston janitorial contracts managed by the general services department.

RESPONSIBLE PARTY: General Services Department – Property Management Division and Finance Department Strategic Procurement Division.

ESTIMATED DATE OF COMPLETION: March 1, 2016

ASSESSMENT OF RESPONSE:

The Audit Division agrees with GSD's commitment to meet with the Legal Department to review contractual changes. Any contractual changes made to administrative and safety compliance reporting should ensure areas of risk for the City are addressed with action items that are specific, measureable, and achievable in nature. Once changes are made the designated party (Department, Division, etc.) should monitor compliance with the revised contractual requirements.

[4] GSD Management responses to each finding are included verbatim.

FINDING #2 – MONITORING EFFECTIVENESS OF OPERATIONAL PERFORMANCE IS INCONSISTENT
RISK RATING (IMPACT AND MAGNITUDE) = MEDIUM

BACKGROUND:

McLemore Building Maintenance, Inc. (McLemore) has been contracted to perform janitorial and associated services for more than 120 City facilities. The contracts (contract numbers 4600012301 and 4600012338) detail specific scopes of work for the facilities included in each contract including the type and frequency of services to be provided to those facilities, pricing, supervision, quality control, invoicing requirements, minimum wage and personnel benefits, and weekly payroll submission requirements. These requirements form the foundation of controls related to the operational activities of the contractor and subcontractors and payment for services performed. Changes to the contract (change orders) must be done in accordance with language in the contract. Change orders can be operational or administrative in nature.

GSD as well as those departments housed in the facilities covered by the contracts have roles to play to ensure services are being performed as intended. Personnel in each facility have access to a work ticket system maintained by McLemore. Through this system, departments can request attention to specific issues. Department contacts may also call McLemore to request service. Phone requests should be entered into the system by McLemore. Effectively monitoring operational activities increases the likelihood that services are performed as contractually required, invoicing is accurate, and payments to contractor personnel comply with wages stipulated in the contracts.

FINDING:

GSD does not have formal procedures in place to consistently monitor services performed under the contract and does not receive documentation from procedures that are occurring.

The audit team requested documentary evidence of weekly payroll submissions, invoicing, supervision, and quality control activities occurring during calendar year 2014. Site visits were performed for visual evidence of contractor work performance.

- Contract requirements to hold monthly inspections, complete inspection logs, and formal monthly site tours have largely been replaced by use of McLemore's Work Ticket system. Meetings are held on an "as needed" basis however the meetings are not formally documented. (***See Exception Log #s 7, 8, 9, & 10***)
- Weekly labor logs required by contract are no longer kept in favor of using the contractor's electronic time and attendance system. Information from the electronic system is not provided to GSD. (***See Exception Log #s 5 & 6***)
- Neither McLemore nor the subcontractors were aware during calendar year 2014 that weekly payroll submissions were required and did not submit them. Submissions began in calendar year 2015 after notification by the Office of Business Opportunity (OBO). Payroll submissions for 2015 were on file, had been reviewed by OBO, and were determined to be in compliance with minimum wage requirements. (***See Exception Log # 5***)

- Several exceptions were noted during site visits to selected facilities. The conditions noted in the Exception Log were present at the time of the site visit without consideration of the cleaning schedule. The observations do not necessarily represent the constant state of the facility, however cumulatively they indicate the need for more consistent monitoring. (***See Exception Log #s, 11, 13 through 32, & 34***).
- A work order for power washing at one facility was requested and the contractor performed the request prior to the establishment of an executed PO contrary to GSD's internal expenditure control policy as detailed in Exhibit B, Section A. Subsection 4.2.6.2. (***See Exception Log # 33***)

RECOMMENDATION:

We recommend GSD consider the following items to enhance their ability to monitor contract performance:

A. Work with City and McLemore personnel to develop effective periodic reports to strengthen GSD's ability to monitor contractor performance at City facilities.

GENERAL SERVICES MANAGEMENT RESPONSE

GSD will work with McLemore to institute a more effective contract monitoring tool. One option that we are currently using on our facility and operation contract is a performance scorecard which can be customized for each location on the janitorial contract. Further discuss with McLemore and GSD will be required to implement this contractual change. **Target Date - March 2016**

B. Work with the Legal Department to ensure City personnel, contractors and subcontractors are aware of any contractual requirement to submit weekly payroll reports to the Office of Business Opportunity.

GENERAL SERVICES MANAGEMENT RESPONSE

GSD will work with McLemore, COH legal department and Office Business Opportunity to ensure that the weekly subcontractor payroll is SUBMITTED AS required per the contract. GSD will request copies on this report so we can track the compliance and have records on file. **Target Date – February 2016**

C. Disseminate documentation regarding GSD's internal expenditure control policy to ensure proper procurement procedures are followed.

GENERAL SERVICES MANAGEMENT RESPONSE

The Property Management Division of GSD is currently ongoing a reorganization. As part of this reorganization our internal expenditure controls are being reviewed and updated to make sure they are applicable in our current environment required to manage our COH facilities. Once the reorganization is finalized and approved; all internal external expenditure controls will be disseminated throughout the division – **Target Date: May 2016.**

D. Work with the Legal Department to revise contract language that is obsolete as a result of technology enhancements or process changes made as a result of security requirements or process improvements.

GENERAL SERVICES MANAGEMENT RESPONSE

GSD will set up meeting with the Legal Department to review and make changes to our Janitorial contracts to reflect our current contractual needs. **Target Date: May 2016.**

RESPONSIBLE PARTY: GSD – working with Legal Department and Office of Business Opportunity.

ESTIMATED DATE OF COMPLETION: SEE ABOVE

ASSESSMENT OF RESPONSE:

A. Management's response addresses the issue as identified in our audit. The Audit Division agrees with GSD's commitment to work with McLemore to strengthen performance monitoring capability. Properly designed, the process will encourage increased attention to detail for both the contractor and the city staff.

B. We agree that periodic monitoring of subcontractor payroll submissions is beneficial to ensure that contractual requirements are fulfilled as intended. This step further ensures that the Department is managing contract performance. Management's response addresses the issue as identified in our audit.

C. Management's response addresses the issue identified during our audit procedures. Reviewing processes is well-timed given efforts to reorganize other City processes and/or procedures that impact GSD's procurement process.

D. The Audit Division agrees with GSD's commitment to meet with the Legal Department to review contractual changes. Any contractual changes made should ensure areas of risk for the City as well as performance needs are addressed with action items that are specific, measureable, relevant, and achievable in nature. Management's response addresses the issues identified in our audit.

EXHIBIT 1

CITY OF HOUSTON

INTERNAL AUDIT DEPARTMENT

McLemore Building Maintenance, Inc. Contracts 4600012301 and 4600012338

Audit Period - Calendar Year 2014

DETAIL EXCEPTIONS LOG

Internal Control Deficiency
Category Definitions
An internal control deficiency exists when the **design** or **operation** of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect error conditions or misstatements on a timely basis.
Design - A deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that even if the control operates as designed, the control objective is not always met.
Operation - A deficiency in operation exists when a properly designed control does not operate as designed, or when the person performing the control does not possess the necessary authority or qualifications to perform the control effectively.

FINDINGS									
Item	**Name**	**Contract #**	**Exception #**	**Inquiry, Observation, Inspection, Limited Re-performance**	**Background / Exceptions / Recommendations**	**Category**	**McLemore Management Response**	**GSD/PARD Management Response**	**AD Assessment of Responses**
II. Duties of Contractor: Insurance: 4.0: Contractor's Performance 11.0	**Michael Bryant**	**4600012301 & 4600012338**	**1**	Verify the contractor (McLemore) and the sub-contractors have a current insurance certificate providing coverage in the amounts specified in the contract.	**BACKGROUND**: "Contractor shall maintain in effect certain insurance coverage and shall furnish certificates of insurance, in duplicate form, before beginning its performance under this Agreement". (Sub-section 4.1) "Contractor shall deliver a copy of this contract to each of its Subcontractors and assure that each subcontractor complies with all applicable requirements, including, but not limited to: The insurance requirements contained in Sections 4.1 and 4.2". (Sub-section 11.2 and 11.2.1) **EXCEPTION 1:** City of Houston (COH) through General Services Department (GSD) could not supply any insurance confirmations for the Contractor or any of the sub-contractors, required under the contract. The person responsible for managing the contract in the beginning, obtaining and reviewing these documents, now works for GSD. The documents were supplied by the Contractor. SPD was unable to locate the pre-required document files of the Contractor and sub-contractors insurances (See Sub-sections 4.1 and 4.2.3).	Operation	**Exception 1:** McLemore maintains required insurance as designated by the contract. All subcontractors also have insurance as required, and the certificates are kept on file. These certificates are sent to the City each time renewals occur. These certificates **were in the response package to Michael Bryant on Monday June 15, 2015.**	GSD will make a request to SPD to follow up with McLemore each year and get the COI and post the copies to SAP for all City departments that participate on the City-wide contract.	Management responses as presented sufficiently address the issues identified.
	Michael Bryant	**4600012301 & 4600012338**	**2**	Review the contractor's process and the sub-contractor's process for obtaining and reviewing insurance certificate renewals and suppling the updated information to the COH.	**BACKGROUND**: Under Sub-section 4.2 of the contract, "Within a 30-day period, Contractor shall provide other suitable policies in lieu of those about to be canceled, materially changed or non-renewed so as to maintain in effect the required coverage". Sub-section 11.2: Contractor shall deliver a copy of this contract to each of its Subcontractors and assure that each subcontractor complies with all applicable requirements, including, but not limited to: Sub-section 11.2.1: The insurance requirements contained in Sub-sections 4.1 and 4.2. **EXCEPTION 2**: COH could not supply any sub-contractor insurance certificate renewals as required by sub-sections 4.1 and 4.2.3 of the contract. **Contractor did have copies of the renewals for the sub-contractors.**	Operation	**Exception 2 Agree.**	GSD will make a request to SPD to follow up with McLemore each year and get the COI and post the copies to SAP for all City departments that participate on the City-wide contract.	Management responses as presented sufficiently address the issues identified.

