

Management Review

of

Joel's Outboard Marine Invoices,  
Billing Practices and Contract  
Compliance

(Contract No. 742-8949)

Report of Audit 05/06-XX-05

June 28, 2006



**MEMORANDUM NO. 06-43**

**DATE:** June 28, 2006

**TO:** Chief of Police/Bruce Roberts

**SUBJECT:** *Review of Joel's Outboard Marine Invoices, Billing Practices and Contract Compliance (Contract No. 742-8949)*

Enclosed is the "subject" Final Report of Audit.

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Allyson C. Love  
Director, Office of Management and Budget

Attachment - Final Report of Audit 05/06-XX-05

c: City Commission  
City Manager/George Gretsas  
Assistant City Manager/David Hebert  
Assistant City Manager/Kathleen Gunn  
Assistant City Manager/Stephen Scott  
Director of Finance/Betty Burrell  
Director of Procurement Services/Kirk Buffington

ACL/vf

## REPORT OF AUDIT NO. 05/06-XX-05

**DATE:** April 18, 2006

**TO:** Chief of Police/Bruce Roberts

**FROM:** Assistant Internal Audit Director/Renée Foley/5851

**SUBJECT:** *Review of Joel's Outboard Marine Invoices, Billing Practices and Contract Compliance (Contract No. 742-8949)*

### **BACKGROUND**

On November 18, 2003, the City of Fort Lauderdale (City) and Joel's Outboard Marine (Contractor) entered into Contract No. 742-8949 to provide boat and outboard motor maintenance to vessels belonging to Police, Public Services, Planning and Economic Development/Docks & Waterways, and Fire-Rescue Departments, with a provision to extend the contract for four additional one year terms. Boat engines have limited warranties provided by Bombardier Recreational Products (BRP) US Inc., Manufacturer, for a period of twenty-four months for government entities. On September 1, 2004, a letter was sent from the Procurement Department to the Contractor approving extension of the contract to November 17, 2005. On October 19, 2005, the City further extended the contract to November 17, 2006. Subsequently, complaints of poor performance, double-billing, and overcharging were made by Police. The Contractor sent letters to the City on November 9, 2005, in response to issues raised. The Contractor then sent a letter on November 16, 2005, advising the Procurement Department that his firm did not wish to extend Contract No. 742-8949 for the contract period commencing November 18, 2005.

The Police Department was responsible for the overall administration and management of the contract.

### **SCOPE**

At the request of the Police and Procurement Departments, we were asked to review invoices for repair work performed by Joel's Outboard Marine. Judgmental sampling techniques were used to review 22 invoices for the period of October 2003 through October 2005 under Contract No. 742-8949.<sup>1</sup> We also tested invoice

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<sup>1</sup> Expiration date November 17, 2005. One (1) invoice was paid under Contract 492-8139; expiration date November 17, 2003.

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attributes for the same 22 invoices. The invoice detail was reviewed to verify the accuracy and appropriateness of charges billed. Our review also included determining compliance with the terms and conditions of the contract and evaluating the effectiveness and adequacy of management and controls used over the City's processing of boat and outboard motor maintenance invoices/expenditures. We had discussions with and obtained documentation from Police, Procurement, Contractor and Manufacturer personnel. We reviewed procedures for processing invoices to determine whether adequate controls were in effect. This audit was conducted according to generally accepted government auditing standards and accordingly, included such tests of internal controls as considered necessary under the circumstances. The review was conducted during the months of March through April 2006.

### **OVERALL EVALUATION**

The City was over billed \$641.85 that included double-billed and overcharged parts and labor costs. Internal control procedures were not adequate to determine whether service repair orders (SROs)/invoices were accurate and charges appropriate. We noted certain conditions that warrant management's attention to enhance the overall internal control environment. No written procedures exist governing the Police work order and SRO processing of boat and outboard motor maintenance invoices and lack of verification of parts and labor costs. The City's Contract Coordinator<sup>2</sup> never developed a Contractor Performance Evaluation Report to periodically conduct reviews, note deficiencies, and rate performance as required in the Contract Agreement. Improvement in management oversight is needed by the City to validate compliance of contract terms and conditions. No effective tracking and monitoring system was in place to evidence all Insurance Certificates were received and approved since neither Procurement nor Risk Management could provide evidence of any approvals or the March 2004/March 2005 Certificate of Insurance. Furthermore, the City did not identify areas of non-compliance concerning specified limits and listing the City as additional insured on Certificates of Insurance they did obtain/maintain.

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<sup>2</sup> Marine Unit Police Sergeant

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### FINDING 1

***Internal control procedures were not adequate to determine whether Contractor invoices were accurate and charges appropriate.***

*Contract/Extension (742-8949) Invitation to Bid, Part II.03. Repairs states, "The repairs required by the City under this contract will normally be electrical and/or mechanical in nature. Such work shall be charged at the appropriate hourly rate stated in the bid or at the fixed rate for those items...."*

*Part II.04. Hourly Rate states, "The hours charged for engine and drive work shall be the hours as listed in the current engine manufacturer flat rate manual. The City shall be charged a flat rate based upon multiplying the hourly rate bid by the number of hours and tenths listed for each operation...."*

*Part II.05. Parts, Supplies and Equipment states, "The Contractor shall add a percentage mark-up to his invoice cost for such items needed to operate, maintain and repair the boats, motors and related equipment. The Contractor shall be responsible for purchasing these items at the lowest possible cost consistent with the City's need for boats in service."*

