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INTERNAL AUDIT REPORT

CONTRACTOR PERFORMANCE EVALUATION PROCESS

MARCH 2005

Office of Management and Compliance Audits

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Miami-Dade County
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INTERNAL AUDIT REPORT
CONTRACTOR PERFORMANCE EVALUATION
PROCESS

MARCH 2005

AUDIT COMMITTEE MEETING
May 3, 2005

SCHOOL BOARD MEETING
May 18, 2005

OFFICE OF MANAGEMENT AND COMPLIANCE AUDITS



Miami-Dade County Public Schools

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Superintendent of Schools
Rudolph F. Crew, Ed.D.

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April 18, 2005

Miami-Dade County School Board

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Perla Tabares Hantman
Dr. Martin Karp
Ana Rivas Logan
Dr. Marta Pérez
Dr. Solomon C. Stinson

Members of The School Board of Miami-Dade County, Florida
Members of the School Board Audit Committee
Dr. Rudolph F. Crew, Superintendent of Schools

Ladies and Gentlemen:

In accordance with the Audit Plan for the 2004-2005 fiscal year, we have performed an audit of the contractor performance evaluation process. The objectives of the audit were to determine whether the process evaluates facilities service providers consistently and timely; allows for appropriate actions to be taken against poor performers; uses adequate tools and systems to achieve its purposes; and allows for a proper level of involvement by users of the facilities. The scope of our audit covered an examination of the current operations, (specifically as related to contractor evaluations) of the departments, units, or segments involved in the contractor performance evaluation process during the three-year period ended June 30, 2004. In addition, we performed a limited review of the summary performance evaluation results for the quarter ended September 30, 2004. The estimated annual value of the related contracts was \$169 million in aggregate.

In our opinion, based on our audit, the contractor performance evaluation process is marginally effective. Contractors are evaluated, but not consistently, and evaluation results are not consistently used as a factor in future contracting decisions. When completed, evaluations are completed timely; however, end users are not part of the evaluation process and evaluation results are not consistently communicated to contractors to allow for their review and comment prior to finalizing results. While the criteria used in the process are reasonably adequate, they could be enhanced by including criteria relating to the quality of the work in place. The entire process needs to be guided by substantive written procedures, instructions and definition of criteria. The management, monitoring, storing, and disseminating of evaluation information should be centralized.

As always, we are ready to assist management in making the necessary changes to improve the operations. We would like to thank the administration for their cooperation and assistance during this audit. This report will be presented to the Audit Committee at its May 3, 2005 meeting and to the School Board at its May 18, 2005 meeting.

Sincerely,

Allen M. Vann, CPA

Chief Auditor

Office of Management and Compliance Audits

AMV:tlw

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EXECUTIVE SUMMARY

Our audit of the contractor performance evaluation process discloses the following conditions:

- For the most part, a formal mechanism is in place to evaluate contractor services, although not all services are evaluated in writing and the overall evaluation process and criteria are not defined in procedures.
- Overall, contractors are evaluated, although not consistently or timely in some cases. However, when completed, evaluations appear to be done within a reasonable time frame of the period covered by the evaluations.
- Past performance results are used in subsequent contracting decisions for some services, but not all. Two contractors whose past performances were rated unsatisfactory, were still awarded contracts for future projects.
- Evaluation forms are adequate, but will need some minor adjustments. Criteria are relevant, objective, quantifiable and relatively consistent with other government entities; however, the information management systems used are lacking.
- Most, but not all of the evaluation forms are accompanied with instructions on how to complete the forms, albeit limited.
- The appropriate personnel are completing and reviewing the performance evaluations; however, the end users at the schools (the principals) are not involved in the process. This is a serious weakness.
- The scoring system appears to be fair; however, the methodology used in calculating the scores lacks consistency. Raw score, averages and inconsistent rounding are all used.

Based on our observations, we made 11 recommendations. We received a response from the Chief Facilities Officer. Management accepted the recommendations and provided implementation dates. Our detail findings and recommendations begin on page 5.

BACKGROUND

The Office of School Facilities (OSF) is an operational support unit within the Miami-Dade County Public Schools (M-DCPS). The primary purpose of this Office is to construct and maintain all facilities owned and leased by The School Board of Miami-Dade County (the Board). In an effort to achieve its primary goal, the various departments within OSF procure the services of various contractors and consultants, (hereinafter collectively referred to as contractors). The following are the types of services procured by OSF:

- Professional Architectural and Engineering Services
- Design Criteria Professional Services
- Architectural/Engineering Project Consulting Services
- Special Project Consulting Services
- General Construction Services
- Construction Management Services
- Construction Management at Risk Services
- Design-Builder Services
- Program Management Services
- HVAC Tests & Balance Services
- Geotechnical Services
- Land Surveying Services
- Project Scheduling Services
- Project Cost Estimating Services
- Maintenance Service Term Bids (Various)
- Maintenance Management Services (UNICCO)
- Job Order Contracting (JOC) Services
- Building Code Compliance (BCC) Consulting Services
- Legal Consulting Services – Construction

Some of the services procured by the various departments of OSF are secured through a competitive bid process (Request for Bids – RFB) while other are procured through a competitive qualitative selection process (Request for Proposal – RFP or Request for Qualifications – RFQ). Once the contractor signs a contract with the District, the evaluation process begins.

