



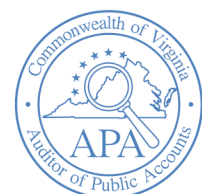
# REVIEW OF DEPARTMENT OF GENERAL SERVICES TENANT PROJECT MANAGEMENT SERVICES

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## AUDIT SUMMARY

The focus of this performance audit is the tenant improvement project management services within the Department of General Services' Bureau of Facilities Management (Facilities Management). We reviewed policies, processes, and procedures in place for fiscal years 2014 through 2018. We researched and reviewed best practices for project management and compared them to Facilities Management's methods used to manage five projects.

Overall, we found that Facilities Management does not have documented policies and procedures surrounding the project management process. As a result, the processes that are in place do not follow best practices. We evaluated five projects against 12 best practices in the areas of general project manager duties, schedules, budgets, communications, and documentation. We found that two projects did not follow any of the 12 best practices, two projects did not follow 11 out of 12 best practices, and one project did not follow 10 out of 12 best practices.

Facilities Management's project management process is not always effective. For the five projects reviewed, we found that Facilities Management took longer than expected, went over budget on two projects, frustrated agencies due to lack of communication, and billed agencies untimely and unclearly. In addition, Facilities Management does not have a consistent process of how to apply overhead costs to each project and uses a rate of 20 percent that is unsupported and has not been reviewed in over 30 years. Finally, Facilities Management has not performed a cost-benefit analysis to compare the cost and effectiveness of performing tenant improvement projects in-house versus contracting the work out.

The revenues and expenses related to tenant improvement projects are accounted for within the Maintenance and Repair internal service fund along with the revenues and expenses for the operation and maintenance of space occupied by state agencies in state owned buildings in the metropolitan Richmond area. Therefore, we could not determine whether tenant improvement projects are self-supporting.

We made 14 recommendations for Facilities Management's project management process to increase efficiency and effectiveness and align the process with best practices. See [Appendix C](#).

We conducted the audit in two phases. During the second phase of the audit, the Department of General Services had a change in leadership and restructured the organization, as discussed in [Appendix B](#), which will directly affect the policies, processes, and procedures discussed in this report. Management's intent in doing this reorganization is to begin improving services in this area.

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## INTRODUCTION

The Bureau of Facilities Management (Facilities Management) is a bureau within the Department of General Services (General Services) that provides maintenance, operation, repair, and technical services for General Services' managed facilities and properties. Currently, Facilities Management is responsible for over 40 buildings and 20 parking facilities in the Richmond area that house approximately 75 state agencies. See [Appendix B](#) for details on a recent reorganization of the Department of General Services affecting Facilities Management.

### **Project Management Services**

Facilities Management has a project management section that provides professional and technical support both in-house and by contract to administer General Services' capital outlay program and support the maintenance, operations, and occupancy of buildings in the Richmond area. These services include:

- maintaining drawing files of buildings, utilities, and sites;
- establishing and maintaining current emergency evacuation procedures;
- planning and developing budget proposals for the General Services' capital outlay program;
- inventorying and recording agency space assignments in buildings;
- administering the planning, construction, and inspection of capital outlay, maintenance reserve, and tenant improvement projects;
- providing financial management of project budgets; and
- coordinating construction activities.

During our audit, we focused on Facilities Management projects that were in progress in calendar years 2013 and 2014 to determine our population. During calendar years 2013 and 2014, Facilities Management provided services for 254 projects, ranging in cost from \$78 to \$1.5 million and taking just a few hours to multiple years to complete. The services provided extended outside of these calendar years. Due to multiple suspensions and delays of the audit caused by audit staff shortages, conflicting audit priorities, and delays in General Services' responsiveness, the audit occurred over an extended period and allowed us to review these services through the end of each project, with the longest project lasting into fiscal year 2018. Our review focused on Facilities Management's administration of the planning, construction, inspection, and financial management of tenant improvement projects. Facilities Management provided these specific services for 193 of the 254 projects noted above.

The audit objectives are to:

- Perform a review of Facilities Management’s project management services to tenants of state owned buildings.
- Evaluate the effectiveness of the existing project management process and procedures in comparison to industry best practices.
- Evaluate the effectiveness of Facilities Management in providing project management services.
- Gain an understanding of whether the project management process is self-supporting.
- Gain an understanding of any recent changes to the project management process.
- Gain an understanding of how Facilities Management records project management costs in the financial system.
- Gather and analyze project management service costs.

During our audit, we performed analysis of project budgets and expenses for five projects managed by Facilities Management during the period under review, as described in Table 1. Although the projects occurred under Facilities Management project management services, the two projects with the largest budgets reviewed were funded as capital projects.

## Tenant Improvement Projects Reviewed

Table 1

Agency	Building	Project Description	Budget	Actual as of April 30, 2018
Department of Behavioral Health and Developmental Services	Jefferson	Remodel board room (1,066 square feet)	\$ 116,734	\$ 153,825
Department of Conservation and Recreation	Main Street Center	Renovate 4 floors for agency relocation (55,912 square feet)	3,028,538	2,907,851
Department of Health	James Madison	Install dry wall partitions and door to separate departments, install door card readers, and build breakroom (423 square feet)	78,681	72,988
Department of Small Business and Supplier Diversity	James Monroe	Renovate/up fit 11 <sup>th</sup> floor (10,737 square feet) for agency relocation	1,000,000	974,225
Department of the Treasury	James Monroe	Renovate 3 <sup>rd</sup> floor (16,400 square feet)	900,000	1,060,563

Source: Acts of Assembly Chapter 665; Cost Reports; Special Work Orders

We compared the project expenses to invoices or labor rates reviewed by the Joint Legislative Audit and Review Commission (JLARC). We reviewed policies, processes, and procedures in place for fiscal years 2014 through 2018. We researched and reviewed best practices for project management and compared them to Facilities Management's methods used to manage five projects. Finally, we conducted surveys and interviews with personnel at the Departments of General Services, Treasury, Health, Small Business and Supplier Diversity (DSBSD), Behavioral Health and Developmental Services (DBHDS), and Conservation and Recreation (DCR). We used a nonstatistical sampling approach. Our samples were designed to support conclusions about our audit objectives. We used an appropriate sampling methodology to ensure the samples selected were representative of the population and provided sufficient, appropriate evidence. We identified specific attributes for testing each of the samples. We performed these procedures in order to draw our conclusions and develop our observations discussed throughout this report.

## BUREAU OF FACILITIES MANAGEMENT PROJECT MANAGEMENT SERVICES

### **Tenant Improvement Projects**

Tenant improvement projects involve any work performed to alter or improve Facilities Management managed buildings that is not routine maintenance.