*2000 through 2005 Warranty Procedures and Flat Rate Manuals state, "Flat rate times include an allowance for diagnosis as well as time for the removal and replacement of all components necessary to complete the repair. Where appropriate, the flat rate times also include time for performance tests with recommended test equipment."*

### **Verification of Accuracy and Appropriateness of Invoices**

Our review of 22 invoices during the period October 2003 through October 2005 included 10 paid (\$2,216.97) and 12 unpaid invoices (\$6,971.78) totaling \$9,188.75 revealed \$641.85 over billed to the City and internal control weaknesses as follows (**Schedule 1**):

- 3 (14%) invoices reviewed included charges for parts and/or labor billed and paid by the City totaling \$358.59 on boat engines under warranty that the Contractor also received claim amounts from the Manufacturer; thereby double-billing for the same warranty items. (**Asset accountability/Appropriateness**)
- Parts and labor costs over/(under) charged netted \$283.26 over, including SRO 290327 that Contractor agreed to void/cancel. (**Asset accountability**)

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- No written procedures exist governing the Police work order and service repair order processing of boat and outboard motor maintenance invoices. (*Asset accountability/Fixed responsibility/Segregation of duties*)
- No system was in place to verify labor and/or parts costs. Neither Parts and Accessories Price Books nor Flat Rate Manuals were evidenced at the Marine Unit. Our efforts to obtain books, manuals, and/or website access for years under review to determine price reasonableness resulted in the inability to obtain 2003 and 2004 parts and accessories prices. (*Asset accountability/Safeguarding of assets*)
- Operator's Guide books for all engine years under review were not evidenced at the Marine Unit. These books specify items excluded from and covered under warranty; thus, parts and labor should be at no charge. We were unable to determine whether the Contractor had not provided or Police did not maintain the guide books.

*Flat Rate Manual Dealer Responsibilities and Obligations states, "When a sale is made, the dealer must provide the buyer with a copy of the Operator's Guide. This guide is provided with each engine."*

- Cost variances resulted with invoices when we were unable to verify all parts prices to the correct year Parts and Accessories books as stated above; thus, these amounts could not be considered truly over/(under) billed. (*Asset accountability/Safeguarding of assets*)
- No verification of technical services (labor) was evidenced by Police Marine Unit to determine whether labor billed was charged in accordance to the contractual hourly rate, fixed rate schedule, and/or flat rate manual. (*Asset accountability/Reconciliation/Safeguarding of assets*)
- Inability to determine hours worked by technician when billed hourly and whether replacement parts were used. This was due to the Marine Unit staff not being present while technician performed services at their 15<sup>th</sup> Street location. Furthermore, old parts removed were not required to be provided to the Marine Unit as proof of removal/replacement. Test runs were also not done while technician was on the premises; thus, officers did not know whether problem identified was fixed till the vessel serviced was next put into operation. (*Asset accountability/Reconciliation/Safeguarding of assets*)

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- Marine Unit Police Sergeant advised that signature on a Warranty Allowance Request was not that of the former Police Sergeant. The owner's signature is required on this form and provides a means for the City to know a warranty claim was filed and there should be no charges for associated parts and labor. (*Asset accountability/Safeguarding of assets*)

### **Verification of Contractor Invoices/Police Work Order Attributes**

We also reviewed the invoice detail for the 22 SROs to verify the appropriateness and accuracy of charges billed that revealed pertinent invoice details were not documented by the Contractor/required by Police as follows (**Schedule 2-3**).

- Hourly rates charged and quantity of labor (technical service) hours worked were not evidenced on invoices. Furthermore, technical services were not detailed by line item.
- Contractor never checked off "Type of Service Order" box on invoices (e.g., warranty, etc.). Furthermore, invoices did not specify whether work items were billed at the flat rate, fixed rate, or routine maintenance work at the hourly labor rate.
- Contractor technician's initials to determine who performed service was never evidenced on invoices. As a result, accountability to determine responsibility for services performed is diminished.
- Boat or engine make/model and serial numbers for engines were rarely specified on invoices and/or Police Work Orders, which hindered the ability to readily verify whether engine was under warranty and whether part and labor should be at no charge.
- Police did not require Work Orders to be completed in full by staff and/or Contractor's technician (e.g., hour meter, date/time submitted, estimated completion date, date/time of completion, estimated cost, etc.). Additionally, pertinent information is not requested on Work Order form (e.g., engines serial numbers, whether engine is under warranty and if so, whether service repair is included under warranty, a designated section for technician to complete and sign, etc.).
- Police Work Orders are not pre-numbered. Numbers are assigned manually and not necessarily in chronological order or had no number.

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Establishment of an adequate system of controls and effective management oversight will help to ensure accurate and appropriate billing and payment of services rendered, including resolution of any erroneous fees and/or billing practices.

### **RECOMMENDATIONS AND MANAGEMENT COMMENTS**

The *Chief of Police* should require the *Marine Unit Police Sergeant* to:

**Recommendation 1.** *Send a letter to the vendor requesting a credit be issued totaling \$641.85 specifying associated invoices in accordance with Schedule 1.*

**Management Comment.** *Management concurred with the finding and recommendation and stated:* “A complete audit of recent billings from Joel’s Outboard should be conducted to determine the exact amount of inappropriate billing. The compilation of this data will be conducted by the Sergeant of the Marine unit and it should be completed prior to any credit discussions with vendor. Poor service and work not completed will be difficult to determine due to time lapse and other internal factors; however numerous discrepancies can be absolutely proven by prior documentation. For example, double billing (charging the City and warranty manufacturer), as well as wrongful labor charges for warranty work can be easily determined and largely indisputable. Any recent work not completed by vendor, which can be proven, should be added to credit. Once the figure is finalized, the discrepancies should be discussed with said vendor who will be afforded the opportunity to dispute and/or amend each issue.” **Estimated completion date August 13, 2006.**

