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Office of the County Auditor

**Shelly A. Banks, C.P.A.**

Cook County Auditor

69 West Washington, Suite 2200 • Chicago, Illinois 60602 • (312) 603-1500

September 22, 2015

The Honorable Toni Preckwinkle, President  
And Board of Cook County Commissioners  
118 N. Clark Street, Room 537  
Chicago, Illinois 60602

Dear President Preckwinkle and Board of Commissioners:

We have conducted an audit of the Utility Audit Services Contract #1288-01931 managed by the Bureau of Administration with technical assistance from the Bureau of Technology. We conducted our audit in accordance with the [Cook County Auditor Ordinance](#).

Our objectives for this examination were to determine that internal controls are in place to ensure the Contractor is properly monitored in order to realize the maximum savings. The scope of our work consisted of gathering, reviewing and testing applicable and adequate documentation to reach a conclusion on our objectives.

Please refer to the following audit report for the results of the audit. The audit report contains no audit findings. During the audit, the Bureau of Administration implemented a control improvement as described in the [Audit Results Section](#). The [Executive Summary](#) provides an overview of the audit.

We express our appreciation for the assistance of the Bureau of Administration and the Bureau of Technology staff extended to Ms. Afaf Qayyum during the course of our audit.

Respectfully Submitted,

Shelly A. Banks, CPA  
Cook County Auditor

cc: Ms. Martha Martinez, Chief Administrative Officer  
Ms. Simona Rollinson, Chief Information Officer  
Mr. Jerry Pray, Senior Industrial Engineer



COOK COUNTY GOVERNMENT  
OFFICE OF THE COUNTY AUDITOR

Utility Savings Audit Contract

Internal Audit Report

Report Date: September 2015

Issued By:  
Shelly A. Banks, County Auditor

Audit Conducted By:  
Afaf Qayyum, Field Auditor IV

## EXECUTIVE SUMMARY

We have examined the documentation associated with the Utility Audit Savings Contract entered into by the Bureau of Administration (BOA) with Azavar Audit Solutions (“Contractor”). The purpose of the contract is to hire a specialized firm to conduct an audit of all County utility bills, contracts, and free services received by County for utility services, in order to realize refunds from billing errors and recommend future cost saving opportunities.

The scope and objectives of the Utility Audit Savings Contract Audit were designed to assess internal control procedures of the BOA to ensure the Contractor is properly monitored in order to realize the maximum savings.

Based on our review, we noted internal controls are in place to monitor this contract. We did not have any findings, but during the audit a recommendation was made to BOA to establish contract monitoring procedures to formalize and standardize the process of monitoring contract compliance and maintaining supporting documentation. The implementation of this process improvement is noted in the [Audit Results Section](#).

## BACKGROUND

On April 17, 2013, the Cook County Board of Commissioners approved contract #1288-01931 which authorized the Bureau of Administration to hire Azavar Audit Solutions, Inc., for the purpose of auditing the County’s utility and telecommunications bills. The duration of the contract is 4 years through March 31, 2017, though performing the audit shall be completed in 3 years. In addition, the County exercised the right to add water billing to the audit on July 15, 2013.

The contract was developed to realize cost savings by auditing invoices to identify billing errors and reviewing provider agreements to ensure the best prices. An audit project plan is stated in the contract that details the process of accomplishing the objective of cost savings and refunds. The Bureau of Administration (BOA) is responsible for reviewing audit findings and recommendations related to gas, electricity, and water. The Bureau of Technology (BOT) is responsible for reviewing audit findings and recommendations related to telecommunications. The BOT defers to the BOA for final approval of invoice payments and overall strategic decisions.

## AUDIT SCOPE AND OBJECTIVES

The scope and objectives were to determine that internal controls are in place to ensure the Contractor is properly monitored in order to realize the maximum savings. The objectives were the following:

- Verify that the contract is properly monitored to ensure contractor compliance
- Determine that proper follow up occurs on any identified savings opportunities
- Determine that the scope of services outlined in the contract are fulfilled by the Contractor
- Verify status meetings occurred between the Contractor and the County
- Verify monthly reports detailing findings and timelines are submitted in a timely manner
- Verify contractor’s reporting of all claims and credit refunds

## AUDIT RESULTS

Based on our evaluation of the internal controls and the operations at the Bureau of Administration and the Bureau of Technology, our review determined that BOA and BOT have internal controls in place for monitoring the utility audit savings contract to maximize opportunities for savings.

An important feature of the contract is employing a contingency fee based on actual reimbursement or proven future savings from utility providers. The contractor, Azavar Audit Solutions, was incentivized to provide detailed, easy-to-read reports to the County and maintain regular, ongoing communication with the County.

BOA demonstrates strong controls are in place for monitoring the Utility Audit Savings Contract; however, at the time of the audit BOA did not have written procedures documenting their controls and processes for managing contracts. According to Cook County Ordinance Section 34-303 – Management of Contracts, each agency engaged in a contract must designate one or more individual as the “Contract Manager,” who documents compliance with contract requirements. Although the department is managing the project according to the specifications as outlined in the contract, establishing procedures ensures the consistent application of monitoring contractual performance to present and future contracts. In addition, following a set procedure would ensure the Contract Manager collects documentation supporting each contract monitoring objective.

Upon communicating this observation to BOA, BOA drafted and adopted contract monitoring procedures for future use and implementation. The procedures outlined serve as a checklist of responsibilities and steps to properly and continuously monitor contractual performance including: deliverables, communication, on-site visits, conditions for payment and a post-project assessment to evaluate the performance of both the vendor and BOA to successfully meet the goals of the contract.