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
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\textsuperscript{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\textsuperscript{2} below:

<table>
<thead>
<tr>
<th>Table 1</th>
<th>UOM</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
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<tr>
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<td>17.08</td>
<td>17.08</td>
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</table>

\textsuperscript{1} Porter services are defined as daytime janitorial support activities at facilities.

\textsuperscript{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;

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\(^3\) 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:

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.

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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, measurable, relevant, and achievable in nature. Management’s response addresses the issues identified in our audit.
EXHIBIT 1
## 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 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.

### EXCEPTIONS

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<th>Item</th>
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<th>Inquiry, Observation, Inspection, Limited Re-performance</th>
<th>Background / Exceptions / Recommendations</th>
<th>Category</th>
<th>McLemore Management Response</th>
<th>GSD/PARD Management Response</th>
<th>All Assessment of Responses</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>Michael Bryant</td>
<td>4600012301 &amp; 4600012338</td>
<td>1</td>
<td>Verify the contractor (McLemore) and the sub-contractors have a current insurance certificate providing coverage in the amounts specified in the contract.</td>
<td>Sub-section 4.1: &quot;Contractor shall maintain in effect certain insurance coverage and shall furnish certificates of insurance, in duplicate form, before beginning its performance under this Agreement&quot;. 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.</td>
<td>Operation</td>
<td>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.</td>
<td>GSD/PARD Management Response 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.</td>
<td>Management responses as presented sufficiently address the issues identified.</td>
</tr>
<tr>
<td>2</td>
<td>Michael Bryant</td>
<td>4600012301 &amp; 4600012338</td>
<td>2</td>
<td>Review the contractor’s process and the sub-contractor’s process for obtaining and reviewing insurance certificate renewals and supplying the updated information to the COH.</td>
<td>Sub-section 4.2 of the contract, &quot;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&quot;. 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: The insurance requirements contained in Sub-sections 4.1 and 4.2.</td>
<td>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.</td>
<td>Operation</td>
<td>Exception 2: Agree.</td>
<td>GSD/PARD Management Response 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.</td>
</tr>
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</table>
Internal Control Deficiency

**Background**

Inquiry, Observation, Inspection, GSD/PARD Management Response, AD Assessment of Responses, McLemore Management Response

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<td>Miscellaneous, 5.0 Written Amendment</td>
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**FINDINGS**

**4600012301 & 4600012338**

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<td>3</td>
<td>Michael</td>
<td>4600012301 &amp; 4600012338</td>
<td>5</td>
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<td>Miscellaneous, 5.0 Written Amendment</td>
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### Internal Control Deficiency

**Category Definition:** 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.

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## Details

### FINDINGS

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<tr>
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<th>Exception</th>
<th>Limited Responsibility</th>
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<td>6</td>
<td>Michael Bryant</td>
<td>4680012301 &amp; 4680012308</td>
<td>6</td>
<td>Inquiry, Observation, Inspection,</td>
<td>Exception 6A: A deficiency in Design: all controls implemented in this contract is adequate to meet the task; however, many buildings, small, medium, or large require expensive equipment. Expenditure of equipment for each building is not feasible. Excessive expenditure on equipment for each building is not feasible.</td>
<td>Design / Operation</td>
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<tr>
<td>7</td>
<td>Michael Bryant</td>
<td>4680012301 &amp; 4680012308</td>
<td>7</td>
<td>Evaluation and supervision necessary to perform the services described in Exhibit &quot;B&quot;, Scope of Work, in the manner set forth in such Exhibit, whether or not specifically mentioned in contract for the cleaning and janitorial services (Exhibit B, Section A: Scope of Work/Specifications Part 1, Sub-sections 1.0 General and 2.1 Equipment, Materials and Equipment).</td>
<td>Exception 6A: A deficiency in Design: all controls implemented in this contract is adequate to meet the task; however, many buildings, small, medium, or large require equipment; floor equipment. Expenditure of equipment for each building is not feasible.</td>
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### 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 in such Exhibit, whether or not specifically mentioned in contract for the cleaning and janitorial services (Exhibit B, Section A: Scope of Work/Specifications Part 1, Sub-sections 1.0 General and 2.1 Equipment, Materials and Equipment).

**EXCEPTION 6A:** Dusting, cleaning of carpet areas, restrooms, lobbies, 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 contractors/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. Log sheets should be used to record labor hours worked and address complaints. See Finding # 6; labor hours are recorded daily to ensure work being performed is designated using the electronic payroll system. This would not be possible using log sheets in buildings.