**Recommendation 2.** *Establish written policies and procedures that incorporate, at a minimum, the recommendations mentioned below.*

**Management Comment.** *Management concurred with the finding and recommendation and stated:* “The Captain of Operations Support is currently updating a policy that includes but is not limited to purchasing procedures, contracts, billing processes, vendor evaluations, and internal oversight and responsibilities.” **Estimated completion date August 13, 2006.**

**Recommendation 3.** *Establish a policy and procedures to perform reviews of invoices prior to payment of parts, markup and labor costs. Develop a control*

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*system to scrutinize charges billed for accuracy and to identify any inappropriate charges such as fees for warranty items.*

**Management Comment.** *Management concurred with the finding and recommendation and stated:* “Please see response for “Recommendation #2.” The policy will include a mandatory supervisory review of all invoices to ensure accuracy. The review of invoices should include the use of all available means, such as the contract pricing, parts manuals, flat-rate manuals, etc. Once signed and approved, the bills must be forwarded to the sergeant’s supervisor for additional scrutiny and approval. This process is currently in place and will remain in effect until the policy is finalized.” **Estimated completion date August 13, 2006.**

**Recommendation 4.** *Obtain and maintain on an on-going basis, the currently effective Flat Rate Manual to verify applicable labor charges. Although every parts price may not be verified 100%, utilize currently effective Master Parts Price Book and Genuine Parts Book and/or manufacturer’s website to perform limited tests of parts and accessories price reasonableness on a routine basis. Obtain/maintain updated books as issued and retain on file for a minimum of three years for audit purposes.*

**Management Comment.** *Management concurred with the finding and recommendation and stated:* “Updated manuals are currently maintained by the Marine Unit and checks are conducted via flat-rate manuals, parts price-books and vendor contract-quoted prices during bid approval. All charges are reviewed for reasonableness and accuracy. The policy will include language requiring all applicable units to maintain related materials for the time period that is suggested by the Office of Internal Audit.” **Estimated completion date August 13, 2006.**

**Recommendation 5.** *Require all Operator Guide books be obtained from the dealer when engine purchases are made and maintain at the Police Marine Unit Office in waterproof bags with other pertinent vessel information (e.g., copy of registration, etc.).*

**Management Comment.** *Management concurred with the finding and recommendation and stated:* “Concur and suggestion will be built into policy.” **Estimated completion date August 13, 2006.**

**Recommendation 6.** *Send a letter to new Contractor, Coastline Marine, stating the City’s need to receive invoices with type of labor (e.g., hourly, fixed, flat rate*

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*or no charge if under warranty), quantity of hours and rates for each line item of service provided, whether under warranty, and technician who provided service.*<sup>3</sup>

**Management Comment.** *Management concurred with the finding and recommendation and stated:* “Current vendor (Coastline Marine) documents any warranty work on their invoices and confirms N/C (No Charge). Coastline has been contacted and currently documents specific number of hours charged as “labor” on the invoice. Flat rate services, such as “100-hour preventative maintenance,” are charged as such with no hours listed. It is the Marine Unit Supervisors responsibility to confirm appropriate charge. The specific technician may be unnecessary for our purpose. Often, repairs are done by several different technicians. One tech may initiate the work and another completes it. Sometimes numerous techs work together as a team to complete the task. Regardless, the company or the proprietor is ultimately responsible for the completed work and billing accuracy.” **This item is closed.**

**Recommendation 7.** *Return invoices to new Contractor for correction if invoice detail required in Recommendation 6 is not provided.*

**Management Comment.** *Management concurred with the finding and recommendation and stated:* “Current invoices are billed according to updated practices. The above information in item #6 will be included in the policy. To require amendments on past bills would create an undue hardship and a large amount of uncompensated time due to our policy change. Again, this recommendation is now strictly applied.” **Estimated completion date August 13, 2006.**

**Recommendation 8.** *Revise Police Work Order to include, but not be limited to engines serial numbers, whether engine is under warranty and if so, whether service repair is included under warranty, and section form into a portion designated for completion/signature by Police and another by Contractor’s technician. Furthermore, require staff to order prenumbered Work Order forms to be logged and tracked.*

**Management Comment.** *Management partially concurred with implementation of the recommendation and stated:* “All Marine Unit officers have been directed to include engine serial numbers on work orders, which are also documented on Coastline Invoices. Police Officers are not qualified to make a technical diagnosis

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<sup>3</sup> Sample invoice from Coastline Marine provided by Police during review did not include a detailed breakdown.

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and determine if the needed work is covered by the warranty. The officer should only comment on the problem they are experiencing while operating the vessel (example, engine stalls while operating over 4000 RPM, or engine is overheating after 20 minutes, etc.). Currently, the Marine Unit office maintains an EXCEL spreadsheet which documents the Unit's work order number, date, officer's name and the vessel number. The entered information will be evaluated by the Unit's sergeant. Lost, voided, or pre-numbered order forms that are used out of chronological order may reduce accuracy." **This item is closed.**

**Recommendation 9.** *Require Marine Officers and Contractor's technician to complete Police Work Order forms in full (e.g., hour meter, date/time submitted, estimated completion date, date/time of completion, estimated cost, etc.).*

**Management Comment.** *Management concurred in principle with the recommendation and stated:* "The requirement for accurate reporting by all Marine officers is mandatory (See item #8). However, estimated costs and completion dates vary and require technical knowledge to accurately predict. A police officer cannot make these predictions. In fact, the actual technician who completes the work cannot quote pricing." **This item is closed.**

