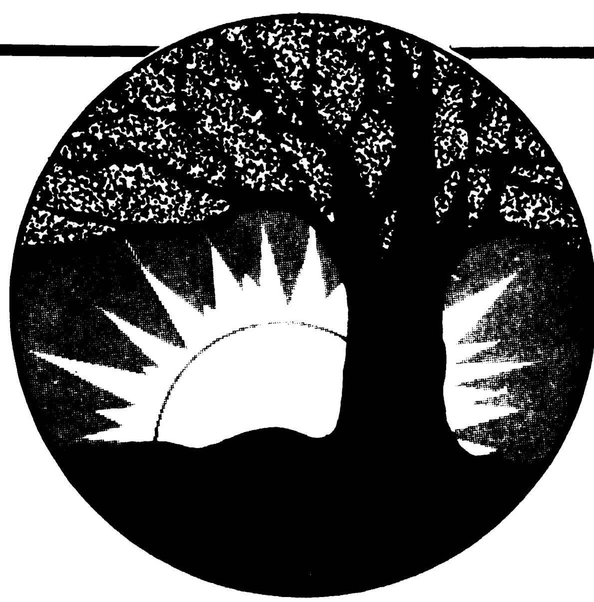
PERFORMANCE AUDIT

Department of General Services
October 2008



John G. Morgan
Comptroller of the Treasury

State of Tennessee
Comptroller of the Treasury
Department of Audit
Division of State Audit

Arthur A. Hayes, Jr., CPA, JD, CFE
Director

Deborah V. Loveless, CPA, CGFM
Assistant Director

Diana L. Jones, CGFM
Audit Manager

Lisa Williams, CGFM, CFE
In-Charge Auditor

Tiffany Tanner
Staff Auditor

Amy Brack
Editor

Comptroller of the Treasury, Division of State Audit
1500 James K. Polk Building, Nashville, TN 37243-0264
(615) 401-7897

Performance audits are available on-line at www.comptroller.state.tn.us/sa/reports/index.html.
For more information about the Comptroller of the Treasury, please visit our website at
www.comptroller.state.tn.us.

STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
State Capitol
Nashville, Tennessee 37243-0260
(615) 741-2501

John G. Morgan
Comptroller

October 9, 2008

The Honorable Ron Ramsey
Speaker of the Senate
The Honorable Jimmy Naifeh
Speaker of the House of Representatives
The Honorable Thelma M. Harper, Chair
Senate Committee on Government Operations
The Honorable Mike Kernell, Chair
House Committee on Government Operations
and
Members of the General Assembly
State Capitol
Nashville, Tennessee 37243

Ladies and Gentlemen:

Transmitted herewith is the performance audit of the Department of General Services. This audit was conducted pursuant to the requirements of Section 4-29-111, *Tennessee Code Annotated,* the Tennessee Governmental Entity Review Law.

This report is intended to aid the Joint Government Operations Committee in its review to determine whether the department should be continued, restructured, or terminated.

Sincerely,

John G. Morgan
Comptroller of the Treasury

JGM/DLJ
08-037

State of Tennessee

Audit Highlights

Comptroller of the Treasury — Division of State Audit

Performance Audit
Department of General Services
October 2008

AUDIT OBJECTIVES

The objectives of the audit were to determine whether Motor Vehicle Management lease rates are equitably determined; to determine if fleet size is justifiable; to follow up on the findings in the department's April 2006 performance audit; and to follow up on the findings concerning the department in the January 2008 State Government Energy Conservation Efforts performance audit.

FINDINGS

As Found in the 2006 Performance Audit, the Property Utilization Division Continues to Have Weaknesses in Its Inventory Monitoring System and Database That Increase the Risk of Theft or Inappropriate Use of Surplus Property
The Property Utilization Division has no policy or systemic practice for monitoring inventory shelf-life to ensure that the state's surplus property is not lost, stolen, or allowed to sit idle and deteriorate; is not immediately documenting receipt of Transportation Safety Authority confiscated property, thereby increasing the risk for property theft; and allows too broad edit access to its inventory database, increasing the risk for fraud and theft (page 5).

As Found in the 2006 Performance Audit, the Office of Internal Audit Is Inadequately Staffed and Is Not Conducting Contract Audits as Frequently as Intended by Policy to Ensure That Vendors Are Complying With Their Contract and Are Using State Funds Appropriately and in a Lawful Manner
Hindered by staff vacancies and a shortage of personnel, the Office of Internal Audit has been unable to comply with department policy regarding audits of contracts (page 7).

The Purchasing Division's Compliance and Assurance Team Agency Overview Files Are Poorly Organized, Making It Difficult to Follow the Audit Work Performed and Issues Discovered in Regard to Agency Purchasing Practices

The Compliance and Assurance Team lacked formal policies and procedures, and audit work lacked organization, standardization, and clarity (page 10).

Contractors Must Attest That Their Companies and Subcontractors Do Not Knowingly Employ Illegal Immigrants; However, the Compliance and Assurance Team Is Not Confirming and Documenting That the Person Signing the Attestation Has the Authority to Contractually Bind the Company

While the Purchasing Division's Compliance and Assurance Team makes sure that attestations are filed as required by every contractor doing business with General Services, it does not confirm or require that documentation is submitted that the signatory has the authority to contractually bind the company (page 11).

As Found in the 2006 Performance Audit, the Department Is Not Sufficiently Monitoring Its Own Contractors and Federal Surplus Property Donees for Compliance With Title VI, Which Could Result in the Department Being Out of Compliance With Federal Regulations and the Subsequent Loss of Federal Funds

The department receives federal surplus property, making the whole department subject to the provisions of Title VI. However, the department's annual Title VI Implementation Plan only addresses Title VI compliance in regard to surplus property and not the department as a whole (page 12).

The Division of Motor Vehicle Management Should Improve Its Management of the State's Fleet Size by More Thoroughly Assessing and Documenting That Agency Requests to Purchase Additions to the Fleet Are the Most Efficient and Effective Use of State and Federal Funds and Resources

The Motor Vehicle Management Division, which must approve all vehicle purchases, should obtain more detailed documentation from agencies to justify new vehicle purchase requests and should perform its own assessment of the need and cost-effectiveness of such purchases (page 14).

OBSERVATIONS AND COMMENTS

The audit also discusses the following issues: follow-up on the findings in the January 2008 State Government Energy Conservation Efforts performance audit and results of additional audit work (page 16).

Performance Audit
Department of General Services

TABLE OF CONTENTS

TABLE OF CONTENTS (CONT.)

Performance Audit
Department of General Services

INTRODUCTION

PURPOSE AND AUTHORITY FOR THE AUDIT

This performance audit of the Department of General Services was conducted pursuant to the Tennessee Governmental Entity Review Law, *Tennessee Code Annotated*, Title 4, Chapter 29. Under Section 4-29-230, the Department of General Services is scheduled to terminate June 30, 2009. The Comptroller of the Treasury is authorized under Section 4-29-111 to conduct a limited program review audit of the agency and to report to the Joint Government Operations Committee of the General Assembly. The audit is intended to aid the committee in determining whether the Department of General Services should be continued, restructured, or terminated.

OBJECTIVES OF THE AUDIT

The objectives of the audit were

1. to discern whether Motor Vehicle Management (MVM) lease rates were equitably determined;
2. to determine whether fleet size is justifiable;
3. to follow up on the findings in the department's April 2006 performance audit; and
4. to follow up on the findings concerning the department in the January 2008 State Government Energy Conservation Efforts performance audit.

