

**Internal Audit  
Department**

**Audit of Job Order  
Contracting 2015-2019**



**Internal Audit**



# Internal Auditor’s Report

## Audit of Job Order Contracting 2015-2019

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## Internal Audit

Date: April 24, 2020

**To:** Board of Trustees  
Dr. Michael Hinojosa, Superintendent

**Subject:** Internal Auditor's Report – Audit of Job Order Contracting for Years 2015 - 2019

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### Executive Summary

Dallas Independent School District (Dallas ISD) Office of Internal Audit (IA) has completed an audit of Job Order Contracting (JOC) for Calendar Years (CY) 2015 through 2019.

All previous audit reports and draft reports from January 2019 to February 2020 related to construction have been rescinded and all issues have been combined into this report.

Additional Findings and recommendations for process and compliance issues are included in this report.

### Summary of Issues

1. Repricing of JOC contracts showed no material overpayments.
2. The best ranked contractor was not selected as the vendor on most of the job order contracts.
3. Internal Audit identified jobs in excess of \$50,000 and \$150,000 which may have required board approval. The modification of CV local by the Board of Trustees at the February 21, 2020 meeting clarified the requirements surrounding this issue so this potential finding is no longer valid.
4. Vendors submitted coefficients to be applied to RSMMeans pricing in the bidding process which was used as part of the ranking process. This pricing tool was not consistently used when the contractor was hired to perform the work.
5. Five contracts were signed which did not address the non-boycotting of Israel requirement.
6. Consideration for the total cost of the "job" should be factored into the approval process. If multiple contracts are used as authorized under Texas Government Code (TGC) 2269.406 the contract sums should be added together to determine compliance with TGC 2269.403. Internal Audit identified several jobs which in aggregate exceeded the \$500,000 limit.
7. A significant amount of funds (\$4.7 million) were invested on portable buildings without a cost benefit analysis being completed.

8. The Board of Trustees approved \$25 million in JOC's under Board Doc 60582 commencing April 15, 2012. This allowed \$5 million annually for five years. The Dallas ISD expended \$13,614,107 during the period April 15, 2015 through April 14, 2016, which exceeded the annual amount allowed.
9. Vendor purchase orders for JOC's were split on 13 occasions for orders released the same day. This kept the PO below \$500,000 while the aggregate for the vendor exceeded this amount.
10. Architectural contracts were used in pass through arrangements which added costs to the Dallas ISD.
11. Liquidating damages were not consistently applied or amended and documented as construction projects became delayed and extended.
12. The use of JOC's has dramatically reduced over the period examined and most of the issues discussed above did not occur in 2019.
13. Internal Controls over Job Order Contracting are sufficiently designed and include numerous approvals and adequate supervision of projects.

## **Background**

On January 15, 2019, the Dallas ISD IA, started to perform compliance audits of Dallas ISD facilities construction and maintenance contracts for CY 2015 through 2019. The contracts were broken into more specific audits for priority vendors<sup>1</sup>, followed by non-priority vendors<sup>2</sup> including joint ventures and JOC. Construction and maintenance contracts are administered by two different Dallas ISD departments (Construction Services, and Maintenance and Facilities Services, respectively) that had two different administrative/oversight processes. Over the next twelve months various reports and drafts were released that purported to show significant variations in contractor contracts and cost estimates for these construction projects. Upon the resignation of the prior Chief Internal Auditor on February 13, 2020 (Effective February 28, 2020), the Board of Trustees voted to appoint an interim Chief Internal Auditor and all pending and incorrect job order audits were rolled into one audit.

The Dallas ISD Construction Services Department (CS):

- Manages the architectural and engineering design for bond funded construction projects
- Manages the construction of bond funded school projects
- Provides oversight of the procurement of real property for new schools and expansion of existing campuses
- Manages the procurement of fixtures, furniture, and equipment for new schools and additions
- Assists in the administration of construction related warranties and oversight of construction safety programs to ensure safe activities on all campuses during construction projects

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<sup>1</sup> Priority vendors were three vendors specifically selected by the former Chief Internal Auditor based on his opinion.

<sup>2</sup> Non-Priority vendors were all remaining contractors in the population.

The Dallas ISD Maintenance and Facilities Services Department (MFS):

- Improves existing facilities through capital funding
- Ensures facilities are clean and disinfected
- Maintains campus grounds and athletic facilities
- Provide integrated pest management (IPM) support
- Heats, cools, and conditions facilities
- Delivers industry-quality craftsmanship in Carpentry, electrical, plumbing, HVAC, and multi-skills

Texas Government Code section 2269.403 states, “*Requirement for job order contracts for facilities. (a)(2) indefinite quantities and orders are awarded substantially on the **basis of predescribed and pre-priced tasks.***”

The 2005 reference book, *Job Order Contracting*, by the publisher of standard construction costs and methods, RSMeans, states, “*Job order contracting relies on **pre-established unit prices.** It provides an owner with an on-call contractor who is familiar with the site and the owner’s needs.*”<sup>3</sup>

Government Code chapter 2269 provides for only seven methods for a local government, including school districts, to engage in construction contracts:

Subchapter C	Competitive bidding method
Subchapter D	Competitive sealed proposal method
Subchapter E	Construction manager-agent method
Subchapter F	Construction manager-at-risk method
Subchapter G	Building using design-build method
Subchapter H	Design-build procedures for certain civil works projects
Subchapter I	Job order contracts method

The number of job order contracts and associated dollar value declined during the period 2015-2018 as reflected in the charts on the following pages.

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<sup>3</sup> Job Order Contracting, 2005, RSMeans, by Allen L. Henderson, foreword page XV

Exhibit 1

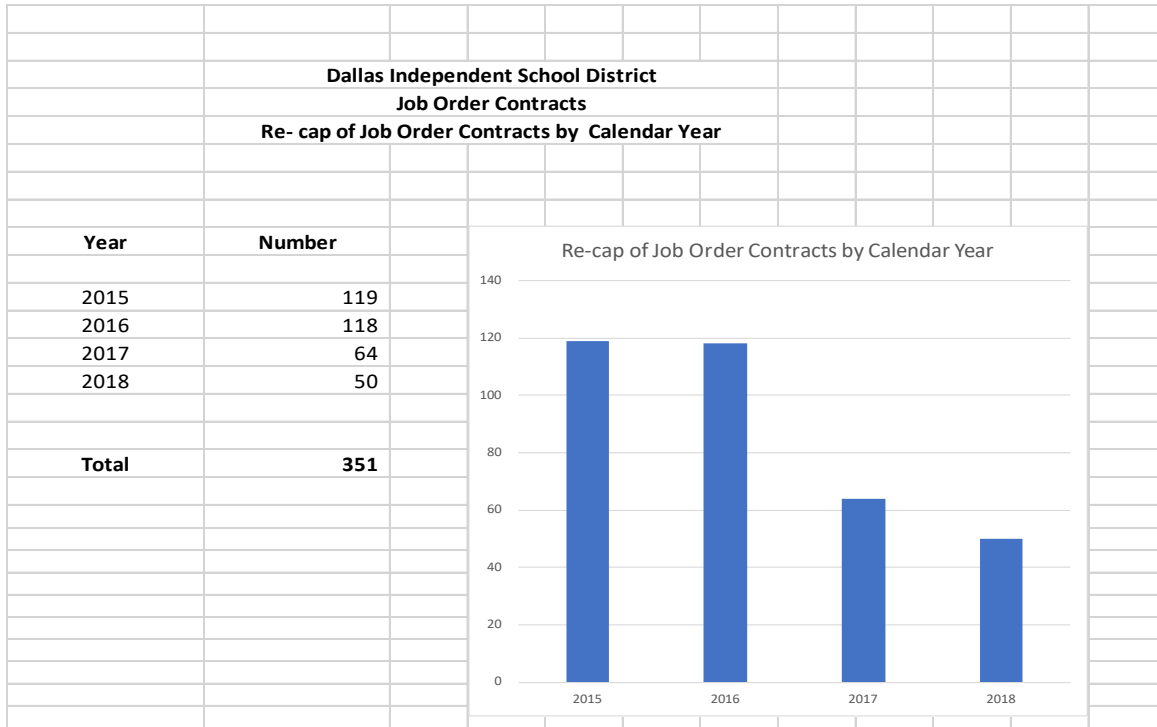
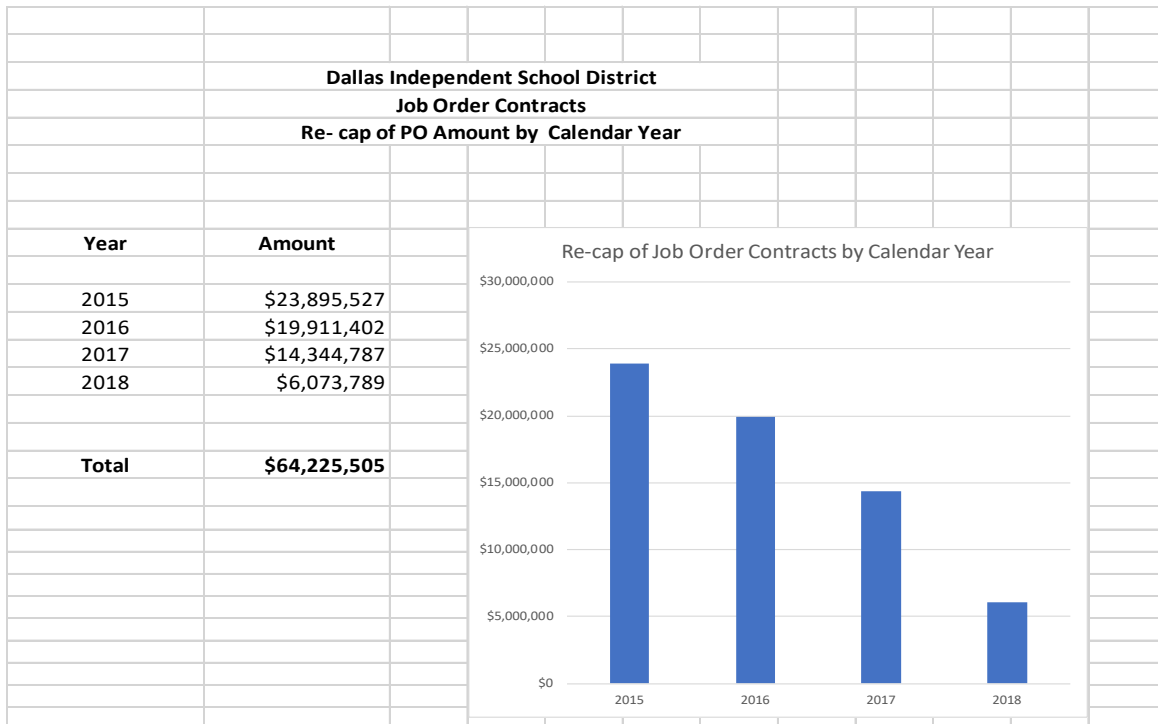


Exhibit 2



## **Scope**

The scope of the audit was CY 2015 through CY 2018 for projects completed using the Job Order Contracting Methodology. However, some analysis was done on CY 2019 projects.

## **Objective**

The objective of the audit was to determine compliance with Dallas ISD board policies for Facilities Construction (CV(LEGAL) and CV(LOCAL)), Facilities Construction – Job Order Contracts (CVF(LEGAL)) and Texas Government Code 2269 - Job Order Contracts.

## **Methodology**

The IA used the Dallas ISD financial accounting system ORACLE to determine the total audit universe for Job Order Contract vendors. The total audit universe included 351 construction contracts for the audit scope period. In addition to the pricing evaluation performed, Internal Audit selected 86 construction contracts (from the 351 total) and tested against 23 audit criteria from Dallas ISD policies CV(LEGAL), CV(LOCAL), and CVF(LEGAL) to validate compliance with Dallas ISD Facilities Construction policy. (See Attachment 2 for audit criteria).



## **Audit Findings and Recommendations**

### **Finding 1 - Repricing of JOC Contracts Show No Material Overpayments**

#### **Condition**

The previously reported overpayment for 15 construction projects representing \$5.51 million in construction spend was \$1.86 million. These jobs were repriced and estimated on available RSMeans data. The revised estimate showed an underpayment of \$20,175 (0.37%).

We reviewed 17 additional construction contracts greater than \$150,000 and selected line items were repriced by IA. In total, \$1,751,000 of line items were repriced with an \$87,000 (5.0%) lower amount being determined.

We reviewed 13 Hazardous Materials (Hazmat) contracts and re-priced selected line items using the agreed upon pricing schedule and found the pricing on these jobs to be reasonably close to the amount paid.

The population of construction and maintenance contracts that were awarded through the JOC process was 351 for a value of \$64,225,505.

Any attempt to extrapolate an individual error rate into the population would be statistically invalid because the sample size was not statistically selected. In addition, the population deviation rate, tolerable error rate, and the confidence factor was not established before items were selected and testing was started. (See Attachment 1)

#### **Criteria**

JOC contracts were required to use RSMeans pricing or other Lump-Sum pricing in their estimates for projects. Hazmat projects were required to use the agreed upon Hazmat pricing schedule with the contractor's coefficient applied to individual line items.

#### **Cause**

Pricing tools were not consistently used or documented.

