

SUMMARY EXPLANATION AND BACKGROUND:

The Program Manager under the RFQ No. 2014-31-FC contract, was assigned to manage the projects issued from the CSMP contract. The primary objectives of the audit were to determine whether the Office of Facilities & Construction (OFC) and the General/Prime Specialty Contractor complied with contract terms regarding the basis of compensation multiplier; application for payment approval and payment procedures; reimbursements; project insurance requirements; estimate preparation and approval.

In our opinion, the OFC and the Program Manager have several areas that should be strengthened, in order to ensure compliance with contractual requirements mandated by the Construction Services Minor Projects (CSMP) contract Bid No. 2014-35-FC, including M/WBE participation requirements. Other areas include obtaining required insurance prior to issuance of Notices to Proceed for construction projects; ensuring that the labor rates invoiced by the Project Manager do not exceed the contract's approved labor rates, under RFQ No. 2014-31-FC. We have also expressed our concerns with this contract's cost effectiveness due to the lack of permitted drawings being available during the proposal process, deviations between estimated cost and final cost awarded and the lack of competitiveness. The OFC may wish to consider the use of the traditional "hard bid" (Design/Bid/Build) delivery method for small construction projects. This delivery can be more cost effective and provide new, smaller, developing M/WBE and other firms an opportunity to compete for this work and increase their participation. OCA reviewed management's responses and found that the OFC did not adequately address the findings or recommendations of the audit. Follow up responses to management's responses were provided by our office.