**Recommendation 10.** *Periodically monitor the policies and procedures to be established to ensure system of internal controls is adequate to detect and prevent errors.*

**Management Comment.** *Management concurred with the finding and recommendation and stated:* "Concur and recommended system is in place and will be built into the policy." **Estimated completion date August 13, 2006.**

**Recommendation 11.** *Advise Procurement to amend the current contract with U.S. Recreational Alliance dba Coastline Marine to include the following:*

- *Clearly define parts price structure/basis for billing and specify manufacturer's source book/website to verify parts and accessories prices.*
- *Bidder Proposal Page, Section D. Warranty Offered, should require the Contractor provide at a minimum the two (2) year warranty the manufacturer offers.*
- *Revise Part 5.12 Records/Audit of Invitation to Bid to be a minimum of three (3) years.*

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**Management Comment.** *Management nonconcurred with the recommendation and stated:* “Parts prices are based upon dealer costs, plus a percentage mark-up, and can be confirmed through web-site or price book. This pricing guideline was established in the bid process. The two-year warranty applies to the purchase of a complete new engine. Parts replacement does not extend this duration.” **This item is closed.**

### **FINDING 2**

***The City Contract Coordinator<sup>4</sup> never developed a Contractor Performance Evaluation Report to periodically review and rate the Contractor’s performance as required in Contract Agreement.***

*Contract/Extension (742-8949) Part I.09 Contractor Performance Reviews and Ratings states, “The City Contract Coordinator shall develop a Contractor performance evaluation report. This report shall be used to periodically review and rate the Contractor’s performance under the contract with performance rating as follows...” [excellent, good, fair, poor or non-compliance]. “The report shall also list all discrepancies found during the review period. The Contractor shall be provided with a copy of the report, and may respond in writing if he takes exception to the report or wished to comment on the report. Contractor performance reviews and subsequent reports will be used in determining the suitability of contract extension.”*

During discussions with Police Marine Unit staff statements were made that the overall service received from the Contractor was not up to par; however, it was confirmed that no Performance Evaluation Reports to the Contractor had been developed/conducted by the Police Sergeant and provided to the Contractor, which Contractor confirmed.

Our review of some specific allegations revealed insufficient evidence to substantiate claims made by Police:

- Certain products (e.g., engine tuner and spray) were not and should not be used on engines; thus, should not be billed. Parts and Accessories book issued by manufacturer did not exclude use of these products. There was no evidence to support items were not provided since invoice was authorized by the Police Sergeant that “the repair work was done” and paid (**Schedule 1, Item 5, Paid Invoice**).

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<sup>4</sup> Police Marine Unit Sergeant

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- In April 2006, it was stated that fuel filters were not changed since December 2004; thus, none should have been charged. Invoice 175681 dated December 9, 2004, included fuel filters. However, Police Sergeant authorized that “the repair work was done” and paid then nearly 1 ½ years later issue was presented.
- Similar issues with other items were mentioned; however, lacked sufficient evidence to corroborate issues presented.

Developing a Contractor performance evaluation report and conducting periodic reviews in a timely manner by rating performance and listing discrepancies found will proactively alert the Contractor of issues found and provide for issues to be resolved to determine whether contract should be renewed/extended.

### **RECOMMENDATIONS AND MANAGEMENT COMMENTS**

The *Chief of Police* should require the *Marine Unit Police Sergeant* to:

**Recommendation 12.** *Develop a Contractor Performance Evaluation Report to be used to periodically review and rate the Contractor’s performance, listing all discrepancies found during the review period. Furnish the written report to the Contractor for their response/comments and maintain a file copy. The service rating informs the Contractor of how well they are progressing in their work performed, recognizing quality and pointing out poor service, in a timely manner.*

**Management Comment.** *Management concurred with the finding and recommendation and stated:* “On a semi-annual basis (every six months), the Marine Unit supervisor will prepare a written Contractor Performance Evaluation, to be supplied to the contractor, City Procurement, and kept on file at the Marine Unit. This report will discuss the quality of technical service, customer service and billing accuracy. Positive feedback will assist the contractor and serve to reinforce our expectations. Negative or constructive criticism will be immediately shared with the contractor who will be given a reasonable time period to correct all shortcomings. This evaluation process will be included in the policy.” **Estimated completion date August 13, 2006.**

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**Recommendation 13.** *Require new Contractor to schedule service calls during hours when Public Safety Aide (PSA) or Officer<sup>5</sup> is present at the Marine Unit Office so time can be logged on the Police Work Order and old replacement parts can be provided to verify hours and parts used for work performed. If certain engine care products are used, require Contractor to leave empty or partially used can/container to determine what product was received and should be billed.*

**Management Comment.** *Management nonconcurred with the recommendation and stated:* “This procedure is impractical to implement. The Marine Unit is often confronted with repair times/dates that do not correspond with the officer’s work times/days. Further, repairs to several vessels are completed at one time. This would require multiple officers to stand-by while their boat is being repaired. Often the repair requires the vessel to be transported and remain at the repair shop for extended time periods. These are just a few reasons that this recommendation is fiscally unsound and would negatively impact the Police Department’s ability to deliver quality service. Maintaining old parts, lubricants and their containers are impractical. This recommendation would create an environmental hazard as well as storage/disposal problems. Understanding the intention of the recommendation in item #13, the other built-in policies should ensure quality work and honest billing. Although it is necessary to scrutinize contractor’s work quality and accurate billing, it is prudent to adopt a “good-faith” policy for the contractor regarding this recommendation.” **This item is closed.**

### **FINDING 3**

*The Contractor did not comply with the specific terms and conditions related to insurance and the City did not identify areas of non-compliance, nor did the City obtain Certificates of Insurance for all years under review.*

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<sup>5</sup> Ideally, the Officer who requested the repair/completed the Police Work Order form.

