

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE INSPECTOR GENERAL**

**AUDIT OF CONSTRUCTION
MANAGEMENT AT THE DISTRICT
DEPARTMENT OF TRANSPORTATION**



**BLANCHE L. BRUCE
INTERIM INSPECTOR GENERAL**

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Inspector General

Inspector General



June 17, 2014

Matthew Brown
Acting Director
District Department of Transportation
55 M Street, S.E., Suite 400
Washington, D.C. 20003

Dear Mr. Brown:

Enclosed is the final report summarizing the results of the Office of the Inspector General's (OIG) Audit of Construction Management at the District of Columbia Department of Transportation (DDOT) (OIG No. 11-2-28KA(b)). This is the second and final of two audit reports addressing construction management at DDOT.

As a result of our audit, we directed five recommendations to DDOT for actions necessary to correct the described deficiencies. On May 12, 2014, DDOT provided a response to a draft of this report and agreed with the five recommendations made in the report. DDOT actions taken and/or planned are considered to be responsive and meet the intent of the recommendations. The complete text of DDOT's response is included at Exhibit C.

We appreciate the cooperation and courtesies extended to our staff during this audit. If you have any questions concerning this report, please contact me or Ronald W. King, Assistant Inspector General for Audits, at (202) 727-2540.

Sincerely,

A handwritten signature in blue ink that reads "Blanche L. Bruce". The signature is written in a cursive, flowing style.

Blanche L. Bruce
Interim Inspector General

BLB/rw

Enclosure

cc: See Distribution List

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Mr. Brown, Acting Director, DDOT
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ACRONYMS

CE	Chief Engineer
CM	Construction Manager
CMM	Construction Management Manual
CO	Contracting Officer
COTR	Contracting Officer's Technical Representative
CY	Calendar Year
DCMR	District of Columbia Municipal Regulations
DDOT	District Department of Transportation
FMCC	Fort Myer Construction Corporation
FY	Fiscal Year
IDR	Inspector's Daily Report
IPMA	Infrastructure Project Management Administration
OIG	Office of the Inspector General
SOW	Statement of Work
SSHS	DDOT Standard Specifications for Highways and Structures
TO	Task Order

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EXECUTIVE DIGEST

OVERVIEW

The Office of the Inspector General (OIG) has completed its Audit of Construction Management at the District Department of Transportation (DDOT). This is the second and final of two audit reports addressing construction management at DDOT.

DDOT is comprised of several administrations. The Infrastructure Project Management Administration (IPMA) operates under the direction of the DDOT Chief Engineer (CE) and bears responsibility for the design, engineering, and construction of roadways, bridges, traffic signals, and alley projects in the District of Columbia (District). Primarily, IPMA has four project management teams that are each responsible for managing all construction projects for two of the eight wards in the District. A fifth team, Anacostia/Waterfront Initiative, is responsible for management of special projects. In addition, the Asset Management Division of IPMA is responsible for managing the Citywide Paving and Sidewalk contracts.

IPMA also augments the management of construction projects by contracting for construction management services. Construction management contractors are under the general direction of the DDOT CE, who is represented by a project engineer at the job site. During fiscal years (FYs) 2009 – 2012, DDOT had 51 construction management contracts/task orders in place, with a total value of \$48.9 million, to assist with the management of 58 construction contracts valued at almost \$723 million.

The construction manager (CM), when under contract, is responsible for providing an experienced, registered engineer to approve all tasks set forth in the contract and competent, full-time inspection staff to inspect all aspects of the project. Essentially, the CM and the DDOT project engineer serve as the representatives of the DDOT Contracting Officer's Technical Representative and provide general administration of the contract, including initiating change orders and advising the Contracting Officer (CO) as to the construction contractor's compliance with the contract.

During the course of the audit, the OIG received two complaints involving four allegations of improper contracting activities at DDOT. We partially addressed one complaint in our *Report on the Construction Management at the District Department of Transportation (OIG No. 11-2-28KA(a))* issued on March 5, 2013. This report fully addresses both complaints of improper contracting activities, and includes our related findings and recommendations. The results of our review of the allegations are contained in the Allegations section of this report.

Our original audit objectives were to determine whether construction management services at DDOT were: (1) provided in compliance with applicable criteria; (2) administered in an efficient, effective, and economical manner; and (3) conducted in a manner where internal controls were in place to safeguard against fraud, waste, and abuse.

EXECUTIVE DIGEST

Based upon the two complaints received, we reviewed the allegations to determine whether: (1) DDOT properly authorized the rental of equipment to the contractor; (2) the contractor had an unfair advantage as a result of having knowledge of available DDOT equipment and submitted a request to use it prior to the award of the contract; (3) DDOT received a fair and reasonable price from the contractor for the rental of the equipment; and (4) DDOT properly re-started a project with the same contractor after the contract had been terminated.

This report is presented in three sections. Section I details our findings concerning construction management and focuses on the maintenance of project documentation and compliance with contract terms and conditions. Section II presents our findings related to the four allegations. Finally, Section III contains a listing of recommendations that, if implemented by DDOT, could result in improved management of construction projects.

CONCLUSIONS

DDOT did not provide effective management oversight for the administration of construction projects. Specifically, DDOT did not establish adequate project documentation systems and maintain required contract documentation as identified in the DDOT Construction Management Manual (CMM). These conditions occurred mainly because DDOT did not formally roll-out its standard operating procedures (DDOT CMM) that were published in May 2010. Also, DDOT did not amend existing construction management contracts to incorporate the CMM. Further, DDOT did not provide CMs with the necessary guidance at project start-up to implement documentation systems that accurately, completely, and timely record project activities, as required by the CMM.

