



John A. Carey  
Inspector General

OFFICE OF INSPECTOR GENERAL  
PALM BEACH COUNTY



Inspector General  
Accredited

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*“Enhancing Public Trust in Government”*

**Contract Oversight Report**

**CA-2019-0020**

**Palm Beach County  
Engineering & Public Works**

**Annual Pathway and Minor  
Construction Contract -  
Contract Administration Review**

**June 17, 2019**

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**Insight – Oversight – Foresight**



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**PALM BEACH COUNTY ENGINEERING & PUBLIC WORKS  
ANNUAL PATHWAY AND MINOR CONSTRUCTION CONTRACT  
CONTRACT ADMINISTRATION REVIEW**

**SUMMARY**

**WHAT WE DID**

The Palm Beach County Office of the Inspector General (OIG) conducted a Contract Administration Review of Palm Beach County's Annual Pathway and Minor Construction Contract, Project Number 2017055 (Contract). This review included projects funded from a variety of sources including Infrastructure One-Penny Sales Surtax funds.



The OIG review of the contract focused on the requirements stated in the approved contract compared with the administration of randomly selected work orders from January 23, 2018 through February 12, 2019. The five County departments reviewed include Engineering and Public Works (EPW), Environmental Resources Management (ERM), Facilities Development & Operations (FDO), Parks & Recreation (Parks), and the Water Utilities Department (WUD).

The Contract is used for the construction and resurfacing of pathways and parking areas, construction of speed humps, traffic separators, miscellaneous concrete work, and other minor construction projects.

The intent of the review was to determine work order compliance with contract specifications, to verify contract deliverables, and to make recommendations and suggestions to help improve the County's contract administration process.

**WHAT WE FOUND**

We found that the County is compliant with the contractual requirements as stated in the Contract. We also found that the departments are utilizing appropriate contract administration tools and techniques in performing their contract administration responsibilities.

In our review, we noted that even though the specific contract administration processes used by each department were different, each department employed overall effective contract administration principles.<sup>1</sup>

<sup>1</sup> In this context, contract administration and contract monitoring are synonymous terms.

Contract monitoring is an essential part of the contracting process. Monitoring should ensure that contactors comply with contract terms, performance expectations are achieved, and any problems are identified and resolved. Without a sound monitoring process, the contracting agency does not have adequate assurance it receives what it contracts for.<sup>2</sup>

The focus of each department's contract administration process appears to be designed around its own unique circumstances, such as the type of work to be performed, the volume of work orders processed, the dollar value of projects, and the location of the work.

Each department uses specific processes to address its specific areas of contract risk. The processes utilized by the departments differ; however, they demonstrate acceptable contract administration techniques.

#### WHAT WE RECOMMEND

Through our review, we found that the County Departments using the Annual Pathway and Minor Construction Contract are complying with the requirements of the agreement, and are properly utilizing contract administration tools and techniques in managing projects. Therefore, we have no recommendations.

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<sup>2</sup> National State Auditors Association, 'Best Practices in Contracting for Construction Services', 2005, p.5, [https://www.nasact.org/files/News\\_and\\_Publications/White\\_Papers\\_Reports/NSAA%20Best%20Practices%20Documents/2005\\_Construction\\_Services.pdf](https://www.nasact.org/files/News_and_Publications/White_Papers_Reports/NSAA%20Best%20Practices%20Documents/2005_Construction_Services.pdf).

## BACKGROUND

The Contract was awarded to Wynn & Sons Environmental Construction Co. Inc. (Vendor), on January 23, 2018, by the Palm Beach County Board of County Commissioners, Resolution No. R2018-0012. The original contract term is one year, with two, 1-year extension periods, and a not-to-exceed amount of \$9,500,000.

The lead department responsible for soliciting, awarding, and maintaining the master agreement is the Engineering and Public Works Department. Seven County Departments are authorized users of the Contract: EPW, Water Utilities Department, Parks & Recreation, Department of Airports, Environmental Resources Management, Facilities Development & Operations, and the County Cooperative Extension Service.

