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HIGHLIGHTS

Highlights of City Auditor Report #0808, a report to the City Commission and City management

WHY THIS INQUIRY WAS DONE

On May 30, 2007, the City Auditor's Office received a telephone call through the City's Fraud Hotline. In that telephone call, the caller made several assertions related to Building Services and the roof replacement project that was completed on City Hall. Specifically, the caller asserted:

- The contract for the re-roofing of City Hall was improperly awarded to the contractor that replaced the roof.
- There was an improper business relationship between the contractor that replaced the City Hall roof (Tarheel Roofing, Inc.) and Denise DiGruccio (former Supervisor of Building Services).
- The Invitation for Bid (IFB) was crafted such that only one vendor/contractor was able to respond to the IFB.
- Guarantees were made by the roofing contractor (Tarheel Roofing) that have not been fulfilled.
- Electric bills for City Hall are higher than they were before the roof replacement project.

During the course of our inquiry additional assertions came to our attention and included:

- Roofs on buildings other than City Hall were replaced by Honeywell with Spray Foam Roofs, and those roofs did not need to be replaced.
- The former Supervisor of Building Services had a working relationship with Honeywell that was too close during her employment with the City. In addition, Honeywell paid the former supervisor's travel expenses to speak at a conference subsequent to employment with the City and the former supervisor now works for Honeywell.

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Inquiry conducted by Dennis Sutton, CPA, CIA, Sr. IT Auditor

May 9, 2008

Inquiry Into CITY HALL ROOF REPLACEMENT

We recommend management consider further reviews of the electric consumption of City Hall.

WHAT WE CONCLUDED

This inquiry was based on a telephone call received through the City's Fraud Hotline. In that call, there were several assertions made about the roof replacement project that took place for City Hall in 2003. Based on our work, we concluded that none of the assertions relating to the former Supervisor of Building Services could be substantiated.

For the one remaining assertion that electric bills in City Hall are higher than before the roof replacement, we noted there has been an overall trend of increasing energy consumption. Our work showed that electric consumption in City Hall is impacted by a great number of factors and changes in consumption could not be attributed to one item (such as the roof replacement). Our work also showed energy efficiency has been an important issue to the City and the City has taken several steps to increase the energy efficiency of City Hall. Those steps include contracting with Honeywell Inc., for the retrofit of many City Hall fixtures to increase energy efficiency. Annually, Honeywell Inc., reports on energy savings achieved because of their retrofit activities. Our analysis of those reports showed that the reported savings are calculated savings and are not necessarily demonstrated through actual electric consumption reductions in City Hall. We recommend that management monitor both the reported savings and actual consumption. We also recommend management review the reports for accuracy and evaluate those reports for reasonableness when compared to actual consumption.

WHAT WE RECOMMEND

We recommend management consider further reviews of the electric consumption of City Hall.

Office of the City Auditor

Inquiry into

City Hall Roof Replacement

Report #0808

May 9, 2008

Summary

The purpose of this report is to communicate the results of our inquiry into assertions made in a telephone call received by the City Auditor's Office through the City's Fraud Hotline.

On May 30, 2007, the City Auditor's Office received a telephone call through the City's Fraud Hotline. In that telephone call, the caller made several assertions related to Building Services and the roof replacement project that was completed on City Hall. Specifically, the assertions included:

- The contract for the re-roofing of City Hall was improperly awarded to the contractor that replaced the roof.
- There was an improper business relationship between the contractor that replaced the City Hall roof (Tarheel Roofing, Inc.) and Denise DiGruccio (former Supervisor of Building Services).
- The Invitation for Bid (IFB) was crafted such that only one vendor/contractor was able to respond to the IFB.
- Guarantees were made by the roofing contractor (Tarheel Roofing) that have not been fulfilled.
- The same roofing contractor (Tarheel Roofing) has been used on other City roof replacement projects without a bid or RFP process being used.
- Electric bills for City Hall are higher than they were before the roof replacement project.

