



OFFICE OF THE  
**City Auditor**

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# **Edmonton Public Library – Contracted Custodial Services Review**

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The Office of the City Auditor conducted  
this project in accordance with the  
*International Standards for the  
Professional Practice of Internal Auditing*

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## Executive Summary

A business process review of Edmonton Public Library (EPL) contracted services was requested by EPL Management and included in the 2010 Office of the City Auditor's (OCA) annual plan. After discussions with EPL Management and our initial risk assessment, this review was scoped to focus on custodial services utilized to maintain EPL buildings. The objective of this review was to assess the efficiency and effectiveness of the service delivery models used in meeting EPL custodial needs.

A survey of EPL Management on custodial service satisfaction showed that services provided during the day were perceived to be better in terms of service quality and service coverage than performance based services (after hours). The survey results also indicate that custodian responsiveness in meeting EPL staff needs in a timely manner was similar for both day and performance based services.

Our cost analysis illustrated that the custodial costs for services tendered through the City's Asset Management and Public Works Department (AMPW) (14 out of 16 libraries) are significantly lower than those tendered separately through EPL (Lois Hole and Whitemud Crossing locations). The separate tendering by EPL was conducted as a result of performance and communication issues with AMPW. Based on our survey of EPL Management, the resulting services were perceived to be better than AMPW tendered services.

We observed that the roles of the EPL Facilities Coordinator and AMPW Custodial Services Inspector overlapped which was an inefficient use of resources and contributed to communication issues. Also, we observed that the lack of ability for AMPW Custodial Services Inspectors to directly communicate with EPL Branch Management staff created a barrier to the effective and efficient delivery of contracted custodial services. With the retirement of the EPL Facilities Coordinator in September 2010, EPL initiated an organizational review of the Facilities and Operations Division. According to EPL, this has resulted in improved communications between EPL and AMPW.

In our opinion, an opportunity exists for EPL to work with AMPW in reducing annual custodial costs while achieving a high level of customer service. We have therefore recommended the following:

1. That EPL continues to work with AMPW to leverage the City's buying power when tendering all custodial services.
2. That EPL Executive Management work with AMPW to define the role of the AMPW Custodial Services Inspector in terms of contract responsibilities and protocols for managing custodial issues.

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# Edmonton Public Library – Contracted Custodial Services Review

## 1. Introduction

A business process review of Edmonton Public Library (EPL) contracted services was requested by EPL Management and included in the 2010 Office of the City Auditor's (OCA) annual plan. After discussions with EPL Management and our initial risk assessment, this review was scoped to focus on custodial services utilized to maintain EPL buildings.

Currently, two service delivery models are used to provide custodial services at EPL locations. The objective of this review was to assess the efficiency and effectiveness of these service delivery models in meeting EPL's custodial needs.

## 2. Background

There are 17 EPL branch locations, including eight branches housed within City facilities, seven branches at leased locations within shopping malls, a kiosk operation within the Cameron Library at the University of Alberta, and one EPL-owned location. EPL facilities currently hold over 2,021,000 items including books, CD's, DVD's and in 2009, customers borrowed and renewed over 12 million items. Additionally, EPL branches received over 5.6 million in-person visits in 2009.

Other than the kiosk operation at the University of Alberta, EPL is responsible for the cleanliness of its 16 other locations. Currently, two delivery methods of custodial services are used to clean the facilities:

### **Day-Based Services**

Day-based services are primarily performed during operating hours when the location is open to the general public. Day-based contracts stipulate the specific time frame to perform custodial services. Heavy and more intense cleaning tasks, which tend to be noisy and disruptive to customers, are generally completed outside regular business hours. Given that most custodial duties are performed during daylight hours, there can be some energy savings resulting from reduced electrical power for lighting.

### **Performance-Based Services (After Hours)**

Performance-based services are generally performed after operating hours when the location is closed to the public and therefore minimize disruption to library services. Performance-based contracts stipulate defined cleaning standards notwithstanding of the time it may take to perform them.

