

**PUBLIC WORKS DEPARTMENT  
TRANSPORTATION DIVISION  
SIDEWALK PROGRAM  
AUDIT 09-16  
DECEMBER 16, 2009**



# CITY OF TAMPA

Pam Iorio, Mayor

Internal Audit Department

Roger Strout, Internal Audit Director

December 16, 2009

Honorable Pam Iorio  
Mayor, City of Tampa  
1 City Hall Plaza  
Tampa, Florida

RE: Public Works – Sidewalk Program, Audit 09-16

Dear Mayor Iorio:

Attached is the Internal Audit Department's report on the Sidewalk Program.

We thank the management and staff of Public Works for their cooperation and assistance during this audit.

Sincerely,

/s/ Roger Strout

Roger Strout  
Internal Audit Director

cc: Irvin Lee, Director of Public Works  
Steve Daignault, Administrator for Public Works and Utilities Services  
Darrell Smith, Chief of Staff  
Bonnie Wise, Director of Revenue and Finance

**PUBLIC WORKS DEPARTMENT  
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*/s/ Vivian N Walker*

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Auditor

*/s/ Gary S Chapman*

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Auditor

*/s/ Roger A Strout*

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Audit Director

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**INTRODUCTION**

The Department of Public Works is responsible for administering the City of Tampa's Sidewalk Program. Currently, the program is staffed with an Engineer and a Technician. Their stated goal is "Management of the city sidewalk improvement program for sidewalk repair and construction utilizing a customized database to track resident requests and prioritize sidewalk projects."<sup>1</sup>

Annually, funds are established for new sidewalk construction. In FY09, more than \$2 million was allocated to the sidewalk program, a 9.5% increase over the FY08 program year. There were various sources used to fund new sidewalk construction or repair / replacement of existing sidewalk. These included the:

- FY08-09 Community Investment Tax Fund (\$1.1 million)
- Utility Tax Fund (\$175,000)
- Local Option Gas Tax Fund (\$980,000)
- Community Development Block Grant (\$300,252)

“Requests for repair are received from a number of sources including citizens, advisory committees, city council, or city administration. The neighborhood sidewalk program contains an extensive list of candidate locations and provides neighborhood groups with the opportunity to help prioritize new sidewalk needs.”<sup>2</sup> The program provides installation and repair of miles of sidewalk to ensure pedestrian safety and contribute to a sense of community.

**STATEMENT OF OBJECTIVES**

This audit was conducted in accordance with the Internal Audit Department's FY09 Audit Agenda. The objectives of this audit were to ensure that:

1. Sidewalk contributions made in lieu of constructing a sidewalk pursuant to subsection 22-103(b) of the City Code were recorded in the appropriate district trust fund.
2. The sidewalk trust fund revenues were expended in the appropriate district.

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<sup>1</sup> FY09 Budget Departmental Summary for Public Works

<sup>2</sup> Source: FY09 Capital Improvement Projects Program Overview and Highlights

3. The sidewalk program projects were completed in accordance with established priority guidelines. For projects completed on behalf of other entities, ensure compliance with established contract guidelines.
4. Requests through the Customer Service Center were resolved in a timely manner.

### **STATEMENT OF SCOPE**

The audit period covered sidewalk program activity for the period from October 1, 2007, through July 31, 2009. Source documentation was obtained from the Construction Services Division of Growth Management and Development Services, as well as the Public Works - Fiscal Division and the Public Works - Transportation Operations. Original records as well as copies were used as evidence and verified through physical examination.

### **STATEMENT OF METHODOLOGY**

The sample size and selection were statistically generated using Automated Command Language (ACL) and a desired confidence level of 90 percent, expected error rate of 0 percent, and a desired precision of 10 percent. Statistical sampling was used in order to infer the conclusions of test work performed on a sample to the population from which it was drawn and to obtain estimates of sampling error involved.

To achieve the audit's objectives, reliance was placed on computer-processed data contained in either the Central Cashier-Cash Web system or the Customer Service Center database. We assessed the reliability of the Central Cashier system in prior audits (most recently - Banking and Central Cashiering, Audit 08-05) and it was determined that the information was reliable. An audit of the Customer Service Center (Audit 05-16) did not include an actual data reliability review. However, based on the preliminary survey, various components of the system were reviewed in detail with no major comments made regarding the reliability of the data generated from the system.