During the course of our inquiry into those assertions, additional assertions came to our attention and included:

- Roofs on buildings other than City Hall were replaced by Honeywell with Spray Foam Roofs, and those roofs did not need to be replaced.
- The former Supervisor of Building Services had a working relationship with Honeywell that was too close during her employment with the City. In addition, Honeywell paid the former supervisor's travel expenses to speak at a conference subsequent to employment with the City and the former supervisor now works for Honeywell.

Based on our work, we concluded that seven of the eight assertions identified (to include all of those relating to the former Supervisor of Building Services) could not be substantiated. For the assertion regarding increased electric bills, we noted that there has been an overall trend of increasing electric consumption. However, there are many factors that impact energy consumption other than the type of roof on a building. Therefore, for that assertion, we concluded there were too many variables impacting electric bills to state that the electric consumption increased due to the new roof. We recommend management consider further reviews of the electric consumption of City Hall.

Scope, Objectives, and Methodology

To address the Fraud Hotline caller's assertions and additional assertions brought to our attention during this review, we conducted interviews as needed and obtained information from various Internet websites, Procurement Services records, and the City's Electronic Document Management System (EDMS).

The scope of our work included: (1) a review of the vendor selection process for the City Hall roof replacement project that occurred in 2003; (2) an analysis of certain aspects of the contract and related documents; (3) an analysis of the vendor history of the vendor that replaced the City Hall roof; and (4) an analysis of the electric consumption of City Hall.

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

Background

On May 30, 2007, a telephone call was received in the City Auditor's Office through the Fraud Hotline. The unidentified caller made several assertions related to Building Services and the roof replacement project on City Hall completed in January 2004.

The assertions covered a broad range of topics. Those topics included the vendor selection/contracting process used in the roof replacement project, the business relationship between the former Supervisor of Building Services and the contractor awarded the contract for the project, and electric consumption in City

Hall. Additionally, during the course of our work, other assertions came to our attention, which related to the City's use of Honeywell Inc. for other City roof replacement projects and the former Supervisor of Building Service's business relationship with Honeywell Inc.

Inquiry into the Identified Assertions

Below are the results of our inquiry into each of the assertions and our conclusions.

Assertion #1

The contract for the re-roofing of City Hall was improperly awarded to the contractor that replaced the roof.

Summary

In order to address the question of whether the contract was improperly awarded, we examined three areas in which the awarding of the contract could have been unfairly biased. Those areas include: (1) the distribution of the Invitation For Bid (IFB); (2) the substance of the IFB; and (3) the award of the contract based on IFB responses.

Area One: The City's Procurement Division of the Department of Management and Administration published an IFB on May 18, 2003, for the replacement of the roof on City Hall. The IFB was posted on DemandStar, which made access to the IFB open to many potential bidders. DemandStar showed the date to respond to the IFB as June 19, 2003, which provided one month for potential bidders to prepare and submit their bids. Therefore, because the IFB was distributed through DemandStar and because there were approximately 30 days for potential vendors to respond, we conclude that the IFB was made available to potential bidders and an adequate amount of time was made available for potential bidders to respond.

Area Two: To address the second area previously identified, the substance of the IFB, we reviewed the IFB to determine if the IFB was crafted in a manner to unfairly restrict the number of potential bidders. Our review of the IFB showed there were two different roofing options available on which potential vendors could bid. The first option was a PRS Durbigum Modified System (also known as a “traditional built-up” type roof) and the second was a Spray-in-Place Polyurethane Foam System (also known as SPF or a “spray foam” type roof). The requirements and materials for each of the two roof types were outlined in detail and were very specific. A vendor wishing to utilize materials other than those outlined in the IFB were required to have those alternative materials “pre-approved” by the City or that vendor’s bid would be considered non responsive and eliminated from further consideration. Potential bidders were also required to attend a mandatory pre-bid conference where the IFB would be discussed and questions about the IFB would be answered. There were also several qualifications that potential vendors must meet in order to be considered for selection as the contractor to replace the roof on City Hall.

As to the above, in our interview with the former Building Services Supervisor, we learned that the City used a consulting firm to assist in drafting the IFB. The consulting firm, RCG Consulting Group Inc., had previously worked with the former Building Services Supervisor on SPF roof projects in St. Petersburg prior to her employment with the City. She viewed the firm as very knowledgeable in the SPF industry. She also stated her knowledge of SPF roofing and provided both websites and printed materials as the applicability and acceptability of the type roofing in the industry.