**RECOMMENDATION:** The Contractor should provide a standardized form for the log sheets of such documentation. The facility manager and the Contractor's Project Manager are to review all log sheets weekly (Exhibit B, Section A: 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.

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### City of Houston - McLemore Contracts Detail Exceptions Log

Page 13
### Internal Control Deficiency

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 errors or 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.

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### BACKGROUND

- **McLemore Building Maintenance, Inc. Contracts 4600012301 and 4600012338**
- **Audit Period - Calendar Year 2014**

### FINDINGS

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<tr>
<td>1.</td>
<td>Bryant</td>
<td>4600012301</td>
<td>6</td>
<td></td>
<td>The Contractor's Project Manager shall review the inspection log and follow-up with the Cleaning Supervisor.</td>
<td>Design</td>
<td>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).</td>
<td>McLemore's work order system includes basic tasks of all work orders.</td>
<td>The inspection log is not held periodically as stated in the contract. Instead the Work Ticket system is used to track service requests to be addressed. Contract language should be adjusted to reflect the procedures and/or practices used.</td>
</tr>
<tr>
<td>2.</td>
<td>Bryant</td>
<td>4600012301</td>
<td>5</td>
<td></td>
<td>GSD meets with contractor on an as needed basis to assure contract specifications are met. GSD also tracks the work order system and building surveys to track level of service provided.</td>
<td>Operation</td>
<td>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.</td>
<td>Personnel were instructed by GSD management to utilize the Work Ticket System.</td>
<td>The monthly meetings have effectively been replaced by use of the Work Ticket System. Contract language should be adjusted to reflect the procedures and/or practices used.</td>
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<tr>
<td>3.</td>
<td>Bryant</td>
<td>4600012301</td>
<td>10</td>
<td></td>
<td>The Municipal Courts Building had cleaning schedules in some restrooms facility, but noted the schedules were not current-to-date.</td>
<td>Operation</td>
<td>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.</td>
<td>Personnel were instructed by GSD management to utilize the Work Ticket System.</td>
<td>The monthly meetings have effectively been replaced by use of the Work Ticket System. Contract language should be adjusted to reflect the procedures and/or practices used.</td>
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<tr>
<td>4.</td>
<td>Bryant</td>
<td>4600012301</td>
<td>11</td>
<td></td>
<td>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.</td>
<td>Operation</td>
<td>Contractor submits a written monthly report to the Municipal Courts Building's Facility Manager.</td>
<td>The Municipal Courts Building had cleaning schedules in some restrooms facility, but noted the schedules were not current-to-date.</td>
<td>The monthly meetings have effectively been replaced by use of the Work Ticket System. Contract language should be adjusted to reflect the procedures and/or practices used.</td>
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### EXCEPTIONS Log

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<tr>
<td>Exception 8:</td>
<td>All departments do use our system – 2014, 2015. All sites are 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.</td>
<td>The Contractor's Project Manager shall perform 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).</td>
<td>Results of monthly inspections should be documented in the Work Ticket System.</td>
<td>The Contractor's Project Manager shall review the inspection log and follow-up with the Cleaning Supervisor.</td>
<td>Design</td>
<td>Results of monthly inspections should be documented in the Work Ticket System.</td>
<td>Personnel were instructed by GSD management to utilize the Work Ticket System.</td>
<td>The inspection log is not held periodically as stated in the contract. Instead the Work Ticket system is used to track service requests to be addressed. Contract language should be adjusted to reflect the procedures and/or practices used.</td>
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<td>Exception 9:</td>
<td>Background</td>
<td>There 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.</td>
<td>The Contractor's Project Manager shall perform 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).</td>
<td>Results of monthly inspections should be documented in the Work Ticket System.</td>
<td>Design</td>
<td>Results of monthly inspections should be documented in the Work Ticket System.</td>
<td>Personnel were instructed by GSD management to utilize the Work Ticket System.</td>
<td>The monthly meetings have effectively been replaced by use of the Work Ticket System. Contract language should be adjusted to reflect the procedures and/or practices used.</td>
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<tr>
<td>Exception 10:</td>
<td>Agreement</td>
<td>The Contractor's Project Manager shall perform 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).</td>
<td>Results of monthly inspections should be documented in the Work Ticket System.</td>
<td>The Contractor's Project Manager shall review the inspection log and follow-up with the Cleaning Supervisor.</td>
<td>Design</td>
<td>Results of monthly inspections should be documented in the Work Ticket System.</td>
<td>Personnel were instructed by GSD management to utilize the Work Ticket System.</td>
<td>The monthly meetings have effectively been replaced by use of the Work Ticket System. Contract language should be adjusted to reflect the procedures and/or practices used.</td>
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### City of Houston - McLemore Contracts Detail Exceptions Log
**Background / Exceptions / Recommendations**

- **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.