SCOPE AND METHODOLOGY OF THE AUDIT

The activities of the Department of General Services were reviewed for the period July 2004 to March 2008. The audit was conducted in accordance with the standards applicable to performance audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and included

1. review of applicable legislation and policies and procedures;
2. examination of the department's records, reports, and information summaries; and
3. interviews with department staff and staff of other state agencies that interact with the department.

History, Statutory Responsibilities, and Organization

The Department of General Services was created by the General Assembly in 1972 by Section 4-3-1101, *Tennessee Code Annotated*. The department is responsible for coordinating and administering "the state's purchases, personal properties, printing, and motor vehicle facilities, surplus property, postal services, and general public works services, and will provide for state agencies all additional support services which are not assigned by law to specific departments."

Central Stores

Central Stores provides state agencies and other governmental entities a central source for obtaining a variety of office and janitorial supplies, generic forms, telephones and accessories, computer accessories, and food service products.

Cook-Chill

Cook-Chill Comprehensive Food Services was established in 1995 and is responsible for the proper procurement, preparation, storage, and transport of prepared foods and pass-through items to user agencies—the Departments of Correction, Mental Health and Developmental Disabilities, Education, and Children's Services. Sodexho Management, Inc., manages this service for the department. Three General Services employees oversee the program.

Governor's Office of Diversity Business Enterprise

The Governor's Office of Diversity Business Enterprise was created by Executive Order No. 14 on December 8, 2003, and codified in Title 12, Chapter 3, Part 8, *Tennessee Code Annotated* in 2004. The office is the central point of contact to attract, direct, and support minority-owned, woman-owned, and small businesses. The office focuses on ensuring that these businesses are afforded a fair and equal opportunity to participate in state procurement activities and contract awards. Businesses that meet the criteria and are interested in participating in the program must register with the office. Office staff interview representatives from the businesses and assess each business for a determination of procurement interests and qualifications such as licensing, bonding, and certification. If the office's assessment indicates that the business is not "ready, willing and able," a referral will be made to the Department of Economic and Community Development's Office of Minority Business Enterprise for technical assistance. Businesses that have been in business two years or less, are redefining their product line, or have recently relocated to the state to do business may be included in these referrals to the Department of Economic and Community Development. The Department of Economic and Community Development facilitates technical and business training workshops and seminars and also assists in questions regarding grants and loans. The Department of Finance and Administration, the Department of Transportation, and the State Building Commission have also partnered with the Governor's Office of Diversity Business Enterprise to help achieve the office's goals. As of March 3, 2008, there were 1,134 certified diversity businesses—471 minority-owned, 386 women-owned, and 277 small businesses; this is up from 210 certified diversity businesses reported in the last audit.

Motor Vehicle Management

This division, established in 1972, oversees all state-owned vehicles to varying degrees (directly overseeing the operations of the dispatch fleet), is responsible for studying the utilization of state-owned vehicles and equipment, and establishes rules and regulations for vehicle usage.

Printing Services

Printing Services provides a full range of graphic design, photography, printing, copying, and binding services to state agencies, other government agencies, nonprofit agencies, and charities. This division does not receive appropriated funds but exists entirely on the sale of products and services.

Postal Services

This division, created by statute in 1972, provides centralized mail services for state agencies in Davidson County. It is the recognized liaison between state government and the United States Postal Service.

Property Services Management

As of April 2008, this division managed building services for state agencies housed in 19 complexes made up of 140 state-owned and 440 leased facilities, up from the last audit that reported 17 complexes with 132 state-owned and 325 leased facilities.

Property Utilization

This division, commonly referred to as "Surplus Property," is composed of state and federal surplus property sections. Its objective is to redistribute state and federal surplus property to state agencies, local government entities, and other eligible nonprofit organizations.

Purchasing

The Division of Purchasing is charged with the centralized procurement of goods and non-professional services for use by state departments and agencies.

Records Management

This division was created by statute to serve as the primary records management agency for state government. This division provides all state agencies with analytical and managerial support using systematic controls encompassing the maintenance, use, and final disposition of records, regardless of media, to achieve adequate and proper documentation of state policies and transactions. In addition, the division provides support to the Public Records Commission and the Publications Committee.

REVENUES AND EXPENDITURES

Revenues by Source
For the Fiscal Year Ending June 30, 2007

Source	Amount	Percent of Total
State Appropriations	$ 7,612,300	8%
Other*	91,594,400	92%
Total Revenue	**$99,206,700**	**100%**

*Includes billings to other state agencies and federal funds received through the Department of Finance and Administration and the Tennessee Emergency Management Agency.

Actual Expenditures by Account
For the Fiscal Year Ending June 30, 2007

Account	Amount	Percent of Total
Administration	$ 5,115,200	5.2%
Property Utilization	2,491,500	2.5%
Motor Vehicle Management	36,631,900	36.9%
Property Management	15,401,200	15.5%
Postal Services	17,966,200	18.1%
Printing and Media Services	3,902,600	3.9%
Purchasing	4,455,500	4.5%
Records Management	1,481,400	1.5%
Warehouse Administration	6,316,500	6.4%
Food Services Program	5,444,700	5.5%
Total Expenditures	**$99,206,700**	**100%**

Estimated Budget Revenue Sources
For the Fiscal Year Ending June 30, 2008

Source	Amount	Percent of Total
State Appropriations	$ 3,376,600	3%
Other*	111,101,100	97%
Total Revenue	**$114,477,700**	**100%**

*Includes billings to other state agencies and federal funds received through the Department of Finance and Administration and the Tennessee Emergency Management Agency.

Estimated Budget Expenditures by Account
For the Fiscal Year Ending June 30, 2008

Account	**Amount**	**Percent of Total**
Administration	$ 9,410,000	8.2%
Property Utilization	2,861,500	2.5%
Motor Vehicle Management	39,862,800	34.8%
Property Management	15,115,300	13.2%
Postal Services	21,661,400	18.9%
Printing and Media Services	5,450,500	4.8%
Purchasing	5,174,300	4.5%
Records Management	1,466,800	1.3%
Warehouse Administration	7,921,300	6.9%
Food Services Program	5,553,800	4.9%
Total Expenditures	**$114,477,700**	**100%**

FINDINGS AND RECOMMENDATIONS

1. As found in the 2006 performance audit, the Property Utilization Division continues to have weaknesses in its inventory monitoring system and database that increase the risk of theft or inappropriate use of surplus property

Finding

The Property Utilization Division (PUD) is responsible for receiving, warehousing, and redistributing personal surplus property according to the state's needs. The division is also responsible for maintaining an accurate inventory of available state surplus property so that the property can either be redistributed to another agency or sold to the general public. Auditors' follow-up of problems identified in the April 2006 performance audit of the Department of General Services identified several weaknesses (detailed below) that limit the division's ability to ensure that surplus property is accurately tracked and appropriately safeguarded.

No policy or systemic practice for monitoring inventory shelf-life to ensure that the state's surplus property is not lost, stolen, or allowed to sit idle and deteriorate

We reviewed PUD policies and procedures and found none related to monitoring the number of days state surplus property has been in the warehouse and available to donees before being listed for public auction or scrapped. According to PUD management, the warehouse manager periodically walks around the warehouse checking the index cards taped to each piece of surplus property to see how long the inventory has been in the warehouse.