To gain a further understanding of roofing, City construction contracting processes, and obtain specific details about the IFB and the City Hall re-roofing project, we separately interviewed two employees. Those employees were identified by the Fraud Hotline caller as sources

of information that would be able to help us in our inquiry into their assertions. In our interviews, they both commented on the substance of the IFB. Specifically, those comments related to:

- The disparate natures of the two roofing types that were options for the roof replacement project.
- The restrictions that were made on material substitutions.
- The requirements that bidders must meet before being considered as potential contractors.

Based upon our interviews with the above employees, they expressed the view that the two types of roof options for contractors to submit bids on were not comparable in cost or reputation. The first option was for a traditional type roof, which is comprised of several built-up layers of different materials to form the roof. The second option was for a SPF type roof. They viewed a SPF roof as a much less expensive type roof to have installed, and of a lesser quality than a traditional built-up roof. Their view was that with spray foam: (1) there were higher maintenance costs; (2) the roof did not provide an equivalent amount of insulation; and (3) SPF roofs do not have an equivalent longevity. Both employees appeared to have excellent technical knowledge and experience with built-up roofs. However, neither employee’s knowledge with SPF roofs was comparable to their knowledge of built-up roofs.

Both employees also commented on the requirements that were placed on bidders if they desired to use substitute materials for the roofing project. They felt that it was prudent to require bidders to provide evidence that the materials they were proposing were equivalent (or better) than those specified. However, in the IFB, bidders were required to submit detailed documentation supporting their alternative materials, and the manufacturer of the materials must have a 5A Dunn and Bradstreet rating or the manufacturer must carry a warranty bond for

the life of the warranty (in the case of the City Hall project, it is a 15 year warranty).

They also commented on the qualifications that contractors must meet in order to be qualified. Those requirements included that the contractor must have been a licensed roofing contractor in Florida for a minimum seven consecutive years and must not have declared bankruptcy for the previous seven years. One employee commented on the requirement of seven years for licensure and no bankruptcies; he felt that the usual practice was for those restrictions to be five years. We inquired of the City's Procurement Division of the Department of Management and Administration (Procurement Services) as to vendor restrictions and qualifications. Procurement Services communicated that it was not uncommon for departments to have vendors meet certain qualifications in order to be able to bid on a City project, and that such restrictions are developed by the City department that is obtaining the contracted services in order to help ensure quality.

In our interview of the former Supervisor of Building Services, we inquired as to the requirements that were placed on vendors in order to be qualified to bid on the City Hall re-roofing project. Specifically, we asked about the seven year licensure requirement. She explained her opinion was that the quality of a roof is influenced more by the workmanship of the installer than anything else, including being more important than the warranty that is given by the manufacturer of the roofing materials. She explained that warranties are written by the manufacturer's attorneys and, in her opinion, the best way to ensure a quality installation was to use a contractor that had been in business for several years. In addition to inquiring about the requirements for contractors, we asked about the reasoning behind the inclusion of two different roofing options when it was generally accepted that a SPF roof was a much less expensive option than a traditional roof. We also communicated that by including an option that most likely could not be compared based on price left the possibility that non-winning

bidders (of the more expensive roof option) would be led to question the fairness of the process. She responded that she wanted both options included so the price difference between the two roof types would be known to the individuals (City Commissioners) responsible for approving the contract.

Area Three: The third area previously identified related to the award of the contract for the replacement of the roof on City Hall. In order to determine if the contract for the replacement of the roof on City Hall was awarded to the lowest responsive bidder, we reviewed the bids that were received.

Our review of the responses to the IFB showed that there were four responses accepted as being responsive. (A responsive bidder is one that has met the requirements outlined in the IFB.) Of the four bids received, three were for the spray foam type roof option and the last was for the traditional type roof. The contract for the replacement of the roof on City Hall was awarded to Tarheel Roofing, Inc. Tarheel Roofing, Inc., was the lowest priced responsive bidder (see Table 1 discussed under Assertion #3). Therefore, we conclude that the contract was awarded to the lowest priced responsive bidder.

