



New York State Office of the State Comptroller
Thomas P. DiNapoli

Division of State Government Accountability

Facilities Planning Bureau Project Review

State Education Department



Report 2018-S-2

February 2019

Executive Summary

Purpose

To determine if the State Education Department's (Department) Facilities Planning Bureau (Bureau) completes its review of projects in a timely manner and, if not, what the impacts on school districts are. We also sought to determine whether districts are commencing project construction prior to obtaining final project approval. The audit covered the period July 1, 2013 to October 18, 2018.

Background

The Department is responsible for the administration and enforcement of the New York State Uniform Fire Prevention and Building Code (Code) in relation to district construction projects. The Code applies to every facility owned or operated by districts or Boards of Cooperative Educational Services (BOCES) (collectively referred to in this report as Districts). The Department enforces the Code by reviewing and approving plans and specifications for all capital construction projects involving these facilities and issuing building permits. Per the State Education Law, Districts must obtain final approval for a project before commencing construction. Between July 2013 and January 2018, Districts submitted 8,862 capital projects, 6,905 of which were estimated to cost almost \$8.7 billion. The remaining 1,957 projects did not have associated estimated costs for a variety of reasons (e.g., project was canceled or did not require an estimated cost). The average cost for the 6,905 projects was over \$1.2 million.

State aid is available for certain projects with construction costs of \$10,000 or more (excluding incidental costs). State building aid provided to Districts has increased steadily. In school year 2013-14, State building aid payments totaled about \$2.76 billion. By 2017-18, building aid had increased by 7.9 percent, to approximately \$2.98 billion. Districts that begin capital construction projects prior to receiving final approval risk losing State aid.

Key Findings

- We found that the Bureau does not perform project plan reviews timely, and lacks guidelines that define a reasonable time period to review a project. As of August 2018, the Bureau estimated a lag time to begin its architectural and engineering reviews as 2-4 weeks and 38-40 weeks, respectively. While the Bureau has taken some proactive steps to address this issue, staff vacancies and new responsibilities continue to contribute to the project review backlog. According to District officials, these delays have impacted their ability to complete projects in a reasonable and timely fashion and caused them to reduce the scope of their projects or increase expected costs (due to inflation and fluctuations in the price of building materials during the delay).
- The Bureau does not monitor project construction, including whether Districts begin construction before the final approval and any on-site confirmation of completed projects.
- The systems the Bureau uses to track project information are antiquated and are not designed to allow staff to perform data analyses of projects, limiting the Bureau's ability to monitor and improve its oversight performance.

Key Recommendations

- Take steps to develop clear criteria and goals for project review timeliness.
- Develop a risk-based approach for conducting site visits of projects under construction to gain reasonable assurance that consultants and contractors are not beginning construction before receiving final project approval and that projects are being constructed in accordance with approved plans and specifications.
- Take steps to improve the information technology systems used to track and monitor capital construction projects. At a minimum, this should include the development of a reliable web-based portal and the ability to generate management reports on relevant capital construction project information for all Districts.

**State of New York
Office of the State Comptroller**

Division of State Government Accountability

February 4, 2019

Ms. MaryEllen Elia
Commissioner
State Education Department
State Education Building
89 Washington Avenue
Albany, NY 12234

Dear Ms. Elia:

The Office of the State Comptroller is committed to helping State agencies, public authorities, and local government agencies manage government resources efficiently and effectively and, by so doing, providing accountability for tax dollars spent to support government operations. The Comptroller oversees the fiscal affairs of State agencies, public authorities, and local government agencies, as well as their compliance with relevant statutes and their observance of good business practices. This fiscal oversight is accomplished, in part, through our audits, which identify opportunities for improving operations. Audits can also identify strategies for reducing costs and strengthening controls that are intended to safeguard assets.

Following is a report of our audit entitled *Facilities Planning Bureau Project Review*. This audit was performed pursuant to the State Comptroller's authority under Article V, Section 1 of the State Constitution and Article II, Section 8 of the State Finance Law.

This audit's results and recommendations are resources for you to use in effectively managing your operations and in meeting the expectations of taxpayers. If you have any questions about this report, please feel free to contact us.