Not immediately documenting receipt of Transportation Safety Authority confiscated property, thereby increasing the risk for property theft

The Property Utilization Division receives items confiscated by the federal Transportation Safety Authority (TSA) at Nashville International Airport for sale to the public, with the state keeping the proceeds. According to division policy, it is only during the division's off-peak times for surplus property pickup and delivery (usually winter months) that personnel will sort and group like property for sale. After the property has been grouped for sale, only then is it recorded in the inventory system. This delay in recording the existence of this property, for possibly months at a time, presents an easy opportunity for internal theft to occur.

Allowing too broad edit access to its inventory database, increasing the risk for fraud and theft

The current computerized surplus property inventory system is a web-based system that requires a user ID and password for access. However, all employees of the Property Utilization Division have full edit access to the system that allows them to change or delete information or property records after items have been put into the inventory system. Without limited edit access, the division cannot control or restrict the opportunities for internal fraud and theft.

Recommendation

As recommended in the 2006 audit, the Property Utilization Division needs to develop and implement reporting measures that detail the procedure for regularly reviewing the aging of items held in the warehouse. These measures should address the time period allowed between offering surplus items to state agencies and releasing those items to the public for sale. For items not transferred to a state agency or sold to the public after a predetermined amount of time, reporting measures should also address what action should be taken and when a decision should be made regarding the disposal of those items.

The Property Utilization Division should document TSA property in the inventory system as soon as possible after receipt to decrease the opportunities for theft.

The Property Utilization Division should restrict inventory system edit access to only a small number of supervisory personnel to eliminate as many opportunities as possible for fraud and theft.

Top management should continue to be more sensitive to actions that serve to weaken the control environment. They should review any other actions that might serve to weaken the control environment and take immediate steps to correct any such situations, making it clear to staff that such actions shall not be tolerated.

Management's Comment

We concur. Currently, the SPMA inventory system does not give the Property Utilization Division a way to generate reports for reviewing aging property. However, to reduce the risk of theft or inappropriate use of surplus property, the division has developed procedures to regularly monitor the aging of items held in the warehouse. A complete inventory is pulled once a month to get the list of property that is in the 90-day window. Property that falls in the 30-to-45-day window is moved to the website for public sale unless it is a unique piece of property, the items would flood the public market, or the property quantity is limited. Due to sales scheduling, most property is turned within 90 days of receipt to get the market price for those items. The division's policies and procedures will be updated to reflect this procedure.

Currently, the TSA property is being secured in a locked storage room with limited access. All TSA property is received into our warehouse inventory within 30 to 45 days of receipt.

Because all employees need full edit access to the system, division management will receive a monthly report from the SPMA system and monitor all transactions made. Any unusual or questionable transactions will be addressed immediately. All reports will be signed, dated, and filed monthly. The first report will encompass the October 1 – 31, 2008, period. Policies and procedures will be updated to reflect this procedure.

Top management is always sensitive to any actions that weaken the control environment, and steps are taken immediately to correct such situations. Top management frequently communicates to all division directors the importance of policies, procedures, and processes.

---

2. As found in the 2006 performance audit, the Office of Internal Audit is inadequately staffed and is not conducting contract audits as frequently as intended by policy to ensure that vendors are complying with their contract and are using state funds appropriately and in a lawful manner

Finding

The Office of Internal Audit is the independent appraisal function established within the Department of General Services to examine and evaluate departmental activities as a service to management. The objective of internal auditing is to assist members of the organization in the effective discharge of their responsibilities. In addition to periodic audits of each division in the department, the office handles to varying degrees

- contract audits;
- lost, stolen, or damaged equipment, vehicles, and credit cards;
- contract Post Office Accountability Reports;
- divisional year-end inventory counts;

- long-distance exception reports;
- employee and contractor overpayments;
- Financial Integrity Act reports;
- State Audit findings; and
- special requests of the commissioner or division directors.

However, the office is not complying with contract auditing procedures and has been hindered by staff vacancies. As of February 15, 2008, audit staff consisted of the Audit Director, one Auditor 4 (position was vacant from May through October 2007), one Auditor 3 (position was vacant from July 2007 to January 2008), one Auditor 2, and one Auditor 1 (position vacant from September 2006 to February 2008). There was one vacant position—an Auditor 3 position vacant since November 2007.

Department policy states that "to the extent resources are available for such purposes, the Office of Internal Audit will audit all cost reimbursement type contracts with annual costs of/or greater than $500,000 at least once during each two-year period." This threshold was originally $150,000 but was changed to $500,000 following a finding in an October 1997 audit by the Comptroller's Office in which it was noted that contracts over $150,000 were not being audited. Current policy goes on to state, "The Office of Internal Audit may audit any other contracts not falling in the category stated previously."

In accordance with this policy, at least the contracts with Sodexho (Cook-Chill), Walden Security (security guard service), Murray Guard (security guard service), Kone (elevators), and MTA (transit cards and trolley service) should be audited every two years. (The Walden Security and MTA transit card contracts are new since the last audit.) However, a late November 2007 review of work performed and released by Internal Audit shows that audits (with findings) of the Sodexho contract were released in January 2000, September 2002, and January 2006; audits (with findings) of the Murray Guard contract were released in June 2000 and December 2003; and an audit (with no findings) of the MTA trolley service contract was released in June 2007.

In addition to the above five General Services contracts, which were let through the Department of Finance and Administration's service contract process, many other contracts let through General Services' Purchasing Division for more than $500,000 a year may be subject to this policy depending on one's definition of "cost reimbursement type contracts" and whether the policy was meant to refer to only the contracts used by General Services or includes all agency and statewide contracts let by the department through its Purchasing Division. Also, instead of one large contract, many vendors have multiple smaller contracts with the state for the same service that combined would exceed the threshold requiring an audit. Examples include janitorial services provided by Cross Gate Services and ABC Services, vehicles purchased from Alexander Chevrolet-Cadillac/Ford Lincoln Mercury, and waste collection by Allied Waste Services.

The current level of audit staff cannot fully meet the audit needs of a department as large and diverse as the Department of General Services. As custodians of public funds, the department is responsible for ensuring that funds awarded to contractors are used in an appropriate and lawful manner. The office policy states that ALL cost-reimbursement type contracts over $500,000 will be audited every two years. Simply stating in a policy that contract audits will be conducted as resources allow does not absolve the department from its auditing responsibilities. The presence of findings in the audits that are being conducted highlights the need for departmental review of its contractors for contract compliance regarding services and billing matters.

Recommendation

The commissioner should continue to assess the Office of Internal Audit's workload and determine the best method to enable the office to meet its responsibilities, which could include adding new internal auditor positions and definitely includes filling vacant positions as quickly as possible.

The commissioner should also revise Internal Audit policies to specifically require all multi-year contracts that meet the threshold amount (or contractors with multiple contracts for the same service that cumulatively add up to the threshold amount) be audited during the term of the contract or at least every two years. These policies should also ensure that contracts are not let for goods and services in such a way that avoids the audit requirement.

The Director of Internal Audit should ensure compliance with the department's internal audit policies by planning audit work that ensures that all appropriate contracts at or above the stated audit threshold annually are audited at least once during the term of the contract or every two years.

Management's Comment

We concur. The Internal Audit Division has been separated into business units. One business unit, Contract Monitoring, will include two auditors when the division is fully staffed.

