



**FULTON COUNTY, GEORGIA**

**OFFICE OF THE COUNTY AUDITOR**

**Audit of the Fulton County Public Library System  
Design/Build Services for Library CIP Renovations**

**Contract – Group 4**

**December 23, 2020**

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## INTRODUCTION

In accordance with the 2020 approved Audit Plan, the Office of the County Auditor conducted a review of the Fulton County Public Library System contract for Design/Build Services for Library Capital Improvement Project Renovations to determine if the renovation costs was under the Guaranteed Maximum Price at the conclusion of the project, excluding owner contingency.

## BACKGROUND

The Fulton County Public Library System serves the citizens of Fulton County and the City of Atlanta, including the portion of the city located in Dekalb County. With thirty-four (34) libraries and a collection of more than 2.5 million items, Fulton County has the largest library system in the state of Georgia and offers innovative programs, services and virtual resources tailored to meet the needs of each branch community.

The Capital Improvement Project (CIP) is divided into two phases. Phase I involves the design and construction of eight (8) new branch libraries and the expansion of two (2) libraries. The construction of all ten (10) Phase I libraries has been completed. The Phase II Library CIP involves the renovation of twenty-two (22) existing libraries, with construction beginning in spring 2017.

Fulton County Government approved and entered into a contract with BuildSmart/Tebarco, a Joint Venture, LLC (17RFP020717K-EC) on August 1, 2017 to provide Design/Build Services for Library CIP Renovations, Phase II – Group 4, on behalf of Fulton County, in the amount of \$2,675,368.00. A contract amendment was approved on June 20, 2018 in the amount of \$1,068,357.00 to bring the total contract amount to \$3,764,725.00.

The Libraries included in the Phase II – Group 4 contract are, East Point Library, an 11,378 square foot library located at 2757 Main St, East Point, GA and Fairburn Hobgood-Palmer Library, a 9,625 square foot library located at 60 Valley View Dr, Fairburn, GA. The renovations consisted of new roofs, windows, necessary repairs to the building exterior, re-topping and striping of the parking lots, new HVAC equipment, repairs and repainting interior walls, replacing ceiling tiles and hanging system, new carpet and floor coverings and replacing door hardware. Additionally, the contract was amended to include an addition of study rooms, increased quantity of public use computers, addition of meeting rooms, classrooms and children's story time rooms, as well as addition of fire sprinkler systems and ADA upgrades both interior and exterior. Technology upgrades were also done during the renovations.

BuildSmart/Tebarco prepared a Guaranteed Maximum Price (GMP) proposal that utilized Fulton County's approved design documents. Upon approval of the GMP proposal, an agreement was amended to include the cost of construction for each project and an Owner's Controlled Contingency (OCC). OCC funds shall be used to cover costs that arise during construction that are not identified in the construction documents. The total contract amount of \$3,764,725.00, included the OCC amount. Any unused OCC remaining at the end of the project will be credited, from the contract amount, in which the design.builder has no entitlement to any portion of the

unused contingency amount. Therefore, any unused OCC will go to the Fulton County Government as a cost savings. Per the contract, the savings is defined as, the amount of dollars under GMP of the actual costs at the conclusion of the project.

### OBJECTIVE

The objectives of the audit are to verify whether the completion of the Library's construction projects resulted in a savings and to determine if proper approvals were given for the monthly installment payments.

### SCOPE

The scope of this review focused on the start and completion of the Library CIP Renovations, Phase II – Group 4 libraries for Fulton County Public Library System with dates ranging from August 2017 through July 2020.

### METHODOLOGY

We conducted this audit in accordance with *Generally Accepted Government Auditing Standards* (GAGAS). 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.

To achieve our audit objective, we performed the following audit procedures:

- Obtained and reviewed the contract agreement between Fulton County Government and BuildSmart/Tebarco a Joint Venture, LLC. (17RFP020717K-EC); and
- Reviewed Construction Pay Applications to include:
  - Contractor Utilization Reports;
  - Schedule of Values reports;
  - Billing Logs;
  - Application and Certification of payment report, to ensure accuracy and approval of monthly payments based on the supporting documentation submitted by the Construction Manager; and
  - Interviewed key personnel involved in the project management and operations.

We believe that the evidence obtained provides a reasonable basis for our finding and recommendation detailed in the section below.

## FINDINGS AND RECOMMENDATIONS

### Finding 1 – Incomplete Pay Applications

According to the construction contract, prior to the first application for payment BuildSmart/Tebarco shall submit to Fulton County a Schedule of Values (SOV) for each project for review and approval. The SOV shall contain design services and management fees related to each design and construction phase.

During our review, we reviewed nineteen (19) pay applications and noted the following:

- Eight (8) of the nineteen (19), or 42%, pay applications did not reconcile back to their respective SOV report. As a result, we were unable to verify the accuracy of the SOV and the pay applications;

This may have occurred as a result of inadequate reviews upon submission of the construction pay applications. Inadequate and/or incomplete reviews can lead to inaccurate approval of pay applications.

### Recommendation

In order to comply with the contract requirements, we recommend that management strengthen its internal controls to ensure pay applications are completed and approved to allow for accurate reporting and to ensure information is accurately documented and easily traceable to supporting documentation.

## CONCLUSION

Based on our review of the pay applications, we verified the accuracy of the total savings amount of \$105,017.13 submitted by BuildSmart/Tebarco. The total costs for the project and calculations to determine the savings and any unused OCC are detailed below:

Total GMP	\$3,764,725.00
Final Construction Cost	(\$3,659,707.87)
Total Unused Owners Contingency	\$ 105,017.13

According to the contract, the total unused OCC remaining at the end of the project will be credited in the amount of \$105,017.13.

Based on our review of the Library CIP Renovations, Phase II – Group 4 libraries for Fulton County Public Library System, we identified one (1) weakness that have resulted in a finding of incomplete and/or missing pay applications.

We recommend management and staff give immediate attention to the above finding and recommendation.

Please provide a written response to this audit within ten (10) business days. Be sure to address the written response to Anthony Nicks, County Auditor. The written response should be submitted through the County Manager's Office and to Joi Hargis, Audit Coordinator, in the Office of the County Auditor at [Joi.Hargis@fultoncountyga.gov](mailto:Joi.Hargis@fultoncountyga.gov). We would like to thank management and staff for their timely cooperation and assistance during this audit. The distribution of this report is reserved for the executive management of Fulton County and the Board of Commissioners.