Respectfully submitted,

*Office of the State Comptroller
Division of State Government Accountability*

Table of Contents

Background	5
Audit Findings and Recommendations	6
Timeliness of Project Reviews	6
Construction Start Times in Relation to Project Approval	9
Data Tracking Challenges	9
Recommendations	11
Audit Scope, Objectives, and Methodology	11
Authority	12
Reporting Requirements	12
Contributors to This Report	13
Exhibit A	14
Exhibit B	16
Agency Comments	17

State Government Accountability Contact Information:

Audit Director: Stephen Goss

Phone: (518) 474-3271

Email: StateGovernmentAccountability@osc.ny.gov

Address:

Office of the State Comptroller
 Division of State Government Accountability
 110 State Street, 11th Floor
 Albany, NY 12236

This report is also available on our website at: www.osc.state.ny.us

Background

The State Education Department (Department) is responsible for the administration and enforcement of the New York State Uniform Fire Prevention and Building Code (Code) for all district construction projects. The Code applies to every facility owned or operated by districts or Boards of Cooperative Educational Services (BOCES) (collectively referred to in this report as Districts). These facilities include, but are not limited to, school and administration buildings, bus/maintenance garages, public school libraries, storage buildings/sheds, press boxes, and concession stands. The Department enforces the Code by reviewing and approving plans and specifications for all capital construction projects involving these facilities, based on procedures established by the Department's Facilities Planning Bureau (Bureau). A "capital project" encompasses any construction work on an existing facility as well as any work to create new space. The Bureau reviews capital project plans to verify that they comply with applicable codes and, upon completion of review, issues building permits. Per the State Education Law (Law), Districts must obtain final approval for a project before commencing construction.

Between July 2013 and January 2018, Districts submitted 8,862 capital projects, of which 6,905 were estimated to cost almost \$8.7 billion. The remaining 1,957 projects did not have associated estimated costs for a variety of reasons (e.g., project was canceled or did not require an estimated cost). The average cost for the 6,905 projects was over \$1.2 million.

The Bureau follows a standardized process for approving project submissions (see Exhibit A at the end of this report for details). For projects that require a building permit and/or meet minimum cost and certain other requirements, Districts must make a formal submission to the Bureau that includes plans and specifications that are signed, sealed, and certified by an architect and/or engineer licensed by the State. Project reviews can include an architectural review, an engineering review, and a project management review. However, based on the type of work being done, not all projects require all three types of reviews. Permit and submission requirements aside, the Bureau must ensure all planned projects comply with the Code, the Manual of Planning Standards, and the Commissioner of Education's Regulations. The Bureau uses a project management system to track architects, engineers, and project costs; issue building permits; create reports; and capture other information about Districts.

State aid is available for certain projects with construction costs of \$10,000 or more (excluding incidental costs such as site development). State building aid provided to Districts has increased steadily. In school year 2013-14, State building aid payments totaled about \$2.76 billion. By 2017-18, building aid had increased by 7.9 percent, to approximately \$2.98 billion. Districts that begin capital construction projects prior to receiving final approval risk losing State aid.

In November 2014, the Smart Schools Bond Act (Act) authorized \$2 billion in bonds to finance educational technology and infrastructure throughout the State. Among the potential uses of these funds, they may be secured to construct, enhance, and modernize educational facilities. The availability of this funding increased the number of possible capital projects, thus increasing the Bureau's workload. Although the Bureau has since received approval for additional staff positions, they remain unfilled.