The 2009 Contract Management Plan will be updated to specifically require all multi-year contracts over $500,000 and contracts with multiple contracts for the same service over $500,000 will be monitored during the term of the contract or at least every two years.

The Internal Audit Division will obtain a monthly report from the Purchasing Division that details all goods and services contracts, including all statewide contracts for goods and services that are over $500,000.

The 2009 Internal Audit Plan filed with the Comptroller's Office includes two contract monitoring reviews, Walden Security and Kone, Incorporated.

The 2008 Internal Audit Plan filed with the Comptroller's Office included two contract monitoring reviews, Asset Auction, LLC and Sodexho. The Asset Auction report was issued May 1, 2008. The Sodexho contract should be issued in October 2008. In addition, a contract review of Cross Gate Services was issued in November 2007.

---

3. The Purchasing Division's Compliance and Assurance Team agency overview files are poorly organized, making it difficult to follow the audit work performed and issues discovered in regard to agency purchasing practices

Finding

The Compliance and Assurance Team (CAT) within the Purchasing Division investigates and handles all complaints by and against vendors, monitors the filing of statutorily required attestations by contractors that they do not knowingly use the services of illegal immigrants, conducts agency overviews to determine compliance with purchasing guidelines, conducts procurement card overviews on agency purchases for compliance, and performs other reviews as needed. Between 2003 and October 1, 2006, only one person handled vendor complaints and delegated purchasing authority overviews. In October 2006, two additional staff persons were added; in October 2007, another two were added. The CAT has no formal policies and procedures guiding its activities. However, the team has written down the procedures it is currently using (and that are still evolving) for attestation oversight, agency overviews, and vendor complaints.

A file review of agency overviews since October 2006 revealed only eight agency overviews have been begun by the CAT and none had been completed or closed as of January 30, 2008. These overviews were of specific divisions of the Department of Commerce and Insurance (335.030); Sgt. Alvin C. York Historic Park; Department of Labor and Workforce Development (337.100); the Department of Health's Laboratory Services (343.215); the Military Department (341.010); the Department of Correction's Turney Center and Brushy Mountain State Prison (329.140 and 329.110); and the Tennessee Arts Commission (316.250). We found it impossible to follow what work had been done, finished, or was pending and what was found by the review and the resolution. There was no standard organization of the file and no checklist showing which stages of work had been completed to that point.

Recommendation

The commissioner should review the activities of the Purchasing Division's Compliance and Assurance Team. The Director of Purchasing and the team supervisor should work together to develop a logical, organized, and consistent documentation process for all compliance and audit work the team performs, taking into consideration the mission and purpose of the team. With such a system, the team's work may be accomplished more efficiently and effectively and can be used by others, if necessary or desirable, to remedy problems or improve operations.

Management's Comment

We concur in part. There is a need to develop a more organized and consistent documentation process for all compliance work performed by the Compliance and Assurance Team; however, some internal policies and procedures have been developed. The Purchasing Procedures Manual, approved in August 2008, contains procedures to be followed by the Compliance group to process overviews on agency purchases.

More detailed procedures are being developed for the Compliance and Assurance Team to focus on two primary areas: contract compliance and monitoring of agency delegated purchases. Key components of these proposed procedures include

(1) Emphasize contract compliance by providing a structure for contract compliance to be managed through a partnership between the purchasing agent, user agency, and the supplier.

(2) Focus agency compliance on the continual review of agency local purchase activity.

(3) Assign a compliance officer to each buying team to manage commodities handled by that team. The purchasing agents and compliance officer will work together to ensure compliance with proper purchasing procedures.

(4) Assign responsibility for receipt, processing and filing of attestations, certificates of insurance and bid or performance bonds to the individual purchasing agent assigned as contact administrator of a particular contract.

These procedures are under development and are a part of the larger task to revise all purchasing procedures to reflect the functionality of the Edison system.

---

4. Contractors must attest that their companies and subcontractors do not knowingly employ illegal immigrants; however, the Compliance and Assurance Team is not confirming and documenting that the person signing the attestation has the authority to contractually bind the company

Finding

As required by Executive Order 41 and Chapter 878, Public Acts of 2006, Section 12-4-124, *Tennessee Code Annotated*, all contractors with the state must sign an attestation statement every six months stating that they do not knowingly use the services of illegal immigrants or subcontractors that use illegal immigrants. On the attestation form as observed in files, the statement reads,

> The Contractor, identified above, does hereby attest, certify, warrant, and assure that the Contractor shall not knowingly utilize the services of an illegal immigrant

> in the performance of this Contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant in the performance of this Contract.

> Beneath the signature, the form reads,

> This attestation must be signed by an individual empowered to contractually bind the Contractor. If said individual is not the chief executive or president, this document shall attach evidence showing the individual's authority to contractually bind the Contractor.

While the Purchasing Division's Compliance and Assurance Team makes sure that attestations are filed as required by every contractor doing business with General Services, it does not confirm or require that documentation be submitted that the signatory has the authority to contractually bind the company. Without such documentation, the state may not have sufficient legal authority to require contractors to abide by contract provisions or to terminate a contract based on the attestation.

Recommendation

The Purchasing Division's Compliance and Assurance Team should begin confirming and documenting that the signatories on the attestation are the president or chief executive officer of the company with whom the state has contracted, or someone else with the authority to contractually bind that company. This could be accomplished by requiring the contracted company to file with the office at the beginning of a contract, and to update as needed, a list of those persons with the authority to contractually bind the company. The team could then confirm annual attestation signatories by reference to this memo.

Management's Comment

We concur. The Purchasing Division will develop a policy that checks the signature on the attestation form and matches it against the latest vendor information in Edison.

---

5. As found in the 2006 performance audit, the department is not sufficiently monitoring its own contractors and federal surplus property donees for compliance with Title VI, which could result in the department being out of compliance with federal regulations and the subsequent loss of federal funds

Finding

All programs or activities receiving federal financial assistance are prohibited by Title VI of the Civil Rights Act of 1964 from discriminating against participants or clients on the basis of race, color, or national origin. Although the Department of General Services receives no direct federal funds, the department receives federal surplus property (which is then distributed to other eligible agencies) and a multi-year Byrne Grant and Homeland Security funds through the Tennessee Emergency Management Agency for approximately $190,000 that were to expire June 30, 2007. According to Chapter VII of the *Title VI Legal Manual* (2001), Civil Rights Division, U.S. Department of Justice, receipt of these federal funds makes the entire department subject to the provisions of Title VI. Our review of the department's processes for overseeing Title VI compliance of the entire department and organizations receiving surplus property reveals little substantive monitoring and a need for improvement.

As required by Section 4-21-901, *Tennessee Code Annotated*, the department files an annual Title VI Implementation Plan/Update with the Office of the Comptroller of the Treasury. However, the plan and the procedures for handling complaints only address Title VI compliance in regard to the Property Utilization Division (also known as Surplus). The plan does not address the issue of Title VI compliance oversight by other sections of the department.

The department's Title VI monitoring of entities receiving surplus property appears limited. Every donee organization must submit to Surplus an application for eligibility in order to be considered for receipt of state and federal surplus property. This application includes a non-discrimination assurance form (or letter of assurance) that must be signed by the top official of the organization. The application must be completed anew every time there is a change in leadership of the organization. Since the last audit, Surplus now requires annual submissions of this form from each donee receiving federal surplus property. In addition to attesting in the application that the organization will comply with Title VI, the invoice signed by organization staff when they take delivery of federal surplus property states that the organization acknowledges that the transaction is subject to Title VI. In response to the previous audit finding, management stated that Surplus had incorporated a comprehensive monitoring process that included periodic on-site reviews of donees and must include a sample of at least 5% of participating nonprofit donees. However, according to the Affirmative Action Officer, the onsite reviews consist solely of making sure donees have posters displayed and brochures available to clients regarding their rights under Title VI.