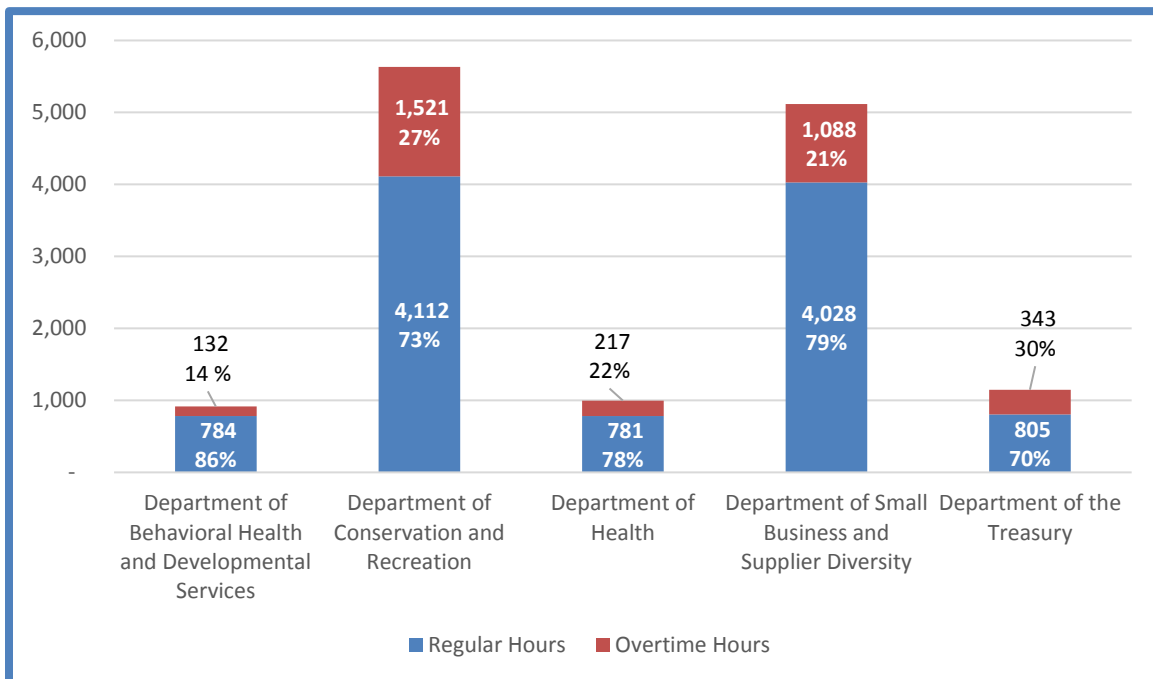
Facilities Management specifically prohibits agency personnel from performing or contracting out construction or maintenance work on Facilities Management managed buildings. Facilities Management must perform or procure and manage all work on state-owned buildings. When agencies identify necessary improvements, they must submit a request for service through their Facility Coordinator to the Facilities Management Maintenance and Operations Chief. The requesting agency is responsible for funding the tenant improvement project, and they must secure the funding prior to the start of the project. The requesting agency must transfer all funds for the design phase of the project to Facilities Management prior to the start of the project and 50 percent of the total remaining funding prior to the start of the construction phase. Any time during the project, the requesting agency may elect to prepay the entire estimated project cost. Given the time it takes to complete a project, agencies often opt to prepay the entire estimated project cost so the funding will not revert to the state.

Part of the project management services that Facilities Management provides includes determining whether to perform certain project services using internal resources or contracting out for them. However, Facilities Management performs more than just project management services. Facilities Management's largest responsibility is providing operational, maintenance, and repair services for facilities in the Virginia Capital Complex in Richmond. These services include plumbing, HVAC, electrical, painting, carpentry, custodial, and security. For tenant improvement projects, Facilities Management has an informal policy to self-perform as much work as possible as they believe their costs are lower and that it is inefficient to obtain external bids for each project. They usually subcontract out large painting jobs, cabinetry work, drywall finishing, flooring, and audio/visual work. However, they use their Operations and Maintenance staff to perform mechanical, electrical, plumbing, and carpentry work.

Operations and Maintenance staff must perform work on tenant improvement projects in addition to their other regularly assigned duties, often resulting in the staff working extensive overtime hours. This often results in projects taking much longer than necessary. See Table 5 "Summary of Project Timelines" later in this report. In addition, it is inefficient to continually start and stop project tasks, resulting in higher costs to the agency. Chart 1 illustrates the regular versus overtime hours charged to the five projects reviewed. Based on the number of overtime hours that Operations and Maintenance staff have to work to accomplish these projects, it does not appear that they have the staff necessary to self-perform these projects.

## Operations and Maintenance Labor Hours by Project

Chart 1



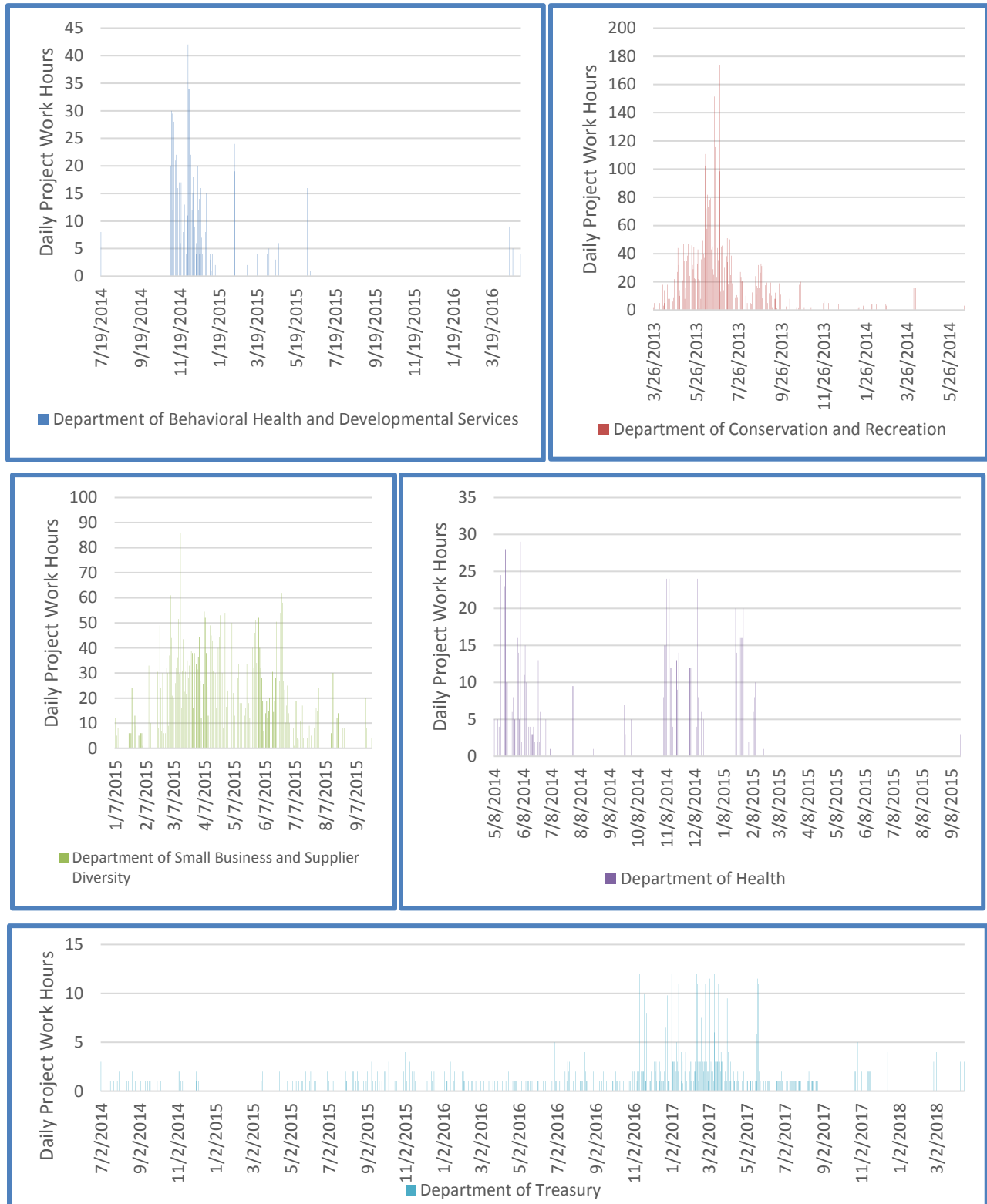
Source: General Services accounting and financial reporting system cost reports

Availability of Operations and Maintenance staff depends on their current workload, daily service requests, and emergencies. As a result, time dedicated to these projects can be sporadic and uncoordinated as illustrated in Chart 2.