Audit Findings and Recommendations

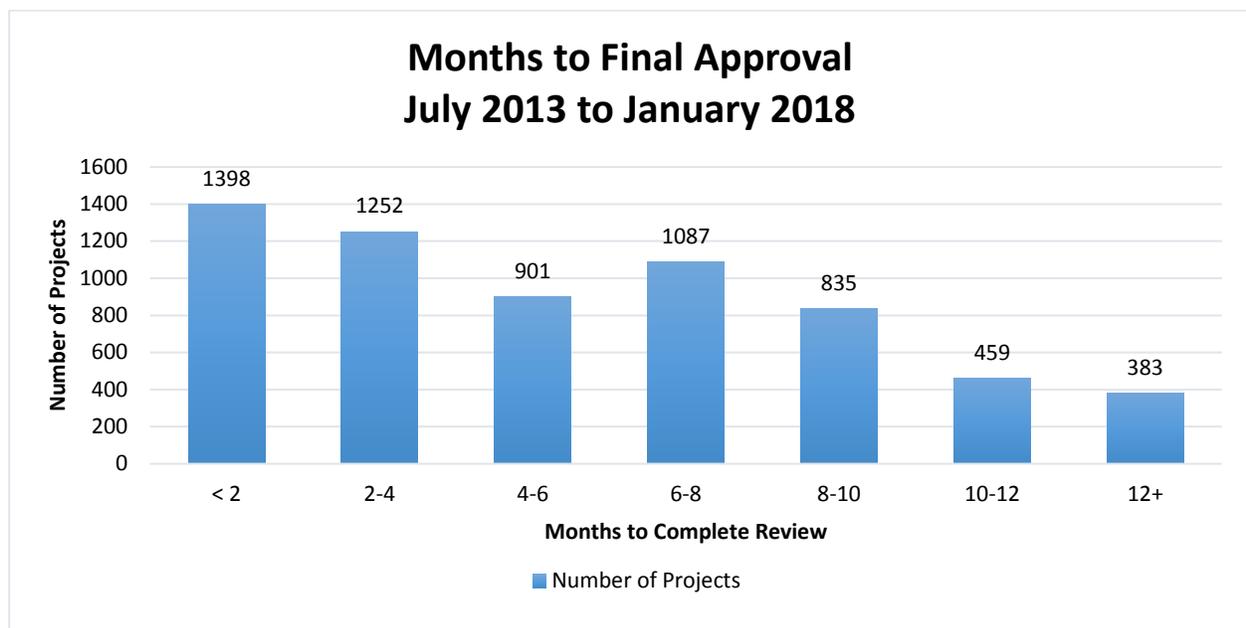
We determined that the Bureau does not complete project reviews in a timely manner, with almost 44 percent of the projects in our sample taking six months or longer for approval. We found that the Bureau does not have guidelines that define a reasonable time period to review a project. We found that staff vacancies and new responsibilities added by the Act contributed to a significant project review backlog. The Bureau, however, has been proactive in trying to address the problem, initiating a third-party review option and introducing pre-screening of project submissions to help alleviate wait times.

Our review did not identify any instances of Districts starting projects prior to receiving final project approval. However, because the Bureau does not require Districts to track construction start dates, we could not always find documentation of project start dates. Additionally, we found that the Bureau does not perform routine site visits to monitor project construction, deferring that responsibility to design consultants.

We also found that the systems the Bureau uses to capture and monitor project status are antiquated and not properly supported. Therefore, information that could be used to monitor and improve Bureau performance is not readily available, reducing opportunities to improve Bureau processes.

Timeliness of Project Reviews

We analyzed 6,315 of the 8,862 projects in our scope period, excluding 2,547 projects that were canceled or that appeared to contain dates that were incorrect (e.g., data entry errors), resulting in inaccurate project approval time periods. The following table illustrates the number of months it took the Bureau to complete its review for the sampled projects.



As shown, it took the Bureau six months or longer to finalize its approval for 2,764 (43.8 percent) of the 6,315 projects analyzed. Our analysis included projects with varying levels of review conducted by the Bureau. Some projects included architectural, engineering, and project management reviews while others did not include all three levels of review. Due to the limitations of the Bureau's data systems, data on the level of review for each project is not readily available without looking in hard copy project files. Therefore, the extent of impact of the type of Bureau review on the time to complete the reviews is unclear.

Project Approval Backlogs

We found the Bureau does not perform project reviews in a timely manner. As of August 2018, the Bureau estimated the lag time for starting architectural and engineering reviews to be 2-4 weeks and 38-40 weeks, respectively. We tested the Bureau's calculation and concluded that those estimates were reasonably accurate.

Although Bureau management acknowledges that the backlog is significant, there are no rules or guidelines in law, regulation, or Bureau policies and procedures that define a reasonable time period to review a project. However, a September 2013 Bureau newsletter indicated that the Bureau was targeting a "reasonable" period of 10-12 weeks for project approval. In that newsletter, the Bureau cited decreased staffing levels as one of the reasons for the backlog.

While the Bureau has taken some proactive steps to address this issue, staff vacancies and new responsibilities continue to contribute to the project review backlog. According to District officials, these delays have impacted their ability to complete projects in a reasonable and timely fashion and caused them to reduce the scope of their projects or increase expected costs (due to inflation and fluctuations in the price of building materials during the delay). In the past 3½ years, the Bureau has attempted to hire both architects and engineers, but has generally been unsuccessful, particularly with engineers. The Bureau has received waivers to hire additional engineers, only to have those waivers expire before the positions could be filled.

