



Program Evaluation and Audit

Environmental Services

Uniform Leasing Contract Review

9 April 2010

INTRODUCTION

Background

The Metropolitan Council's Environmental Services Division (ES) administers a uniform rental contract for employees at its wastewater treatment facilities. Providing uniforms is a provision in ES bargaining unit agreements, so the uniform contract provides for rental of the uniforms, sizing, laundering, and replacement of lost or damaged items.

Given that ES has over 400 employees in 12 different locations across the metropolitan area, accounting for receiving uniforms, laundering, lost and damaged items, and reviewing the billing for all of those items is a complex undertaking. To ensure that the current contract with AmeriPride Linen & Apparel Services (AmeriPride), started in 2008, is working well and to explore other options that may be easier to administer, ES requested that this audit be included in the 2009 Audit Plan.

Purpose

This review was conducted to assure that the ES Uniform Rental Service Contract is administered in accordance with contract provisions and Council policies and procedures, and to explore other potential options that may be easier to administer.

Scope

This audit covered the period of the contract from March of 2008 to September of 2009. All aspects of the contract were subject to audit. However, this review focused on the highest risk areas of the contract where issues are most likely to occur, based on previous uniform rental contracts. Those included:

- Initial uniform provision (including fitting and delivery),
- Laundering service,
- Receiving returned uniforms (after laundering),
- Handling lost and damaged items,
- Billing and payment.

To contrast the rented uniform option with a uniform allowance arrangement, data from Metro Transit's uniform program was collected. Metro Transit allocates an allowance to each employee each year for uniforms and sets standards for how the uniforms are to be maintained by employees. There is a question as to whether a similar arrangement could work for ES more simply and at lesser cost.

Methodology

To examine the provisions of the current uniform rental contract and explore possible alternatives for uniforms in the future, the following activities were performed.

- The contract and related documents were reviewed,
- ES and RA staff who administer the contract were interviewed and processes documented,
- A sampling of three months of bills was reconciled,
- Metro Transit's uniform program was reviewed,
- Metro Transit employees administering its program were interviewed and processes documented,
- Other environmental services systems in the nation were interviewed for best practices,
- The current ES uniform rental process and costs were compared against a model similar to that used by Metro Transit to determine the potential advantages and disadvantages to each for the benefit of ES management,
- Contracts and Procurement Unit staff were interviewed and processes documented.

Assurances

This audit was conducted in accordance with the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing* and the U. S. Government Accountability Office's *Government Auditing Standards*.

OBSERVATIONS

Contract Administration

The ES Warehouse Manager is the Project Manager for the purpose of administration of the contract. Weekly deliveries and pickups of garments are made to the 12 sites. The quantities and types of garment returned depend on the number and type of staff at each site. Several of the sites also have entrance mats that are supplied and cleaned by the current vendor, AmeriPride. Each plant receives weekly deliveries. The deliveries are made by four drivers who are assigned to specific facilities. The Project Manager has observed that this has improved response times compared to having one driver serving all of the locations. ES staff places the garments for laundering in a clothes hamper found at each of the common locker rooms. AmeriPride drivers deliver the clean uniforms to the locker room and place the garments behind the respective employee's name on the clothing racks. The garments have computer chips embedded for AmeriPride to have a record of each garment that enters and leaves the laundry facility. The name and customer number of the employee is also printed on the garment tag.

One ES staff person is assigned at each facility to receive the garments and to review the accompanying invoices. Normally an Administrative Assistant is given that responsibility. The Administrative Assistant will do a visual check of the uniforms, but will not do a count of all garments delivered. The Administrative Assistant will review the invoice for errors and lost item charges. The Administrative Assistant will then send the original invoice to the Project Manager at Metro Plant. The Project Manager will review the submitted invoices, enter the invoice amounts into Oracle Utilities Work and Asset Management module, and forward the collected original invoices, along with any supporting documents, e.g., copies of email correspondence with AmeriPride, to Finance Accounts Payable for processing. When issues and questions arise about an invoice, the Administrative Assistant will either contact AmeriPride's account representative or will notify the Project Manager of the issue for resolution.