The total cost of the work orders placed during the review period was \$8.5 million. We analyzed 24 of 1264 work orders issued by five county departments between January 23, 2018 and February 12, 2019. The work orders reviewed included both paid and in-process projects funded from a variety of sources, including Infrastructure Surtax funds. Two of the authorized departments did not place any work orders during the review period.

Annual Pathway Contract Work Orders January 23, 2018 through February 12, 2019						
Department	Total Cost of Work Orders	Total # Work Orders	# Work Orders Reviewed	% Work Orders Reviewed (#)	\$ Work Orders Reviewed	% Work Orders Reviewed (\$)
EPW	\$ 3,746,639	154	5	3%	\$ 108,623	3%
ERM	\$ 848,627	7	1	14%	\$ 44,997	5%
FDO	\$ 301,860	4	1	25%	\$ 19,810	7%
Parks & Rec	\$ 1,843,479	300	7	2%	\$ 32,442	2%
WUD	\$ 1,759,386	799	10	1%	\$ 24,167	1%
<b>Grand Total</b>	<b>\$ 8,499,991</b>	<b>1264</b>	<b>24</b>	<b>2%</b>	<b>\$ 230,039</b>	<b>3%</b>
Surtax Funds	\$ 1,160,006	81	3	4%	\$ 33,688	3%

See Exhibit A for specific work order information.

In our review, we discussed the process and procedures used by each department with the project managers. The project managers described the contract administration process starting with the identification of a need for a pathways project through the issuance of the work order to the final acceptance of the completed job and invoice payment. The process described was also verified against the project file and/or work order documentation. Finally, we compared the described work order process against a checklist of general and special contract requirements.

The general requirements include non-construction specific clauses, such as Small Business Enterprise (SBE) Participation, Palm Beach County Living Wage Ordinance, Non-Discrimination, E-Verify, and Public Entity Crimes.

Special requirements are items applicable to pathway construction, such as Preconstruction Conferences, Delivery Tickets, School Zones, Bus Operations, Basis of Payment, Unforeseeable Work, Inspection and Acceptance, and Control of Materials.

## OBSERVATIONS

Departmental specific contract administration processes we identified during our review are as follows:

### **Engineering & Public Works**

EPW's Road & Bridge Division (Division) accounts for 44% of the total expenditures under the Contract, but only the third highest work order volume out of five departments. EPW's projects are mostly on or near active roadways and in residential areas. These conditions make its projects highly visible and subject to unforeseen complications with utilities, drainage, and traffic congestion. Effective administration of the work orders is therefore a priority of the Division.

EPW has developed a successful Pathways Program to track and administer all projects through weekly discussions with supervisors to manage and prioritize the work. EPW also maintains comprehensive project files and performs internal reviews and approvals using customized forms/checklists. The project specialists effectively make use of a Palm Beach County Project Report form, which is similar in function to a construction daily report to assist with internal communications.

Although the dollar value of the Contract work orders for the Division is low compared to other EPW projects, EPW administers them using the same detailed contract administration practices developed for larger projects.

### **Environmental Resource Management**

ERM is responsible for about 32,000 square acres of natural lands, including public access to beaches, and natural areas for snorkeling, scuba diving, fresh or saltwater fishing, kayaking, and hiking. ERM's use of the Contract during the review period was minimal; however, according to ERM's contract manager, ERM utilizes many different County annual contracts in support of its mission.

We reviewed the work order for excavating, grading, and fixing potholes on the Pantano & Blue Gill Trails. These trails are public access hiking and equestrian trails along the C-18 Canal and the Loxahatchee Slough Natural Area. ERM is also under an agreement to maintain these pathways for maintenance crews from the South Florida Water Management District to access the canal.

ERM uses a variety of forms to manage all work orders placed against any contract. The forms are very detailed tools that display an in-depth understanding of contract administration practices. The contract manager stated that the forms have been used by

ERM for more than a decade, and were developed to promote consistency and compliance in issuing work orders.

The first form ERM uses is a Contract History form that tracks all work orders issued against the budgeted contract amount for ERM. The second form is a Document Approval Routing form. This form is used to verify the orderly routing and approval of the work order through all supervisory levels, the contracts manager, and the fiscal director.