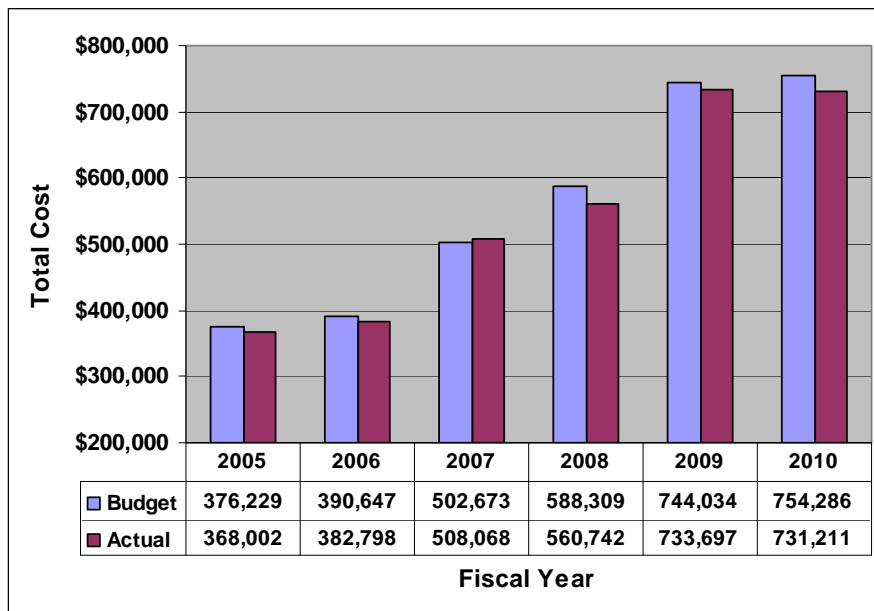
Figure 1 illustrates the EPL locations that receive day-based services and performance-based services. EPL Management has directly contracted out day-based services for the Lois Hole and Whitemud Crossing locations to address performance and communication issues with the Asset Management and Public Works Department (AMPW). The remaining 14 locations have been contracted through AMPW who subcontracted these services to five vendors. Thirteen of these locations receive performance-based custodial services based on a two-year agreement which expires in February 2011. The Stanley A. Milner location, which is also contracted through AMPW, receives day-based custodial services.

**Figure 1: Day-based & Performance-based EPL Locations**

Delivery Method	Contracted By	EPL Locations
Day-based	AMPW	Stanley A. Milner Library
	EPL	Lois Hole, Whitemud Crossing
Performance-based	AMPW	All Other Locations: Abbottsfield, Calder, Capilano, Castledowns, Highlands, Idylwyld, Jasper Place, Londonderry, Millwoods, Riverbend, Sprucewood, Strathcona, Woodcroft

As shown in Figure 2, from 2005 to 2009, EPL custodial costs increased from \$368,002 to \$733,697 representing a 99% increase in five years. These cost increases can be attributed to market pricing, to new and expanded space at the Strathcona and Idylwyld locations, and to the development of the new Lois Hole Library. Additionally, the move to day-based custodial services at the Lois Hole and Whitemud Crossing locations also played a factor in these cost increases.

**Figure 2: EPL Total Custodial Costs**



2010 actual costs projection provided by EPL, June 2010



### 3. Objective, Scope, & Methodology

#### 3.1. Objective and Scope

The objective of this review was to assess the efficiency and effectiveness of current service delivery models in meeting EPL's custodial needs. The scope of this review was limited to assessing the contracted custodial services at EPL.

#### 3.2. Methodology

During this review, we gathered information from EPL and AMPW staff on existing processes, performance, controls, and related issues. The key review steps included: analysis of historical costs, review of contract documentation used by EPL and AMPW to obtain custodial services, survey of EPL Management's perceptions on custodial services, and interviews with EPL Executive Management, EPL Branch Management staff and AMPW Management.

### 4. Observations and Analysis

#### 4.1. Survey of EPL Management on Custodial Services

The OCA conducted a survey in August/September of 2010 to obtain EPL Executive Management and Branch Management staff's view of custodial services at their locations. We surveyed EPL Branch Management staff at 16 locations and EPL Executive Management, receiving an overall survey response rate of 83 percent. The kiosk operation at the University of Alberta was not included in the survey since custodial duties at this location are the University of Alberta's responsibility. The survey results are summarized in Figure 3.