The evaluation process at OSF is decentralized. Six departments are responsible for ensuring that the contractor performance evaluations are completed in a timely manner. The following table gives a brief description of each department's evaluation process and the type of services they are responsible for evaluating.

DEPARTMENT/ OFFICE/UNITS	SERVICES EVALUATED	DESCRIPTION OF THE EVALUATION PROCESS
Capital Improvement Projects (formerly Facilities Support Services)	Architects and Engineers, Design-Builders, Architectural/Engineering Project Consultants, Construction Management, Design Criteria Professionals, Program Management, HVAC Test & Balance, Land Surveying, Geotechnical, Cost Estimating, Project Scheduling, General Contractor, Special Project Consultants, Construction Management At Risk	All contractors are evaluated quarterly. Capital Improvement Projects (CIP) staff generates the evaluation forms, fills in the contractor's name, project number, evaluation date and project manager's (PM) name. The forms are then sent to the various PMs, who complete the professional services section, sign and date the forms. The PM's supervisor then reviews, signs and dates the evaluation forms. The completed evaluation forms are returned to CIP, where staff inputs the evaluation ratings for design-builders (DB), general contractors (GC) and construction managers at risk (CMR) into an Excel spreadsheet. The evaluation forms are then filed by quarter in CIP. Evaluation forms for services other than DB, GC and CMR are sent to the Department of A/E Selection, where the ratings are keyed into an Excel spreadsheet and the evaluation forms are filed. Both spreadsheets are updated on a quarterly basis and evaluation information is kept in the spreadsheet for 3 years or until the project is closed.
Office of Educational Facilities Compliance	Building Code Compliance (BCC)	Evaluations are completed for all contracted BCC consultants annually, as outlined in the contract. The staff in the Office of Educational Facilities Compliance generates the evaluation forms, fills in the consultant's name, project number, evaluation date and project manager's name. The staff completes the professional services section, signs and dates the forms. The staff supervisor then reviews, signs and dates the forms. The forms are then filed in the Office of Educational Facilities Compliance.
Facilities Operations - Maintenance	Job Order Contracting (JOC) and Maintenance Service Term Bids	JOC Contractors are evaluated at the end of each project. The evaluations are completed by the PMs, reviewed by their supervisors and filed in the project file. Maintenance Service Term Bids are evaluated at the end of the contract period only if the contracts have a renewal option and that option will be exercised. Evaluation forms are completed by the users of the contracts. Copies of the forms are then filed in Procurement Management Services and Maintenance Operations.
School Board Attorney Office, Risk and Benefits Management, and Office of School Facilities	Construction-related Legal Consulting Services	Outside legal counsel are hired for cases that cannot be handled by in-house legal staff or which require specialized legal counsel. The agreements between the consultants and the School District are "at-will" agreements, which mean that the School District can terminate their services at will. There is no formal written evaluation for this service. The School Board Attorney's Office, Risk and Benefits Management, and the Office of School Facilities (for construction contracts only), informally evaluate the consultants based on the success rate of their cases.
Deputy Superintendent, Business Operations and School Board Office	Maintenance Management Service Contract (UNICCO)	The UNICCO Contract is an agreement to provide management services supporting Maintenance Operations. The initial contract is for a two-year period with an option for three additional one-year extensions. There is no formal written evaluation for the contract. The contract has performance benchmarks. The Deputy Superintendent of Business Operations and the Superintendent of Schools determine if the consultant reaches the contracted benchmarks. The School Board can terminate the contract by providing 45 days notice to the consultants.

OBJECTIVES, SCOPE AND METHODOLOGY

In accordance with the Audit Plan for the 2004-2005 fiscal year, we have performed an audit of the contractor performance evaluation process. The objectives of the audit were to determine whether the process:

- evaluates facilities service providers consistently and timely;
- allows for appropriate actions to be taken against poor performers;
- uses adequate tools and systems to achieve its purposes; and
- allows for a proper level of involvement by users of the facilities.

The scope of our audit covered an examination of the current operations (specifically as related to contractor performance evaluation) of the departments, units, or segments involved in the contractor evaluation process. In order to obtain a comprehensive view of the process, we applied our testing and analyses to contractors' performance evaluations completed during the three-year period ended June 30, 2004. Additionally, we performed a limited review of the summary evaluation results for the quarter ended September 30, 2004. Our randomly selected sample size was 300 evaluations, which represented 25 contractors from the various facilities-related services outsourced by the District. The estimated annual value of the related contracts was \$169 million in aggregate.

We did not evaluate the overall organizational structure or internal controls of the departments, units, and segments involved in the contractor performance evaluation process. Further, we did not audit any other functions or processes executed by those departments, units, and segments outside of the contractor performance evaluation process.