**DETAIL EXCEPTIONS LOG**

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<tr>
<th>Item</th>
<th>Name</th>
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<th>All Assessment of Responses</th>
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<tr>
<td>12</td>
<td>Michael Bryant</td>
<td>4600012301 &amp; 4600012338</td>
<td>12</td>
<td>Material Safety Data Sheet</td>
<td>Notebook provided by the Contractor is on file in GSD.</td>
<td>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 determined as follows: 1) Date Prepared 01/10/2012, Diversity - General Purpose Cleaners - Room 22 (Product); 2) Date Prepared 2013-05-15, Diversity; 3) Date Prepared 2013-03-07, Diversity - Carpet and Floor Care.</td>
<td>Design</td>
<td>Exception 12: McLemore Building Maintenance, Inc. has delivered SDS books to the City and put in all City locations several times during the past (8) years. Currently this pertains to SDS. We publish 6 monthly, most recent updated SDS books for the City of Houston and placed these at each facility. Many disappear when this is discussed 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 a set practice done for the City contract. GSD will work with McLemore to determine the delivery location and ensure the books are assigned accurately to each facility.</td>
<td>Management responses as presented sufficiently address the issues identified.</td>
</tr>
<tr>
<td>13</td>
<td>Michael Bryant</td>
<td>4600012301 &amp; 4600012338</td>
<td>13</td>
<td>Verify the Contractor, as needed, &quot;strip&quot; various floor finishes, as prescribed by the manufacturer, removing the last finish, apply new floor finish, stain removal and carpet cleaning.</td>
<td>BACKGROUND: The Contractor shall comprehend that whenever the word &quot;strip&quot; 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 for receiving new floor finish. Normally, floor stripping removes the use of one or more of the following: Power Floor scrubbing machines, souring pads, brushes, tags, etc. to substantially remove all of finish, dust, dirt, grime, debris and the was applied by the manufacturer of new floor finish (Exhibit B, Section B, Part 2, Commercial Cleaning, Sub-sections 1.3 - 1.4 under Contractor Duties, 13.0 under Floor Cleaning, and 14.0 under Carpet Cleaning). 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 &quot;clean&quot; as stipulated in the contract language. Locations are: Fire Logistics Complex, HHS Admin Building, Municipal Courts Building, police in Jones Library, Houston Transtar, Gragg Headquarters, Memorial Tennis Center, Morrison Police Academy, Westside Command Station, and Northeast, Sydehyde, North, Northeast, Magnolia Park, and Southwest Police Stations. See specific details at Exceptions 17 through 32 below.</td>
<td>Operation</td>
<td>Exception 13: This finding does not take in consideration the conditions, the date the work was due, last done, and next scheduled date. The finding does not specify if the observed defect was on the entire building, rooms, traffic areas, public areas, etc. Floor work is a visible issue and we had not been made aware of (13) detailed sites. Identification of these sites would have resulted in an immediate worksheet initiated investigation and resolution. All floor work is scheduled by automated project work tickets. Agree with McLemore response.</td>
<td>Our audit procedures include site visits to a selected sample of facilities governed by the contract. The conditions noted were present at the time of the site inspections without consideration of the schedule. We agree the site 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.</td>
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</table>
### 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.