As a result: (1) CMs did not maintain project daily diaries; (2) CMs and construction contractors did not complete specific contract deliverables; and (3) project inspectors did not consistently record necessary details of project activities in the Inspector's Daily Report (IDR). Further, as noted in the CMM, inadequately documented or undocumented project activity exposes the District to risk of damages due to relational, commercial, contractual, and legal reasons.

SUMMARY OF ALLEGATIONS

As reported in the first audit report, we determined that District construction equipment was rented to a contractor without the authorization of the DDOT CO. We also determined that the District did not receive a fair and reasonable price for the rental of the equipment. However, we were unable to substantiate that the contractor had an unfair competitive advantage because it had knowledge of and requested to rent the available equipment prior to being awarded the contract. Further, we were unable to substantiate that a project was re-started after it had been terminated.

EXECUTIVE DIGEST

SUMMARY OF RECOMMENDATIONS

We directed five recommendations to DDOT. The recommendations focus on:

- Developing and implementing a process to establish a documentation system at project start-up that would best fit each project;
- Improving communications and enforcing contractor compliance with contract terms and conditions;
- Establishing procedures to involve the IPMA in developing contract deliverables that are best-suited for each project; and
- Improving the administration of construction contracts.

MANAGEMENT RESPONSE AND OIG COMMENT

DDOT provided us with a written response to the Draft Report on May 12, 2014, in which it agreed with all five recommendations. DDOT provided a target date to complete its planned actions by July 2014, for Recommendations 4 and 5. Recommendations 1 through 3 were closed effective May 12, 2014. We consider the actions planned or taken by DDOT to be responsive and meet the intent of the recommendations. The full text of DDOT's response is included at Exhibit C.

A summary of the potential benefits resulting from the audit is shown at Exhibit A.

INTRODUCTION

BACKGROUND

The Office of the Inspector General (OIG) has completed its Audit of the Construction Management at the District Department of Transportation (DDOT). This is the second and final of two audit reports addressing construction management at DDOT. This audit was performed as a result of our *Audit of Construction Contracts Awarded Under the American Recovery and Reinvestment Act (ARRA) at the District of Columbia Department of Transportation (DDOT)*, (OIG No 10-1-13KA.).

DDOT is comprised of several administrations. The Infrastructure Project Management Administration (IPMA) operates under the direction of the DDOT Chief Engineer (CE) and bears responsibility for the design, engineering, and construction of roadways, bridges, traffic signals, and alley projects in the District of Columbia. Primarily, IPMA has four project management teams that are each responsible for managing all construction projects for two of the eight wards in the District. A fifth team, Anacostia/Waterfront Initiative, is responsible for the management of special projects. In addition, the Asset Management Division of IPMA is responsible for managing the Citywide Paving and Sidewalk contracts.

Generally, for large and complex projects, IPMA augments the management of these construction projects by contracting for construction management services. Construction management contractors are under the general direction of the DDOT CE, who is represented by a project engineer at the job site.

The CM, when under contract, is responsible for providing an experienced, registered engineer to approve all tasks set forth in the contract and competent, full-time inspection staff to inspect all aspects of the project. Essentially, the CM and the DDOT project engineer serve as the representative of the DDOT Contracting Officer's Technical Representative (COTR) and support contract administration activities by providing general administration of the contract, including initiating change orders and advising the Contracting Officer (CO) as to the construction contractor's compliance with the contract. During the period FY 2009 – FY 2012, DDOT had 51 construction management contracts/task orders in place, with a total value of \$48.9 million, to assist with the management of 58 construction contracts/task orders valued at almost \$723 million.

During fieldwork, the OIG received two complaints involving four allegations of improper contracting activities at DDOT. We partially addressed one complaint in our report, OIG No. 11-2-28-KA(a), issued on March 5, 2013. This report fully addresses both complaints and includes our related findings and recommendations. The results of our review of the specific allegations are contained in the Allegations and Audit Results section of this report.

Based upon the two complaints received, we reviewed the allegations to determine whether: (1) DDOT properly authorized the rental of equipment to the contractor; (2) the contractor had an

INTRODUCTION

unfair advantage as a result of having knowledge of available DDOT equipment and submitted a request to use it prior to the award of the contract; (3) DDOT received a fair and reasonable price from the contractor for the rental of the equipment; and (4) DDOT properly re-started a project with the same contractor after the contract had been terminated.

This report is presented in three sections. Section I details our findings concerning construction management and focuses on the maintenance of project documentation and compliance with contract terms and conditions. Section II presents our findings related to the four allegations. Finally, Section III contains a listing of recommendations that, if implemented by DDOT, could result in improved management of construction projects.

CRITERIA

Criteria covering construction management are contained in the DDOT Construction Management Manual (CMM), the DDOT Standard Specifications for Highways and Structures (SSHS), Title 27, District of Columbia Municipal Regulations (DCMR), , and Special Contract Provisions. Specifically, related criteria for each are briefly discussed below:

- The DDOT Construction Management Manual contains detailed procedures and guidance for the management of construction projects.
- The DDOT Standard Specifications for Highways and Structures (SSHS) is a comprehensive document that covers both the construction and management of projects.
- Title 27 DCMR § 2600 sets forth the requirements for awarding construction and architect-engineer contracts.