## Timeline of Operations and Maintenance Staff Project Work Hours

Chart 2



Source: General Services accounting and financial reporting system cost reports

Facilities Management operates under the assumption that it is cheaper to perform the work with internal resources rather than contracting out for it. However, Facilities Management has never performed a cost comparison to verify this assumption. Facilities Management asserts that its labor rates are less than contracted rates. This may be true; however, if they do not consider the quantity of labor hours spent internally and the related cost versus what a contractor would charge, it is not an accurate comparison. Facilities Management also does not perform an overall cost-benefit analysis at the start of a project that considers all aspects of how using internal resources versus contracting it out will affect the performance, duration, and cost of the project to determine whether they should contract the work out or perform the work with internal resources. Considerations should include the cost of labor and materials, duration of the work, Operations and Maintenance staff availability, and the requirements of the agency requesting the project. Without this analysis, we cannot determine whether it is more efficient and cost effective to use internal or external resources, nor can we determine whether Facilities Management managed the projects at the lowest cost possible.

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**Observation:** *Facilities Management has not determined whether use of internal versus external resources is the most efficient and cost effective solution for performing work on tenant improvement projects.*

**Recommendation #1:** *Facilities Management should determine what its capacity is to perform tenant improvement projects based on staffing and a reasonable amount of overtime. Facilities Management should also perform and document a broad analysis comparing internal and external costs. Based on this research and analysis and given the variation in size and duration of tenant improvement projects, Facilities Management should develop and implement a policy to designate the type and size of projects that require a cost-benefit analysis.*

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### **Internal Service Fund**

Internal service funds are a financial mechanism to recapture costs incurred by one agency when performing services or procuring goods on behalf of multiple agencies. Facilities Management's project management services operate as part of the Maintenance and Repair internal service fund at General Services. The revenues and expenses related to tenant improvement project management services flow through the Maintenance and Repair fund. Facilities Management charges agencies for administrative time, labor, materials, and any contractual services to execute the project. This fund also accounts for the revenues and expenses for the operation and maintenance of space occupied by state agencies in state owned buildings in the metropolitan Richmond area. Facilities Management charges agencies a rental rate for each square foot of space the agency occupies. The rent covers the cost of maintenance, custodial, and administrative staff; it also covers utilities, such as electricity, water, and sewer.

Since the activity of multiple programs flows through the Maintenance and Repair internal service sub fund, we cannot determine whether each program is self-supporting. The Maintenance and

Repair internal service sub fund has fluctuated over the years between being self-supporting and having a deficit. Many things could potentially cause deficits related to Facilities Management. Facilities Management could potentially be charging inappropriate fees for their services thus leading to a deficit in the internal service fund. General Services then has to use other funds to cover these deficits, which could lead to budget overages in those funds.

**Maintenance and Repair Internal Service Fund Activity**

Table 2

Fiscal Year	Operating Revenues	Operating Expenses	Operating Income (Loss)
2012	\$40,511,239	\$48,681,798	\$(8,170,559)
2013	37,076,040	43,496,171	(6,420,131)
2014	40,963,561	38,381,794	2,581,767
2015	41,113,736	36,518,076	4,595,660
2016	40,782,398	38,289,357	2,493,041
2017	39,954,208	39,343,226	610,982
2018	40,324,429	40,865,890	(541,461)

Source: Property Management Attachment 11 Internal Service Fund Financial Statement Template

### **Project Management Rates**

JLARC approved Facilities Management's project management rates annually until changes in the Commonwealth's budget process in 2015. Chapter 665 Section 4-5.03 of the 2015 Acts of Assembly incorporates the approval of internal service fund overhead rates within the Appropriation Act by requiring the Department of Planning and Budget's (DPB) annual review and approval of rate changes. As a result, JLARC no longer approves internal service fund rates but retains general oversight authority. General Services requests appropriations according to their spending projections based on anticipated demand for services from other state agencies and the related rates for those services.

Table 3 depicts the rates Facilities Management charged for services. JLARC reviewed the October 2012 rates and determined they were reasonable. Department of Planning and Budget reviewed the July 2016 rates and determined they were reasonable.

## Project Management Hourly Rates

Table 3

Service	Hourly Rate as of October 1, 2012	Hourly Rate as of July 1, 2016
Housekeeping	\$ 22.73	\$ 25.73
Security	18.92	26.24
Painter	36.25	Eliminated
Electrician	34.91	38.42
HVAC Mechanic	34.66	37.84
Plumber	32.74	37.18
Carpenter	32.58	40.12
Grounds Worker	31.48	27.37
Project Management	58.94	65.41

Source: JLARC Memorandum Dated August 10, 2012, and General Services Budget documents

In addition to the rates above, JLARC reviews the Bureau of Capital Outlay Management's (BCOM) project review rate and determines its reasonableness. This rate was \$125, as of December 1, 2012. Chapter 665 of the 2015 Acts of Assembly increased this rate to \$128 effective July 1, 2014, and \$142 effective July 1, 2015. This rate has remained constant through fiscal year 2018. BCOM provides capital project cost review services; reviews plans and specifications for compliance with the Building Code; grants building permits; and reviews and approves certain capital outlay forms depending on the type of project. BCOM charges agencies the rate noted above when they perform any of these services for a tenant improvement project.

Facilities Management also charges a 20 percent overhead rate on top of the hourly rates mentioned above for tenant improvement projects. JLARC last reviewed this overhead rate 31 years ago in 1988. At that time, JLARC determined that the rate did not accurately reflect administrative costs and instructed General Services to revise its methodology to eliminate inconsistent treatment of similar activities and submit additional information to them for review. JLARC granted permission for Facilities Management to use the 20 percent overhead rate until they performed this review. However, Facilities Management could not provide any evidence that they ever performed this review or any other review of the overhead rate. JLARC has not reviewed the rate in the intervening years, and as noted above is no longer required to approve internal service fund rates. Costs associated with construction projects have fluctuated over time along with organizational and operational changes within General Services; therefore, maintaining the same overhead rate for nearly three decades could lead to inappropriate cost recoveries for services provided.

JLARC last reviewed the Facilities Management overhead rate of 20% in 1988 when they determined it did not accurately reflect administrative costs.

Facilities Management could not provide documentation supporting the validity of the overhead rate, specifically how they calculated the rate and the costs it covered; therefore, we could not determine whether the rate is reasonable. Although it is not documented, the Facilities Management

Billing Administrator stated that the overhead rate covers the costs of opening, tracking, closing, billing, and collecting the work order for each tenant improvement project, including management, administration, procurement, and clerical salaries. In addition, the overhead rate covers office materials and supplies, printers, equipment, utilities, and continuous charges. However, in contradiction to this, some work orders for projects reviewed included hourly charges for individuals performing project management activities in addition to the overhead rate. This indicates that Facilities Management potentially charged agencies twice for project management duties on some tenant improvement projects: once as a direct charge and once as part of the overhead rate. On two projects reviewed, Facilities Management did not charge the overhead rate; instead direct charging for all expenses. Because the overhead rate usually covers these costs, this resulted in Facilities Management charging labor rates for project inspectors, procurement, and custodial positions that neither JLARC nor DPB had approved. In addition, Facilities Management does not have documented policies and procedures outlining the process for determining how and when they will apply the overhead rate to projects. Facilities Management makes this decision on a project-by-project basis. Two of the projects reviewed did not have an overhead rate applied as noted above; two projects reviewed had a 20 percent overhead rate applied; and one project reviewed had a ten percent overhead rate applied. By switching between methods to charge projects and applying various overhead rates for Facilities Management services, Facilities Management is charging projects inconsistently, which can result in inappropriate or duplicative charges to a project as well as the appearance of preferential treatment.