Conclusion

Based on the initial assertion of the hotline caller that the roof replacement contract was improperly awarded, we conclude that the contract for the replacement of the roof on City Hall was awarded to the lowest bidder identified as being responsive to the Invitation For Bid (IFB).

Assertion #2

There was an improper business relationship between the contractor that replaced the City Hall roof (Tarheel Roofing) and the former Supervisor of Building Services.

Summary

We inquired into the allegation that there was an improper business relationship between Tarheel Roofing, Inc., and the former Supervisor of Building Services by interviewing City staff, searching the State of Florida Division of Corporations, and interviewing the former Supervisor of Building Services.

Our interviews of City staff did not provide any credible information that would indicate there was an improper business relationship between the former Supervisor of Building Services and Tarheel Roofing, Inc. Those interviews also did not identify any other areas that could be inquired of to identify a connection between Tarheel Roofing, Inc., and the former Supervisor of Building Services.

We also conducted a search of the State of Florida Division of Corporations website. We searched based on several variations of Tarheel Roofing and found the corporate registration, as well as several similar corporations. Those listings did not show the former Supervisor of Building Services as being a part of Tarheel Roofing, Inc., or any other similar corporation. A second search was conducted in which we searched based on several permutations of the name of the former Supervisor of Building Services. That search also did not identify any connections between the former Supervisor of Building Services and Tarheel Roofing or the principles of Tarheel Roofing.

Conclusion

We were able to confirm through an interview with the former Supervisor of Building Services that, prior to employment with the City, she had familiarity with Tarheel Roofing, Inc., as they had performed work for her former employer in St. Petersburg. Even so, no evidence was provided or identified that would indicate there was any type of an improper business relationship between Tarheel Roofing, Inc., and the former Supervisor of Building Services.

Assertion #3

The IFB was crafted such that only one vendor/contractor was able to respond to the IFB.

Summary

As part of our inquiry into the fairness of the IFB and the award of the contract, we noted there were four contractors who submitted bids that were deemed responsive. Table 1 below shows the bidders that were accepted as being responsive, the type of roof that each bid on, and the amount of their respective bids.

Table 1
Bid Summary

Bidder	Roof Type	Amount Bid
Insulated Roofing	SPF	\$ 393,920.00
Tarheel Roofing	SPF	\$ 243,271.00
A+Z Roofing	SPF	\$ 457,000.00
Harrell Roofing	Durbigum	\$ 777,000.00

Conclusion

The IFB was not developed in a manner that limited the potential bidders to only one company.

Assertion #4

Guarantees were made by the roofing contractor (Tarheel Roofing, Inc.) that have not been fulfilled.

Summary

The hotline caller did not specify the guarantee that had not been fulfilled. Therefore, we searched the bid and contract for the roof replacement for any guarantees. The only guarantee that was identified was a warranty, which was received by the City. The warranty

was a 15-year NDL (No Dollar Limit) warranty, which covers both materials and workmanship. We are not aware of any defects in materials or workmanship, to date, which have caused the City to file a warranty claim. We are aware that the City was provided materials and training by the contractor as to how to perform minor repairs as needed.

In our interviews with the former Supervisor of Building Services, she indicated that, contrary to common belief, warranties as to materials protect the manufacturer more than the consumer. Therefore, it was most important, in her opinion, to obtain the most experienced installer for any type roof.

Conclusion

Based on our inquiry into potential guarantees, the City did receive the only guarantee identified, which was a warranty on the roof.

Assertion #5

The same roofing contractor (Tarheel Roofing, Inc.) has been used on other City roof replacement projects without a bid or RFP process being used.

Summary

In order to determine what work Tarheel Roofing, Inc. has done for the City of Tallahassee, we conducted a search of the City’s financial records for any payments made to Tarheel Roofing, Inc. That search showed there have been four payments made to Tarheel Roofing, Inc., all of which related to the roof replacement project at City Hall. Those payments are identified in Table 2 below.