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Contract Agreement Provision (Part I, Section 16 Insurance)	Condition Found
Original Certificates of Insurance must be submitted to the Purchasing Division and be approved by the City's Risk Manager prior to commencement of any work.	Joel's Certificate of Insurance for March 2004/2005 is not on file with the City. Neither Procurement nor Risk could provide evidence of approval for Certificates of Insurance that were on file (March 2002/2003, March 2003/2004 & March 2005/2006).
The Contractor shall carry at all times the following insurance coverage:  Automobile Liability Insurance Limits: Bodily Injury-\$250,000 each person \$500,000 each occurrence/Property Damage \$100,000 each occurrence	Joel's did not specify the following limits on their Certificates of Insurance for March 2002/2003, March 2003/2004 & March 2005/2006:  Automobile Liability Insurance Bodily Injury (each person) Bodily Injury (each accident)/Property Damage (each accident)
The Contractor shall carry at all times the following insurance coverage:  Worker's Compensation & Employer's Liability Insurance Limits: Worker's Compensation – Statutory Employers Liability \$100,000  Comprehensive General Liability Insurance Limits: Combined single Limit Bodily Injury/ Property Damage - \$1,000,000  Automobile Liability Insurance Limits: Bodily Injury - \$250,000 each person \$500,000 Each occurrence/Property Damage \$100,000 each occurrence  The City shall be named as additional insured.	Joel's Certificates of Insurance for March 2003/2004 & March 2005/2006 states "Certificate Holder is listed as Additional Insured with respect to the General Liability Only" in "Description of Operations/Locations/Vehicles/Exclusions Added by Endorsement/Special Provisions" box.

No effective tracking and monitoring system was in place to evidence all Certificates of Insurance had been received and approved since neither Procurement nor Risk Management could provide evidence of any approvals or the March 2004/March 2005 Certificate of Insurance. Procurement could not provide evidence of submitting Insurance Certificates for approval to the Risk Manager, nor could Risk provide evidence of ever receiving same. Work also should not have commenced in March 2004/March 2005 until Certificate of Insurance was provided by the Contractor.

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We requested a copy of the March 2004/March 2005 Certificate of Insurance from the Contractor which he obtained from his insurance agency on March 29, 2006. The same deficiencies were noted as the other years under review.

Enforcement of insurance requirements will limit the City's liability exposure and provide assurance that the City's assets are protected.

### **RECOMMENDATIONS AND MANAGEMENT COMMENTS**

The *Director of Procurement Services* should:

**Recommendation 14.** *Require staff to follow-up on letters sent to the Contractor for initial contract or extension(s) to determine whether current/updated insurance certificate has been received and forwarded to the Risk Manager for approval/satisfaction of requirements.*

**Management Comment.** *Management concurred with the finding and recommendation and stated:* "Our current procedures for effectively tracking and monitoring insurance certificates are as follows:

New contracts: Procurement Specialist receives insurance certificates from the contractor. If the insurance certificate meets the minimum required limit that is specified in the contract, a copy is forwarded to the Risk Manager for approval. If approved, the Risk Manager sends his/her approval via email. This approval email is printed out and maintained with original insurance certificates in the contract file as proof of authenticity and liability coverage.

Renewals: Insurance certificates that expire before the expiration of the contract require an updated current certificate. Normally, updated insurance certificates are forwarded directly from the insurance agent to the Procurement office prior to the expiration date. For all other insurance certificates, a memorandum is either faxed or mailed to the contractor requesting the documents. A follow-up of the letter occurs within 14 days after the letter is mailed or faxed. Other attempts such as phone calls and/ or emails are also made to obtain updated current insurance certificates. If current insurance certificates are not received within 20 days of the 2<sup>nd</sup> attempt, any and all work and/ or payments are discontinued until proof of liability is confirmed.

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Insurance certificates are tracked on a Microsoft Excel document. It is easily sorted by date of insurance expiration, which allows for monitoring and maintenance. This simple method of tracking expiration dates provides an early warning system to our department, which increases our ability to monitor contractual compliance. In an effort to improve our current system of tracking insurance certificates, we have explored other options to increase our effectiveness. We have requested funds to outsource a web-based electronic insurance management company. The company will manage the certificates using technological enhancements and innovative approaches that will maximize the effectiveness of our current method. The Risk Manager will continue to have the final approval or rejection for all insurance certificates.” **This item is open.**

### **EVALUATION OF MANAGEMENT COMMENTS**

Management comments provided and actions taken and/or planned are considered responsive, with the exception of recommendations 8, 11 and 13. Management partially concurred with recommendation 8 and nonconcurred with recommendations 11 and 13.

