



INTERNAL AUDIT REPORT FOR

Work Authorizations
Gwinnett County Government
Audit Plan Year 2024

February 7, 2025

GWINNETT COUNTY
INTERNAL AUDIT DIVISION

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Background & Scope

Transportation is essential for residents who live, work, and travel through Gwinnett County (the County). The County's Department of Transportation (DOT) initiates various construction projects to maintain and improve the transportation system. Projects include new roads, expansions, and other infrastructure enhancements to mitigate congestion and improve safety. Funding comes primarily from Special Purpose Local Option Sales Taxes, Georgia Department of Transportation, and federal government grants.

DOT engages several professional services vendors or consultants, including architects, engineers, and surveyors, to plan and design transportation infrastructure. The department categorizes projects by service type and uses an on-demand service delivery framework to promote project efficiency and reduce delays. They select a pool of vendors qualified in one or multiple service categories through the County's bidding procedures and enter on-demand contracts with them. The qualified pool is updated every five years by requesting new proposals. DOT currently has on-demand agreements with 41 vendors for construction and 15 for transit projects. DOT assigns specific projects to the various consultants within the pool. DOT initiated or completed 287 work authorizations with a total budget of approximately \$21 million during the audit period January 1, 2023, through May 31, 2024. Management's key control objectives for these activities are as follows:

- Work authorizations are approved, verified for accuracy and completeness, and assigned impartially.
- Consultant deliverables are monitored against approved project descriptions to ensure deliverables meet quality standards and design specifications.
- Total expenditures for projects do not exceed approved budgets.

The purpose of this audit was to evaluate the adequacy and effectiveness of management's control activities that are designed to achieve the objectives. Internal Audit (IA) conducted this audit in accordance with the *International Standards for the Professional Practice of Internal Auditing (Standards)*. The Standards require that we plan and perform the audit to identify and evaluate sufficient information to support engagement results. We interviewed employees, observed certain control activities, and reviewed documentation on a sample basis for the audit period. We believe the evidence provided a reasonable basis for our assessment. See **Exhibit A** for a summary of our audit procedures.

Assessment

Management's control activities were generally adequate and effective in providing reasonable assurance of achieving their control objectives for work authorization processes. We found no evidence of abuse or instances of significant improprieties or misuse of funds. We evaluated the effectiveness of eight key control activities and made three recommendations. The recommendations are considered improvement opportunities rather than significant control weaknesses.

Recommendations

1. Project assignments were informal.

Management assigns projects to consultants based on several performance attributes which include qualifications and experience in addition to project complexity and consultant availability. They also attempt to distribute work equitably among the on-demand consultants to the extent possible. We reviewed the work authorized during the audit period and sought documentation to validate assignments based on the above criteria. We noted that while nearly all consultants received projects during the audit period, some received more work than others, and management did not document their methodology or criteria for assigning the work. Decisions may have been based on valid criteria, but there was no documentation available to justify assignments.

RECOMMENDATION

DOT should formalize selection criteria and document justification for work authorization assignments. They should also complete vendor performance evaluations at the end of each project and use the results in assigning future work.

Management Response

The Department of Transportation will document the project and selection criteria that is used for the assignment of future work to consultants. In addition, the Department of Transportation will coordinate with the Department of Financial Services for the preparation of a vendor performance evaluation form. An evaluation form will be completed at the end of each project. Expected timeframe to implement recommendation is first quarter of 2025.

2. Vendor invoices lacked required progress reports.

DOT is responsible for monitoring consultants' performance to ensure their work conforms with contractual provisions and approved scope of work. Project Managers track costs, tasks, and time during the entire project life cycle to ensure services are delivered as expected and meet the County's standards. Contracts require vendors to submit progress reports with all invoices submitted for payment. The progress reports are supposed to summarize work completed during the billing period and any impediments to project execution. We selected a judgmental and random sample of 129 payment transactions and reviewed supporting documentation for compliance. See **Exhibit B** for Sampling Approach. Forty-seven invoices (36%) lacked progress reports. We also observed inconsistencies in progress report content.

RECOMMENDATION

Project managers should comply with invoice documentation requirements. DOT should develop a standardized progress report template to ensure consistent content.

Management Response

The Department of Transportation acknowledges some inconsistencies existed during the audit performance review period and immediately requested all vendors submit progress reports with their

monthly invoices in addition to providing monthly updates to the project managers. Expected timeline to implement recommendation is first quarter of 2025.