#### **Effect**

Due to the age of the construction projects, and high cost to formally price projects based on architect and engineer drawings, the total effect on pricing is unable to be determined. However, we believe there is no significant difference in RSMeans, or Hazmat pricing and contract amounts for the construction jobs that were reviewed. Most of the construction jobs were not priced by the contractor with these tools.

#### **Recommendation**

Internal Audit has corrected the schedules which were incorrectly calculated and included the revision in this document. No response is needed from management.

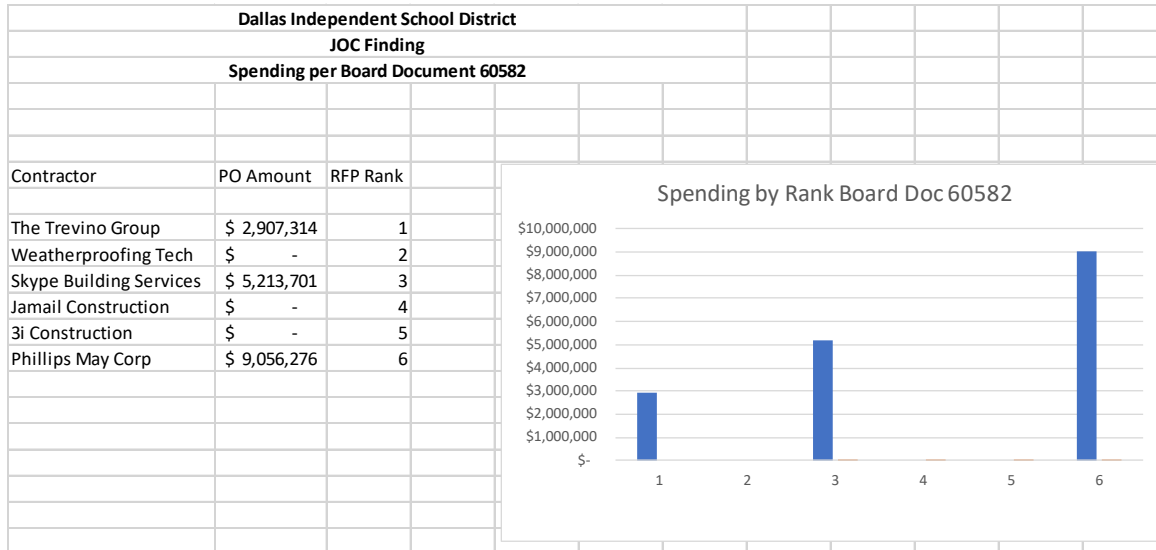
Management Responses Included at Attachment 10

## Finding 2 -The Top Ranked Vendor Was Not Selected

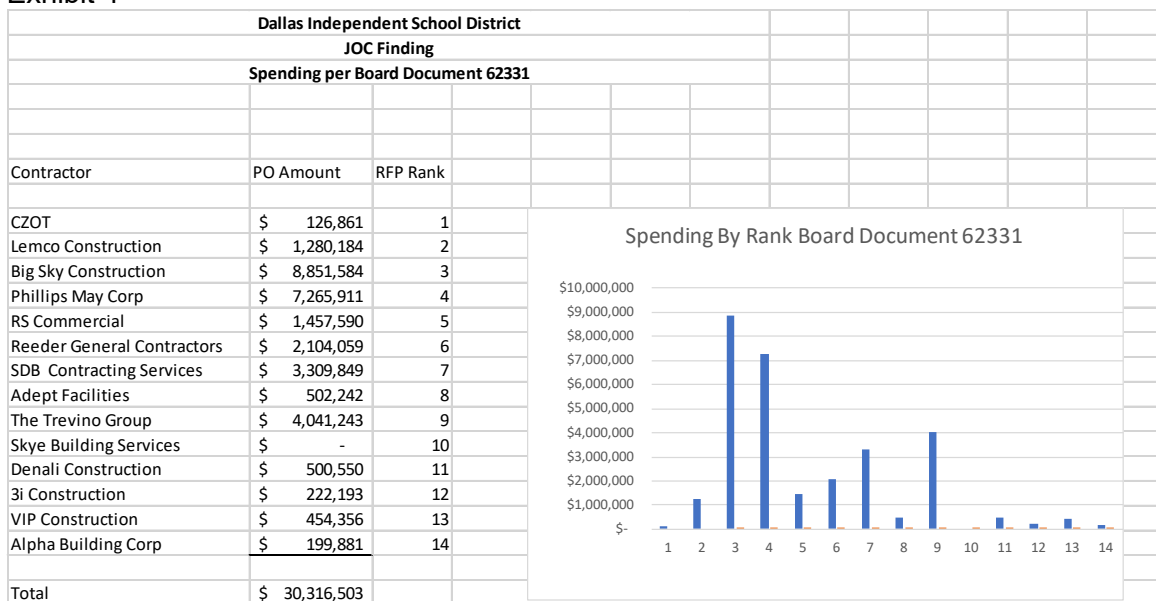
### Condition

The top ranked bidder was not selected in most cases which added costs to the job if it was priced per RSMeans.

### Exhibit 3

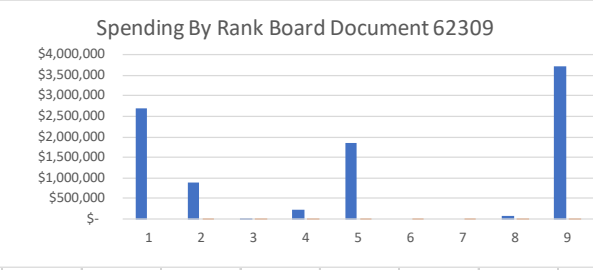


### Exhibit 4



**Exhibit 5**

Dallas Independent School District		
JOC Finding		
Spending per Board Document 62309		
Contractor	PO Amount	RFP Rank
1 Priority Services	\$ 2,702,452	1
Pacific Environmental	\$ 884,716	2
North Star Specialty	\$ 787	3
Ponce Contractors	\$ 235,531	4
DFW Abatement	\$ 1,843,124	5
Empire Environmental	\$ -	6
Bellphi Environmental	\$ -	7
RNDI Companies	\$ 62,143	8
EDRS INC	\$ 3,726,587	9
Total	\$ 9,455,340	



**Criteria**

Contracting procedures should follow Dallas ISD and State Policy related to the procurement of Job Order Contracting vendors. Both parties should adhere to the master agreements that were put in place.

**Cause**

Various changes in the departments of maintenance and construction and the pressure to get projects completed led to a focus on getting the job done quickly which is not always the most cost-effective process.

**Effect**

Failure to follow the specific Board policies and State Law would put the District in non-compliance with applicable rules and statutes.

**Recommendation**

This issue continued into 2019 and management should address recommendation made with this finding.

Management Responses Included at Attachment 10

### Finding 3 - JOC Board Approval

#### Condition

The IA identified 205 JOC projects with amounts over \$50,000 but less than \$500,000. Approximately 200 of these JOC projects were not individually presented to the Board of Trustees (Board) for authorization. The one JOC project over \$500,000 was approved by the Board. A recap of JOC's count, dollar amounts, and dollar categories are shown in Exhibit 6, Exhibit 7, and Exhibit 8; respectively.

#### Criteria

This policy can be interpreted in several differing fashions from Board Policy.

#### Cause

There appears to be different interpretations of the Board policy and how JOC projects should be presented to the Board.

#### Effect

If Board policy is interpreted incorrectly or not consistent with the intention of the Board, then non-compliance with these sections could arise.

#### Recommendation

The modification of CV Local by the Board of Trustees at the February 21, 2020 clarified the requirements surrounding this issue and no further action is needed by management.

Exhibit 6

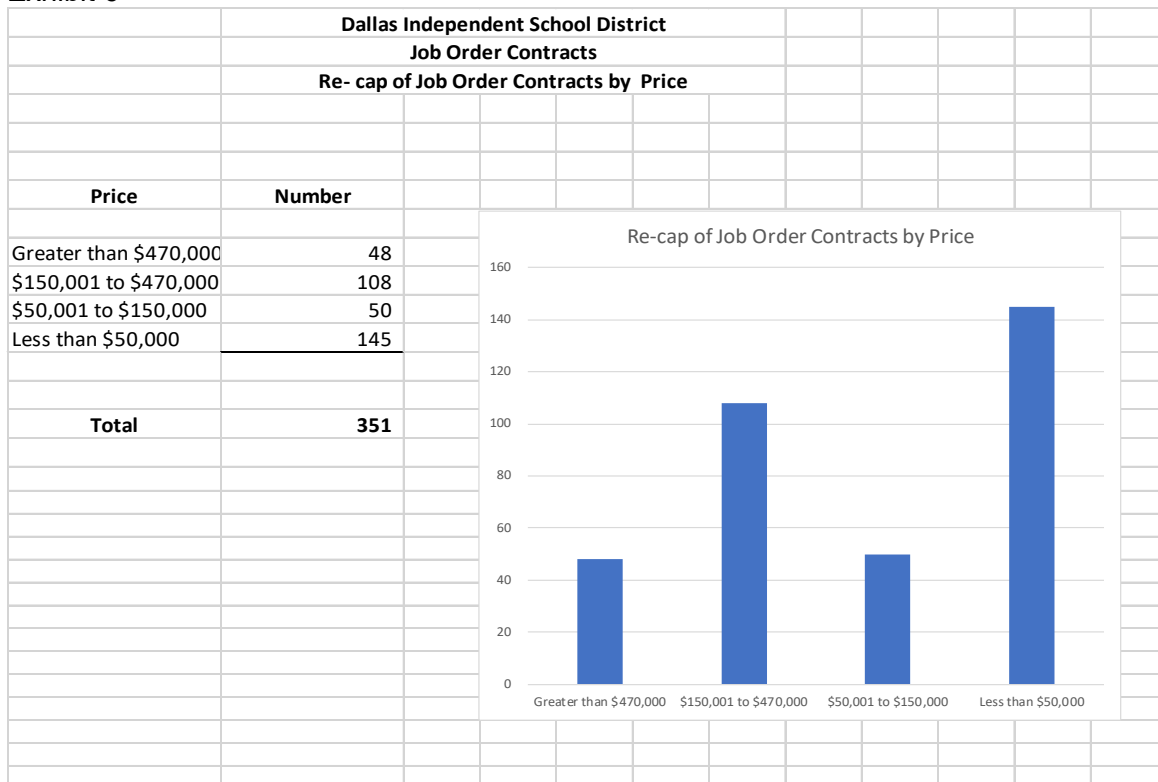


Exhibit 7

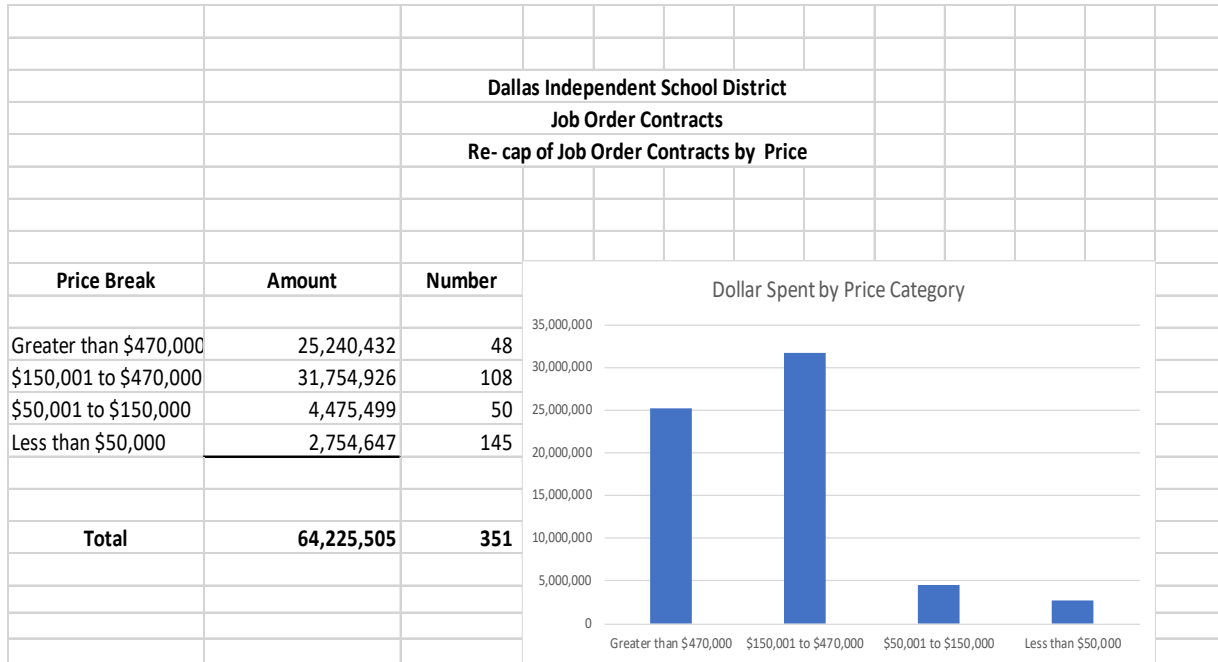
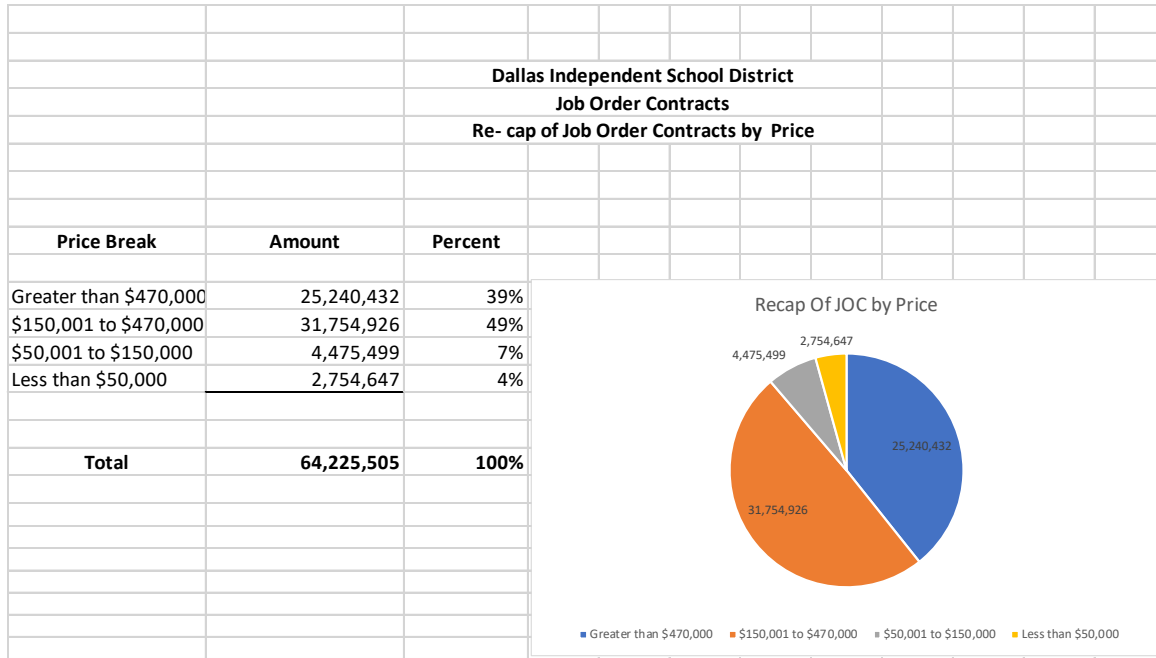