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**Observation:** *Facilities Management has not performed a recent evaluation of the 20 percent overhead rate that they charge agencies and does not have evidence to support the rate calculation. JLARC last reviewed this rate approximately three decades ago and found that the rate did not accurately reflect administrative costs.*

**Recommendation #2:** *Facilities Management should recalculate its overhead rate considering current factors and costs to ensure that they are adequately covering costs they incur and are not overcharging the agencies for their services.*

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**Observation:** *Facilities Management has not developed and implemented policies and procedures regarding the application of overhead rates. This may result in Facilities Management potentially charging agencies twice for some items (once as a direct charge and once as part of the overhead rate) and is not charging agencies consistently or equitably.*

**Recommendation #3:** *Facilities Management should develop and implement policies and procedures outlining the consistent and equitable application of overhead rates for all projects. If Facilities Management can justify charging projects differently, they must document the justification and the process to apply the overhead rate within their policies and procedures.*

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## PROJECT MANAGEMENT BEST PRACTICES

During this audit, we researched suggested best practices for project management. We used resources from private firms as well as governmental agencies and organizations who specialize in construction and project management best practices research and produce articles on the subject regularly to compile a listing of best practices. The organizations included in our research are regularly cited by firms and agencies for their certifications or are industry-recognized leaders. See [Appendix A](#) for a list of best practice sources. These best practices are applicable to any size or type of project with the detail at which each practice occurs varying dependent on the needs of the project. We identified five areas of best practices, which include General Project Management Duties, Project Schedule, Project Budget, Project Meetings/Team Communications, and Project Documentation.

### **General Project Management Duties**

Project management duties are assigned to a project or construction manager. For this report, we will use the term project manager to identify the person assigned these responsibilities.

The project manager plays a critical role in successful project management and delivery. They are responsible for generating, tracking, and maintaining documents defining and relating to the project throughout the design, procurement, construction, and close out phases. In addition, they are responsible for maintaining communications with the client. The project manager must:

- prepare a written agreement,
- develop and document a scope of work,
- review invoices, and
- perform activities related to project walkthrough/close out.

### **Project Schedule**

The project manager should produce, maintain, and update a critical path master schedule. The master schedule should incorporate all aspects of the project and include milestones and critical path items. The critical path master schedule includes the expected duration of the various activities and phases of the project and the relationships between the activities. The project manager should use the critical path master schedule and knowledge of the project to manage potential project delays by developing actions to mitigate or resolve the issues causing the delay. In addition, the project manager should use the critical path master schedule to keep the client informed of important dates and ensure the entire project team agrees in regards to the expectations for the timing of deliverables. The project manager should discuss the updated critical path master schedule with the client and project team during monthly progress meetings, which we discuss in more detail below.

Keeping the client informed of the changes in the critical path master schedule allows the client to plan activities, such as moving in furniture or finding additional workspace for employees impacted by construction.

## **Project Budget**

The project manager must have a detailed and accurate budget in order to track costs throughout the project and to provide feedback to the client on how they are spending the available project funds. The project manager should communicate budgetary information regularly. When communicating this information to the client, the project manager should include the authorized budget, contract commitments, costs to date (invoices and payments to vendors), approved and pending changes, estimated costs to complete, and variance between authorized budget and estimated completion amount.

## **Project Meetings/Team Communications**

The project manager should hold regular progress meetings, at least monthly, that involve the agency, architect, and contractor and document and distribute detailed meeting minutes to all project team members. The meeting minutes should clearly indicate issues and define who is responsible for action items identified during project meetings. The project manager should track all action items to ensure that open items are closed and resolved timely to keep the project schedule intact. The project manager has the responsibility to keep the agency as informed as possible on the progress of the project and for coordinating on-site activities so that construction activities minimally impact the client's operations. The project manager is responsible for communications between appropriate team members so that the project stays within the budget and scheduling constraints agreed to at the outset of the project. All aspects of project delivery will require documented and clear communications, managed by the project manager.

## **Project Documentation**

The project manager should maintain a clearly defined project file for each project they manage. This project file should contain all documents relating to the project, whether paper or electronic, organized in such a way as to provide for easy access and delivery to project team members. The project manager should maintain documentation to show adherence to contract requirements, monitor and document budgetary and schedule adherence, and monitor overall project progress.

# **BUREAU OF FACILITIES MANAGEMENT OPERATIONS**

## **Facilities Management Project Management Policies and Procedures**

Facilities Management does not have documented policies and procedures for their project management process. They rely on the expertise of their project managers to ensure that the project management process runs smoothly. However, they do not provide their project managers with any guidance on performing general project management duties, developing detailed project budgets and schedules, holding project progress meetings with the requesting agency or the architect for the project, or maintaining documentation associated with the project. The lack of clearly documented policies and procedures may result in project managers completing necessary tasks incorrectly or ineffectively, and

different project managers may choose to complete tasks differently, thus leading to inconsistencies between project managers and noncompliance with best practices. Developing policies and procedures can improve financial accountability, enhance operational effectiveness, and result in improved outcomes for agencies in both time and cost efficiencies.

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**Observation:** *Facilities Management does not have documented policies and procedures for their project management process.*

**Recommendation #4:** *Facilities Management should develop and implement written policies and procedures for their project management process that incorporate best practices as discussed throughout this section. These policies and procedures should guide the project managers through the entire project management process including performing general project management duties; creating detailed budgets and schedules; holding project progress meetings with the requesting agency and architect for the project; and maintaining documentation associated with the project.*

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Due to a lack of policies and procedures surrounding the use of small purchase charge cards on projects, we found that multiple Facilities Management staff members inappropriately purchased items associated with the projects using the Trades Manager's small purchase charge card. Small purchase charge card purchases are the responsibility of the project manager. The Trades Manager allows staff members to use his agency assigned small purchase charge card to purchase items for projects where he is assigned as the project manager. These cards are assigned to a specific user and should be used only by the assigned person. Allowing individuals to share small purchase charge cards increases the risk of fraud and misuse as it is not the cardholder authorizing the purchases.

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**Observation:** *Facilities Management's Trades Manager allows staff members to use his agency assigned small purchase charge card to purchase items for projects. These cards are assigned to a specific user and should be used only by the assigned person. Allowing individuals to share small purchase charge cards increases the risk of fraud and misuse as it is not the cardholder authorizing the purchases.*

**Recommendation #5:** *Small purchase charge card cardholders should not share their credit cards. Facilities Management should evaluate the number of cardholders that they currently have and determine if there is a need to increase the number of cardholders to prevent sharing of small purchase charge cards.*

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## Facilities Management Policies and Procedures versus Best Practices

Since Facilities Management does not have sufficient documented policies and procedures over tenant improvement projects, we obtained an understanding of their current practices and compared those to the best practices outlined in the section “Project Management Best Practices.” In addition, we evaluated the five projects we selected against these best practices. The results, outlined in Table 4 and discussed throughout this section, demonstrate that Facilities Management’s practices rarely conform to the best practices established in this report on its tenant improvement projects.