CITY OF HOUSTON

INTERNAL AUDIT DEPARTMENT

McLemore Building Maintenance, Inc. Contracts 4600012301 and 4600012338

Audit Period - Calendar Year 2014

DETAIL EXCEPTIONS LOG

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Operation - A deficiency in operation exists when a properly designed control does not operate as designed, or when the person performing the control does not possess the necessary authority or qualifications to perform the control effectively.

FINDINGS									
Item	Name	Contract #	Exception #	Inquiry, Observation, Inspection, Limited Re-performance	Background / Exceptions / Recommendations	Category	McLemore Management Response	GSD/PARD Management Response	AD Assessment of Responses
Drug Abuse Detection and Deterrence 9.0	**Michael Bryant**	**4600012301 & 4600012338**	**3**	Reviewed the Contractor's enforcement of Drug Policy Compliance Agreement(s) on file by sub-contractors and on file with CCODT, as required by and secured by the Contractor.	**BACKGROUND**: Before the City signs this Agreement, Sub-contractors shall file with Contractor and the City Contract Compliance Officer for Drug Testing ("CCODT"), its Drug Policy Compliance Agreement for a drug-free Workplace (Sub-section 9.2). Contractor shall require that its sub-contractors comply with the Executive Order, and Contractor shall secure and maintain the required documents for City inspection (Sub-section 9.5). **EXCEPTION 3**: Drug policy documents required by sub-section 9.2 were not on file with the CCODT or GSD for the sub-contractors..	Design	**Exception 3:** McLemore does have a drug testing policy on file and this was given at the time of the audit. Drug policy exhibits E, F, AND G, were signed, sent to the City, and are in our original file. We do not know why they do not have these.	SPD are the keepers of the original contract files.	SPD has the responsibility to keep original documentation. GSD should work with SPD to ensure the appropriate information is kept.
	Michael Bryant	**4600012301 & 4600012338**	**4**	Verified Contractor was up-to-date on filed Drug Policy Compliance Agreement (requirement is update every 6 months duration of contract) with the Contract Compliance Officer of Drug Testing ("CCODT"). Policy submitted within 30 days of expiration date.	**BACKGROUND**: Contractor shall submit the Drug Policy Compliance Declaration to the CCODT within 30 days of the expiration of each 6-month period of performance and within 30 days of completion of this Agreement. The first 6-month period begins to run on the date the City issues its Notice to Proceed or on the first day Contractor begins work under this Agreement (Sub-section 9.3). Sub-section 9.5: Contractor shall require that its subcontractors comply with the Executive Order, and Contractor shall secure and maintain the required documents for City inspection. **EXCEPTION 4:** Drug Policy Compliance Declaration required every 6 months was received August 8, 2013, however no other semi-annual updates have been supplied.	Operation	***Exception 4: Reporting*** as specifically required was not done during this period due to HR management changes, and some COH policy changes. Due to a change in the City of Houston Security policies, **all** employees who work at City of Houston facilities were background checked and ***drug tested during this period*** in conjunction with the new security policy. Additiionally all city employees (100%) are now tested ***yearly*** in conjunction with rebadging. ***Random drug testing and reporting*** as **specifically required has resumed** and will be done as the contract requires.	GSD will work with McLemore to make sure we comply with these requirements.	Management responses as presented sufficiently address the issues identified.
Exhibit B, Section A :Invoicing	**Michael Bryant**	**4600012301 & 4600012338**	**5**	Invoices are submitted in duplicate with copies of the Contractor's daily work orders attached, which had been approved by the Facility Manager or designee (Sub-section 1.1.2).	**BACKGROUND**: The janitorial contractor is to submit along with their monthly invoice, weekly labor logs for each facility documenting the number of hours worked (Sub-section 2.1). Each log must be signed by the janitor who performed the work and the appropriate Facility Manager and/or designee verifying the hours worked. All sub-contractors work is billed to the Contractor and not the City. **EXCEPTION 5**: Contractor log-in procedures did not follow the contract requirements, nor was written authorization to change the procedure provided as required by Sub-section V. Miscellaneous, 5.0 Written Amendment. Logs would also provide support to ensure that individuals working these shifts are appropriately compensated. We did note that GSD has strengthened badging and key requirements which minimizes the risk that shifts are worked by unauthorized individuals. This serves as a compensating control. **RECOMMENDATION:** GSD should implement periodic monitoring of McLemore log/payroll reports as part of their overall contract management.	Operation	**Exception 5: Billing:** The City invoicing has been done as ***specifically required by the city*** for the past (18) years, which is to bill the city the amount monthly that is outlined in the contract. Invoices are sent to various departments specified by GSD. **The contract is not based on hourly requirements**. Hours worked are based on the need which is predicated by square footage configuation ie. floor finishes, etc.., of the respective buildings. **Note regardiing log sheets: Log sheets were not used 100% as specifically stated; however, we have total knowledge and control of hours worked by each and every employee**. An automated payrol system is used to both identify hours worked by location. This system keys from the **site phone number only which eliminates cheating and errors possible with log sheets. S**ome contractors use a manual payrol system that in fact does use the log sheet. In addition to the payroll systems, Additional controls: **MBM reports to the city for MBM and all contractors monthly all employees by name, number, date, hours worked. MBM also reports actual payroll data to the city. All contractors have been instructed to use the log sheet for each building to meet the requirement as stated.**	GSD will implement periodic monitoring of McLemore log/payroll reports as part of their overall contract management.	Contractual requirements to submit weekly payroll reports to the Office of Business Opportunity are an added control which in conjunction with Management's responses as presented sufficiently address the issues identified. Any changes to the log requirements should be addressed in the contract language as needed.

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Exhibit B, Section B: General (Quality Control)	**Michael Bryant**	**4600012301 & 4600012338**	**6**	Contractor(s) are to provide Cleaning and Janitorial Services for all locations as shown in Exhibit B1.	**BACKGROUND:** Contractor is to provide all labor, material, equipment, transportation and supervision necessary to perform the services described in Exhibit "B", Scope of Work, in the manner set forth is such Exhibit, whether or not specifically mentioned in contract for the cleaning and janitorial services (Exhibit B, Section B Scope of Work/Specifications Part 1, Sub-sections 1.0 General and 21.0 Supplies, Materials and Equipment). **EXCEPTION 6A:** Dusting, cleaning of carpet areas, restroom tiles, external areas, etc., were not consistently performed. Equipment provided by the contractor or sub-contractors at some facilities were not adequate to perform cleaning tasks efficiently or in some cases effectively. See specific examples in Exceptions 17 through 34. **EXCEPTION 6B**: There is no evidence of consistent monitoring of contractor/sub-contractor attendance or activity in locations without a crew chief or supervisor. **EXCEPTION 6C:** The lack of a Weekly Labor Log severely weakens controls in place that ensure work is being performed properly. Logs would also provide adequate support to ensure that individuals working these shifts are appropriately compensated for their time.	Operation	**Exception 6A:** equipment in all facilities used in this contract is adequate to meet the task; **however**,many buildings, small, medium, or large require **expensive** floor equipment. Expenditure of equipement for each building is not feasible. Equiment of this nature is taken to the buildins when the schedule requires. Dusting and carpet cleaning is supposed to be done on a schedule as required. When this is not done as required, Inspections will identify the problem, or complaints will occur. In both cases deficiencies are entered into the work ticket system, and resolved in the same day, or as soon as possble. **Dropping in to a facility to check quality can be deceiving**. Example: carpet cleaning is required by contract in offices (2) times per year, common areas (4) times per year. **Exception 6B:** Custodial attendance is monitored MBM, and other contractors by a payroll call in system. (41) of the locations are on routes, who have a route supervisor. All the other buildings have route managers, supervisors, or working leads. Buildings cannot feasibly go with out service. if workers do skip work assigned, complaint calls surface immediately and are addressed immediately. **Exception 6C:** each facility has man hours budgeted to get the job done. The control is a quality job substantiated by a lack of complaints from the customer. Meetiings are also held between contractor management and departmental management to review issuses, and the job being done. Contract excerpt: **"sufficient personnel to complete the tasks" See Finding # 5:** labor hours are scrutinized daily to ensure work being performed as designated using the electronic payroll system. This would not be possible usinjg log sheets in buildings.	GSD will work with legal to revised the contract lanuage to address this finding.	Management responses as presented sufficiently address the issues identified.
	Michael Bryant	**4600012301 & 4600012338**	**7**	The Contractor's Project Manager performs a complete monthly inspection of the entire facility and implement needed corrective action.	**BACKGROUND:** The Contractor shall provide a standardized form for the log sheets of complaints. The Facility Manager and the Contractor's Project manager are to review all log sheets weekly (Exhibit B, Section B Scope of Work/Specifications Part 1, Sub-sections 19.1 and 19.2 under Quality Control). **EXCEPTION 7:** Log sheets were not consistently used to register service complaints. Personnel were instructed by GSD management to utilize the Work Ticket System the contractor had in place for such documentation. **RECOMMENDATION:** The contract should reflect the appropriate mechanism required to request service and address complaints.	Design / Operation	**Exception 7:** log sheets are not capable of being effective to maintian satisfactory results. GSD does not have people in place to deal with log sheets. When a complaint, request, or question arises, a quick email, phone, or text is sent. .. This is monitored 24/7/365, and when communication occurs, it is sent immediately to the manager in charge. A work ticket is done simultaneously which is then sent electronicallly to the manager.... resolution for normal requests or complaints ***is same day....if not immediate. All departments utilize this system, which has been used successfully company wide for (20) years.***	GSD will work with legal to revised the contract lanuage to address this finding.	Management responses as presented sufficiently address the issues identified.