The total weekly time for the Project Manager and administrative assistants to administer the contract is 20 hours. This equals about \$847 in wages and benefits per week.

The contract started in January, 2008. Initial fittings and delivery took two months for all staff to receive uniforms. The contract required that the time from initial measurement to delivery of the new uniforms take no longer than 2 weeks for an employee. The Contractor met that requirement as well as the two-week timeframe for delivering uniforms to new employees. The Metro Plant has extra uniforms for employees to try on for sizing. The remote sites will ask employees for their clothing sizes and order garments using that information. The Project Manager and Administrative Assistants submit request forms to the Contractor.

Towels and mop heads had originally been included in the contract, but have been subsequently removed to reduce costs. The entrance mats and lab coats continue to be cleaned and are on a regular schedule. The number of mats increases during the winter months.

The Contractor has been meeting the timeframes for delivery. The only area where problems have arisen are with the durability of the garments. Shrinkage of the garments has continued to be an issue as has the fading of the blue coloring of the garments. The 100% cotton material and industrial laundering processes are the likely reasons for the decreased durability of the garments. The Contractor will replace the garments when notified, but an employee may need to wear the smaller garments until the following week's delivery. Uniforms made with 100% cotton are considered Personal Protective Equipment by the Council because cotton reduces the severity of burns compared to synthetic textiles.

Accounts Payable Process

Every week the Project Manager, upon review, will forward the packet of invoices to Accounting for processing. The Project Manager has also keyed the invoice information in Oracle Utilities Work and Asset Management (WAM) module. Overnight the information from WAM is uploaded into PeopleSoft.

The Accounts Payable (A/P) Clerk will export the PeopleSoft data into a Microsoft Excel workbook. The A/P Clerk will edit the detail lines to correspond to changes that the Project Manager has made. Changes made by the Project Manager typically include removal of lost charges or errors in assigning charges to a facility when agreed to by the Contractor. If the removal of charges happens after payment has been made, AmeriPride will credit that on future invoices or Accounting will process the credit separately. The A/P Clerk has documented the procedure for processing payments to AmeriPride. After formatting the data into the Excel workbook, it will be compared against the original invoices. The A/P Clerk will check to see if the correct sales tax rate had been applied. Typically the sales tax rate for the Council does not include the City of St. Paul and Ramsey County local option sales tax rates. The A/P Clerk will recalculate the tax amount using the correct sales tax rate. During the course of the audit, the A/P Clerk was able to work with the vendor to correct the sales tax rate on all future invoices.

In PeopleSoft, a Control Group Register is run, which creates a voucher number. The Accounts Payable Manager or Accounts Payable Senior Accountant will proof the voucher against the invoice terms, the remit to address field, and other data fields shown in the invoice. The payment is posted and the check is cut that same day. Not all wastewater treatment plants' invoices may be forwarded in the packet, so there are times when multiple checks are cut during the same week.

The final step in the process is the scanning of all hardcopies into PeopleSoft. The entry in WAM is compared against the scanned documents. This typically occurs within a few days after posting when the A/P Clerk has accumulated a few days worth of batches to scan.

Invoices

Payment to the Contractor has substantially been within 30 days of the invoice date.

Audit staff reviewed invoices submitted for three months: October, 2008; February, 2009; and June, 2009. In all 254 invoices were reviewed. The contract specifies payment within 30 days of the invoice date. Fourteen out of the 254 invoices were paid beyond 30 days after the invoice date, for an on-time payment rate of 94.5 percent. Five of the late payments were for documented disputes of charges, which brings the on-time payment rate to 96.5 percent. Of the remaining nine late payments, five were checks re-issued when the Contractor reported that the original checks did not arrive. The other four payments were forwarded to Accounts Payable late, but processed for payment by A/P within 5 days at the latest for payment after receiving the invoice. An interview with Accounts Payable staff people indicate that the goal is to pay all invoices on time when possible.