Summary of Best Practices Evaluation

Table 4

	DBHDS (Remodel Board Room)	DCR (Renovate 4 Floors)	DSBSD (Renovate 11 <sup>th</sup> Floor)	Health (Remodel Area)	Treasury (Renovate 3 <sup>rd</sup> Floor)
<b>General Project Manager Duties</b>					
Written Agreement	N	N	N	N	N
Detailed Scope of Work	N	Y	N	N	Y
Review of Invoices	N	N	N	N	N
Walkthrough/Closeout Process	N	N	Y	N	Y
<b>Project Schedule</b>					
Master Schedule	N	N	N	N	N
Schedule Updates	N	N	N	N	N
<b>Project Budget</b>					
Cost Estimate	N	N	N	N	N
Master Budget	N	N	N	N	N
Budget Tracking/Update	N	N	N	N	N
<b>Project Communications</b>					
Meeting Minutes	N	N	N	N	N
Project Communication	N	N	N	N	N
<b>Project Documentation</b>					
Project File	N	N	N	N	N

Legend: Y – procedure/documentation meets best practice

N – procedure/documentation exists but does not meet best practice

N – procedure/documentation does not exist; therefore, does not meet best practice

### General Project Management Duties

General project management best practices include providing a written agreement, developing and documenting a detailed scope of work, reviewing invoices, and performing activities associated with project walkthroughs and closeout. The written agreement should outline the duties and responsibilities of each of the parties to the contract for services expected of and provided by the manager of the project or construction management services. These duties and responsibilities include timing of project management meetings, who is responsible for attending these meetings, preparation and distribution

of meeting minutes, project budget development, maintenance of the project budget throughout the project, and timing of billings associated with the project.

Facilities Management does not enter into detailed written agreements outlining the scope, budget, timeline, and performance of work for tenant improvement projects. Detailed written agreements did not exist for any of the projects reviewed. Instead, Facilities Management issues a special work order form, which only briefly outlines the project budget and sets a date that the overall project will be complete. Therefore, agencies are uncertain as to what they are responsible for and what Facilities Management is responsible for during the life of the project. Agencies are typically responsible for coordination of the furniture purchases, information technology installation, and relocation of personnel as well as the completion of surveys and space assessments. If Facilities Management does not inform agencies of their responsibilities at the start of the project, then there is potential that the project could be delayed. One example that could cause delays is the manufacturing of furniture for the new space, which can take two to three months. Therefore, if the agency does not know that they are responsible for ordering the furniture, it could result in pushing the project completion date out further than initially planned.

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**Observation:** *Facilities Management does not enter into detailed written agreements for the project management services that they provide state agencies. Therefore, agencies are uncertain as to what they are responsible for and what Facilities Management is responsible for during the life of the project.*

**Recommendation #6:** *Facilities Management should enter into detailed written agreements with agencies where they will be performing work. These agreements should outline the responsibilities of Facilities Management as well as the responsibilities of the agency including but not limited to how often project management meetings will be held, who is responsible for attending them, preparation and distribution of meeting minutes, project budget development and maintenance throughout the project, and timing of billings associated with the project.*

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Generally, project managers should provide the client with a monthly bill with appropriate back up for subcontractor billings, invoices, receipts, time and materials for self-perform work, and a breakout of overhead charges for client approval and payment.

Facilities Management does not provide agencies with a bill for services performed on projects until the project is completed, which as shown in Table 5 can take multiple months and even years. This bill is in the form of a cost report, which includes line items that only Facilities Management can understand, and the bill does not contain backup for the charges. When sending the cost reports to the agencies, Facilities Management should attach all support for the services provided or products purchased including but not limited to subcontractor billings, invoices, purchase orders, time and attendance reports for all self-performed work, explanations of BCOM fees, support for any small purchase charge card purchases, and the breakout of overhead charges. In addition, if an agency prepays

the cost of the project, the billings should include the prepayment balance after each bill is applied. Only one of the projects reviewed received periodic bills from Facilities Management; however, it lacked the backup previously mentioned. Without providing this detail, the agency has no way of adequately reviewing and approving the charges for payment increasing the potential for untimely identification of errors in billing.

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**Observation:** *Facilities Management does not bill agencies for project costs on a regular schedule; instead, they send a bill at the end of the project.*

**Recommendation #7:** *Facilities Management should bill agencies for project costs on a regular schedule. This schedule should be determined and agreed upon at the start of the project and included in the written agreement with the agency.*

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**Observation:** *Facilities Management does not provide agencies with bills that they can easily understand. Bills are in the form of a cost report, which includes line items that only Facilities Management can understand and often does not have adequate supporting documentation attached to show the agencies how Facilities Management spent the project funds.*

**Recommendation #8:** *When billing agencies, Facilities Management should provide agencies with bills that are user friendly where details of the project costs are easy to understand and include supporting documentation. The bill should also provide the balance of any prepayments.*

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Upon substantial completion of a project, Facilities Management does not consistently perform walkthroughs with the client to produce a punch list of items remaining to be completed, nor does Facilities Management monitor the punch list through timely completion. Facilities Management performed walkthroughs and developed punch lists on only three of the five projects reviewed. However, for one of these projects they did not follow through with monitoring to ensure timely completion of the items remaining on the punch list. In addition, Facilities Management did not perform a walkthrough or develop a punch list on the two remaining projects. In one instance, the agency developed the punch list and sent it to Facilities Management. Items remaining outstanding on the punch list at the time of our review included unpainted wall sections and trim, missing trim, and an electrical outlet that never worked.

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**Observation:** Facilities Management does not consistently bring projects to closure; ensuring punch list items are complete.

**Recommendation #9:** Facilities Management should implement a process that ensures the project is complete. This could be part of the critical path master schedule discussed below.

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## Project Schedule

Project Schedule best practices state that the project manager should produce a critical path master schedule in order to track project progress and to show impacts that certain events have on the completion date of the project. The project manager modifies and updates the schedule as the project progresses and typically shares the schedule at every progress meeting.

Facilities Management is intentionally noncommittal on timelines associated with these projects because they may have to pull staff from these projects to perform emergency work or work on a project of higher importance. Facilities Management does not want to commit themselves to complete a project

Facilities Management does not want to commit themselves to complete a project within a certain period due to the unpredictability of their work.

within a certain period or within a strict budget and then not be able to deliver on that commitment due to the unpredictability of their other work. They would rather a project come in under budget and under the timeframe by over estimating the budget and not committing to a timeline. Facilities Management committed to a completion date on each of the projects reviewed; however, they did not meet the committed date on any of the five projects. Even

though Facilities Management gave the projects estimated completion dates, as shown below in Table 5, they did not complete the projects until three to 34 months past the original completion date. The delay is based on the last date for time charged to the project. Final charges could be anything from performing punch list items to closing out paperwork. However, since the labor charges are not detailed and the project documentation was lacking, we cannot determine when the project was substantially complete; therefore, the delay may actually be less than that calculated.

