



State of Nevada
Governor's Office of Finance
Division of Internal Audits

Audit Report

**Department of Administration
State Public Works Division
Buildings and Grounds Section
Project Management**

DIA Report No. 20-03
November 7, 2019

EXECUTIVE SUMMARY
Department of Administration
State Public Works Division, Building and Grounds Section
Project Management

Introductionpage 1

Objective: Improve B&G’s Project Management

Use Historical Data to Estimate the Value Open-Ended Contractspage 2

Using historical data to estimate the value of open-ended contracts will ensure that contracts are accurately valued and enhance transparency for the Board of Examiners (BOE), reduce the frequency of contract amendments, and free-up approximately two weeks of staff time annually.

B&G’s open-ended contracts are not accurately valued. Many of these contracts require amendments to original contract amounts. We reviewed 274 open-ended contracts initially valued at \$2,000 or more but less than \$50,000 (BOE action item approval threshold) for fiscal years 2012 through 2019. Seventy-one contracts (26%) were amended at least once prior to contract expiration. Amending contracts require staff resources from B&G, Administrative Services Division, and the Governor’s Finance Office, in addition to time spent by BOE reviewing these contracts. Using available historical cost data to reduce the frequency of contract amendments will create a more efficient staff process.

Formally Define Construction Contracts in SAM and Establish Policies and Procedures to Clarify the Use of Owner Contractor Agreementspage 6

Formally defining construction contracts in the State Administrative Manual (SAM) and establishing policies and procedures to clarify the use of owner contractor agreements (OCAs) will ensure proper use of OCAs, comply with statutes, and improve BOE visibility on approximately \$187,000. B&G has no formal definition of what constitutes a construction contract. In addition, B&G has expanded the use of contracting guidelines intended for SPWD under NRS 338 for some of its projects. Routine maintenance and repair projects are covered under NRS 333 and require approval from the BOE or Clerk of the Board. We noted 70% of OCAs in our sample were for routine maintenance and repair projects and should have been approved through the BOE process.

Report Changes to Legislatively Authorized Category 14 Building Renovation Projects to the Governor and the Legislaturepage 9

Reporting changes to legislatively authorized Category 14 projects will enhance transparency, improve visibility on approximately \$626,000 of unauthorized projects, and prevent inaction on previously approved projects. B&G does not report changes to legislatively authorized building renovation projects to the Governor or the Legislature because the state does not require it. For fiscal years 2015 through 2019, only 39% of building improvements made were to buildings associated with legislatively authorized building renovation projects. B&G did not report the

remaining 61% of building improvements to the Governor’s Finance Office, Budget Division or the Legislative Counsel Bureau, Fiscal Analysis Division. Using a mechanism such as the reporting requirements for the capital improvement program or developing a new mechanism to report changes to legislatively authorized building renovation projects will allow the Legislature and the Governor to have oversight of spending and be able to monitor progress on authorized projects.

Appendix Apage 14
Scope and Methodology, Background, Acknowledgments

Appendix Bpage 15
Response and Implementation Plan

Appendix Cpage 17
Timetable for Implementing Audit Recommendations

Appendix Dpage 18
Sample of Owner Contractor Agreements

Appendix Epage 21
Fiscal Years 2015 through 2019 Authorized/Unauthorized Buildings and Unknown Projects

INTRODUCTION

At the request of the Governor's Finance Office, we conducted an audit of the Department of Administration, State Public Works Division (SPWD), Buildings and Grounds Section (B&G). Our audit focused on B&G's project management process. The audit's scope and methodology, background, and acknowledgements are included in Appendix A.

Our audit objective was to develop recommendations to:

- ✓ Improve B&G's project management.

State Public Works Division Response and Implementation Plan

We provided draft copies of this report to SPWD for its review and comments. SPWD's comments have been considered in the preparation of this report and are included in Appendix B. In its response, SPWD accepted our recommendations. Appendix C includes a timetable to implement our recommendations.

NRS 353A.090 requires within six months after the final report is issued to the Executive Branch Audit Committee, the Administrator of the Division of Internal Audits shall evaluate the steps SPWD has taken to implement the recommendations and shall determine whether the steps are achieving the desired results. The administrator shall report the six month follow-up results to the committee and SPWD officials.

The following report (DIA Report No. 20-03) contains our *findings, conclusions, and recommendations*.

Improve B&G's Project Management

The State Public Works Division (SPWD), Buildings and Grounds Section (B&G) can improve project management by:

- Using historical data to estimate the value of open-ended contracts;
- Formally defining construction contracts in SAM and establishing policies and procedures to clarify the use of owner contractor agreements; and
- Reporting changes to legislatively authorized Category 14 building renovation projects to the Governor and the Legislature.

These improvements will: ensure accurate contract valuation and enhance transparency; comply with state contracting requirements; and implement reporting of changes to legislatively approved projects.

Use Historical Data to Estimate the Value of Open-Ended Contracts

The State Public Works Division (SPWD), Buildings and Grounds Section (B&G) should use historical data to estimate the value of open-ended contracts. Using historical data to estimate the value of open-ended contracts will ensure that contracts are accurately valued and enhance transparency for the Board of Examiners (BOE), reduce the frequency of contract amendments, and free-up approximately two weeks of staff time annually.