**Review of Joel's Outboard Marine Expenditures and Billing Practices (Vendor No. 23047)  
Verification of Accuracy and Appropriateness of Invoices Summary (Index Code POL030409/Subobject 3407)**

**Schedule 1**

Per CFL FAMIS								Per IA				Per Bombardier (Manufacturer)			
								A	B	C	D (A+B+C)				
Item #	Invoice Paid/ Unpaid	Posted Date	Check/ Treas No	Invoice Date	Invoice/ SRO #	Trans Amt	Total Paid/ Unpaid	Double-billed	Vendor Agrees to Void	Over/ (Under) Billed	Total Over Billed to City	Vessel #	Engine under Warranty as of Service Date?	Warranty Claim filed?	Claim Amt
1	Paid	20031209	324424	10/06/03*	266778	\$ 197.53				(68.95)	<b>(68.95)</b>	5	Y	Y	N/A
2	Paid	20040617	336903	05/25/04	175270	25.00		25.00			<b>25.00</b>	12	Y	Y	149.85
3	Paid	20040924	344304	07/15/04	175494	100.00					-	7	Y	Y	N/A
4	Paid	20041216	350145	11/17/04	175662	51.00		51.00			<b>51.00</b>	12	Y	Y	979.47
5	Paid	20050204	353694	11/21/04	175667	613.02				149.83	<b>149.83</b>	3	Y	N	N/A
6	Paid	20050524	364672	04/29/05	175948	51.00					-	7	Y	N	N/A
7	Paid	20050817	371030	07/17/05	290103	238.25				(10.49)	<b>(10.49)</b>	7	Y	Y	N/A
8	Paid	20050929	374538	09/01/05	290200	282.59		282.59			<b>282.59</b>	7	Y	Y	291.94
9	Paid	20041029	346807	09/15/04	175506	509.04					-	5	Y	N	N/A
10	Paid	20041119	348188	09/24/04	175566	149.54	\$ 2,216.97				-	3	Y	Y	N/A
<b>Per Voucher Payable (VP)</b>															
		VP Date	VP No.								-				
1	Unpaid	20051115	115547	07/23/05	290252	87.52				76.50	<b>76.50</b>	6	Y	N	N/A
2	Unpaid	20051115	115547	08/27/05	290237	187.02					-	10	N	N/A	N/A
3	Unpaid	20051115	115546	08/28/05	290205	3,084.89					-	4	N	N/A	N/A
4	Unpaid	20051115	115546	08/28/05	290240	1,030.54					-	1	Y	N	N/A
5	Unpaid	20051115	115547	09/03/05	290264	51.00					-	8	Y	N	N/A
6	Unpaid	20051115	115547	09/07/05	290258	685.93				51.00	<b>51.00</b>	20	N	N/A	N/A
7	Unpaid	20051115	115546	09/12/05	290251	1,047.34					-	5	Y	N	N/A
8	Unpaid	20051115	115547	09/18/05	290349	51.00					-	2	N	N/A	N/A
9	Unpaid	20051115	115547	09/20/05	290353	222.40				15.70	<b>15.70</b>	7	Y	N	N/A
10	Unpaid	20051115	115547	09/26/05	290350	391.39				18.67	<b>18.67</b>	12	N	N/A	N/A
11	Unpaid	20051115	115547	10/03/05	290328	81.75					-	1	N	N/A	N/A
12	Unpaid	Not listed on a VP		10/05/05	290327	51.00	6,971.78		51.00		<b>51.00</b>	1 & 5	Y	N	N/A
<b>Total</b>						\$ 9,188.75	\$ 9,188.75	\$ 358.59	\$ 51.00	\$ 232.26	<b>\$ 641.85</b>				\$ 1,421.26
<b>Legend:</b>															
N/A	Not applicable														
N	No														
Y	Yes														
SRO	Service Repair Order														
*	Invoice paid under Contract 492-8139.														
	Unable to verify all parts prices to the correct year Parts and Accessories book in an effort to determine price reasonableness;														
	thus, variances resulted w/these invoices that could not be considered true over/(under) billed amounts.														

**City of Fort Lauderdale - Office of Management and Budget  
10 Paid Invoices from Joel's Outboard Marine (Vendor #23047-01)  
(POL030409/3407)**