## Summary of Project Timelines

Table 5

Agency/Project	Start Date	Estimated End Date	Last Date of Work Charges	Length of Delay
DBHDS (Remodel Board Room)	July 31, 2014	August 29, 2014	May 3, 2016	21 months
DCR (Renovate 4 floors)	March 31, 2013	August 1, 2013	June 17, 2014	11 months
DSBSD (Renovate 11 <sup>th</sup> Floor)	August 15, 2014	June 30, 2015	September 23, 2015	3 months
Health (Remodel Area)	May 31, 2014	June 30, 2014	September 18, 2015	15 months
Treasury (Renovate 3 <sup>rd</sup> Floor)	July 31, 2014	June 30, 2015	April 16, 2018	34 months

Source: General Services accounting and financial reporting system cost reports

As stated above, Facilities Management will set an overall completion date for the project in the work order but does not prepare a detailed project schedule to track progress and show impacts associated with changes during the life of a project. In addition, once the setting of the project completion date occurs there is no updating or adjusting of schedules. The implementation of a critical path master schedule would aid Facilities Management in communicating delays to the agencies and foster open communication concerning on-site activities and durations of various work activities. The use of schedules would also help the project manager to manage the work and to ensure communications and activities occur at the right time and in proper sequence to achieve the project's desired outcome. The coordination of items with long lead times and the coordination of timeframes for dealing with other state agencies involved in the project, such as Virginia Correctional Enterprises for furnishings and the Virginia Information Technologies Agency for technology installation, is vital to ensuring agencies obtain and contract for items timely in order to meet the project deadlines.

During our review, agencies indicated that Facilities Management did not always inform them of the project's schedule and did not always make them aware of issues that affected the timing of the work on the project. In addition, Facilities Management often did not give agencies advance notice of when they would be on-site working, which inconvenienced the agencies because they had to evacuate the space unexpectedly or caused disruptions to employees working near the space. In addition, Facilities Management did not tell one agency about the two to three months lead-time necessary for office furniture purchased from Virginia Correctional Enterprises resulting in the agency having to re-evaluate the planned furniture because they could not get it by the project deadline. Lastly, Facilities Management did not inform multiple agencies of unforeseen circumstances that caused delays on their project. One project had to have multiple core drillings performed for a kitchen space, one project had infrastructure constraints that did not allow the placement of audiovisual equipment in the ceiling resulting in an additional wall being constructed, and one project had to have a redesign on the walls because of fire suppression issues due to lack of airflow.

Maintaining, updating, and communicating master schedules for projects would allow project managers to make better decisions regarding project timing and keep the agency informed. Because the Facilities Management staff have regular duties providing operational, maintenance, and repair services, work on the tenant improvement projects have a low priority unless an outside source, such as the Legislature, Governor, Appropriation Act, or law, designates the project as a priority or sets a deadline. When scheduling and coordinating all of the work that they have to do, Facilities Management does not consider the original project end date or how the timing of work will affect the overall time and budget of the project unless a project is considered a priority.

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**Observation:** *Although Facilities Management sets an overall end date for projects, they do not prepare a detailed project schedule to track progress and do not update or adjust the schedule to show impacts associated with changes during the life of a project. In addition, they often do not communicate scheduling or timing considerations or changes to the agency.*

**Recommendation #10:** *Facilities Management should provide agencies with detailed project schedules that include critical path items for projects they manage, and they should update the agency, architect, and project manager on the project schedules as the project progresses.*

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### *Project Budget*

Project budget best practices include producing a detailed budget that shows all project costs. The budget allows for the tracking of specific divisions of labor, management, materials, soft costs, and internal versus external costs throughout the project.

Facilities Management does not prepare a detailed project budget for the projects that they manage. In addition, they are not maintaining and updating budgets or estimates for the projects. They only prepare an overall budget for the special project work order and track performance based on this overall budget. Facilities Management only prepares estimates to check the self-perform and known costs against the overall special project work order budget amount. They do not track self-perform labor costs at a detailed level, and as a result, Facilities Management is not accountable to the agencies for the type of work Facilities Management employees perform, such as electrical, plumbing, painting, etc.

Facilities Management project managers do not adequately monitor budget to actual costs for their assigned projects. Facilities Management has a process in place for project managers to review project costs and ensure that they bill project costs to the proper project. However, four out of the five projects that we reviewed contained charges associated with other projects, duplicate charges, and/or charges billed at rates that JLARC has not reviewed. Project managers did not identify these errors through the normal review process even though some of the errors occurred six months prior to us identifying the issue. In addition, some of these errors caused projects to exceed the project budget, and Facilities Management did not make the agencies aware of these overages.

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**Observation:** *Facilities Management does not provide agencies with a detailed project budget or estimates for tenant improvement projects.*

**Recommendation #11:** *Facilities Management should provide agencies with a detailed project budget and periodic updates as the project progresses.*

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**Observation:** *Facilities Management project managers do not adequately monitor budget to actual costs for the projects that they are assigned.*

**Recommendation #12:** *Facilities Management project managers should adequately monitor budget to actual costs for their assigned projects to ensure all costs charged to the project are appropriate and applicable. In addition, Facilities Management should make the agency aware of any budget overages.*

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### *Project Meetings/Team Communications*

Project meetings and team communications best practices state that the project manager is responsible for distributing progress meeting minutes to the client. Regardless of who hosts the meeting and takes notes, the project manager should ensure that all team members receive meeting minutes. The project manager should hold meetings regularly as the project timeline progresses. Meeting minutes are essential for the client to understand issues and to keep the project moving forward timely. The project manager should also update the master schedule regularly; at least monthly or at every progress meeting. In addition, they should provide regular updates using progress billings and compare them to the overall master budget for the project. The client should be aware of any cost overruns through this process.

Facilities Management uses a very informal email based communications regimen regarding meetings or discussions involving the projects they manage. If Facilities Management has meetings with the agency and architect, the project managers rarely create or maintain meeting minutes. In addition, the project managers do not distribute meeting minutes from meetings that occur and are documented by the architectural firms. Facilities Management relies mostly on email and verbal communications or does not communicate at all. As a result, the work often occurs without advance notice to the client, causing work interruptions for agency employees. For four out of five projects tested, agencies described the project communications as lacking or nonexistent. In addition, they have described “being in the dark” and not knowing when work would occur throughout the project process.

For four out of five projects tested, agencies described the project communications as lacking or nonexistent.

The role of the project manager is to actively manage the project team to obtain the desired project results. With no written documentation of meetings or formal communication process, it is difficult to follow up on issues, to track performance and compliance, and to enforce deadlines on subcontractors or agencies for items needing attention. Without sufficient documentation, project managers will have difficulty resolving issues, justifying budgetary and schedule overruns, or defending their actions in a legal dispute with contractors. Project managers should communicate the timing of work activities up-front and should include the information on a critical path master schedule. This communication will help ensure issues do not unnecessarily delay the project. Facilities Management

implementing effective and clear agency communications would greatly improve the agencies' experience during the often daunting and difficult process of construction work in an active agency.

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**Observation:** *Facilities Management does not regularly communicate with agencies regarding project status, budget, schedule, etc. They use a very informal email based communications regimen regarding any meetings or discussions involving the projects they manage.*

**Recommendation #13:** *Facilities Management should implement processes to ensure clear communications, evidenced in writing, to ensure that the agencies they serve are suitably informed and involved in the project process. Progress meeting minutes should be prepared for each project meeting or discussion and distributed to all parties involved in the project.*

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### *Project Documentation*

Project documentation best practices state that the project manager should maintain active and historical records and files in order to provide easy access to the current project status and record of revisions to the project. The project documentation should include:

- General correspondence files
- Periodic reports
- Drawings schedules and submittals
- Transmittals
- Change requests and authorizations
- Procurement
- Material control
- Meeting minutes
- Confirmation of oral instructions and field directives
- Controlled inspections
- Notice of non-conforming contract work
- Scheduling records



In addition, the project manager should maintain and revise contract drawings, specifications, budget, and schedule throughout the project life cycle.