Open-Ended Contracts Used for Routine Services

Open-ended contracts are used to procure routine maintenance and repair services such as janitorial, landscape, and electrical services that cannot be provided by a state agency in a more cost-effective manner.¹ Open-ended contracts typically cover a period of four years.² These contracts are usually for services that are billed on a time and materials basis and do not have a specific scope of work.

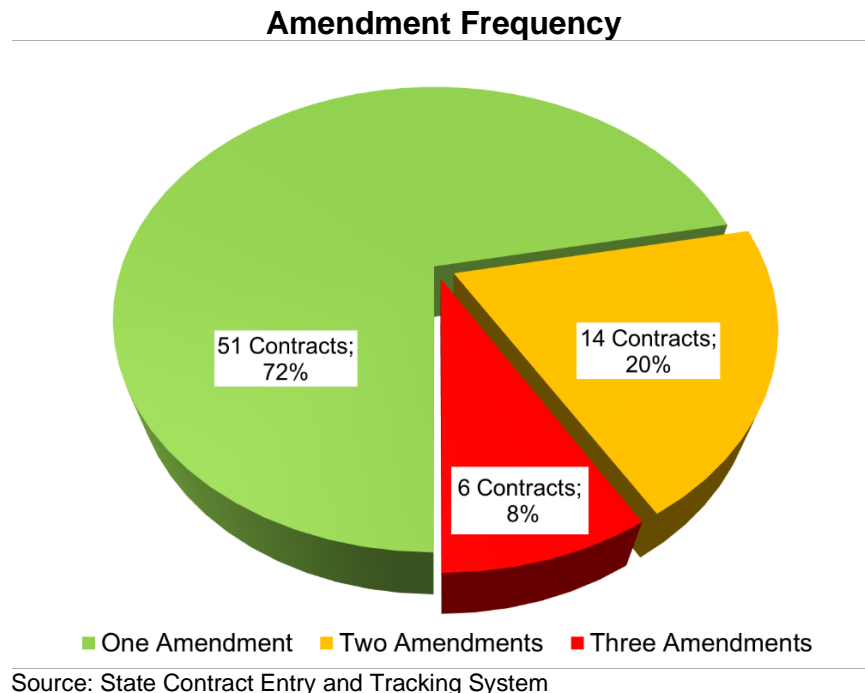
¹ NRS 333.700 governs open-ended contracts, also known as contracts for services.

² SAM 0338 "Solicitation of Contracts" states that contracts should be solicited at least every four years. B&G will occasionally enter into contracts with new contractors for less than four years.

Open-Ended Contracts Not Accurately Valued

B&G's open-ended contracts are not accurately valued. Many of these contracts require amendments to original contract amounts. We reviewed 274 open-ended contracts initially valued at \$2,000 or more but less than \$50,000 (BOE action item approval threshold) for fiscal years 2012 through 2019. Seventy-one contracts (26%) were amended at least once prior to contract expiration. Exhibit I shows the frequency of the 71 contract amendments.

Exhibit I



Undervalued Contracts Limit Transparency

Contracts that are initially valued below \$50,000 appear as informational items on the BOE agenda and are not subject to the same level of scrutiny as contracts initially valued at \$50,000 or greater which appear as actionable items. Undervalued contracts that are subsequently amended to exceed the BOE action item threshold circumvents the initial level of scrutiny required by the BOE. Not presenting these contracts initially as actionable items limits transparency of the BOE contract approval process.

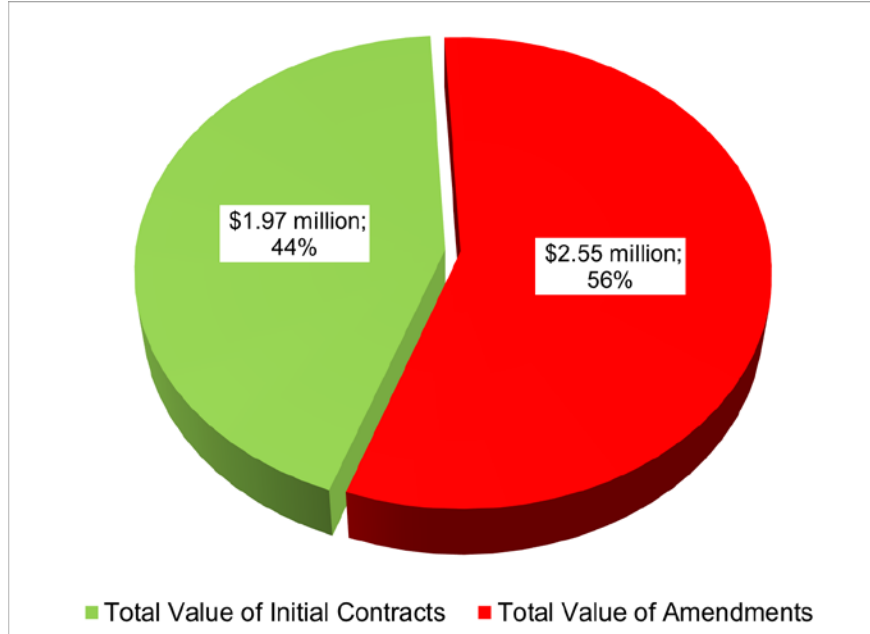
Value of Amendments Exceeds Value of Initial Contracts

B&G contracts were initially undervalued and required amendments totaling well over the initial contract value. Initial contract values totaled approximately \$1.97

million. Subsequent amendment values totaled approximately \$2.55 million. Exhibit II compares the total value of the initial contracts to the total value of the contract amendments.