The next form is a work order checklist generated from a template based on the specific requirements of the annual contract. The checklist includes all the document items to be included in the approval package, as well as, a verification of contractual requirements, procedures, and administrative compliance. (Exhibit B)

The final form ERM uses is the Invoice Review Checklist, which is similar to the work order checklist, but is used to verify that the invoices are proper for payment, are in accordance with the Contract terms, reflect the deliverables inspected and accepted, and contain all the required back-up documentation, such as, SBE forms. (Exhibit C)

### **Parks & Recreations**

Parks & Recreation has the second highest volume of work orders under the Contract among the five departments that use the contract.

Most repairs to park pathways are the result of tree root invasions, and from weather and drainage issues that cause cracking and settling. Parks does not have construction procurement authority per County Policy and Procedures Memoranda<sup>3</sup>, and cannot place work orders directly with the vendor. Instead, all work orders are approved by the County's Contract Review Committee (CRC). The CRC consists of four voting members: an appointee of the Board of County Commissioners; County Engineer, County Attorney, and the Director of the Contract Development and Control Division, Office of Financial Management and Budget (OFMB). The CRC reviews and approves orders placed against annual professional services agreements and construction contracts, final payments, and change orders.<sup>4</sup>

Since pathway locations are difficult to describe, Parks uses photos and maps of the area to more precisely identify the location(s) where the repair work is to be performed.

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<sup>3</sup> CW-L-008, Purchasing Policy and Procedures, dated March 20, 2018.

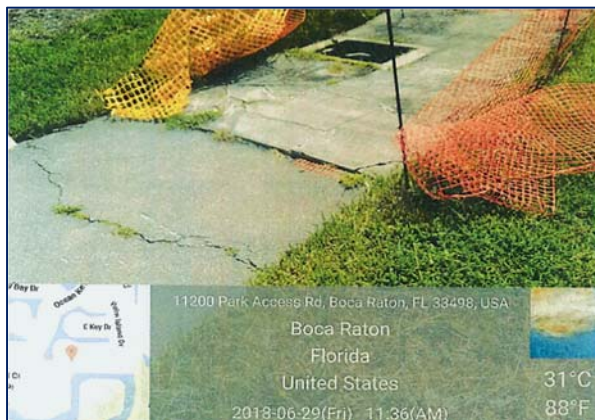
<sup>4</sup> CW-F-050, Change Order and Consultant Services Authorization Authority for Construction, Engineering, and Architectural Services, dated February 4, 2016.





***Park Access Rd, Boca Raton  
Project Location***

The damaged locations are also photographed, which helps staff prioritize projects, and aids the vendor as a job site reference when estimating costs and ease of finding the location.



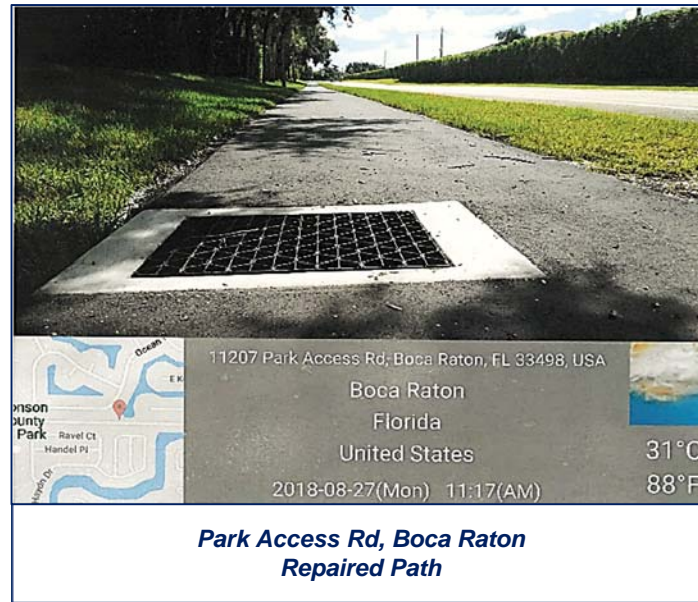
***Park Access Rd, Boca Raton  
Pathway Damage***



***Riverbend Park, Jupiter  
Damaged Pathway and Culvert***

While the vendor is performing the repair work, the Parks Construction Coordinator takes photos of the work in progress.