**Figure 3: EPL Satisfaction Survey of Custodial Services  
Day-based vs. Performance-based Custodial Services**

Category	Day-based (EPL tendered) WMC & LHL	Day-based (AMPW tendered) S.A. Milner	Performance-based (AMPW tendered) 14 Other Locations
Service Quality	Good to Excellent	Good	Fair
Service Coverage	Good to Excellent	Good	Fair to Good
Custodian's Responsiveness	Good	Good	Good

#### Service Quality

Service Quality was defined as how well EPL Management believed that the actual custodial services met their expectations. The survey results clearly indicate that EPL

Management perceive day-based services as providing better service quality. EPL tendered day-based services were rated “Good-Excellent” and AMPW day-based tendered services were rated as “Good”. In contrast, performance-based services tendered through AMPW received for a “Fair” rating for service quality.

### **Service Coverage**

Service Coverage was defined as whether EPL Management believed that custodians are spending the appropriate time to meet facility cleaning needs. The survey results again indicate that EPL Management perceive day-based services as providing better service coverage. EPL tendered day-based services were rated “Good-Excellent” and AMPW day-based tendered services were rated as “Good”. In contrast, performance-based services tendered through AMPW received only a “Fair to Good” rating for service coverage.

### **Custodian’s Responsiveness**

Custodian’s Responsiveness was defined as how well EPL Management believed the timeliness of the custodian’s response was in meeting EPL staff needs. The survey results show that EPL Management perceive little variance in the custodian’s responsiveness for both day-based and performance-based services which were rated as “Good”.

## **4.2. Custodial Services Cost Analysis**

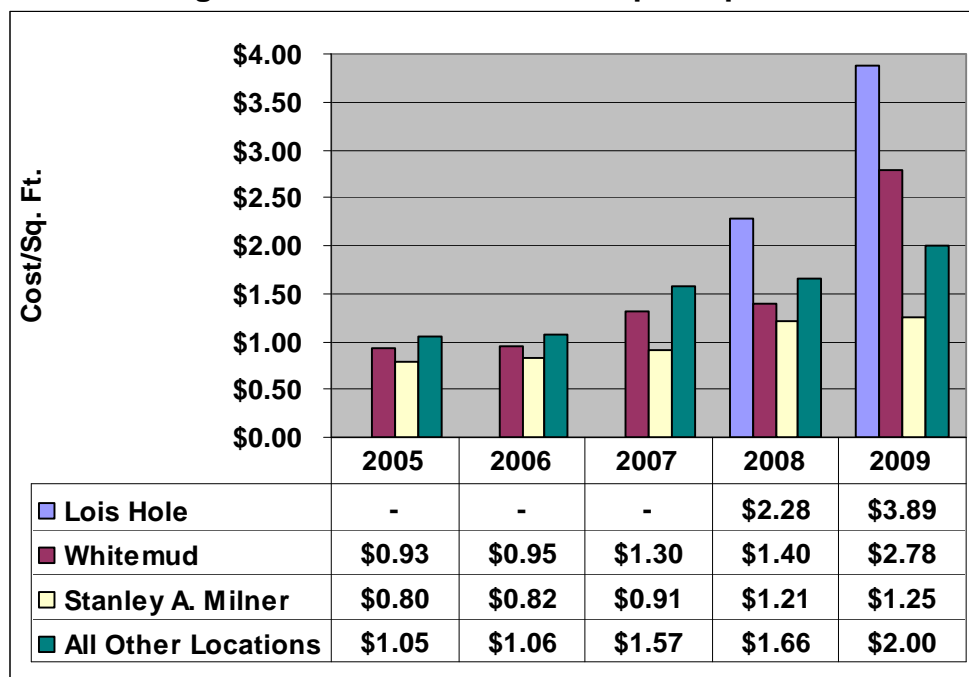
### **Factors that Influence Costs**

In general, day-based service costs are usually higher than performance-based costs on a cost per square foot basis primarily due to the extended hours of service provided. Other factors that influence custodial service costs include:

- Size of the facility (generally the larger the facility, the lower the cost per sq. ft.)
- Geographical location (the more remote a site is from the contractor’s main business, the higher the cost, due to extra travel time)
- Area types that must be cleaned (carpets versus hard floors)
- Work area configuration (open work areas versus congested work areas)

Figure 4 provides an overview of the actual custodial costs per sq. ft. that have been incurred by EPL over a five-year period. The figures shown factor in costs for base custodial services as well as special cleaning tasks that were requested.