**Table 2
Detailed Listing of all Payments to Tarheel Roofing, Inc.**

Check Number	Payee	Pmt. Method	Date	Amount
0000074397	Tarheel Roofing, Inc.	Check	9/18/03	\$118,139.40
0000076319	Tarheel Roofing, Inc.	Check	10/10/03	\$428.00
0000078718	Tarheel Roofing, Inc.	Check	11/12/03	\$125,695.84
0000084293	Tarheel Roofing, Inc.	Check	1/26/04	\$27,092.76
			Total	\$271,356.00

The total amount paid exceeds the amount bid by Tarheel Roofing, Inc., (as noted in Table 1) due to two change orders and an additional small purchase of “Yellow Spaghetti Walk Pads.” The first change order was for \$6,586,

the second change order was for \$21,071, and the additional purchase was for \$428.00. Table 3 below is a recap/reconciliation of the contract/bid amount and the payments.

**Table 3
Bid/Contract Recap/Reconciliation**

Item	Amount	Check Number	Amount
Bid	\$243,271.00	0000074397	\$118,139.40
Change Order #1	\$6,586.00	0000076319	\$428.00
#2	\$21,071.00	0000078718	\$125,695.84
Change Order Total	\$27,657.00	0000084293	\$27,092.76
Additional Purchase	\$428.00		
Total	\$271,356.00	Total	\$271,356.00

(Note: The addition of the two change orders did not cause the total amount for the project to exceed the next lowest bidder (\$393,920.00) as shown on page 5.)

Conclusion

We determined that Tarheel Roofing, Inc., did not replace any roofs other than the roof on City Hall. However, we did note there were several City buildings that had their roofs replaced as part of the Energy Savings Performance Contract with Honeywell. We further inquired into the replacement of those roofs as part of Additional Question #1 discussed subsequently in this report.

Assertion #6

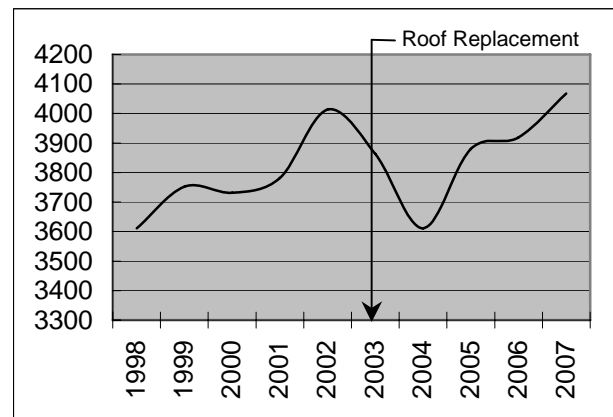
Electric bills for City Hall are higher than they were before the roof replacement project.

Summary

We did not look into the “electric bills” for City Hall as a way to assess the validity of the assertion (due to fluctuations in the cost of electricity), rather we looked into the electric consumption of City Hall. In order to determine the electric consumption of City Hall, we inquired of the City’s Utility Business and Customer Service Department as to the electric meter readings for City Hall. Our analysis of those meter readings showed that energy consumption of City Hall initially decreased and

then increased since the roof replacement project was completed in January 2004. Figure 1 is a graph of the annual electric consumption in megawatt hours (mWh) of City Hall for the ten-year period 1998-2007.