Prior to December 23, 2011, 27 DCMR § 1203.2 required that contract files include documentation “sufficient to constitute a complete history of the transaction for the following purposes: (a) [p]roviding a complete background as a basis for informed decisions at each step of the procurement process; (b) [s]upporting actions taken; (c) [p]roviding information for reviews and investigations; and (d) [f]urnishing essential facts in the event of litigation.” However, effective December 23, 2011, 27 DCMR § 1204.1 requires the OCP Director to determine which original, fully executed documents to include in contract files, and 27 DCMR § 1203.2 is no longer in effect as this section is now reserved.

INTRODUCTION

OBJECTIVES, SCOPE, AND METHODOLOGY

Our original audit objectives were to determine whether construction management services at DDOT were: (1) provided in compliance with applicable criteria; (2) administered in an efficient, effective, and economical manner; and (3) conducted in a manner where internal controls were in place to safeguard against fraud, waste, and abuse. We amended our objectives to include a review of two complaints alleging improper contracting actions at DDOT.

To accomplish our objectives, we reviewed DDOT policies and procedures, construction management contracts, and contract file documentation. We also tested for compliance with contract terms and conditions, and the DDOT Construction Management Manual. Additionally, we interviewed appropriate DDOT personnel. Lastly, we visited DDOT project locations to observe activities and review documentation of those activities.

The scope of the audit included contracts and/or task orders (TOs) awarded between FYs 2009 and 2012, with a total award value of \$48.9 million for construction management and \$723 million for construction projects. (See Exhibits B and C for details.)

This audit was performed in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on the audit objectives.

AUDIT RESULTS

SECTION I: MANAGEMENT OVERSIGHT
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SYNOPSIS

DDOT did not provide effective management oversight for the administration of construction projects. Specifically, DDOT did not establish adequate project documentation systems and maintain required contract documentation as identified in the DDOT Construction Management Manual (CMM). These conditions occurred mainly because DDOT did not formally roll-out its standard operation procedures (DDOT CMM) that were published in May 2010. Also, DDOT did not amend existing construction management contracts to incorporate the CMM. Further, DDOT did not provide CMs with the necessary guidance at project start-up to implement documentation systems to accurately, completely, and timely record project activities, as required by the CMM.

As a result, (1) CMs did not maintain project daily diaries; (2) CMs and construction contractors did not complete specific contract deliverables; and (3) project inspectors did not consistently record necessary details of project activities in the Inspector's Daily Report (IDR). Further, as noted in the CMM, inadequately documented or undocumented project activity exposes the District to risk of damages due to relational, commercial, contractual, and legal reasons.

DISCUSSION

The DDOT CMM sets forth guidance and requirements for managing and documenting activities for construction projects, and the contract's Statement of Work (SOW) included specific deliverables required of the contractor when managing the project. The introduction to the CMM, Section 4 – Communications Control states:

It is extremely important, for relational, commercial, contractual and legal reasons, that there be clearly defined systems for control of communications and that an adequate documentation system is established to record the communications.

We randomly selected six projects to review project documentation¹ required by the CMM. Four of the six projects were managed by a contractor and the remaining two projects were managed in-house. For two of the four projects managed by a contractor, we made site visits to observe activities and review written accounts of contract activities. For the two remaining project sites under contract, we reviewed documentation maintained on-site at the project office by the

¹ The SOWs for the various task orders require the contractor to maintain current records of contract documents, general correspondence, change orders, progress reports, diaries, and other related records. See e.g., Task Order No. 2 to DCKA-2010-T-0053, dated Oct. 14, 2010, Section A(5) and Task Order No. 4 to POKA-2006-T-0044-JJ, dated Apr. 3, 2009, Section 2.

AUDIT RESULTS

contractor. For the two projects managed in-house, we reviewed documentation maintained by the project engineer in the DDOT office.

Our review of the documentation showed that project communication was not documented in accordance with the requirements in the CMM and SOW for the contracts, and that inspectors did not accurately document project activities. We discuss some of the conditions noted in our review of project documentation in the subsections included herein. Table 1 on page 6 details the results of our review of project documentation.

Project Documentation. CMM Section 4.2 requires the CM to prepare and maintain a project daily diary. Our review showed that CMs did not maintain a project daily diary for any of the six projects in our sample. In our interviews, the CMs stated that the inspector's daily report (IDR) was used to document the project activity. However, the IDR is completed by the project inspector and it is used to document only project field activities and not project management or administrative activities.

In addition, CMM Section 4.1 states: "It is imperative that important calls be recorded and summarized on a Telephone Conversation Report Form. A copy should be mailed to the other party in order to have validity." We interviewed all six project CMs regarding documentation of telephone discussions with the construction contractors. Only one of the four contracted CMs provided evidence of recording telephone discussions with construction contractors in a computerized log.

Neither of the CMs for the two projects that DDOT managed in-house could produce a log of key telephone discussions with the contractor. In fact, during one of the interviews, the DDOT CM received a phone call from the contractor regarding instructions that he had given over the telephone days earlier. When the CM was asked whether the verbal instructions were followed up by email for documentation, he stated that he had not done so. The DDOT project engineer was also unaware of the requirement in the CMM to record and summarize important telephone calls and submit a copy of the report to the other party.