Figure 4: EPL Custodial Costs per Square Foot



**Lois Hole and Whitemud Crossing**

In September 2008, Lois Hole Branch opened for service to the public and EPL Management tendered day-based custodial service at this location. In February 2009, EPL Management also tendered day-based services for Whitemud Crossing to address performance and communications issues with AMPW. Prior to then, Whitemud Crossing received performance-based services which were tendered through AMPW.

As can be observed in Figure 4, the costs per sq. ft. at Whitemud Crossing have doubled from \$1.40 in 2008 to \$2.78 in 2009 with the move to day-based cleaning. The 2009 costs per square foot for day-based custodial services at Whitemud Crossing (\$2.78) and Lois Hole (\$3.89) are two and three times higher than that of day-based services at Stanley A. Milner (\$1.25).

**Stanley A. Milner**

The Stanley A. Milner location has received day-based custodial services since the 1990’s. During this time, custodial service contracts for this location have been tendered by either EPL or AMPW. The current custodial contract was tendered by AMPW and will expire on July 31, 2011.

Stanley. A. Milner is significantly larger in floor size than all other EPL locations which is the primary reason for lower custodial costs on a per square foot basis. As shown in Figure 4, costs per sq. ft. at Stanley A. Milner increased from \$0.82 in 2006 to \$1.21 in 2008 (48%). Also as shown, costs per sq. ft. for custodial services contracted by AMPW at “All Other Locations” during the same time period increased from \$1.06 in 2006 to \$1.66 in 2008 (57%).

### **All Other Locations**

As shown in Figure 4, the 2005 to 2008 costs per sq. ft. for performance-based services tendered through AMPW were similar for Whitemud Crossing and All Other Locations. The 2009 cost per sq. ft. at “All Other Locations” was \$2.00 which is still significantly lower than that of Whitemud Crossing at \$2.78 and Lois Hole at \$3.89 which was tendered through EPL.

Overall, the cost analysis indicates that a high cost variance exists between locations and types of services. While factors such as those listed earlier play a role in the amount of the ultimate contracted service cost, AMPW Management also indicated that, given the higher volume of work they tender, they believe they can leverage the market to achieve more competitive pricing than EPL. The 2009 custodial costs for services tendered through AMPW compared to the costs tendered through EPL supports this assertion.

Our analysis shows that a premium price is being paid for EPL tendered day-based services at the Lois Hole and Whitemud Crossing locations to address the performance and communication issues. Based on our survey of EPL Management, the resulting services were perceived to be better than AMPW tendered services. However, we believe that an opportunity exists for EPL to work with AMPW in reducing annual custodial costs while achieving high levels of customer service.

## **4.3. Control Environment for Custodial Services**

### **Contract Inspector Role**

The role of the AMPW Custodial Services Inspector is to monitor performance of established AMPW contracts and work with staff and custodians to ensure custodial work is carried out as specified in the contract agreement. Within EPL locations, the position of the EPL Facilities Coordinator was created to oversee all custodial services including those contracts administered through AMPW. This position was deemed necessary at the time since EPL Management were not satisfied with the level of monitoring and follow-up by AMPW Inspectors.

The EPL Facilities Coordinator inspected all EPL sites to ensure services received were acceptable and discussed issues with EPL Branch Management. This information was relayed to AMPW Custodial Services Inspectors, who in turn communicated these issues to the contracted custodian. On occasion, the EPL Facilities Coordinator contacted the AMPW contracted custodian directly to address issues.

By not being able to communicate directly with EPL Branch Management staff, a barrier was created which prevented AMPW from executing their responsibility. We believe this was an inefficient use of resources for the EPL Facilities Coordinator to inspect all EPL sites when it was the contract role of AMPW Custodial Services Inspectors. With the retirement of the EPL Facilities Coordinator in September 2010, EPL initiated an organizational review of the Facilities and Operations Division which should lead to a different communications model between EPL and AMPW.

### **Contract Responsibilities**

We reviewed contract responsibilities at Lois Hole, Whitemud Crossing, Stanley A. Milner, and three other performance-based service locations. We observed that contracts for both day-based and performance-based services included similar detailed task specifications and frequency.

