



GARLAND

INTERNAL AUDIT

City Property Damage Claims Processing and Collection

March 30, 2016

Report 201602

City Auditor:

Jed Johnson, CIA, CGAP

Major Contributor:

Marla Hamilton
Staff Auditor

Jonna Murphy
Staff Auditor

Contents

Overall Conclusion.....	1
Authorization.....	1
Objective(s)	1
Scope and Methodology	1
Background	3
Management Accomplishments*	6
Opportunities for Improvement.....	7
Exhibit A – Sampling Methodology	19
Exhibit B – Flowchart Process.....	20

Overall Conclusion

IA's review of the adequacy of controls over the City's property damage claims, invoicing and collection processes revealed that the process itself is decentralized. As such, there is a need for appropriate standardized procedures to allow for the accountability and responsibility of the preparation, invoicing and collections of property damages incurred by third-parties. IA reconciled police reports provided to departments with department tracking mechanisms and found that not all damages are appropriately invoiced. Timeliness of departments' processing property damage claims could be improved in one area. IA could not identify consistent criteria used by the various departments to calculate the invoice amounts. Additionally, the collections process for invoices could be improved.

IA's review of cash handling processes within departments revealed areas of concern in the Transportation Department, such as inappropriately creating and invoicing customers for signs. IA also noted a segregation of duties issue within the Finance Department regarding the processing and collection of invoices.

Management was also provided with additional Opportunities for Improvement regarding succession planning. These were not considered significant to the objectives of the audit, but warrant the attention of Management. Consequently, they do not appear in this report.

Other opportunities for improvement can be located on page 7 of this report.

Authorization

We have conducted an audit of the City's Property Damage Claims Processing and Collection. This audit was conducted under the authority of Article VII, Section 5 of the Garland City Charter and in accordance with the Annual Audit Plan approved by the Garland City Council.

Objective(s)

Assess the adequacy of internal controls over the City's property damage claims, invoicing and collection processes.

Scope and Methodology

IA conducted this performance audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient and appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

IA's scope was for the previous three fiscal years (FY2013 thru FY2015). IA focused on three specific departments during the scope of the audit because the majority of the City's property damage claims were initiated by these departments.

IA's initial scope included City vehicle damage claims as well. The purpose was to determine if vehicle damages caused by third-parties were appropriately invoiced. However, due to the extensive nature of the testing involved in other areas, the lack of policies and procedures and monitoring noted during the audit, IA determined that it would be best to conduct this test in a future audit.

To adequately address the audit objectives and to describe the scope of our work on internal controls, IA performed the following:

- Inquired with multiple departments to determine if policies and procedures, and processes exist for invoicing damages caused by third-parties.
- Reviewed Risk Directive 1 – Safety Administration, Finance Directive 1 – Cash Handling Procedures and the Finance Department's Accounts Receivable Write-Off Policy for criteria.
- Compared department tracking sheets and/or reports with invoice data obtained from the City's financial system and with Police Reports issued by the Police Department to determine if tracking lists were accurate and complete.
- Reconciled over 140 police reports to the City's financial system and to multiple departments' work order systems to determine if damages reported by the police were appropriately invoiced by the Finance department.
- Contacted third-party individuals and their insurance companies to verify if payments were submitted to the City.
- Reviewed the date of the accident report, the date damages were evaluated, the date the claim was processed for invoicing, the date documentation was received in the department and the date invoiced by Finance to ensure timeliness of processing.
- Compared the estimated damages by Police with actual costs of the repairs.
- Obtained labor rates through the City's payroll system, material costs from the City's Warehouse inventory system, equipment rates from the City's asset register and fleet system to compare the information to then work-orders obtained from multiple systems and to recalculate invoices billed.
- Determined the process to negotiate lower amounts invoiced and reviewed discounted invoices to determine if discounts were appropriately authorized.
- Traced claims payments to receipts numbers and batch numbers generated in the Finance system and reviewed bank statements to ensure payment was properly deposited.
- Determine the number and value of outstanding invoices and if a process exists for collection of overdue claims.
- Contacted insurance companies to follow-up on and determine the disposition of specific claims that were written off by the City.