As of April 2018, the Bureau had 23 architect and engineer positions, only 10 of which were filled (6 architects and 4 engineers). Twelve of the 13 vacant positions are for engineering titles. Further compounding the staffing shortage are potential impending retirements. According to Department officials, as of June 2018, seven out of ten architecture and engineering employees were eligible for retirement in the next five years. The Bureau has not developed a succession plan for these roles.

Bureau officials indicated that the State Civil Service pay scale impedes the Bureau's ability to hire. In June 2018, officials met with the Department of Civil Service to discuss potential solutions, including ways to address the pay and career growth concerns that have made these roles difficult to fill. Officials also explored the use of employees hired through the Code Compliance Specialist title series to conduct project reviews, but Department officials must determine whether non-credentialed staff may perform project reviews.

District Visits

To assess the effects of the Bureau's backlog on District construction projects, we visited a sample of 20 Districts (identified in Exhibit B at the end of this report). Officials at ten Districts stated that they had experienced increased lag times for obtaining approval, interfering with their ability to complete projects in a reasonable and timely fashion. They also stated that longer waiting periods have caused them to reduce the scope of their projects or increase expected costs (due to inflation and fluctuations in the price of building materials during the delay), saying that construction costs increase 3 to 4.5 percent per year. Districts also struggle with limited time frames for completing projects, many of which must be executed during the summer months while school is not in session. Timely approvals help Districts adequately plan, bid, and coordinate construction activities to fit within these short time frames.

For example, one District waited 9½ months to receive approval for the second phase of a project: the reconstruction of a classroom demolished in phase one. The District obtained approval for the demolition in early 2017 and completed the work that summer. Due to the backlog, the second phase did not receive approval until June 2018. Because phase two was approved so close to the District's construction season (June–August), the new tentative time frame for construction is summer 2019. By the time the second phase is complete, the classroom will have sat vacant for two full school years.

We also reviewed change orders at 20 Districts to determine if they were being used to expand project scopes, but found no evidence that this was occurring. We reviewed 110 change orders representing 21 of the 37 projects reviewed during our site visits and did not note an expansion of scope resulting from these change orders.

Third-Party Reviews and Pre-Screening

In an attempt to speed up reviews, the Bureau, in conjunction with the Center for Instruction Technology and Innovation/Oswego BOCES (CiTi BOCES), initiated an alternative review option, available for an additional fee. This process, available as of February 1, 2018, allows Districts to have their projects reviewed by third-party vendors. The vendors are expected to begin reviewing assigned projects within 10 business days of receipt and then to complete those reviews within five business days, barring any issues. Fees for a third-party vendor review are included as incidental project costs, and are based on project size. For example, projects with estimated costs up to \$2,999,999 incur fees of \$6,750; fees range up to \$45,000 for projects with estimated costs of \$70 million or higher. The agreement between CiTi BOCES and third-party vendors runs through December 31, 2018, with the option for up to five one-year renewals. Because this is a relatively new initiative, we were unable to assess how effective this process has been in reducing Bureau queue times.

Given their limited resources, Bureau officials want their staff to review only complete, bid-ready submissions. With this in mind, in late 2017, the Bureau instituted a pre-screening process to mitigate the time project managers, architects, and engineers spend tracking down missing information on project submissions. The new process requires Bureau architects and engineers

to assess whether project submissions are complete, coordinated, and Code compliant, thus preventing incomplete plans and specifications from being submitted to hold a project's place in the queue. Officials say that this screening will reduce wait times by eliminating time wasted going back and forth to obtain missing information. Similar to the third-party review process, this initiative is in its early stages, and it is premature to assess its effect on approval wait times.

Construction Start Times in Relation to Project Approval

We reviewed a sample of 37 construction projects from the 20 Districts to determine whether they complied with Section 408 of the Law, which states that construction may not begin before the District receives the Commissioner's approval. Districts that begin construction prior to approval, out of compliance with the Law, risk losing State aid. Of the 37 projects we examined, Districts provided documentation of construction start dates for 27. For each of those 27 projects, construction commenced after receiving final approval. However, the Bureau does not require the Districts to track construction start dates, and, for nine projects, there was no documentation of the date when construction began (the remaining project was canceled). Lack of project construction oversight results in a risk that Districts could initiate construction prior to receiving approval.