Exhibit 8



Management Responses Included at Attachment 10

## Finding 4 - RSMeans Unit Pricing

### Condition

Dallas ISD Construction Services Department and Maintenance and Facilities Services Department did not provide sufficient documentation to validate that unit price lists using RSMeans were reviewed and monitored during the audit period. Dallas ISD Internal Audit reviewed documentation of 212 JOC projects for calendar years 2015 through 2018. Out of the 212 population, only 33 proposals (15.6%) contained a breakdown of RSMeans pricing utilized to produce the proposed total. The JOC ranking in the Request for Proposal (RFP) process was based on the vendor's proposed coefficient applied to RSMeans prices.

### Criteria

Dallas ISD CVF (Legal) Job Order Contracts states "a district may establish contractual unit prices for a job order contract by providing a list of work items and requiring the offerors to propose one or more coefficients or multipliers to be applied to the price book or pre-priced work items as the price proposal."

Master agreements under Board Doc 60582 state the price for a job or project order by the Owner under this Contract (the "Job Order Sum") shall be based on the Unit Price Guide and the Contractor's Coefficient, and any non-prepriced items. The unit price guide stated in the master agreements is listed below.

#### 5.5 Unit Cost Guides

##### 5.5.1 Unit Cost Guides for this CSP are as follows:

1. Means Facilities Maintenance & Repair Cost Data 2010
2. Means Building Construction Cost Data 2010
3. Means Mechanical Cost Data 2010
4. Means Electrical Cost Data 2010
5. Means ADA Compliance Pricing Guide, 2<sup>nd</sup> Edition
6. The Means Site Work & Landscape Cost 2010
7. Means Interior Cost Data 2010
8. Other Cost Standards may be proposed for consideration. The District reserves the right to use its own cost standard based on historical work.

Master agreements under Board Doc 62331 state the price for a job or project order by the Owner under this Contract (the "Job Order Sum") shall be based on the Unit Price Guide and the Contractor's Coefficient, and any non-prepriced items. The unit price guide expressed in the master agreements is listed below.

#### Exhibit C – Unit Price Guide

- Unit costs may be determined by the following methods:

Means Facilities Maintenance & Repair Cost Data (current edition)  
Means Building Construction Cost Data (current edition)  
Means Mechanical Cost Data (current edition)  
Means Electrical Cost Data (current edition)

Means ADA Compliance Pricing Guide (by Adaptive Environment Center, current edition)  
The Means Site Work & Landscape Cost (current edition)  
Means Interior Cost Data

Cost guides will be updated as issued by RSMMeans

According to Government Accountability Office (GAO) Standards for Internal Control in Federal Government (Green Book), Principle 16.04 – Management monitors the internal control system through ongoing monitoring and separate evaluations. Ongoing monitoring is built into the entity’s operations, performed continually, and responsive to change. Separate evaluations are used periodically and may provide feedback on the effectiveness of ongoing monitoring.

Additionally, GAO Green Book, Principle 10.03 – Management clearly documents internal control and all transactions and other significant events in a manner that allows the documentation to be readily available for examination.

### **Cause**

According to the Construction Services Department unit price costing data was not being adequately reviewed before 2017. To mitigate this issue, the Construction Services Department added a staff position in early 2017 to review and validate vendor unit price costing matched with RSMMeans costing.

### **Effect**

Our examination could not validate the extent, timing, and nature of the review performed by the District or its representatives. Without complete documentation of District review of RSMMeans project cost data, IA cannot validate the accuracy of the contract cost estimates increasing the risk that the District potentially overpaid on one or more contracts. Maintenance and Facilities Services Department is not currently utilizing JOC’s for Facility Construction projects.

### **Recommendation**

According to the Construction Services Department Executive Director, a detailed review of RSMMeans contract cost data is now required. After approval of the report and in accordance with the implementation date below, IA will examine current contracts to confirm RSMMeans cost data is being reviewed and unit pricing is being validated during the follow-up phase of the audit. Additionally, the Maintenance and Facilities Services Department is not currently utilizing JOC’s for Facility Construction projects.

Management Responses Included at Attachment 10

## Finding 5 - Contracts Did Not Contain Required Written Statement Per Texas Government Code 2270

### Condition

Internal Audit found five contracts executed after September 1, 2017, that met the dollar contract criteria but did not have the required written verification from the vendors related to boycotting Israel. There were 30 JOCs entered prior to the effective date of the law were exempt. However, when the JOC contracts were renewed after the law went into effect, the required written verification was not included in the renewal. Based upon information obtained during the audit, Dallas ISD Procurement maintains that steps to address this issue have been undertaken.

### Criteria

TGC Code Chapter 2270 – Prohibition on contracts with companies boycotting Israel states a governmental entity may not enter into a contract with a company for goods or services unless the vendor provides written verification it does not boycott Israel and will not boycott Israel during the term of the contract. The law affects contracts with vendors with 10 full-time employees that exceed \$100K. This law is referenced within the Dallas ISD CV(LEGAL) Facilities Construction. The state legislature passed this law in April of 2017, and it went into effect on September 1, 2017.

### Cause

The written verification is obtained during the procurement phase of the project contract by the Dallas ISD Procurement Department. The master agreements for 35 eligible contracts were approved in CY 2015, which did not require this written verification. However, during the second renewal period, the verification was required. Renewals were reviewed and approved by the CS instead of the Procurement Department. As a result, CS personnel may not have been aware of the new requirement. The form must be signed by the vendor when submitting the proposal to be considered responsive by Dallas ISD.

### Effect

Because the renewal of the contractors' master agreements does not contain the written verification their original proposals could be considered non-responsive which could be problematic.

### Recommendation

During the performance of this audit this finding was corrected by the Construction Services Department. During the Audit, IA discussed this with Dallas ISD Procurement Department personnel who stated that beginning September 1, 2017, all proposals contain a written verification form to meet the legal requirement. After approval of the report and in accordance with the implementation date below, Internal Audit will examine current contracts to confirm all proposals contain a written verification form to meet the legal requirement.

Management Responses Included at Attachment 10



## Finding 6 - Consideration for the Total Cost of the "Job" Was Not Factored into the Approval Process

### Condition

Internal Audit identified several jobs which, in aggregate, exceeded the \$500,000 limit. Following Dallas ISD policy and State Statutes, the Board of Trustees must approve each job, task, or purchase order under a JOC master agreement that exceeds \$500,000.

For instance, Sanger Elementary School had four job order contracts related to Portable Make-Ready and Portable Relocation. The total aggregate PO amount for those four projects totaled \$1,156,996.34.

Another example found by IA is architect fees which are not included in the total cost of a project by the District. When adding architect fees and the total cost of the job, total amounts could potentially exceed \$500,000 which would then require Board of Trustee approval.

### Criteria

Dallas ISD CV (Local) states:

**Purchasing Authority and Selection of Purchasing Method.** The Board must also approve each job, task, or purchase order issued under a JOC master agreement that exceeds \$500,000

DISD CH (Local) states:

**Board Approval.** The Board requires that all transactions and/or contracts that have a value of \$150,000 or greater, singly or in the aggregate per fiscal year, be approved by the Board

TGC 2269.403 states:

REQUIREMENTS FOR JOB ORDER CONTRACTS FOR FACILITIES. (a) A governmental entity may award job order contracts for the maintenance, repair, alteration, renovation, remediation, or minor construction of a facility if:

(1) the work is of a recurring nature, but the delivery times are indefinite; and

(2) indefinite quantities and orders are awarded substantially on the basis of predescribed and priced tasks.

(b) The governmental entity shall establish the maximum aggregate contract price when it advertises the proposal.

(c) The governing body of a governmental entity shall approve each job, task, or purchase order that exceeds \$500,000.

**Cause**

Interpretation of purchasing authority and required Board approval is not clear when it comes to JOC projects.

**Effect**

By separating projects up into phases and sections, the Dallas ISD could potentially be bypassing savings and reduced costs due to bulk discounts from vendors and contractors as well as violating District policies and procedures.

**Recommendation:**

This issue was not identified in 2019 and no further action is needed by management

Management Responses Included at Attachment 10

## Finding 7 - Portable Building Expenditures

### **Condition**

A significant amount of funds was invested on portable buildings without a cost benefit analysis being completed. The OIA identified 16 JOC projects totaling approximately \$4.7 million dollars. See Attachment 8.

### **Criteria**

Dallas ISD Board policy CT (Regulation) Subsection **Request for a Portable Building** states that “Before a request for a portable is made, a room utilization study must be conducted and classroom space in the building must be utilized for instructional space 85 percent of the school day. Facilities planning is responsible for room use surveys.

### **Cause**

Extenuating circumstance may occur (discovery of hazardous material in a District facility) resulting in the unexpected relocation of students resulting in the addition of portables

### **Effect**

The Dallas ISD may not be maximizing use of its resources.

### **Recommendation**

Use of funds for portable building should be limited to projects with a long-term cost benefit to the District.

Management Responses Included at Attachment 10

## Finding 8 - The Dallas ISD Exceeded the Yearly Contract Limit Established in Board Document 60582

### Condition

On February 23, 2012, the Board of Trustees authorized the Dallas ISD, more specifically Maintenance and Facility Services, to negotiate and enter into contracts for Job Order Contracting with the six top ranked vendors. The Board of Trustees set a total contract amount limit of \$5,000,000 annually over five years. Master agreements with the selected vendors commenced on April 15, 2012 for two years with three twelve-month renewal options.

For the period of April 15, 2015 through April 14, 2016, the Dallas ISD and Maintenance and Facilities Services Department entered into 47 JOC's with three different approved vendors totaling \$13,614,106.74. **(See Attachment 6)** This amount exceeded the \$5,000,000 annual cap by \$8,614,106.74. Even though the \$13,614,106.74 was the PO amount and not the amount actually paid, the amount was nonetheless encumbered, and the Dallas ISD was obligated to pay.

### Criteria

Board Document 60582 states:

*Be it resolved by the Dallas Independent School District Board of Trustees: That the Board of Trustees authorizes the district to negotiate and enter into a contracts for Job Order Contracting, between Dallas Independent School District and selected vendors, in an amount of up to \$5,000,000 annually, over five (5) years.*

### Cause

It appears to IA there was little to no contract monitoring to ensure JOC's complied with board documents. However, with no executive positions within Maintenance and Facility Services currently employed with the Dallas ISD, IA was unable to seek clarification.

### Effect

The Dallas ISD violated the terms of Board Document 60582 set forth by the Board of Trustees by exceeding the \$5,000,000 limit per year.

### Recommendation

This issue did not occur in 2019 and no further action is needed by management at this time.

Management Responses Included at Attachment 10

## Finding 9 – Split Purchase Orders

### **Condition**

Internal Audit identified 13 instances where vendor PO's for JOC's were split for PO's released the same day. This kept individual PO amounts below \$500,000 while the aggregate total for all PO's exceeded this amount. As an example, PO numbers 658600, 658601 and 685602 for one vendor totaled \$1,479,188. The individual orders were all less than \$500,000. (See Attachment 9 for the complete listing).