To assess the reliability of computer generated data produced by the multiple department work order systems, IA interviewed individuals responsible for the entry and updating of

work orders in the system, reviewed screen prints associated with police reports listed in the system and obtained documentation and screen prints from the work order systems to perform further testing. As a result, IA determined that the data was sufficiently reliable for the purposes of this report.

Based on the audit work performed, any deficiencies in internal control that are significant within the context of the audit objectives are stated in the Opportunities for Improvement section beginning on page 7.

Background

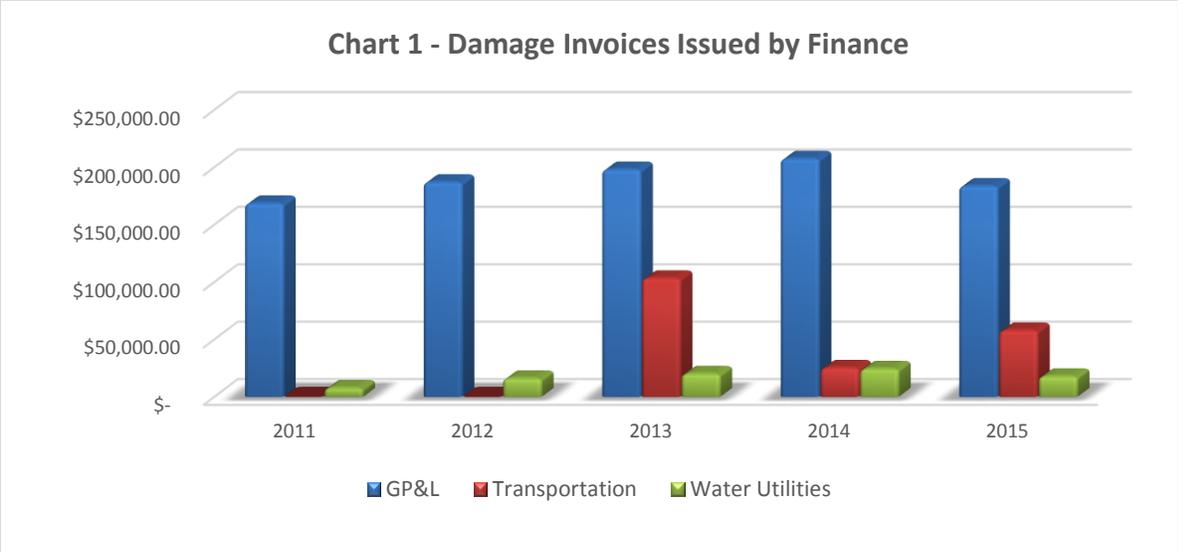
The City Risk Management department is responsible for reviewing City programs, projects and activities to identify potential exposures to loss; and to develop methods to transfer, finance, prevent, reduce, or control losses ⁽¹⁾.

Programs include design of property and liability insurance and self-insurance programs; acquisition of insurance coverage; development of contract insurance provisions and review of contractor insurance and bonds; design and management of safety and loss prevention programs including policies, procedures, training, compliance and awareness; investigation, negotiation, and adjudication of liability claims; management of workers compensation programs; coordination and management of insured/self-insured property and casualty claims; and consultation and review of City programs, projects, and contractual relationships ⁽¹⁾.

As part of Loss Prevention, damages to City property incurred by third-parties are assessed and billed to individuals once departments are notified by the Police Department. Not all property damages are reported in a police report. Some damages are discovered by the department responsible for the property. It should also be noted that determining the identity of the person or persons responsible for damage to City property is often problematic and sometimes impossible even when such damage was caused by a motor vehicle.

