



# RENEW ATLANTA/TSPLOST AUDIT

## SEPTEMBER 16, 2020

AMANDA NOBLE, CITY AUDITOR

STEPHANIE JACKSON, DEPUTY CITY AUDITOR

MATTHEW ERVIN, AUDIT SUPERVISOR

BRANDI BELL, SENIOR PERFORMANCE AUDITOR

IJEGAYEHU JONES, PERFORMANCE AUDITOR

# OBJECTIVES

- Were payments supported and allowable?
- Was project information communicated in a timely and effective manner?
- Were change orders supported, reviewed, and approved?
- What was the monthly burn rate for soft costs? How did this compare to budgeted soft costs?

## FINDINGS OVERVIEW

- Budgeted soft costs were within industry standards
- Rate of administrative spending could lead to funding shortfall
- Without cashflow plan, no means to monitor administrative costs
- Without a detailed and current procedural manual, inconsistencies in practice exist
- Dashboards effectively report program and project information
- Pay applications are reviewed and approved prior to payment

## BUDGETED SOFT COSTS WITHIN INDUSTRY STANDARDS

### Soft Costs as Percentage of Construction Costs

	Design	Administrative	Total Soft Costs
Benchmarks	12-17%	18-23%	30-40%
Program Budget/Planned Values	12.7%	20.5%	33.2%

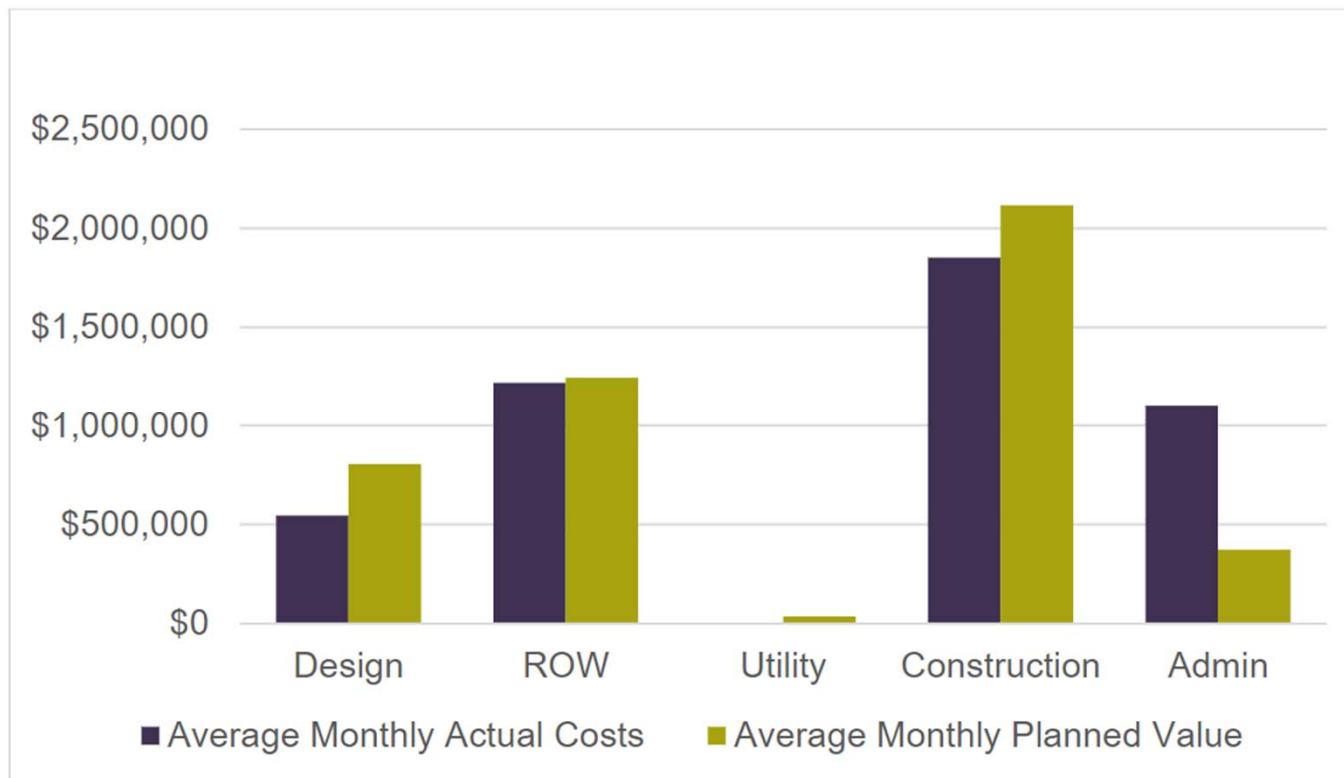
**Source:** Renew Atlanta Program Management Plan, City Auditor's Office Audit of Fire Station Renovations, Transportation Research Board; Renew Atlanta Dashboards and Cashflow Plan