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	Michael Bryant	**4600012301 & 4600012338**	**8**	The Contractor's Project Manager shall review the inspection log and follow-up with the Cleaning Supervisor.	**BACKGROUND**: The Contractor's Project Manager performs a complete monthly inspection of the entire facility and implement needed corrective action (Exhibit B, Section B Scope of Work/Specifications Part 1, Sub-sections 19.1 and 19.4 under Quality Control). **EXCEPTION 8:** Results of monthly inspections should be documented in the Work Ticket System. Personnel were instructed by GSD management to utilize the Work Ticket System the contractor had in place for such documentation. **RECOMMENDATION:** The contract should reflect the correct mechanism in place to request service and address complaints.	Design	**Exception 8: All departments do use our system… (8+)Years, HHS *is more active as each site has a manager*. When any site has new people who do not know the system, they learn it when we visit, or if they call in for service.sites are contantly reminded as new people come into play….**	GSD's work order system maintains and tracks the status of all work orders.	We note that inspections are not held periodically as stated in the contract. Instead the Work Ticket system is used track service requests to be addressed. Contract language should be adjusted reflect the procedures and/or practices used.
	Michael Bryant	**4600012301 & 4600012338**	**9**	Once each month, Contractor's Project manager meets with Facility Manager for a formal tour on the building site.	**BACKGROUND**: Contractor's Project Manager shall meet with the Facility Manager once each month for a complete formal tour of the building to inspect the quality and consistency of work, adherence to clearing specifications, standards and review needs of each facility (Exhibit B, Section B Scope of Work/Specifications Part 1, Sub-section 19.5 under Quality Control). **EXCEPTION 9**: There is no monthly schedule to meet with the contractor and no evidence was provided that any monthly meetings had taken place.	Operation	**Exception 9: generally there are no monthly meetings. We do have monthly meetings with HHS managers who all have multiple responsibilities. Monthly inspections do take place by supervision and management. We deal with the site manager or contact for the location.**	GSD meets with contractor on an as needed basis to ensure contract specifications are met. GSD also utilizes the work order system and building surveys to track level of service provided.	We note that monthly meetings have effectively been replaced by use of the Work Ticket system. Contract language should be adjusted reflect the procedures and/or practices used.
	Michael Bryant	**4600012301 & 4600012338**	**10**	Contractor submits a written monthly report to the Facility Manager, including copies of daily or monthly inspections summarizing problems and correction action at various sites.	**BACKGROUND**: Contractor submits a written monthly report to the Facility Manager, including copies of daily or monthly inspections summarizing problems and correction action at various sites (Exhibit B, Section B Scope of Work/Specifications Part 1, Sub-section 19.6 under Quality Control). **EXCEPTION 10**: Personnel were instructed by GSD management to utilize the Work Ticket System the Contractor had in place to submit reports. **RECOMMENDATION:** The contract should reflect the correct mechanism in place to request service and address complaints.	Operation	**Exception 10: Agree**	GSD meets with contractor on an as needed basis to ensure contract specifications are met. GSD also utilizes the work order system and building surveys to track level of service provided.	We note that inspections are not held periodically as stated in the contract. Instead the Work Ticket system is used track service requests to be addressed. Contract language should be adjusted reflect the procedures and/or practices used.
	Michael Bryant	**4600012301 & 4600012338**	**11**	Verify the posting of cleaning schedule in each restroom and the timing of services.	**BACKGROUND**: Contractor is to post in each restroom facility, a cleaning schedule of when the area was serviced (Exhibit B, Section B Scope of Work/Specifications Part 1, Sub-section 19.7 under Quality Control). **EXCEPTION 11**: According to McLemore Management, this was not followed unless specifically requested by site management. Only 1200 Travis had cleaning schedules in each restroom facility. The Municipal Courts Building had cleaning schedules in some restrooms facility, but noted the schedules were not current-to-date.	Operation	**Exception 11:** we have utilized this when it is requested. Many do not want the paper on the door, clip boards etc. disappear … **contract managers have been directed to readdress and implement this practice in each facility.**	GSD will attempt to standardize this practice.	Management responses as presented sufficiently address the issues identified.

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	Michael Bryant	**4600012301 & 4600012338**	**12**	Material Safety Data Safety Sheet Notebook provided by the Contractor is on file in GSD.	**BACKGROUND**: Verify the City (via GSD) retains a Material Safety Data Sheet (MSDS) notebook on file with the contract file, provided by the Contractor. Notebook is to be in place prior to the initiation of the contract. Notebook should contain the first month chemical supplier training (Safety Meeting) of the contract and quarterly thereafter (Exhibit B, Section B Scope of Work/Specifications Part 1, Sub-section 4.2.2 under Supervision Requirements). **EXCEPTION 12**: Neither GSD nor SPD personnel could locate any MSDS notebooks. Three MSDS sheets were furnished however they were data sheets for dates in 2013. There were no quarterly reports or monthly meeting notes from the Contractor for the 2014 year. Documents made available were dated/prepared as follows: 1) Date Prepared 01-01-2013, Diversey - General Purpose Cleaners - Restroom Products; 2) Date Prepared 2013-05-15, Diversey; 3) Date Prepared 2013-02-07, Diversey - Carpet and Floor Care.	Design	**Exception 12:** MSDS Books were delivered to the city and put in all city locations several times during the past (8) years.. Currently this called SDS. **We published several hundred updated SDS books for the City of Houston and placed these at each site.** Many disappear ….. When this is discoved we replace the book. No meetings have been requested regarding SDS. McLemore has always focused on this area company wide. This practice is important in the industry and is not just done for the City contrract.	GSD will work with McLemore to determine the delivery location and ensure the books are assigned accurately to each facility.	Management responses as presented sufficiently address the issues identified.
Exhibit B, Section B, Part 2, Sub-section 1.0	**Michael Bryant**	**4600012301 & 4600012338**	**13**	Verify the Contractor, as needed, "strip" various floor finishes, as prescribed by the manufacturer, removing the last finish, apply new floor finish, stain removal and carpet cleaning.	**BACKGROUND**: The Contractor shall comprehend that whenever the word "strip" is used in these specifications, it shall mean the process prescribed by the manufacturer of the floor finish being used for removing the last application of floor finish and to prepare the floor tile to receive new floor finish. Normally, floor stripping requires the use of one or more of the following; Power floor scrubbing machines, scouring pads, brushes, rags, mops, to satisfactorily remove all old finish, dust dirt, grease, stains and the wax applied by the manufacturer of new floor tile (Exhibit B, Section B, Part 2, Janitorial Cleaning, Sub-sections 1.3 - 1.4 under Contractor Duties, 13.0 under Floor Cleaning, and 14.0 under Carpet Care). Conducted visual walkthroughs of entire buildings and surrounding areas. **EXCEPTION 13**: There were thirteen (13) sites where the floor condition did not meet the definition of "clean" as stipulated in the contract language. Locations are: Fire Logistics Complex, HHS Admin Building, Municipal Courts Building, Jessie H Jones Library, Houston Transtar, Gragg Headquarters, Memorial Tennis Center, Morrison Police Academy, Westside Command Station, and the Northeast, Stringfellow, North, Northwest, Magnolia Park, and Southwest Police Stations. See specific details at Exceptions 17 through 32 below.	Operation	**Exception 13: This finding does not take in consideration the conditions, the date the floor work was due, last done, and next scheduled date. The finding does not specify if the observed defect was the whole building, rooms, traffic areas, partial areas etc. Floor work is a volitile issue and we had not been made aware of (15) dissatisfied sites. identification of these sites would have resulted in an immediate workticket initiated investigation and resolution. All floor work is scheduled by automated project work tickets.**	Agree with McLemore response.	Our audit procedures included site visits to a selected sample of facilities covered by the contract. The conditions noted were present at the time of the site inspection without consideration of the schedule. We agree that this does not necessarily represent the constant state of the facility, however it may indicate the need for more consistent/persistent use of the work ticket system or increased monitoring by management.

