



INTERNAL AUDIT REPORT

DATE: October 14, 2019

TO: Linda Gorton, Mayor

CC: Sally Hamilton, Chief Administrative Officer
Glenn Brown, Deputy Chief Administrative Officer
Aldona Valicenti, Chief Information Officer
Monica Conrad, Acting Commissioner of General Services
Jamshid Baradaran, Director of Facilities & Fleet Management
Phyllis Cooper, Director of Accounting
Susan Straub, Communications Director
Urban County Council
Internal Audit Board

FROM: Bruce Sahli, CIA, CFE, Director of Internal Audit

RE: Facilities & Fleet Management Custodial Labor Audit

Background

The Division of Facilities & Fleet Management contracts with an outside vendor to provide temporary custodian labor for various Lexington-Fayette Urban County Government (LFUCG) facilities. The outside labor contracts are competitively bid through the Division of Purchasing's sealed bid process and the custodial vendor employees are supervised by LFUCG personnel. For FY 2019, the custodial vendor invoiced LFUCG \$448,842 for custodial services.



Scope and Objectives

The general control objectives of the audit were to provide reasonable assurance that:

- Invoices from custodial vendors are adequately supported, contain the correct billing rates, and are paid in a timely manner
- Custodial vendors comply with the contract specifications
- Custodial expenses are allocated to the correct fund

Audit results are based on observations, inquiries, transaction examinations, and the examination of other audit evidence and provide reasonable, but not absolute, assurance controls are in place and are effective. In addition, effective controls in place during an audit may subsequently become ineffective as a result of technology changes or reduced standards of performance on the part of management.

The scope of our audit included outside labor expense from July 1, 2017 through June 30, 2019.

Statement of Auditing Standards

We conducted our 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 afford a reasonable basis for our judgments and conclusions regarding the organization, program, activity, or function under audit. An audit also includes assessments of applicable internal controls and compliance with requirements of laws and regulations when necessary to satisfy the audit objectives. We believe that our audit provides a reasonable basis for our conclusions.

Audit Opinion

The audit did not identify any reportable findings. In our opinion, the controls and procedures provided reasonable assurance that the general control objectives were being met.