### **Criteria**

Dallas ISD Board Policy CVF (Legal) Job Order Contracting states that "A district may award job order contracts for maintenance, repair, alteration, renovation, remediation, or minor construction of a facility if the work is of a recurring nature but the delivery times are indefinite and indefinite quantities and orders are awarded substantially on the basis of pre-described and pre-priced tasks. The District shall establish the maximum aggregate contract price when it advertises the proposal. The Board shall approve each job, task, or purchase order that exceeds \$500,000. *Gov't Code 2269.403*". Splitting a larger project into multiple projects under the \$500,000 threshold for whatever reasons in order to circumvent obtaining Board of Trustee approval as policy violates the intent of this policy and *Texas Government Code 2269.403*.

### **Cause**

Timing constraints and other factors including lack of access to facilities during the school years may have resulted in the need to perform the projects in a more expedient time frame resulting in the use of JOC's instead of procuring individual vendors for each of the projects through the Competitive Sealed Proposal (CSP) process.

### **Effect:**

The Dallas ISD may have been able to obtain better pricing for the work performed on these projects by using the CSP process to procure an individual vendor instead of breaking each of them into multiple projects. Additionally, by breaking up the total cost of the projects into smaller individual projects gives the appearance of circumventing the requirement to obtain Board of Trustee approval for projects over \$500,000.

### **Recommendation**

This issue was not identified in 2019 and no further action is needed by management at this time.

Management Responses Included at Attachment 10

## Finding 10 - Use of Pass Through Funds with Architects

### Condition

In late 2015 and early 2016, the Dallas ISD contracted with two architect firms to provide architectural and engineering services for roof repairs/replacements. The work was split into two packages:

Package 1 - Dunbar ES, Mata ES, Kramer ES, and Hillcrest HS

Package 2 - Rogers ES, Lipscomb ES, Preston Hollow ES, and Woodrow Wilson HS

The contract language for both architect firms contains confusing language as it relates to the Price Proposal and the Assignment of Work. Specifically, the Assignment of work uses the term "Third Party Consultation & Inspection (Not to Exceed)" and the PO authorized the total amount. The price proposal which is included in the Assignment of Work by reference includes these as Reimbursable fees. One conflicting issue is that reimbursables were to be added to the contract amount and be paid at cost from the subcontractor.

The second architect firm and second package contained a project that was ultimately cancelled due to issues with the building envelope, and not related to roofing issues. Due to this cancellation, the contract price should have been adjusted since the design set of documents was not completed and provided to the Dallas ISD.

Finally, it appears the Dallas ISD used Architect firm number one to contract with Oncor Electric Delivery to "Remove existing Facilities from vault" at David Carter HS and paid \$34,649 which included a 10% markup on price.

### Criteria

Dallas ISD policy and state law define the procurement process for professional services. These are based on Request for Qualifications (RFQ) not pricing. In addition, Dallas ISD contracting should be clear as to content and requirements of the service.

### Cause

Lack of clear contract language with the architect firms appear to the cause of this issue.

### Effect

The Dallas ISD is put at risk when contract terms and scope of work are not clear and properly defined in contracts.

### Recommendation

The Dallas ISD should evaluate whether scope of work changes and contracts terms were fully met in the two architect contracts and if any refunds should be requested. In addition, using architects as a general contractor instead of directly contracting with vendors should be discontinued.

Management Responses Included at Attachment 10

## Finding 11 - Liquidated Damages Were Not Consistently Assessed

### Condition

Internal Audit found the Dallas ISD did not consistently assess liquidated damages or amend and document as construction projects became delayed. Internal Audit has revealed in past audits liquidated damages are generally not assessed on missed project deadlines. Former audits have also revealed all JOC master agreements with approved vendors under Board Document 62331 did not specify a daily rate in the event substantial completion deadlines were not met. Liquidated damages daily rate was to be addressed in the Assignment of Work, however, most of the time it was not.

Internal Audit also reported the Dallas ISD generally did not amend and document delays during construction in the event substantial completion dates could not be met as agreed upon in the Assignment of Work.

Two specific IA projects revealed this deficiency; a CSP project at Burnet Elementary School (Burnet ES) and a Job Order Contract project at Woodrow Wilson High School (Wilson HS). On the Burnet ES project, IA calculated a potential loss in the non-collection of approximately \$33,550 in liquidated damages, based on 152 days past agreed upon completion date at a rate of \$220.74 per day. On the Wilson HS project, IA noted substantial completion was reached 39 days after the agreed upon date listed in the Assignment of Work however the Assignment of Work was silent on a daily rate for liquidated damages.

### Criteria

Master Agreements under Board Document 60582 state:

Article 7. Liquidated Damages. For each consecutive calendar day after the completion period set forth in any Job Order issued hereunder that any work, including the correction of deficiencies found during the final testing and inspection, is not completed, the amount of Zero dollars (\$0) unless a different amount is specified in the particular Job Order, will be deducted from the money due or which becomes due the Contractor for the Job Order, not as a penalty but as liquidated damages representing the parties' estimate at the time of contract execution of the damages which the Owner will sustain for late completion.

Master Agreements under Board Document 62331 state:

6. Liquidated Damages. For each consecutive calendar day after the substantial completion period set forth in any Assignment of Work issued hereunder that any work, including the correction of deficiencies found during the final testing and inspection, is not completed, the amount that is described in the Assignment of Work will be deducted from the money due or which becomes due the Contractor for the Job Order Work Assignment not as a penalty but as liquidated damages representing the parties' estimate at the time of contract execution of the damages which the Owner will sustain for late completion.

### Cause

A Dallas ISD official stated they routinely do not assess nor collect liquidated damages when a contractor did not substantially complete the project on or before the deadline, even though the master agreement/contract calls for such collection.

However, the same Dallas ISD official stated that the Dallas ISD is planning to monitor substantial completion dates in the future, so that liquidated damages can be assessed on missed substantial completion dates as stipulated in master agreements/contracts.

### **Effect**

By not assessing liquidated damages consistently, the Dallas ISD could potentially expose themselves to unnecessary costs related to construction delays. Costs that would perhaps be offset by assessing liquidated damages consistently.

### **Recommendation**

Dallas ISD policy should establish procedures for calculating liquidated damages on projects. The procedures should identify the appropriate justifications for delays in project such as weather delays or Dallas ISD initiated delays:

1. Procurement procedures should be changed ensure future contracts include a specific daily rate for late projects.
2. Dallas ISD project managers should monitor projects and alert the contractor when substantial completion dates are at risk
3. At the completion of a project, and when a substantial completion date is missed, the Executive Director of Construction Services should ensure the Dallas ISD applies the appropriate liquidated damages
4. An independent entity outside of Construction Services such, as the Professional Services Office (PSO) Compliance Function Office, should determine if Construction Services correctly applied liquidated damages as outlined in the contract.

Management Responses Included at Attachment 10

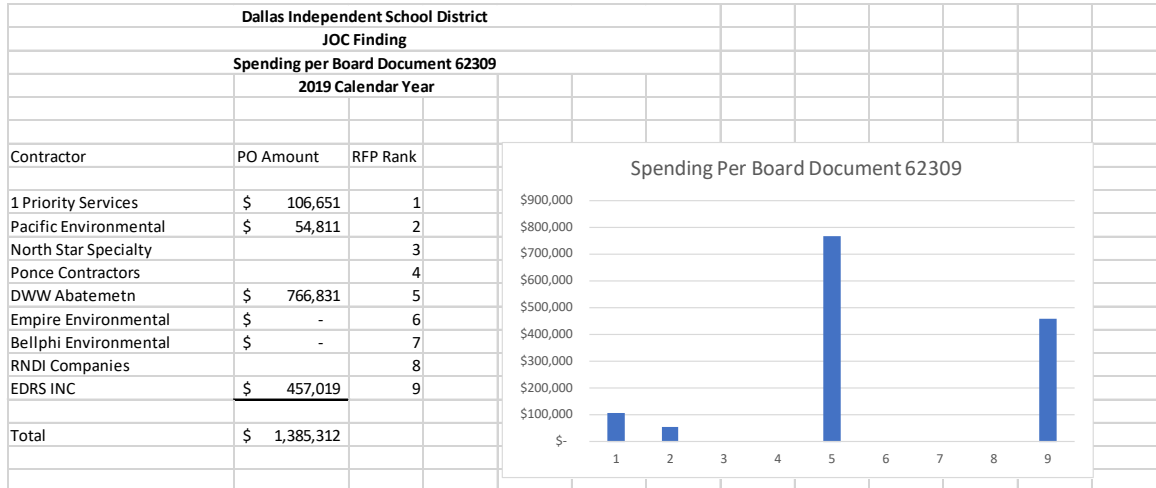


## Finding 12 - The Use of Job Order Contracting Decreased in 2019

### Condition

Internal audit found the Dallas ISD significantly reduced the use of JOC's in 2019. We also did not find any issues with bid compliance. However, the number one ranked vendor was not always used.