Departments affected gather the necessary information to estimate the damages caused. These estimates included labor rates of individuals who worked to repair the damages, materials used to complete the repair and hourly rates for equipment used during the repair. Once the costs of the repair are completed and prepared, an invoice request is submitted to the Finance Department that includes the appropriate contact information for either the responsible party or the party's insurance. The process for damages incurred is depicted in the process flowchart (Exhibit B) on page 20.

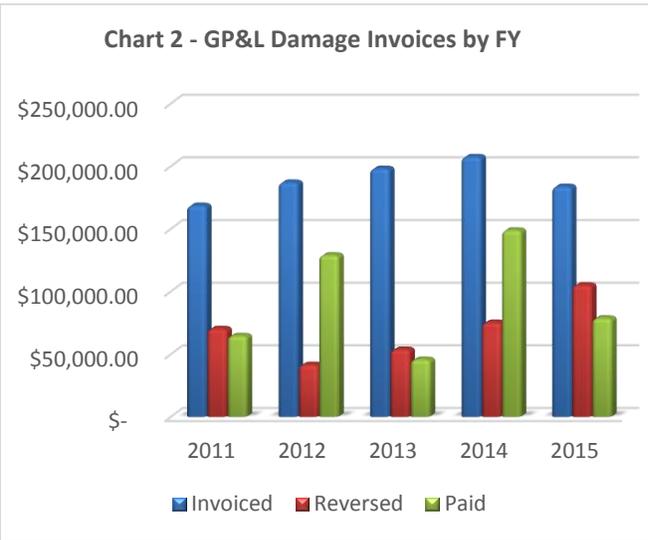
Property damages invoiced during the previous five fiscal years are depicted in Chart 1. Charts 2 – 4 show third-party damages invoiced by the three departments reviewed during this audit.



Source: Finance System

Third-Party Damages Invoiced			
FY	GP&L	Transportation	Water
2011	\$ 168,635.52	\$ --	\$ 7,847.77
2012	\$ 187,101.26	\$ --	\$ 16,191.46
2013	\$ 198,121.77	\$ 103,353.48	\$ 20,171.35
2014	\$ 207,505.27	\$ 25,381.90	\$ 24,496.67
2015	\$ 183,749.21	\$ 57,939.53	\$ 17,978.33
Total	\$ 945,113.03	\$ 186,674.91	\$ 86,685.58

Third-party damages invoiced, reversed and paid for the previous five fiscal years are listed in Charts 2 – 4. **Please note that not all invoices are collected or reversed within the same year.**