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	Michael Bryant	**4600012301 & 4600012338**	**14**	Verify male and female janitors are both on staff.	**BACKGROUND**: Contractor provided male personnel to perform work in exclusive male areas and female personnel to perform work in exclusive female areas (Ex. Wellness Center and HPD locker rooms; male and female detention centers) Exhibit B, Section B, Part 2, Janitorial Cleaning, Sub-section 1.11 under Contractor Duties. **EXCEPTION 14**: Although the contract requires gender appropriate staffing in areas such as locker rooms and detention centers, most sites have only females to work both male and female areas. Some duties included heavy lifting. Noted female janitors had to wait for all male police personnel to vacant locker rooms areas before cleaning could be addressed.	Design	**Exception 14:** All areas cleaned as described below *that have multiple* employees have both male and female custodians available. Those locations that only require one person to clean will have the best person we can find for the position. If the site contact prefers one gender over the other we accommodate that request. in small locations with locker rooms, female custodiatons as well as male custodians have been in place. No complaint has ever been received.	Agree with McLemore response.	Our audit procedures included site visits to a selected sample of facilities covered by the contract. The conditions noted were present at the time of the site inspection without consideration of the schedule. We agree that this does not necessarily represent the constant state of the facility, however it may indicate the need for more consistent/persistent use of the work ticket system or increased monitoring by management.
	Michael Bryant	**4600012301 & 4600012338**	**15**	Crew leader or supervisor accompanies each crew at all times while on-site.	**BACKGROUND**: 1.9 The Contractor shall employ a thoroughly trained manager to oversee the Cleaning and Janitorial Services performed under this Contract. The manager or its/her designee shall be on-call twenty-four (24) hours per day, seven (7) days per week (Exhibit B, Section B, Part 2, Janitorial Cleaning, Sub-section 1.9 under Contractor Duties). **EXCEPTION 15**: Per McLemore Management, this control is not used. No leaders or supervisors are used to manage shift crews (Exhibit B, Section B, Part 2, Janitorial Cleaning, Sub-section 1.12 under Contractor Duties).	Operation	**Exception 15: All personnel in all locations are managed by either a route manager, supervisor, or a designated a working lead. Many locations in this** contract have a small number of personnel onsite doing the job. In many cases the facilities are on a route where the personnel handle multiple plus facilities. The management structure is as follows Prime contract manager, Subcontract Manager, Route Managers, Supervisors, Quality Supervisors, and Working Leads.	GSD has personnel assigned to each facility to ensure contract specifications are met.	Per our on-site observations and inquiries with GSD and McLemore management, contract language does not accurately reflect how the supervisory process works. Language should be adjusted to reflect the actual procedures / practices in place.

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	Michael Bryant	**4600012301**	**16A**	Verify Contractor provided Cleaning and Janitorial Maintenance Services in all internal office areas, restrooms, shower areas, gym, courtrooms, laboratories, etc., except those areas noted in Section B, Part 2, 1.6	**BACKGROUND**: Cleaning and Janitorial Maintenance Services provided under this Contract shall include but not limited to all the office areas, restrooms, shower areas, gym, courtrooms, laboratories, occupied office space, lobbies, corridors, hallways, storage areas, conference rooms, interview areas, lunch rooms, auditoriums, kitchens, kitchenettes training rooms, elevators, escalators, booking areas and hallways as applicable, detention areas, the court holding areas, all associated booking areas, individual cells, public contact areas, conference rooms, computer rooms, reception areas, W.I.C areas, daycare areas, Senior Citizen Areas, classrooms, and all of the functions associated with these tasks within each specific building as applicable. Conducted visual walkthroughs of entire buildings and surrounding areas (Exhibit B, Section B, Part 2, Sub-Sections 1.5 under Contractor Duties, 4.0 under Daily General Cleaning, 5.0 under Daily Restroom Cleaning, and 6.0 under General Cleaning Weekly). **EXCEPTION 16A**: There were a seven (7) sites were the condition of the facilities did not meet the definition of "clean" as stipulated in the contract language. Locations were the Morrison Police Academy, Westside Command Station, and the Northeast, Stringfellow, North, Northwest, Magnolia Park, and Southwest Police Stations. See specific details in Exceptions 17 through 24 below. These areas included the discovery so items such as mold and mildew in restrooms, showers areas; floors that were discolored, soiled, spotted, or smudged with foreign matter; spots and dust ball on carpets, in stairwells, furniture areas needing dusting; etc.	Operation	**Exception 16A**: It is hard to respond to this statement,, because with the exception of Magnolia Park we have not gotten any complaints. It has been our experience that when blatant deficiencies exist, we get complaints. Which are immediately resolved. As a result of these comments an inspection will be initiated immediately to ensure all areas are brought up to par if any problem exists. Magnolia Park is an example, as the custodian was not doing a satisfactory job, and was tardy a number of times. We tried re training; however, this did not work. a new employee was put in place as soon as all background checks and badging was completed. A followup inspection was done by management, and no further complaints have been realized.. All these locations will be inspected to ensure no problems exist.	GSD is not aware of any discrepancies in the definition of "clean" at our facilities. If there are any complaints, these are addressed through MBM.	Our audit procedures included site visits to a selected sample of facilities covered by the contract. The conditions noted were present at the time of the site inspection without consideration of the schedule. We agree that this does not necessarily represent the constant state of the facility, however it may indicate the need for more consistent/persistent use of the work ticket system or increased monitoring by management.

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	Michael Bryant	**4600012338**	**16B**	Verify Contractor provided Cleaning and Janitorial Maintenance Services in all internal office areas, restrooms, shower areas, gym, courtrooms, laboratories, etc., except those areas noted in Section B, Part 1-B	**BACKGROUND**: Cleaning and Janitorial Maintenance Services provided under this Contract shall include but not limited to all the office areas, restrooms, shower areas, gym, courtrooms, laboratories, occupied office space, lobbies, corridors, hallways, storage areas, conference rooms, interview areas, lunch rooms, auditoriums, kitchens, kitchenettes training rooms, elevators, escalators, booking areas and hallways as applicable, detention areas, the court holding areas, all associated booking areas, individual cells, public contact areas, conference rooms, computer rooms, reception areas, W.I.C areas, daycare areas, Senior Citizen Areas, classrooms, and all of the functions associated with these tasks within each specific building as applicable. Conducted visual walkthroughs of entire buildings and surrounding areas (Exhibit B, Section B, Part 1-B, Sub-Sections 1.0, 2.0, 4.0, 5.0, 6.0, 7.0, 8.0, 9.0, 10.0, 11.0, 12.0, 13.0, 14.0, 15.0, 16.0,). **EXCEPTION 16B**: There were a seven (7) sites were the condition of the facilities did not meet the definition of "clean" as stipulated in the contract language. Locations are the Fire Logistics Complex, HHS Admin Building, Municipal Courts Building, Jessie H Jones Library, Houston Transtar, Gragg Headquarters, and Memorial Tennis Center. See specific findings in Exceptions 26 through 34 below. These areas included the discovery so items such as mold and mildew in restrooms, showers areas; floors that were discolored, soiled, spotted, or smudged with foreign matter; spots and dust ball on carpets, in stairwells, furniture areas needing dusting; etc.	Operation	**Exception 16B: Withoout citing specific areas, it is difficult to address this finding; however, during normal process in June / July complaints were realized from Fire Logistics, and Memorial Tennis Center. These were remedied by management focus and eventual replacement of crews not willing to do the job. Jesse H. Jones is managed by the City of Houston using MBM labor. Gragg is maintained meticulously and inspected every day. Transtar is a critical account and complaints are reacted to within the hour we get them, no complaints were realized. a followup did not reveal any problems. Municipal Courts is inspected daily, and any time we get a complaint, it is addressed immediately. .. within minutes.**	GSD is not aware of any discrepancies in the definition of "clean" at our facilities. If there are any complaints, these are addressed through MBM.	Our audit procedures included site visits to a selected sample of facilities covered by the contract. The conditions noted were present at the time of the site inspection without consideration of the schedule. We agree that this does not necessarily represent the constant state of the facility, however it may indicate the need for more consistent/persistent use of the work ticket system or increased monitoring by management.

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Sub-Stations	**Michael Bryant**	**4600012301**	**17**	Morrison Police Academy (9-Buildings) 17000 Aldine Westfield Road, Houston 77073 103,782 Square Feet Day Shift - 7:00A to 5:00P M-F	**BACKGROUND**: Conducted visual walkthrough on May 8, 2015 (Exhibit B, Sub-sections. 2.0 - 17.0, 19.0, & 20.0) **EXCEPTION 17A**: Personnel - Two (2) female staff assigned. No male staff assigned to the nine (9) building complex although there are exclusive male areas. Noted female janitors had to wait for all male police personnel to vacant the locker room before the areas could be cleaned. **EXCEPTION 17B:** Condition - Paper towels were missing some of the men restrooms. No clean-up schedule was found in the restrooms. No trash carts were notice or used by the janitors. The Drivers Training Building Kitchen floors not cleaned and needed additional attention (i.e., auto scrubbing, spray buffed, etc.). Qualification Range Building was without a trash dumpster near site. **EXCEPTION 17C:** Safety - Observed janitorial workers sweeping the inside shooting range area, without the use of disposable shoe covers and gloves as required in Exhibit B, sub-section 20.2.4. This is a safety issue due to the possibility of lead exposures above compliance limits (CFR 1910.1025).	Design / Operation	**Exception 17 A, B, and C W**e have not gotten any complaints; however, due to this write up a thorough inspection with the customer contact will be been done to ensure their satisfaction and address these items. **Exception 17A:** no complaints have been made regarding two females who the customer is extremely satisfied with. **Exception 17B:** any deficiencies or negative ramifications due to this comment will be rectified as is applicable. **Exception 17C: the workers have been trained, and have been given the items described per the contract. Retraining of these personnel will be done to ensure their safety and compliance.** ***The square footage for the Morrison Police Academy is 103,782., paragraphs 20.2.13, pages 22 and 23 .Additional personnel are utilized forthe extensive project work done at this facility.***	GSD will discuss with McLemore to ensure this finding is properly addressed.	Management responses as presented sufficiently address the issues identified
					RECOMMENDATIONS: The addition of male janitors is needed for female/male areas, number of buildings at this location and other heavy duty coverages. 20.2.1 The janitorial service should make a determination of whether or not Personnel are exposed to lead above the Permissible Exposure Limit of 50 ug/m3 or the Action Level of 30 ug/m3working in the shooting range. If exposures above the either of these limits are determined to occur the janitorial service should implement a program that is in full compliance with 29 CFR 1910.1025; 20.2.4 Require the use of disposable shoe covers and gloves for all personnel working in the shooting range; 20.2.5 Require that Personnel wash their hands before exiting the shooting range and immediately upon exiting the shooting range control room and gun cleaning room; 20.2.8 Provide lead awareness training; 20.2.10 The specific nature of the operations that could result in exposure to lead above the action level; 20.2.11 The health effects associated with exposure to lead; and 20.2.1 Engineering controls, personal protective equipment, and work practices and procedures used to minimize lead exposure.			GSD will discuss with McLemore to ensure this finding is properly addressed.	