**Figure 1
City Hall Electric Consumption (mWh)**

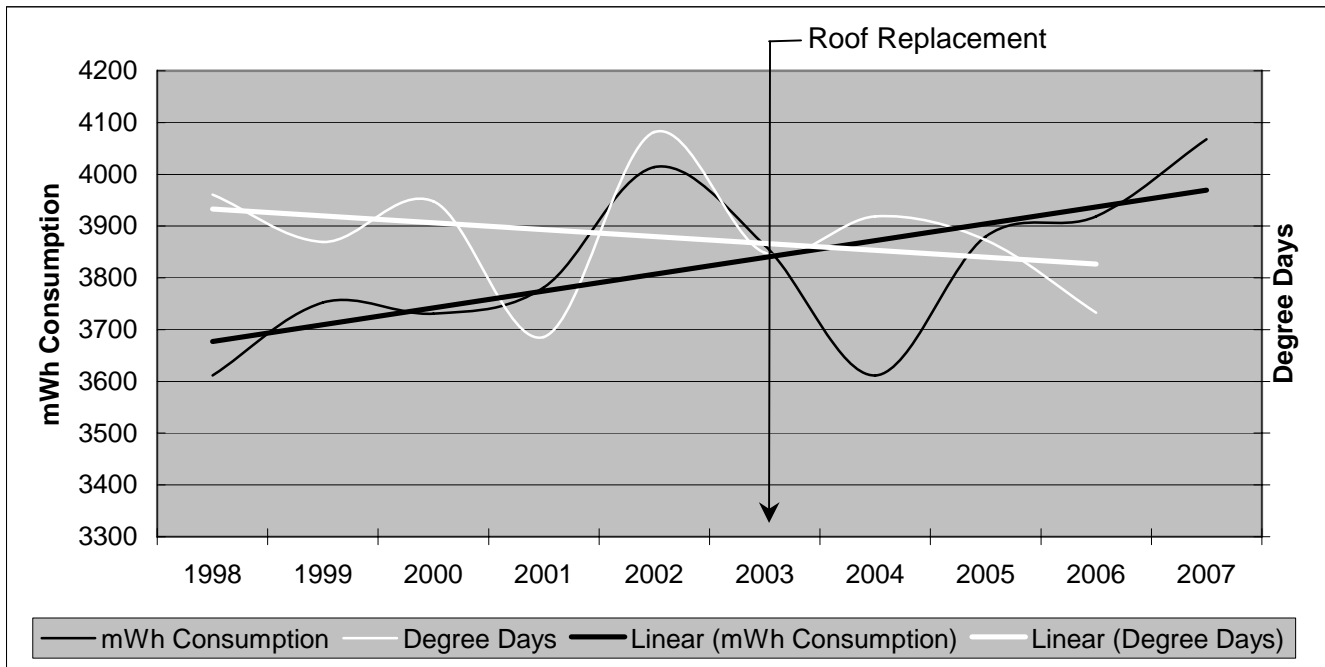


The initial decrease in consumption is what was expected based on claims that SPF roofs were more energy efficient than traditional roofs. However, the subsequent increase was unexpected, especially when the Honeywell Energy Savings Performance Contract work was considered.

In an attempt to determine the reason for the subsequent increased consumption, we inquired of the City’s Energy Management Engineer. He communicated that outside temperature was an influence on electric consumption (i.e., cooling and heating City Hall) and may have caused the subsequent increase in electric consumption.

They provided data relating to “degree days.” “Degree days” is a measurement used to compare cooling and heating needs over time due to outside temperature. Figure 2 is a graph of electric consumption overlaid with “degree days.”

**Figure 2
City Hall Electric Consumption vs. Degree Days**



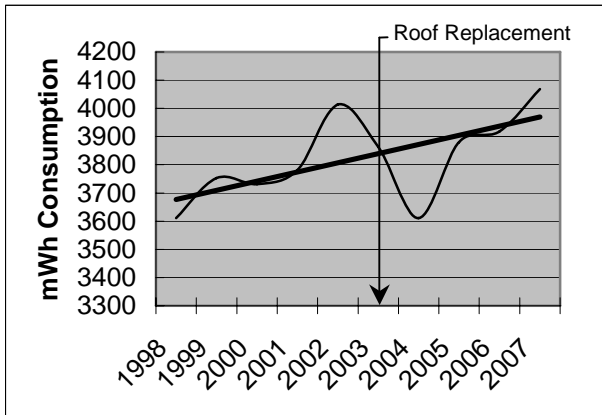
This graph shows that while there is some correlation between “degree days” and electric consumption, it does not explain the subsequent increase in electric consumption. Further inquiry of management did not reveal any other significant reasons for the increased electric consumption in City Hall.

were not useful for identifying possible reasons to explain the increase in electric consumption in 2005 and 2006.