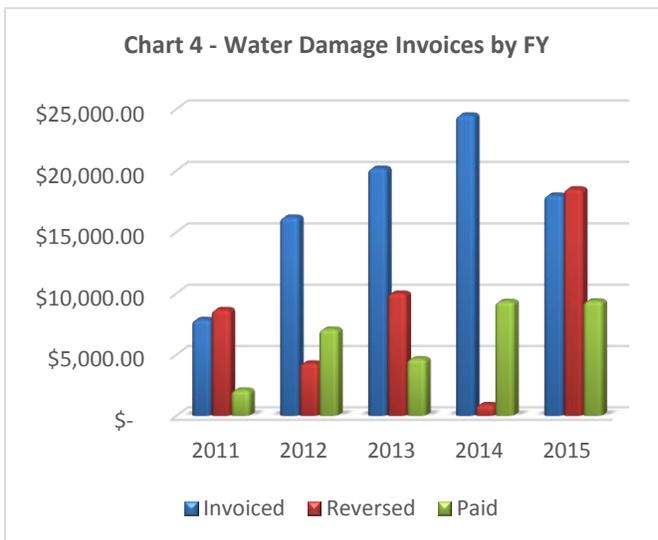
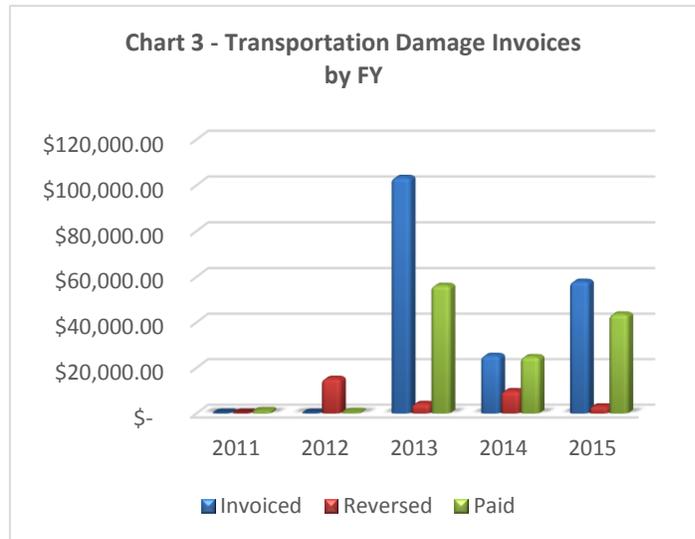
GP&L Damage Invoices by FY			
FY	Invoiced	Reversed	Paid
2011	\$ 168,635.52	\$ 70,358.62	\$ 64,707.94
2012	\$ 187,101.26	\$ 41,665.18	\$ 129,078.28
2013	\$ 198,121.77	\$ 53,758.96	\$ 45,752.42
2014	\$ 207,505.27	\$ 75,270.48	\$ 148,942.47
2015	\$ 183,749.21	\$ 105,128.38	\$ 78,751.70
Total	\$ 945,113.03	\$ 346,181.62	\$ 467,232.81

Source: Finance System

Transportation Damage Invoices by FY			
FY	Invoiced	Reversed	Paid
2011*	\$ --	\$ --	\$ --
2012*	\$ --	\$ 15,304.56	\$ 547.93
2013	\$ 103,353.48	\$ 4,241.00	\$ 56,173.31
2014	\$ 25,381.90	\$ 9,875.22	\$ 24810.24
2015	\$ 57,939.53	\$ 3,110.34	\$ 30,874.64
Total	\$ 186,674.91	\$ 32,531.12	\$ 112,406.12

Source: Finance System

*Transportation invoices were classified differently in 2011 and 2012 which caused difficulties tracing to invoices.



Water Damage Invoices by FY			
FY	Invoiced	Reversed	Paid
2011	\$ 7,847.77	\$ 8,660.60	\$ 2,083.11
2012	\$ 16,191.46	\$ 4,293.73	\$ 7,062.62
2013	\$ 20,171.35	\$ 9,996.99	\$ 4,643.23
2014	\$ 24,496.50	\$ 9,000.66	\$ 9,327.27
2015	\$ 17,978.33	\$ 18,492.23	\$ 9,360.33
Total	\$ 86,685.41	\$ 50,444.21	\$ 32,476.56

Source: Finance System

Source:

(1) <http://www.garlandtx.gov/gov/rz/risk.asp>

Management Accomplishments*

GP&L

In August 2015 upon review of its recovery of expenditures, GP&L management decided to take a more aggressive approach in recovering outstanding claims. GP&L met with the City's Legal department to find a solution that would accelerate our loss recoveries. GP&L reviewed the files for all claims outstanding greater than 6 months and wrote demand letters through the City Attorney's office to all responsible parties. GP&L also reviewed the files for other possible collection alternatives. After further review via calling insurance companies, we were made aware that claims were never filed by the liable party. We retroactively filed claims with the insurance companies associated with liable parties involved. We have collected over \$56,000 from insurance payments under this approach. In addition, starting in August 2015 we changed our invoicing procedure. We file all claims directly through the liable party's insurance; this should increase our recovery. As required, we will also continue sending letters through Legal and pursue other recovery techniques.

*Please note that "Management Accomplishments" are written by the audited entity and that Internal Audit did not audit or verify its accuracy.