### **STATEMENT OF AUDITING STANDARDS**

We conducted this audit in accordance with generally accepted government auditing standards. 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.

## **AUDIT CONCLUSIONS**

Based upon the test work performed and the audit findings noted below, we conclude that:

1. Sidewalk contributions made in lieu of constructing a sidewalk pursuant to subsection 22-103(b) of the City Code were not recorded in separate district trust fund accounts; however, corrective actions have already been taken.
2. Sidewalk trust fund revenues were accurately calculated and expended in the appropriate district; however, expenditures from the trust fund were very conservative.
3. Sidewalk program projects were completed in accordance with established priority guidelines. However, the guidelines were in procedures that had not been approved by Management.
4. Requests through the Customer Service Center were resolved in a timely manner; however, the measure for timeliness appeared reasonable but was based on procedures that had not been approved by Management.

While the findings discussed below may not, individually or in the aggregate, significantly impair the operations of the Department of Public Works' Sidewalk Program, they do present risks that can be more effectively controlled.

## **SIDEWALK TRUST FUNDS**

### **AUDIT ISSUE**

While separate index codes were established to record trust fund revenues and expenditures, only one trust fund was established to manage the fund balance. The Department of Public Works was using a spreadsheet to track the balances of each of the six districts' trust funds; however, it was out-of-date and accrued interest was not being allocated appropriately.

### **OBSERVATIONS**

A spreadsheet was prepared to determine the balance of each of the districts' trust funds as of August 31, 2009. Interest was allocated based on the ratio of the districts' balances to the total balance of all districts at the time the interest was recorded. With concurrence of the calculations, the Budget Office and General Accounting established six (6) separate sub-funds and transferred the appropriate balance to each sub-fund. As a result, the Department of Public Works will no longer have to maintain its spreadsheet. The City's financial system will manage each of the sub-fund balances and allocate interest based on those balances.

### **CRITERIA**

City of Tampa Code, Section 22-104, requires "six (6) separate sidewalk trust funds" be established "for the deposit, maintenance and distribution of all monetary contributions made in lieu of constructing a sidewalk pursuant to subsection 22-103(b) of this Code."

### **RISK DESCRIPTION**

By commingling sidewalk trust fund revenues and not appropriately allocating accrued interest or adequately managing trust fund balances, the contributions in-lieu of construction could lose their identity and be improperly allocated to the wrong sidewalk district.

### **RECOMMENDATION 1**

No recommendation was necessary as the issue has been resolved. We thank Budget Office and General Accounting personnel for their timely assistance.

### **MANAGEMENT'S RESPONSE**

We also appreciate and thank the Budget Office and General Accounting personnel for timely assistance.

## **USE OF SIDEWALK TRUST FUND REVENUES**

### **AUDIT ISSUE**

The Department of Public Works does not have a policy to expend contributions made to the sidewalk trust fund. As a result, the fund has grown to over \$750,000.

### **OBSERVATIONS**

During the initial review of trust fund activity, it was noted that in FY2009, only \$36,345 was expended, while deposits and accrued interest amounted to almost \$165,000. Since the inception of the sidewalk trust fund in 2001, expenditures from the fund were recorded in only three fiscal years. The trust fund averaged approximately \$179,000 in revenue, but only averaged \$87,000 in expenditures per year.

### **CRITERIA**

According to City Code, Section 22-104, the only restrictions placed on the use of the Sidewalk Trust Funds are that "All contributions made to and interest derived from any of the sidewalk trust funds shall be used solely for the purpose of constructing and replacing sidewalks along or on public streets in the transportation impact fee district in which the contribution was collected."

### **RISK DESCRIPTION**

Not expending available sidewalk trust funds could increase financial reliance on other sources, including the City's General Fund.

### **RECOMMENDATION 2**

The Department of Public Works should develop applicable policies and procedures to use contributions in-lieu of sidewalk construction and accrued interest for current year activity.