This condition existed because DDOT senior management did not elevate and address documentation requirements to the IPMA project management teams after the award of contracts for construction management. We did not find evidence to support that CMs designed and implemented documentation systems. One of the DDOT senior managers stated that after the contract is awarded, initial meetings are held with the construction management contractor to discuss expectations and emphasize document requirements. This senior manager also stated that he has attended many of these meetings. However, we did not find evidence that DDOT management followed up to ensure that an adequate documentation system was designed and implemented.

Also, senior managers stated that the initial meeting with the CM is not as formalized as the project start-up or kick-off meeting that is held with the construction contractor and all stakeholders.

AUDIT RESULTS

However, DDOT officials stated that since the audit, much consideration has been given to standardizing the initial meeting with the construction management contractor.

TABLE 1. RESULTS OF PROJECT DOCUMENTATION REVIEW								
No.	Contract/Task Order No. & Description	Procedure for Project Coordination?	Copy of CMM On-Site?	Log of All Contract Records?	If Site Visit, Did Inspector Prepare an Accurate and Complete IDR ?	Did the CM Maintain Project Daily Diary?	Telephone Log?	Telephone Conversation Forms?
		(a)	(b)	(c)	(d)	(e)	(f)	(g)
CM CONTRACT/PROJECT MANAGED								
1	DCKA-2010-T-0053, TO #2 CM for Sherman Ave Reconstruction	No	Yes	No	No	No	No	No
2	DCKA-2010-T-0020, TO #1 CM for Reconstruction of 18th St., NW from Florida Ave to Columbia Rd	Not Required	No	Yes	N/A	No	No	No
3	DCKA-2006-T-0044, TO #4 CM for 14th St Bridge Rehabilitation	No	No	Yes	No	No	Yes	No
4	POKA-2006-T-0073, TO #7 CM for Rehabilitation of Three Bridges over C&O Canal, Thomas Jefferson, 30th and 20th Street	No	No	No	N/A	No	No	No
DDOT IN-HOUSE MANGAGED PROJECTS								
5	POKA - 2007-C-0033 Citywide Sidewalk Repair	N/A	N/A	No	N/A	No	No	No
6	POKA - 2006-C-0003-JJ (Citywide Paving)	N/A	N/A	No	N/A	No	No	No

In addition, we believe the condition existed because the CMM was not referenced in the construction management contracts as a document to be used while managing the project. When we noted that existing contracts were not amended to include a reference to the CMM, senior

AUDIT RESULTS

managers explained that the CMM is a relatively new procedure that was issued in May 2010 and that they expected the program managers to communicate the requirements of this document and emphasize the importance of project documentation to CMs.

However, during our site visits, only one of the four CM's under contract produced a copy of the CMM for our inspection. The project engineers or program managers stated that they maintained a copy of the CMM in their primary DDOT office or could access it online when required. The project engineers for the two projects managed in-house stated that they were familiar with the CMM but did not have a copy available. We believe that the CMM should be maintained at the project site and readily available for use by all CMs and project staff.

As a result of the conditions noted above, DDOT's established standards for documenting management of construction projects are not being followed, which could be detrimental to the District in resolving disputes and conflicts between the parties. Also, undocumented issues related to contractor performance over the life of construction projects could lead to inaccurate contractor performance evaluations at the end of a project.

Project Site Visits. For the two projects that we visited, we determined that inspectors had not documented project activities. Specifically, we observed project activities during our visits that inspectors had not recorded in the inspector's daily reports (IDRs).

For example, at one site, the DDOT project engineer was called to the location to make a decision on the installation of a wheelchair ramp and light pole. According to the inspector at the site, current field dimensions did not allow for the 4 foot space requirement of the Americans with Disabilities Act (ADA). The project engineer left the location and returned with a new design for the installation of the ramp and light pole. Subsequently, we reviewed the IDR for that day and the redesign was not addressed.

CMM Section 5.4 states that it is the CM's responsibility to record and submit "all minor field changes information" to the designer and the contractor. At each project field site, the CM maintained a copy of the drawings and should have annotated them with changes as they occurred during the project. According to one CM, one of the purposes for maintaining the drawings is to enable comparison to the as-built drawings that the contractor is required to deliver at the end of the project.

During our visit to the second project site, we observed the CM inspecting contractor work that had been performed overnight. During his inspection, the CM pointed out many problems with the work to his project inspector, but the inspector failed to record the deficiencies brought to his attention by the CM in the IDR for that day. In fact, when we asked for a copy of the report, the CM noted that the IDR was incomplete and annotated the form to provide the missing information.

Although the CM is ultimately responsible for all project oversight, we believe these conditions occurred because the project inspectors may not have the training or the experience necessary to document the intricate details of construction projects. We noted that in Attachment A, Section 4 –

AUDIT RESULTS

Supervision and Inspection, the required qualifications for the consultant's (CM) staff are presented. The qualification requirements presented in this section of the Attachment A are generally consistent among the contracts. For contract number POKA-T-0073-CB, the paragraph addressing the qualification requirements for inspectors states:

The Consultant's staff shall consist of a sufficient number of trained engineering and inspection personnel, as approved by the Engineer, to adequately and competently perform the requirements of this Agreement.

For the two projects that we visited, we asked project management officials whether the inspectors' credentials were verified and they responded that all engineering certifications were verified by contacting the certifying board. However, there was no documentation in the files evidencing that the verifications occurred.

Employing inexperienced or inadequately trained project inspectors could result in project issues and problems that may not be adequately documented and project designs that may not reflect minor field changes that occurred during construction. Also, undocumented or unreported field changes could present safety issues and increase the risk of damages to the District in the event of disputes or litigation.