Opportunities for Improvement

During our audit we identified certain areas for improvement. Our audit was not designed or intended to be a detailed study of every relevant system, procedure, and transaction. Accordingly, the Opportunities for Improvement section presented in this report may not be all-inclusive of areas where improvement might be needed.

FINDING #1 – INVOICE PREPARATION	
CONDITION (THE WAY IT IS)	<p>A. IA's reconciliation between police reports provided to departments and tracking spreadsheets obtained from departments and Finance revealed that damages caused by third-parties were not invoiced on 16 occasions (15 out of 118 for GP&L and 1 out of 9 for Water, see Exhibit A – Sampling Methodology).</p> <p>B. IA's review of the timeliness of invoice processing revealed there is an average 76-day delay between the time the GP&L Risk Coordinator receives the initial documentation to prepare the invoice request and when the request is submitted to Finance (See Exhibit A – Sampling Methodology).</p>
CRITERIA (THE WAY IT SHOULD BE)	<p>A. All eligible property damage claims are processed in order to recoup the City's cost of repairs.</p> <p>B. Invoice request should be submitted to Finance in a timely manner.</p>
CAUSE (DIFFERENCE BETWEEN CONDITION & CRITERIA)	<p>A. Policies and procedures did not address the following:</p> <ol style="list-style-type: none"> 1. Facility Damage Reports were mismarked, not provided to the department or not completed to allow for appropriate invoicing to responsible third-parties. 2. Multiple service request numbers were associated with a project which lead to confusion. 3. Police report numbers were not consistently referenced on the main work order screen allowing the GP&L Risk Coordinator to find the appropriate work order quickly and easily. <p>B. The GP&L Risk Coordinator prioritizes invoice requests by date and processes the oldest invoice request first. This has created a backlog of an average of 76 days. The</p>

	<p>oldest are processed first even when documentation is received for more recent damages. Furthermore, invoices are processed to Finance once a month.</p>
<p>EFFECT (SO WHAT?)</p>	<p>A. IA estimated the lost cost recovery of at least \$29,961.36.</p> <p>B. The invoice process is inadvertently extended resulting in delayed and/or decreased collections.</p>
<p>RECOMMENDATION</p>	<p>GP&L management should ensure:</p> <p>A. The identified invoices are billed and departmental policies and procedures include and are communicated between its divisions to ensure that:</p> <ol style="list-style-type: none"> 1. Facility Damage Reports are appropriately marked, completed, and provided to assist in developing and submitting invoice requests to the Finance Department. 2. Service request numbers are communicated to the GP&L Risk Coordinator if multiple numbers are assigned. 3. Police report numbers are referenced on the main screen to the work order system to allow the GP&L Risk Coordinator to easily locate the correct work order(s) and associated documentation. <p>B. The current process developed by the GP&L Risk Coordinator is reviewed to improve efficiencies.</p>
<p>MANAGEMENT RESPONSE</p>	<p>Concur</p>
<p>ACTION PLAN</p>	<p>A. GP&L Risk Coordinator will work with GP&L Work Force Management on documenting Police report numbers in the work order system and communicating to the GP&L Risk Coordinator if multiple service request numbers are assigned.</p> <p>B. GP&L Risk Coordinator will begin submitting requests for invoices to Finance every two weeks.</p>