### **MANAGEMENT'S RESPONSE**

The Department of Public Works' policy is to spend all trust fund money within 12 months of collection. This will be formally documented in a DPW policy and procedures manual. While the requests for both principal and interest were made each year since 2005, the Sidewalk Program Manager has had difficulty with timely confirmation that all funds were appropriately distributed from the accounts. Plans are being made to provide the Sidewalk Program Manager "read-only" access to the trust fund accounts to ensure distributions are properly completed.

Even if funds were properly retrieved, monies may not have been spent quickly because active construction contracts were not always available. The Department of Public Works now secures continuing contracts through the Contract Administration Department. An active contract should always be available, allowing the use of sidewalk trust funds within 12 months of collection.

## **JOB ORDER CONTRACT PROPOSAL REVIEW**

### **AUDIT ISSUE**

Contract proposals were not being reviewed to identify unreasonable quantities or unnecessary tasks submitted by the contractor.

### **OBSERVATIONS**

During the audit period, \$378,718 was expended from the Sidewalk Trust Fund using the Job Order Contracting process. The contracts were awarded through the City's Job Order Contracting program. Project costs are calculated using pre-determined unit costs (materials and labor for specific tasks), which are extended by the proposed quantity and the contractor's coefficient (overhead and profit). The quantity is the only estimated figure in the calculation. The reasonableness of the proposal was being determined by comparing the cost per linear foot of the project to the established contribution in-lieu of constructing a sidewalk fee of \$43.00 per linear foot. While this methodology is an indication of reasonableness, it would not identify unreasonable quantities or unnecessary tasks proposed by the contractor.

### **CRITERIA**

While the Job Order Contract process is new to the City, prudent business practices require that contract proposals are reviewed to ensure that line item tasks and their quantities are reasonable for the work requested prior to acceptance.

### **RISK DESCRIPTION**

Without proper evaluation of contract proposals, the inclusion of unreasonable quantities and unnecessary tasks could result in excessive project costs.

### **RECOMMENDATION 3**

When using the Job Order Contracting process, proposals should be reviewed in detail to identify any unreasonable quantities and unnecessary tasks.

### **MANAGEMENT'S RESPONSE**

The Job Order Contracting process will only be used as a last resort for future sidewalk construction work. In the event JOC is used, proposals will be reviewed in detail to ensure accuracy and appropriateness of work and material quantities. The Department of Public Works is now using a competitively-bid, multiple award, continuing contract prepared by Contract Administration. The new contract allows timely response to emergency work, facilitates quick replacement of poor performing contractors and provides the ability to obligate unexpected funds. A truncated, simplified, objective price list provides for easier job cost review.

## **SIDEWALK FEE UPDATE**

### **AUDIT ISSUE**

The City has not adjusted the contribution in-lieu of sidewalk construction fee since last approved by City Council (July 2006). The methodology used to determine the fee in 2006 differed from previous calculations, could not be confirmed, and may not comply with City Code.

### **OBSERVATIONS**

Resolution 2005-93 established the fee at \$19.00 per linear foot of sidewalk. The methodology used to calculate the fee was the average of the City's sidewalk construction costs. Resolution 2006-919 revised the fee to \$43.00 per linear foot of sidewalk. To calculate the revised 2006 fee, a 20% overhead factor and a 30% contingency factor were applied to the average of the City's sidewalk construction costs. When calculating the 30% contingency factor, a subset of project costs was used and the single work order identified in the subset, as a typical project, was not representative of all sidewalk projects.

### **CRITERIA**

City Code 22-104(b) states "The sidewalk trust fund fee shall be established by city council resolution. The fee shall be set on per linear foot of street frontage basis and shall be based on the average of the city's sidewalk construction costs on a per linear foot of street frontage basis."

### **RISK DESCRIPTION**

Periodically adjusting the contribution in-lieu of sidewalk construction fee for changes in costs experienced by the City helps ensure customers are assessed their equitable share of those costs. Changes in the methodology used to support fee calculations could reduce confidence in the equitability of the program.

### **RECOMMENDATION 4**

The average of the City's sidewalk construction costs should be recalculated on a periodic basis and the contribution in-lieu of constructing a sidewalk fee should be adjusted accordingly. A legal opinion should be obtained to ensure the methodology used to establish the fee complies with City Code.