More photos are taken when the job is complete. All the photos become supporting documentation for the project file, and add to the maintenance history of trail repairs and locations for future reference.



## **Water Utilities Department**

Water Utilities is the highest volume user of the Contract, at more than double the number of work orders than the next highest department. However, the dollar value of its average work order (\$2,202) is the lowest of all authorized users.

WUD primarily uses the Contract for emergency restorations. According to the Utilities Maintenance Director, about 50% of all such restoration projects are in residential locations. Emergency work orders are usually issued in response to water main breaks that cause damage to sidewalks, sod, and residential driveways. WUD is responsible for any pipe breaks up to the residential water meter and restoration of the work area.

WUD uses the Maximo Asset Management System to process, route, and approve Purchase Requisitions prior to entry in the County's Advantage Procurement System. Maximo is also WUD's maintenance system, which co-locates the repair work orders with the actual maintenance order for service. This use of a single software system allows for a cohesive maintenance program and better administration of vendor work orders.

Most notably, WUD created a standard operating procedure (SOP) specifically for ordering from the Contract.<sup>5</sup> The SOP provided process standardization and stream lined the process. WUD managers identified too many variations among maintenance supervisors in work order processing, and decided a SOP was required. The SOP details the entire ordering process from obtaining the vendor estimates, to approvals, emergency use, and final payment. The SOP also mandated that the maintenance supervisors (Manager of Plant Maintenance, Manager of Lines Operations, Manager of Lift Stations,

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<sup>5</sup> WUD-OM-001, Restorations Using County Engineering Contract (KMA-360-ENG2017055) Standard Operating Procedure (SOP), dated November 1, 2018.



and the Director of Maintenance) review the previous month's requisitions, emergency usage, and the work order spending.

The SOP and review of work order spending are proactive risk reducing contract administration activities.

### **Conclusion**

The five County Departments using the Contract have all implemented effective contract administration techniques. Other County Departments and municipalities may find one or more of these techniques helpful to consider in their contract administration practices.

## LIST OF EXHIBITS

- Exhibit A: Annual Pathway and Minor Construction Contract (2017055)  
Work Orders Reviewed
- Exhibit B: ERM Work Order Checklist
- Exhibit C: ERM Invoice Review Checklist

## ACKNOWLEDGEMENT

The OIG's Contract Oversight staff would like to extend our appreciation to the County Engineer, Palm Beach County's Engineering & Public Works, Water Utilities Department, Parks & Recreation, Environmental Resources Management, and Facilities Development & Operations, for the cooperation and courtesies extended to us during the contract oversight process.

*This report is available on the OIG website at: <http://www.pbcgov.com/OIG>. Please address inquiries regarding this report to the Contract Oversight Director by email at [inspector@pbcgov.org](mailto:inspector@pbcgov.org) or by telephone at (561) 233-2350.*