Exhibit II

Initial Contract Value vs Value of Contract Amendments



Source: State Contract Entry and Tracking System

**Amending Contracts
Requires Additional Work**

Improperly valued open-ended contracts require amendments. Amendments require staff resources from B&G, Administrative Services Division, and the Governor’s Finance Office, in addition to time spent by BOE reviewing these contracts. We estimate that processing a contract amendment takes approximately six hours and 10 minutes of combined staff time; however, complex amendments may take longer to process.³

B&G, Administrative Services Division, Governor’s Finance Office, and BOE (review) expended approximately 598 hours amending these contracts over an eight year period, resulting in approximately two weeks of combined staff time annually.⁴ Reducing the frequency of contract amendments will create a more efficient staff process.

³ We estimate the combined staff time to process an amendment to be six hours and 10 minutes (ASD Program Officer-1 hour, B&G Program Officer- ½ hour, B&G Admin and DAG-40 minutes, Budget Officer-2 ½ hours, Budget Director- 1 hour, and BOE review time of 10 minutes per member (30 minutes total)).

⁴ 598.5 hours = 97 amendments x 6.17 hours on average per amendment. Approximately two weeks of combined staff time = 598.5 hours/8 years = 74.8 hours (assuming 40 hour workweek).

Historical Data May Improve Contract Valuation Accuracy

Open-ended contracts are used to contract for the services of an independent contractor on a time-and-materials basis, rather than a defined scope of work. Initial contract values should be based on historical average costs for such services. B&G staff disclosed there is no criteria for determining open-ended contract values. As a result, approximately 75% of open-ended contracts were valued below \$50,000 and reported to BOE as informational items.⁵ Using historical data to estimate the value of open-ended contracts would improve contract valuation accuracy, reduce the frequency of amendments, and enhance transparency.

Historical Data Exists by Contract Type

Historical contract data is available via the state's Contract Entry and Tracking System. During our review of open-ended contracts, we noted that most contracts can be classified by type of service provided such as HVAC, janitorial, and landscaping services. B&G could assign historical cost averages by considering the type of service covered in an open-ended contract.

Conclusion

B&G has no criteria for valuing open-ended contracts. Therefore, these contracts are amended multiple times requiring additional work. Consequently, B&G, ASD, Governor's Finance Office and BOE expended 598 hours over eight years amending these contracts. Using historical data to estimate the value of open-ended contracts will: ensure that contracts are accurately valued and enhance transparency for the BOE, reduce the frequency of contract amendments, and free-up approximately two weeks of combined staff time annually.

Recommendation

1. Use historical data to estimate the value of open-ended contracts.

⁵ Contracts of \$50,000 and above require BOE action, and contracts less than \$50,000 are reported as informational items only. 274 out of 373 (73.5%) open-ended contracts were initially valued below \$50,000.

Formally Define Construction Contracts in SAM and Establish Policies and Procedures to Clarify the Use of Owner Contractor Agreements

The State Public Works Division (SPWD), Buildings and Grounds Section (B&G) should define construction contracts in SAM. Based on the definition, establish policies and procedures to clarify the use of owner contractor agreements (OCA).⁶ This process would ensure proper use of OCAs, comply with statutes and improve BOE visibility on approximately \$187,000.

No Official Definition of Construction Contracts

B&G has no official documented definition of what constitutes a construction contract. Other states, such as Utah, Colorado, and Arizona, formally define construction contracts as contracts for the construction, alteration, or improvement of a public facility. These states specifically exclude routine maintenance and repairs.⁷ An official definition of what constitutes a construction contract added to the State Administrative Manual (SAM) and to SPWD's policies and procedures will clarify when OCAs can be used on a project.



SPWD Changed the Unofficial Definition of Construction Contracts

The Governor's Finance Office, Budget Division reports that an agreement was previously reached with the Administrator of SPWD on a working definition of a construction contract. A construction contract is used for a project that requires a building permit. Both agencies agreed that OCAs will only be used for construction contracts. B&G has deviated from the working guidelines established with the

⁶ An OCA is a contract between an owner (state of Nevada) and a contractor for construction contracts and major maintenance which requires a building permit per NRS 338.

⁷ Utah Code, Title 63G, Chapter 6a "Utah Procurement Code." Arizona Revised Statutes, Title 41, Chapter 23 "Arizona Procurement Code." Colorado Revised Statutes, Title 24, Article 91 "Construction Contracts with Public Entities."