Noncompliance with Contract Terms and Conditions. DDOT did not monitor and enforce CMs' compliance with all contract terms and conditions. Three of six contracts we reviewed showed that deliverables were required at various times within 30 days of the start of the contract. The most significant of these deliverables was a CM requirement to establish written procedures within 10 working days from the "Notice to Proceed" date for coordination with the various entities involved in the project, to include the design consultant, utility companies, and all involved government agencies.² The procedures should have been submitted to the project engineer for approval. We did not find evidence that any of the three projects met this requirement.

On one project, the CM discontinued the required weekly report without having written concurrence from DDOT. In this case, the CM explained that the project was winding down and there was no substantial or critical activity to report on a weekly basis.

Also, the terms and conditions for one of the contracts managed in-house required the construction contractor to submit 150 photographs with its monthly invoice. The photographs were not submitted with the invoices we reviewed. According to the project engineer, he did not enforce this requirement due to the small scale of the project.

² See Section 5- Procedures, Attachment A to Task Order No. 4, contract no. POKA-2006-T-0044-JJ, issued Apr. 3, 2009. The same requirement is included at Section 5 - Procedures of Attachment A to contract nos. DCKA-2010-T-0053 and POKA-2006-T-0073.

AUDIT RESULTS

We believe the conditions noted above occurred because of a lack of adequate supervisory and management oversight. As a result, some of the DDOT reporting requirements established as necessary to reasonably manage the construction projects are not being met.

AUDIT RESULTS

SECTION II: ALLEGATIONS

The OIG received two complaints concerning allegations of improper contracting activities at DDOT. This report addresses both complaints, which include four allegations. We summarized information related to the allegations and the results of our review follows:

Allegation #1

1. Fort Myer Construction Corporation (FMCC) had an unfair competitive advantage because it had knowledge of and requested to rent District-owned equipment prior to the award of the contract.

Audit Results: We could not substantiate that FMCC gained an unfair advantage by having knowledge of the available equipment. We reviewed the bids of all the respondents to determine the overall price difference among the bids and whether the prices associated with the work represented by the use of the equipment were substantially less for FMCC than the competitors. Based on its bid prices for the equipment, and the lack of information to suggest otherwise, we concluded that FMCC's winning bid did not show that FMCC gained an advantage from any knowledge of the equipment being available.

Allegation #2

2. The decision to rent District-owned capital equipment to a contractor was not properly authorized by DDOT.

Audit Results: We were able to substantiate this allegation. The contract files did not contain any documentation to support that the CO was included in the decision to rent the equipment to the contractor. In fact, the CO stated that he only became aware of the agreement at the conclusion of the project. As a result, the rental agreement was never formalized and included in a contract amendment.

Allegation #3

3. DDOT did not receive a fair and reasonable price from the contractor for the rental of the equipment

Audit Results: We were able to substantiate that DDOT did not receive a fair and reasonable price for the rental of the District equipment. Because the CO was not included in the decision to rent the equipment and the agreement was never formalized and included in a contract amendment, the CO did not get an opportunity to determine price reasonableness and negotiate a reasonable price.

AUDIT RESULTS

As reported in the first audit report, we were able to perform a price comparison based on the contractor's experience with renting the same or similar equipment from the State of Maryland. Our comparison showed that the District received at least \$32,000 less than it could have for renting the equipment.

Allegation #4

4. DDOT restarted the contract for the Anacostia Initial Line Segment and Operations & Maintenance Facility after it had been terminated about 1 1/2 years earlier.

Audit Results: Based on our review of the contract files, we could not substantiate that DDOT terminated the contract. According to the CO, there were discussions of terminating the contract. However, these discussions did not result in a decision to officially terminate the contract.

We discussed the contract with DDOT program officials who stated that design and permit issues did surface during the project and they needed to be addressed. However, it was not their intent to terminate the contract. As a result, certain work had to be suspended until the issues with the project were resolved. After these issues were resolved, the project was re-started.

AUDIT RESULTS

SECTION III: RECOMMENDATIONS

We recommend that the Director, District Department of Transportation:

1. Incorporate the Construction Management Manual in all construction management contracts and amend existing contracts to incorporate the manual.
2. Develop a procedure to standardize the initial CM meeting to ensure that adequate documentation systems are designed and implemented for construction projects, and require that the results of the meeting be documented in the construction management project files.
3. Implement a program to develop or enhance project engineer skills that are necessary to effectively oversee construction managers' documentation and inspection of construction projects. The program should require that the verification of project staff certifications and experience, and the acceptance or approval of staff by DDOT's Engineer or his/her representative be documented in the project files.
4. Develop a list of the project deliverables required by each construction management contract, include them in a section of the monthly reports, and require the CM to address the status of each deliverable in the monthly report.
5. Require IPMA approval on contract deliverables included in construction contracts and establish periodic reviews to eliminate or reduce unnecessary contract deliverables as projects wind down to completion.

DDOT RESPONSE

DDOT provided our Office with a written response to the Draft Report on May 12, 2014, in which it agreed with all five recommendations. DDOT provided a target date to complete its planned actions by July 2014, for Recommendations 4 and 5. Recommendations 1 through 3 were closed effective May 12, 2014. The full text of DDOT's response is included at Exhibit C.

OIG COMMENT

We consider the actions planned or taken by DDOT to be responsive and meet the intent of the recommendations.

