



Internal Audit Report

System-wide Custodial and Landscaping Audit

Report Number: 2018 - 04 | Report Date: September 13, 2018

Executive Summary

Audit Report No.: 2018 - 04

September 13, 2018

WE AUDITED the current system-wide custodial and landscaping services to assess the controls in place over proper monitoring of services and payment reviews.

AUDIT OBJECTIVE was to determine whether the agency has effective controls to ensure:

- Proper monitoring of custodial/landscaping service providers' performance in accordance with contract terms and conditions
- Proper reviewing custodial/landscaping service payments for accuracy and reasonableness

The audit examined management controls in place as of March 2018.

WHAT DID WE FIND?

The agency maintains 56 structures across all transit modes: 12 Sounder stations, 18 Light Rail stations, 12 Express Bus transit centers, and 14 facilities. All locations require custodial services, but only 25 require landscaping services.

Currently, the agency outsources custodial/landscaping needs to a number of contractors including King County. Agency staff in the Operations Department is responsible for contract compliance and performance monitoring.

Annually, the agency expends approximately \$3.9M for custodial and landscaping services and receives the two types of services:

- Regularly scheduled services - cleaning of parking lot/garage, platform, restroom, mowing, and irrigation
- On-call services - unscheduled/urgent cleaning of unsanitary areas and repairs

The audit concluded that the agency has effective controls over proper reviewing of service payments and monitoring of service providers' performance.



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Background

The agency maintains 56 structures across all transit modes: 12 Sounder stations, 18 Light Rail stations, 12 Express Bus transit centers, and 14 facilities. All locations require custodial services, but only 25 require landscaping services. Currently, the agency outsources custodial/landscaping needs to a number of contractors including King County. Agency staff in the Operations Department is responsible for contract compliance and performance monitoring.

Annually, the agency expends approximately \$3.9M for custodial and landscaping services, which provides the following two types of services:

1. Regularly scheduled services

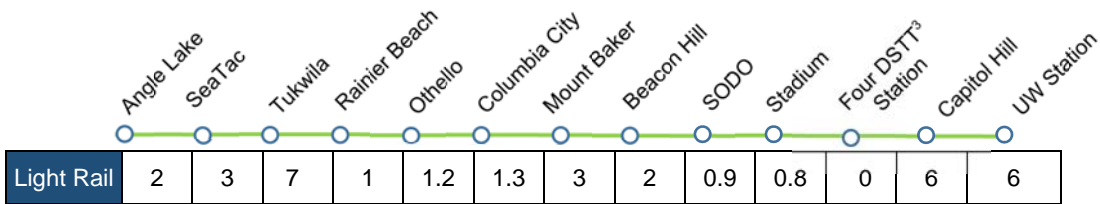
- Custodial - daily/quarterly/semi-annual cleaning of parking lot/garage, platform, plaza, elevator, stairs, restroom, and providing day porter service
- Landscaping - weekly/quarterly/annual mowing, edging, trimming, fertilization, weed, pest control, aeration, and irrigation



The custodial contractor allocates the majority of time to daily cleaning of platform, plaza and parking area. The landscaping contractor provides weekly mowing services during growing season (March - October), and fertilization/aeration/irrigation services as scheduled throughout the year.

¹ Source: 2017 General Ledger Data

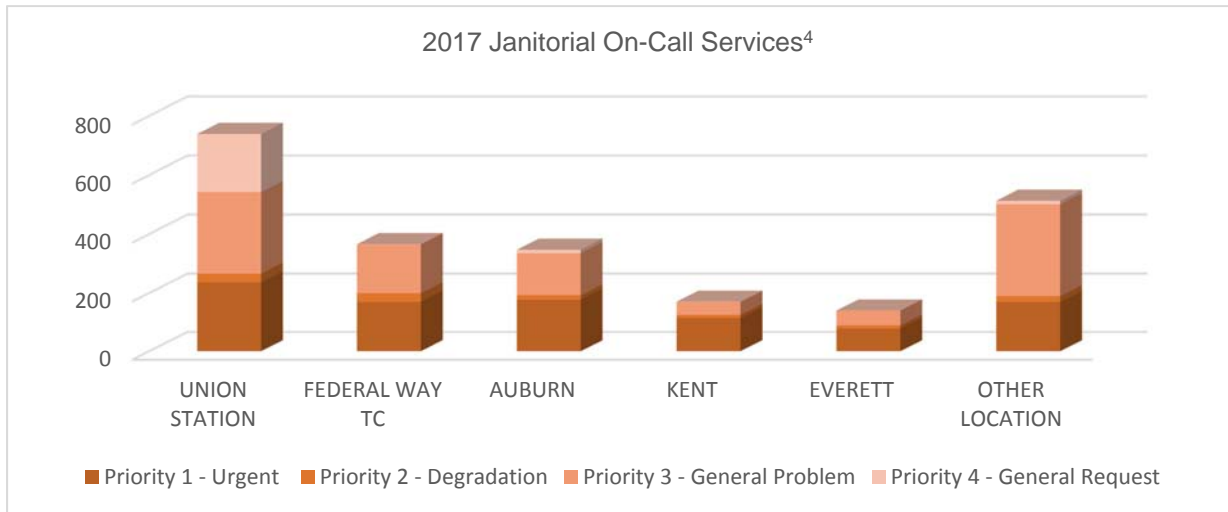
2017 King County Light Rail Operations Station Custodial Hours
by Location²
(in thousands)