### Exhibit 9



### Exhibit 10

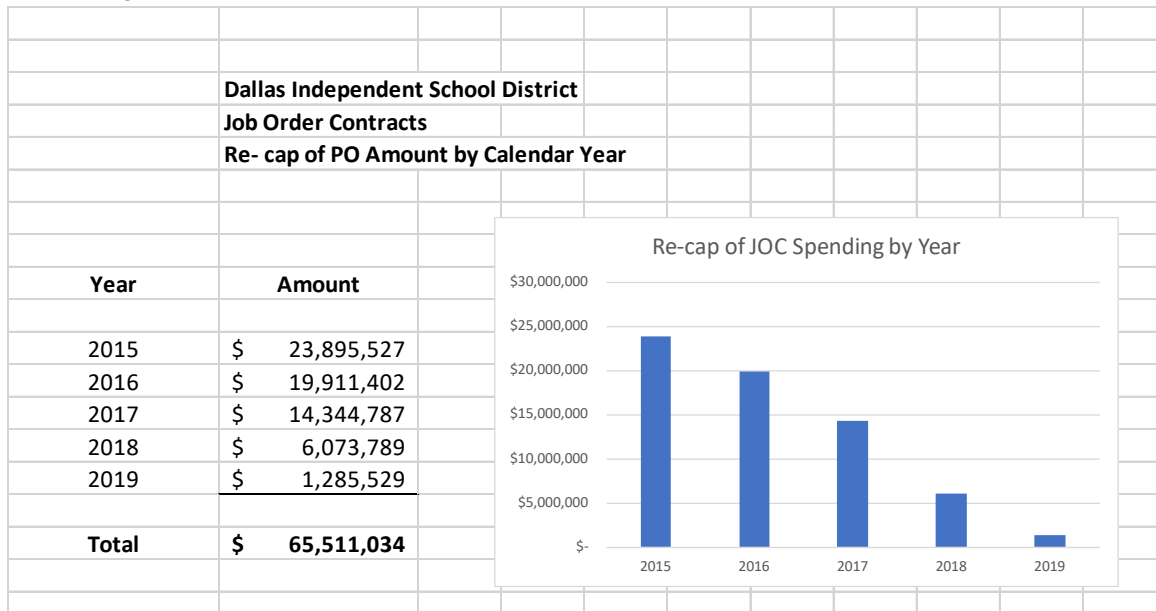


Exhibit 11

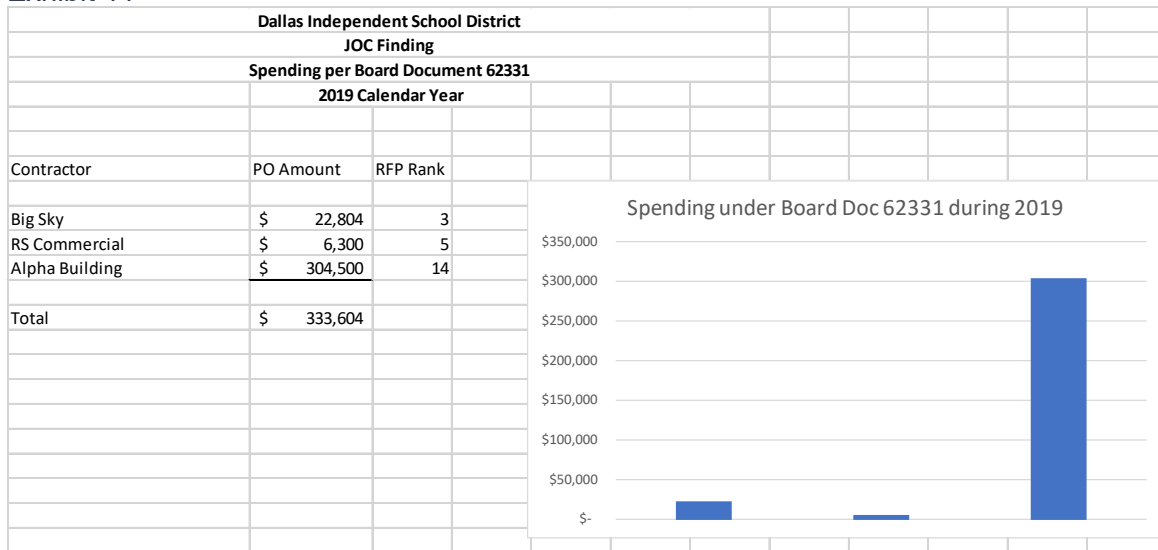
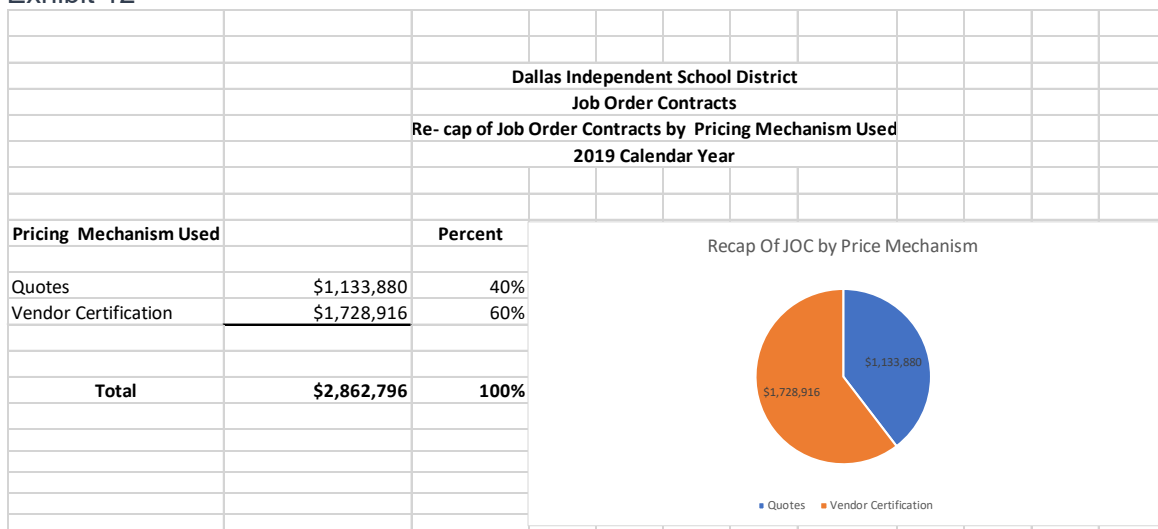


Exhibit 12



**Criteria**

Dallas ISD board policy CVF (Legal) states:

If a district uses the job order contracts method as described in this policy, it must comply with the applicable legal requirements in this policy as well as other applicable legal requirements [see CV(LEGAL)], which include the following steps:

1. Selecting a contracting method;
2. Giving public notice of the project;
3. Publishing contract selection criteria;
4. Making evaluations public after the contract is awarded; and

5. Providing for inspection, verification, and testing necessary for acceptance of the facility by the district.

### **Cause**

The overall cause for the reduction in the use of JOC's was the completion of the scheduled projects for the previous calendar years.

### **Effect**

Reduction in the use of JOC's will reduce the risk of the Dallas ISD not getting the best value for each project. However, use of higher ranked vendors will help ensure best value.

### **Recommendation**

The number one ranked contractor should be used to ensure the Dallas ISD obtains best pricing.

Management Responses Included at Attachment 10

## Finding 13 – Internal Controls Over Job Order Contracting

### **Condition**

The Dallas ISD's internal controls for the Construction and Maintenance department included numerous approvals as demonstrated in the flow chart shown as Attachment 7. This chart also shows adequate supervision during the construction phase. Our review documented compliance with this control.

### **Criteria**

The criteria for the operational area are derived from Dallas ISD board policies for Facilities Construction (CV(LEGAL) and CV(LOCAL)), Facilities Construction – Job Order Contracts (CVF(LEGAL)) and Texas Statute 2269 Job Order Contracts.

### **Cause**

Management establishes internal controls to provide reasonable assurance that board policy will be carried out in an efficient and effective manner.

### **Effect**

Effective internal controls will reduce the risk that errors or irregularities will occur in the course of normal business operations.

### **Recommendation**

The Dallas ISD should continue to assess and monitor internal controls over the effective and efficient use of Job Order Contracting for construction projects and adjust as weaknesses are identified.

Management Responses Included at Attachment 10

## Conclusion

We found that internal controls over the Job Order Contracting process for construction projects are sufficient to ensure the six major steps in a project are completed timely and accurately. The use of JOC's has decreased dramatically since 2015 and changes to Board policy have reduced the risk on non-compliance on Job Order Contracting. No material pricing differences were identified during this audit. The District should consider the expanded use of other acceptable contracting methods such as Competitive Sealed Proposals (CSP) to ensure best value to the Dallas ISD.

The IA staff would like to thank the Construction Services Department management team and their team for their assistance with this audit.

This audit was conducted in accordance with the Institute of Internal Auditor's International Standards for the Professional Practice of Internal Auditing. Those standards require OIA plan and perform the audit to obtain appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. OIA believes the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

## Management's Responsibility

Management is responsible for the design, implementation, and maintenance of internal control within the District.

Respectfully submitted,



Alan P. King  
Interim Chief Internal Auditor

cc: Pamela Lear, Dallas ISD Chief of Staff  
Scott Layne, Dallas ISD Chief Operating Officer

### Auditors Assigned:

Robert Rubel, CPA, CIA, CISA  
Donald Woods, CIA,  
Zachary Ornelas, CFE  
Gilberto Chiquito, CFE  
Andrea Whelan, CFE  
Dwain Pridemore, CFE  
Gail Perryman  
Osvaldo Alonso, CFE  
Alyssa Wang

Attachment 1 - Previous Audit Reports (Issued and Drafts)

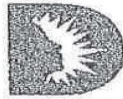
**Difference between Contracted Price and  
Internal Audit Estimate of Price**

<b>Audit</b>	<b>Base Contract</b>	<b>IA Initial Est. of Contract</b>	<b>Difference</b>	<b>IA Corrected Est. of Contract</b>	<b>Revised Difference</b>
Gooch Roofing Project	\$454,797	\$245,020	\$209,777	\$463,160	-\$8,363
Dunbar Roofing Project	\$405,333	\$21,658	\$383,675	\$387,359	\$17,974
Mata ES Roofing Project	\$475,335	\$377,653	\$97,682	\$451,946	\$23,389
New Tech HS Renovation	\$257,351	\$163,886	\$93,465	\$239,488	\$17,863
Village Fair Renovation	\$2,094,603	\$1,649,638	\$444,965	\$2,115,501	-\$20,898
Kramer ES Roofing	\$453,333	\$290,560	\$162,773	\$518,455	-\$65,122
W. Wilson Portable	\$174,836	\$113,848	\$60,988	\$138,949	\$35,887
Architectural Services	\$264,926	\$227,316	\$37,610	\$227,316	\$37,610
Sanger Portable	\$474,629	\$203,890	\$270,739	\$579,327	-\$104,698
Earhart	\$460,094	\$361,472	\$98,622	\$413,910	\$46,184
<b>Total</b>	<b>\$5,515,237</b>	<b>\$3,654,941</b>	<b>\$1,860,296</b>	<b>\$5,535,411</b>	<b>-\$20,175</b>

Attachment 2 - Audit Criteria from Dallas ISD Policy

Criteria #	Criteria Description	Dallas ISD Policy
1	Board approval of selection methodology for construction contracts \$25,000 or above	CV Local
2	Public Notice of procurement of construction contractor – includes when, where bid proposal responses will be received and opened & Estimated Cost	CV Legal
3	Bid proposal/Contractor selection evaluation criteria	CV Legal
4	Publishing of evaluation/selection criteria in the bid proposal	CV Legal
5	Bid is sealed	CV Legal
6	Selection based upon published evaluation/selection criteria for contractors in capital improvement projects	CV Local
7	Bid evaluations made public by the 7th day after the contract is awarded	CV Legal
8	Required contract provision prohibiting boycotting Israel	CV Legal
9	Change order provision and proper change order approval in contract - <b>Change order approval requirements and limitations</b>	CV Local
10	Independent inspection, testing and construction materials engineering services	CV Legal
11	Architect/Engineer/Land Surveyor selection requirements met: Registered Architects/Engineer requirements (\$100,000 new construction, \$50,000 renovations/remodels)	CV Legal
12	Payment and performance bonds	CV Legal
13	Workers compensation coverage	CV Legal
14	Background checks	CV Legal
15	Board approval of all construction contracts \$50k or more	CV Local
16	Contingency allowance required	CV Local
17	Final payment - completion of work, all close out documents (certificates and certifications) received by the District	CV Local
18	Minority participation in capital improvement projects	CV Local
19	Non-campus facility alterations \$10,000 or above require Board notification	CV Local
20	Unit prices were established by providing a list of work items and requiring the offerors to propose one or more <b>coefficients or multipliers to be applied to the price book</b> or pre-priced work items as the price proposals	CVF Legal
21	District may award job order contracts to one or more job order contractors in connection with each solicitation of proposals. An order for a job or project under a job order contract must be signed by a District representative and the contractor. <b>A fixed-price, lump-sum contract based substantially on contractual</b>	CVF Legal
22	Base term for a JOC may not exceed two years and may not be renewed annually by the District more than three years	CVF Legal
23	Job Order Contracts (JOC) are for maintenance, repair, alteration, renovation, remediation, or minor construction of a facility when the work is of a recurring nature but the delivery times, type and quantities of work required are indefinite. Must comply with <b>CV Legal</b> : <i>a. Selecting a contracting method (CV Legal See Criteria #1)</i> <i>b. Giving public notice of the project, (CV Legal See Criteria #2)</i> <i>c. Publishing contract selection criteria (CV Legal See Criteria #4)</i> <i>d. Making evaluations public after the contract is awarded, (CV Legal See Criteria #7)</i> <i>e. Providing for inspection, verification and testing necessary for acceptance of the facility by the district, (CV Legal See Criteria #10)</i>	CVF Legal

Attachment 3 - DALLAS ISD Board Documents Approving Pool of Job Order Contractors 60582



3700 ROSS AVENUE DALLAS, TEXAS 75204  
 DALLAS INDEPENDENT SCHOOL DISTRICT  
 BOARD OF TRUSTEES  
 AGENDA ITEM

FOR USE BY BOARD SERVICES OFFICE  
 BOARD FILE #: 60582  
 AMENDED DATE: \_\_\_\_\_ (See Minutes)

Meeting Type: Board Meeting Meeting Date: February 23, 2012  
 Policy Reference: CH(LOCAL)

**CONSIDER AND TAKE POSSIBLE ACTION TO AUTHORIZE, NEGOTIATE AND ENTER INTO A CONTRACT WITH SELECTED FIRMS FOR JOB ORDER CONTRACTING WITH MAINTENANCE AND FACILITY SERVICES (\$5,000,000 ANNUALLY, OVER FIVE (5) YEARS) (BOND/GENERAL/FOOD SERVICE FUNDS)**

• Justification:	Work under this award will be per individual Job Order, and will include, but is not limited to minor construction, repair, rehabilitation, or alteration of a facility. Contractors will perform job order maintenance, repairs, and emergency response work at various locations as needed. This work may be mechanical, electrical, minor general construction, Americans with Disabilities Act or Texas Architectural Barriers alterations, site work and landscaping, or other work per the specified unit price guides.				
• Bid/RFP Statistics and Information:	Received:	16	M/WBEs:	12	• Bid/RFP #: • Opening Date
• M/WBE Information:	Compliant:	14	M/WBEs:	11	JP-203810-A 10/21/2011
• Recommended Vendor(s):	See Additional Detailed Sheet Various TX				
• Contract Type:	Competitive Sealed Proposal				
• Contract Term:	Two Years with three (3) twelve month renewal options				
• Lowest Responsive Bidder(s):	NA		• Sole Source Vendor: NA		
• Funding Information:	Bond Funds		Food Service Funds		
	General Operating Funds				
<input type="checkbox"/> Budget Approval (Budget Department Approval Required)	NA	<input type="checkbox"/>	Request #:	NA	PO #: NA Project Order #: N/A

• Contact Information:  
 Name: Joel Falcon Title: Executive Director  
 Department: Maintenance Services Phone #: 972-925-5106

BE IT RESOLVED BY THE DALLAS INDEPENDENT SCHOOL DISTRICT BOARD OF TRUSTEES:  
 That the Board of Trustees authorizes the district to negotiate and enter into a contracts for Job Order Contracting, between Dallas Independent School District and selected vendors, in an amount of up to \$5,000,000 annually, over five (5) years.

Formal negotiations will be conducted with the highest ranked firm(s) first. If the District is unable to reach an agreement with the highest ranked firm(s), negotiations will begin with the next highest ranked firm(s) and continue until contracts are negotiated or it is determined the need to re-procure this purchase. During the term of any resulting contract from this authorization, should the selected vendor(s) fail or refuse to fulfill the contractual obligations, the Purchasing Department may, with approval of the Superintendent of Schools or designee, be authorized to select the next lowest responsive bidder/proposer or rebid the contract.