**EXHIBIT A**  
**Annual Pathway and Minor Construction Contract (2017055)**  
**Work Orders Reviewed**

Vendor Code	Record Date	Dept Name	Work Order Number	Amount	Surtax
WYNN0001	04/09/18	EPW	KDO,360,EN022818000000000154	\$14,427.00	-
WYNN0001	01/18/19	EPW	KDO,360,EN011819000000000139	\$19,300.00	-
WYNN0001	02/12/19	EPW	KDO,360,EN021219000000000198	\$36,000.00	-
WYNN0001	07/03/18	EPW	KDO,360,EN042318000000000232	\$19,936.00	Yes
WYNN0001	09/12/18	EPW	KDO,360,EN080318000000000365	\$18,960.00	-
<b>Total</b>	<b>5</b>	<b>EPW</b>		<b>\$ 108,623.00</b>	
WYNN0001	01/24/19	ERM	KDO,380,0124190000000001115	\$44,997.00	-
<b>Total</b>	<b>1</b>	<b>ERM</b>		<b>\$44,997.00</b>	
WYNN0001	01/09/19	FDO	KDO,410,1114180000000000387	\$19,810.00	-
<b>Total</b>	<b>1</b>	<b>FDO</b>		<b>\$19,810.00</b>	
WYNN0001	10/17/18	Parks & Rec	KDO,580,0830180000000000282	\$ 2,250.00	-
WYNN0001	02/07/19	Parks & Rec	KDO,580,0207190000000000100	\$ 7,350.00	-
WYNN0001	04/27/18	Parks & Rec	KDO,580,0301180000000000128	\$12,800.00	Yes
WYNN0001	09/06/18	Parks & Rec	KDO,580,0802180000000000263	\$200.00	-
WYNN0001	12/14/18	Parks & Rec	KDO,580,1108180000000000038	\$140.00	-
WYNN0001	01/18/19	Parks & Rec	KDO,580,1115180000000000043	\$ 8,750.00	-
WYNN0001	01/18/19	Parks & Rec	KDO,580,1115180000000000044	\$952.00	Yes
<b>Total</b>	<b>7</b>	<b>Parks &amp; Rec</b>		<b>\$32,442.00</b>	
WYNN0001	02/07/19	WUD	KDO,720,01121900000000000957	\$865.00	-
WYNN0001	01/31/19	WUD	KDO,720,01241900000000001113	\$11,510.00	-
WYNN0001	01/28/19	WUD	KDO,720,01281900000000001138	\$ 1,045.00	-
WYNN0001	04/23/18	WUD	KDO,720,04041800000000001900	\$ 1,306.00	-
WYNN0001	08/10/18	WUD	KDO,720,06081800000000002468	\$ 1,350.00	-
WYNN0001	08/31/18	WUD	KDO,720,07191800000000002806	\$ 1,248.00	-
WYNN0001	11/29/18	WUD	KDO,720,09111800000000003294	\$ 2,550.00	-
WYNN0001	11/21/18	WUD	KDO,720,1004180000000000064	\$ 2,637.00	-
WYNN0001	01/29/19	WUD	KDO,720,11201800000000000436	\$ 1,027.00	-
WYNN0001	02/01/19	WUD	KDO,720,12061800000000000563	\$629.00	-
<b>Total</b>	<b>10</b>	<b>WUD</b>		<b>\$24,167.00</b>	
<b>Grand Total</b>	<b>24</b>			<b>\$ 230,039.00</b>	<b>\$33,688.00</b>

## EXHIBIT B

### ERM Work Order Checklist

**ANNUAL PATHWAY and MINOR CONSTRUCTION CONTRACT** Date: 1/18/19  
**WORK ORDER #19C-01** Project: Pantano Trail Grade Work \$44,997.00