The procedures performed on a selective basis to satisfy the audit objectives were as follows:

- interviewed District staff who are involved in the contractor evaluation process;
- reviewed the organizational structure for this function;
- reviewed related operating procedures, rules and statutes;
- examined a sample of completed contractor evaluation forms;
- obtained related information from other school districts and universities (in-state and out-of-state) and government agencies (local, state and federal); and
- performed various other audit procedures deemed necessary.

Our audit was conducted in accordance with generally accepted governmental auditing standards applicable to performance audits contained in Government Auditing Standards issued by the Comptroller General of the United States of America. This audit included an assessment of applicable internal controls and compliance with requirements of policies, procedures, School Board Rules, and Florida Statutes, to satisfy the audit objectives related to the contractor performance evaluation process.

FINDINGS AND RECOMMENDATIONS

1. CONSIDER PAST PERFORMANCE IN ALL FUTURE CONTRACTING DECISIONS

A contractor's performance record is a key indicator for predicting future performance. The process used in evaluating bids received, contractor selection, award, and re-certification should be geared at selecting the contractor with the best price/performance combination. Nine of the 13 federal, state, and local government agencies, school districts, and universities we surveyed indicated that past performance information is used when making subsequent contracting decision. It is used to find poorly performing low bid contractors non-responsive, even where regulations require selecting the lowest bidder.¹

There is no specific School Board Rule that directly addresses the contractor performance evaluation process. However, Article VI of School Board Rule 6Gx13- 7D-1.05 - Prequalification of Contractors for Educational Facilities Construction, delineates guidelines by which a poorly performing contractor may be declared delinquent. One type of information used to effect this process is a fully executed and completed performance evaluation.

We reviewed 19 types of services provided to the various departments of the Office of School Facilities and found that to its credit, the Office of School Facilities makes an effort to use contractors' past performance in future contracting decisions for some services. However, it is not done with consistency throughout. Contractors' past performance with M-DCPS was used in the process of awarding new contracts for 15 of the 19 services.² Past performance was also used in the process of extending or renewing existing contracts for two of the other services provided.³ For example, past performance is considered in subsequent contracting decisions involving all design-type services. It is also a factor in contracting construction management at risk, program management, and heating, ventilation and air conditioning (HVAC) test and balancing services.

We also noted a disconnection between the quarterly contractors' past performance evaluations and their use in the contractor pre-qualification process. Contractors' past performance with M-DCPS is obtained for the pre-qualification process; however, those evaluations may not truly reflect the contractors' overall performances on the related work, because the results from the quarterly evaluations are not forwarded to the Contractor Pre-qualification department. Instead, the Project Managers complete an evaluation of the contractors upon request from the Contractor Pre-qualification department. This evaluation might be requested years after the project is completed and

¹ Florida Statute, section 1013.46 requires that construction contracts be awarded to the lowest responsible bidder.

² See Appendix C

³ Ibid

the PM's involvement with the project. We have commented on the need for improvement in this area in a previous audit report.⁴ Planned solution should take into consideration what was outlined in response to the previously cited audit finding. Subsequent to our audit fieldwork, we received a copy of a request from the Contractor Pre-qualification department asking to be placed on the distribution list to receive contractor's quarterly performance evaluations.

The need for considering past performance in all contracting decisions should be given greater importance when one considers the documented overall results from the contractors' evaluations for the quarters ended June 30, 2004 and September 30, 2004. Those results showed that 18 or 47% of the 38 general contractors, design-builders and CM at-Risk companies evaluated at June 30, 2004 and 16 or 43% of the same group evaluated at September 30, 2004 had average scores of less than "3" (satisfactory) out of a 5-point scoring system. However, two of these sub-par performing contractors were awarded contracts with M-DCPS during the period covered by those evaluations. Some of these contractors, however, have not done new work for the District recently, while some are currently under pre-existing contracts. It should be noted, however, that the draft meeting minutes of the January 21, 2005 Contractor Pre-qualification Review Committee showed that one of these poorly-performing CM at-Risk companies was recommended denial of pre-qualification status based on input from the school site administrators regarding that company's performance on a recently completed project. The school site administrators' assessment of the contractor was not included in any formal written evaluations, because they were not included in the evaluation process. (See Finding 6, page 16)

RECOMMENDATION

1.1 Include contractors' past performance with M-DCPS in all subsequent contracting decisions.

Responsible Department: Office of School Facilities

Management Response:

We agree with this recommendation and will ensure that performance ratings are used and documented for the general contractor, design builder and construction manager at risk contractor selection process. Copies of all contractors' quarterly evaluations are now being regularly transmitted to the Contractor Pre-Qualification Department, and an evaluations summary report is similarly being sent to the A/E Selection Department. There is a definitive plan on how to accomplish this recommendation with the assistance of external resources.

⁴ Internal Audit Report, Contractor Pre-qualification Process, January 2005, pp. 12-14.