Budget Division. SPWD defines construction to be any project for which a building permit or contractor's license is required.⁸

A licensed contractor should be required for any work performed on state buildings by an outside contractor to ensure specific requirements are met, such as:

- Contractor is qualified to perform the job;
- Minimum education requirement is met;
- Test specific to the occupation is passed; and
- Active worker's compensation insurance policy is obtained.

Requiring a contractor's license does not in of itself qualify a project as construction and use of an OCA. OCAs allow the SPWD Administrator enhanced spending authority and reduces transparency of state funding on construction contracts because these contracts do not go through the Board of Examiners (BOE) for approval.

SPWD Expanded Contracting Authority to Include B&G Contracts

SPWD is granted enhanced authority for managing contracts for construction projects that meet specific criteria.⁹ These construction contracts are for amounts of \$100,000 or less and are approved by the SPWD Administrator and not by the BOE.

Following the consolidation of B&G into SPWD in 2011, the Administrator determined that B&G would use SPWD's contracting guidelines in NRS 338 for B&Gs construction projects. NRS 338 provides for the use of OCAs for small public works projects of \$100,000 or less.

OCAs Inappropriately Used for Maintenance and Repair Projects

OCAs are intended to be used for construction projects; however, B&G has been using OCAs for maintenance and repair projects. B&G states that OCA contracts are written specifically for construction and includes important provisions, such as: specific contractor obligations, liquidated damages, and dispute resolution. However, routine maintenance and repair projects are covered under NRS 333 and require approval from the BOE or Clerk of the Board. There is nothing that precludes the protections provided under OCAs from being included in normal B&G contracts.

We reviewed a sample of 23 B&G OCA contracts awarded during fiscal years 2017 through 2019 and noted 16 (70%) were for routine maintenance and repair projects

⁸ NAC 624 requires occupational licenses for various contracting jobs.

⁹ NRS 338.1386.

and not construction or major maintenance projects.¹⁰ B&G provided information to support the treatment of seven projects as OCAs. Sixteen contracts should have been approved through the BOE process and not by the SPWD Administrator. Based on our sample, approximately \$187,000 worth of contracts were approved without the visibility of the BOE process.

NRS 333 is the controlling statute for B&G's maintenance and repair contracts. Using OCAs for maintenance and repairs does not comply with NRS 333 because OCAs are for construction contracts and major maintenance under NRS 338. B&G staff agreed there are inconsistencies with the use of OCAs. B&G should define what constitutes a construction contract and then establish guidelines for the use of OCAs in SAM.

Conclusion

B&G has no formal definition of what constitutes a construction contract. As a result, some routine maintenance and repair projects were treated as OCAs and approved by the Administrator instead of the BOE. Formally defining construction contracts in SAM and establishing policies and procedures to clarify the use of OCAs would ensure proper use of OCAs, comply with statutes and improve BOE visibility on approximately \$187,000.

Recommendation

2. Formally define construction contracts in SAM and establish policies and procedures to clarify the use of owner contractor agreements.

¹⁰ See Appendix D.

Report Changes to Legislatively Authorized Category 14 Building Renovation Projects to the Governor and the Legislature

The State Public Works Division (SPWD), Buildings and Grounds Section (B&G) should report changes to legislatively authorized Category 14 building renovation projects to the Governor and the Legislature. B&G could use the reporting criteria required for changes to projects in SPWD's Capital Improvement Program (CIP) set forth in NRS 341 or develop an alternative reporting mechanism. Reporting changes would enhance transparency, improve visibility of the approximately \$626,000 annually of unauthorized projects, and prevent inaction on previously approved projects.¹¹

Changes to Building Renovation Projects Not Reported to the Governor or the Legislature

B&G does not report changes to legislatively approved building renovation projects to the Governor or the Legislature because the state does not require it. For fiscal years 2015 through 2019, only 39% of building improvements made were to buildings associated with legislatively approved building renovation projects. B&G did not report the remaining 61% of building improvements to the Governor's Finance Office/Budget Division or the Legislative Counsel Bureau/Fiscal Analysis Division (LCB).

B&G received legislative authorization and funding for specifically identified building renovation projects (Category 14 projects) based on budgetary justification that these projects required immediate action.¹² B&G's justification is questionable given the funding was used for projects unauthorized by the Legislature.

Some Building Improvement Projects Not Authorized

For fiscal years 2015 through 2017, we were unable to reconcile legislatively authorized projects to projects started and/or completed by B&G for those years. As a result, we only analyzed legislatively authorized projects using expenditures for buildings improved or where money was expended by B&G, not on a project-specific basis.

¹¹ See Appendix E for Authorized and Unauthorized Buildings and Unknown Projects data. The total of the authorized building budgets for fiscal years 2015 through 2019 is \$9,014,755, or \$1,802,951 per year on average. We multiplied this average (\$1,802,951) by the average percentage of unauthorized projects (34.7%) and estimated that approximately \$626,000 annually is spent on unauthorized projects.