This Board action shall take effect February 23, 2012

SIGNATURE REQUIRED FOR APPROVAL AS TO QUALITY AND CERTIFICATION TO THE BEST OF MY KNOWLEDGE, THAT CONTRACT IS WITHIN SCOPE OF POSITION AND NO CONFLICTS OF INTEREST EXIST AS DEFINED BY BOARD POLICY OR LOCAL REQUIREMENTS. ACTION IS THE BEST VALUE AVAILABLE AND MEETS THE REQUIRED SPECIFICATIONS, IF ANY.	SIGNATURE REQUIRED FOR APPROVAL AS TO FIDELITY	SIGNATURE "CERTIFIES" THAT THE APPROPRIATE "OFFER" IS RECEIVED AND SIGNED THE BOARD DOCUMENT.
<u>Joel Falcon</u> 2-13-2012 (1) Exec. Dir./Director Date Signed	<u>L.M.M. Sny</u> 2/13/12 (2) School Attorney Date Signed	<u>[Signature]</u> 2-13-12 (3) Chief Date Signed

• Additional Information Sheet(s) attached:  Yes  No



Attachment 3 - Continued

<b>DETAILED INFORMATION SHEET</b>
-----------------------------------

Meeting Date: February 23, 2012

Title: **CONSIDER AND TAKE POSSIBLE ACTION TO AUTHORIZE, NEGOTIATE AND ENTER INTO A CONTRACT WITH SELECTED FIRMS FOR JOB ORDER CONTRACTING WITH MAINTENANCE AND FACILITY SERVICES (\$6,000,000 ANNUALLY, OVER FIVE (5) YEARS) (BOND/GENERAL/FOOD SERVICE FUNDS)**

EVALUATION RANKING

Rank	Vendor Name	Location	Selected Vendors
1	*The Trevino Group	Desoto, TX	X
2	Weatherproofing Technologies Inc.	Irving, TX	X
3	Skye Building Services	Dallas, TX	X
4	Jamail Construction	Addison, TX	X
5	*3i Construction	Dallas, TX	X
6	*Phillips/May Corp	Flower Mound, TX	X
7	*Vestal Builders	Addison, TX	
8	*Denali Construction	Dallas, TX	
9	Restoration Specialist	Arlington, TX	
10	*Lemco Construction	Addison, TX	
11	*SMR Construction Inc	Richardson, TX	
12	Lakeview Enterprises, LLC.	Cedar Hill, TX	
13	Indoor Sports Flooring	Hallsville, TX	

\*Denotes Certified MWBE Vendors

Specifications/Scope of Work

Work under this award will be per individual Job Order, and will include, but is not limited to minor construction, repair, rehabilitation, or alteration of a facility. Contractor will perform job order maintenance, repairs, and emergency response work at various locations as needed. This work may be mechanical, electrical, minor general construction, Americans with Disabilities Act or Texas Architectural Barriers alterations, site work and landscaping, or other work per the specified unit price guides.

Attachment 4 - DALLAS ISD Board Documents Approving Pool of Job Order Contractors 62331



3700 ROSS AVENUE DALLAS, TEXAS 75204  
**DALLAS INDEPENDENT SCHOOL DISTRICT**  
**BOARD OF TRUSTEES**  
**AGENDA ITEM**

**REVISED**

FOR USE BY BOARD SERVICES OFFICE  
 BOARD FILE #: 62331  
 AMENDED DATE: 4/23/15 (See Minutes)

Meeting Type: Board Meeting Meeting Date: April 23, 2015  
 Policy Reference: CV (LEGAL), CV (LOCAL)

**CONSIDER AND TAKE POSSIBLE TO AUTHORIZE, NEGOTIATE AND ENTER INTO CONTRACTS WITH JOB ORDER CONTRACTING FIRMS FOR MINOR CONSTRUCTION, REPAIR, REHABILITATION, OR ALTERATION OF FACILITIES PROJECTS MANAGED BY DALLAS ISD CONSTRUCTION SERVICES (NOT TO EXCEED \$25,000,000 AUTHORIZED BOND FUNDS, GENERAL OPERATING FUNDS AS ASSIGNED, MAINTENANCE TAX NOTES AS ASSIGNED AND FUNDS ASSIGNED TO AND MANAGED BY CONSTRUCTION SERVICES AS AUTHORIZED BY THE BOARD OF TRUSTEES)**

• Justification:	On August 22, 2013, per board file #61489, the Board of Trustees authorized the issuance of obligations designated as "Dallas Independent School District Limited Maintenance Tax Qualified School Construction Notes, Taxable Series 2013 (Direct-Pay Subsidy Notes)". On August 28, 2014, per board file #62006, the Board of Trustees approved the procurement method of job order contracting for the selection of contractors for minor construction, repair, rehabilitation, alteration or hazardous materials abatement projects managed by DISD Construction Services. On March 26, 2015, per board file #62321, the Board of Trustees authorized the issuance of "Dallas Independent School District Multi-Modal Limited Maintenance Tax Notes, Series 2015. This document will provide the resolution required for assignment of projects, as needed, to approved Job Order Contracting firms managed by Dallas ISD Construction Services.			
• Bid/RFP Statistics and Information:	Received: 14	M/WBEs: 9	• Bid/RFP #:	• Opening Date:
• M/WBE Information:	Compliant: 14	M/WBEs: 9	CS #15-002	02/26/15
	In accordance with the District's M/WBE Program requirements, this contract's M/WBE goal is set at 30% of the contract amount. <input type="checkbox"/> No subcontracting opportunities <input checked="" type="checkbox"/> Committed to achieving 30% <input type="checkbox"/> M/WBE vendor <input type="checkbox"/> Multiple M/WBE vendors			
• Recommended Vendor(s):	Respondents Per the Attached Detailed Sheet			
• Contract Type:	Competitive Sealed Proposal			
• Contract Term:	Initial 2-year term with 3 one-year renewal options			
• Lowest Responsive Bidder(s):	• Sole Source Vendor:			
• Funding Information:	Bond Funds, General Operating Funds, Limited Maintenance Tax Notes			
<input type="checkbox"/> Budget Approval NA <input type="checkbox"/> (Budget Department Approval Required)	Request #:	PO #:	Project Order #:	

• Contact Information:  
 Name: Ed Levine Title: Executive Director  
 Department: Construction Services Phone #: (972) 925-7200

**BE IT RESOLVED BY THE DALLAS INDEPENDENT SCHOOL DISTRICT BOARD OF TRUSTEES:**  
 That the Board of Trustees authorizes the District to negotiate and enter into contracts with the listed job order contracting firms for minor construction, repair, rehabilitation, or alteration of facilities projects managed by Dallas ISD Construction Services, not to exceed \$25,000,000.

This Board action shall take effect April 23, 2015

SIGNATURE REQUIRED FOR APPROVAL AS TO CONTENT AND CERTIFICATION TO THE BEST OF MY KNOWLEDGE, THAT CONTRACT IS WITHIN SCOPE OF POSITION AND NO CONFLICTS OF INTEREST EXIST AS DEFINED BY BOARD POLICY (SEE LOCALS). RECOMMENDED ACTION IS THE BEST VALUE AVAILABLE AND MEETS THE REQUIRED SPECIFICATIONS, IF ANY.	SIGNATURE REQUIRED FOR APPROVAL AS TO FORM.	SIGNATURE CERTIFIES THAT THE APPROPRIATE STAFF HAVE REVIEWED AND SIGNED THE BOARD DOCUMENT.
4-24-15	4/24/15	4/27/2015
(1) Exec. Dir./Director Date Signed	(2) School Attorney Date Signed	(3) Chief Date Signed

• Additional Information Sheet(s) attached:  Yes  No

<b>DETAILED INFORMATION SHEET</b>
-----------------------------------

**Meeting Date:** April 23, 2015

**Title:** CONSIDER AND TAKE POSSIBLE ACTION TO AUTHORIZE, NEGOTIATE AND ENTER INTO CONTRACTS WITH JOB ORDER CONTRACTING FIRMS FOR MINOR CONSTRUCTION, REPAIR, REHABILITATION, OR ALTERATION OF FACILITIES PROJECTS MANAGED BY DALLAS ISD CONSTRUCTION SERVICES (NOT TO EXCEED \$25,000,000 VARIOUS FUNDS)

Job Order Contracting Firms Recommended:

1. CZOT – MGS LLC\*
2. Lemco Construction Services, L.P.\*
3. Big Sky Construction Company, Inc.
4. Phillips/May Corporation\*
5. RS Commercial Construction
6. Reeder General Contractors, Inc.
7. SDB Contracting Services, Inc.
8. Adept Facilities & Design, Inc.\*
9. The Trevino Group, Inc.\*
10. Skye Building Services, LLC
11. Denali Construction Services, LP\*
12. 3i Construction, LLC\*
13. VIP Construction, LLC\*
14. Alpha Building Corporation\*

\*Denotes M/WBE Firm

Attachment 5 - DALLAS ISD Board Documents Approving Pool of Job Order Contractors 62309



3102 YORK AVENUE DALLAS, TEXAS 75204  
 DALLAS INDEPENDENT SCHOOL DISTRICT  
 BOARD OF TRUSTEES  
 AGENDA ITEM

FOR USE BY BOARD SERVICES OFFICE  
 BOARD FILE #: 62309.9  
 AMENDED DATE: \_\_\_\_\_ (See Minutes)

6629.911 & JH 7.C

Meeting Type: Board Meeting Meeting Date: March 23, 2015  
 Policy Reference: CV (LEGAL), CV (LOCAL)

**CONSIDER AND TAKE POSSIBLE ACTION TO AUTHORIZE, NEGOTIATE AND ENTER INTO CONTRACTS WITH JOB ORDER CONTRACTING FIRMS FOR HAZARDOUS MATERIALS ABATEMENT PROJECTS MANAGED BY DALLAS ISD CONSTRUCTION SERVICES (NOT TO EXCEED \$10,000,000 VARIOUS FUNDS)**

• Justification:	On August 28, 2014 (per board file #82006) the Board of Trustees approved the procurement method of job order contracting for the selection of contractors for minor construction, repair, rehabilitation, alteration or hazardous materials abatement projects managed by DUSD Construction Services. This document will provide the resolution needed for assignment of hazardous material abatement projects, as needed, to approved Job Order Contracting firms managed by Dallas ISD Construction Services.		
• Bid/RFP Statistics and Information:	Received: <u>13</u> Compliant: <u>11</u>	MWBEs: <u>8</u> MWBEs: <u>8</u>	• Bid/RFP # <u>CS #15-001</u> • Opening Date: <u>1/20/2015</u>
• MWBE Information:	In accordance with the District's MWBE Program requirements, this contract's MWBE goal is set at 30% of the contract amount. <input type="checkbox"/> No subcontracting opportunities <input checked="" type="checkbox"/> Committed to achieving 30% <input type="checkbox"/> MWBE vendor <input checked="" type="checkbox"/> Multiple MWBE vendors		
• Recommended Vendor(s):	See Attached Detailed Sheet		
• Contract Type:	Competitive Sealed Proposal		
• Contract Term:	Initial 2-year term with 3 one-year renewal options		
• Lowest Responsive Bidder(s):	• Sole Source Vendor:		
• Funding Information:	Various – Managed by Construction Services		
<input type="checkbox"/> Budget Approval (Budget Department Approval Required)	NA <input type="checkbox"/>	Request #:	PO #:
			Project Order #:

• Contact Information:  
 Name: Ed Levine Title: Executive Director  
 Department: Construction Services Phone #: (972) 925-7200

BE IT RESOLVED BY THE DALLAS INDEPENDENT SCHOOL DISTRICT BOARD OF TRUSTEES:  
 That the Board of Trustees authorizes the District to negotiate and enter into contracts with the listed job order contracting firms for hazardous materials abatement projects managed by Dallas ISD Construction Services, not to exceed \$10,000,000.

This Board action shall take effect March 23, 2015.  
MEMBERS OF THE BOARD ARE HEREBY ADVISED THAT CONTRACTS AND SUBCONTRACTS TO THE BEST OF HIS KNOWLEDGE, THAT CONTRACTS IN WHICH NONE OF CONTRACTORS HAS ANY CONFLICT OF INTEREST EXIST AS LISTED BY BOARD FILE #15-001 LOCAL. PRESUMED ACTION IS THE BEST COURSE OF ACTION AND APPLICABLE TO THE RESOLVED SIGNATURES ONLY.

2-16-2015 (1) Exec. Dir./Director Date Signed	2/11/15 (2) School Attorney Date Signed	10 Feb 20 15 (3) Clerk Date Signed
--	--	---------------------------------------

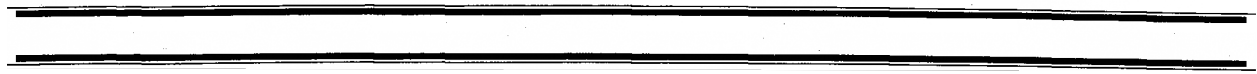
• Additional Information Sheet(s) attached:  Yes  No

Attachment 5 Continued

DETAILED INFORMATION SHEET

Meeting Date:

March 26, 2015



**Title:                    CONSIDER AND TAKE POSSIBLE ACTION TO AUTHORIZE, NEGOTIATE AND ENTER INTO CONTRACTS WITH JOB ORDER CONTRACTING FIRMS FOR HAZARDOUS MATERIALS ABATEMENT PROJECTS MANAGED BY DALLAS ISO CONSTRUCTION SERVICES (NOT TO EXCEED \$10,000,000 VARIOUS FUNDS)**

Job Order Contracting Firms Recommended:

1.     1 Priority Services
2.     Pacific Environmental Group, LLC\*
3.     North Star Specialty Services, Inc.\*
4.     Ponce Contractors, Inc.\*
5.     DWW Abatement, Inc.\*

2018-04-02 Did not renew

6.     Empire Environmental Group, LLC\*
7.     Bellphi Environmental, LLC\*
8.     RNDI Companies, Inc.\*
9.     EDRS, Inc.