URGENCY OF CORRECTIVE ACTION

- Critical
- Important
- Desirable

IMPLEMENTATION SCHEDULE

- Immediately (Short Term)
- By December 2005
- Contingent upon Funding

2. DEVELOP WRITTEN GUIDELINES AND DEFINITIONS FOR EVALUATION CRITERIA

The contractor performance evaluation process for most of the facilities-related services is supported by written instructions on completing the evaluation forms. This is in agreement with best practices.⁵ However, the instructions are somewhat limited and may in fact fall short of providing sufficient guidance. Best practices also suggest that the evaluation process and criteria be defined.⁶ Best practice guidelines as adopted by the federal government and Florida State University System require detail instructions regarding the execution of the evaluation process and definitions for evaluation criteria, and how to apply them. (See Appendices A and B for examples.) The OSF contractor performance evaluation process does not do this. We noted that three of the five evaluation forms used by the various departments of the OSF have limited instructions for completing the forms, while the other two forms have no instructions.

Further, while we were provided some written procedures on how contractors' evaluation scores are to be used in contracting for some services, we were not provided with similar or more comprehensive procedures on the entire evaluation process, including definition of criteria. The absence of such guidance and definition may contribute to inconsistency in evaluating contractors and weakening the defensibility of scores that may come under challenge. We believe that this contributed to our findings where we examined 300 contractor evaluation forms and found 30% to be either incomplete or incorrect. For example, supervisors' signatures were missing, dates were either missing or inconsistent, and scores were either inconsistently or incorrectly calculated.

There are five different standard evaluation forms the District uses to evaluate the performance of facilities-related service providers. The evaluation criteria vary from form to form depending on the service evaluated. Some forms have a multi-purpose design, so that they can be used for different services/contracts with specific disciplines (i.e., designer, builder or tester). The number of criteria listed on the forms range from seven (7) to 57. The rating values that can be assigned to these criteria are as follow:

- 5 = exemplary
- 4 = above expectation
- 3 = satisfactory
- 2 = below expectation
- 1 = unsatisfactory

⁵ The 1994 Federal Acquisition Streamlining Act requires the Administrator under the Office of Federal Procurement Policy (OFPP) to provide guidance for executive agencies to include: 1) Standards for evaluating past performance with respect to cost, schedule, and compliance with technical/functional specifications and other relevant performance factors that facilitate consistent and fair evaluation. 2) Policies for the collection and maintenance of information that, to the maximum extent practicable, facilitates automated collection, maintenance and dissemination of information.

⁶ Ibid.

RECOMMENDATIONS

- 2.1 Develop written guidelines to provide staff guidance on completing contractor's performance evaluation. Among other things, these should include policies outlining which contracts get evaluated, how the information is compiled, how and where it is filed, and how long the information is kept and used.

Responsible Department: Office of School Facilities

Management Response:

We agree with this recommendation and will investigate some additional alternatives, including partial outsourcing, while putting into place the needed formal written guidelines and procedures, and staff training.

URGENCY OF CORRECTIVE ACTION

- Critical
- Important
- Desirable

IMPLEMENTATION SCHEDULE

- Immediately (Short Term)
- By December 2005
- Contingent upon Funding

- 2.2 Develop written definitions for evaluation criteria and rating values.

Responsible Department: Office of School Facilities

Management Response:

We agree with this recommendation and will do our utmost to ensure that an easily usable and understandable rubric incorporating explanatory/advisory rules for evaluation and rating guidance is incorporated.

URGENCY OF CORRECTIVE ACTION

- Critical
- Important
- Desirable

IMPLEMENTATION SCHEDULE

- Immediately (Short Term)
- By December 2005
- Contingent upon Funding

3. INCLUDE CONTRACTOR PERFORMANCE SYSTEM IN FACILITIES INFORMATION MANAGEMENT SOLUTION PROJECT

Most of the contractor performance evaluation results are entered and stored in two different computer systems. While these systems may serve the individual departments maintaining the systems well, in our opinion, they fall short of serving the District's overall capital program needs.

1. There is no central repository for storing and maintaining contractor performance evaluations. The two stand alone systems do not provide comprehensive information on all contractors.
2. The systems do not allow for effective monitoring for determining whether or not all contractors have been evaluated on time. Thus, if a requested evaluation is not returned for input to the systems, such absence will not be detected.
3. While the system that maintains designers' and testers' performance information is capable of providing an overall three-year average for contractors, the system that maintains builders' performance information does not provide similar information. This system contains only quarterly information.
4. The BCC consultants' performance information is not maintained in either systems, or in any other data processing system.

The computer application used to maintain contractors' performance information is an Excel spreadsheet. Project Managers are forward blank performance evaluation forms to complete for projects appearing on an "open project list".

RECOMMENDATIONS

- 3.1 Include a comprehensive data warehouse to maintain and monitor contractors' past performance information in the District's facilities information management solution project.**

Responsible Department: Office of School Facilities

Management Response:

We agree with this recommendation and are currently working with ITS to implement the "Primavera Expedition" system for this purpose, to include a comprehensive on-line system-wide contractor's evaluation and feedback process with data comparison and analyses capabilities.

URGENCY OF CORRECTIVE ACTION

- Critical
- Important
- Desirable

IMPLEMENTATION SCHEDULE

- Immediately (Short Term)
- By December 2005
- Contingent upon Funding

- 3.2 The management, monitoring, storing, and disseminating of contractors' past performance evaluation information should be centralized in one information system.