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### Findings

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<tr>
<td>14</td>
<td>Michael Bryant</td>
<td>4600012301 &amp; 4600012338</td>
<td>14</td>
<td>Verify male and female janitors are both on staff.</td>
<td>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 HPO locker rooms; male and female detention centers). Exhibit B, Section B, Part 2, Janitorial Cleaning. Sub-section 1.11 Under Contractor Duties. <strong>EXCEPTION 14:</strong> 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. Noted female janitors had to wait for all male police personnel to vacate locker rooms areas before cleaning could be addressed.</td>
<td>Design</td>
<td>Exemption 14: All areas observed 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 contract prefers one gender over the other we accommodate that request. In small locations with locker rooms, female custodians as well as male custodians have been in place. No complaint has ever been received.</td>
<td>Agree with McLemore response.</td>
<td></td>
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<tr>
<td>15</td>
<td>Michael Bryant</td>
<td>4600012301 &amp; 4600012338</td>
<td>15</td>
<td>Crew leader or supervisor accompanies each crew at all times while on-site.</td>
<td>1.9 The Contractor shall employ a thoroughly trained manager to oversee the Cleaning and Janitorial Services performed under this Contract. The manager or his/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). <strong>EXCEPTION 15:</strong> 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 1.13 Under Contractor Duties).</td>
<td>Operation</td>
<td>Exemption 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 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.</td>
<td>GSD has personnel assigned to each facility to ensure contract specifications are met.</td>
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City of Houston - McLemore Contracts Detail Exceptions Log   
Page 16
### 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**
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</table>
| 16A  | Michael Bryant | 4600012301 | 16A | Verify Contractor provided Cleaning and Janitorial Maintenance Services in all internal office areas, restrooms, shower areas, gyms, courthouses, laboratories, occupied office space, lobbies, corridors, hallways, storage areas, conference rooms, interview areas, lunch rooms, auditoriums, kitchens, kitchenettes, training rooms, elevators, escalators, loading areas and walkways as applicable, detention areas, the court holding areas, all associated building areas, individual cells, public contact areas, conference rooms, computer rooms, reception areas, W/C areas, daycare areas, Senior Citizen areas, classrooms, and all of the public area walkways of entire buildings and surrounding areas (Exhibit B, Section B, Part 2, Sub-Section 1.5 under Contractor Duties, 4.1 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 where the condition of the facilities did not meet the exception 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 of so items such as mold and mildew in restrooms, shower areas, floors that were discolored, soiled, spotted, or emengled with foreign matter, spots and dust ball on carpets, in stairwells, furniture areas needing dusting, etc. | 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 inspections an inspection will be initiated immediately to ensure all areas are brought up to par if any problems exist. Magnolia Park is an example, as the condition was not doing a satisfactory job, and was immediately corrected. As of the time of writing this was the exception. We should not blame the inspector, however, as a new employee was put in place as an assistant both facility and building was completed. A follow-up 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 remediation of the condition. We agree that this does not necessarily represent the current 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. | City of Houston - McLemore Contracts Detail Exceptions Log | Page 17
Internal Control Deficiency

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<td>16B</td>
<td>Michael Bryant</td>
<td>4600012301 and 4600012338</td>
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**BACKGROUND:**
Verification Complete. Provided Cleaning and Janitorial Maintenance Services in all internal office areas, restrooms, shower areas, gym, courtrooms, laboratories, occupied office space, lobbies, corridors, hallways, storage areas, conference rooms, interview rooms, lunch rooms, audioriums, kitchens, kitchens, kitchens, training rooms, elevators, escalators, building areas and walkways as applicable, detention areas, the court holding areas, all associated building areas, individual cells, public contact areas, conference rooms, computer rooms, reception areas, 911 C. areas, dayrooms areas, Senior Citizen areas, classrooms, and all of the above in accordance with the terms and conditions of the contract.

**EXCEPTION 16B:**

There were seven (7) sites where 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. These were remedied by management focus and increased monitoring of the areas.

**Observation:**
Without citing specific areas, it is difficult to address this finding; however, during normal process in June / July complaints were received from Fire Logistics, and Memorial Tennis Center. These were remedied by management focus and increased monitoring of the areas.

**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.**

**Additional comments:**
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 intervention by management. GSD/PARD agree that this does not necessarily represent the condition of the facility, however, it may indicate the need for more consistent/persistent use of the work ticket system or increased monitoring by management.
**Internal Control Deficiency**

**Category Definitions**

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**FINDINGS**

### Item 4600012301

**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. No clean-up schedule was found in the restrooms. No trash carts were noticed or used by the janitors. The Drivers Training Building Kitchen Floors not cleaned and needed additional attention (i.e., auto scrubbing, spray buffed, etc.). No trash dumpster near site.

**Exception 17B**: 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 20.2.1. This is a safety issue due to the possibility of lead exposure above compliance limits (CFR 1910.1025).

**Exception 17C**: 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 µg/m³ or the Action Level of 30 µg/m³ in the shooting range. If exposures above the either of these limits are determined to occur the personnel should implement a program that is in full compliance with 29 CFR 1910.1025.

**Recommendation**:

The addition of male janitorial is needed for female/male areas, number of buildings at this location and other heavy duty coverages.

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**AD Assessment of Responses**

McLemore Management Response

GSD/PARD Management Response

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**McLemore Management Response**

GSD will discuss with McLemore to ensure this finding is properly addressed.