Per CFL FAMIS								Per Police (Work Order)				Per IA (Joel's SRO/Invoice)				A	B	C	D	E	F	G	H	I							
Item #	VP Date	VP #	VP Authorized by	Posted Date	Trans Desc	Treas No	Trans Amt	WO #	Description of Work	Requested by	Approved by	Date/Time Requested/ Submitted	Est'd Completion Date	Date/Time of Completion or Done	SRO #	Invoice Date	Vessel #	SRO Authorized by	Tech Services Hourly Rate Labor	Tech Services Hrs Qty	Type of Service Order	Description of Service	Description of Service	Tech Initial (Written by)	Boat Make/ Model	Engine Make/ Model #	Serial No/ Engine No	Total Amount	Verified Check Cleared Bank		
1	12/04/03	RA0401775	Russ Hanstein	20031209	G266778 BOAT REPAIR	324424	\$ 197.53		No Work Order on file						266778	10/06/03	5	M. O'Connor	ND	ND	ND	Y	Starboard motor reverse grinds & races in RPM; Replace forward, reverse & clutch dog-reseal L/U; Warranty	ND	ND	Y	Y	\$ 197.53	Y		
2	06/14/04	101980	Russ Hanstein	20040617	175270 BOAT REPAIRS	336903	25.00	001812	TPS 1) port throttle sticks in gear shift assist switch was disconnected & connected.OK. 2) both engine rev up in RPM's on there own.Engines never Revup, started engines several times no problem.Found maybe filters were half full creating lean condition. Primed balls & made sure fuel was at (illegible word).	S. Downs	David Barnes	4/28/2004 @ 9.41	ND	ND	175270	05/25/04	12	ND	ND	ND	Y	Hrs 295 - Engine reving up on its own; Replace TPS; Code 14-TPS out of range; Code 12-TPS circuit malfunction	ND	ND	Y	Y	25.00	Y			
3	09/17/04	105333	Russ Hanstein	20040924	175494 BOAT REPAIRS	344304	100.00	001065	# Just Fixed, I use the vessel 1st day, Starboard engine horn & light comes on, Oil Tank 3/4 full. After turning engine off engine will run another hour. Horn sound again. On plane for 1 minute horn & light comes on. Swap computer 7-21-04	D.Barnes	ND	ND	ND	07/21/04	175494	07/15/04	7	M. O'Connor	ND	ND	ND	Y	1) Stbd engine no oil light & audible alarm. Engine will not run. Swap computers. Erase Codes. Found that oil pressure switch bad replace.	ND	ND	ND	ND	100.00	Y		
4	12/13/04	107268	Mitchell Van Sant	20041216	H175662 BOAT REPAIRS & MTCE	350145	51.00	1769	Port Engine Dead. Will not take a charge. Computers in for repair.	S Downs	Sgt O' Connor	ND	ND	ND	175662	11/17/04	12	ND	ND	ND	Y	Hrs 533 1) Port engine dead. Found ECM bad-Send Back for Replacement.- Warranty - Installed new ECM. Set timing.	ND	ND	ND	ND	51.00	Y			
5	01/28/05	108760	Thomas Harrington	20050204	H175667 BOAT REPAIRS & MTCE	353694	613.02	001766	Starboard engine stalling after idling for 30 mins- Also 100 Hour Service!	L. Keesling	Sgt O' Connor	11/22/04 @ 738	ND	ND	175667	11/21/04	3	M.O'Connor	ND	ND	ND	Y	HR Meter 715.6 1) Stbd motor stalling - computer check - found crank position sensor bad. Replace. Had broken bolt had to drill out & reinstall. 2) 100 hr service - Decarb Motors	ND	ND	ND	ND	613.02	Y		
6	05/17/05	112482	Thomas Harrington	20050524	H175948 BOAT REPAIR P13	364672	51.00	ND	Starboard engine , Engine reving up to high RPM (on its own) Just fixed for same problem.Put comp on both motor found no problems	ND	Sgt O' Connor	ND	ND	ND	175948	04/29/05	7	M.O'Connor	ND	ND	ND	Y	1) Starboard engine reving on its own - Put computer on both motors- Found no codes. Ran motor.	ND	ND	ND	ND	51.00	Y		
7	08/10/05	113929	Rick Maglione	20050817	I290103 BOAT REPAIR 7/15/05 P18	371030	238.25	050707	Check Lower Unit Starboard Engine Float Switches on Both Bilge Pumps not working. Lower Unit Blow-Up ( Need New Lower Unit)	J.M. Genna	Sgt O' Connor	07/15/05 @ 1400	ND	ND	290103	07/17/05	7	M.O'Connor	ND	ND	ND	Y	1) Starboard engine lower unit bad-pinion gear failed. Replace gearcase w/new waterpump. 2) Bilge pumps not working-Found Floats Bad-Replace (2)	ND	ND	ND	ND	238.25	Y		
8	09/21/05	115493	Thomas Harrington	20050929	I290200 BOAT REPAIR P21	374538	282.59	081305	Starboard engine not starting needs starter. W/bolts (illegible word) knows what's needed. Done 8/30/05	J.M. Genna	Sgt O' Connor	ND	ND	ND	290200	09/01/05	7	ND	ND	ND	Y	1) Starboard engine not starting. Replace Starter	ND	ND	ND	Y	282.59	Y			
9	10/13/04	105382	Russ Hanstein	20041029	H175506 BOAT REPAIRS 9/15/04 P19	346807	509.04	001063	100 Hr Service Just completed. Less than 1 hour on motors & port engine runs extremely rough. Sputters, misses and stalls. 100 hr service was done on 6/11/04(port motor hrs 842.5). Vessel operator on vacation for several weeks. Upon returning only got .9 hrs before problem. 1st time vessel off dock since "fixed".	J Hancock	Sgt O' Connor	ND	ND	ND	175506	09/15/04	5	M.O'Connor	ND	ND	ND	Y	HR Meter 843.5 1) Port motor powerhead blown - Rebuild powerhead w/new powerhead. R & R Waterpump.	ND	ND	ND	ND	509.04	Y		
10	11/09/04	105455	Thomas Harrington	20041119	H175566 BOAT REPAIRS/MTCE P1	348188	149.54	001080	Cable adjustment for starboard engine. Sticks in gear, No Reverse. Starboard needs lower unit. Thanks	ND	Sgt O' Connor	09/27/04 @ 328	ND	ND	175566	09/24/04	3	ND	ND	ND	Y	HR Meter 670.7 1) Engine stickds in gear - No Reverse. Replace forward, reverse clutch dog-Rebuild lower unit R&R Waterpump.	ND	ND	ND	ND	149.54	Y			
Total							\$2,216.97																							\$ 2,216.97	
<b>Legend:</b>																															
VP	Voucher Payable																														
SRO	Service Repair Order																														
ND	Not documented																														
Y	Yes																														
N	No																														
	Not on Authorized Signature list for Police Department																														

**City of Fort Lauderdale - Office of Management and Budget  
12 Unpaid Invoices from Joel's Outdoor Marine (Vendor#23047-01)  
(POL030409/3407)**