3. Project management procedures are manual and decentralized (previously identified by management).

Project approvals entail several steps including printing and scanning. DOT prepares many documents which include engineering proposal forms, work authorizations, survey letters, and notice to proceed forms. Project managers submit the forms to DOT administrative staff, who print the forms for approval and then scan them for consultants. The repetitive printing and scanning tasks are time-consuming. DOT also does not centralize or standardize their project records to best manage continuity during staff turnover.

RECOMMENDATION

DOT should evaluate the cost-benefits of using project management software that facilitates automatic workflows, enforces project management requirements, centralizes records, and enables real-time project status and tracking.

Management Response

The Department of Transportation acknowledges the benefits to a standard project management software to utilize across the department. Research into various options has been ongoing for approximately 8 months and DOT expects to submit a request in 2025 in preparation for the 2026 budget year.

Other Considerations

IA observed opportunities to improve certain business activities based on practices that may, in our opinion, produce good outcomes. The advisory comments are for consideration only, and management is not required to provide written responses or corrective action plans. The advisory comment is as follows:

- In most circumstances, DOT's standard practice is for both the project manager and the division director or deputy director to review and approve invoices. We reviewed the approval records for 129 invoices and noted that 61 invoices (47%) only had a single approval. DOT explained that no additional approvals are typically required when the division director serves as the PM. However, the lack of secondary approval can increase the risk of errors or oversights. DOT should consider formalizing a consistent approval process where all invoices undergo two levels of approval.

Exhibit A: Summary of Audit Procedures

IA performed the following procedures to evaluate the adequacy and effectiveness of control activities:

- Interviewed departmental management to identify key control activities.
- Analyzed the number of projects assigned to consultants to assess whether the distribution of projects was equitable and to identify any patterns (**Recommendation 1**).
- Reviewed the current on-demand contracts to determine criteria for compliance.
- Reviewed 129 transactions across 43 projects to verify whether DOT reviewed progress reports submitted by consultants for compliance (**Recommendations 2**). Reviewed the same projects for management approval and billing accuracy. Reviewed expenditures for each project to ensure the total expenditures did not exceed the amount authorized by DOT.
- Completed walkthroughs of key processes to confirm understanding and validate work authorization procedures. Observed DOT's decentralized project management system and interviewed different project managers to identify variations in approach (**Recommendation 3**).
- Pulled the DOT general ledger for the audit period and reviewed the expenses recorded under the project to verify whether any duplicate payments were made.

Exhibit B: Sampling Approach

We used sampling procedures to select work authorization projects for review. Our sampling objectives were to select representative samples of the population with the smallest sample sizes necessary for evaluating compliance and control effectiveness. Based on our risk assessment and engagement objectives, we judgmentally and randomly selected samples to cover at least 10% of the total number of projects for the period. We believe the sample sizes and selection methods provided sufficient evidence for our evaluation.

Work Authorized Audit Period January 1, 2023 through May 31, 2024				Samples		
	Category	Projects	Allowable Exp.	Projects	Allowable Exp.	Actual Exp.
Construction	Pedestrian Safety/Bikeway Improvement Design Services	51	\$ 3,409,989	4	\$ 222,027	\$ 191,837
	Major Roads, Minor Roads, and Intersection Improvement Design Services	163	13,581,188	21	4,010,515	1,612,599
	Cost to Cure (Fix a Defect)	1	7,240	0	-	-
	Survey Services	5	15,829	2	8,765	8,748
	Traffic Engineering and ITS/ATMS Engineering Design Services	21	1,440,079	8	667,746	452,114
	Transportation Planning	19	904,053	3	273,482	63,297
	Materials Testing	9	296,237	2	123,993	122,862
	Total	269	\$ 19,654,615	40	\$ 5,306,528	\$ 2,451,457
Transit	Transit Planning Services	11	\$ 512,943	2	\$ 174,340	\$ 71,071
	Architectural/Engineering	1	57,176	0	-	-
	Public Outreach and Marketing	3	190,082	0	-	-
	Transportation Planning	1	65,940	1	65,940	65,928
	Construction/Engineering	2	155,080	0	-	-
	Total	18	\$ 981,221	3	\$ 240,280	\$ 136,999
	Grand Total	287	\$ 20,635,836	43	\$ 5,546,808	\$ 2,588,456

Data Source: 2022 – 2024 Work authorization demand service listing provided by the Department of Transportation (unaudited for financial reporting purposes)