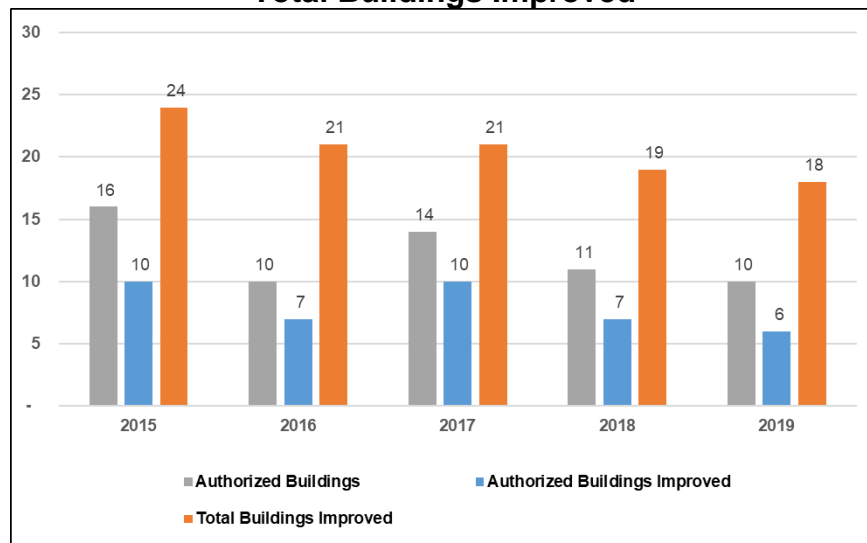
¹²B&G's Category 14 projects are building renovation projects approved by the Legislature. These are capital improvement type projects for construction and major maintenance and repairs.

We were only able to determine total Category 14 spending by building and on unknown projects not associated with a specific building. For example, B&G may have been authorized to replace windows but instead replaced carpeting. Our analysis only takes into consideration work that was performed in buildings associated with authorized projects. There is insufficient information to indicate whether the work completed was specifically authorized by the Legislature or if work was for B&G staff-designated projects. Records show that all the work was paid for with Category 14 funds legislatively authorized for specific projects.

Approximately \$7 million was spent on building improvements during fiscal years 2015 through 2019. Of this amount, only \$4.2 million was spent on improvements in authorized buildings. On a year-by-year basis, only between 33% and 48% of improvements were completed in authorized buildings. Exhibit III shows improvements in authorized buildings to total buildings improved.

Exhibit III

Authorized Buildings Improved vs Total Buildings Improved

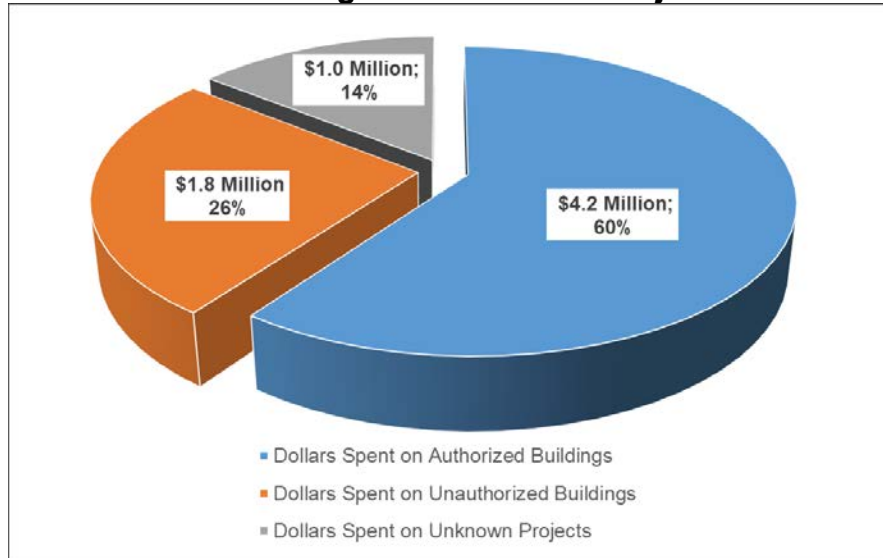


Source: State accounting system.

Approximately \$2.8 million was spent during the period on building improvements not authorized by the Legislature and other unknown projects. Exhibit IV shows dollars spent on building improvements for authorized buildings vs. unauthorized buildings and unknown projects. See Appendix E for detail of spending for the period for authorized buildings, unauthorized buildings, and unknown projects.

Exhibit IV

Dollars Spent on Authorized Buildings vs Unauthorized Buildings and Unknown Projects 2015-2019



Source: State accounting system.

Building Renovation Projects Not Tracked

For fiscal years 2015 through 2017, B&G was unable to provide documentation detailing building renovation projects from inception to completion. Staff represents spending was not tracked by project; therefore, B&G could not track or reconcile the individual projects. Project numbers assigned to new projects frequently changed across multiple fiscal years over the course of the projects. Consequently, B&G did not track expenditures for legislatively authorized Category 14 funds.

Beginning in fiscal year 2018, B&G revised project tracking procedures to retain the project numbers throughout the life of each project allowing for project tracking and reconciliation. Improved project tracking and reconciliation will assist B&G in reporting building renovation projects to the Governor and the Legislature.