**EXHIBIT A. SUMMARY OF POTENTIAL BENEFITS
RESULTING FROM THE AUDIT**

Recommendations	Description of Benefit	Amount and Type of Benefit	Agency Reported Estimated Completion Date	Status³
1	Compliance, Internal Control, and Economy and Efficiency. Establishes and communicates standards for managing construction projects.	Non-Monetary	May 12, 2014	Closed
2	Compliance and Internal Control. Establishes process and follow-up for communication of requirements.	Non-Monetary	May 12, 2014	Closed
3	Compliance, Internal Control, and Economy and Efficiency. Enhances and improves inspection personnel's skills.	Non-Monetary	May 12, 2014	Closed
4	Compliance and Internal Control. Establishes internal control process.	Non-Monetary	July 31, 2014	Open
5	Economy and Efficiency. Establishes and reinforces project deliverables.	Non-Monetary	July 31, 2014	Open

³ This column provides the status of a recommendation as of the report date. For final reports, “**Open**” means management and the OIG are in agreement on the action to be taken, but action is not complete. “**Closed**” means management has advised that the action necessary to correct the condition is complete. If a completion date was not provided, the date of management’s response is used. “**Unresolved**” means that management has neither agreed to take the recommended action nor proposed satisfactory alternative actions to correct the condition.

**EXHIBIT B. CONSTRUCTION MANAGEMENT CONTRACTS
AND TASK ORDERS – FY 2009 – FY 2012**

No.	Contract No.	Description	Date Awarded	Contractor	Award Amount
1	POKA-2006-T-0017-JJ	CM Services for Rehab. of New Hampshire Ave. Bridge Over CSX Railroad and Metro Tracks NE	10/7/2008	CH2M HILL	\$21,725.00
2	POKA-2006-T-0056-VH	Construction Management Services for Inaugural Stands	10/15/2008	Delon Hampton	\$137,432.70
3	POKA-2006-T-0027-JJ	Construction Management for Federal Aid Citywide Streetlight Construction Management	10/21/2008	David Volkert and Associates	\$365,278.80
4	POKA-2006-T-0022-JJ	Construction Management Services for the Rehab. of Connecticut Ave. Bridge Over Klinge Valley	10/23/2008	KCI Associates	\$123,104.08
5	POKA-2006-T-0053-FH	Construction Management Services for Reconstruction of Nebraska Avenue, From Utah Ave. to Oregon Ave. NW	10/23/2008	CMTS-DC	\$512,839.60
6	POKA-2006-T-0063-LS	Construction Management Services for Traffic Signal Construction and Installation of Permanent Count Stations	12/12/2008	Jacobs Civil, Inc.	\$416,767.87
7	POKA-2006-T-0053-FH	Construction Management Services for Reconstruction of 2nd Street, NE and Rehab. of K, L, & M Street underpasses	12/26/2008	CMTS LLC	\$79,648.80
8	POKA-2006-T-0056-VH	Construction Management Services Inaugural Stands	1/28/2009	Delon Hampton	\$77,000.00
9	POKA-2006-T-0063-LS	Construction Management Support Services for the Reconstruction of Kenilworth Ave., NE from Foote to Lane Place, and Bridges Over Nannie Helen Burroughs and Watts Branch	2/5/2009	Jacobs Civil, Inc.	\$1,169,906.00
10	POKA-2006-T-0056-VH	Construction Management Services D.C. General Hospital (DRES)	2/6/2009	Delon Hampton	\$129,650.00

**EXHIBIT B. CONSTRUCTION MANAGEMENT CONTRACTS
AND TASK ORDERS – FY 2009 – FY 2012**

No.	Contract No.	Description	Date Awarded	Contractor	Award Amount
11	POKA-2006-T-0079-MN	Construction Management Services-DC Project	2/12/2009	The Temple Group	\$132,615.00
12	POKA-2006-T-0079-MN	Construction Management Services-Eastern Market Rehabilitation	2/19/2009	The Temple Group	\$383,488.00
13	POKA-2006-T-0044-JJ	Construction Management Services for the Rehabilitation of Northbound and Southbound 14th Street Bridges Over Potomac River	4/3/2009	DMJM/AEC OM	\$2,086,961.54
14	POKA-2006-T-0017-JJ	Construction Management and Inspection Services for the Rehab. of New Hampshire Ave. Bridge Over CSX Railroad	6/15/2009	CH2M HILL	\$34,438.00
15	POKA-2006-T-0056-VH	Construction Management for DDOT Street and Bridge Maintenance Facility	6/17/2009	Delon Hampton	\$400,000.00
16	POKA-2006-T-0073-CB	Construction Management Services for the Rehab. of Three Bridges Over C&O Canal, Thomas Jefferson, 30th and 20th Street Bridges	6/17/2009	Rummel Klepper and Kahl	\$420,053.61
17	POKA-2006-T-0067-LS	Potomac Levee Flood Control Project - Construction Management Potomac Levee Flood Control Project	7/1/2009	The Louis Berger Group	\$1,210,000.00
18	POKA-2006-T-0065-LS	Construction Management Services for Metropolitan Branch Trail	7/6/2009	Johnson Mirmiran and Thompson	\$258,794.00
19	POKA-2006-T-0053-FH	Construction Management Services for Downtown Business Improvement District Streetlight and Streetscape (ARRA-funded)	9/17/2009	CMTS	\$936,429.30