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**GSD/PARD Management Response**

GSD will discuss with McLemore to ensure this finding is properly addressed.

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**All Assessment of Responses**

Other all discuss with McLemore to ensure this finding is properly addressed.

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City of Houston - McLemore Contracts Detailed Exceptions Log
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<tr>
<th>Item</th>
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<th>Limited Performance</th>
<th>Background / Exceptions / Recommendations</th>
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<th>GSD/PARD Management Response</th>
<th>All Assessment of Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>18A</td>
<td>Michael Bryant</td>
<td>4600012301</td>
<td>18</td>
<td></td>
<td>BACKGROUND: Conducted visual walkthrough on May 13, 2015 (Exhibit B, Sub-sections 2.0, 17.0 - 22.0)</td>
<td>Exception 18 A: Custodian on site is a working lead, no customer dissatisfaction has been realized</td>
<td>Exception 18 A: Custodian on site is a working lead, no customer dissatisfaction has been realized</td>
<td>Exception 18 A: Custodian on site is a working lead, no customer dissatisfaction has been realized</td>
<td>Exception 18 A: Custodian on site is a working lead, no customer dissatisfaction has been realized</td>
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<td>EXCEPTION 18 A: 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.</td>
<td></td>
<td>Exception 18 A: 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.</td>
<td></td>
<td>Exception 18 A: 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.</td>
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<tr>
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<td>EXCEPTION 18 B: 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.</td>
<td></td>
<td>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 27,800 square feet, which is listed in several COH documents, carbonate square feet based on page 26 lists 300000 square feet of usable area which is modest includes parking lots and parking areas. Power washing has been done per contract at all 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.</td>
<td></td>
<td>Exception 18 A: 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 27,800 square feet, which is listed in several COH documents, carbonate square feet based on page 26 lists 300000 square feet of usable area which is modest includes parking lots and parking areas. Power washing has been done per contract at all 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.</td>
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<td>19A</td>
<td>Michael Bryant</td>
<td>4600012301</td>
<td>19</td>
<td></td>
<td>BACKGROUND: Visual walkthrough was done on May 7, 2015 (Exhibit B, Sec. 2.0, 17.0 - 24.9)</td>
<td>Exception 19 A: Equipment - we are using McLemore equipment. We utilized 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 McLemore's, 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.</td>
<td></td>
<td>Exception 19 A: Agreed to McLemore response. Our audit procedures included a site visit to a selected sample of facilities covered by the contract. The conditions noted were present at the time of the site inspection without customer intervention. We agree that this does not necessarily represent the current 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.</td>
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<td>Noted that a supervisor was on duty from 5:00P to 10:30P only. Five (5) janitors were assigned during the week but at different shifts, one on weekends.</td>
<td>Exception 19 A: 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)</td>
<td>Exception 19 A: 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)</td>
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<td>Exception 19 A: 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)</td>
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<td>EXCEPTION 19 B: Condition - No clean-up schedule posted in any of the restroom areas.</td>
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### 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.

### 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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<tr>
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<tbody>
<tr>
<td>20</td>
<td>Michael Bryant</td>
<td>4600012301</td>
<td>20</td>
<td>Stringfellow South Police Station (2-Buildings) 8300 Mykawa, Houston 77048</td>
<td><strong>BACKGROUND</strong>: Conducted visual walkthrough on May 11, 2015 (Exhibit B, Sec 2.1, 17.0 - 23.0). <strong>OBSERVATION</strong>: The daily janitorial staff is made up of six male/female personnel.</td>
<td><strong>EXCEPTION 20</strong>: Condition - No clean-up schedule posted in restrooms.</td>
<td><strong>Operation</strong>: Complete 20 - Schedule inspections are made by contract management at this facility due to size, and importance. Deficiencies including those listed below have been identified after a multiple personnel change and have been rectified. Inspections will continue. In reference to the number of personnel, like observation of (6) does not take in consideration of personnel used to do project work. Notice during the past (10) years we have successfully passed federal audit in this department and in this contract. The workticket system is used by this facility if they have complaints.</td>
<td>GSD will discuss with McLemore to ensure this finding is properly addressed.</td>
<td>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. 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.</td>
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<tr>
<td>21</td>
<td>Michael Bryant</td>
<td>4600012301</td>
<td>21</td>
<td>North Police Station (2-Buildings) 9455 W. Montgomery, Houston 77088</td>
<td><strong>BACKGROUND</strong>: Conducted visual walkthrough on May 14, 2015 (Exhibit B, Sec 2.0, 17.0 - 25.0).</td>
<td><strong>EXCEPTION 21</strong>: 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.</td>
<td><strong>Operation</strong>: Complete 21 - All items noted and resolution initiated. Also consider machine scrubbing done April, and was due in June.</td>
<td>GSD will discuss with McLemore to ensure this finding is properly addressed.</td>
<td>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. 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.</td>
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Internal Control Deficiency