Responsible Department: Office of School Facilities

Management Response:

We agree that this needs to be a centralized, orderly process with one information system.

URGENCY OF CORRECTIVE ACTION

- Critical
- Important
- Desirable

IMPLEMENTATION SCHEDULE

- Immediately (Short Term)
- By December 2005
- Contingent upon Funding

4. FORMALLY COMMUNICATE EVALUATION RESULTS TO CONTRACTORS

For evaluations to be effective, best practices recommend that they be completed shortly after the period covered by the evaluation.⁷ By and large, the various departments of the OSF do a commendable job here for evaluations that are completed, as they are completed within a reasonably short time after the period evaluated.

We however found this not to be the case for both the maintenance management services contract (i.e., UNICCO) and construction legal consulting services. We found no evidence of their being formally evaluated in writing.

Additionally, best practices recommend that contractors be allowed to discuss and comment on the evaluation results.⁸ While the instructions to the evaluation forms indicate that the summary quarterly results will be forwarded to the contractors for their review and comment, we found that this is done only for evaluations involving design professionals and JOC contractors, and not for all facilities-related service providers. Further, the review and comment process does not allow for contractors to rebut or respond to the evaluation results, wherein justifiable changes can be made to the evaluation prior to it being finalized.

RECOMMENDATIONS

4.1 Ensure that evaluation results for all facilities-related services are communicated to each contractor for discussion and comment.

Responsible Department: Office of School Facilities

Management Response:

While this can at times be a difficult process for Project Managers in the case of contractors needing improvement, we all recognize that it is necessary and this facility will be integrated into the comprehensive contractors' evaluation and feedback process. That system will most probably be web based. We are

⁷ The Best Practices Guide for Collecting and Using Current and Past Performance Information established by the Office of Federal Procurement Policy.

⁸ The Office of Federal Procurement Policy (OFPP) and the Federal Acquisition Regulation (FAR) require that the contractor be provided the opportunity to review and comment on performance evaluations. The Best Practices Guide for Collecting and Using Current and Past Performance Information, established by OFPP, noted that discussing the evaluation results with contractors is a powerful motivator for contractors to maintain high quality performance or improve inadequate performance before the next reporting cycle. Additionally, 10 of the 13 federal, state, and local government agencies, school districts, and university systems we received information from indicated that evaluation results are shared with contractors for review and comments.

currently holding appeal meeting(s) for contractors that request to discuss the score(s) they are given.

URGENCY OF CORRECTIVE ACTION

- Critical
- Important
- Desirable

IMPLEMENTATION SCHEDULE

- Immediately (Short Term)
- By December 2005
- Contingent upon Funding

- 4.2 Develop and implement an appeals process whereby contractors' appeals/comments can be evaluated and ruled upon prior to their evaluation overall rating being finalized.

Responsible Department: Office of School Facilities

Management Response:

This facility will be integrated into the comprehensive evaluation and feedback process as per above response to 4.1.

URGENCY OF CORRECTIVE ACTION

- Critical
- Important
- Desirable

IMPLEMENTATION SCHEDULE

- Immediately (Short Term)
- By December 2005
- Contingent upon Funding

5. EVALUATION CRITERIA ARE MOSTLY ADEQUATE, BUT COULD BE FURTHER ENHANCED

We found the criteria used to evaluate contractors are for the most part relevant and objective to the services being evaluated, as well as measurable.⁹ For four out of the five evaluation forms used, the criteria address a number of important performance indicators. However, we found that the evaluation form used for contractors providing facilities-related services under Maintenance term bids was entirely ineffective for that purpose. The criteria evaluated were: delivery, product quality, product substitution, packaging, invoicing, professionalism and accessibility.

Notwithstanding the acceptable degree of relevance with the criteria in the four other evaluation forms, however, we believe that the form (FM-5437) used to evaluate general contractors, design-builders and construction managers at risk could be enhanced. That form does not contain any criteria which directly evaluate the quality of work (i.e., construction and installation) in place, whether the work in place complies with code, cost control and the adequacy of systems training and orientation. In our opinion, Form FM-5437 adequately addresses the administrative aspect of a project, but needs to also adequately address the actual building aspect of a project.

RECOMMENDATIONS

5.1 Revamp the performance evaluation form used to evaluate contractors performing services under the various term bids administered by Maintenance.

Responsible Department: Office of School Facilities

Management Response:

We agree with this recommendation and will explore with the Procurement Division the inclusion of the evaluation of term bids in the comprehensive on-line system-wide contractor's evaluation and feedback process.

URGENCY OF CORRECTIVE ACTION

- Critical
- Important
- Desirable

IMPLEMENTATION SCHEDULE

- Immediately (Short Term)
- By December 2005
- Contingent upon Funding

⁹ According to the Office of Federal Procurement Policy Best Practice Guide, the factors or criteria chosen for evaluation must track directly the requirements of the statement of work. In essence, the evaluative criteria should be geared to the contract, product or service.