The agency reimbursed King County its 2017 custodial/landscaping service costs of ~\$2.3M for 32 dedicated FTEs: 22 for station custodians, 7 for facility custodians and 3 for landscapers. In 2017, the total custodial service hours were 45K (Station 35K + Facility 10K), and the total landscaping service hours were 5K hours. The main tasks of station custodian/landscaping services include cleaning station, addressing unsanitary conditions, graffiti removal, and irrigation.

2. On-call services

On-call services are necessary to attend to unscheduled/urgent cleaning of unsanitary areas and repairs. Typically, on-call service needs are identified by agency staff or contracted security officers during security walkthroughs. Upon identification, a service need is prioritized (1 through 4) to indicate urgency, and the agency subsequently notifies the vendor for the work. The vendor attends to priority 1 calls at a flat rate of 2 hours, and the rest are combined with regular services. Total janitorial on-call service hours were approximately 2,200 in 2017.



On-call services are somewhat concentrated at locations where there are public restrooms, such as Union Station, Federal Way Transit Center, Auburn Station, and Kent Station.

² Source: 2017 Work Hours breakdown report for Station Custodian Services from the agency's asset management system.

³ Four Link Light Rail Stations in Downtown Seattle Transit Tunnel Operated by King County.

⁴ Source: 2017 Work Order list for Custodian Services from the agency's asset management system.

Audit Objectives

To determine whether the agency has effective controls to ensure:

- Proper reviewing of custodial/landscaping service payments for accuracy and reasonableness
- Proper monitoring of custodial/landscaping service providers' performance in accordance with contract terms and conditions

Scope and Methodology

We conducted this performance audit in accordance with the International Standards for the Professional Practice of Internal Auditing. 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.

We gained an understanding of system-wide custodian and landscaping processes at the agency and department/division level through data analysis, documentation reviews, and personnel interviews. We identified risks in the processes and assessed management controls in place to mitigate those risks. Based on the assessment of management control effectiveness, we determined to focus on janitorial/landscaping costs and performance monitoring for the period January 2017- March 2018.

The audit examined janitorial/landscaping services records in the agency's asset management system and invoices, as of March 31, 2018.

To determine whether the agency has effective controls to ensure accuracy and reasonableness of custodial/landscaping service payments, the audit performed the following procedures:

1. Utilizing on-call services information for Sounder stations, ST Express bus transit centers, Tacoma link light rail stations, and facilities from the agency asset management system, the following were conducted:
 - a. Analyzed the data by service frequency, service location, service prioritization level and service reason, as well as by service request timeframe for each location
 - b. Tested a sample of 42 on-call service work orders to:
 - identify any duplicate service requests
 - determine whether the work orders were completed timely
2. The audit tested a sample of 32 janitorial/landscaping invoices, totaling \$361,518 or 19% of the 2017 total janitorial/landscaping service payment.
 - a. Determined whether the invoices agreed with work order, purchase order, and contract unit price.
 - b. Reviewed related service requests to identify duplicate work
 - c. Verified accuracy and approval prior to payment

3. The audit analyzed King County Light Rail Operations (KCLR) custodian/landscaping services working hours and costs for reasonableness in compliance with the Intergovernmental agreement between Sound Transit and King County.

To determine whether the agency has effective controls to ensure proper monitoring of service providers' performance in accordance with contract terms and conditions, the following procedures were performed:

1. The audit selected ten project manager's inspection reports from the agency asset management system and analyzed for the following:
 - a. Timely inspection
 - b. Complete service evaluation at each service location
2. The audit performed walkthroughs of sounder stations and ST bus transit centers/park & ride to review cleanliness and landscaping.

Conclusion

The agency has effective controls to ensure proper reviews of payments and monitoring of service providers' performance.