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	Michael Bryant	**4600012301**	**18**	Northeast Police Station (2-Buildings) 8301 Ley Road, Houston 77025 300,000 Square Feet of useable occupied area Day Shift - 10:00A to 4:00P Weekend - 4 hours per day 365-days year	**BACKGROUND**: Conducted visual walkthrough on May 13, 2015 (Exhibit B, Sub-sections. 2.0, 17.0 - 22.0). **EXCEPTION 18A**: Personnel - No supervisor on site, one female janitor working six (6) hours weekdays and 2 hours on weekends. No male staff although there are exclusive male areas. **EXCEPTION 18B:** Condition - Floor maintenance appeared to need spray buffing, auto scrubbing and/or high speed burnishing. Noted the weight room not being sanitized regularly. The vehicle maintenance area needed power washing. No documentation was provided to determine the date of most recent power washing, floor maintenance or sanitization of the weight room.	Design / Operation	**Exception 18 A**: custodian on site is a working lead, no customer disatisfaction has been realized **Exception 18 B:** buffing has been done … weight room sanitizing has been reinforced; however it is sanitized, and no customer dissatisfaction has been realized. This audit list this facility at **300,000** square feet. The cleanable square footage is around **27,000 square feet, which is listed in several COH documents. cleanable square feet listed on page 24 lists 300000 square feet of useable area which in fact includes parking lots and driveways.** Power washing is done **per contract at customer request as specified in the contract. Power washing has been done recently as requested and all contract parameters and the clean water act have been met.**	Agree with McLemore response.	Our audit procedures included site visits to a selected sample of facilities covered by the contract. The conditions noted were present at the time of the site inspection without consideration of the schedule. We agree that this does not necessarily represent the constant state of the facility, however it may indicate the need for more consistent/persistent use of the work ticket system or increased monitoring by management.
	Michael Bryant	**4600012301**	**19**	Westside Command Station (3-Buildings) 3203 S. Dairy Ashford, Houston 77082 71,000 Square Feet Day Shift 7:00A to 3:00P M-F Weekend - 7:00A to 5:00P per day 365-days year	**BACKGROUND**: Visual walkthrough was done on May 7, 2015 (Exhibit B, Sec. 2.0, 17.0 - 24.0). Noted that a supervisor was on duty from 5:00P to 10:30P only. Five (5) janitors were assigned during the weekday at different shifts, one on weekends. **EXCEPTION 19A**: Equipment - Janitors are currently using City equipment rather than contractor supplied equipment to perform services such as shop vac for shampooing and trash cart for trash hauling as required in Exhibit B, Section B, Part 1, Sub-section 1.1). **EXCEPTION 19B:** Condition - No clean-up schedule posted in any of the restroom areas. **RECOMMENDATION**: A 50 or 100 gallon size shop vac and trash cart should be provided by McLemore for performance of services.	Design / Operation	**Exception 19 A:** we are using McLemore equipment. We utilize a carpet extractor for carpets which is McLemore equipment. The McLemore manager of this site does not have knowledge of the need for the shop vacuum. If the trash cart is not McLemores , it will be replaced with one if HPD has room and does not want us to use theirs. **Exception 19B: while in the contract, customer has not required restroom cleanup charts. These will be implemented.**	GSD will discuss with McLemore to ensure this finding is properly addressed.	Our audit procedures included site visits to a selected sample of facilities covered by the contract. The conditions noted were present at the time of the site inspection without consideration of the schedule. We agree that this does not necessarily represent the constant state of the facility, however it may indicate the need for more consistent/persistent use of the work ticket system or increased monitoring by management.

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	Michael Bryant	**4600012301**	**20**	Stringfellow South Police Station (2-Buildings) 8300 Mykawa, Houston 77048 325,000 Square Feet Day Shift 7:00A to 4:00P M-F Evening Shift - 4:00P to 12:00A Graveyard Shift - 7 hours 12:00A to 7:00A 365-days year	**BACKGROUND**: Conducted visual walkthrough on May 11, 2015 (Exhibit B, Sec. 2.0, 17.0 - 23.0). **OBSERVATION**: The daily janitorial staff is made up of six male/female personnel. **EXCEPTION 20**: Condition - No clean-up schedule posted in restrooms. Carpet areas needed spot treatments and cleaning (extraction). Dusting, mopping, waxing and vacuuming not performed on a consistent basis. (Example: Court #13 and Court #14 were not being vacuumed daily, tile flooring needed mopping and waxing, and dusting was not performed.) **RECOMMENDATION**: More personnel needs to be assigned to this location, including male help. The building needs an overall general cleaning.	Operation	**Exception 20:** Consistent inspections are made by contract management at this facility due to size, and importance. Deficiencies including those listed below had been identified after a multiple personnel change and have been rectified. Inspections will continue. In reference to the number of personnel, the observation of (6) does not take in consideration of personnel used to do project work. Note: during the past (8) years we have successfully passed federal and in house audits at this facility without a complaint. The workticket system is used by this facility if they have complaints.	GSD will discuss with McLemore to ensure this finding is properly addressed.	Our audit procedures included site visits to a selected sample of facilities covered by the contract. The conditions noted were present at the time of the site inspection without consideration of the schedule. We agree that this does not necessarily represent the constant state of the facility, however it may indicate the need for more consistent/persistent use of the work ticket system or increased monitoring by management.
	Michael Bryant	**4600012301**	**21**	North Police Station (2-Buildings) 9455 W. Montgomery, Houston 77088 112,036 Square Feet Day Shift 7:00A to 4:00P M-Su Evening Shift - 4:00P to 12:00A M-F 365-days year	**BACKGROUND**: Conducted visual walkthrough on May 14, 2015 (Exhibit B, Sec. 2.0, 17.0 - 25.0). **OBSERVATION**: Janitorial staff was a mixture of both male and females. **EXCEPTION 21**: No cleaning-up schedule posted in the restroom areas. Carpet was soiled and needed spot treatment and cleaning. Restroom ceramic tile, floors need to machine scrubbing and removal of mildew from grout.	Operation	**Exception 21**: all items noted and resolution initiated. Also consider machine scrubbing done April, and was due in June.	GSD will discuss with McLemore to ensure this finding is properly addressed.	Our audit procedures included site visits to a selected sample of facilities covered by the contract. The conditions noted were present at the time of the site inspection without consideration of the schedule. We agree that this does not necessarily represent the constant state of the facility, however it may indicate the need for more consistent/persistent use of the work ticket system or increased monitoring by management.