Table 1: Late Payments Analysis for Invoices Received in Oct-2008, Feb-2009, and Jun-2009

	Number of Invoices	Cumulative Percentage Payments Explained
Paid within 30 days	240	94.5%
Disputed charges	5	96.5%
Re-issued checks	5	98.4%
Invoices forwarded to A/P late	4	100.0%
TOTAL	254	

Source: PeopleSoft Financials

AmeriPride Linen and Apparel Services is charging different rates for floor mat cleaning services than agreed upon in the five-year contract.

An initial review by audit staff of 25 of the 254 invoices indicated that all the garments, loss, and damage charges were charged according to Exhibit B Fee Schedule within the contract with AmeriPride. However, charges for the cleaning of mats showed rates for cleaning that did not correspond to the fee schedule within the contract. The Project Manager provided a document showing new rates for biweekly cleaning of mats, in addition to the weekly cleaning rate as shown within the contract. Two mat sizes were also added for weekly and biweekly charges: 4' x 8' and 5' x 12' that were not previously in the contract's fee schedule.

Audit staff reviewed all invoices submitted for October, 2008; February, 2009; and June, 2009 to determine the appropriateness of the charges for mats. The analysis compares the total invoice amounts charged to the charges that should have been applied according to the contract's fee schedule. The weekly charge, rather than the biweekly charge, is applied. Because two new mat sizes are included, the next closest square footage of carpet. The 4' x 8' mat is replaced with the charge for a 3' x 10' mat, and the 5' x 12' mat is replaced with two (2) 3' x 10' mats for purposes of this analysis. Because the contract only has provision for weekly lease and cleaning for mats, a second weekly charge is included.

Table 2: Comparison of Entrance Mat Cleaning Charges to Contract Fee Schedule

Month	October, 2008		February, 2009		June, 2009		3-Month Total	
	Amount (\$)	% of Revised Invoice	Amount (\$)	% of Revised Invoice	Amount (\$)	% of Revised Invoice	Amount (\$)	% of Revised Invoice
Invoice Total	7,682.14	98.97%	7,126.12	95.70%	6,506.39	98.75%	21,314.65	97.79%
Auditor Revised Cleaning Charges	7,762.33	100%	7,446.47	100%	6,588.61	100%	21,797.41	100%

Source: PeopleSoft Financials

For the three months the total invoice for cleaning and rental services totaled \$21,314.65. Per the bid unit prices, the total invoice for cleaning and rental services should have totaled \$21,144.56, however, if including a second week of leasing mats the total should be \$21,797.41. Therefore, AmeriPride Linen and Apparel Services undercharged the Council by 2.21% (or \$482.76) for the months of October, 2008; February, 2009; and June, 2009.

Procurement

Five change orders were created and approved by the same person, in violation of Council procedure and internal control standards.

Environmental Services' Warehouse Manager acting as the Project Manager for the Uniforms Leasing Services contract with AmeriPride Linen and Apparel Services had both submitted and authorized change orders to the contract. Council procedures do not permit the same individual to both request a change order and to authorize the same change order. The segregation of duties between ordering and approving is a key internal control in procurement transactions to ensure that an individual does not have sufficient authority to procure whatever s/he wants without some level of scrutiny. This is reflected in Oracle WAM, where three actions are required in order for a change order to occur: submit, approve, and merge. This was discovered to have occurred for the five most recent change orders entered into Oracle WAM beginning in December, 2008. The dollar change to the \$466,124.60 contract was reduced minimally by \$7.90 from a contract value of \$464,512.66 to \$464,504.76. The dollar value of the contract had previously been reduced as the every other week charges for the lease and cleaning of entrance mats were changed.

A change order had previously been submitted by the Project Manager to include an every other week leasing and cleaning rate for entrance mats. The addition of two larger entrance mat sizes with both weekly and every other week cleaning rates were also in the change order.