**EXHIBIT B. CONSTRUCTION MANAGEMENT CONTRACTS
AND TASK ORDERS – FY 2009 – FY 2012**

No.	Contract No.	Description	Date Awarded	Contractor	Award Amount
20	POKA-2006-T-0022-JJ	Construction Management Services for Citywide Sidewalk (ARRA funded)	10/1/2009	KCI Associates	\$398,250.05
21	POKA-2006-T-0057-VH	DC Streetcar Project - Engineering Services	10/15/2009	Delon Hampton Associates	\$54,704.00
22	POKA-2006-T-0079-MN	Construction Management Services for Resurfacing of 17th Street, NW Mass. Ave. to New Hampshire Ave. (ARRA-funded)	11/12/2009	The Temple Group	\$848,821.28
23	DCKA-2009-Q-0099-2(Josephine)	Construction Management Services Eastern Ave. Bridge (ARRA funded)	11/13/2009	Jacobs Project Management Group	\$1,723,989.98
24	DCKA-2009-Q-0099-2 (Cora)	Construction Management Services Pennsylvania Ave. (ARRA funded)	11/18/2009	David Volkert Associates	\$4,932,570.48
25	DCKA-2010-T-0024	Construction Management Services for Resurfacing of 18th Street, NW from Mass. Ave. to Florida Ave. (ARRA funded)	12/29/2009	David Volkert and Associates	\$1,280,575.32
26	DCKA-2009-Q-0099 (Lisa)	Construction Management Services New York Ave. Bridge (ARRA funded)	1/5/2010	LPA Group	\$6,225,952.00
27	DCKA-2010-T-0024	Construction Management Services for Streetlights	1/14/2010	David Volkert and Associates	\$229,043.10
28	DCKA-2010-T-0010	Pennsylvania Ave SE Revitalization Project From 200 Feet West of 27th Street, SE to Southern Ave. (ARRA-funded task order)	2/19/2010	Athavale, Lystand & Associates	\$251,006.00

**EXHIBIT B. CONSTRUCTION MANAGEMENT CONTRACTS
AND TASK ORDERS – FY 2009 – FY 2012**

No.	Contract No.	Description	Date Awarded	Contractor	Award Amount
29	DCKA-2010-T-0038	Reconstruction of Eastern Avenue Bridge Project - Construction Phase Services (ARRA-funded task order)	2/25/2010	Greenhorne & O'Mara	\$191,499.00
30	DCKA-2010-T-0043	Columbia Heights Streetscape Park Road, NW From Mt. Pleasant Street to 14th Street, From Newton Street to Irving Street, NW	3/11/2010	HNTB of DC	\$390,000.00
31	DCKA-2010-T-0049	New York Avenue Bridge Over Railroad, NE and Approach Roadways (ARRA funded task order)	3/11/2010	KCI Associates of D.C.	\$413,582.13
32	DCKA-2010-T-0059	Reconstruction of Benning Road, NE From 14th and H Street to Oklahoma Avenue	3/11/2010	Mactec Engineering and Consulting	\$615,055.00
33	DCKA-2010-T-0046	Construction Management Support Services for the Repair and Repainting of Chain Bridge Over Potomac River and C&O Bridge #1	3/12/2010	Jacobs Engineering	\$279,614.88
34	DCKA-2010-T-0079	Construction Engineering Support Services for the Reconstruction of the Intersection of First Street, Florida Ave., New York Ave., & Eckington Place, NE	3/24/2010	Rummel Klepper & Kahl	\$391,057.51
35	DCKA-2010-T-0081	Construction Management Services for Streetlight Assets	4/26/2010	SAIC	\$598,169.00
36	DCKA-2010-T-0081	Construction Management Services for Asset Preservation and Preventive Maintenance of Tunnels	4/30/2010	SAIC	\$688,096.00

**EXHIBIT B. CONSTRUCTION MANAGEMENT CONTRACTS
AND TASK ORDERS – FY 2009 – FY 2012**

No.	Contract No.	Description	Date Awarded	Contractor	Award Amount
37	DCKA-2010-T-0079	Rehab. of S. Dakota Ave. NE Bridge Over the CSX Railroad Construction Management Services	5/11/2010	Rummel Klepper & Kahl	\$497,967.58
38	DCKA-2010-T-0003	Construction Management Services for the Rehabilitation of Southbound and Northbound 14th Street Bridges Over Potomac River, Bridges 1133 & 170-1	7/27/2010	AECOM	\$78,926.00
39	DCKA-2010-T-0057	New York Avenue Green Infrastructure Assessment (Office of Planning)	7/29/2010	Low Impact Developmt. Center	\$124,823.00
40	DCKA-2010-T-0043	Columbia Heights Streetscape Park Road, NW From Mt. Pleasant Street to 14th Street, From Newton Street to Irving Street, NW	8/24/2010	HNTB	\$103,000.00
41	DCKA-2010-T-0079	Construction Management Services for the Rehabilitation of Three Bridges over C&O Canal, Thomas Jefferson St., 30th St., and 29th St. Bridges, Bridge Nos. 4, 5, and 6	9/27/2010	Rummel Klepper & Kahl	\$233,677.21
42	DCKA-2010-T-0053	Construction Management Services for Reconstruction of Sherman Ave. NW	10/14/2010	Legion Design/ Campbell & Associates	\$1,503,898.30
43	DCKA-2010-Q-0145	Streetcar Program Management Project	9/28/2010	HDR, Inc.	\$10,000,000.00
44	DCKA-2010-T-0018	CM Services for Great Streets Middle Georgia Avenue	11/15/2010	CH2M Hill	\$954,644.00
45	DCKA-2010-T-0043	CM Services for Columbia Heights Streetscape	11/22/2010	HNTB	\$55,000.00