No Requirement to Report Changes to Building Renovation Projects

There is no requirement to report changes to legislatively authorized Category 14 building renovation projects to LCB or the Budget Division. B&G has not reported these changes and consequently neither the Legislature nor the Governor are aware of project changes.

A Mechanism Exists to Report Changes to Building Renovation Projects

B&G could use the reporting requirements of NRS 341.100(8)(g) or develop an alternative mechanism to report changes to legislatively authorized building renovation projects. Reporting changes will help ensure transparency in B&G's project activities.

There is an existing mechanism for SPWD to report CIP project changes. NRS 341.100(8)(g) requires SPWD to "submit in writing to the Director of the Department, the Governor and the Interim Finance Committee a monthly report regarding all public works projects which are a part of the approved capital improvement program. For each such project, the monthly report must include, without limitation, a detailed description of the progress of the project which highlights any specific events, circumstances or factors that may result in:

- Changes in the scope of the design or construction of the project or any substantial component of the project which increase or decrease the total square footage or cost of the project by 10 percent or more;
- Increased or unexpected costs in the design or construction of the project or any substantial component of the project which materially affect the project;
- Delays in the completion of the design or construction of the project or any substantial component of the project; or
- Any other problems which may adversely affect the design or construction of the project or any substantial component of the project."

Similar reporting on changes to Category 14 projects will allow the Legislature and the Governor to have oversight of spending and be able to monitor progress on authorized projects. In addition to these requirements, B&G's report of changes should include:

- Justification of the deviation from the legislatively approved project list;
- Operational impact of deferring the legislatively approved projects; and
- Estimation of the cost impact of deferring legislatively approved projects.

Reporting changes to the Governor and the Legislature will allow for monitoring and reviewing of these changes prior to revising the Category 14 authorized project list.

Conclusion

B&G does not report changes to legislatively authorized Category 14 building renovation projects to the Governor or the Legislature. In addition, B&G did not track building renovation projects across fiscal years prior to 2018. As a result, \$2.8 million was spent on unauthorized buildings or unknown projects. Moreover, \$4.2 million in spending on buildings cannot be reconciled with legislatively authorized projects. Reporting changes in legislatively authorized building renovation projects to the Governor and the Legislature would enhance transparency, improve visibility of the approximately \$626,000 annually of unauthorized projects, and prevent inaction on previously authorized projects.

Recommendation

3. Report changes to legislatively authorized Category 14 building renovation projects to the Governor and the Legislature.

Exhibit VIII

Summary of Audit Benefits

	Recommendation	Benefit
1	Use historical data to estimate the value of open-ended contracts.	Saves approximately two weeks of combined staff time annually.
2	Formally define construction contracts in SAM and establish policies and procedures to clarify the use of owner contractor agreements.	\$187,000
3	Report changes to legislatively authorized Category 14 building renovation projects to the Governor and the Legislature.	\$626,000
	Total estimated benefit:	\$813,000

Appendix A

Scope and Methodology, Background, Acknowledgements

Scope and Methodology

We began the audit in July 2018. In the course of our work, we interviewed management and staff and discussed processes inherent to the State Public Works Division (SPWD), Buildings and Grounds Section's (B&G) responsibilities. We reviewed contracts, applicable Nevada Revised Statutes, Nevada Administrative Code, State Administrative Manual, and division and B&G guidelines. We concluded fieldwork and testing in August 2019.

We conducted our audit in conformance with the *International Standards for the Professional Practice of Internal Auditing*.

Background

B&G was merged into SPWD in June 2011 as part of the consolidation of agencies under the Department of Administration. B&G's mission is to proactively manage state facilities; provide efficient office space within budget; and provide a reliable water supply through the Marlette Lake-Hobart Reservoir Water System. B&G provides building and grounds maintenance, janitorial services, and security for most state-owned buildings in Carson City, Reno, and Las Vegas. B&G staff also provide, locate, and negotiate office space leases for state agencies. For fiscal year 2020, the legislatively approved budget was approximately \$17.6 million with 61 authorized positions.

Acknowledgments

We express appreciation to the Department of Administration, SPWD, Administrative Services Division, B&G staff and the Governor's Finance Office, Budget Division for their cooperation and assistance throughout the audit.

Contributors to this report included:

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Appendix B

State Public Works Division Buildings and Grounds Section Response and Implementation Plan

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To: Vitalis Ozoude, Governor's Finance Office, Division of Internal Audits
From: Ward Patrick, State Public Works Division *Ward D. Patrick*
Date: October 16, 2019
Re: Response to Audit DIA Report No. 20-03 B&G Contracts

Thank you for the State Public Works Division's (SPWD) final report of the Division of Internal Audits' findings regarding Buildings and Grounds (B&G) contract management. We would like to commend your staff as they were thoughtful, thorough and professional throughout the entire audit process. SPWD appreciates the opportunity to respond to your recommendations and we look forward to working with the Division of Internal Audits on implementation.

Recommendation #1: Use Historical Data to Value Open-Ended Contracts.

SPWD understands and accepts the audit recommendation. B&G concurs that the use of historical data to value open-ended contracts is necessary. B&G has already implemented this recommendation and is now using historical cost data to value open-ended contracts for routine services, such as landscaping, electrical and plumbing services.