Recommendation

The department should review its contracts to determine which ones, such as the contract with Sodexho for the Cook Chill operation, fall under the requirements of Title VI and the Department of Finance and Administration's Policy 22 on subrecipient contract monitoring. The department should then develop, within its existing contract monitoring activities, additional procedures for Title VI monitoring of its contractors and recipients of surplus property. These procedures should include on-site visits to recipients of federal assistance to ensure not only that posters and brochures convey the requirements of and rights under Title VI, but also that internal controls exist within business practices to avoid and prohibit discrimination. The department should then document in its annual Title VI Implementation Plan the criteria it uses to decide which contracts the department will monitor that year for Title VI compliance.

Management's Comment

We concur. The department is reviewing and revising its policies and procedures to encompass the department as a whole, including contracts that fall under the requirements of Title VI. The annual Title VI Implementation Plan will document the criteria it uses to decide which contracts the department will monitor.

The On-Site Audit Check List is being expanded to document internal controls that exist within the donees' business practices to avoid and prohibit discrimination. Also, a short survey is being developed to ensure that we are monitoring all areas that fall under the requirements of Title VI.

The department was able to audit 6% of participating non-profit donees every quarter of FY 2007-2008. Also, within that same year, no Title VI complaints were filed and the scope of audits grew from only focusing on non-profits to focusing on all participating organizations.

---

6. The Division of Motor Vehicle Management should improve its management of the state's fleet size by more thoroughly assessing and documenting that agency requests to purchase additions to the fleet are the most efficient and effective use of state and federal funds and resources

Finding

The Motor Vehicle Management Division's Policy 1 (Acquisition of Vehicles and Equipment) establishes that MVM must approve all vehicle purchases. According to policy and division staff, agencies requesting the purchase of additional vehicles must submit to MVM a commissioner-to-commissioner memo requesting and justifying the purchase and providing vehicle specifications. Once MVM has approved a purchase, it must also be approved by the Commissioner of General Services. Then, the purchase request is submitted to the Department of Finance and Administration for confirmation of available funds and approval. Finally, the request is submitted to the Governor's office for approval.

According to MVM staff, upon receipt of a vehicle purchase request, the division director or his staff calculate cost per unit and depreciation and maintenance rates to get an estimated monthly lease rate. If the division director determines that cost and justification (as presented by the agency) are reasonable, he approves the request.

Since July 1, 2004, the state's passenger vehicle fleet has grown by 52 vehicles, all of which were purchased in fiscal year 2007. We reviewed the files for all new vehicle additions to the fleet (not replacements) purchased and received by MVM in fiscal year 2007. In only one instance did the requesting agency (the Tennessee Higher Education Commission) provide documentation of any type of test or assessment performed to determine that purchasing a new vehicle, rather than leasing or reimbursing for personal vehicle use, would be the most cost-effective action. There was no documentation of any follow-up conversations between MVM and requesting agencies or other assessment by MVM staff to determine if the requesting agency already had a vehicle that would suffice for the agency's stated purpose, if purchasing was more cost-effective than using a pool or personal vehicle, if other similar employees with similar job responsibilities had been assigned vehicles, etc.

Simply accepting an agency's generalized argument that it needs additional vehicles without detailed supporting documentation and independent detailed analysis and review and simply confirming that agencies have the money to purchase additional vehicles does not mean that purchasing additional vehicles is the proper or best use of state and federal resources.

Recommendation

The Division of Motor Vehicle Management should require that agencies requesting additions to the motor vehicle fleet submit more detailed supporting documentation with their requests. Division staff should then analyze agency requests for the purchase of vehicles to determine, for example, if the requesting agency already has a vehicle that would suffice for the agency's stated purpose, if purchasing is more cost-effective than using a pool or personal vehicle, or if other similar employees with similar job responsibilities had been assigned vehicles. This analysis should be documented and kept on file to assist management in running an efficient and effective fleet.

Management's Comment

We do not concur. Motor Vehicle Management is in compliance with the Motor Vehicle Management Division's Policy 1 (Acquisition of Vehicles and Equipment), which states:

> Agencies requesting "Additions to Fleet" for vehicles and equipment must submit them with the proper documentation to Motor Vehicle Management. The Department Head of the requesting agency must approve the request to verify need by the agency. The Department requesting the additional unit will be responsible for paying the original acquisition cost of the unit. After submission, the request must be approved by the Director of Motor Vehicle Management, the Commissioner of General Services, and the Commissioner of Finance and Administration. . . .

MVM requires all departments/agencies requesting additions to fleet to submit the appropriate justification documentation with each request. This justification is submitted for approval by each department/agency head. After review and approval by General Services, requests are submitted to the Department of Finance and Administration Budget office, F&A Commissioner's office, and the Governor's office for justification review and final approval. We have reviewed each fleet addition request for 2007 and the proper documentation by policy was submitted.

MVM conducts annual agency contact meetings. The agenda includes addressing the fleet addition justification process and encourages the utilization of existing fleet and alternate programs including MVM dispatch vehicles in lieu of making fleet additions. MVM will also encourage the agencies to provide as much analysis as possible to justify any fleet addition.

MVM is a service provider and not the expert in determining the need and/or justification in detail for vehicle utilization in each department/agency. We recognize new programs, law enforcement, public safety, high personal reimbursement, etc., but it is at the department/agency level to determine if it is best business practice to request an addition to the fleet.

Auditor's Comment

While MVM is complying with the policy as generally written, we believe that because MVM is responsible for approving all vehicle purchases, MVM should require additional documentation from agencies to justify purchases; document its own independent assessment of need and cost-effectiveness; and document any subsequent conversations with agencies that provide MVM with additional information pertinent to purchase justification.

OBSERVATIONS AND COMMENTS

The topics discussed below did not warrant a finding but are included in this report because of their effect on the operations of the Department of General Services and on the citizens of Tennessee.

THE DEPARTMENT OF GENERAL SERVICES CONTINUES TO WORK TO ADDRESS THE FINDINGS WITHIN THE JANUARY 2008 STATE GOVERNMENT ENERGY CONSERVATION EFFORTS AUDIT

The January 2008 performance audit of State Government Energy Conservation Efforts found that the Department of General Services

- was not tracking and analyzing state building energy consumption as well as cost;
- could not document that it was performing and analyzing state vehicle energy-management life-cycle (operational and maintenance) costs as required by statute; and
- was not defining and implementing as required by statute an energy efficiency code for state procurement of equipment and appliances, part of which would require life-cycle costs to be used by the commissioner in contracting for major energy-consuming products.

Management concurred with these findings, stating,

- That General Services, in conjunction with F&A, would begin issuing a joint report in January 2008 on a monthly basis showing cost and usage for electric, gas and water as well as trend analysis. This report will initially only include the state-owned buildings in the downtown Nashville area. Throughout the year, the report will be expanded to include all state-owned buildings. This report will be used to identify specific opportunities for improving energy efficiency. The Department of General Services is also in the process of training staff on the Energy Management System (EMS) to increase monitoring capabilities. As staff is trained on the system, more building sites will be added.

