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October 30, 2014

The Honorable Toni Preckwinkle, President
And Board of Cook County Commissioners
118 N. Clark Street, Room 537
Chicago, Illinois 60602

Dear President Preckwinkle and Board of Commissioners:

We have conducted an audit of the Office of Capital Planning and Policy (OCPP) Construction Contract Monitoring. We conducted our audit in accordance with Government Auditing Standards where applicable as prescribed by the Cook County Auditor Ordinance.

The objective of our audit was to determine if internal controls had been developed and implemented to ensure that the terms of the construction contracts are monitored for compliance and that all instances of non-compliance are communicated to management in a timely manner.

Please refer to the following audit report for the results of the audit. The audit report contains 1 audit finding. The Executive Summary provides an overview of the audit with the main finding area.

We express our appreciation for the assistance of all Department staff extended to Mr. Maqsood Majothi during the course of our audit. We would be happy to provide any further assistance to the Department in regards to the finding and recommendation.

Respectfully Submitted,

Shelly Banks

Shelly A. Banks, CPA
Cook County Auditor

cc: John Cooke, Director Office of Capital Planning & Policy (OCPP)
Phil Boothby, Deputy Director Office of Capital Planning & Policy (OCPP)

COOK COUNTY GOVERNMENT

OFFICE OF THE COUNTY AUDITOR

Office of Capital Planning and Policy (OCPP) Construction Contract Monitoring

Internal Audit Report

Report Date: October 30, 2014

Issued By:
Shelly Banks, County Auditor

Audit Conducted By:
Max Majothi, Field Auditor
Nancy Campanella, Audit Supervisor

EXECUTIVE SUMMARY

We have completed an audit of the construction contracts entered into by the Office of Capital Planning and Policy (OCPP) in connection with Cook County's Capital Improvement Program (CIP).

The objective of our Capital Planning and Policy Construction Contract Monitoring audit was to determine if internal controls had been developed and implemented to ensure that the terms of the construction contracts are monitored for compliance and that all instances of non-compliance are communicated to management in a timely manner.

Based on our review, we noted in general that internal controls are in place in regards to the monitoring of the construction contracts executed in connection with Cook County's CIP. However, we did note one finding presented in the Finding Section. The finding notes a lack of a policy and procedure to ensure that projects remain in compliance and on track if the situation arises where the project manager is removed from the project (i.e. leave, another assignment, etc.).

The finding noted was presented to the Office of Capital Planning and Policy. Please refer to the Finding Section for more detail on the finding with the management responses, corrective action plans and estimated completion dates.

BACKGROUND

Operating under the Bureau of Economic Development, with the approval of the Cook County President and Cook County Board of Commissioners, the Office of Capital Planning and Policy (OCPP) develops and provides day to day oversight of the Cook County's Capital Improvement Program (CIP). CIP sets forth the plan for the design, construction and renovation of buildings and building systems in order to make them safe, functional, efficient, and cost-effective for the delivery of services to the public.

The 2014 CIP emphasized the County's commitment to life safety and code compliance with improvements to security and fire and life safety systems as a continuing priority. New initiatives to reduce energy costs and increase operational efficiencies through effective utilization of space at County facilities were also being addressed. Over the past 12 months the OCPP had a consultant team assess designated County-owned facilities and conduct condition assessments of building structures, systems, utilities, equipment, and site systems; rate the facility conditions; and develop comprehensive reports. From the inspection data a long-range capital improvement plan for years 2014 to 2023 was developed to prioritize and address identified capital needs on a strategic basis. The CIP for 2014 is a 10 year plan with estimated project costs of $205.0 million for FY 2014.

At the time of our audit, the OCPP indicated that it currently had 94 active projects managed by 5 Project Directors with a total budgeted amount of $249.6 million and 22 closed projects totaling $3.683 million. The 94 active projects were in various stages of completion with some still in the planning phase while others were considered substantially completed.

Our scope included review of one project with a budgeted amount of $9.4 million selected from the list of 94 active projects and one closed project with a budgeted amount of $540.6K selected from the list of projects closed during the period January 2013 through February 2014.

AUDIT SCOPE AND OBJECTIVES

The scope and objectives of our Capital Planning and Policy Construction Contract Monitoring audit were designed to determine if internal controls are in place to ensure that the terms of the construction contracts are monitored for compliance and that all instances of non-compliance are communicated to management in a timely manner. The objectives were the following:

- Determine that written policies and procedures are in place to monitor construction contracts.
- Determine that a process is in place to monitor contractor's compliance with contract.
- Verify change order review and approval process is in place and has been followed.
- Validate payments are made in accordance with the contract.
- Verify that proper documentation exists to support payments and work completed.
- Verify that required contract deliverables have been submitted in a timely manner.

FINDING

Finding

A policy and procedure is not in place to ensure that projects remain in compliance and on track if the situation arises where the project manager is removed from the project (i.e. leave, another assignment, etc.). Of the two projects reviewed, one project was significantly delayed due to a project manager's leave of absence. The lack of monitoring resulted in the final change order not being completed until the County's Project Manager returned to work and contacted the General Contractor about the status of the project, which resulted in a nine (9) month delay for completion of the purchase order.

Recommendation

We recommend that procedures are developed to ensure when a project manager is removed from a project (i.e. leave, another assignment, etc.) that a temporary project manager is assigned to continue to properly monitor the project for compliance and timely completion.

Management Response

The OCPP is looking to bring on a Program Manager and Construction Manager (PM/CM) to oversee the Capital Projects. This allows the Department to be seamless on transitions of projects as we will be able to target hiring additional staff when project loads are heavy and relieve that staff when the project loads do not require as many FTEs to oversee projects. The continuity of having PM/CM'S will ensure that projects are still completed timely when the Department suffers from critical staff on leave.

Estimated Completion Date

December 2014