\*Denotes M/WBE Firm

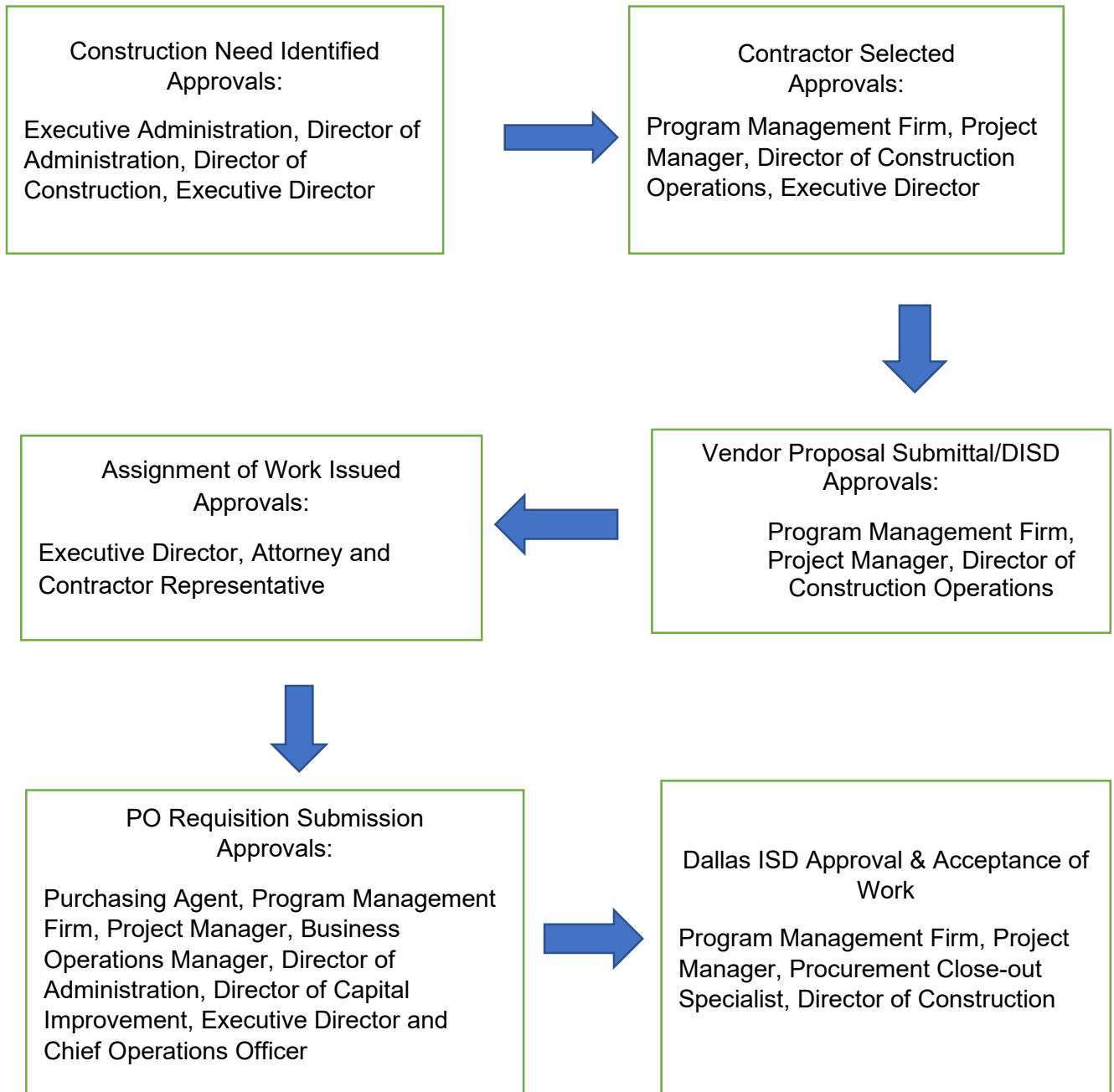
2018-04-02 Did not renew

Attachment 6 - List of JOC Purchase Orders (4/15/2015 to 4/14/2016)

Vendor	PO #	PO Date	PO Amount
SKYE BUILDING SERVICES LLC	565158	6/9/2015	\$21,309.00
SKYE BUILDING SERVICES LLC	565345	6/16/2015	\$264,559.00
SKYE BUILDING SERVICES LLC	565346	6/16/2015	\$187,433.00
GILBERT MAY INC. DBA PHILLIPS/MAY CORPORATION	565685	6/22/2015	\$485,466.00
GILBERT MAY INC. DBA PHILLIPS/MAY CORPORATION	565543	6/22/2015	\$35,000.00
GILBERT MAY INC. DBA PHILLIPS/MAY CORPORATION	565687	6/29/2015	\$495,000.00
SKYE BUILDING SERVICES LLC	565695	6/29/2015	\$484,112.00
SKYE BUILDING SERVICES LLC	565698	6/29/2015	\$306,130.00
GILBERT MAY INC. DBA PHILLIPS/MAY CORPORATION	565710	6/29/2015	\$304,700.00
THE TREVINO GROUP INC	565696	6/29/2015	\$303,600.00
GILBERT MAY INC. DBA PHILLIPS/MAY CORPORATION	565711	6/29/2015	\$302,500.00
GILBERT MAY INC. DBA PHILLIPS/MAY CORPORATION	565686	6/29/2015	\$288,566.00
GILBERT MAY INC. DBA PHILLIPS/MAY CORPORATION	565713	6/29/2015	\$215,966.00
SKYE BUILDING SERVICES LLC	565699	6/29/2015	\$200,000.00
SKYE BUILDING SERVICES LLC	565700	6/30/2015	\$300,000.00
GILBERT MAY INC. DBA PHILLIPS/MAY CORPORATION	575348	9/18/2015	\$181,866.00
GILBERT MAY INC. DBA PHILLIPS/MAY CORPORATION	576103	9/23/2015	\$57,566.00
SKYE BUILDING SERVICES LLC	576538	9/29/2015	\$120,000.00
GILBERT MAY INC. DBA PHILLIPS/MAY CORPORATION	589665	10/27/2015	\$163,166.00
GILBERT MAY INC. DBA PHILLIPS/MAY CORPORATION	589664	11/6/2015	\$487,650.75
GILBERT MAY INC. DBA PHILLIPS/MAY CORPORATION	589475	11/6/2015	\$493,320.00
GILBERT MAY INC. DBA PHILLIPS/MAY CORPORATION	589666	11/6/2015	\$428,390.40
SKYE BUILDING SERVICES LLC	589734	11/16/2015	\$469,866.00
SKYE BUILDING SERVICES LLC	589735	11/16/2015	\$254,658.85
SKYE BUILDING SERVICES LLC	589732	11/16/2015	\$233,257.00
GILBERT MAY INC. DBA PHILLIPS/MAY CORPORATION	584806	11/18/2015	\$19,999.38
GILBERT MAY INC. DBA PHILLIPS/MAY CORPORATION	589663	11/20/2015	\$200,000.00
GILBERT MAY INC. DBA PHILLIPS/MAY CORPORATION	587515	12/11/2015	\$486,566.00
THE TREVINO GROUP INC	587944	12/11/2015	\$22,190.91
SKYE BUILDING SERVICES LLC	592255	12/17/2015	\$398,332.00
GILBERT MAY INC. DBA PHILLIPS/MAY CORPORATION	589474	1/7/2016	\$66,000.00
SKYE BUILDING SERVICES LLC	598164	1/20/2016	\$499,102.00
THE TREVINO GROUP INC	593789	1/20/2016	\$497,113.00
SKYE BUILDING SERVICES LLC	595773	1/20/2016	\$488,071.00
GILBERT MAY INC. DBA PHILLIPS/MAY CORPORATION	601023	1/21/2016	\$498,333.00
GILBERT MAY INC. DBA PHILLIPS/MAY CORPORATION	601025	1/21/2016	\$497,000.00
GILBERT MAY INC. DBA PHILLIPS/MAY CORPORATION	597095	1/21/2016	\$483,350.00
GILBERT MAY INC. DBA PHILLIPS/MAY CORPORATION	597094	1/21/2016	\$169,333.00
THE TREVINO GROUP INC	602969	2/17/2016	\$495,527.00
GILBERT MAY INC. DBA PHILLIPS/MAY CORPORATION	602268	2/17/2016	\$451,925.70
GILBERT MAY INC. DBA PHILLIPS/MAY CORPORATION	602937	3/7/2016	\$41,066.00
GILBERT MAY INC. DBA PHILLIPS/MAY CORPORATION	606220	3/9/2016	\$142,261.00
THE TREVINO GROUP INC	609713	3/22/2016	\$499,570.95
SKYE BUILDING SERVICES LLC	603787	3/24/2016	\$38,368.80
GILBERT MAY INC. DBA PHILLIPS/MAY CORPORATION	603788	3/24/2016	\$34,466.00
GILBERT MAY INC. DBA PHILLIPS/MAY CORPORATION	604230	3/24/2016	\$2,655.00
GILBERT MAY INC. DBA PHILLIPS/MAY CORPORATION	608426	4/12/2016	\$498,794.00
			<b>\$13,614,106.74</b>

**Dallas Independent School District (DISD) Job Order Contract**

**Process**



# Attachment 8 - Portable Building Data

ATTACHMENT 8							
JOB ORDER CONTRACT PORTABLE BUILDING PROJECT DATA							
PO #	Organization	Project Description	Contractor	Portable Square Footage	Department Authority	Project Cost	Comments
565158	Webster Elementary School	Painting	Skye Building Services	2902 SF - Exterior (\$1.55/SF) & 9000 SF Interior (\$1.30/SF)	Maintenance and Facility Services	\$21,309.00	Painting is \$16,213.60 of project cost (76%)
565345	Alex Sanger Elementary School	Relocation	Skye Building Services	No SF information	Maintenance and Facility Services	\$264,559.00	
565346	Alex Sanger Elementary School	Relocation	Skye Building Services	No SF information	Maintenance and Facility Services	\$187,433.00	
565605	Hutchins Elementary School	Demolition	Trevino	No SF information	Construction Services	\$97,233.75	
565699	Julius Dorsey Elementary School	Relocation	Skye Building Services	No SF Information	Maintenance and Facility Services	\$200,000.00	
565700	Nathan Adams Elementary School	Relocation	Skye Building Services	No SF Information	Maintenance and Facility Services	\$300,000.00	
566325	Wilmer Early Childhood Center	Demolition/Installation	Trevino	No SF information	Construction Services	\$489,907.50	9 page Contractor estimate containing multiple detailed line item costs
567707	George W. Truett Elementary School	Relocation	CZOT	No SF information	Construction Services	\$118,616.40	No line item detail
608295	W.E. Greiner Exploratory Arts Academy	Demolition	Big Sky	No SF information	Construction Services	\$417,480.00	No line item detail
611841	Lakewood Elementary School	Install Utilities for Portables	Phillips May	No SF information	Construction Services	\$490,229.23	
616681	Lee A. McShan Elementary School	Installation	Phillips May	No SF information	Maintenance and Facility Services	\$364,893.00	4 page Contractor estimate containing multiple detailed line item costs
658393	Alex Sanger Elementary School	Set-up work for installation	SDB Inc	No SF information	Construction Services	\$197,822.26	No line item detail
666280	W.T. White High School	Removal	VIP Construction	No SF information	Construction Services	\$373,898.75	
677619	Woodrow Wilson High School	Conversion	Trevino	No SF information	Construction Services	\$174,836.35	6 page Contractor estimate containing multiple detailed line item costs
698070	Alex Sanger Elementary School	Make Ready	Phillips May	No SF information	Construction Services	\$498,360.45	8 page Contractor estimate containing multiple detailed line item costs
703292	Amelia Earhardt Learning Center	Renovation	Trevino	No SF information	Construction Services	\$483,098.56	12 page Contractor estimate containing multiple detailed line item costs
						\$4,679,677.25	