# LESS THAN \$16 MILLION REMAINING FOR ADMINISTRATIVE OVERHEAD IN RE-BASELINED BUDGET

Project Category	Budget	Paid	PV	SV	XPI
01 - Complete Streets	\$128.6M	\$20.6M	\$23.6M	(\$3.0M)	0.87
02 - Bridges	\$25.3M	\$8.8M	\$8.1M	\$0.6M	1.08
03 - Resurfacing	\$75.4M	\$43.9M	\$47.0M	(\$3.1M)	0.93
04 - Multi-use Trails	\$95.8M	\$57.8M	\$58.9M	(\$1.0M)	0.98
05 - Traffic Signals	\$40.9M	\$17.1M	\$19.3M	(\$2.1M)	0.89
06 - Roadway Improvements	\$27.5M	\$3.2M	\$3.4M	(\$0.2M)	0.93
07 - Sidewalks & Mobility Improvements	\$16.0M	\$5.5M	\$5.7M	(\$0.2M)	0.96
08 - Unallocated Local Funding	\$10.8M	(\$0.0M)	\$0.0M	(\$0.0M)	
09 - Vertical Projects	\$61.4M	\$44.6M	\$41.3M	\$3.3M	1.08
10 - PM, City Staff & General Services	\$65.0M	\$49.3M	\$41.9M	\$7.4M	1.18
11 - Program Contingency	\$0.0M	\$0.0M	\$0.0M	\$0.0M	
<b>Total</b>	<b>\$546.5M</b>	<b>\$250.9M</b>	<b>\$249.3M</b>	<b>\$1.6M</b>	<b>1.01</b>

**Source:** Excerpt from the Renew Atlanta December 2019 Cash Flow Report

# ADMINISTRATIVE COSTS HIGHER THAN PLANNED FEB-DEC 2019



**Source:** Auditor analysis of project cost data received from Renew Atlanta

# CURRENT ADMINISTRATIVE SPENDING COULD LEAD TO SHORTFALL

## Recommendations:

- Review administrative costs for potential cost savings and/or adjustments to the budget
- Revisit planned cashflow to spread administrative costs by period according to projected needs
- Adjust dashboards to flag when administrative costs exceed planned value beyond a defined threshold

## OUTDATED AND INCOMPLETE PROCEDURAL MANUAL LEADS TO INCONSISTENT PRACTICES

- Change orders
  - Reviewed and approved before execution
  - No master list to track change orders program-wide
  - Some supporting documentation missing—sometimes unclear what is required
  - Multiple versions of checklists and routing slips in use—unclear which is current
- Design and construction oversight
  - Missing some daily inspection reports and material delivery tickets—unclear when required
  - Multiple formats of daily inspection reports in use—unclear which should be used
  - Renew Atlanta staff review and approve design submittals—but submittal checklists not in use



## OUTDATED AND INCOMPLETE PROCEDURAL MANUAL LEADS TO INCONSISTENT PRACTICES

- **Recommendations:**
  - Update written policies to clearly define responsibilities and requirements for change order review and approval.
  - Implement and maintain a master list of change orders
  - Update written policies on plan review checklists for design submittals
  - Update written policies for the use of daily inspection reports
  - Develop written policies on material delivery tickets
  - Coordinate efforts with Risk Management to ensure that current Certificates of Liability Insurance and Builder's Risk are on file

## DASHBOARDS EFFECTIVELY COMMUNICATE KEY DATA

- All encumbrances and paid costs in sample reconciled with Oracle
- Renew Atlanta staff effectively validates project data before it is reported to decision-makers through monthly dashboards
- Renew Atlanta maintains a master list of all budget changes
  - Most changes were due to reallocations of scope among related projects
  - Two budget changes were not initially recorded properly, but were added retroactively

## PAY APPLICATIONS ARE REVIEWED AND APPROVED PRIOR TO PAYMENT

- We reviewed four pay applications and found:
  - Each was reviewed and approved as required by policy
  - Each was reflected in financial records
  - 3 of 4 payments were paid within 30 days
  - Design costs were aligned with design completion

# QUESTIONS?

Full Report:

<http://www.atlaudit.org/renew-atlanta-and-tsplost---august-2020.html>