Due to current staffing constraints, the Bureau also does not perform routine site visits to District construction sites. The Bureau relies on design consultants and construction contractors to oversee project construction. According to Bureau personnel, it has been more than five years since they have had a presence at project sites during construction. While the Bureau is allowed to defer this responsibility, it cannot be reasonably assured that project construction does not start until project approval is attained or that it is being completed in accordance with approved plans and specifications absent more direct oversight.

Data Tracking Challenges

Project Information Tracking Systems

The Bureau currently uses two systems to capture data: the Project Management Information System (System), which is approximately 30 years old and is written in a program language no longer supported by modern systems; and Excel spreadsheets. As of August 2018, the System contained information for about 74,000 projects, with 1,500 to 2,500 new projects added every year. The only person with comprehensive knowledge of the System has retired, and Bureau management still contacts this person to assist with troubleshooting.

The System was designed to track project costs and information, issue building permits, create automated form letters and reports, track project consulting architects and engineers, and maintain a District and school database. The System was not designed to perform data analytics, and has not been updated to perform these functions.

The System's limited capabilities and the lack of staff knowledgeable about its functionality create

serious limitations for the Bureau. For example, in order to update and analyze the queue times on the Bureau's website, staff must access the physical files to check when each project entered the queue, and then enter that data into an Excel spreadsheet. Although the System can generate some reports, this function is limited. Due to the System's deficiencies, the Bureau generates supplemental reports using Microsoft Access and Excel to meet Department management's needs.

Bureau officials recognize that the System is outdated and in need of replacement. In November 2016, they began to migrate their database to an Oracle-based system. Phase one, which would have created the web-based portal, has not yet been implemented. Upon completion, the new system will feature an electronic submission process and improved reporting and security features. However, the Department has not invested the resources to develop the new system, indicating that it is not a priority. Currently, only three part-time information technology staff (in addition to their duties maintaining other Department applications) and one part-time business analyst are working on developing the new system.

Recording of Approval Dates and Reviewer Comments

To be eligible for State aid, the Department must approve a project before a contract is signed. Emergency projects are eligible for State aid, but are typically entered into immediately so work can begin as soon as possible (e.g., when a school boiler breaks during the winter on a holiday). As a result, it is not always possible to obtain Department approval for an emergency project before the contract is entered into. As a workaround, the Department enters a project approval date in the System that predates the actual approval date so the contract is eligible for State aid. Therefore, a note containing the actual project approval date should be entered into the comments section in the System for tracking purposes. We tested 126 emergency projects within our scope to determine if the actual approval date was recorded and determined that 120 (95.2 percent) were missing the actual approval date in the comments.

Another data tracking issue involves the retention of notes from project reviewers. Reviewers, in the course of their assessment, may comment on plans and specifications. Such comments are potentially valuable for planning and timeline tracking purposes. Currently, there are no guidelines that standardize how these comments are to be recorded and retained. As a result, these notes may be shared and recorded in a variety of ways, including via email, in notebooks, or handwritten on the plans themselves in hard copy project files. During our review of five project files and design documents, we found evidence that comments were maintained directly on plans and specifications for two, but we were unable to find design comments for the other three. Due to their importance, it seems reasonable that the Bureau create and follow a process to record and retain these comments.

In conducting our site visits, we learned that many Districts want to be more involved in the review process, especially regarding commenting. Currently, the Bureau and the design professionals hired by the District exchange comments, but the Districts themselves are not involved. Districts are limited in their ability to check project statuses and to monitor their contracted design professionals' responses to Bureau reviewer concerns. A centralized location and standard for

reviewer comments would allow the Bureau to update Districts when questions or concerns are sent to the design professionals, and alert them when the Bureau has not received a response.

Bureau effectiveness and efficiency could be improved if managers, supervisors, and Districts had better access to more complete data. Trend analysis and analytics can show weaknesses or anomalies in operating activities that are not otherwise apparent, giving management and staff the opportunity to adjust activities to focus resources more effectively. This is especially important when resources – such as staffing – are scarce. Absent stronger controls and improved information data systems and recordkeeping, the likelihood of the Bureau achieving its desired outcomes is greatly diminished.

Recommendations

1. Take steps to develop clear criteria and goals for project review timeliness.
2. Develop a risk-based approach for conducting site visits of projects under construction to gain reasonable assurance that consultants and contractors are not beginning construction before receiving final project approval and that projects are being constructed in accordance with approved plans and specifications.
3. Take steps to improve the information technology systems used to track and monitor capital construction projects. At a minimum, this should include the development of a reliable web-based portal and the ability to generate management reports on relevant capital construction project information for all Districts.