- That, in an effort to comply with Section 4-3-1105 (20), *Tennessee Code Annotated*, to "provide state vehicle energy management life cycle (operational & maintenance) cost analysis," General Services is scheduled to receive a new fleet tracker system that will perform operational and maintenance cost analysis of state-owned vehicles from the time of acquisition until disposal. This system implementation is currently in process and scheduled to be completed in early 2008. The department is also in the process of purchasing software for testing of vehicle life-cycle cost analysis procurement for comparison against vehicles currently being purchased under the competitive bid process.

- That, to meet the requirements of Section 4-3-1105 (21) to "define and implement an energy efficiency code for state procurement of equipment and appliances," the Division of Purchasing is in the process of developing state-based energy efficiency standards to complement the current federal standards program. These standards will include not only identifying products that are currently Energy Star qualified, but also identifying products that have the greatest potential benefit to the state and developing state based standards for those products. These standards will include establishing state procurement specifications for targeted energy efficient products. These specifications will also identify products where life cycle costs are to be utilized in the evaluation process. Section 12-3-606 requires the Board of Standards to adopt rules requiring life cycle costs to be used by the Commissioner in contracting for major energy-consuming products, where energy efficiency standards are established. The Department of General Services will work with the Board of Standards on the development of specific rules concerning life-cycle costs, and begin implementing the rule once it has been adopted.

As of early August 2008, the Department of General Services

- Has established an Excel spreadsheet in which is recorded electric, gas, water, steam, and chilled water usage and costs for May 2007 through the first half of 2008 for the Tennessee Tower, Polk, and Andrew Jackson buildings only, rather than for all state-owned buildings in downtown Nashville as management had stated would be done in its earlier audit response. (The department did not initially intend to track the steam and chilled water that provide downtown Nashville state office buildings with heating and air conditioning but began tracking steam and chilled water after auditors questioned them about this. See additional explanation below.) Property Services Management (PSM) states that it has also acquired and is learning a new software program (ECAP) that will allow it to capture data more efficiently and accurately. Overseeing all this will be a new Energy Management section in PSM that will have a senior facility administrator in charge. An Energy Use Survey was also conducted in April 2008 of buildings' thermostat settings and other energy consumption information. However, no formal report with trend analysis is being issued jointly by General Services and Finance and Administration. Regarding the Energy Management System (EMS), a plan has been developed that places more emphasis on using EMS, where installed, to its full potential and providing additional training to those already with some EMS training rather than training additional staff in how to use it as management stated in its earlier audit response.

- Has not been able to provide documentation of its performing vehicle life-cycle cost analysis. According to Motor Vehicle Management (MVM) management, as of August 4, 2008, the new fleet management system (M5) is not completely implemented but management hopes it will be fully operational by the end of the month. However, staff will be duplicating information in FleetTracker until they are comfortable with the M5 system. The new billing process is to begin in August with the calculation of the July 2008 invoices.

  Regarding vehicle life-cycle costing, the M5 system has the ability to track vehicles from the time of purchase to disposal. The system can produce reports such as Miles per Gallon (MPG) and Average MPG, Operational Cost per Unit or Class of Units by Cost per Mile or Life to Date Cost. M5 tracks actual cost for parts, labor, and commercial charges per unit. MVM staff set parameters for operational controls for mileage tracking, MPG tracking, and Operational Cost per mile. The system has the ability to create necessary reports needed for back-up documents for life-cycle costing reviews. According to management, M5 is one of the best systems available for reporting information needed to manage a fleet of vehicles and for accessing related data for life-cycle costing reviews.

- Has drafted a purchasing policy requiring the use of life-cycle costing in bid evaluations on products detailed in a list approved by the Board of Standards. This list will consist of products on the Energy Star certified list, the Federal Energy Management Program certified product list, and products that are deemed to have a high use of energy but may not be certified by a government agency.

- Has drafted an energy efficiency policy for procurement of equipment and appliances. According to a March 2008 draft policy, the state has adopted energy efficiency standards set forth by the federal government under Energy Star standards, and machinery and equipment utilizing large amounts of energy should have energy saving specifications included with the solicitation that are at least Energy Star qualified. Purchasing agents are to review the Energy Star website for lists of items that are Energy Star compliant and recommend such items to agencies. The policy goes on to state that the state has not developed any additional standards. It also lists the products currently purchased utilizing the Energy Star Standard and the current list of Energy Star qualified products. However, the August 4, 2008, draft policy to be presented to the Board of Standards for approval at its August 20, 2008, meeting, is more general and does not require the purchase of energy efficient products when possible. The August draft policy states that General Services will maintain a list of commodities and products the state "may" purchase according to energy efficiency standards and, to the maximum extent possible, the Purchasing Division will utilize life-cycle costs as part of the evaluation method for purchasing major energy-consuming products.

According to the director of Property Services Management (PSM), one major hindrance to energy conservation efforts is that the department has no control over one source of energy. All downtown Nashville buildings' HVAC systems (steam and chilled water) are powered by Metro's District Energy Systems (DES). In 2002, the state entered into a 30-year contract with DES, which projects and purchases energy 18 months in advance. It then charges its customers based on its predictions for an entity's usage, rather than actual usage. The state does not currently have any input into the setting of DES's predictions. If the state uses less than DES predicted, the state must still pay for the full predicted amount. If the state uses more than predicted, the state must pay for the extra energy at current market prices. Because of this contractual agreement, PSM had not initially intended to track steam and chilled water usage for energy efficiency purposes.

According to management, PSM is currently focusing on achieving energy savings on a more practical level, through use of timers and motion-sensors on lighting, heating and air, etc.

RESULTS OF ADDITIONAL AUDIT WORK

<u>Status of April 2006 Performance Audit Findings</u>

Auditors reviewed the department's response to the findings in the previous performance audit. With three exceptions, documented in the findings, the department has resolved or is in the process of resolving previous audit issues. The department anticipates that certain issues will be resolved through the implementation of new computer systems (Edison modules) involving motor vehicle management and purchasing beginning in April and October 2008, respectively. We will follow up on these issues (and other issues affected by Edison implementation) during the next audit of the department.

MVM Lease Rates

Through March 2008, the vehicle lease rates charged to agencies by MVM were based on fleet-wide vehicle class averages, not the actual expenses incurred by an agency's specific vehicles. This system had the potential for charges to be applied inequitably when compared with an agency's actual vehicle usage. Agencies using vehicles frequently and heavily could possibly be paying less than actual cost because lease rates were based on fleet-wide class averages. Conversely, agencies using their vehicles less intensely could be paying more than their actual usage costs. In April 2008, MVM began implementing a new computerized fleet management system. According to the deputy commissioner, beginning in fiscal year 2009, the division will begin to bill agencies based on their vehicles' actual costs.

RECOMMENDATIONS

ADMINISTRATIVE

The Department of General Services should address the following areas to improve the efficiency and effectiveness of its operations.

1. As recommended in the 2006 audit, the Property Utilization Division needs to develop and implement reporting measures that detail the procedure for regularly reviewing the aging of items held in the warehouse. These measures should address the time period allowed between offering surplus items to state agencies and releasing those items to the public for sale. For items not transferred to a state agency or sold to the public after a predetermined amount of time, reporting measures should also address what action should be taken and when a decision should be made regarding the disposal of those items.

