



CITY OF PHILADELPHIA

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EXECUTIVE SUMMARY – PEST-A-SIDE EXTERMINATING CO., INC.

The City of Philadelphia (City) Office of Inspector General (OIG) investigated Pest-A-Side Exterminating, Co., Inc. (PAS), and determined that PAS failed to fully perform services at multiple locations required by its contract and that it used unlicensed subcontractors. OIG investigators also determined that PAS overbilled the City for additional “as-needed” services. PAS denied any wrongdoing, but it cooperated fully with the OIG investigation. It agreed to waive any claim to payment for \$96,912.10 in unpaid invoices. PAS also agreed to refrain from performing any City contract until July 1, 2019 and entered into a compliance agreement to prevent future misconduct.

PAS entered a contract to provide monthly pest control services to approximately 350 City locations primarily operated by the Department of Parks and Recreation, the Free Library of Philadelphia, and the Department of Public Property from June 1, 2016 through May 31, 2017 (112 locations were removed in October 2016 at the request of PAS). PAS included a “service slip” for each visit to the locations in support of invoices it submitted to the departments. In addition to the monthly visits, PAS provided pest control services to certain sites on an as-needed basis.

At the Department of Parks and Recreation’s request, the OIG investigated PAS’s pest control services. OIG investigators reviewed and analyzed over 2,700 service slips that PAS submitted in support of its invoices and other PAS documents, and interviewed City employees, PAS’s owners, and their unlicensed subcontractor.

The OIG’s analysis of more than 2,700 service slips (See Fig. 1 below) revealed PAS’s failure to fully meet its contractual obligations in several ways. At some locations, PAS did not provide pest control services at all; at others PAS provided limited or sporadic service. The service slips also proved that an unlicensed subcontractor for PAS, and not PAS employees, provided pest control services at these locations.

Fig. 1: Pest-A-Side Service Slips

	Library	Parks and Rec	Public Property	TOTAL
Ideal* number of slips	265	1,846	1,215	3,326
Slips collected**	239	1,014	1,483	2,736
Sites never serviced	4	1	8	13
Sites serviced less than contracted	27	153	34	214
Slips signed by subcontractor	174	907	1116	2,197
Illegible signatures	178	672	1149	1,999
Sites serviced by PAS (not subcontractor)	0	0	0	0

*“Ideal” means one slip per month per site as required by the Contract. The Contract requires Pest-A-Side to provide free as-needed service to a site even if the regular monthly service was already provided. Thus, more than one slip for a given site is possible and expected.

** Includes all service slips obtained from the three departments and Procurement with duplicates not counted.

The OIG analysis confirmed that, even if each service slip reflected a true service, PAS provided 61 percent less service than contractually required at most of the sites and PAS used only an unlicensed subcontractor to provide services. Invoices submitted by PAS either included fewer service slips than were expected or the slips had signatures that could not be verified by the City. Even including service slips submitted in support of follow up visits (as required by the contract), the City received only 82 percent of the service slips it expected to receive. 80 percent of the service slips were signed by the subcontractor. Investigators found illegible signatures of purported City employees with no other identifying information (e.g. a payroll number) on 73 percent of the slips. PAS also submitted invoices to the City for more than ten times what PAS paid the subcontractor for “as-needed” service, reflecting an exorbitant mark-up. The City did not pay these invoices, which amounted to over \$67,000.00.

PAS’s owner admitted that he subcontracted the entire contract and that PAS employees did not perform any pest control services in the City. He also admitted that he did not independently verify that the subcontractor completed the work for the service slips submitted and he could not verify the accuracy of the signatures on the slips. He also admitted to marking up bills submitted to the City for additional, as-needed jobs. For example, for one additional as-needed job, PAS paid the subcontractor \$4,000 to do the work. PAS then submitted a bill to the City for \$16,000—a 400% markup of what PAS paid its subcontractor. PAS’s subcontractor admitted that, at the time he worked for PAS, he was not licensed to perform pest control services.

Although PAS representatives denied any wrongful conduct, the company cooperated with OIG investigators to reach a resolution. In June 2018, PAS agreed to waive any claim to its unpaid invoices, which totaled \$96,912.10, and which the City had withheld. PAS also agreed to not perform any services for the City until July 1, 2019. After July 1, 2019, PAS agreed to only perform services for the City with appropriately licensed personnel and to submit invoices to the City only following a review by the owners of PAS to assure accuracy and contractual compliance.