Introduction

The audit of the Mendon Center Road Project (Project) was selected based on the Office of Public Integrity’s (OPI’s) risk assessment for Monroe County.

Background

On March 12, 2019, the Monroe County Legislature adopted Resolution 77-2019 to enter into a contract with Nardozzi Paving and Construction, LLC for $2,489,000 for construction services for Mendon Center Road from Canfield Road to Calkins Road.

The Project included replacing the existing road surface and widening the shoulders, installation of new drainage structures, pipes, guiderail, and end assemblies and minor side-street approach work.

The total budgeted cost of the Project was $2,489,000, and had 100% County funding.

Framework for Audit

OPI’s audits are based on the following 5 Control Objectives:

- Compliance with laws, regulations, and contracts
- Accomplishment of goals and objectives
- Reliability and integrity of financial and operational information
- Effectiveness and efficiency of operations
- Safeguarding of assets

Based on OPI’s 5 Control Objectives, audit plans are developed to assess whether:

- All eligible customers are being served
- Revenues are maximized
- Receivables are collected
- Expenditures are proper and authorized
- Assets are safeguarded
- Employees are trained and competent
- Liabilities are minimized
- Laws are complied with
- Financial and operational reports are timely, relevant and accurate

Risks to Monroe County

Risk is the possibility of an event occurring, which could prevent the County from meeting its objectives. To maximize its resources and effectiveness, OPI focuses on areas of high risk to the County. Based on our preliminary research and discussions, we determined that the Project posed the following potential risks to the County, which were addressed in our audit objectives:

a) Did the County follow its procurement policies and procedures?

b) Were expenditures to prime contractors and subcontractors allowable, authorized, necessary, and for services that were actually provided?

c) Did subcontractors adequately complete their portions of the construction, in a timely manner and without putting residents at risk of accidents?
d) Was traffic control adequate to prevent accidents from occurring?
e) Did Prime and subcontractors adhere to contractual requirements, including Minority, Women, Disadvantaged, Business Enterprise (MWDBE) areas?
f) Were revenues from State and Federal grants maximized and collected?

Audit Objectives

Based on the potential risks that the Project posed, our audit objectives were to:

a) Confirm that the County followed its procurement policies and procedures.
b) Confirm that expenditures to the prime and subcontractors were for expenses that are allowable, authorized, necessary, and for services actually provided.
c) Confirm that traffic control was adequate.
d) Confirm that contractors completed their portions of construction and complied with contractual requirements, including MWDBE efforts.

Scope and Methodology

OPI’s scope was all prime and subcontractors related to the Project.

To meet our objectives, OPI performed the following:

- Identified subcontractor amounts and other expenditures and their related funding sources.
- Attended subcontractor meeting on 9/04/19.
- Reviewed meeting minutes from LaBella Associates for meetings held on 9/04/19, 9/17/19, 10/01/19, and 10/15/19.
- Reviewed progress reports from Nardozzi Construction.
- Reviewed payment applications from Nardozzi Construction.
- Conducted construction-site visit on 9/04/19 and attended the final inspection walk thru on 12/04/19.
- Reviewed the public bid, proposals, and contracts for compliance with the MWBE requirements.
- Made inquiries to management as to certain procedures and outstanding issues.

Finding and Recommendations

Finding

Per the public bid, the MWBE goal is 12% for MBE’s, 3% for WBE’s, and 0% for DBE’s.

Nardozzi submitted a Utilization Plan for $383,000 (15.39%) for MBE’s and $200,000 (8.04%) for WBE’s. Actual expenditures to Nardozzi have been $2,227,885.49. At 12%, required payments to MBE’s is $267,346.26. Since Nardozzi actually paid MBE’s $57,705.52 (2.59%), a potential recoupment could have been $209,640.74. However, based on correspondence from the County’s MWBE Officer to Nardozzi, various legal opinions are that those emails could be implied as being waivers. Therefore, Nardozzi is being considered as in compliance with the MWBE requirements for this project.

Recommendations

There are no recommendations unique to this project. Rather, OPI has compiled 20 recommendations related to the MWBE process for Monroe County, and these can be found in our report dated 6/10/21, which is available upon request.
Final Note

We would like to thank David Kubiak, Transportation Project Manager for the Monroe County Department of Transportation, for his assistance during our audit.

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Director, Office of Public Integrity

To report fraud, waste, or abuse, or to comment on this report, please contact the Monroe County Office of Public Integrity.

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