2. The Property Utilization Division should document Transportation Safety Authority property in the inventory system as soon as possible after receipt to decrease the opportunities for theft.

3. The Property Utilization Division should restrict inventory system edit access to only a small number of supervisory personnel to eliminate as many opportunities as possible for fraud and theft.

4. Top management should continue to be more sensitive to actions that serve to weaken the control environment. It should review any other actions that might serve to

weaken the control environment and take immediate steps to correct any such situations, making it clear to staff that such actions shall not be tolerated.

5. The commissioner should continue to assess the Office of Internal Audit’s workload and determine the best method to enable the office to meet its responsibilities, which could include adding new internal auditor positions and definitely includes filling vacant positions as quickly as possible.

6. The commissioner should also revise Internal Audit policies to specifically require all multi-year contracts that meet the threshold amount (or contractors with multiple contracts for the same service that cumulatively add up to the threshold amount) be audited during the term of the contract or at least every two years. These policies should also ensure that contracts are not let for goods and services in such a way that avoids the audit requirement.

7. The Director of Internal Audit should ensure compliance with the department’s internal audit policies by planning audit work that ensures that all appropriate contracts at or above the stated audit threshold annually are audited at least once during the term of the contract or every two years.

8. The commissioner should review the activities of the Purchasing Division’s Compliance and Assurance Team. The Director of Purchasing and the team supervisor should work together to develop a logical, organized, and consistent documentation process for all compliance and audit work the team performs, taking into consideration the mission and purpose of the team. With such a system, the team’s work may be accomplished more efficiently and effectively and can be used by others, if necessary or desirable, to remedy problems or improve operations.

9. The Purchasing Division’s Compliance and Assurance Team should begin confirming and documenting that the signatories on the attestation are the president or chief executive officer of the company with whom the state has contracted, or someone else with the authority to contractually bind that company. This could be accomplished by requiring the contracted company to file with the office at the beginning of a contract, and to update as needed, a list of those persons with the authority to contractually bind the company. The team could then confirm annual attestation signatories by reference to this memo.

10. The department should review its contracts to determine which ones, such as the contract with Sodexho for the Cook Chill operation, fall under the requirements of Title VI and the Department of Finance and Administration’s Policy 22 on subrecipient contract monitoring. The department should then develop, within its existing contract monitoring activities, additional procedures for Title VI monitoring of its contractors and recipients of surplus property. These procedures should include on-site visits to recipients of federal assistance to ensure not only that posters and brochures convey the requirements of and rights under Title VI, but also that internal controls exist within business practices to avoid and prohibit discrimination.

The department should then document in its annual Title VI Implementation Plan the criteria it uses to decide which contracts the department will monitor that year for Title VI compliance.

11. The Division of Motor Vehicle Management should require that agencies requesting additions to the motor vehicle fleet submit more detailed supporting documentation with their requests. Division staff should then analyze agency requests for the purchase of vehicles to determine, for example, if the requesting agency already has a vehicle that would suffice for the agency's stated purpose, if purchasing is more cost-effective than using a pool or personal vehicle, or if other similar employees with similar job responsibilities had been assigned vehicles. This analysis should be documented and kept on file to assist management in running an efficient and effective fleet.

Appendix 1
Title VI Information

All programs or activities receiving federal financial assistance are prohibited by Title VI of the Civil Rights Act of 1964 from discriminating against participants or clients on the basis of race, color, or national origin. Although the Department of General Services receives no direct federal funds, the department receives federal surplus property (which is then distributed to other eligible agencies) and a multi-year Byrne Grant and Homeland Security funds through TEMA for approximately $190,000 that were to expire June 30, 2007. According to Chapter VII of the *Title VI Legal Manual* (2001), Civil Rights Division, U.S. Department of Justice, receipt of these federal funds makes the entire department subject to the provisions of Title VI.

The Title VI Coordinator is the Affirmative Action Officer, who promotes and monitors the department's compliance with Title VI. The coordinator has the primary responsibility for receiving, acknowledging, and investigating complaints and for reporting findings. A staff person within the Property Utilization Division (Surplus) has also been assigned Title VI responsibilities as part of regular job duties to handle any Title VI issues that arise in that division. The department reports no Title VI complaints have been filed against it in the last two years.

Also, see page 12 for additional information regarding the department's monitoring of compliance with Title VI within the Department of General Services and by federal surplus property donees.

Appendix 2
Title VII Information

All programs or activities receiving federal assistance must comply with Title VII of the Civil Rights Act of 1964 that prohibits employment discrimination based on race, color, religion, sex, or national origin. Although the Department of General Services receives no direct federal funds, the department receives federal surplus property (which is then distributed to other eligible agencies) and a multi-year Byrne Grant and Homeland Security funds through TEMA for approximately $190,000 that were to expire June 30, 2007.

Department of General Services
Staff Ethnicity and Gender by Job Position
March 2008

	Gender		Ethnicity					
Title	Male	Female	Asian	Black	Hispanic	Indian	White	Other
Account Clerk	1	3	0	0	0	0	3	1
Accounting Manager	1	1	0	0	0	0	2	0
Accounting Technician 1	2	5	1	0	0	0	5	1
Accounting Technician 2	2	4	0	1	0	0	5	0
Accountant 2	0	2	0	0	0	0	2	0
Accountant 3	1	0	0	0	0	0	1	0
Assistant Commissioner 2	3	0	0	0	0	0	3	0
Administrative Assistant 1	2	20	0	1	0	0	20	1
Administrative Assistant 2	0	1	0	1	0	0	0	0
Administrative Services Assistant 2	2	8	0	3	1	0	6	0
Administrative Services Assistant 3	8	11	0	8	0	0	11	0
Administrative Services Assistant 4	2	5	0	3	0	0	4	0
Administrative Services Assistant 5	4	1	0	1	0	0	4	0
Administrative Secretary	1	6	0	1	0	0	6	0
Affirmative Action Officer 1	0	1	0	1	0	0	0	0
Attorney 3	0	1	0	0	0	0	1	0
Audit Director 1	0	1	0	1	0	0	0	0
Auditor 2	1	1	0	1	0	0	1	0
Auditor 3	1	0	0	0	0	0	1	0
Auditor 4	1	0	0	0	0	0	0	1
Automotive Master Mechanic Supervisor	1	0	0	0	0	0	1	0
Bindery Supervisor 1	0	1	0	0	0	0	1	0
Bindery Worker 2	2	3	0	2	0	0	3	0
Building Maintenance Worker 2	42	0	1	7	1	0	32	1
Building Maintenance Worker 3	15	0	0	5	0	0	10	0
Budget Analyst Coordinator	1	0	0	0	0	0	1	0
Central Stores Assistant Director	0	1	0	0	0	0	1	0
Central Stores Director	0	1	0	0	0	0	1	0
Chef Manager	0	1	0	0	0	0	1	0
Clerk 2	2	6	0	3	0	0	5	0
Clerk 3	4	6	0	2	0	0	8	0
Comprehensive Food Services Program Director	1	0	0	0	0	0	1	0
Commissioner 1	0	1	0	1	0	0	0	0