Facilities Management does not consistently maintain project files. While some project managers maintain project files, the project manager maintains them at their discretion as Facilities Management does not have policies and procedures outlining what documentation to create, update, and keep throughout the project life cycle. For the five projects we reviewed, Facilities Management project managers lacked the following project documents within their files: written agreements, scope of work, estimates, budget, critical path master schedule, meeting minutes, updates, change orders, work reports, and punch lists. As indicated above, maintenance of project files is critical in supporting budgetary and schedule overruns as well as disputes that may occur with contractors, subcontractors, or agencies.

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**Observation:** *Facilities Management does not have policies and procedures for consistently maintaining project file documentation.*

**Recommendation #14:** *Facilities Management should develop and implement written policies and procedures for maintaining project files. These policies and procedures should guide the project managers on what project documents to create, update, and maintain throughout the project life cycle.*

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Agencies of the Commonwealth are placing their trust in Facilities Management to have their projects performed within budget, on schedule, and as agreed upon at the outset of the project. Facilities Management can only deliver this level of service by implementing project management best practices and applying them to all of their projects, large or small. The project management elements required in each is similar, the only difference in execution is the volume of documentation required to meet the best practices based on the scope of the project.



Martha S. Mavredes, CPA  
Auditor of Public Accounts

# Commonwealth of Virginia

*Auditor of Public Accounts*

P.O. Box 1295  
Richmond, Virginia 23218

September 19, 2019

The Honorable Ralph S. Northam  
Governor of Virginia

The Honorable Thomas K. Norment, Jr.  
Chairman, Joint Legislative Audit  
and Review Commission

We have audited the Department of General Services' Bureau of Facilities Management project management services to tenants of state owned buildings and are pleased to submit our report entitled **Review of Department of General Services Tenant Project Management Services**. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

## Audit Objectives

Our audit objectives were to

- Perform a review of Facilities Management's project management services to tenants of state owned buildings.
- Evaluate the effectiveness of the existing project management process and procedures in comparison to industry best practices.
- Evaluate the effectiveness of Facilities Management in providing project management services.
- Gain an understanding of whether the project management process is self-supporting.
- Gain an understanding of any recent changes to the project management process.

- Gain an understanding of how Facilities Management records project management costs in the financial system.
- Gather and analyze project management service costs.

## **Conclusions**

Overall, we found that Facilities Management does not have documented policies and procedures surrounding the project management process. As a result, the processes that are in place do not follow best practices. We evaluated five projects against 12 best practices in the areas of general project manager duties, schedules, budgets, communications, and documentation. We found that two projects did not follow any of the 12 best practices, two projects did not follow 11 out of 12 best practices, and one project did not follow 10 out of 12 best practices.

We found that the project management process is not always effective. For the five projects reviewed, we found that Facilities Management took longer than expected, went over budget on two projects, frustrated agencies due to lack of communication, and billed agencies untimely and unclearly. In addition, Facilities Management does not have a consistent process of how to apply overhead costs to each project and uses a rate of 20 percent that is unsupported and has not been reviewed in over 30 years. Finally, Facilities Management has not performed a cost-benefit analysis to compare the cost and effectiveness of performing tenant improvement projects in-house versus contracting the work out.

The revenues and expenses related to tenant improvement projects are accounted for within the Maintenance and Repair internal service fund along with the revenues and expenses for the operation and maintenance of space occupied by state agencies in state owned buildings in the metropolitan Richmond area. Therefore, we could not determine whether tenant improvement projects are self-supporting. We performed the audit over an extended period due to multiple suspensions and delays of the audit caused by audit staff shortages, conflicting audit priorities, and delays in General Services' responsiveness. During that time, Facilities Management's processes did not change.

We made 14 recommendations for Facilities Management's project management process to increase efficiency and effectiveness and align the process with best practices. See [Appendix C](#).

## **Exit Conference and Report Distribution**

We discussed this report with General Services management on August 13, 2019. General Services' response to the findings identified in our audit is included in the section titled "Agency Response." We did not audit management's response and, accordingly, we express no opinion on it.

This report is intended for the information and use of the Governor and General Assembly, management, and the citizens of the Commonwealth of Virginia and is a public record.

AUDITOR OF PUBLIC ACCOUNTS

DBC/vks

## APPENDIX A

### Sources of Best Practices

Note: We compiled and then re-worded or adapted Best Practices from these sources to facilitate our review.

#### *Construction Management Association of America (CMAA)*

CMAA is an industry association dedicated to the practice of professional construction management. CMAA represents members including federal/state/local government and private sector owners, construction consultants, technology suppliers, academia, and legal organizations all with a common goal, which is to improve the nation's infrastructure.

"An Owner's Guide to Project Delivery Methods." *cmaanet.org*, 2012, [cmaanet.org/files/Owners%20Guide%20to%20Project%20Delivery%20Methods%20Final.pdf](http://cmaanet.org/files/Owners%20Guide%20to%20Project%20Delivery%20Methods%20Final.pdf).

"Construction Management Standards of Practice." *cmaanet.org*, 2010, [www.cmaanet.org/bookstore/book/construction-management-standards-practice](http://www.cmaanet.org/bookstore/book/construction-management-standards-practice).

"An Owner's Guide to Construction and Program Management." *cmaanet.org*, 2011, [cmaanet.org/sites/default/files/files/Owners%20Guide%20Ver%209-2011.pdf](http://cmaanet.org/sites/default/files/files/Owners%20Guide%20Ver%209-2011.pdf).

#### *Federal Transit Administration, United States Department of Transportation*

The Federal Transit Administration (FTA) maintains grant oversight and management responsibility to the transit Agencies. The agency is responsible for assisting agencies with transportation projects and issues studies and guidance to help agencies manage large construction projects.

"Construction Project Management Handbook." *transit.dot.gov*, Gannet Fleming, Inc., Sept. 2009, <http://www.transit.dot.gov/sites/fta.dot.gov/files/docs/FTA-CONSTRUCTION-PRJT-MGMT-HDBK2009.pdf>.

#### *Hill International*

Hill International provides program and project management, construction management, cost engineering and estimating, quality assurance, inspection, scheduling, risk management and claims avoidance to clients involved in major construction projects

worldwide. They are ranked as the 8th largest construction management firm in the United States according to Engineering News-Record magazine.

"The Importance of Data Collection." *hillintl.com*, Jan. 2013, [www.hillintl.com/blog/print/CAR-Edition11-Data-Collection.pdf](http://www.hillintl.com/blog/print/CAR-Edition11-Data-Collection.pdf).

"The Importance of Data Collection." *hillintl.com*, March 2013, [www.hillintl.com/blog/print/CAR-Edition12-Best-PMCM-Practices.pdf](http://www.hillintl.com/blog/print/CAR-Edition12-Best-PMCM-Practices.pdf).

#### *Government Finance Officers Association*

The Government Finance Officers Association (GFOA), founded in 1906, represents public officials throughout the United States and Canada. The GFOA's mission is to advance excellence in state and local government financial management.

"GFOA Best Practice: Capital Project Monitoring and Reporting", *GFOA.org*, Oct. 2007, [www.gfoa.org/sites/default/files/CEDCP CAPITAL PROJECT MONITORING AND REPORTING 1.pdf](http://www.gfoa.org/sites/default/files/CEDCP_CAPITAL_PROJECT_MONITORING_AND_REPORTING_1.pdf).