The Manager of the Contracts and Procurement Unit (CPU) authorized the change order in July, 2008. The authorization of the rate changes was an error – it was during the course of the audit that the Manager of the CPU realized that the authorization would not have been granted had a copy of the contract's fee schedule been readily available to review. Not realizing that rates had been changed, the next step, which would have been to authorize a contract amendment, was not

taken. The contract requires that changes to the terms of the contract are effective only on the execution of written amendments to the contract signed by the Council and the Contractor.

Metro Transit Uniform Services Contracts

Environmental Services staff persons spend more time administering the contract when compared to Metro Transit staff persons administering similar uniform services contracts.

Metro Transit has two uniform services contracts. The largest contract – a 5-year contract not to exceed \$2 million – is a uniform purchase contract for the transit operators. The Amalgamated Transit Union agreement with the Met Council provides for an annual uniform allowance from which bus operators will purchase uniforms from the selected contractor. The smaller contract – a 5-year contract not to exceed \$600,000 – is a uniform rental and laundry contract for the mechanics, vault pullers, and finance supervisors.

The uniforms purchase contract is administered by an Accounts Payable Clerk at Metro Transit. The clerk inputs into an MS Excel workbook the date and which items are received by the employee from the initial uniform issue. The workbook is used to track how much of the annual uniforms allowance has been used by the employee, as well as tracking which garments have been purchased and when. Whenever an employee exceeds the uniform allowance (\$75 accessories; \$50 alterations; \$300 uniform) the clerk will forward the workbook to Payroll, which will deduct the overage from the employee's paycheck. The time involved to manage this contract will vary from a few hours weekly from April to October, to several hours weekly from November to March when employees place orders before the end of the calendar year. The cost in terms of wages and benefits may vary from \$127 per week to \$477 per week during the higher volumes of purchases.

The uniforms purchase contract appears from the perspective of the Accounts Payable Clerk to be performing within the terms of the contract. The clerk is very pleased with the contract. Employees are responsible for laundering their uniforms.

The uniform rental and laundry contract is administered by the Garage Managers. The Project Manager for this contract is the Ruter Garage Manager. This contract is similar to the Environmental Services contract with some differences. First, the driver delivers laundered garments to the individual employee's uniform locker – the contractor is responsible for providing locks and replacing the lockers. Garments needing laundering are picked up from the individual uniform lockers. Second, the driver hand counts each garment picked up and delivered by the wearer number. The counts are written on a tally sheet and are used by the Garage Manager or the Assistant Garage Manager to compare against the invoice. Third, the garments do not have embedded computer chips to aid in the identification of the employee. The average amount of time to administer the contract at the garages, overhaul base, and LRT base is two hours per week. The cost in terms of wages and benefits is \$96 per week.

This contract appears to be performing well. Color fading and garment shrinkage occurs for 100% cotton uniforms, but employees order larger sizes anticipating shrinkage. Cotton has the advantage over a synthetic blend in an environment where sparks fly by being able to burn, rather than melt as polyester does. The degree to which these uniforms are soiled, especially with

petroleum products, makes a leasing and laundering arrangement better than having the employee responsible for laundering.

Environmental Services is charged rental and cleaning rates lower than similar contracts for Metro Transit.

When comparing the per unit cost for lease and cleaning of uniforms, Metro Transit generally pays higher rates compared to Environmental Services, for example, Metro Transit pay \$1.11 per uniform set compared to \$0.79 per set for Environmental Services and \$1.70 per set for Environmental Services electricians' uniforms. Metro Transit, though, pays the laundry charges, which are \$0.73 per set, for the number of articles of clothing cleaned, whereas Environmental Services pays for all of the number of articles of clothing leased within a two-week time period. ES pays for half of the uniforms leased in Week 1, and the other half in Week 2.

Benchmarking with Other Wastewater Treatment Systems

Environmental Services is charged rental and cleaning rates slightly more than the average rates charged to the benchmark agencies.