Audit Scope, Objectives, and Methodology

We audited the Department’s oversight of the facility planning review process during the period July 1, 2013 to October 18, 2018. The objectives of our audit were to determine if the Bureau completes its review of projects in a timely manner and, if not, the impact of delayed reviews on the Districts. We also examined whether Districts are commencing project construction prior to obtaining the final project approval.

To accomplish our objectives, we reviewed relevant laws, regulations, policies, and procedures. We assessed the Bureau’s internal controls as they relate to timeliness of reviews and construction start times. We interviewed Bureau officials to obtain an understanding of their processes for reviewing and approving District capital construction projects. Additionally, we analyzed available Bureau data related to the facility planning review process. We conducted site visits to a judgmental sample of 20 Districts based on size and geographic location (identified in Exhibit B at the end of this report) to examine relevant documents and records. At these 20 districts, we selected a random sample of 37 construction projects from the 6,315 projects approved during our audit scope period for review and analysis. We excluded 2,547 projects that showed negative days calculated between the completed submission dates and the start dates of architect, engineer, or project manager review; the start and end dates of those reviews; and the days to

Commissioner's approval (indicating calculation or data entry errors for those projects in the System). For each selected project, we reviewed documentation supporting the construction start date and compared this information to the project final approval date. We also examined the 126 emergency projects in our scope period, some of which are included in the 6,315 projects cited earlier. Based on our sample design, we cannot project our results to the population as a whole. We assessed the effectiveness of the systems the Bureau uses to capture relevant information on capital construction projects. We also reviewed hard copy files and detailed plans and specifications (engineer and architect designs) for 5 (selected randomly) of the 37 projects previously cited.

We conducted our 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 the evidence obtained provides a reasonable basis for our findings and conclusions we made based on our audit objectives.

In addition to being the State Auditor, the Comptroller performs certain other constitutionally and statutorily mandated duties as the chief fiscal officer of New York State. These include operating the State's accounting system; preparing the State's financial statements; and approving State contracts, refunds, and other payments. In addition, the Comptroller appoints members to certain boards, commissions, and public authorities, some of whom have minority voting rights. These duties may be considered management functions for the purposes of evaluating organizational independence under generally accepted auditing standards. In our opinion, these functions do not affect our ability to conduct independent audits of program performance.

Authority

The audit was performed pursuant to the State Comptroller's authority set forth in Article V, Section 1 of the State Constitution and Article II, Section 8 of the State Finance Law.

Reporting Requirements

We provided a draft copy of this report to Department officials for their review and formal comment. We considered their comments in preparing this final report and have included them in their entirety at the end of the report. In their response, Department officials generally agreed with the audit recommendations and indicated the actions they will take to address them.

Within 90 days of the final release of this report, as required by Section 170 of Executive Law, the Commissioner of Education shall report to the Governor, the State Comptroller, and the leaders of the Legislature and fiscal committees, advising what steps were taken to implement the recommendation contained herein, and where recommendations were not implemented, the reasons why.

Contributors to This Report

Stephen Goss, CIA, CGFM, Audit Director
Ed Durocher, CIA, Audit Manager
Todd Seeberger, CIA, CFS, Audit Supervisor
Stephon Pereyra, Examiner-in-Charge
Michele Turmel, Examiner-in-Charge
Lisa Dooley, Senior Examiner
Adriane Inman, Senior Examiner
Charles Lansburg, Senior Examiner
Zachary Schulman, Senior Examiner
Andrea Majot, Senior Editor

Division of State Government Accountability

Andrew A. SanFilippo, Executive Deputy Comptroller
518-474-4593, asanfilippo@osc.ny.gov

Tina Kim, Deputy Comptroller
518-473-3596, tkim@osc.ny.gov

Ken Shulman, Assistant Comptroller
518-473-0324, kshulman@osc.ny.gov

Vision

A team of accountability experts respected for providing information that decision makers value.

Mission

To improve government operations by conducting independent audits, reviews, and evaluations of New York State and New York City taxpayer-financed programs.