# Attachment 9 Split Purchase Detail

Job Order Contracts Sequential purchases-Split Purchases 2015-2018						
Item #	Vendor	Campus	PO	Date	Amount	Purpose
1	The Trevino Group	Balch Springs MS	613253	6/21/2016	499,876	Remodel and Renovate
	The Trevino Group	Fred F. Florence MS	613254	6/21/2016	498,949	Remodel and Renovate
	The Trevino Group	Edna Rowe ES	613266	6/21/2016	171,458	Remodel and Renovate
				Subtotal	1,170,283	
2	SKYE BUILDING SERVICES LLC	Alex Sanquer ES	565345	6/16/2015	264,559	Portable move and set up
	SKYE BUILDING SERVICES LLC	Alex Sanquer ES	565346	6/16/2015	187,433	Portable move and set up
	SKYE BUILDING SERVICES LLC	Henry W. Longfellow MS	565695	6/29/2015	484,112	Remodel and Renovate
	SKYE BUILDING SERVICES LLC	Listed campuses in the SW quadrant	565698	6/29/2015	306,130	Remodel and Renovate
	SKYE BUILDING SERVICES LLC	Nathan Adams ES	565700	6/29/2015	300,000	Portable move and set up
	SKYE BUILDING SERVICES LLC	Julius Dorsey ES	565699	6/29/2015	200,000	Portable move and set up
				Subtotal	1,742,234	
3	SKYE BUILDING SERVICES LLC	Eduardo Mata ES	598164	1/20/2016	499,102	Roof
	SKYE BUILDING SERVICES LLC	Woodrow Wilson HS	595773	1/20/2016	488,071	Roof
				Subtotal	987,173	
4	SDB INC	W H Adamson HS	658651	6/15/2017	490,879	Conversion/Renovation
	SDB INC	Sunset HS	658650	6/15/2017	397,502	Conversion/Renovation
	SDB INC	Wilmer-Hutchins HS	658649	6/15/2017	391,134	Conversion/Renovation
				Subtotal	1,279,515	
5	REEDER GENERAL CONTRACTORS,	Justin F Kimball HS	658600	6/20/2017	495,000	Conversion/Renovation
	REEDER GENERAL CONTRACTORS,	Bryan Adams HS	658602	6/20/2017	495,000	Conversion/Renovation
	REEDER GENERAL CONTRACTORS,	Moises E Molina HS	658601	6/20/2017	489,188	Conversion/Renovation
				Subtotal	1,479,188	
6	Phillip's May Corporation	N. W. Harllee	578131	10/6/2015	352,406	HVAC
	Phillip's May Corporation	Thomas J. Rusk MS	578520	10/7/2015	439,495	HVAC
	Phillip's May Corporation	David C. Carter HS	578522	10/7/2015	362,093	HVAC
	Phillip's May Corporation	F.P. Caillett ES	578521	10/7/2015	325,024	HVAC
				Subtotal	1,479,018	
7	Phillip's May Corporation	Lincoln HS	658000	5/23/2017	498,333	Conversion/ Renovation
	Phillip's May Corporation	Citylab HS	658009	5/23/2017	496,333	Conversion/ Renovation
	Phillip's May Corporation	H. Grady Spruce HS	658003	5/23/2017	419,333	Conversion/ Renovation
				Subtotal	1,413,999	
8	GILBERT MAY INC. DBA PHILLIPS/MA	Jill Stone ES	565687	6/29/2015	495,000	Conversion/Renovation
	GILBERT MAY INC. DBA PHILLIPS/MA	"Various campuses	565685	6/29/2015	485,466	Conversion/Renovation
	GILBERT MAY INC. DBA PHILLIPS/MA	Listed campuses in the NE quadrant of	565710	6/29/2015	304,700	Conversion/Renovation
	GILBERT MAY INC. DBA PHILLIPS/MA	Listed campuses in the NW quadrant	565711	6/29/2015	302,500	Conversion/Renovation
	GILBERT MAY INC. DBA PHILLIPS/MA	Zan W. Holmes, Jr. MS	565686	6/29/2015	288,566	Conversion/Renovation
	GILBERT MAY INC. DBA PHILLIPS/MA	Nolan Estes Plaza	565713	6/29/2015	215,966	Conversion/Renovation
				Subtotal	2,092,198	
9	GILBERT MAY INC. DBA PHILLIPS/MA	CO Detector NE	589475	1/6/2016	493,320	Instal   CO Detectors
	GILBERT MAY INC. DBA PHILLIPS/MA	CO Detector NE	589664	1/8/2016	487,651	Instal   CO Detectors
	GILBERT MAY INC. DBA PHILLIPS/MA	CO SE	589666	1/8/2016	428,390	Instal   CO Detectors
				Subtotal	1,409,361	
10	GILBERT MAY INC. DBA PHILLIPS/MA	Kramer ES	601023	1/21/2016	498,333	Roof
	GILBERT MAY INC. DBA PHILLIPS/MA	Barbara Mann	601025	1/21/2016	497,000	Renovations
	GILBERT MAY INC. DBA PHILLIPS/MA	Hillcrest HS	597095	1/21/2016	483,350	
				Subtotal	1,478,683	
11	BIG SKY CONSTRUCTION CO INC	Whitney M Young Jr ES	579038	10/12/2015	324,450	Chiller Replacement
	BIG SKY CONSTRUCTION CO INC	D A Hulcy MS	579039	10/12/2015	303,450	Chiller Replacement
	BIG SKY CONSTRUCTION CO INC	Mount Auburn ES	581166	10/27/2015	410,550	Chiller Replacement
	BIG SKY CONSTRUCTION CO INC	Cesar Chavez ES	581171	10/27/2015	362,250	Chiller Replacement
	BIG SKY CONSTRUCTION CO INC	Ascher Silberstein ES	581169	10/27/2015	341,250	Chiller Replacement
	BIG SKY CONSTRUCTION CO INC	C A Tatum Jr ES	581146	10/27/2015	325,500	Chiller Replacement
	BIG SKY CONSTRUCTION CO INC	William B Travis	581170	10/27/2015	231,000	Chiller Replacement
				Subtotal	2,298,450	
12	BIG SKY CONSTRUCTION CO INC	Franklin D Roosevelt HS	613261	6/14/2016	423,835	Interior Construction/Renovation
	BIG SKY CONSTRUCTION CO INC	South Oak Cliff HS	613262	6/14/2016	398,365	Interior Construction/Renovation
	BIG SKY CONSTRUCTION CO INC	David W Carter HS	613263	6/14/2016	363,484	Interior Construction/Renovation
				Subtotal	1,185,684	
13	BIG SKY CONSTRUCTION CO INC	Innovation, Design, Entrepreneurship Ac	658394	5/24/2017	487,325	Conversion/Renovation
	BIG SKY CONSTRUCTION CO INC	North Dallas HS	658395	5/26/2017	485,836	Conversion/Renovation
	BIG SKY CONSTRUCTION CO INC	W T White HS	658399	5/26/2017	479,772	Conversion/Renovation
	BIG SKY CONSTRUCTION CO INC	Hillcrest HS	658397	5/30/2017	464,118	Conversion/Renovation
				Subtotal	1,917,051	

## Attachment 10 – Management’s Responses

### **Finding 1 - Repricing of JOC Contracts Show No Material Overpayments**

No Response Needed

### **Finding 2 - The Top Ranked Vendor Was Not Selected**

Acknowledgement of finding:

Agree (in part)

Disagree

Management’s Response:

Management agrees that the top ranked vendor was not selected for many of the projects under review, but respectfully contends that using a single vendor for all JOC projects and/or offering a functional right of first refusal to the top-ranked vendor is not the best procurement strategy for Dallas ISD.<sup>4</sup>

During the period under review, JOC contractors were selected through a competitive process where a variety of factors, including price, safety record, references, prior experience, and M/WBE were used to identify and rank a pool of qualified contractors. The creation of a qualified pool of JOC contractors, as opposed to awarding the work to a single contractor, was important in light of the historical volume and variety of Dallas ISD’s construction/maintenance needs.

Like other Departments, when the Board approves a pool of qualified vendors, Management carefully considers which vendor is the best option for each project. For JOC projects, Management generally considers various vendors’ responsiveness, interest and ability to perform a project, relevant experience (both generally and with the District), expertise, availability of crews and bonding capacity, ability to meet the project deadline, and commitment to the District’s aspirational M/WBE goals.

The use of a pool of qualified contractors avoids potential problems that would result from exclusively using the top-ranked vendor. For instance, if the top ranked vendor lacks the responsiveness, resources, or expertise to perform a particular project, project timelines can be delayed and project quality can be compromised. Moreover, using the

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<sup>4</sup> Management is not aware of any Board directive, policy, or law that requires the District to use or first negotiate with the top-ranked JOC contractor when the Board approves a pool of qualified contractors. If such a directive is given, or if an applicable policy or law is identified, Management will immediately comply.

top-ranked vendor does not necessarily ensure the lowest price, as pricing accounts for 40% of the 100 points used to rank the contractors.

In conclusion, the use of the JOC procurement method has been reduced dramatically from almost \$24 million in 2015 to just over \$1.2 million in 2019. Management believes that the JOC method of contracting has a valuable (albeit limited) role in certain types of construction and maintenance projects.

Estimated Implementation Date: (see response below)

Management believes that the continued use of a pool of qualified contractors representing a variety of expertise and experience ensures Management's continued ability to deliver projects at a competitive price.

Individual responsible for implementation: Scott Layne, Deputy Superintendent for Operations

**Finding 3 - JOC Board Approval**

No Response Needed

**Finding 4 - RSMeans Unit Pricing**

No Response Needed

**Finding 5 - Contracts Did Not Contain Required Written Statement Per Texas Government Code 2270**

Acknowledgement of finding:

- Agree
- Disagree

Management's Response:

Management agrees with Internal Audit's findings and will ensure that this provision is included in future contracts.

Estimated Implementation Date: May 2020

Individual responsible for implementation: Dwayne Thompson, Chief Financial Officer

**Finding 6 - Consideration for the Total Cost of the “Job” Was Not Factored into the Approval Process**

No Response Needed

**Finding 7 - Portable Building Expenditures**

Acknowledgement of finding:

- Agree (in part)
- Disagree

Management’s Response:

Management agrees that the District has invested significantly into deploying and moving portable buildings. Management carefully considers the use and movement of portable buildings to ensure it is being done strategically and efficiently.

Historically, portable buildings have been used to manage population overflow on certain campuses, either due to population shifts or because permanent structures are under construction and, therefore, temporarily unavailable. Because the construction or acquisition of permanent buildings is expensive, portables provide a temporary solution while the long-term facility needs of the District are evaluated.

In some circumstances, the need for portable buildings is predictable. In other circumstances, it is not. Therefore, the District owns numerous portable buildings in order to handle both anticipated and unanticipated needs. Management believes that the decision to purchase a new portable, to destroy an old portable, to move a portable, or to remove a portable and replace it with a permanent structure is a decision that must be made on a case-by-case basis and based upon a number of operational and financial considerations. Internal Audit’s comments about CT(REGULATION) are well-taken. Management will review and propose revisions to the CT policies to ensure that they reflect current practices.

On a related note, Management believes that the movement of portables is better procured through a CSP rather than a JOC. Accordingly, in August 2019, Management recommended, and the Board approved a single vendor to perform future portable moves.

Management looks forward to working with Internal Audit to continue to ensure that the use and movement of portables is being done in a manner that serves the best interests of the Districts, its staff, and its students.

Estimated Implementation Date: N/A

Individual responsible for implementation: Scott Layne, Deputy Superintendent for Operations

**Finding 8 - The Dallas ISD Exceeded the Yearly Contract Limit Established in Board Document 60582**

Acknowledgement of finding

- Agree
- Disagree

Management's Response

Management agrees with Internal Audit's finding. Board Document 60582 approved the use of JOCs up to \$5 mm per year over five years for a total of \$25 mm. In 2015/2016, a total of \$13.6 mm was spent on JOCs.

In 2015, Procurement Services began tracking spending to ensure that purchases do not exceed the Board's authorization. For this specific transaction, rather than tracking the Board's annual \$5 mm authorization, the system tracked total spending to ensure that it did not exceed \$25 mm over the five year period. The total \$25 mm authorization was not exceeded.

Estimated Implementation Date: Completed.

Individual responsible for implementation: Dwayne Thompson, Chief Financial Officer

**Finding 9 - Split Purchase Orders**

No Response Needed

**Finding 10 - Use of Pass Through Funds with Architects**

Acknowledgement of finding

Agree

Disagree

Management's Response

Management agrees with Internal Audit's finding. Management is in the process of eliminating the use of Assignments of Work to address these concerns. Management is also implementing a process whereby the architects will be required to produce the original 3rd party invoice in order to obtain reimbursement.

Estimated Implementation Date: May/June 2020

Individual responsible for implementation: Dwayne Thompson, Chief Financial Officer

**Finding 11 - Liquidated Damages Were Not Consistently Assessed**

Acknowledgement of finding

Agree

Disagree

Management's Response:

Management agrees that liquidated damages were not assessed for some of the transactions under review. On a go forward basis, Management will monitor and seek to enforce liquidated damages where appropriate.

Estimated Implementation Date: May 2020

Individual responsible for implementation: Scott Layne, Deputy Superintendent for Operations

**Finding 12 - The Use of Job Order Contracting Decreased in 2019**

Acknowledgement of finding

Agree

Disagree

Management's Response

Management agrees that it has substantially reduced the use of JOCS between 2015 and 2019 and intends to further reduce the use of JOCs in the future.

Internal Audit suggests that the number one ranked contractor should be used to ensure that the District obtains best pricing. See Management's Response to Finding 2 above.

Estimated Implementation Date: N/A

Individual responsible for implementation: Scott Layne, Deputy Superintendent for Operations

**Finding 13 - Internal Controls Over Job Order Contracting**

Acknowledgement of finding

Agree

Disagree

Management's Response

Management agrees that internal controls were sufficient, and that adequate supervision occurred. Management looks forward to working with Internal Audit to ensure that these controls continue to be followed in the future.

Estimated Implementation Date: N/A

Individual responsible for implementation: Scott Layne, Deputy Superintendent for Operations