Written responses to questionnaires, and supplemented with phone interviews, were received from three wastewater treatment systems: Metropolitan St. Louis Sewer District, Milwaukee Metropolitan Sewerage District, and City of Portland (OR) Bureau of Environmental Services.

Metropolitan St. Louis Sewer District

Metropolitan St. Louis Sewer District has a rental and cleaning of uniforms contract for one year with four possible option years. Of the three comparison contracts, this one most resembles the one in place by ES: the garments are barcoded to aid in location of garments, weekly pickup and delivery of garments, and some quality control issues. What differs is that the vendor uses a hydrovare cleaning process that damages the garments less than if the clothes are washed at home; the same driver delivers to all 8 or 9 facilities; some of the facilities have delivery made directly to employees' lockers; the contract offers both rental with cleaning and rental-only rates; and the vendor's customer service manager surveys the District's plant representatives every quarter with regards to service concerns, which was not required in the contract. The strength of the contract from the District staffs' perspective is the one assigned driver, the quarterly survey, and the cleaning process that eliminates the tumbling cleaning action. St. Louis pays a slightly lower lease and cleaning rate (\$0.70/week per 100% cotton uniform) compared to Environmental Services (\$0.79/week per 100% cotton uniform) and substantially less compared to the rate for electrician's uniforms (\$1.70/week).

Milwaukee Metropolitan Sewerage District

Milwaukee Metropolitan Sewerage District has a rental and cleaning of uniforms contract for its employees. The District buys into the City of Milwaukee's contract, which allows each department to work directly with the vendor. Each department is charged for services directly by the vendor, and each department has responsibility for reviewing the invoices and quality of service. The District is pleased with the contract – only one complaint out of 33 employees since the contract began in February, 2008. There have not been any concerns about the quality of the

cleaning. The strengths of the contract from the view of District staff are that normal wear and tear of uniforms are replaced at no additional charge; replacement uniforms will be provided if the contract is extended beyond the 3-year term; and fuel surcharges are not allowed. Milwaukee pays a higher lease and cleaning rate (\$0.95/week per 100% cotton uniform) compared to Environmental Services (\$0.79/week per 100% cotton uniform), but lower compared to the electricians' uniforms rate of \$1.70 per week.

Portland Bureau of Environmental Services

Portland Bureau of Environmental Services has a rental and cleaning of uniforms contract for its employees. Each City bureau may choose whether to lease or purchase uniforms. The vendor is responsible to launder the uniforms in both cases. The Bureau of Environmental Services chose to lease the uniforms. The Bureau of Transportation chose to have employees purchase the uniforms and launder through the vendor. Bureau staff has been satisfied with the quality of material and cleaning, which they attribute to a contract and RFP that clearly defines the deliverables. The weakness with the vendor is that the vendor's billing system continues to send multiple late notices for 2 cents charges. Portland pays a lower lease and cleaning rate (\$0.58/week per 100% cotton uniform) compared to Environmental Services (\$0.79/week per 100% cotton uniform and \$1.70 per electrician's uniform).

CONCLUSIONS

1. *The Contractor is meeting the terms of the contract.*

The Contractor has met the timelines for fittings and delivery of uniforms within the contract. Replacement of uniforms caused by normal usage is being done without added cost. When a garment is shown to have been lost or damaged by the Contractor, the garment has been replaced without additional cost. The customer service representatives have been responsive to ES staff concerns. Invoices are submitted weekly and summarize the services provided at each ES facility as stated in the contract.

2. *Payment to the Contractor has substantially been within 30 days of the invoice date.*

Payments to the Contractor have been made within 30 days of the invoice date in 94.5 percent of the 254 invoices reviewed. The on-time rate increases to 96.5 percent if disputed charges are excluded. The remaining overdue payments either needed to be reissued or were sent to Accounts Payable beyond the 30-day period.