In a further attempt to identify the cause of the increased City Hall electric consumption, we reviewed annual reports of energy savings from Honeywell. Those reports are used to communicate energy savings from the Energy Savings Performance Contract. Our reviews of those reports showed that the savings reported are calculated savings and are based on energy efficiency statements provided by the manufacturer of the equipment and components installed pursuant to the contract and not based on actual consumption. Therefore, those reports

Further review showed that from 1998 through 2007, City Hall electric consumption has shown an increasing trend. Figure 3 below is a duplicate of Figure 1 with a trend line added to illustrate the overall increasing trend.

Figure 3
City Hall Electric Consumption
with Trend Line



This increasing trend is counterintuitive when the efforts the City has undertaken in the Energy Savings Performance Contract with Honeywell are considered. Comparing cost of consumption in 1998 to that of 2007, we calculated an increase of \$42,785.87 or 12% (using a 2007 constant cost rate for electricity).

We recommend that management monitor both the calculated savings reported by Honeywell and the actual electric consumption of City Hall (and other City buildings as applicable) to evaluate the effectiveness of the energy savings measures undertaken to date and in the future.

Conclusion

The year after the roof was replaced showed a decrease in electric consumption and an increase in the two following years.

There are many factors that impact electric consumption. It is not reasonable to attribute the identified changes in electric consumption to any one item, such as the replacement of the roof or the addition/upgrade of equipment in City Hall. At this point, we can state electric consumption in 2007 for City Hall was higher than any other year of the ten years reviewed (1998-2007). However, due to the numerous factors impacting electric consumption, we are unable to conclude as to the exact reason the electric consumption increased.

Additional Question #1

Were roofs on buildings other than City Hall replaced by Honeywell with SPF, and why were those roofs replaced?

Summary

As previously noted in assertion #5, we became aware that several City buildings had their roofs replaced under the Honeywell Energy Savings Performance Contract (Honeywell Contract). To determine the reasons for the roof replacements and the justification for the use of SPF, we reviewed the Honeywell Contract and interviewed applicable City and Honeywell staff.

Our review of the Honeywell Contract showed that the contract provided for five City buildings to have their roofs replaced. Table 4 below shows the buildings and roof types identified in the contract.

Table 4
Additional Roof Replacements

Building Name	Type of Roof Installed
Walker Ford Comm. Center	SPF
Palmer Monroe Comm. Center	SPF
Lafayette Comm. Center	SPF
Forest Meadows	SPF
Police Station	SPF

We also noted there was an amendment to the Honeywell Contract which changed the roofs to be replaced. The roofs for Palmer Monroe and Lafayette Community Centers were eliminated and a new roof for the Utility Operations building was added.

Our interviews of City staff showed that each of the buildings identified in the Honeywell Contract were in varying levels of need for a roof replacement with the Police Station and

Forest Meadows having the most need. Our interviews also showed that roofs typically are NOT considered in energy performance contracts because those contracts typically strive to provide for savings that would offset the expenditure of the contract in a relatively short period (i.e., five to seven years, the length of a typical energy savings contract). Because roof replacements are expensive, they typically have a 15-20 year “pay back” period, which puts them outside the typical energy savings contract. However, because of the need and the reported energy savings of SPF roofs, the roof replacements were included in the Honeywell Contract.

Our review also included an attempt to determine how the contractor that replaced the roofs (Brazos Roofing as a subcontractor for Honeywell) was selected. We reviewed the Honeywell contract and inquired of Honeywell as to how they selected their subcontractors. We also inquired as to why SPF roofs were used at the above locations.

We contacted an agent of Honeywell, Mr. Bueno Prades, (the contact person identified in the Honeywell contract) and inquired as to how Honeywell selected its subcontractors. Per Mr. Prades, Honeywell has several “pre-approved” contractors in each of the various construction trades that can be contacted when there is a need. In this case, Brazos Roofing was contacted and utilized. Honeywell does not use a bid process for selecting from among their pre-approved contractors. The most important factors when Honeywell selects a contractor are the quality of workmanship and timeliness of service. As for the reason SPF was used, Mr. Prades stated that SPF was the best option for energy savings and, because the work was being performed under the Honeywell Energy Savings Performance Contract, other roof types were not considered.