Exhibit A

Glossary of Bureau Review Process Steps

1. Letter of Intent – Districts submit a Letter of Intent (LOI). The letter communicates to the Bureau that the District is considering a project and describes what the District is considering building.
2. Assignment of a Project Control Number – Upon receipt of a District’s LOI, the Bureau assigns a project number and creates a hard copy file for project documents and submissions. This file is kept at the Bureau until the District proceeds. Sometimes a District will submit a LOI, but will not follow through with the project.
3. Preliminary Submission – Districts wanting to construct new buildings or make additions to existing buildings must present a preliminary submission. The preliminary submission establishes the District’s justification for construction. If a district seeks to build an addition for new classrooms, the district must demonstrate a need for the addition. Increased enrollment or anticipated increased enrollment are two possible justifications for adding classrooms.
4. Pre-screening – Some, but not all, Bureau architecture and engineering staff review project submissions and accompanying documents to ensure all required components have been submitted. If all components are included and complete, the project will move forward. If not, the District and design consultants will be required to provide the missing information or finalize incomplete components before the file can enter the review queue.
5. Review Number Assigned – Once the pre-screening process is complete, a review number is assigned. The review number officially enters the project into the queue, in the order in which it completed pre-screening. The review number corresponds with the fiscal year (July 1 to June 30) and is a sequential number.
6. Review – The Bureau reviews projects at three levels (architecture, engineering, and project management). Not all projects receive all three levels of review. The level of review necessary depends on the nature of the project. As of August 7, 2018, the Bureau estimated the lag time for architect review times as 2-4 weeks, and lag time for engineer review time as 38-40 weeks.
7. Commissioner’s Approval and Issuance of Building Permit – At the conclusion of the review, the Department Commissioner approves the project and the Bureau issues a building permit to the District.
8. Certificate of Substantial Completion – At the conclusion of construction, if applicable, the District is required to submit a “Certificate of Substantial Completion,” attesting that the project was constructed in accordance with approved plans and specifications, which incorporate applicable provisions of the Code, the New York State Energy Conservation Construction Code, and Education Department construction standards.

9. Final Cost Reports – The Bureau verifies and reviews final cost reports. The Bureau also performs desk audits on select projects, using a risk-based approach.

Exhibit B

School Districts Visited by County

District Name	County
Albany City Schools	Albany
Guilderland Central School District	Albany
Auburn City Schools	Cayuga
Port Byron Central School District	Cayuga
Buffalo City Schools	Erie
Rochester City Schools	Monroe
Syracuse City School District	Onondaga
Valley Central School District	Orange
East Ramapo Central School District	Rockland
Schuylerville Central School District	Saratoga
Highland Central School District	Ulster
New Paltz Central School District	Ulster
Onteora Central School District	Ulster
Blind Brook-Rye Union Free School District	Westchester
Mount Pleasant Central School District	Westchester
New Rochelle City Schools	Westchester
Ossining Central School District	Westchester
Pelham Union Free School District	Westchester
Yonkers Public School District	Westchester
Yorktown Central School District	Westchester

Agency Comments



THE STATE EDUCATION DEPARTMENT / THE UNIVERSITY OF THE STATE OF NEW YORK / ALBANY, NY
12234

DEPUTY COMMISSIONER
Office of Performance Improvement and Management Services
O: 518.473-4706
F: 518.474-5392

January 3, 2019

Mr. Stephen J. Goss, CIA, CGFM
Audit Director
Office of the State Comptroller
Division of State Government Accountability
110 State Street - 11th Floor
Albany, NY 12236-0001

Re: Response to Facilities Planning Bureau Project Review Report 2018-S-2 SED

Dear Mr. Goss:

The following is the New York State Education Department's (Department) response to the draft Office of the State Comptroller (OSC) report 2018-S-2. The Department's response to the specific Recommendations contained in the Comptroller's report are below:

Recommendation 1

Take steps to develop clear criteria and goals for project review timelines.

Response: The Department agrees that reviewing projects in a timely manner is a priority. We recognize that delays in reviews can have a negative educational impact on students, through delays in needed updates to the educational environment, as well as creating a cost to school districts through construction cost escalation.

We are grateful that the Office of the State Comptroller has acknowledged that we have been short-staffed, particularly on the engineering side. The wide gap between state paygrades and the private sector compensation available to similarly qualified staff has created staffing hardships in recent years, particularly in the mid-level engineering ranks. Numerous items have been unfilled for years. External agencies responsible for approving positions for SED have not done so in a timely manner, which has also contributed to project delays.

