

Introduction

The audit of the Lake Road Improvements – Phase II Project (Project) was selected based on the Office of Public Integrity's (OPI's) risk assessment for Monroe County.

Background

On February 9, 2021, the Monroe County Legislature adopted Resolution 44-2021 to enter into a contract with Keeler Construction Co., Inc. for \$8,611,380 to make improvements to Lake Road, between Pellett Road and Bay Road. These improvements were phase 2 of 4 phases for sections of Lake Road.

The Project included pavement rehabilitation, shoulder widening, curb, gutters, water main improvements, and closed drainage replacement.

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 and laws are complied with
- Financial and operational reports are timely, relevant and accurate

Risks to Monroe County

Based on our preliminary research and discussions, we determined that the Project poses the following potential risks to the County:

- a) The County may not have followed its procurement policies and procedures
- b) Expenditures to prime contractors and subcontractors may be unallowable, unauthorized, unnecessary, or for services that were not actually provided.
- c) Subcontractors may not adequately complete their portions of the construction, thus delaying the completion date and/or putting residents at risk of accidents.
- d) Traffic control may not be adequate to prevent accidents from occurring.
- e) Prime and subcontractors may not adhere to contractual requirements, including MWDBE areas.
- f) Revenues from State and Federal grants may not be maximized or collected.

Audit Objectives

Our objectives were to:

- a) Confirm that the County followed its procurement policies and procedures.
- b) Review and test the controls to ensure 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.
- e) Confirm that State and Federal funding was maximized and collected.

Scope and Methodology

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

To meet our objectives, OPI performed the following:

- Reviewed the documents related to the selection process, including, but not limited to, the public bid, the project specifications, the vendors' proposals, the vendor scoring sheet, and the Contract Approval form.
- Reviewed the documents related to the contract process, including, but not limited to, legislative referrals and resolutions, the executed contract, insurance certificates, and debarment certifications.
- Reviewed the documents related to M/WBE compliance, including the public bid, proposals, contracts, and monthly M/WBE reports.
- Attended subcontractor meetings in-person and via Zoom.
- Reviewed meeting minutes from the engineers.
- Reviewed progress reports from the engineers.
- Reviewed payment applications from Keeler Construction.
- Conducted construction-site visits and participated in final project walk-thru.
- Made inquiries to management as to certain procedures and outstanding issues.
- Reviewed SAP transactions to confirm the funding sources.

Finding and Recommendations

Finding

Per the public bid, the participation goal is 12.0% for MBE's, 3.0% for WBE's, and 0.0% for DBE's. However, on 11/1/21, a County official approved an MWBE plan, with 2.99% as the MBE goal, which is considerably less than the 12.0% MBE requirement. Per the County, the project was discussed with Keeler and it was determined that there were no tasks that could be further subcontracted. This discussion was not documented.

OPI notes that the contractor has paid 3.02% to MBE's, thus meeting their authorized goal of 2.99%.

Recommendations

While the contractor met its percentage obligation for MBE participation as authorized by Monroe County (2.99%), this amount was less than the 12.0% that was stated in the public bid. Thus, in order to facilitate meeting the objectives of the M/WBE program, we recommend that the County enhance its policies and

procedures to highlight the full percentage commitments that contractors are required to make regarding the M/WBE program, including, but not limited to:

1. Highlighting the required percentages in the public bid.
2. Reordering the bid opening steps so that the M/WBE Utilization Plans are considered as part of the preliminary steps to bid acceptance and prior to recording the cost included in the bid.
3. Documenting any decisions regarding M/WBE Utilization Plans and including such decisions in CHQ.

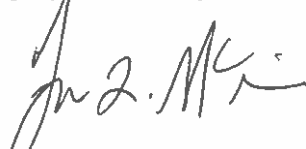
Management’s Response

1. DOT will highlight the required percentages in the bid documents starting January 1, 2023.
2. Reordering of the bid opening steps and requiring the MWBE Utilization plan at the time of bidding has been implemented since January 1, 2022.
3. The decisions regarding M/WBE Utilization plans are now being documented in ContrackHQ prior to contract execution.

Final Notes

We would like to thank Henry Herdzik, Transportation Project Manager for the Monroe County Department of Transportation, for his assistance during our audit. We observed that residents within the project boundary expressed their appreciation of the outcome of the project and how he addressed their concerns. We also noted the professional working relationship that he has with the engineers and contractors.

We would also like to note the services provided by Alex Brownell of C&S Companies, as observed during project meetings and with enhanced services, such as providing photos and videos of the project taken by drone.



Janson D. McNair
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.

Telephone: (585) 753-3100
 Fax: (585) 325-6293
 Whistleblower Hotline: (585) 753-3105
 Website: www.monroecountyny-opi.gov
 Email: whistleblower@monroecounty.gov

Address:
 Monroe County Office of Public Integrity
 Times Square Building
 45 Exchange Boulevard, Suite 900
 Rochester, New York 14614