- 5.2 **Revise the form used to evaluate general contractors, design-builders and construction managers at risk (FM-5437) to include criteria that specifically evaluate the degree that the work in place is of adequate quality and complies with building codes, as well as the adequacy of systems training and orientation, cost control and other applicable building-related matters.**

Responsible Department: Office of School Facilities

Management Response:

We agree with this recommendation and will ensure that not only will Architect/Engineer's, but also that construction code enforcement inspectors' performance evaluation input on contractors will be solicited and inputted. The building commissioning process, as now administered by the Architect/Engineer along with the code enforcement inspectors, will be reviewed and criteria will be in place to specifically evaluate the adequacy of systems training and orientation, cost control and other applicable building-related matters.

URGENCY OF CORRECTIVE ACTION

- Critical**
- Important**
- Desirable**

IMPLEMENTATION SCHEDULE

- Immediately (Short Term)**
- By December 2005**
- Contingent upon Funding**

6. INCLUDE USERS OF THE FACILITY IN THE EVALUATION PROCESS

We found that end user participation was not always included in the evaluation process. Thus, the individuals (namely, school site personnel) who are impacted the most by the services provided do not evaluate the service providers.

While the instructions to Form FM-5437, used for general contractors, design-builders and construction managers at risk, require the school principal to complete the site condition section of the form, management stated to us that the school principals are not involved in the evaluation process. The project manager completes the entire evaluation form. Management expressed their belief that the principals are not experienced enough in the field of construction to make a meaningful contribution to the evaluation process. We must note, however, that school site staff (generally the principal or assistant principal) actively and significantly participates in a capital project's life cycle. Thus, they are aware of the various issues affecting the project and could provide a valuable forum for determining customer satisfaction.¹⁰ Additionally, inconsistencies noted in end users' evaluations can be discussed with the evaluator before the evaluation is accepted as final.

RECOMMENDATION

- 6.1 Include a school site personnel in the contractor evaluation process. That person should be either the principal, assistant principal or staff that is most intimately involved with the project and designated by the principal.**

Responsible Department: Office of School Facilities

Management Response:

We agree with this recommendation and will ensure that the appropriate school site administrators' input will be solicited and inputted, as well as what we currently do system-wide for post-occupancy evaluations.

URGENCY OF CORRECTIVE ACTION

- Critical
- Important
- Desirable

IMPLEMENTATION SCHEDULE

- Immediately (Short Term)
- By December 2005
- Contingent upon Funding

¹⁰ Both the Office of Federal Procurement Policy and the Federal Acquisition Regulation suggest that the end user evaluation form should state the contract standard and the end user should be given instructions to rate performance against those standards. FAR also noted that the contracting manager should be aware of the fact that the end users may not have enough technical experience to provide an objective assessment of the contractor's performance. Therefore, the contracting manager should review the end user evaluation and an assessment of the work requirements may need to be undertaken.

7. CONTRACTOR EVALUATIONS ARE COMPLETED, BUT CONSISTENCY IS NEEDED

The contractor performance evaluation process is decentralized, with six departments responsible for the timely evaluation of 19 different types of services. We examined 300 contractor performance evaluation forms completed over the three-year period ended June 30, 2004 and found that for the most part, the responsible departments are completing the evaluations. However, we noted the following:

- Two departments have no formal evaluations for the services they procure. There are no written evaluation forms. The evaluations are completed at the time of contract renewal and the basis of the evaluation is contract performance, as outlined in the contract.
- We requested, but were not provided evaluations for Building Code Compliance (BCC) consulting services provided by the two professional design firms during the periods of July 1, 2000 through December 31, 2000 and January 1, 2002 through April 30, 2004. The administrator in charge of the responsible department stated that evaluations were not completed during the above period because there were no executed contracts with the firms in question. However, payment records indicated that these two firms did receive payments of approximately \$272,000 and \$347,000, respectively, for BCC consulting services performed during the periods being discussed.
- We requested performance evaluations completed during our audit period for general contractors, design-builders and CM at-Risk companies and were provided with a number of evaluations completed for the quarter ended June 30, 2004. However, we were provided a minimal number of completed evaluations for periods prior to March 31, 2004. Management stated that the evaluations not presented to us for audit were given to another department. Staff from that other department, indicated that they did not have the evaluations in question.
- We requested and received only one completed performance evaluation form evaluating the performance of a firm providing land surveying services during the three-year period ended June 30, 2004. However, payment records indicated that the firms did receive payments of approximately \$146,000 for land surveying services performed during the period discussed. Therefore, more evaluations should have been presented to the auditors for review. Contractors providing this service are to be evaluated quarterly.

The Office of Federal Procurement Policy suggests that in order for performance evaluation to be employed in a selection process, the department must develop a systematic procedure for collecting the information. The evaluation process itself must be a continual process throughout the course of the contract. The focal point of the

evaluation process is to have the performance data collected during contract performance readily available for the selection committee at minimum cost and effort.