### **MANAGEMENT'S RESPONSE**

The Department of Public Works has tabulated an in-lieu fee value annually, since 2005. In-lieu fee changes were recommended to Council only once. The existing in-lieu fee is believed to be less than prevailing construction costs. Plans are to review average costs from the existing contract upon completion of the work identified for FY09. It is anticipated this work will be completed by March 2010. The Legal Department will be consulted prior to making any presentation of an updated in-lieu fee to Council. The methodology for calculating the in-lieu fee will be documented in the DPW Policies and Procedures manual.

## **SIDEWALK PROJECT LISTING**

### **AUDIT ISSUE**

Prior to the start of each fiscal year, a list of “potential” locations is developed. However, this list is not retained as support of how completed projects were selected.

### **OBSERVATIONS**

In order to determine if projects completed during the audit scope met the criteria used for selection and prioritization, a sample of 30 payments for sidewalk activity during FY09 was reviewed. However, 19 of the 30 payments were for the consultant fee required by the Job Order Contracting (JOC) process and 1 payment was for training.

Documentation supporting the remaining 10 transactions related to actual construction or repair of sidewalks had not been retained. As a result, there was no documentation to support that the selection or prioritization of the locations was appropriate or equitable.

A discussion with the Program Manager indicated that policies and procedures have been developed to identify the criteria used annually to select locations for sidewalk projects, but they have not been approved by Management. Also, it was noted that a Citizens Action Request database is used to develop the “potential candidates” list each year. There is a query of the database for all records matching a specific criterion. Upon development of the list, a further review of each location is performed and applicable notes made to the list of why a particular location may or may not be included. However, this documentation, used to make the final decision, is not retained.

### **CRITERIA**

As noted in the Observations above, the draft procedures document the criteria to be used for selecting locations for the sidewalk program.

### **RISK DESCRIPTION**

Without supporting documentation, there could be an appearance of inequity in the distribution of funding for sidewalk construction and / or repairs.

### **RECOMMENDATION 5**

The current draft policies and procedures should be approved by Management as soon as possible.

### **MANAGEMENT’S RESPONSE**

The Department of Public Works will adopt a policies and procedures manual for sidewalk construction within the next 12 months.

## **CUSTOMER SERVICE CENTER REQUESTS**

### **AUDIT ISSUE**

Policies and procedures relating to resolution of requests received through the Customer Service Center have not been approved by Management.

### **OBSERVATIONS**

In order to review for timeliness of response to Customer Service Center requests, a sample of 30 tracking numbers with subjects relating to either a new sidewalk or sidewalk repairs was selected. Of the 30 requests, there was only one that was not resolved within the same fiscal year.

The current policies and procedures indicate that resolution of sidewalk repairs typically occur from six months to one year; however, they have not been approved by Management. Additionally, they do not identify the time frame for resolution of new sidewalk requests.

### **CRITERIA**

Resolution of new sidewalk or sidewalk repair requests should occur within a reasonable period of time and should ensure there is no liability for the City due to an injury at the location of the request.

### **RISK DESCRIPTION**

Non-repair of damaged sidewalk could result in an injury to a pedestrian and subsequent revenue loss to the City.

### **RECOMMENDATION 6**

The current policies and procedures should be revised to include specific goals for compliance with sidewalk requests received through the Customer Service Center. Additionally, Management should approve the procedures when developed as soon as possible.

### **MANAGEMENT'S RESPONSE**

All sidewalk requests are posted – but are not necessarily received, in the Customer Service Center. The posting allows for a full disclosure and tracking of all sidewalk construction work requested. The Department of Public Works has significantly improved request tracking and reduced the wait time for all repair requests since 2004.

The goal is to have sidewalks for which tripping hazards can be removed by shaving or grinding completed within 30 days of request. Panel replacements should be done within 6-9 months. Goals will be documented in the policies and procedures manual.

Repair delays are a result of contract and fund availability. Sidewalk repair and new construction is completely outsourced and restoration (repair) funding may not cover all requirements each year.