Recommendation #2: Formally Define Construction Contracts in SAM and Establish Policies and Procedures to Clarify the Use of Owner Contractor Agreements.

SPWD understands and accepts the audit recommendation. SPWD will define construction contracts in SAM taking into consideration all applicable law including NRS Chapters 331, 333, 338, and 341.

Recommendation #3: Report Changes to Legislatively Approved Building Renovation Projects to the Governor and the Legislature.

"B&G could use the reporting criteria required for changes to projects in SPWD's Capital Improvement Program (CIP) set forth in NRS 341 or develop an alternative reporting mechanism." SPWD understands and accepts the audit recommendation. As suggested, B&G will develop an alternative reporting mechanism to track and report

on changes to the legislatively approved projects. Specifically, B&G will report to ASD, GFO and LCB the following information on a quarterly basis:

- Building(s) or site number
- Unique project number from cradle to grave (i.e. CAT14-FY19-001)
- Building(s) name or site name
- Project scope
- Project implementation plan (in-house staff or contracted)
- Project budget (budget authority)
- Project spend to date
- Project savings/shortfall
- Project percent change
- Project actual completion
- Notes on changes to a project

B&G has been reporting deviations from the authorized projects to the GFO and ASD.

Appendix C

Timetable for Implementing Audit Recommendations

In consultation with the State Public Works Division (SPWD), Buildings and Grounds Section (B&G), the Division of Internal Audits categorized the three recommendations contained within this report into one of two separate implementation time frames (i.e., *Category 1* – less than six months; *Category 2* – more than six months). SPWD should begin taking steps to implement all recommendations as soon as possible. SPWD’s target completion dates are incorporated from Appendix B.

Category 1: Recommendations with an anticipated implementation period less than six months.

<u>Recommendations</u>	<u>Time Frame</u>
1. Use historical data to estimate the value of open-ended contracts. (page 2)	Jul 2019
2. Formally define construction contracts in SAM and establish policies and procedures to clarify the use of owner contractor agreements. (page 6)	Feb 2020
3. Report changes to legislatively authorized Category 14 building renovation projects to the Governor and the Legislature. (page 9)	Jan 2020

The Division of Internal Audits shall evaluate the action taken by SPWD concerning the report recommendations within six months from the issuance of this report. The Division of Internal Audits must report the results of its evaluation to the Executive Branch Audit Committee and SPWD.

Appendix D

Sample of Owner Contractor Agreements

#	Budget Account Category (CAT)	Vendor Name	Purpose	Contract Period	Contract Amount (\$)	Does this Contract Qualify as OCA (Yes/No)
1	CAT14-FY18-042	ADVANCE INSTALLATIONS INC	Removal of sheet flooring due to safety hazard.	5/16/18 6/30/18	5,043.00	Not a construction contract or major maintenance and no evidence of inspection by the building inspector.
2	CAT14-FY18-012	AIR SYSTEMS OF SACRAMENTO INC dba AIR SYSTEMS OF NEVADA	Replace failed AC compressor and make repairs.	9/14/17 6/30/18	5,814.12	Not a construction contract or major maintenance and no evidence of inspection by the building inspector.
3	CAT14-FY18-002	ALLEN, BRET DBA NEWT CONCRETE CONSTRUCTION	Replace concrete walkway and curbs.	1/10/18 6/30/18	16,890.00	Yes
4	CAT14-FY18-003	BUILDING CONTROL SERVICES INC	Replace HVAC compressor.	8/1/17 6/30/18	15,965.00	Yes
5	CAT14-FY18-005	CARRIER CORPORATION	Repair HVAC Grant Sawyer Bldg.	8/18/17 8/31/18	10,985.48	Not a construction contract or major maintenance and no evidence of inspection by the building inspector.
6	CAT12-FY17-015	EMCOR SERVICES DBA MESA ENERGY SYSTEMS	Supreme Court cooling tower rental.	11/8/16 11/8/17	53,508.00	Not a construction contract or major maintenance and no evidence of inspection by the building inspector.
7	CAT12-FY17-002	NEVADA LANDCARE USA	Removal of trees and xeriscape Belrose Bldg.	8/8/17 8/31/18	4,928.80	Not a construction contract or major maintenance and no evidence of inspection by the building inspector.
8	CAT14-FY18-011	QUALITY CONTROL SYSTEMS INC QCS	Update software and verify/test operations.	8/31/17 6/30/18	2,339.00	Not a construction contract or major maintenance and no evidence of inspection by the building inspector.
9	CAT14-FY18-039	WESTERN STATES DOOR CONTROLS INC	Replacement of storefront doors.	4/19/18 6/30/18	18,030.00	Not a construction contract or major maintenance and no evidence of inspection by the building inspector.
10	CAT12-FY19-004	A&B ENVORONMENTAL LLC	Roof clean-up for Grant Sawyer Bldg.	11/27/18 6/30/19	6,645.00	Not a construction contract or major maintenance and no evidence of inspection by the building inspector.