RECOMMENDATION

- 7.1 Establish procedures to ensure that all contractors are consistently evaluated.**

Responsible Department: Office of School Facilities

Management Response:

We agree with this recommendation and have implemented a fairly effective, manual, quarterly evaluation system. As per the response to 3.1 above we are currently working with ITS to implement the "Primavera Expedition" system to include a comprehensive automated on-line system-wide contractor's evaluation and feedback process. Comprehensive procedures will accompany this system.

URGENCY OF CORRECTIVE ACTION

- Critical**
- Important**
- Desirable**

IMPLEMENTATION SCHEDULE

- Immediately (Short Term)**
- By December 2005**
- Contingent upon Funding**

**APPENDIX A - NATIONAL INSTITUTE OF HEALTH CONTRACTOR
PERFORMANCE REPORT
(RATING GUIDELINES)¹¹**

	QUALITY OF PRODUCT OR SERVICE	COST CONTROL	TIMELINESS OF PERFORMANCE	BUSINESS RELATIONS
	<ul style="list-style-type: none"> - Compliance with contract requirements - Accuracy of reports - Effectiveness of personnel - Technical excellence 	<ul style="list-style-type: none"> - Record of forecasting and controlling target costs - Current, accurate and complete billings - Relationship of negotiated costs to actuals - Cost efficiencies 	<ul style="list-style-type: none"> - Met interim milestones - Reliability - Responsive to technical direction - Completed on time, including wrap-up and contract administration - Met delivery schedules - No liquidated damages assessed 	<ul style="list-style-type: none"> - Effective management, including subcontracts - Reasonable/ cooperative behavior - Responsive to contract requirements - Notification of problems - Flexibility - Pro-active vs. reactive
0-Unsatisfactory	Contractor is not in compliance and is jeopardizing achievement of contract objectives	Contractor is unable to manage costs effectively	Contractor delays are jeopardizing performance of contract objectives	Response to inquiries, technical/service/ administrative issues is not effective
1-Poor	Major problems have been encountered	Contractor is having major difficulty in managing costs effectively	Contractor is having major difficulty meeting milestones and delivery schedules	Response to inquiries, technical/service/ administrative issues is marginally effective
2-Fair	Some problems have been encountered	Contractor is having some problems in managing costs effectively	Contractor is having some problems meeting milestones and delivery schedule	Response to inquiries, technical/service/ administrative issues is somewhat effective
3-Good	Minor inefficiencies/ errors have been identified	Contractor is usually effective in managing costs	Contractor is usually effective in meeting milestones and delivery schedule	Response to inquiries, technical/service/ administrative issues is usually effective
4-Excellent	Contractor is in compliance with contract requirements and/or delivers quality products/services	Contractor is effective in managing costs and submits current, accurate, and complete billings	Contractor is effective in meeting milestones and delivery schedule	Response to inquiries, technical/service/ administrative issues are effective.
5 - Outstanding	The contractor has demonstrated an outstanding performance level in any of the above four categories that justifies adding a point to the score. It is expected that this rating will be used in those rare circumstances when contractor performance clearly exceeds the performance levels described as "Excellent."			

¹¹ National Institute of Health Manual, past performance information section, Appendix 4, September 30, 2001.

APPENDIX B - RATING CRITERIA FOR CATEGORIES¹²

- A. Quality of Technical Services.** Documents the firm's ability to deliver technical services with a minimum of problems. Such problems may include mistakes in design or analysis, lack of thoroughness, lack of familiarity with codes, ignorance of contract document requirements, and, in general, deficiencies resulting from the lack or misapplication of technical skills and/or project specific knowledge that the firm is expected to have or to obtain. If the firm employs consultants, then the weight assigned this item is 5 and the "Consultants" section is completed. If the firm employs no consultants, then the weight assigned to this item is 9 and the "Consultants" section is omitted.
- B. Timeliness of Service.** Documents the firm's ability to meet realistic schedules for the delivery of its services.
- C. Quality of Technical Documentation.** Documents the clarity, accuracy, and general utility of technical documentation produced by the firm. This documentation includes reports, drawings, specifications, sketches, renderings, promotional materials, and various other forms of documentation intended to communicate information about the project to the Owner or others. Such documentation may not be in final form. The fundamental issue is how well the documentation accomplishes its intended purpose.
- D. Cooperation/Concern for SUS Interests.** Documents the degree to which the firm cooperated with the Owner, and the extent of the firm's commitment to the protection and advancement of the interest of the SUS.
- E. Administration of Project Paperwork.** Documents the accuracy, timeliness of submission, and thoroughness of paperwork associated with the administration of the project. Such paperwork includes pay requests, additional services requests, status reports, change orders, and shop drawing review.