IMPLEMENTATION DATE	04/01/2016
--------------------------------	------------

FINDING #2 – INVOICE CALCULATIONS AND FEES	
CONDITION (THE WAY IT IS)	<p>A. IA's recalculation of 27 invoices from three departments revealed that 18 did not appear to be calculated correctly (See Exhibit A – Sampling Methodology).</p> <p>B. IA's review of these invoices indicated that the City is not assessing its overhead costs to property damage claim invoices such as preparing and mailing the invoices, collecting payments, administering payment plans, etc. Several departments play an active role in the reporting, billing and collection process.</p>
CRITERIA (THE WAY IT SHOULD BE)	<p>A. Invoice requests submitted to Finance should include all appropriate charges for labor, materials and equipment used to repair damages to City property.</p> <p>B. Overhead costs relate to the organization as a whole and should be included as part of invoice charges.</p>
CAUSE (DIFFERENCE BETWEEN CONDITION & CRITERIA)	<p>A. 1. Calculations of labor rates for FY2014 and FY2015 did not always include additional benefit percentages for employees who worked on the repairs. Labor rate calculations for GP&L during FY2016 consistently included benefit percentages, however other departments did not include these additional percentages.</p> <p>2. Material costs were not always included in the documentation to allow for appropriate calculations. Some costs used by the departments were outdated.</p> <p>3. Costs listed in work order systems were not always accurate and the system did not always accurately calculate materials used in the repair.</p> <p>4. Equipment charges were not always correct in accordance with the City's asset register or included in the costs associated with the repair.</p> <p>5. The current review process may not be effective.</p> <p>B. Adding overhead costs to invoices relating to the City as a whole was not considered.</p>

<p>EFFECT (SO WHAT?)</p>	<p>A. In 12 cases, third-party individuals were undercharged at least \$4,720.06 and in 6 cases third-party individuals were overcharged by approximately \$2,617.77.</p> <p>B. Costs are incurred relating to preparing, mailing the invoices, collecting payments, administering payment plans, etc. is currently not recouped.</p>
<p>RECOMMENDATION</p>	<p>City Management should ensure appropriate calculations of property damages by:</p> <p>A. 1. Developing criteria to include and consistently calculate labor rates to reimburse the City for employee time used for all departments. 2. Including appropriate documentation showing materials taken from the Warehouse and/or other locations is included. 3. Ensuring equipment charges match with the Finance asset register. 4. Updating costs listed in City Work Order systems. 5. Including appropriate review to ensure the accuracy of invoice calculations.</p> <p>City Management should also consider:</p> <p>B. Assessing overhead costs to recoup the City's expense relating to the reporting, processing and collection of the City's property damage claim invoices.</p>
<p>MANAGEMENT RESPONSE</p>	<p>Concur</p>
<p>ACTION PLAN</p>	<p>A. Financial services will incorporate into the invoicing process procedures that recognize the actual charges for materials, labor and equipment.</p> <p>B. Financial services will review the process to include overhead costs in the invoice calculation.</p>
<p>IMPLEMENTATION DATE</p>	<p>September 30, 2016</p>

FINDING #3 – INVOICE COLLECTIONS

**CONDITION
(THE WAY IT IS)**

A. IA's review of City's property damage claim invoices processed in the Finance System for FY 2013 through FY 2015 revealed the following:

Invoice Type	Amount	Percentage
Written off/Reversed	\$ 288,874.26	34%
Outstanding	\$ 158,378.53	19%
Collected	\$ 408,635.61	49%

Centralized monitoring is not in place to assist with the collection of the City's property damage claim invoices. As a result, the collection process is not effective.

B. There are no clear authority levels in approving payment plans or negotiating discounts with third-party invoice recipients. IA's additional review of the collection process noted the following:

1. IA found 11 invoices which were discounted by more than 10%. IA's review of these 11 revealed that only 4 invoices included documentation showing a negotiated reduction in the original invoice amount; 2 of the 4 included approval from management.
2. The Accounts Receivable clerk negotiates payment plans with individuals wishing to pay the balance of their invoice monthly.
3. IA reviewed documentation from 36 invoices written-off by Finance for FY 2015. Of the 36 reviewed, IA noted the following:

Notification Type	No. of Invoices	Avg. No. of Days for Notification
1 st Letter Notification	27	136
2 nd Letter Notification	12	287
3 rd Letter Notification	4	370
No notification	9	--

**CRITERIA
(THE WAY IT SHOULD
BE)**

A. An effective collections process is in place to recoup the City's cost for damages incurred by third-parties. According to Risk Management Directive 1 – Safety