Wynn & Sons Environmental Construction Co., Inc.		YES	NO	N/A
1	<i>Not used</i>			
2	<i>Not used</i>			
3	Work Order Cover Page: Proper template used?	✓		
	<a href="#">T:\eer\contracts-grants\ENGINEERING ANNUALS\Wynn&amp;Sons NonFedl Work Order 2018Current.docx</a>			
	<a href="#">T:\eer\contracts-grants\ENGINEERING ANNUALS\Wynn&amp;Sons Fedl Work Order 2018Current.docx</a>			
4	Work Order Cover Page: Are the Work Order Project Name, Order #, Commissioner District # completed and correct?	✓		
5	Work Order Bid Schedule: Line items in Contract and amounts correct?	✓		
6	Work Order Cover Page: Is the Work Order amount correct?	✓		
7	Work Order Cover Page: Is this funded federally CFDA #? (SuperCircular rules apply; Davis-Bacon rules may apply) or by State (If ≥50% & appropriated by 9/20/15, then can't use this Contract due to Living Wage; if not E-Verify rules may apply), i.e. proper Wage Schedules or specialized SGC cited as requirement & attached? <i>N/A</i>		✓	
8	Work Order Cover Page: No questions regarding Work scope? In Contract scope? No indication that this Work was started or completed at Contractor's risk? If started or completed, Project/Land Manager must note this for reviewers on the internal routing form. <i>CMgt does not review this issue.</i>			✓
9	Work Order Cover Page: If Permit attached, is it cited as requirement in Work Order? <i>CMgt does not review; no permit attached.</i>			✓
10	Work Order Cover Page & Backup: Work Order Deadline specified? <i>Includes Work Order approval turnaround time</i>	✓		
11	<i>Not used</i>			
12a	Work Order Cover Page: Is the signatory proper (delegated)? [ERM≤\$100,000; CRC<\$200,000; BCC≥\$200,000]	✓		
12b	Work Order: 2 Complete, original Work Order Sets, including Plansheets, Permit, BAS, History? <i>NRS land mgr must send copy to Eng. Dept. Holly Knight after execution by both Wynn &amp; PBC (required per PPM for Eng. Dept's bond tracking)</i>	✓		
12c	Work Order Cover Page: Is the Wynn signatory proper (delegated)? [FL Corporation (Secretary of State) database confirms signatory authority?	✓		
13	Is the Contractor's proposal provided & acceptable (i.e. cost reasonableness confirmed by Project/Contract Manager) <i>CMgt does not review this issue.</i>			✓
14	<i>Not used</i>			
15	<i>Not used</i>			
16	<i>Not used</i>			
17	Is the BAS (or FSS sign-off on Work Order Cover page's Budget Line Item) provided & acceptable?	✓		
18	Is the Contract History attachment provided & acceptable?	✓		
	<a href="#">T:\eer\contracts-grants\ENGINEERING ANNUALS\Pathway ERM Contract History Wynn &amp; Sons_newNonFedl.xlsx</a>			
	<a href="#">T:\eer\contracts-grants\ENGINEERING ANNUALS\Pathway ERM Contract History Wynn &amp; Sons_newFedl.xlsx</a>			
19	All remaining attachments provided & acceptable (Location Map, Plansheets, Permits)? <i>Schedule 1 and 2 (pending from Wynn).</i>	Pending		
20	Contract current? R2018-0012 Contract amount/allocation sufficient? If not, ERM to request increase amount/allocation from Engineering/Roadway.	✓		
21	<i>Not used</i>			
22	30% Rule not triggered? (Per 11/15/17 Sr. Staff, only triggered for Piggyback & Sole Source.) Does not need justification?			✓

## EXHIBIT C

### ERM Invoice Review Checklist

CONSULTANT/CONTRACTOR:  
Wynn Sons Environmental Construction, Inc.

#### INVOICE REVIEW CHECKLIST

##### FSS

#### INVOICE #5364-1

Date: 3/20/19  
Project: Pantano Trail Grade Work  
Work Order: ERM19C-01

		YES	NO	N/A
1	Insurance current for ERM Contract and in FSS Contract File? <span style="color: green;">Engineering Dept. responsible</span>			✓
2	Original 6-Month Living Wage Compliance Certification in FSS Contract file? (6-month+ Construction only) <span style="color: green;">Engineering Dept. responsible</span>			✓
3	Original <u>Work Order</u> Notice to Proceed in FSS Contract file? (Construction only)			✓
4	Current subtasks properly identified on Invoice?	✓		
5	Prior complete on Invoice correct? Prior paid on Invoice correct and verified against FSS Expenditure Spreadsheet? (Construction invoice may be on network)			✓
6	Current complete (% or quantity based) correct?			✓
7	Retainage correct and verified against FSS Expenditure Spreadsheet?			✓
8	Payment Amount Due correct?	✓		
9	Contract/Order Balance correct?			✓
10	Invoice properly identified per Contract? <span style="color: green;">No requirements</span>			✓
11	Invoice period correct?			✓
12	All required documentation provided & acceptable (SBE Schedules, Work Order Copy, etc.)?	✓		
13	ERM's receipt date of invoice and subsequent submissions stamped?	✓		
14	Approval delay explained in Comments? (related to #10 above or deliverable receipt)			✓
15	ERM's Internal cover sheet correct?	✓		
16	Has consultant received payment of previous invoice prior to this invoice's date? (If not, SBE Payment Certification not required for approval)			✓
17	Required ERM signatures on cover sheet (put "Out" or Redirect if staff out for 2 or more work days)	✓		
18	ERM changes to invoice or amount on cover sheet initialed/dated?			✓
19	Any questions regarding Contractor completing Scope of Work?		✓	
20	Have deliverables associated with completed subtask(s) been provided?			✓
21	Is Mobilization billed this invoice and does it comply with General Provisions table?			✓
22	Is Maintenance of Traffic billed this invoice at % contract completed?			✓