¹² Florida Board of Education, Chancellor's Memorandum CM-N-10.01-01/99, Adam W. Herbert, January 22, 1999

**APPENDIX C - POINTS ALLOCATED TO PAST PERFORMANCE EVALUATIONS
WITH M-DCPS IN SUBSEQUENT CONTRACTING DECISIONS.**

SERVICES EVALUATED	WEIGHT GIVEN TO PREVIOUS PERFORMANCE WITH M-DCPS IN THE AWARD/SELECTION PROCESS. (Except where noted; initial Screening/Selection process max. pts. 100).
Architects and Engineers (A/E) *(Initial screening/selection process max. pts 110)	Past Performance with M-DCPS <ul style="list-style-type: none"> ▪ Average score of Performance Evaluation (max. 5 pts.) ▪ A/E Errors/Omissions & Delays (max. 10 pts.) ▪ Engineering Errors/Omissions & Delays (max. 10 pts.)
Design Criteria Professional (DCP)	Past Performance with M-DCPS <ul style="list-style-type: none"> ▪ Average score of Performance Evaluation (max. 10 pts. or a score of 30/175)
HVAC & Test & Balance	Past Performance with M-DCPS <ul style="list-style-type: none"> ▪ Average score of Performance Evaluation (max. 15 pts.)
Contract Management (CM), CM at Risk & Program Management Services	Past Performance with M-DCPS <ul style="list-style-type: none"> ▪ Average score of Performance Evaluation (max. 20 pts.)
Architectural/Engineering, Project Consultant (APC/EPC) *(Initial screening/selection process max. points 160)	Past Performance with M-DCPS (As Project A/E) <ul style="list-style-type: none"> ▪ Average score of Project A/E Performance Evaluation (max. 10 pts.) ▪ Architectural Errors & Omissions Costs (max. 10 pts.) ▪ Engineering Errors & Omissions Costs (max. 10 pts.) ▪ Architectural Delays (max. 10 pts.) ▪ Engineering Delays (max. 10 pts.)
Design–Builder	Past performance with M-DCPS is not a factor in future contracting decisions. The builder is selected via an RFP and a bid processes.
Land Surveying, Project Scheduling, Special Project, Geotechnical and Cost Estimating Services	Past performance with M-DCPS is a factor in future contracting decisions. The consultant is selected via an RFP.
General Contractor	Past performance with M-DCPS is not a factor in future contracting decisions. The contractor is awarded the contract if he is the low bidder and is pre-qualified, regardless of past performance.
Maintenance Services Term Bids	Past performance with M-DCPS is not a factor in awarding an initial contract. Past performance with M-DCPS is, however considered only when exercising contract renewal options.
Building Code Compliance (BCC)	Past performance with M-DCPS is a factor in future contracting decisions. The consultant is selected via an RFP.
Construction-related Legal Counsel	Past performance with M-DCPS is a factor in future contracting decisions. The firm is evaluated, albeit informally, based on its litigation success rate.
Maintenance Management Services Contract (UNICCO)	Past performance with M-DCPS is a factor in future contracting decisions. The firm is evaluated based on its achievement of contract established performance benchmarks.
Job Order Contracting (JOC)	Past performance with M-DCPS is not a factor in awarding an initial contract. Past performance with M-DCPS is, however considered only when exercising contract renewal options.

The School Board of Miami-Dade County, Florida, adheres to a policy of nondiscrimination in employment and educational programs/activities and programs/activities receiving Federal financial assistance from the Department of Education, and strives affirmatively to provide equal opportunity for all as required by:

Title VI of the Civil Rights Act of 1964 - prohibits discrimination on the basis of race, color, religion, or national origin.

Title VII of the Civil Rights Act of 1964, as amended - prohibits discrimination in employment on the basis of race, color, religion, gender, or national origin.

Title IX of the Education Amendments of 1972 - prohibits discrimination on the basis of gender.

Age Discrimination in Employment Act of 1967 (ADEA), as amended - prohibits discrimination on the basis of age with respect to individuals who are at least 40.

The Equal Pay Act of 1963, as amended - prohibits sex discrimination in payment of wages to women and men performing substantially equal work in the same establishment.

Section 504 of the Rehabilitation Act of 1973 - prohibits discrimination against the disabled.

Americans with Disabilities Act of 1990 (ADA) - prohibits discrimination against individuals with disabilities in employment, public service, public accommodations and telecommunications.

The Family and Medical Leave Act of 1993 (FMLA) - requires covered employers to provide up to 12 weeks of unpaid, job-protected leave to "eligible" employees for certain family and medical reasons.

The Pregnancy Discrimination Act of 1978 - prohibits discrimination in employment on the basis of pregnancy, childbirth, or related medical conditions.

Florida Educational Equity Act (FEEA) - prohibits discrimination on the basis of race, gender, national origin, marital status, or handicap against a student or employee.

Florida Civil Rights Act of 1992 - secures for all individuals within the state freedom from discrimination because of race, color, religion, sex, national origin, age, handicap, or marital status.

School Board Rules 6Gx13- 4A-1.01, 6Gx13- 4A-1.32, and 6Gx13- 5D-1.10 - prohibit harassment and/or discrimination against a student or employee on the basis of gender, race, color, religion, ethnic or national origin, political beliefs, marital status, age, sexual orientation, social and family background, linguistic preference, pregnancy, or disability.

Veterans are provided re-employment rights in accordance with P.L. 93-508 (Federal Law) and Section 295.07 (Florida Statutes), which stipulate categorical preferences for employment.

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