**EXHIBIT B. CONSTRUCTION MANAGEMENT CONTRACTS
AND TASK ORDERS – FY 2009 – FY 2012**

No.	Contract No.	Description	Date Awarded	Contractor	Award Amount
46	DCKA-2010-T-0022	CM Services for Nannie Helen Burroughs Avenue Great Streets Project (ARRA-funded)	11/29/2010	CMTS	\$1,626,004.87
47	DCKA-2010-T-0089	Construction Management Services for Rehabilitation of O&P Streets, NW from 37th Street to Wisconsin Avenue	12/14/2010	Temple Group Inc.	\$1,864,406.10
48	DCKA-2010-T-0020	Construction Management Services for Reconstruction of 18th Street, NW from Florida Ave. to Columbia Road	12/23/2010	CKI Associates	\$1,223,402.00
49	DCKA-2010-T-0012	Construction Management Services for the Reconstruction of Benning Road, NE from 39th Street to 42nd Street	2/18/2011	Belstar	\$1,189,110.20
50	DCKA-2010-T-0087	CM Services for the Rehab. of 11th Street Task Order 2	4/4/2011	STV	\$36,212.66
51	DCKA-2010-T-0003	CM Services for Rehabilitation of Northbound and Southbound 14th Street Bridges Over Potomac River	4/12/2011	AECOM	\$973,880.60
		GRAND TOTAL			\$48,873,070.55

EXHIBIT C. DISTRICT DEPARTMENT OF TRANSPORTATION'S RESPONSE TO THE DRAFT AUDIT REPORT

GOVERNMENT OF THE DISTRICT OF COLUMBIA
DEPARTMENT OF TRANSPORTATION



d. Office of the Director

May 12, 2014

Mr. Charles J. Willoughby
Inspector General
Office of the Inspector General
717 14th Street, NW, Fifth Floor
Washington, DC 20005

Dear Mr. Willoughby:

I am writing in response to your April 11, 2014, letter and the draft report summarizing the results of the Office of the Inspector General's (OIG) Audit of Construction Management at the District Department of Transportation (DDOT) (OIG No. 11-2-28KA(b)) that was attached your letter.

We have reviewed the draft audit report and provide the following responses to the recommendations set forth in Section III of the draft report:

OIG Recommendation 1: Incorporate the Construction Management Manual in all construction management contracts and amend existing contracts to incorporate the manual.

DDOT Response: DDOT now references and requires that the Construction Management Manual (CMM) is followed in all of its construction management contracts. In addition to its inclusion in the CM contracts, DDOT in recent years has begun to train its staff continuously on the best practices in construction management. These training sessions include highlighting the CMM as an established process for DDOT construction projects. Lastly, the CMM is readily available to all staff and stakeholders to view on the DDOT website (<http://ddot.dc.gov/page/construction-management-manual>).

EXHIBIT C. DISTRICT DEPARTMENT OF TRANSPORTATION'S RESPONSE TO THE DRAFT AUDIT REPORT

OIG Recommendation 2: Develop a procedure to standardize the initial CM meeting to ensure that adequate documentation systems are designed and implemented for construction projects, and require that the results of the meeting be documented in the construction management project files.

DDOT Response: DDOT- IPMA has recently incorporated a SharePoint system to standardize the Agency's document management systems. The system utilizes a standardized electronic filing system for all projects. All DDOT staff and consultants are required to utilize the system to create project files. Agency supervisors have access to the system and can review projects to ensure that the files are up to the current standards.

OIG Recommendation 3: Implement a program to develop or enhance project engineer skills that are necessary to effectively oversee construction managers' documentation and inspection of construction projects. The program should require that the verification of project staff certifications and experience, and the acceptance or approval of staff by DDOT's Engineer of his/her representative be documented in the project files.

DDOT Response: Since the audit, DDOT has implemented requirements for construction inspectors and engineers to go offsite for a one week construction inspection and management training consistent with the DDOT CMM. In addition, all construction inspectors are required to be certified in concrete, asphalt, and soil inspection. DDOT maintains a comprehensive list of all staff and contractor certifications and has also initiated a CM certification document that is placed in our files.

OIG Recommendation 4: Develop a list of the project deliverables required by each construction management contract, include them in a section of the monthly reports, and require the CM to address the status of each deliverable in the monthly report.

DDOT Response: DDOT will create a standard project deliverable checklist for use during the project implementation. The checklist will be added to the Construction Management contracts starting July 2014.

OIG Recommendation 5: Require IPMA approval on contract deliverables included in construction contracts and establish periodic reviews to eliminate or reduce unnecessary contract deliverables as projects wind down to completion.

DDOT Response: The standard project deliverables checklist to be included in contracts, referenced in our response to recommendation 4 above, will also require IPMA approvals on contract deliverables.

EXHIBIT C. DISTRICT DEPARTMENT OF TRANSPORTATION'S RESPONSE TO THE DRAFT AUDIT REPORT

I appreciate the opportunity to provide this information to you. Should you have additional questions, please do not hesitate to contact me at 202-673-6813.

Sincerely,



Matthew T. Brown
Acting Director
District Department of Transportation

CC: Mr. Allen Y. Lew, City Administrator
[REDACTED] Interim Chief Engineer, DDOT