



Secretary of State Audit Report

Department of Public Safety Standards and Training: Training Facility Construction Contract Review

Summary

PURPOSE

The purpose of our audit was to determine if the Department of Public Safety Standards and Training (department) training facility project costs for payroll, rental equipment, travel reimbursements, and subcontractor work were reasonable and in accordance with contract terms, and if adequate processes were in place to ensure contract amendments and change orders were in accordance with contract terms and state rules. The purpose was also to determine if contractor selection was conducted in accordance with state laws and rules.

BACKGROUND

The department received a legislative mandate in 1997 to increase basic police officer training from 8 to 16 weeks. The existing leased facilities did not allow for the mandatory expansion of training. In 1999, the Legislature directed the department to begin the design and site selection process for a new public safety training facility to accommodate the increased training requirements. A series of legislative actions authorized a total of \$77.8 million to construct the facility. At the request of the department, in 2004 we provided department officials with a list of best practices to assist them in controlling project costs and risks. As of October 2005, total construction costs to date were approximately \$40 million. The facility project is scheduled for completion in July 2006.

RESULTS IN BRIEF

We found that for the training facility project, payroll, rental equipment, travel reimbursements, and subcontractor costs reviewed were reasonable and complied with contract terms. We also found the department had adequate processes in place to ensure contract amendments and change orders were in accordance with contract terms and state rules. Lastly, we found the selection of the contractor was in accordance with state laws and rules.

Our results may be attributable, in part, to the department's implementation of contracting best practices, and to the department's detailed procedures for reviewing and approving project fund disbursements. For example, we found that the department developed procedures outlining documentation requirements for monthly contractor payment requests and detailing invoice review and approval requirements.

Background

The Department of Public Safety Standards and Training (department) provides police, corrections, fire service, parole, probation, and telecommunication and private security officers training for safety providers throughout the state of Oregon.

In 1997, the department received a legislative mandate to increase basic police officer training from 8 to 16 weeks. The existing leased facilities did not allow for the mandatory expansion of training beyond a 10-week program. In order to accommodate this, the 1999 Legislature directed the department to begin the design and site selection process for a new public safety training facility. A series of legislative actions authorized a total of \$77.8 million to construct the facility. The training facility includes buildings for academic, skills, and scenario training, indoor firing ranges, dormitory, food services, staff offices, maintenance, and storage, as well as an emergency vehicle operations course and a city streets training area.

At the request of the department, in 2004 we provided department officials with a list of best practices to assist them in controlling project costs and risks.

As of October 2005, total construction costs to date were approximately \$40 million. The facility is scheduled for completion in July 2006.

Audit Results

We reviewed six contractor payments totaling approximately \$18 million, and all contract amendments and change orders as of October 2005. Our review of the selected payments included a detailed examination of all payroll, rental equipment, travel reimbursements and subcontractor

costs. We also reviewed all bid proposals submitted by construction firms and the evaluation scoring sheets used to select the contractor.

We found that payroll, rental equipment, travel reimbursements, and subcontractor construction costs reviewed were reasonable and complied with contract terms. We also found the department had adequate processes in place to ensure contract amendments and change orders were in accordance with contract terms and state rules. Lastly, we found the selection of the contractor was in accordance with state laws and rules.

Our results may be attributable, in part, to the department's implementation of contracting best practices and to the department's detailed procedures for review and approval of project fund disbursements. For example, we found the department performed the following to help control project costs and risks:

- Designed its policies and procedures in concurrence with contracting best practices;
- Developed procedures outlining documentation requirements for monthly contractor payment requests, and detailing invoice review and approval requirements;
- Required the contractor to submit employee timesheets with monthly payment requests;
- Required the contractor's project engineers to verify off-site materials were received prior to approving invoices for payment; and
- Maintained a report of changes made to the project in order to track and document the department's approval of project modifications.

Objectives, Scope and Methodology

The purpose of our audit was to determine if the Department of Public Safety Standards and Training (department) training facility project costs for payroll, rental equipment, travel reimbursements, and subcontractor work were reasonable and in accordance with contract terms, and if adequate processes were in place to ensure contract amendments and change orders were in accordance with contract terms and state rules. The purpose was also to determine if contractor selection was conducted in accordance with state laws and rules.

The scope of our audit included all 16 Applications for Payments as of October 2005. All Applications for Payments were reviewed for payment summary computation accuracy. We selected six Applications for Payments for further detailed review. For the six selected, we reviewed all supporting documentation the contractor provided to the department. We also obtained monthly department bank statements and a sample of checks from the contractor to its subcontractors for comparison to the Applications for Payments to further ensure accuracy of charges. Based on the results of our review, we determined it was not necessary to expand our scope to include a detailed review of additional payments.

We reviewed the department's and the Department of Administrative Services' contracting policies and procedures, and relevant Oregon Revised Statutes. We also reviewed the final project contract, and all contract amendments and change orders through October 2005. We also reviewed the department manager's Construction Change

Assessment report, which was used to track project modification causes and decisions, and compared it to all change orders.

We reviewed all bid proposals submitted by construction firms for the project and evaluation scoring sheets to determine if selection of the contractor was in compliance with state laws and rules.

We interviewed the department construction manager, contractor, and project management consultant to gain an understanding of construction management and payment processes.

We conducted our fieldwork between October 2005 and January 2006. We conducted our audit in accordance with generally accepted government auditing standards.



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The courtesies and cooperation extended by the officials and staff of the Department of Public Safety Standards and Training were commendable and much appreciated.

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