EPL Branch Management staff at several library locations indicated that custodial duties are often being done infrequently and with little care and attention. However, EPL Branch Management staff also acknowledged that they did not know what custodial duties were specified in contractual agreements. Custodial contracts also identify specific clauses for the handling of hazardous materials and equipment. EPL Branch Management staff expressed a concern that at one location hazardous materials and equipment were not handled appropriately (left in public areas).

### **Protocols for Managing Custodial Issues**

Within EPL locations, a daily agenda booklet is used to communicate issues and requests between the EPL staff, custodians, and Custodial Services Inspectors. This booklet is to be used by all custodians daily to document actual times worked at a location in order to promote better security and accountability. We visited three EPL locations and observed that the daily agenda booklets were not completed as intended. At two of the three sites visited we observed that the custodian did not properly log regular entries for hours of work. EPL Branch Management staff has also commented that cleaning issues logged in agenda booklets have taken repeated requests before custodial staff eventually took action.

Communication channels need to be strong to keep all parties informed as to service changes, issues, requests, and general queries. We believe the current state of communication between EPL and AMPW does not encourage healthy cooperation, promote accountability and also is not an effective and efficient use of resources. Our observations indicate improvement is needed to better communicate these roles and responsibilities for EPL, AMPW, and the custodial service providers.

## **5. Conclusions and Recommendations**

The EPL survey results show that EPL Management perceive day-based services as providing better service quality and service coverage than performance-based services. The survey results also indicate that custodian responsiveness is similar for both day-based and performance-based services. There is a need for better communication of contract responsibilities as some EPL Branch Management staff are not confident custodians are completing their tasks as specified. Also, EPL Branch Management expressed concerns that cleaning issues have taken repeated requests in order for custodial staff to take action.

Our cost analysis illustrated that the custodial costs for services tendered through AMPW are significantly lower than those tendered through EPL. Based on this analysis we conclude that a premium price is being paid for EPL tendered day-based services at the Lois Hole and Whitemud Crossing locations. Before EPL further

expands day-based services, we believe they should first work with AMPW on the tendering of all custodial services in order to reduce annual custodial costs.

We observed that the roles of the EPL Facilities Coordinator and AMPW Custodial Services Inspector overlapped which was an inefficient use of resources. We also observed that a barrier had been created to the effective and efficient delivery of contracted custodial services given that AMPW Custodial Services Inspectors were instructed not to directly communicate with EPL branch staff.

In our opinion, an opportunity exists for EPL to work with AMPW in reducing annual custodial costs while achieving a high level of customer service. We have therefore recommended the following:

<b>Recommendation 1</b>	<b>Management Response and Action Plan</b>
<p>The OCA recommends that EPL continues to work with AMPW to leverage the City’s buying power when tendering all custodial services.</p>	<p><b>Accepted</b></p> <p><b>Action Plan:</b> Overall, EPL is generally diligent in securing best value for Custodial Services. Implementing the suggested recommendation will help further improve efficiency and effectiveness. The Edmonton Public Library will continue to work collectively with the City of Edmonton Asset Management and Public Works Custodial Services when tendering custodial services for the upcoming term commencing February 16, 2011. The Edmonton Public Library will also follow this same procedure upon completion of existing contracts at facilities currently administered by the Edmonton Public Library.</p> <p><b>Planned Implementation Date:</b> February 2011</p> <p><b>Responsible Party:</b> EPL Director of Facilities and Operations and EPL Chief Financial Officer</p>

<b>Recommendation 2</b>	<b>Management Response and Action Plan</b>
<p>The OCA recommends that EPL Executive Management work with AMPW to define the role of the AMPW Custodial Services Inspector in terms of contract responsibilities and protocols for managing custodial issues.</p>	<p><b>Accepted</b></p> <p><b>Action Plan:</b> With the retirement of the EPL Facilities Coordinator in September 2010, the Facilities and Operations Division is currently undergoing some organizational changes which will benefit from clarifying these roles and moving forward with established responsibilities and communication processes. These planned changes will result in a more efficient operation for all parties and encourage cooperation and accountability.</p> <p><b>Planned Implementation Date:</b> January 2011</p> <p><b>Responsible Party:</b> EPL Director of Facilities and Operations</p>