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	Michael Bryant	**4600012301**	**22**	Northwest Police Station (1-Building) 6000 Teague, Houston 77041 10,409 Square feet Day Shift 7:00A to 4:00P M-F Evening Day Shift - 4:00P to 12:00A Weekends each day 365-days year	**BACKGROUND**: Visual walkthrough was done on May 14, 2015 (Exhibit B, Sec. 2.0 - 17.0, 26.0). **EXCEPTION 22A**: Condition - Floors needed to be "strip", machine scrub removal of the last finish and stains, and apply new floor finishes. Mold, mildew and other foreign stains were noted in the men's and women's showers on ceramic tiles along the walls and floor areas, including grout. Machine scrub of all ceramic tile was needed. Kitchen appliances were in need of cleaning. No clean-up schedule posted in the restroom areas. **EXCEPTION 22B:** Personnel - Only one (1) female janitor assigned to the entire property. No males were assigned although there are exclusive male areas. **RECOMMENDATION**: A male presence is needed on the janitorial staff and/or a second person to assist in the janitorial maintenance service of the site.	Design / Operation	**Exception 22 A**:All items entered into worktickets for check and resolution as needed. **Exception 22 B:** This facility is ***10409*** of cleanable area, ***not 61874***, and is staffed adequately. Additional personnel are used for project work .The single custodian does daily janitorial work at a very low production rate. (1734) other than project work, no additional help is needed.	GSD will discuss with McLemore to ensure this finding is properly addressed. GSD will request that the makeup of the staff reflect this finding.	Our audit procedures included site visits to a selected sample of facilities covered by the contract. The conditions noted were present at the time of the site inspection without consideration of the schedule. We agree that this does not necessarily represent the constant state of the facility, however it may indicate the need for more consistent/persistent use of the work ticket system or increased monitoring by management.
	Michael Bryant	**4600012301**	**23**	Magnolia Park Police Station (1-Building) 7525 Sherman, Houston 77011 9,176 Square feet Day Shift - 7:00A to 3:00P M-Su 365-days year	**BACKGROUND**: Visual walkthrough conducted on May 13, 2015 (Exhibit B, Sec. 2.0, 17.0 - 27.0) . **OBSERVATION**: Assigned to this site is one female who was recently hired/brought in. **EXCEPTION 23:** Cleaning requirements not being met are dusting, upkeep of floors, equipment in weight room not being cleaned, floors and ceramic tile in restroom not being machine scrubbed for grout and mildew cleaning, shower areas, carpet needs cleaning.	Design / Operation	**Exception 23:** This facility has just undergone a personnel change which accounts for the deficiencies noted which had come to my attention through the normal process. The contract manager has gone to this site and found all in order. Followup workticket has been done for to double check.	GSD will discuss with McLemore to ensure this finding is properly addressed. McLemore acknowledges the deficiency and is working on addressing.	Management responses as presented sufficiently address the issues identified.
	Michael Bryant	**4600012301**	**24**	Southwest Police Station (1-Building, 2-Trailers) 4503 Beechnut, Houston 77096 9,176 Square Feet - 1 story Day Shift - 7:00A to 3:00P M-Su 365-days year	**BACKGROUND**: Visual walkthrough conducted on May 14, 2015 (Exhibit B, Sec. 2.0, 17.0 - 28.0). **EXCEPTION 24**: Noted one female janitor assigned to work 7-days a week (no males on site). Carpet in heavy traffic areas needed shampooing. No documentation available on the date of most recent shampooing activity. Noted that operations at this site will be moving to new location in 2016. **RECOMMENDATION**: Provide a male janitor at regular intervals to perform duties requiring heavy lifting and to handle machinery.	Design / Operation	**Exception 24:** This custodian is highly liked by the customer and has been onsite several years. Shampooing was due in May, an was done. Shampooing was also due in September and also was done. Floor technicians do floor work and other project work. The onsite custodian does daily janitorial.	GSD will discuss with McLemore to ensure this finding is properly addressed. GSD will request that the makeup of the staff reflect this finding.	Management responses as presented sufficiently address the issues identified.

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Fire and Logistics	**Michael Bryant**	**4600012338**	**25**	Fire Logistics Complex, 1205 Dart, Houston 77007 (34662 square feet, 8 Buildings) Evenings (4:00P - 12:00A) 5 Days per week	**BACKGROUND**: Conducted observational walkthrough on May 28, 2015 (Exhibit B, Sec. B Part 1-B 1.0 - 18.0). **EXCEPTION 25**: In Building "E", Communication Supervisor's Office carpet needed spot treatment and cleaning. The men's restroom area floors around the urinals needed to be cleaned of mold, mildew, disinfected, machine scrubbing of ceramic tile and grout in corners. On the second floor of Building #51 (and other buildings on the complex besides the Administration Building), the need for vacuuming, dusting or other requirements was never addressed. The janitor assigned schedule hours were very flexible, according to management. Could not verify that contractor or subcontractor worked according to scheduled hours. All building needs for the complex were not addressed daily. Only one person was assigned for the entire complex during the day.	Design / Operation	**Exception 25:** As in all the findings, the date which in this case May 28 would find many project tasks at the end of cycle and not in optimum condition. Many of these tasks were resolved during normal project work tasks in June, and some in July. Due to complaints and inspections, a crew replacement was made in the July / August time frame and a detail cleanup of the facility completed. The contract specifications **call for (1)** person during the day.Project work and other cleaning is done by crews who work at night or week ends.	GSD will discuss with McLemore to ensure this finding is properly addressed.	Management responses as presented sufficiently address the issues identified.
Health Department	**Michael Bryant**	**4600012338**	**26**	DHHS Administration Building, 8000 N. Stadium, Houston 77054 (128,507 Square Feet) Day Shift 7:00A to 8:00P; Evening Shift 6:00P to Midnight; Grave Yard Shift	**BACKGROUND**: Preformed visual walkthrough on May 27, 2015 (Exhibit B, Sec. B Part 1-B 1.0 - 19.0). **EXCEPTION 26**: Noted 1-day shift female (janitorial staff) assigned to the building. The entrances and parking garage areas near elevators for DHHS had not been cleaned, area needed pressure washing and trash can liners. Garage elevator floors showed foreign matter, had odors, and needed cleaning. Each of the floors restrooms (men and women) showed showed lack of attention to mold, mildew, and other stains on ceramic tiles and grout. Rest rooms needed machine scrubbing of all ceramic tile, including floors, corners and walls. General dusting of the area was not addressed. City employees were not aware if dusting or vacuuming of upholstery should occur. Hard surfaced floors in some areas needed to be spray buffed, stripped, scrubbed and recoated. The custodial closets floors were not mopped and the area needed to be organized. Some areas were not vacuumed daily or treated for spots.	Design / Operation	**Exception 26:** This Building has a day maid (8) hours, a crew of personnel to accommodate (8) floors, an outside floor crew, floaters for absences, and a higher level of supervision than a smaller facility. The restrooms were ancient, and the mold and mildew observed was under the silicone sealer, and in grout which could not be remedied without removing and resealing. also, scrubbing of the restrooms would have been due in June. **GSD** has resolved the restroom issue by **demolishing and rebuilding all restrooms** is this building. Construction was in progress during the period this audit done which also accounts for additional dust. Hard surface floor work would have been due in July. Note: the garage was not included in this contract by error. Minimal tasks were listed for the Garage that would not suffice for a garage this large and busy, this was true as well for the building stairwells. Two addendums were made to the contract in this building, The latter in September 2015, which is in conjunction with the newly remodeled restrooms and lobbies. This construction will not be complete for another month plus. Daily communication is made with Health Department management as a result of *daily* inspections.	GSD will discuss with McLemore to ensure this finding is properly addressed.	Management responses as presented sufficiently address the issues identified.

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Municipal Courts	**Michael Bryant**	**4600012338**	**27**	Municipal Courts Building, 1400 Lubbock, Houston 77002 (128,507 Square feet, 8 - story) Day Shift - 7:00A to 3:00P Evening Shift - 3:00P to 11:00P Graveyard - 11:00P to 7:00A 365-days year	**BACKGROUND**: Conducted visual walkthrough on May 29, 2015(Exhibit B, Sec. B Part 1-B 1.0 - 20.0). Note: Personnel assigned includes one (1) per shift. There use to be four (4) persons assigned overall to the location. **EXCEPTION 27A**: First Floor - Facility Manager's office carpet needed cleaning. The IT receiving area needed to be cleaned. No mats were down in the receiving area and a chemical leak that appears to have been happening for some time was discovered. The GSD Supervisor stated that she dusted her own office because contractor/subcontractors failed to do so. First floor break area floors needed to be mopped, stripped, scrubbed and recoated. The Cashier's payment center floors need to be waxed and corner cleaned (It was noted that only half of the floor cleaning requirements were done). Regular nightly and weekend trash pick-up and window cleaning for the Cashier's area was not consistently done. The Legal Department and City Attorney's office were not regular vacuumed. The lobby area at night was not mopped, auto scrubbed and high speed burnishing to keep floor highly glossed. Stains and heavily soiled dark spots on the lobby floors were noticeable. **EXCEPTION 27B**: Second Floor - Stairs to the second floor were not mopped, including noticeable dust balls and gum spots on the stairs case. Second floor areas needed to be spot treated, scrubbed, stripped with scrubbing machines, scouring pads to remove last floor finish (including corners) and wax applied. All restrooms floors and walls needed foreign matter removal, disinfecting, ceramic tile machine scrubbed for mold and mildew removal. Rooms #N248 and N223 had not been dusted or vacuumed. A lack of trash pick-up on Fridays was a regular occurance. Presiding Judge office windows had not been cleaned internally or the window fame dusted. Appeals - Bond Forfeiture (Room G48) office carpet had not been vacuumed, shampooed, or spot treated. Court #8 restroom holding area had not been cleaned for sometime. The area contained standing water on the floors, shower toilet area contained socks soaking in water on the floor, substance water in the toilet was black with a heavy ring of stain in the bowl, the urinal was caked with a black substance and underneath the floor was heavily stained with foreign matter, trash had not been picked-up, floors and walls showed mildew and mold, floor leading into the court area had not mopped for sometime, behind the beach area of the judge - the carpet was stained and needed cleaning. The basement janitor closet area was dirty and unorganized.	Design / Operation	**Exception 27A:** Due to thousands of people going through this facility management inspects daily. The City Project manage communicates all deficiencies directly to our contract magement and the work ticket system. Any deficiency is addressed immediately by day crew or night crew. The contract manager also inspects this building on a weekly basis. The items reported will be put in workticket for followup; however, the multitude of items whether out of context or not cannot exist in this facility and will have been corrected by now. The City Site manager was not contacted at this site.	GSD will discuss with McLemore to ensure this finding is properly addressed.	Management responses as presented sufficiently address the issues identified.
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Libraries	**Michael Bryant**	**4600012338**	**28**	Jesse H. Jones Library, 500 McKinney, Houston 77002 (228,169 square feet - Seven Story) Day Shift - 9:00A to 3:00P Evening - 3:30P to 9:30P Night 10:00P to 4:00A Weekend - Sat. 9:00A - 6:00P	**BACKGROUND**: Conducted visual walkthrough on May 27, 2015 (Exhibit B, Sec. B Part 1-B 1.0 - 21.0). **EXCEPTION 28**: Because of the high traffic areas, some floors did not appear to be vacuumed, restrooms floors were not cleaned. The lunchroom floors showed spots. (Note: the building, at the time or the walkthrough, was recovering from a flood, construction and clean-up were in process on the lower levels.) First, third, and sixth level floors needed to be cleaned and free of trash and foreign matter. First floor staff restrooms were not clean. The fourth floor kitchenette needed to be cleaned. The sixth floor had not been dusted.	Operation	**Exception 28:** This building is managed by **GSD, McLemore supplies a designated amount of labor which is combined with city with city employees, *and managed by City Management***	Agree with McLemore response. GSD will work to ensure this finding is addressed.	Management responses as presented sufficiently address the issues identified.
Traffic Management	**Michael Bryant**	**4600012338**	**29**	Houston Transtar, 6922 Katy Road, Houston 77024 (3-Story) (77,357 square feet) Day Shift 7:00A to 4:00P M-F Evenings - 5:00A to 9:00P Weekends - 7:00A to 11:00A 365-days year	**BACKGROUND**: Conducted visual walkthrough on May 20, 2015 (Exhibit B, Sec. B Part 1-B 1.0 - 22.0). **EXCEPTION 29**: Noted one female custodian is assigned to provide services, where the work was previously shared by three (3). There is a need for an additional person, preferably male, to assist in the servicing of the building, especially during times of crisis (i.e., city floods, hurricane season, etc.).	Operation	**Exception 29**: W**e can verify the staffing is as required by this customer.** (2) porters, male and female, during the day, night cleaning, week end cleaning saturday and sunday, and project work done by project specialists as needed.	GSD will work with McLemore to properly staff this facility.	Management responses as presented sufficiently address the issues identified.