3. *Environmental Services staff persons spend more time administering the contract when compared to Metro Transit staff persons administering similar uniform services contracts.*

Environmental Services staff persons spend an estimated 20 hours per week, or approximately \$33,650 in wages and benefits annually, administering the uniform services contract. This time includes time spot checking deliveries, reviewing invoices, and resolving disputes with the Contractor. Environmental Services employees receiving uniforms through its contract are 457 in number. Tracking lost garments take up a sizable portion of time each week by ES staff. Employees leaving their uniforms hanging in the common area, rather than placing the garments each week in their individual lockers, are at risk of losing garments when another employee borrows the garment. By comparison Metro Transit staff may spend an estimated three hours per week, or approximately \$6,150 in wages and benefits annually, to administer a lease uniforms services contract for 600 of its employees. The shorter time involved may be attributed to less time needed to track missing garments due to both the clothing being delivered and picked up from employee lockers, and the hand count tally made by the driver.

With the substantial difference in administration costs, there may be potential for cost savings in a future contract that provides pickup from and delivery to secured employee lockers even with per unit rate increases. When applying Metro Transit's contract rates to Environmental Service's number of uniforms cleaned, it appears that the change to a contract similar to Metro Transit's could be cost neutral or potentially have a small cost savings of \$2,600 annually.

4. *Environmental Services is charged rental and cleaning rates lower than similar contracts for Metro Transit. Environmental Services is charged rental and cleaning rates slightly more than the average rates charged to the benchmark agencies.*

Environmental Services pays a weekly charge of \$0.79 for rental and cleaning of a set of cotton uniforms and \$1.70 for rental and cleaning of a set of electricians' uniforms. Metro Transit is charged \$1.11 per week, although the portion of that rate for cleaning (\$0.73) is charged only when the article of clothing is laundered. With an estimated 3,945 sets of uniforms in Environmental Services, it would cost about \$107,046 annually to rent and clean if under a contract similar to Metro Transit's, compared to about \$81,030 spent annually under the current contract. The average charged to the three benchmark agencies for rental and cleaning of a set of 100% cotton uniforms is \$0.74 – slightly less than the \$0.79 weekly rate paid by Environmental Services, and substantially less than the \$1.70 weekly rate for electricians' uniforms.

5. *AmeriPride Linen and Apparel Services is charging different rates for floor mat cleaning services than agreed upon in the five-year contract.*

A biweekly cleaning rate for floor mats and the inclusion of two floor mat sizes for weekly and biweekly rate were agreed to between the Project Manager and AmeriPride, but the contract has not been amended to reflect the changes. The contract stipulates that the terms of the contract shall be effective only on the execution of written agreements signed by the Council and the Contractor. A signed, written agreement has not been executed. For the three months of invoices analyzed the Council paid 2.21 percent or \$482.76 less than what would be expected from the contract's fee schedule.

6. *New rates for the contract were negotiated and approved without a contract amendment.*

Per the contract, amendments to the contract required both the Council and AmeriPride to sign the amendment to the contract. The rate change should have been submitted through a contract amendment authorization request and then appropriately approved by both parties before enacting the new rates.

7. *Five change orders were created and approved by the same person, in violation of Council procedure and internal control standards.*

Per the Contracts and Procurement Unit's procurement procedures, requestors shall not approve their own procurements. However, there were five instances with Contract #07P131 with AmeriPride Linen and Apparel Services when the same person who requested the change order also approved it and merged it. Although the dollar value of the contract was immaterial over the course of the five change orders, approval of one's own purchases does not provide adequate segregation of duties and increases the risk of unauthorized expenditures of Council funds.

RECOMMENDATIONS

Program Evaluation and Audit recommendations are categorized according to the level of risk they pose for the Council. The categories are:

- **Essential** – Steps must be taken to avoid the emergence of critical risks to the Council or to add great value to the Council and its programs. Essential recommendations are tracked through the Audit Database and status is reported twice annually to the Council's Audit Committee.
- **Significant** – Adds value to programs or initiatives of the Council, but is not necessary to avoid major control risks or other critical risk exposures. Significant recommendations are also tracked with status reports to the Council's Audit Committee.
- **Considerations** – Recommendation would be beneficial, but may be subject to being set aside in favor of higher priority activities for the Council, or may require collaboration with another program area or division. Considerations are not tracked or reported. Their implementation is solely at the hands of management.
- **Verbal Recommendation** – An issue was found that bears mentioning, but is not sufficient to constitute a control risk or other repercussions to warrant inclusion in the written report. Verbal recommendations are documented in the file, but are not tracked or reported regularly.