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FINDINGS

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<tr>
<td>22</td>
<td>Michael Bryant</td>
<td>4600012301</td>
<td>22</td>
<td>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</td>
<td>Visual walkthrough was done on May 14, 2015 (Exhibit B, Sec. 2.0 - 17.0, 26.0)</td>
<td>Exception 22A: Condition - Floors needed to be &quot;strip&quot;, 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.</td>
<td>Design / Operation</td>
<td>Exception 22 B: This facility is 10409 BRYANT, 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.</td>
<td>McLemore Management Response GSD will discuss with McLemore to ensure this finding is properly addressed. GSD will request that the makeup of the staff reflect this finding.</td>
</tr>
<tr>
<td>23</td>
<td>Michael Bryant</td>
<td>4600012301</td>
<td>23</td>
<td>Magnolia Park Police Station (1-Building) 7525 Sherman, Houston 77011 9,176 Square feet Day Shift - 7:00A to 3:00P M-Su</td>
<td>Visual walkthrough conducted on May 13, 2015 (Exhibit B, Sec. 2.0 - 17.0 - 27.0)</td>
<td>Observation - Assigned to this site is one female who was recently hired/brought in.</td>
<td>Design / Operation</td>
<td>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 to double check.</td>
<td>McLemore Management Response</td>
</tr>
<tr>
<td>24</td>
<td>Michael Bryant</td>
<td>4600012301</td>
<td>24</td>
<td>Southwest Police Station (1-Building, 2-Trailer) 4053 Beechnut, Houston 77005 8,175 Square Feet - 1-story Day Shift - 7:00A to 3:00P M-Su</td>
<td>Visual walkthrough conducted on May 14, 2015 (Exhibit B, Sec. 2.0 - 17.0 - 28.0)</td>
<td>Exception 24: Noted one female janitor assigned to work 7-days a week (no males on site). - Shampooing heavy traffic areas needed shampooing. No documentation available on the date of most recent shampooing activity. Noticed that operations at this site will be moving to new location in 2016.</td>
<td>Design / Operation</td>
<td>Exception 24: This custodian is highly liked by the customer and has been on site since 2010. Shampooing was due in September and was on done. Floor technicians for floor work and other project work. The onsite custodian does daily protocol.</td>
<td>McLemore Management Response GSD will discuss with McLemore to ensure this finding is properly addressed. GSD will request that the makeup of the staff reflect this finding.</td>
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<td></td>
<td>McLemore</td>
<td>4600012301</td>
<td>25</td>
<td>Fire Logistics Complex, 3005 Dart, Houston 77057 (34892 square feet, 9 Buildings)</td>
<td>Evenings (4:00P - 12:00A) 5 Days per week</td>
<td>Design / Operation</td>
<td>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 17 persons during the day. Project work and other cleaning is done by crew who work at night or week ends.</td>
<td>GSD will discuss with McLemore to ensure this finding is properly addressed.</td>
<td>Over all agree with McLemore's... properly addressed.</td>
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<td></td>
<td>Bryant</td>
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<td></td>
<td>Health</td>
<td>4600012301</td>
<td>25</td>
<td>DHHS Administration Building, 6000 N. Stadium, Houston 77054 (128,507 Square Feet)</td>
<td>Day Shift 7:00A to 8:00P; Evening Shift 6:00P to Midnight; Grave Yard Shift</td>
<td>Design / Operation</td>
<td>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 tile more, and in grout which could not be remedied without removing the tiles. This condition would have been due in June. GSD has resolved the restroom issue by demolishing and rebuilding all restrooms in 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 done in July. Notes: the garage was not included in this contract by error. Minimal issues were listed for the Garage that would not suffer for a garage this large and busy, it was true as well for the building overall. Two additions were made to the contract in this building. The latter in September 2015, which is in conjunction with the newly completed restrooms and lobby. This construction will not be complete for another month plus. Daily communication is made with Health Department management as a result of daily inspections.</td>
<td>GSD will discuss with McLemore to ensure this finding is properly addressed.</td>
<td>Management responses as presented sufficiently address the issues identified.</td>
</tr>
</tbody>
</table>
**McLemore Management Response**

**GSD/PARD Management Response**

Management responses as presented sufficiently address the issues identified.

