



Facilities & Contracting Audit, 2010 **by Don Hicks, MESD Contracts & Risk Manager**

Reason

These audits were performed to fulfill the following MESD Agency Goals and understandings:

- Agency Goal # 4
 - “Complete a review of MESD operated facilities”
- Agency Goal # 5
 - “Increase fiscal stability”
- Oregon Secretary of State’s audit findings
 - in November, 2008,
 - in June, 2009, and
 - the subsequent response from MESD

Facilities Audit: Background

MESD operates its 21st-Century education programs in a dozen facilities constructed in the 20th century. As our programs have evolved over time, the question has arisen as to whether the facilities, themselves, have kept up with our changing needs.

The audit was conducted in February and March, 2010, by Don Hicks, Contracts & Risk Manager for MESD, accompanied by Dan Davenport, Loss Control Specialist for PACE (MESD’s insurer), and Ron Cutter, Vice President for Beecher Carlson (MESD’s Insurance Agent of Record).

Facilities Audit: Purpose

The purpose of the facilities audit was to ask:

1. Are our facilities safe?
2. Are our facilities adequate for our current programs?
3. Is there any inappropriate usage of facilities?

Facilities Audit: Results in Brief

In general, few problems of major significance were found. A small number of issues which could have had major significance have already been addressed, or have been added to the agenda for negotiations with MESD’s landlord. Minor problems have been passed on to MESD’s Safety Committee for efficient resolution.

Contracting Audit: Background

In 2008 and 2009, Oregon’s Secretary of State (SOS) performed an audit of MESD’s contracting process, and found that MESD was generally in accordance with contracting laws, best practices and its own policies. However, the SOS report recommended that MESD make some changes to strengthen its contracting policies, procedures and practices.

MESD has since responded to the SOS recommendations through the drafting of policy & procedure, the training of staff, the development of new contracting tools for staff use, and the creation of a staff position dedicated to monitoring these processes.

The newly drafted contracting procedures included the following four administrative regulations:

1. DJ AR(2) – “Personal Services”,
2. DJ AR(3) – “Responsibilities”,
3. DJ AR(4) – “Personal Services Class Special Procurements”, and
4. DJ AR(5) – “Records Retention”

Staff involved in the contracting process were given training on the following topics:

- Identifying independent contractors
- Contract selection processes
- Documentation
- Records retention

The new tools developed for staff included:

- Contract templates,
- Intermediate RFP template, and
- New requirements for documentation in the contract management system.

Don Hicks conducted the audit between February and April, 2010, by gathering information from Axxerion (MESD’s contract management system), IFAS (MESD’s financial and accounting system), and discussions with staff members.

Contracting Audit: Purpose

The three purposes of the contracting audit were:

1. To determine whether MESD’s contracting and intergovernmental practices remain in accordance with contracting laws, best practices and MESD’s own policies;
2. To provide feedback to the Board and staff regarding the policy and procedure changes made in the wake of the SOS audit report; and,
3. To manage MESD’s ongoing contracting risk exposures.

Contracting Audit: Results in Brief

MESD’s contracting practices continue to remain in general accordance with contracting laws, best practices and MESD policies. A small number of issues have been addressed in the present or noted for action in next year’s contracting process. It is recommended that we continue our efforts to clarify policy and procedure, continue to educate our staff, improve our documentation processes, and set a goal of clarity, consistency and uniformity in our contract processes.

Submitted to the MESD Board, April 20, 2010 by
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MESD Contracts & Risk Manager