Working within these constraints, the Department has taken important steps to address the delays. These include the move toward hiring additional staff in different titles and grades who are qualified to perform some of the office's business operations. The Department also instituted the use of third-party reviewers on an opt-in basis for those districts which are particularly sensitive to the cost impact of delays. This work has been well-received by our stakeholders.

As we noted in our discussions during the audit, office staff are currently expected to perform a certain number of reviews annually. Performance against these targets is monitored and

discussed with staff as part of their annual reviews, especially for those staff who have not yet been granted permanent status. In addition, after analysis of the business process, we have instituted both a screening process to ensure that projects which do not meet a minimum standard of review-readiness do not enter the review queue. This prevents incomplete (and therefore time-intensive project reviews) from lengthening wait times for projects whose designers submitted complete, code compliant and coordinated projects that are ready for review. We also have begun to monitor the time between the issuance of comments by our reviewers and the return of amended code-compliant project plans to the office. This ensures that projects which have received our comments are corrected and returned promptly, so that building permits can be issued timely, and that districts are more aware when their own design professionals may be slowing the approval of their projects.

Our work toward a more effective project management/IT system will facilitate more detailed analysis and improvement of the business processes. This focus on process improvement has been an ongoing effort in the Office of Facilities Planning.

To the extent the audit recommendation reflected a need for a rigorous commitment to continual improvement of both the efficiency of our business processes and our protection of school building occupant safety, we are in full agreement with the recommendation.

Recommendation 2

Develop a risk-based approach for conducting site visits of projects under construction to gain reasonable assurance that consultants and contractors are not beginning construction before receiving final project approval and that projects are being constructed in accordance with approved plans and specifications.

The Department agrees that conducting site visits of projects under construction has merit.

However, even if we were staffed at our full complement, which, as noted in the response to Recommendation 1, is unlikely due to ongoing paygrade issues, conducting the visits recommended here (especially with the frequency and intensity required to ensure that even a small percentage of the approximately 2000 projects approved annually are constructed in accordance with approved plans and specifications) would require a substantial commitment of those limited staff resources. Since there are staffing constraints under existing State agency FTE caps, we are unlikely to experience a dramatic increase in the FTEs allocated to this Office. Using a large proportion of our staff to conduct site visits would, by necessity, reduce our capacity to perform reviews even further, which would run counter to the first recommendation in this audit.

We also note that the architect/engineer of record retained by local school districts is required to provide supervision of capital construction work by statute (Education Law, Section 7209, subdivision 3), and is required to certify upon completion of the project that the project was constructed according to the plans submitted to the Office of Facilities Planning for review and approval.

Recommendation 3

Take steps to improve the information technology systems used to track and monitor capital construction projects. At a minimum this should include the development of a reliable web-based portal and the ability to generate management reports on relevant capital construction project information for all Districts.

The Department agrees that an information technology system that uses current up-to-date data programs to track and monitor capital construction projects is a priority.

In the 2018-19 Enacted Budget, funds were appropriated for this purpose. That funding was used to supplement ongoing internal efforts to replace an aging project information system. The product of this work is called the Facilities Planning Management System (FPMS). The new FPMS will house capital project status and other project and building information in the existing NYSED Secure Business Portal. The portal is currently accessed by districts using the internet. Districts use the portal to submit various information to the Department such as annual fire and building safety reports, Smart Schools Investment Plans, and other required data reporting.

The first module of the new FPMS, used by school districts to request new capital projects, was tested by select school district administrators in early December 2018. The response from the testers was very favorable. The testers indicated that the new system was user friendly and provided the level of project information needed by the school districts. Additional funding has been requested to move the system into further development such as migrating data from the current system, and development of further enhancements to the system such as submission of documents needed for project review and approval by the Office. Additional funding over and above that requested for the 2019-20 State Fiscal Year would also support the business analytics functions we plan to institute, per our response to Recommendation 1, under this audit. We plan to continue this work.

In closing, NYSED wishes to thank the Office of the State Comptroller for the diligence and care its staff showed in understanding the operations of a large office and its complex functions. The close alignment of the recommendations here to our ongoing work gives us confidence that we should continue to proceed in the directions presented in this audit response. It is our hope that the attention this audit gives to the importance of these efforts provides the additional support necessary to garner the resources needed to succeed in our efforts.

Yours truly,


Sharon Cates-Williams
Deputy Commissioner

- c. Karla Ravida
- Beth Berlin
- Jhone Ebert
- Renee Rider
- Christina Coughlin
- Rosanne Groff