Conclusion

Based on our analysis, we are able to conclude that there were other City owned buildings that had their roofs replaced. The buildings that had

their roofs replaced were in need of replacement and were included as part of the Energy Savings Performance Contract with Honeywell.

Additional Question #2

The Building Services Supervisor’s working relationship with Honeywell was too close during her employment with the City. In addition, Honeywell paid her travel expenses to speak at a conference subsequent to employment with the City and she now works for Honeywell.

Summary

During the course of this inquiry, assertions were made that the relationship between the former Building Services Supervisor and Honeywell may have extended beyond her role as a City employee, that she went to work for Honeywell after her employment ended, and Honeywell paid for her to travel to a Honeywell conference. These assertions led us to inquire further into these potential issues and this second additional question.

During our interview of the former Building Services Supervisor, we asked her to describe the working relationship between herself and Honeywell. She communicated that, when she first came to work for the City, she felt there were problems with how Honeywell was fulfilling obligations under the Energy Savings Performance Contract that was in place at the time. This led her to be in a somewhat adversarial position with Honeywell. However, as the issues were worked through, the performance of Honeywell improved to the point where there was a satisfactory working relationship.

We inquired of the former Building Services Supervisor as to whether she attended a Honeywell conference where she was paid by or had her expenses paid by Honeywell. In response, she stated that she did attend a Honeywell conference, but paid all of the expenses herself and was not compensated in any way. She offered to provide verification of her expenses through cancelled checks and credit card statements, if necessary.

Finally, we inquired as to her employment subsequent to that with the City. She stated that she was employed with a company in the building materials industry, not Honeywell.

Conclusion

Based on the work we performed, no credible information was presented or came to our attention that led us to conclude that the former Building Services Supervisor's relationship with Honeywell was other than a professional one between a City employee and a contractor. The former Building Services Supervisor stated that she has never been an employee of Honeywell before or after she left the employment of the City. She also stated that there was no payment from Honeywell to her relating to the trip she made to a Honeywell conference.

Conclusion

This inquiry was based on a telephone call received through the City's Fraud Hotline. In that call, there were several assertions made about the roof replacement project that took place for City Hall in 2003. Based on our work, we were able to conclude that there was no basis for seven of the eight assertions identified. The one assertion we were not able to reach a conclusion on related to increased electric consumption and cost subsequent to the roof replacement project.

Our work showed that electric consumption in City Hall is impacted by a great number of factors and changes in consumption could not be attributed to one item (such as the roof replacement). Our work also showed energy

efficiency has been an important issue to the City and the City has taken several steps to increase the energy efficiency of City Hall. Those steps include contracting with Honeywell Inc., for the retrofit of many City Hall fixtures to increase energy efficiency. Annually, Honeywell Inc., reports on energy savings achieved because of their retrofit activities. Our analysis of those reports showed that the reported savings are calculated savings and are not necessarily demonstrated through actual electric consumption reductions in City Hall. We recommend that management monitor both the reported savings and actual consumption. We also recommend management review the reports for accuracy and evaluate those reports for reasonableness when compared to actual consumption.

Appointed Official's Response

City Manager Response:

I am pleased that this inquiry, as a result of an anonymous complaint left on the City's Fraud Hotline, found that staff acted appropriately and with the best interest of the City at heart. Staff will continue to explore the reasons why consumption of electricity at City Hall has increased, as our goal is to be as energy efficient as possible. I would like to thank the City Auditor's staff, along with the staff from Facilities Management and Energy Services, for their efforts on this inquiry.

Copies of this Inquiry (Report #0808) may be obtained at the City Auditor's web site (<http://www.talgov.com/auditing/index.cfm>) or via request by telephone (850 / 891-8397), by FAX (850 / 891-0912), by mail or in person (City Auditor, 300 South Adams Street, Mail Box A-22, Tallahassee, FL 32301-1731), or by e-mail (auditors@talgov.com).

This Inquiry was conducted by:
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Sam McCall, CPA, CIA, CGFM, CGAP, City Auditor