

**BROOME COUNTY
DEPARTMENT OF
AUDIT AND CONTROL**

**CONSULTING CONTRACT DELIVERIBLES AUDIT
NOVEMBER 2002**

Alex J. McLaughlin, Comptroller



Broome County

Department of Audit and Control

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DANIEL A. SCHOFIELD
Chairman of the Legislature

ALEX J. McLAUGHLIN
Comptroller

November 20, 2002

Jeffrey P. Kraham, County Executive:

The Department of Audit and Control has conducted an audit of the Department of Public Works consulting contract deliverables. The principle objectives were to ascertain what value the County received for money spent to engage engineering / design and related consulting services and to compare the configuration of Broome County's Engineering Division with that of our peer counties.

The audit was conducted in accordance with generally accepted auditing standards. Such standards require that the Department of Audit and Control plan and perform the audit to adequately assess the accuracy of the financial records and adequacy of the internal controls, and that we examine, on a test basis, sufficient, competent and relevant evidence to afford a reasonable basis for our conclusions.

Based on the results of our examination, except for the instances noted herein, it is our opinion that the Department of Public Works has received adequate value for money spent to engage engineering / consulting services and that the configuration of our Engineering Division is appropriate when compared to that of our peer counties.

Sincerely,

Alex J. McLaughlin
Comptroller

cc: Daniel A. Schofield, Chairman of the Legislature
Members of the Legislature
Louis P. Augostini, Clerk of the Legislature
William A. Sczesny, Commissioner of Public Works

CONSULTING CONTRACT DELIVERIBLES AUDIT

Background Information:

The purpose of the audit was to ascertain what value is received by the County in return for money spent to engage engineering /design and related consulting services on a continuing basis and to evaluate potential alternatives. We also compared the configuration of Broome County's Engineering Division with that of our peer counties.

The Engineering Division of Public Works provides engineering services to maintain and upgrade the infrastructure (highways, bridges, and buildings), and to serve and support other Public Works Divisions, Broome County Departments, and residents of Broome County. The Division's primary objective is to furnish engineering services to Broome County in an efficient and cost-effective manner.

We contacted peer counties for benchmarking and reviewed 12 contracts for various design / consulting services along with associated payments that occurred during 2001. Payments for this period totaled approximately \$1.4MM. We also requested / obtained information on specific deliverables provided by the various consultants and studied the Engineering Division's budget.

Prior Audit: None

AUDIT FINDINGS AND RECOMMENDATIONS, AND RESPONSES

FINDING 1: OUTSOURCED PROJECTS SHOULD BE MORE EFFECTIVELY MONITORED FOR COST SAVINGS

During the course of our examination, we reviewed purchase vouchers and supporting documents under several consulting contracts. We noted seven instances where the contractor was allowed to subcontract out jobs, at a 10% premium, with a contractor that the County already has under contract for similar work. Both the contractors and the subcontractors contracts with the County are on an "as needed" basis for similar work. Additionally, both contracts allow the Commissioner of Public Works to change the general scope of the agreement as deemed necessary.

Management is responsible for eliminating unnecessary project costs. In fact, the contract specifically allows the county at any time to make changes within the general scope of the agreement.

Allowing contractors to engage subcontractors, with whom the County already has a contract agreement in place, results in unnecessary costs. In the case of the seven instances mentioned above, at the 10% premium for subcontractor services, the County could have saved in excess of \$5,700 in 2001 if the sub-contractors services had been arranged for directly.

RECOMMENDATION 1:

We recommend that the department of Public Works should more closely monitor projects and intercede when savings are available.

MANAGEMENT RESPONSE:

The Department of Public Works will closely monitor projects and will weigh the efficiency of hiring a subcontractor vs. managing two separate contracts.

FINDING 2: RESULTS OF CONSULTING WORK NOT READILY AVAILABLE

During the course of our examination, we requested information on a cost analysis related to Willow Point Nursing Home. The cost analysis was not readily available for review. This analysis was a follow up to a project presenting design options for Willow Point Nursing Home.

Consulting services are contracted to assist management in meeting their objectives. Written communications / reports produced by consultants should be readily available for timely use by management, legislative officials, and other interested parties.

The immediate availability of reports enables prompt effective action. The value of any report and/ or analysis is diminished if it is not available for review. In this case, the value of the initial design work related to Willow Point Nursing Home is also reduced.

The County does not have adequate policies and procedures in place to ensure that appropriate deliverables have been received from consultants and are acceptable to management before payments to the consultants are approved.

RECOMMENDATION 2:

We recommend that the Public Works Department maintain copies of written communications provided by consultants.

MANAGEMENT RESPONSE:

The Department of Public Works maintains copies of written communications with consultants. In the case of the Willow Point Nursing Home feasibility project, the project was a Willow Point Nursing Home project, not a Public Works project. Willow Point requested that Public Works formulate the specifications required. The deliverable was given to Willow Point Nursing Home and Willow Point paid the consultant.

FINDING 3: ENGINEERING STAFF COMPATABLE WITH PEER COUNTIES

During the course of our examination, we contacted several peer counties. We compared staff size, type, percentage of work outsourced, the criteria used in determining whether or not to outsource, and project costs. We found that Broome County's Engineering Division of Public Works is comparable to peer counties

Peer county comparison is used to indicate norms within a certain industry or department structure. In this case, peer counties were contacted to determine what types and percentage of work is performed through consulting contracts.

Results of the comparison with peer counties adds assurance that Broome County Engineering Division of Public Works is structured that, when compared to peers, similar projects are handled comparably (ie: performed in-house or outsourced).

RECOMMENDATION 3:

We recommend that the department of Public Works should continue its current practices.

MANAGEMENT RESPONSE:

We agree with the findings.