	Gender		Ethnicity					
Title	Male	Female	Asian	Black	Hispanic	Indian	White	Other
Custodial Worker 1	1	7	0	7	0	0	1	0
Custodial Worker 2	1	1	0	2	0	0	0	0
Custodial Worker Supervisor 1	1	0	0	1	0	0	0	0
Delta Room Operator	4	0	0	2	0	0	2	0
Delta Room Supervisor	1	0	0	0	0	0	1	0
Deputy Commissioner 1	1	0	0	0	0	0	1	0
Diversity Business Program Director	0	1	0	1	0	0	0	0
Elevator Inspector 2	1	0	0	0	0	0	1	0
Equipment Mechanic 1	1	0	0	0	0	0	1	0
Equipment Service Worker	3	0	0	1	0	0	2	0
Executive Administrative Assistant 1	2	2	0	1	0	0	3	0
Executive Administrative Assistant 2	0	2	0	0	0	0	2	0
Facilities Administration Director	1	0	0	0	0	0	1	0
Facility Administrator 1	7	0	0	2	0	0	5	0
Facility Administrator 2	10	0	0	2	0	0	8	0
Facility Administrator 3	4	1	0	0	0	0	5	0
Facilities Construction Specialist 2	1	0	0	0	0	0	1	0
Facilities Manager 2	1	0	0	0	0	0	1	0
Facilities Supervisor	16	0	0	3	0	0	13	0
Food Services Assistant	0	1	0	1	0	0	0	0
Food Services Consultant	0	1	0	0	0	0	1	0
Food Services Supervisor 2	0	1	0	1	0	0	0	0
Fiscal Director 1	1	0	0	0	0	0	1	0
Fiscal Director 3	1	0	0	0	0	0	1	0
Fleet Maintenance Assistant 1	5	1	0	2	0	0	4	0
Fleet Maintenance Assistant 2	5	0	0	0	0	0	5	0
Fleet Supervisor 1	1	1	0	0	0	0	2	0
Fleet Supervisor 2	2	0	0	0	0	0	2	0
General Counsel 2	1	0	0	0	0	0	1	0
Graphics Designer 1	1	0	0	0	0	0	1	0
Graphics Designer 2	1	0	0	0	0	0	1	0
Graphic Design Manager	0	1	0	0	0	0	1	0
Graphic Artist	1	0	0	0	0	0	1	0
Grounds Worker 2	6	1	0	0	0	0	7	0
Grounds Worker 3	2	1	0	0	0	0	3	0
Heating and Refrigeration Mechanic 1	8	0	0	1	0	0	6	1
Heating and Refrigeration Mechanic 2	7	0	1	1	0	0	5	0
Heating and Refrigeration Mechanic 3	3	0	0	1	0	0	2	0
Horticultural Manager	1	0	0	0	0	0	1	0
Horticulturist	1	0	0	0	0	0	1	0
Human Resources Analyst 2	0	2	0	1	0	0	1	0
Human Resources Director 3	0	1	0	0	0	0	1	0
Human Resources Manager 2	0	1	0	0	0	0	1	0
Human Resources Technician 2	0	1	0	0	0	0	1	0
Information Systems Consultant	0	1	0	0	0	0	1	0
Legal Assistant	0	1	0	0	0	0	1	0
Long Distance Hauler	1	0	0	0	0	0	1	0
Mail Clerk	25	9	0	28	0	0	6	0

	Gender		Ethnicity					
Title	Male	Female	Asian	Black	Hispanic	Indian	White	Other
Mail Services Director	1	0	0	0	0	0	1	0
Mail Services Manager	0	2	0	1	0	0	1	0
Mail Services Supervisor	1	1	0	2	0	0	0	0
Mail Technician 1	6	4	0	7	0	0	3	0
Mail Technician 2	4	2	0	6	0	0	0	0
Maintenance Electrician 1	7	0	1	1	1	0	4	0
Maintenance Electrician 2	5	0	1	0	0	0	4	0
Maintenance Plumber 2	1	0	0	0	0	0	1	0
Motor Vehicle Maintenance Assistant Director	1	0	0	1	0	0	0	0
Motor Vehicle Maintenance Director	1	0	0	0	0	0	1	0
Office Automation Specialist	0	1	0	0	0	0	1	0
Offset Press Operator 1	5	0	0	2	0	0	3	0
Offset Press Operator 2	5	0	0	0	0	0	5	0
Property Utilization Assistant Director	0	1	0	1	0	0	0	0
Printing Estimator	2	1	0	0	0	0	3	0
Printing Order Clerk	0	1	0	1	0	0	0	0
Printing PrePress Supervisor 2	1	0	0	0	0	0	1	0
Printing Services Assistant Director	1	0	0	0	0	0	1	0
Printing Services Director	0	1	0	0	0	0	1	0
Printing Services Supervisor 1	1	0	0	0	0	1	0	0
Printing Services Supervisor 2	1	0	0	0	0	0	1	0
Printing Scheduler	1	0	0	0	0	0	1	0
Procurement Officer 1	2	1	0	1	0	0	2	0
Procurement Officer 2	0	1	0	0	0	0	1	0
Property Representative 3	2	1	0	0	0	0	3	0
Property Utilization Director	1	0	0	0	0	0	1	0
Property Utilization Manager 1	1	0	0	0	0	0	1	0
Property Utilization Manager 2	3	1	0	0	0	0	4	0
Purchasing Assistant Director	1	1	0	0	0	0	2	0
Purchasing Administrator	0	4	0	1	0	0	3	0
Purchasing Agent 2	6	7	0	4	0	0	9	0
Purchasing Agent 3	11	2	1	3	0	0	9	0
Purchasing Agent Supervisor	2	3	0	0	0	0	5	0
Purchasing Consultant-Computer Technology	0	1	0	0	0	0	1	0
Purchasing Director	1	0	0	0	0	0	1	0
Records Analyst 3	1	2	0	1	0	0	2	0
Records Manager	0	2	0	2	0	0	0	0
Records Management Assistant Director	1	0	0	1	0	0	0	0
Records Management Director	0	1	0	0	0	0	1	0
Secretary	0	1	0	1	0	0	0	0
State Chief Photographer	1	0	0	0	0	0	1	0
State Photographer 1	0	1	0	0	0	0	1	0
Storekeeper 1	11	0	0	4	0	0	7	0
Storekeeper 2	6	2	0	3	0	0	5	0
Stores Clerk	2	1	0	2	0	0	1	0
Stores Manager	2	0	0	0	0	0	2	0
Training Officer 2	0	1	0	1	0	0	0	0

	Gender		Ethnicity					
Title	Male	Female	Asian	Black	Hispanic	Indian	White	Other
Vehicle Operator	5	1	0	2	0	0	4	0
Warehouse Worker	2	0	0	1	0	0	1	0
Website Developer 2	1	0	0	0	0	0	1	0
Word Processing Operator 1	1	2	0	2	0	0	1	0
TOTALS	**336**	**179**	**6**	**151**	**3**	**1**	**348**	**6**

Appendix 3
Diversity in Contracting

To comply with Executive Order 14 (December 8, 2003) and Title 12, Chapter 3, Part 8, *Tennessee Code Annotated*, all state agencies are to actively solicit bids from minority-owned, woman-owned and small businesses in order to purchase a fair proportion of purchases from such businesses.

Department of General Services
Active Contracts and Contractor Ethnicity
Fiscal Year 2008

Total Contracts

RFP (Request for Proposal)	15
ITB (Invitation to Bid)	2,834

RFP Contract by Ethnicity

Minority-Owned	1
Women-Owned	1
Not Noted	13

ITB Contracts by Ethnicity

Caucasian	1,516
African-American	135
Asian-American	32
Hispanic-American	35
Native-American	7
Other	184
Unknown	925