	<p>Administration states, "The Risk Management Department for the City of Garland shall be responsible for the design, administration, and monitoring of the City's Safety and Loss Prevention program."</p> <p>B. 1. & 2. Authority levels should be in place to authorize discounts and payment plans with individuals and insurance companies.</p> <p>3. According to the Finance Department's Accounts Receivable Write-off Policy, "Outstanding accounts receivable are reviewed on a monthly basis and collections are pursued. All miscellaneous accounts receivable are reviewed at year-end and a listing is prepared for uncollectible accounts."</p>
<p>CAUSE (DIFFERENCE BETWEEN CONDITION & CRITERIA)</p>	<p>A. Lack of centralized monitoring as well as authority and responsibility was not clearly defined.</p> <p>B. 1. There is no criteria to delegate authority and responsibility to allow for negotiations and documentation of discounted invoices.</p> <p>2. There is no criteria allowing payment plans negotiated by the Accounts Receivable clerk.</p> <p>3. Invoices are reversed in the Finance System at year-end if they are over 365 days old. In addition, IA noted there is no clear direction for departments to follow regarding collections of outstanding invoices.</p>
<p>EFFECT (SO WHAT?)</p>	<p>A. Less potential to recoup costs from the City's property damages incurred the longer the invoice remains outstanding.</p> <p>B. 1. Invoices could be negotiated for a lower amount without appropriate management approval resulting in lost revenue.</p> <p>2. There could be a conflict of interest taking place by allowing the Accounts Receivable clerk to negotiate monthly payment plans.</p> <p>3. Collectible invoices could be improperly written off.</p>

RECOMMENDATION	<p>City Management should:</p> <p>A. 1. Utilize Risk Management’s new claims management system to centralize and monitor the City’s property damage claims. 2. Develop a directive which establishes roles of departments to enhance collection efforts.</p> <p>B. 1. & 2. Develop authority levels to allow for negotiations of discounted invoices and payment plans. 3. Escalate outstanding invoice amounts for collection prior to reversals in the system.</p>
MANAGEMENT RESPONSE	Concur
ACTION PLAN	Risk Management is working with our software vendor to design data entry and claim screens, workflows and interfaces to utilize the existing software system for this program. A flowchart is being developed and a directive will be developed for this program. The directive will include authority levels.
IMPLEMENTATION DATE	Target date for implementation is October 1, 2016

FINDING #4 – FINANCE DEPARTMENT CASH HANDLING

CONDITION (THE WAY IT IS)	<p>A review of Finance cash handling procedures revealed a segregation of duties issue with the Accounts Receivable (AR) Clerk. The AR Clerk prepares invoices for various departments as well as collects, posts, and deposits payments (including cash) for these invoices.</p> <p>IA noted that the AR Clerk was recently assigned a backup for posting and deposit activity. However, the AR Clerk's deposit activity is still higher than the activity for the primary individual.</p> <p>Please note that IA did not find any inappropriate activities relating to City property damage invoices.</p>
CRITERIA (THE WAY IT SHOULD BE)	<p>No one individual should have responsibility for a process from beginning to end.</p>
CAUSE (DIFFERENCE BETWEEN CONDITION & CRITERIA)	<p>Segregating the payment, collection and posting activity from the invoice activity was not considered until recently.</p>
EFFECT (SO WHAT?)	<p>Inappropriate activities could occur with one individual having the ability to prepare invoices and collect payments for the City.</p>
RECOMMENDATION	<p>Finance Management should ensure appropriate segregation and/or appropriate review is in place. Additionally, management should consider exploring opportunities to better segregate this function by coordinating efforts with the Risk Management Department.</p>
MANAGEMENT RESPONSE	<p>Concur</p>
ACTION PLAN	<p>The segregation of duties concern is due to staffing constraints. Deposit and posting activity are now being performed by someone other than the financial services accounts receivable clerk.</p> <p>Financial services is striving to maintain a proper segregation of invoicing and receipting activities.</p>