Per Voucher Payable/Partial Payment Request						Per Police (Work Order)						Per IA (Joel's SRO/Invoice)						A	B	C	D	E					F	G	H	I	
Item #	VP Date	VP #	VP Authorized by	Invoice #	Trans Amt	WO #	Description of Work	Requested by	Approved by	Date/Time Requested/Submitted	Est'd Completion Date	Date/Time of Completion or Done	SRO #	Invoice Date	Vessel #	SRO Authorized?	Tech Services Hourly Rate Labor	Tech Services Hrs Qty	Type of Service Order	Description of Service	Description of Service	Tech Initial (Written by)	Boat Make/Model	Engine Make/Model #	Serial No/Engine No	Total Amount					
1	11/15/05	115547	Thomas Harrington	290252	87.52	50713	Bad fuel leak on Starboard engine. Also while checking for leak see if you could find an oil leak. #6 injection bolt broken (order part) 7/25/05 GE fixed # 6 injector broken bolt Done 9/12/05 GE	R. Milroy	?	7/23/05	ND	9/12/05	290252	07/23/05	6	N	ND	ND	ND	Y	Bad fuel leak on Starboard engine. Fixed #6 fuel injector- replaced broken bolts & changed injector head	ND	ND	ND	ND	\$ 87.52					
2	11/15/05	115547	"	290237	187.02	50716	Port engine won't stay running; 8/2/05 hard to shift port motor ? cables; Installed new cable on ports side. 9/23/05 GD Done	D. Barnes	DB	7/25/05	ND	9/23/05	290237	08/27/05	10	N	ND	ND	ND	Y	Replace control cables port side motor.	ND	ND	ND	ND	\$ 187.02					
3	11/15/05	115546	"	290205	3,084.89	50807	Repair Starboard engine per damage due to Katrina. Done 9/11/05	J. Genna	ND	8/28/05	ND	9/11/05	290205	08/28/05	4	N	ND	ND	ND	Y	Starboard motor beat up against dock in hurricane; Replace 2-Stbd injector, 1-Motor cover, 2-Motor pan. Note: Cannot start & check until injectors are replaced to be sure no further damage.	ND	ND	Y	Y	\$ 3,084.89					
4	11/15/05	115546	"	290240	1,030.54	50908	Take off motors, put on new E Techs.	D. Barnes	Sgt Pallen	9/12/05	ND	ND	290240	08/28/05	1	N	ND	ND	ND	Y	Take off motors; put on new E-Techs; remove & replace engines; had to heat(?) steering cylinders to remove.	ND	ND	ND	ND	\$ 1,030.54					
5	11/15/05	115547	"	290264	51.00	50901	Vessel just had 100 Hr as it would spit & spudder. Vessel runs fine at higher RPMs. ? It idle, some problems, spits, spudders, stalls, etc. ? engines. Adjusted carbs. on both motors.9/8/05 GD Done	Sgt O'Connor		9/3/05	ND	9/8/05	290264	09/03/05	8	N	ND	ND	ND	Y	Engines sputtering; adjusted carbs.	ND	ND	ND	ND	\$ 51.00					
6	11/15/05	115547	"	290258	685.93	ND	100 Hrs service; not running (150 HP); need carbs-Job; will not start; battery low need to be changed.	D. Langston	ND	9/7/05	ND	ND	290258	09/07/05	20	N	ND	ND	ND	Y	1) 100 Hr service; decarb motor 2) Carbs-failed-rebuild 3) Changed pickup in gas tank 4) Replaced volt meter.	ND	ND	ND	ND	\$ 685.93					
7	11/15/05	115546	"	290251	1,047.34	50907	Take off motors, put on new E Tech.	D. Barnes	Sgt Pallen	9/12/05	ND	ND	290251	09/12/05	5	N	ND	ND	ND	Y	Take off motors; put on new E-Techs; remove & replace engines; replace port key switch.	ND	ND	ND	ND	\$ 1,047.34					
8	11/15/05	115547	"	290349	51.00	50918	Port motor starter will not engage. Done 9/26/05	?/Hancock	ND	9/17/05	ND	9/26/05	290349	09/18/05	2	N	ND	ND	ND	Y	Port motor starter will not engage; bolt broken on negative side of battery - replace bolt	ND	ND	ND	ND	\$ 51.00					
9	11/15/05	115547	"	290353	222.40	50919	Both engines stalling. Port is worse. Time for 100 hour service. Changed plugs 821 P Hrs 822 S Hrs.Done 9/22/05 GD	T. Babbitt	ND	9/18/05	ND	9/22/05	290353	09/20/05	7	N	ND	ND	ND	Y	Both motors stalling; replace spark plugs; water test	ND	ND	ND	ND	\$ 222.40					
10	11/15/05	115547	"	290350	391.39	50920	Port Engine will not start; Starboard engine turns over but will not stay running; 100 hour service.	S. Downs	D. Barnes	9/24/05	ND	ND	290350	09/26/05	12	N	ND	ND	ND	Y	HR Meter 883.2; 100 Hr Service; decarb motors.	ND	ND	ND	ND	\$ 391.39					
11	11/15/05	115547	"	290328	81.75	ND	Vessel steering needs adjusted; wheel turns with little response on plane; rebleed steering.	?	ND	10/2/05	ND	10/6/05	290328	10/03/05	1	N	ND	ND	ND	Y	Vessel steering wheel turns with little response on plane; Bleed steering system.	ND	ND	ND	ND	\$ 81.75					
12	Not listed on a VP			290327	51.00	ND	#1 and #5 Engine tilts need adjusting so they are out of water.	D. Barnes	ND	10/4/05	ND	10/6/05	290327	10/05/05	1 & 5	N	ND	ND	ND	Y	Engine tilts need adjusting as they are out of water. Readjust.	ND	ND	ND	ND	\$ 51.00					
Total					\$ 6,971.78																						\$ 6,971.78				
<b>Legend:</b>																															
SRO	Service Repair Order																														
WO	Work Order																														
ND	Not Documented																														
Y	Yes																														
ND	No																														
?	Unable to decipher																														