CITY OF HOUSTON

INTERNAL AUDIT DEPARTMENT

McLemore Building Maintenance, Inc. Contracts 4600012301 and 4600012338

Audit Period - Calendar Year 2014

DETAIL EXCEPTIONS LOG

Internal Control Deficiency
Category Definitions
An internal control deficiency exists when the **design** or **operation** of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect error conditions or misstatements on a timely basis.
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Parks & Receration	**Michael Bryant**	**4600012338**	**30**	Gragg Headquarters, Recreation and Wellness Building No.3 2999 South Wayside, Houston Evening Shift 5:00P to 10:00P M-F	**BACKGROUND**: Conducted a visual walkthrough of the complex on May 21, 2015 (Exhibit B, Sec. B Part 3 1.0 & 2.5.1). Service schedules requirements are define in the contract as Daily, Bi-weekly, Monthly, yearly and "As needed/required" duties (Exhibit B, Section B, Part 3, Sub-sections 1.1 to 1.12). - Bi-weekly Janitorial Service: Mats exchanged and Machine buff all VC tiles and hard surface flooring; -Monthly Janitorial Services: Machine scrub all restrooms tile areas, focusing on grout, corners and edges; -Annually Janitorial Services: Machine strip hard surface floors (VCT and/or Concrete) and apply floor finish. **EXCEPTION 30**: Gragg Headquarters Building - In the men's restrooms, under the urinals - damp areas needed disinfected from odor and germs and machine scrub the ceramic tile of grout, in corners and edges (monthly, sub-section 1.10). No cleaning schedule posted in the restrooms, and not done everyday, or 2 or 3 days a week per City management. Concerns of City managers included sub-contractor actual hours of work (workers were allegedly not signing in for work), inconsistent supervisor oversight, windows and door glass cleaning, and dusting were not done due to resource staffing and time allotted (sub-section 1.2). Carpet areas were spotted with foreign substances and needed shampooing (sub-section 1.3). Recreation & Wellness Building - McLemore had been sent several emails regarding the conference room carpet stains. The men's restrooms needed to be disinfected, steps taken to address the odor, and machine scrubbing of the tile areas. Mats in the maintenance area had not been changed and were heavily soiled with dirt underneath (sub-section 1.4). Floors in offices and breakroom needed to be chemically cleaned and spray buffed to remove the dull finish and water spots (sub-section 1.3).	Design / Operation	**Exception 30:** This building is managed closely by a project manager inspects the facilities daily. He communicates any deficiencies through the McLemore work tickets system and all items are resolve to his satisfaction. Any items reported in this audit have long been satisfied through our normal process. I have verified this with the site manager who the auditor visited with in May.	The HPARD is in agreement with the finding of the Audit. The current sites being serviced for Janitorial Services are the Gragg Building at 2999 S. Wayside, Recreation and Wellness Building 6200 Wheeler, Sowden Maintenance Barn (newly added within the last 30 days) and Memorial Tennis Center (findings listed on line item No. 35). Please note that HPARD has a small janitorial staff (day porter services) that tracks and monitors daily compliance with McLemore. There has also been many onsite meeting, emails and phone calls to the company representative (Quentin Leber) in an effort to resolve servicing issues. Although, the company have met with the department's site manager, there still remains some deficiencies in services.	Management responses as presented sufficiently address the issues identified.

CITY OF HOUSTON

INTERNAL AUDIT DEPARTMENT

McLemore Building Maintenance, Inc. Contracts 4600012301 and 4600012338

Audit Period - Calendar Year 2014

DETAIL EXCEPTIONS LOG

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	Michael Bryant	**4600012338**	**31**	Memorial Tennis, Fitness Center and Homer Ford Tennis Center - Additional Services, 1500 Memorial, Houston	**BACKGROUND:** Conducted a visual walkthrough on May 20, 2015 (Exhibit B, Sec. B Part 3 2.0 & 2.5). -Daily: Sweep, mop floors dust and clean table tops, chairs, clean waste baskets, interior restrooms and locker rooms, court areas, replace deodorant blocks in urinals and commodes as required. -Monthly: Vacuum HVAS ducts, grills, restroom exhaust fans; Clean all window and window frames, inside and out; clean floor drains in all locker rooms, shower, restroom areas; -Quarterly: Clean inside and out, all light fixture lenses; machine strip hard surface floors and wax. **OBSERVATION:** One female daytime attendant and unknown gender number on the night shift. There are both male and female lock rooms on site. It should be noted that the day time female janitors had to wait for the males to vacant the lock room before cleaning could be addressed. **EXCEPTION 31A:** Cleaning - Dusting of locker areas, equipment and office; cleaning of the showers and locker areas to prevent of mildew, mold and grout on walls and floor areas; hair build-up in showers, cleaning of walls, cleaning of dirt build-up in corners areas and along the walls, cleaning of stains and lime build-up on faucets and water surfaces; prevention of discoloration of floors because of soil, spots and smudges of foreign matter, were all not being met per the contract requirements (Exhibit B, Section B, Part 3, Sub-sections 2.0 [2.1 through 2.5.2], & 5.0). **EXCEPTION 31B:** Condition - Floor maintenance appeared to need spray buffing, and waxing. The shower areas are not being sanitized regularly. No cleaning schedule posted in the restrooms or lockers areas. Carpet was soiled needing spot treatment and cleaning. Floors in office area needed mopping. Heavy dusting needed in the office. **EXCEPTION 31C:** Trash pick-up on the tennis courts (eighteen total) and emptying of trash bids were not address from the previous day usage by the public. Grounds contained paper, bottles and other debris and underneath the bleachers. Outside mats were dirty and the concrete and breach and next to the main building was in need of power washing to remove dirty, leaves and spots ("Power washing is only done upon request by the Department." - Exhibit B, Section B, Part 1-B, Sub-section 16.0). **RECOMMENDATION:** Provide a male janitor to both shifts to regular intervals to perform duties requiring to clean the male restroom.	Design / Operation	**Exception 31A, B:** Through normal process in June / July the crew was changed as a result of poor performance and inspections have been done as followup. No complaints have been received in the last (2) months. **This is a night cleaning job specifically designated by the City except for week ends**. **Finding C:** May 20th was on a Wednesday; consequently, service begins at 9pm.. Pressure washing is only done on request. **The Homer Ford Tennis Center is not part of our contract. While it is listed in verbage on page (48) paragraph 2.0 it is not in the pricing requirement and does not have a specific scope of work**	The HPARD is in agreement with the finding of the Audit. Memorial Tennis (1500 Memorial) Center is currently being serviced and invoiced by McLemore. Although, the company have met with the department's site manager, there still remains some deficiencies in services. Homer Ford is not currently budgeted for services nor has it been added for services.	Management responses as presented sufficiently address the issues identified.