**AD Assessment of Responses**

Management responses as presented sufficiently address the issues identified.

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<td>Michael Bryant</td>
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###背景

类别定义

内部控制缺陷存在时，设计或运行中的一项控制不按照管理层或员工的正常职能来防止或发现异常情况或错误条件，并且没有及时解决。

- **设计**：存在一个必要的控制以满足控制目标但（a）缺失，或（b）已有的控制设计不当，即使运行时的控制目标也无法实现。
- **运行**：一个设计良好的控制在运行时未能按设计运行，或执行控制的个人没有必要的权限或资格来有效执行控制。

###发现

**项目**

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<tr>
<th>名称</th>
<th>合同号</th>
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<th>例外号</th>
<th>内容</th>
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</thead>
</table>
| J. Jones Library, 505 McKinnon, Houston 77002 (22,159 square feet - Seven Story) | 4600012338 | 28 |  | 因为高流量区域，有些楼层没有被吸尘，卫生间地板没有被清理。

对建筑物的视觉检查（2015年5月27日，展台B. 部分1-B 1.0-21.0）。

**例外28**：

- 在高流量区域，有些楼层没有被吸尘。
- 卫生间地板没有被清理。
- 午餐应在的地板上有斑点。
- 建筑物当时正在从水灾中恢复，低层的施工和清理工作正在进行。...工作人员的洗手间没有被清洁。
- 第四层的厨房需要清洁。
- 第六层没有被尘屑。

**管理反应**

- GSD将与McLemore合作确保此发现得到解决。

- 管理反应充分解决了所识别的问题。

###交通管理

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| Houston Transtar, 6022 Katy Road, Houston (3-Story) (77,357 square feet) | 4600012338 | 29 |  | 记录到一名女性勤杂工被分配提供服务，而工作以前由三名（3）人共同承担。需要一名男性帮助，特别是在危机时刻，如城市洪水，飓风季节等。

**例外29**：

- 有两名门卫（男，女）在白天，晚上，周末，周六，周日，以及项目工作由项目专家需要。

**管理反应**

- GSD将与McLemore合作确保这个设施得到正确的人员配置。

- 管理反应充分解决了所识别的问题。
### Internal Control Deficiency

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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.

### GSD/PARD Management Response

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 2305 Wheeler; & Sports Maintenance Park (newly added within the last contract). The contract has been amended on various lines to accommodate the HPARD recommendations (see line No. 35). Please note that HPARD has a small personnel staff (janitorial services) that tracks and monitors daily compliance with McLemore. There has also been many onsite meeting, onsite and phone calls to the company representative (Zahirah Lahar) in an effort to receive 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.

### Exception 30: Gragg Headquarters Building - In the men's restrooms, under the urinals - damp areas need to be disinfected from odor and germs and machine scrub the ceramic tile of grout, in corners and edges. Annually Janitorial Services: Machine strip hard surface floors (VCT and/or Concrete) and apply floor finish.

#### Background

Conducted a visual walkthrough of the complex on May 21, 2015 (Exhibit B, Sec. B Part 3, 1.1 to 1.12). Service schedules requirements are defined 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 VCT 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

Gragg Headquarters, Recreation and Wellness Building No.3 2999 South Wayside, Houston Evening Shift 5:00P to 10:00P M-F

**Michael Bryant**

**Contract #** 4600012338

**Exception #** 30

**Limited Re-performance**

**Background / Exceptions / Recommendations**

**Category**

**McLemore Management Response**

**GSD/PARD Management Response**

**All Assessment of Responses**
Internal Control Deficiency

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 authorizations or qualifications to perform the control effectively.

**FINDINGS**

<table>
<thead>
<tr>
<th>Item</th>
<th>Name</th>
<th>Contract #</th>
<th>Exception #</th>
<th>Limited Repetition</th>
<th>Background / Exceptions / Recommendations</th>
<th>Category</th>
<th>Wharton Management Response</th>
<th>GSD/PARD Management Response</th>
<th>All Assessment of Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>31A</td>
<td>Bryant</td>
<td>4600012301</td>
<td>31</td>
<td></td>
<td>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 5pm. 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</td>
<td>Internal Control Deficiency</td>
<td>McLemore Management Response as presented sufficiently address the issues identified.</td>
<td>Wharton Management Response as presented sufficiently address the issues identified.</td>
<td>Wharton Management Response as presented sufficiently address the issues identified.</td>
</tr>
</tbody>
</table>

**BACKGROUND:**

Conducted a visual walkthrough on May 20, 2015 (Exhibit B, Sec. B Part 3 2.0 & 2.5).

