



Department of Public Works
Administration

Ghassan Korban
Commissioner of Public Works

Preston D. Cole
Director of Operations

November 4, 2014

Aycha Sirvanci, CPA
Audit Manager
City of Milwaukee Comptroller's Office
City Hall, Room 404

Dear Ms. Sirvanci,

Thank you for the opportunity to respond to your audit of the DPW Contract Administration Office. The Contracts Office appreciates that the findings of your audit revealed areas in which we can improve our current systems, and we have taken steps to implement many of your recommendations as a result.

Please see below for a summary response to your recommendations.

Recommendation 1: Improve methods used to collect record and maintain RPP certification data to increase efficiency and accuracy.

The Contracts Office is transitioning from a paper-only filing system to an electronic filing system for all RPP certification data. Newly certified RPP data is entered into the Bid Notices App (database) and all supporting documentation is scanned within a week of receipt. Hard copies of documents are filed and retained in the Contracts Offices. The procedures for collecting, recording and maintaining RPP certification data were written and implemented by Contracts Office staff in June 2014. The RPP Procedures document defines verification statuses and includes instructions for verifying residency within the City limits.

The procedure manual will include direction as to how complaints of fraud will be investigated. The steps to be taken will include site visits to "address of record." In addition, staff will also biannually sample the data base and conduct "desk audits" to confirm RPP eligibility. These desk audits can include site visits and mailings that will ensure that RPP participants are eligible.

The Contracts Office is currently updating the database to include all certified residents. This process requires entering, scanning, and saving historical RPP documents in the database beginning in January 2015. This process will be followed by a biannual review of records. Ordinance 309-41f states that residents are certified for a period of five years "from the date he or she first participated in a construction contract." The Contracts Office is currently responsible for more than 50 blanket contracts (contracts that can be renewed for multiple years—some executed in 2014 can be extended until 2024). Additionally, even standard DPW contracts may stretch for multiple years. This will require RPP data for residents for longer than the initial five year certification period.

The Contracts Office agrees that verification procedures must be consistent across all verifying

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agencies. The Contracts Office will no longer require the additional step of USPS verification for RPP certifications submitted to the Contracts Office staff.

Implementation date: January 2015

Recommendation 2: Tighten controls to ensure consistency within compliance monitoring and enforcement activity.

The DPW Contract Office will require, as has been the practice, that all payments made on "C" numbered contracts pass thru the Contract Office. This will involve the use of a current system of electronic tracking of sewer and paving contracts and expansion of this system to include all contracts. Until this system is expanding there will be a "report" created to track payments submitted for payment. Prior to any payment being processed Contract Office staff will review these payments for compliance.

Implementation date: January 2015

Recommendation 3: Explore the opportunity to decrease the duration of advertising official notices in the official city paper thereby reducing related expenses.

Official Notice advertisement will be limited to two days effective on November 3, 2014. This change will be evaluated at three and six months. If during this period there is no significant impact on the number of bidders or price of the bids the change will become permanent. There may also be some number of days between 2 and 6 that will be selected depending upon impact.

Implementation date: Effective November 3, 2014

Recommendation 4: Establish a proactive approach to maintain accurate Code references within contracting documents and forms.

The General Specs – have been updated. Contracts Office staff will monitor ordinance changes on a continuous basis. Biannually, all contract related documents will be reviewed and updated as needed. There will be a Lead and a Back Up assigned to this process.

The General Official Notice – The Daily Reporter was notified and has been publishing the correct Comptroller signature since 5/2012-time which the office changed over. There was a document on the website that has been updated. The outdated signature, however, does not alter the content or meaning of the General Official Notice. The General Notice statement refers to the BIDDER and there is still an affidavit that the BIDDER submits, titled the Non-Collusion affidavit. The affidavit that was repealed was an affidavit that was in conjunction with the Bid Bond, which pertained to the SURETY having no interest. However, we will revise the wording so that this requirement is clear.

We have corrected the DPW-6 time report form. It is important to note we have been and

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continue to monitor is that the contractor is paying the correct wage rate.

Implementation date: November 3, 2014

Recommendation 5: Clarify liability insurance requirements within the DPW General Specifications.

The Contracts Office, in consultation with the City Attorney's Office, will clarify the liability insurance requirements. The clarified requirements will be included in the General Specs.

Implementation date: January 2015

Recommendation 6: Review contractor insurance coverage for compliance with the requirements prior to the start of work.

The Contracts Office agrees that certificates of liability insurance (COLI) must be obtained and reviewed for sufficient coverage prior to the start of work. A policy to obtain and save all COLI info in the database was implemented in May 2014. Contracts are not transmitted to contractors unless a current and complete COLI is on file with the Contracts Office. Additionally, beginning in May 2014, the database sends out an email notification to Contracts Office staff when COLI coverages have expired. Contract Office staff follows up with the contractor to obtain updated COLI documentation prior to expiration.

Implementation date: May 2014

Recommendation 7: Validate surety companies for electronic bid bonds.

The Contracts Office will perform a desk audit of all electronic bid bonds to ensure bonds are issued by companies licensed to conduct business in the State of Wisconsin.

Implementation date: January 2015

Recommendation 8: Document and retain evidence of the second reader at bid openings.

The Contract Office has implemented documentation of second readers at bid openings for all paper bids. Beginning in August 2014, second readers began initialing each paper bid. These documents are retained and discarded per the department's retention schedule.

Implementation date: August 2014

Recommendation 9: Develop and implement procedures for the system administration of Bid Express.

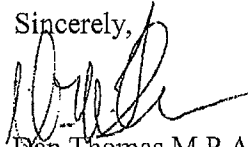
The Contracts Office agrees with the recommendations made regarding the administration of Bid Express. As a result, the Contracts Office drafted and implemented a Bid Express

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Administration policy in September 2014. The first Bid Express user review was conducted in September 2014. Bid Express user reviews will be conducted in March and September of each

Implementation date: September 2014

Sincerely,



Dan Thomas M.P.A., J.D.
DPW Administrative Services Director

C: File