IMPLEMENTATION DATE	Immediately
--------------------------------	-------------

FINDING #5 – TRANSPORTATION DEPARTMENT INVOICING AND CASH HANDLING

CONDITION (THE WAY IT IS)	<p>The Transportation Department sells signs, such as Crime Watch and 10 miles per hour signs, to citizens, prepares invoices (for signs and CIP reimbursements, one in the amount of \$13,842.52) and accepts payments.</p> <p>A. IA's review of this process revealed several areas of concern:</p> <ol style="list-style-type: none">1. There is a lack of segregation of duties regarding the issuance of invoices and receipt of payments for these signs.2. There are no policies and procedures regarding this process.3. Several individuals within the department issue invoices for various reasons and there is no consistent numbering system.4. Payments for these invoices are difficult to track. <p>B. IA's review of Transportation Cash Handling revealed:</p> <ol style="list-style-type: none">1. The department does not endorse checks upon receipt.2. Checks that remain in the department are secured in a cabinet that is accessible by too many individuals. <p>Upon notification, the department corrected these exceptions by developing policies and procedures to address the items noted as well as purchased a stamp and new lockbox to secure checks.</p>
CRITERIA (THE WAY IT SHOULD BE)	<p>A. Policies and procedures assign authority and responsibility to individuals within the department.</p> <p>B. Finance Directive 1 – Cash Handling states that checks should be endorsed upon receipt. In addition, “Deposits held overnight must be stored in a locked and secure location.”</p>
CAUSE (DIFFERENCE BETWEEN CONDITION & CRITERIA)	<p>A. Department did not have appropriate policies and procedures developed due to the infrequent and very low number of invoices. The last sign sold was in June 2014.</p>

	B. Department did not have a clear understanding of Finance Directive 1 – Cash Handling Procedures.
EFFECT (SO WHAT?)	<p>A. Inappropriate activity could occur with a lack of segregation of duties. In addition, no clear policies and procedures leads to confusion.</p> <p>B. Checks could be lost and cashed by individuals who are not associated the City of Garland.</p>
RECOMMENDATION	<p>Management should ensure:</p> <p>A. Policies and procedures are developed and in place to address the segregation of duties and alleviate confusion.</p> <p>B. A stamp is obtained to properly endorse checks upon receipt and checks are secured in a locking cabinet or drawer with limited access.</p>
MANAGEMENT RESPONSE	Concur
ACTION PLAN	Department has developed a cash handling and invoicing policy and transmitted to all appropriate staff members.
IMPLEMENTATION DATE	Policy Implemented on 3/14/2016

Exhibit A – Sampling Methodology

Reconciliation of Police Reports to Work Order Systems

IA obtained a list of police reports relating to City property damage by third-party individuals for the previous five fiscal years. IA then categorized each report listed by department.

- **GP&L** – IA used a judgmental sample to select 30 (or 25%) police reports from a population of 118. The judgmental sample was chosen so that IA could select police reports that listed a high, medium and low dollar amounts. IA's review of documentation from the department's work order system revealed 9 exceptions. Once exceptions were noted, IA expanded the sample to the remaining 88. This revealed an additional 6 exceptions that were not appropriately billed.
- **Water and Transportation** - IA used an interval sample to select 23 (or 17%) from the population of 129 for FY2014 and FY2015. The interval sample was chosen to allow each report in the population an equal chance of selection. IA reviewed documentation from each department's work order system found one exception for the Water Department. The results can be projected to the population.

Review of Timeliness and Recalculation of Invoices

IA used a judgmental sample to select from the two previous populations. IA selected 27 police reports (16 - GP&L, 7 – Water and 4- Transportation) that were previously invoiced. The selection was based invoices submitted and work order documentation obtained for those submitted invoices. IA calculated the number of days between the dates of occurrence to invoice dates. In addition, IA obtained criteria to recalculate labor rates, materials obtained from the warehouse and equipment rates. The results can be project to the population.

Exhibit B – Flowchart Process