- **Daily:** Sweep, mop floors and clean table tops, chairs, clean waste baskets, interior restrooms and locker rooms, court areas, replace deodorant blocks in urinals and commodes as required. Cigarette bins. Vacuum MAV S, garlis, restroom exhaust fans. Clean all window and wiper frames, outside and out, clean floor drains in all locker rooms, showers, restroom areas.
- **Weekly:** Clean inside and out, all light fixtures, louver, after board surface floors and walls.

**OBSERVATION:** One female daytime attendant and unknown gender number on the night shift. These are not sufficient to handle and clean the areas on site. It should be noted that the day time female attendants had to wait for the males to vacate the lock rooms before cleaning could be addressed.

**EXCEPTION 31A:** Cleaning - Dusting of locker areas, equipment and office; cleaning of the floor maintenance area to prevent litter, mold, and grout on walls and floor areas; hair build-up in showers, cleaning of walls, cleaning of dirt buildup in corners areas and along the walls, cleaning of stoves and other build-up on fixtures, and water surface, 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 2.1 [2.1 through 2.5.2]; & 5.5).

**EXCEPTION 31B:** Condition - Floor maintenance appeared to need spray buffing, and waxing. The showers areas not being cleaned regularly. No cleaning schedule posted in the restrooms or locker areas. Carpet was soiled needing spot treatment and cleaning. Floors in office area needed mapping. Heavy dusting needed in the office.

**EXCEPTION 31C:** Trash pickup on the tennis courts (eighteen total) and emptying of trash cans had not been done by the previous day usage by the public. Grounds contained paper, bottles and other debris and underneath the bleachers. Outside trash were dirty and the concrete and brick and next to the main building was in need of power washing to remove dirt, leaves and spots. "Power washing is only done upon request by the Department." - Exhibit B, Section B, Part 1 6.0, Sub-section 16.0.5.

**RECOMMENDATION:** Provide a male janitor to both shifts to regular intervals to perform duties requiring to clean the male restroom.
### 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

- **Category Definitions**
  - **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

- **Category Definitions**
  - **Operation**
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### CITY OF HOUSTON

- **INTERNAL AUDIT DEPARTMENT**

#### McLemore Building Maintenance, Inc. Contracts 4600012301 and 4600012338 (Audit Period - Calendar Year 2014)

### DETAIL EXCEPTIONS LOG

#### PREFERENCES

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<td>City of Houston - McLemore Contracts Detail Exceptions Log</td>
</tr>
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</table>
**Detail Exceptions Log**

**City of Houston - McLemore Contracts**

**Internal Control Deficiency**

**Category Definitions**

An internal control deficiency exists when the **design** 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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<th>Inquiry, Observation, Inspection,</th>
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<th>McLemore Management Response</th>
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<tbody>
<tr>
<td>33</td>
<td>Michael Bryant</td>
<td>4600012338</td>
<td>33</td>
<td>Confirm Services Release Orders (SRO) rather than $3,000, or &lt; than $3,000, were properly approved and documentation was supportive. Review sample of PO's (SROs) and invoices greater than $3,000 for compliance.</td>
<td>BACKGROUND: Contract language states that &quot;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 (EPOs) can be executed upon verbal approval regardless of cost. (See Scope of Work category B, Sec. 4.2.6, 4.2.6.1, 4.2.6.2, and 4.2.6.3).</td>
<td><strong>Operation</strong></td>
<td><strong>Exception 33:</strong> 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.</td>
<td><strong>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.</strong></td>
</tr>
<tr>
<td>34</td>
<td>Michael Bryant</td>
<td>4600012338</td>
<td>34</td>
<td>Memorial Tennis, Fitness Center and Homer Ford Tennis Center - Additional Services, 1500 Memorial, Houston</td>
<td>BACKGROUND: Contract 4600012338 Exhibit B, Section B, Part 3 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 or is not listed in Exhibit H Fees and Costs document.</td>
<td><strong>Exception 34:</strong> McLemore was not aware that this Tennis Center existed and has not been servicing.</td>
<td><strong>RECOMMENDATION:</strong> If the City intends to add services for the Homer Ford Tennis Center the contract must be amended to add the fees and costs for this location.</td>
<td><strong>Operation</strong></td>
</tr>
</tbody>
</table>
EXHIBIT 2
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