CITY OF HOUSTON

INTERNAL AUDIT DEPARTMENT

McLemore Building Maintenance, Inc. Contracts 4600012301 and 4600012338

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	Michael Bryant	**4600012338**	**32**	Parks and Recreation (All Exterior Window Cleaning Services - 13 - Locations): 6/15/2015 Gragg Administration Building - 2999 South Wayside; Recreation & Wellness Bldg. No. 3 (Including Fleet Offices and Restrooms): Judson Robinson Jr. - 2020 Herman Drive; Tidwell Recreation Center - 9720 Spaulding; Sharpstown Recreation Center - 6600 Harbor Town; Candlelight Recreation Center - 1520 Candlelight; Fonde Recreation Center - 110 Sabine; Highland Recreation Center - 3316 DeSoto; Linkwood Recreation Center - 3699 Norris; Love Recreation Center - 1000 West 12th.; Marion Recreation Center - 11101 South Gessner; Stude Recreation Center - 1031 Stude.	**BACKGROUND:** Under Sub-section 5.0 - "Window Washing/Cleaning - Minimal Service To Be Performed As Follow": 5.1 -"The work to be performed shall include cleaning all designated windows, squeegee glass surfaces as necessary, wiping adjacent frames and window sells free of excess water, and mopping any excess water which may spill or collect on interior floors and carpeting (Exhibit B, Sec. B Part 3 5.0 7.0)." **INSPECTION:** Inspected sites for window washing compliance. Out of 16 sites, 12 were noticeable absence of the required duties. GSD informed IA that the contracts for these locations was cancelled. **EXCEPTION 32:** The "Window Washing/Cleaning procedures were not fulfilled as stated in the contract requirements, or as written authorization to change the procedure provided as required by Section V. Miscellaneous, 5.0 Written Amendment, and 7.0 "Addition & Deletions. A letter dated April 9, 2015 to McLemore Building Maintenance, Inc. requested the following locations be deleted from contract #4600012338 for Window Washing/Cleaning Services, ceasing services on April 11, 2015, signed by Deputy Director of City Purchasing Agent, Calvin D. Wells: Love Community Center Candlelight Community Center Highland Community Center Linkwood Community Center Marion Community Center Stude Community Center No letters of cancellation or billings were found for the following locations: Gragg Administration Building - 2999 South Wayside Recreation and Wellness Building No. 3 (including Fleet Offices) Judson Robinson Jr. - 2020 Herman Drive Tidwell Recreation Center - 9720 Spaulding Sharpstown Recreation Center - 6600 Harbor Town Fonde Recreation Center - 110 Sabine A request for the remaining sites was made to GSD on June 8, 2015.	Design / Operation	**Exception 32:** During 2014, window cleaning is done as outlined by the contract. The frequency is generally (2) times per year with a few exceptions. No billing takes place until the windows are done, and the site contact *signs off on the window job.* Schedules are not given to me, we arbitrarily assign months per year spaced appropriately. if any faciliy division manager wants other specific dates, they call us and we accommodate their request. each year one or two facilities are put on hold by the City ... they notify us when ready. Public works specifically monitors the cleaning and approves the dates. in 2014 all was done excepting those on hold, one missed frequency on a project done (4) times per year, and several were done on dates later than originally planned. as listed in the finding multiple locations were cancelled ... i was told due to cost.??	The HPARD is in agreement with the finding of the Audit. The only sites that window cleaning services are currently performed are Gragg Building, Recreation & Wellness No. 3, Tidwell Community Center, Sharpstown Community Center, Fonde Community Center and Judson Robinson Jr. Community Center. All other sites for window cleaning have either been deleted and/or were never part of service requirements. The only issue with window cleaning is that the vendor does not give notice of times and dates of services to be performed. This leaves the department with a payment issue due to not having anyone to confirm and/or verify the work that has been performed.	Management responses as presented sufficiently address the issues identified.

CITY OF HOUSTON

INTERNAL AUDIT DEPARTMENT

McLemore Building Maintenance, Inc. Contracts 4600012301 and 4600012338

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Exhibit B, Section 4.0 - General Services Department, Sub-section 4.2	**Michael Bryant**	**4600012338**	**33**	Confirm Services Release Orders (SRO); rather > than $3,000, or < than $3,000, were properly approved and documentation was supportive. Review sample of PO's (SROs) and invoices greater than $3,000 for compliance.	**BACKGROUND**: Contract language states that "GSD's internal expenditure control policy is as follows: Work orders submitted with a Service Release Order (SRO number) can be executed right away if the total job cost is under $3,000.00. Jobs over $3,000.00 require a Purchase Order (PO) number before the work order can be executed by the contractor, however; Emergency Purchase Orders (E.P.O.'s) can be executed upon verbal approval regardless of cost. (See Scope of Work Exhibit "B"-Sec. 4.2.6, 4.2.6.1, 4.2.6.2, and 4.2.6.3). **EXCEPTION 33**: A work order (#806999) for power washing was submitted and the contractor performed the requested work without a PO in place. The WO is related to Invoice 76334, dated 5/16/2014 for $3,400. The work was completed on May 6, 2014 however the PO was dated June 19, 2014. This was not an Emergency Purchase Order (EPO).	Operation	**Exception 33:** The point of this finding eludes me. All requests made by the city outside of normal contract requirements is paid for by addendum, purchase order, or P card. This has worked well for the last 8 plus years..	GSD acknowledge the failure to proactively follow the internal control policy required to issue a PO for all work performed over $3000.00. We will be working with our Division Managers and Property Management Superintendents to ensure that this policy is followed.	Management responses as presented sufficiently address the issues identified.
Parks & Receration	**Michael Bryant**	**4600012338**	**34**	Memorial Tennis, Fitness Center and Homer Ford Tennis Center - Additional Services, 1500 Memorial, Houston	**BACKGROUND**: Contract 4600012338 Exhibit B, Section B, Part 3 2.0 adds the Memorial Tennis and Fitness center and Homer Ford Tennis Center however the Homer ford Tennis Center is not listed on the Exhibit B-1 Locations List and is not listed in Exhibit H Fees and Costs document. **EXCEPTION 34**: McLemore was not aware that this Tennis Center existed and has not been servicing it. **RECOMMENDATION:** If the City intended to add services for the Homer Ford Tennis Center the contract must be amended to add the fees and costs for this location.	Operation	**Exception 34: Homer Ford not on pricing requirement, or specific scope of work, COH made no request for any service. Obviously we would be happy to get additional business.**	The HPARD is in agreement with the finding of the Audit. Memorial Tennis Center (1500 Memorial) is currently being serviced and invoiced by McLemore. The HPARD has noted the lack of services by McLemore for the Memorial Tennis Center (in finding No. #32). Homer Ford Tennis Center is not currently budgeted for services nor has it been added for services.	Management responses as presented sufficiently address the issues identified.

EXHIBIT 2

CITY OF HOUSTON

General Services Department

Interoffice

Correspondence

To: Courtney Smith
City Auditor
901 Bagby St., 9th Floor
Houston, TX 77002

From: Scott Minnix SM
Director

Date: February 16, 2016

Subject: Response to the City Controller Audit of the Janitorial Cleaning and Associated Services Contracts OA # 4600012338 and 4600012301.

BACKGROUND:
The Office of the City Controller's Audit Division has completed a contract performance audit of the janitorial cleaning services provided by an external vendor and managed by the Property Management Division of the General Services Department (GSD). The audit considered vendor and department compliance with key terms and conditions of the contract as well as the effectiveness of administrative internal controls and monitoring activities in place. The audit was included in the Fiscal Year (FY) 2015 Audit Plan and was a direct result of their Enterprise Risk Assessment process.

The following is GSD, Property Management Division's (PMD) response to draft findings regarding an audit performed on behalf of the City of Houston – Controller's Office – City Auditor of the Janitorial Cleaning and Associated Services Contract with McLemore Building Maintenance, Inc. (McLemore). GSD has reviewed the findings and we are prepared to work with McLemore and internal City of Houston departments to implement corrective measures to address the findings included in the attached City Auditor' report.

OVERALL GSD RESPONSE:
GSD has reviewed the administrative reporting requirements of these contracts; in which some have changed. A meeting will be set up with the Legal Department to review the contractual changes we think are required and we will issue a contract change order to McLemore to update both City of Houston janitorial contracts managed by GSD.
ESTIMATED DATE OF COMPLETION: April 1, 2016

GSD will work with McLemore to institute a more effective contract monitoring tool. One option that we are currently using on our facility and operation contract is a performance scorecard which can be customized for each location on the janitorial contract. Further discussions with McLemore and GSD will be required to implement this contractual change.
Target Date - April 2016

GSD will work with McLemore, COH Legal Department and Office of Business Opportunity to ensure that the weekly subcontractor payroll is submitted as required per the contract. GSD will request copies on this report so we can track the compliance and have records on file.
Target Date – April 2016

The Property Management Division of GSD is currently undergoing a reorganization. As part of this reorganization, our internal expenditure controls are being reviewed and updated to make sure they are applicable in our current environment required to manage our COH facilities. Once the reorganization is finalized and approved; all internal external expenditure controls will be disseminated throughout the division.
Target Date: July 2016.

GSD will set up a meeting with the Legal Department to review and make changes to our Janitorial contracts to reflect our current contractual needs.
Target Date: May 2016.

Please accept GSD's responses above for the City of Houston Controller's Audit of the Janitorial Cleaning and Associated Services Contracts OA # 4600012338 and 4600012301.

Sincerely,

Scott D. Minnix

Cc: Janice Sparks, GSD
Eric Alexander, GSD
Sabrina Smith-Jones, GSD
Contract File