#	Budget Account Category (CAT)	Vendor Name	Purpose	Contract Period	Contract Amount (\$)	Does this Contract Qualify as OCA (Yes/No)
11	CAT12-FY19-005	ACE FIRE SYSTEMS INC	Testing of fire pump in Grant Sawyer Bldg.	12/14/18 6/30/19	8,765.00	Not a construction contract or major maintenance and no evidence of inspection by the building inspector.
12	CAT14-FY19-001	AIR SYSTEMS OF SACRAMENTO INC dba AIR SYSTEMS OF NEVADA	Replacement of one split HVAC unit.	11/9/18 6/30/19	14,786.00	Yes
13	CAT14-FY19-017	ALLEN, BRET DBA NEWT CONCRETE CONSTRUCTION	Replacement of concrete walkways and curbs.	10/1/18 6/30/19	9,978.00	Yes
14	CAT14-FY19-012	DELTA FIRE SYSTEMS INC	Replace, reprogram, and test smoke detectors.	9/7/18 6/30/19	14,540.12	Not a construction contract or major maintenance and no evidence of inspection by the building inspector.
15	CAT12-FY19-003	JOHNSON CONTROLS dba SIMPLEX GRINNELL LP	Removal and replacement of fire pump turbine - bring up to code.	11/2/18 6/30/19	10,200.00	Not a construction contract or major maintenance and no evidence of inspection by the building inspector.
16	CAT14-FY19-003	OTIS ELEVATOR CO DBA NEVADA ELEVATOR CO	Replace obsolete drive unit of elevator.	11/5/18 6/30/19	22,496.24	Yes
17	CAT14-FY19-011	PYRO COMBUSTION & CONTROLS	Replace damaged boiler.	11/5/18 6/30/19	9,953.00	Yes
18	CAT14-FY18-051	SACRAMENTO INSULATION CNTRCTRS DBA GALE BUILDING PRODUCTS	Governor's Mansion - Install additional insulation to attic.	10/12/18 6/30/19	6,260.00	Not a construction contract or major maintenance and no evidence of inspection by the building inspector.
19	CAT14-FY19-007	SAVAGE & SON INC	Replace new HW boiler, storage and expansion tanks, and piping.	11/9/18 6/30/19	35,376.00	Yes
20	CAT14-FY18-042	SILEGACY FLOOR FINISHING INC	Replacement of vinyl and stair treads.	4/26/18 6/30/18	4,790.00	Not a construction contract or major maintenance and no evidence of inspection by the building inspector.
21	CAT14-FY19-009	SILEGACY FLOOR FINISHING INC	Remove and replace carpeting in Governor's mansion.	12/7/18 6/30/19	27,830.00	Not a construction contract or major maintenance and no evidence of inspection by the building inspector.
22	CAT14-FY19-027	SILEGACY FLOOR FINISHING INC	Install flooring and stair treads.	1/2/19 1/7/19	4,350.00	Not a construction contract or major maintenance and no evidence of inspection by the building inspector.

#	Budget Account Category (CAT)	Vendor Name	Purpose	Contract Period	Contract Amount (\$)	Does this Contract Qualify as OCA (Yes/No)
23	CAT12-FY19-002	TILE OUTLET	Replace worn tile in public men's room.	11/2/18 6/30/19	3,361.98	Not a construction contract or major maintenance and no evidence of inspection by the building inspector.

Appendix E

Fiscal Years 2015 through 2019 Authorized/Unauthorized Buildings And Unknown Projects

	2015		2016		2017		2018		2019		TOTAL	
	# Bldgs	\$	# Bldgs	\$	# Bldgs	\$	# Bldgs	\$	# Bldgs	\$	# Bldgs	\$
Total Improved/Expended	24	1,637,134	21	1,303,989	21	2,464,284	19	650,845	18	908,311	103	6,964,564
Buildings Authorized (Budget)	16	2,191,895	10	2,069,492	14	2,688,564	11	1,116,797	10	948,007	61	9,014,755
Buildings Authorized (Actual)	10	963,524	7	664,961	10	1,960,425	7	112,822	6	481,891	40	4,183,624
Actual as % of Total/Authorized	63%	44%	70%	32%	71%	73%	64%	10%	60%	51%	66%	42%
Actual as % of Total Improved/Expended	42%	59%	33%	51%	48%	80%	37%	17%	33%	53%	39%	52%
Buildings Improved (Not/Unauthorized)	14	491,358	14	348,082	11	196,953	12	406,915	12	312,783	63	1,756,092
Unknown Projects	Unknown	182,251	Unknown	290,946	Unknown	306,907	Unknown	131,199	Unknown	113,637	Unknown	1,024,940
Unauthorized as % of Total/Authorized	88%	31%	140%	31%	79%	19%	109%	48%	120%	45%	107%	35%
Unauthorized as % of Total Improved/Expended	58%	41%	67%	49%	52%	20%	63%	83%	67%	47%	61%	48%

Table Notes

1. Percentages in the "Total - # Bldgs" column are averages of the per-year percentages.
2. Total bldgs for the period is summed for purposes of analysis. There are only 45 specifically identified buildings that have had funds budgeted/spent for FY 15 - FY 19.