1. (Essential) CPU staff should monitor purchase order changes submitted by Council staff that have authority to both approve and merge change orders issued against purchase orders within Oracle WAM.

There are a few Council employees with the capability to submit, approve, and merge their own purchase order change requests. The approval of one's own change order requests increases the risk of unauthorized expenditures of Council funds. CPU should monitor the submittals of purchase order change orders by individuals with the power to approve and merge their own change orders.

***Management Response:** ES and CPU management reviewed the list of employees with the power to approve and merge their own change orders (power users/buyers), and did not make any changes at this time. Procedure 3-3c (Section II-5) was referenced to retain 2 warehouse employees as power users. However, MCES management will review the delegation to warehouse employees from time to time, and reserves the right to eliminate the power user capability within the warehouse. Power users will be informed of the procedure to segregate duties in the system. CPU will run regular reports to monitor adherence to the procedure and report any violations of procedure to the employee's manager. An upgrade to SPL/WAM in October of 2009 has eliminated all but seven of the previous power users/buyers in the system.*

***Staff:** Micky Gutzmann and designated staff*

***Timeline:** Identify and revise power users - April 9, 2010 / Completed at the March 24, 2010 Environmental Services Management Team meeting.
Monitor PO changes – Ongoing, monthly*

2. (Significant) Environmental Services staff and AmeriPride staff should amend the contract to reflect the addition of new entrance mat sizes and every other week cleaning.

The new entrance mat lease rates have reduced expenses to the Council. A contract amendment authorization should be submitted by the Project Manager to the Contracts and Procurement Unit to begin the amendment process.

Management Response: A contract amendment was processed and fully executed. The notice to proceed was issued on 3/16/10.

Staff: Micky Gutzmann

Timeline: 3/17/10

3. (Consideration) Environmental Services staff should evaluate the feasibility for delivery and pickup of uniforms at individual employee's lockers.

The time devoted by ES staff greatly exceeded the time that Metro Transit staff administered a similar uniforms lease and laundry services contract. ES staff in interviews mentioned the considerable time spent to track down lost uniforms. Metro Transit staff did not mention that as a problem. The difference between the two service contracts is that at Environmental Services the uniforms are placed on a clothes rack in a common room and at Metro Transit the uniforms are placed inside lockers. The Contractor for the ES contractor will use the embedded chips throughout the laundry facility, but it is not used to verify that the uniforms have been delivered to the ES facility. At Metro Transit the driver will hand count each uniform delivered and picked up and record that on a tally sheet; the tally sheets are used by garage managers to address any missing garment issues immediately while the driver is at the garage site.

It may not be possible with the current contract to change the method for delivery of uniforms, but it may be a consideration in a future Request for Bid for this service.

4. (Consideration) Electronic files of the contracts and accompanying exhibits should be linked or attached to all purchase orders within Oracle WAM.

Having copies of the contract and exhibits readily available to staff authorizing Purchase Order Changes would make review of the POC requests more effective. In the case of the AmeriPride contract, having the fee schedule available may have helped the Manager of Contracts and Procurement realize the impact of the request on the contract. While it is now the practice to link or attach the electronic files in Oracle WAM, not all active contracts have the contracts and exhibits attached. Currently purchase orders initiated in 2009 have electronic attachments of the relevant contracts. The question is whether active contracts initiated prior to 2009 require electronic documents to be linked or attached to the purchase order. Given the scope of this audit is to one contract, at a minimum the AmeriPride contract and its exhibits should be linked or attached to the purchase order.