## APPENDIX B

### Department of General Services Reorganization

In July 2018, the Department of General Services (DGS) had a change in leadership and restructured several business units related to this audit. The Divisions primarily affected were the Division of Engineering and Buildings (Engineering and Buildings) and the Division of Real Estate Services (Real Estate Services). Engineering and Buildings (DEB) was previously comprised of two key business units – the Bureau of Capital Outlay Management (BCOM) and the Bureau of Facilities Management (Facilities Management). BCOM was elevated to the Division level, inheriting the Division of Engineering and Buildings label.

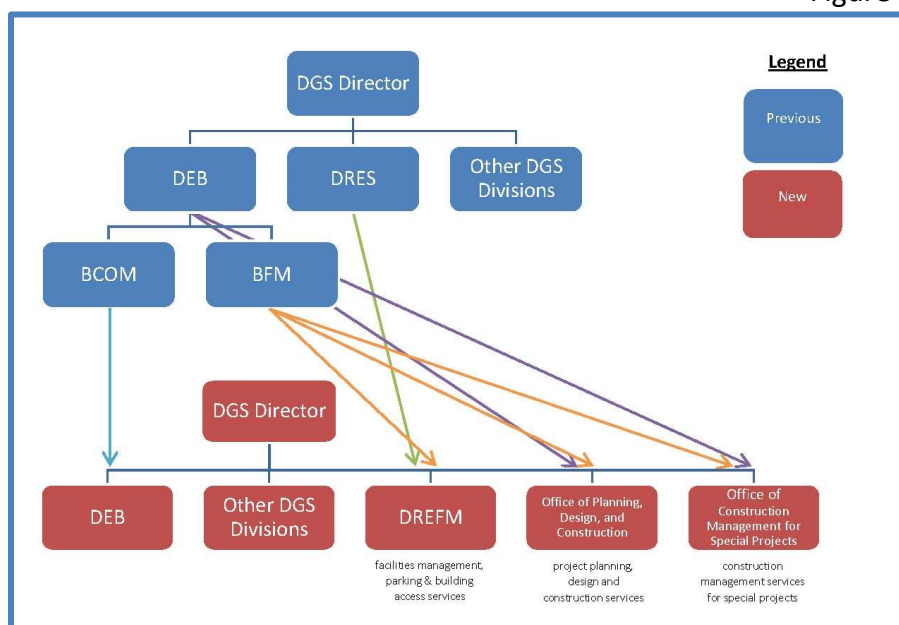
The functions under Facilities Management (BFM) separated into different areas. The facilities management, parking services, and building access functions moved to Real Estate Services to provide a more logical grouping of core services for the seat of government tenant agencies. With this change, Real Estate Services (DRES) was renamed the Division of Real Estate and Facilities Management (DREFM).

The planning, design, construction, and construction management functions from Facilities Management divided into two distinct offices now reporting directly to the General Services Director. These are the Office of Planning, Design, and Construction and the Office of Construction Management for Special Projects. This provides the General Services Director with more direct oversight in the management of high value and schedule-sensitive projects. Management's intent in doing this reorganization is to begin improving services in this area.

Because this reorganization occurred after the period we audited, this report will continue to use the names of the divisions as they existed during the period under audit. General Services' management should apply the recommendations in this report to the functions as they are currently organized.

#### DGS/DEB Reorganization

Figure 1



## APPENDIX C

### Recommendations

**Recommendation #1:** Facilities Management should determine what its capacity is to perform tenant improvement projects based on staffing and a reasonable amount of overtime. Facilities Management should also perform and document a broad analysis comparing internal and external costs. Based on this research and analysis and given the variation in size and duration of tenant improvement projects, Facilities Management should develop and implement a policy to designate the type and size of projects that require a cost-benefit analysis.

**Recommendation #2:** Facilities Management should recalculate its overhead rate considering current factors and costs to ensure that they are adequately covering costs they incur and are not overcharging the agencies for their services.

**Recommendation #3:** Facilities Management should develop and implement policies and procedures outlining the consistent and equitable application of overhead rates for all projects. If Facilities Management can justify charging projects differently, they must document the justification and the process to apply the overhead rate within their policies and procedures.

**Recommendation #4:** Facilities Management should develop and implement written policies and procedures for their project management process that incorporate best practices as discussed throughout this section. These policies and procedures should guide the project managers through the entire project management process including performing general project management duties; creating detailed budgets and schedules; holding project progress meetings with the requesting agency and architect for the project; and maintaining documentation associated with the project.

**Recommendation #5:** Small purchase charge card cardholders should not share their credit cards. Facilities Management should evaluate the number of cardholders that they currently have and determine if there is a need to increase the number of cardholders to prevent sharing of small purchase charge cards.

**Recommendation #6:** Facilities Management should enter into detailed written agreements with agencies where they will be performing work. These agreements should outline the responsibilities of Facilities Management as well as the responsibilities of the agency including but not limited to how often project management meetings will be held, who is responsible for attending them, preparation and distribution of meeting minutes, project budget development and maintenance throughout the project, and timing of billings associated with the project.

**Recommendation #7:** Facilities Management should bill agencies for project costs on a regular schedule. This schedule should be determined and agreed upon at the start of the project and included in the written agreement with the agency.

**Recommendation #8:** When billing agencies, Facilities Management should provide agencies with bills that are user friendly where details of the project costs are easy to understand and include supporting documentation. The bill should also provide the balance of any prepayments.

**Recommendation #9:** Facilities Management should implement a process that ensures the project is complete. This could be part of the critical path master schedule discussed below.

**Recommendation #10:** Facilities Management should provide agencies with detailed project schedules that include critical path items for projects they manage, and they should update the agency, architect, and project manager on the project schedules as the project progresses.

**Recommendation #11:** Facilities Management should provide agencies with a detailed project budget and periodic updates as the project progresses.

**Recommendation #12:** Facilities Management project managers should adequately monitor budget to actual costs for their assigned projects to ensure all costs charged to the project are appropriate and applicable. In addition, Facilities Management should make the agency aware of any budget overages.

**Recommendation #13:** Facilities Management should implement processes to ensure clear communications, evidenced in writing, to ensure that the agencies they serve are suitably informed and involved in the project process. Progress meeting minutes should be prepared for each project meeting or discussion and distributed to all parties involved in the project.

**Recommendation #14:** Facilities Management should develop and implement written policies and procedures for maintaining project files. These policies and procedures should guide the project managers on what project documents to create, update, and maintain throughout the project life cycle.





## COMMONWEALTH *of* VIRGINIA

*Department of General Services*

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September 20, 2019

Ms. Martha S. Mavredes  
Auditor of Public Accounts  
P.O. Box 1295  
Richmond, Virginia 23218

Dear Ms. Mavredes:

Thank you for the opportunity to respond to the Auditor of Public Accounts' Review of Department of General Services Tenant Project Management Services. Overall, we agree with the report's findings regarding our agency. As indicated in the audit summary the Department had a change in leadership in 2018 and restructured the organization, which had a direct impact to tenant project management services with the intent of improving those services.

The Department will continue to take the necessary actions to address the findings contained in the audit report. We will work to establish appropriate policies, processes, and procedures discussed in this report.

As always, we appreciate the professionalism of your staff. Thank you for working with us and seeking our input.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Damico", written over the printed name and title.

Joseph F. Damico  
Director

## DEPARTMENT OF GENERAL SERVICES

As of September 19, 2019

Joseph Damico  
Director, Department of General Services

Sandra Gill  
Deputy Director, Department of General Services

Michael Coppa  
Director, Division of Engineering and Buildings

Holly Eve  
Director, Division of Real Estate and Facilities Management

Tom George  
Director, Office of Planning, Design, and Construction

Chinh Vu  
Director, Office of Construction Management for Special Projects