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## School Modernization Program Could Improve Contract Controls

**WASHINGTON, October 19, 2020**—A new audit of the District’s school modernization program concludes that the program could save additional money through tighter controls on meeting all contract terms.

According to the Office of the D.C. Auditor the Department of General Services (DGS) controlled and accounted for capital funds by the D.C. Public School (DCPS) modernization project of Eliot-Hine Middle School, but improvements to the administration of contracts could have saved the District money on the project.

“The audit identified several areas for improvement, and we are pleased that the agency has committed to address all of the report’s recommendations,” said D.C. Auditor Kathy Patterson.

The audit, conducted by RSM US LLP, found that the project’s construction manager, Turner Construction Company, did not exclude its subsidiary, Turner Logistics, from the calculation of \$70,070 in subcontractor default insurance (SDI). In addition, the audit found transactions for \$14,000 in unallowable costs and found several smaller transactions totaling \$919 without records to show that they were related to the project. The audit also found that local labor employed on the project totals 39% thus far and the amount required is 51%. Because the project has not concluded, ODCA will produce a follow-up report in 2021 to review final labor statistics and other close-out issues.

In his response to the audit, DGS Director Keith Anderson said DGS officials “share the common goal of making improvements in the execution of the school modernization program and are taking strides to improve the existing program.”

The modernization project at the Ward 6 school at 1840 Constitution Avenue N.E. has an overall project budget of \$84 million. The contract compliance audit was designed to identify risks in the contract that could impact cost and legal compliance and identify any improvements to contract administration.

ODCA’s recommendations include:

- During final project accounting and closeout, DGS should reconcile SDI costs and request a credit of \$70,070 if Turner Logistics is included in the subcontractor listing and should request a credit of \$14,919 for the disallowed and unsupported costs.
- DGS should work with the Department of Employment Services (DOES) to verify compliance with local labor requirements.

Based on the project schedule the auditors assumed the report would encompass all close-out activities for the project, which proved not to be the case. ODCA is engaging RSM to also review the final close-out activities on the project during Fiscal Year 2021.

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The mission of the Office of the District of Columbia Auditor (ODCA) is to support the Council of the District of Columbia by making sound recommendations that improve the effectiveness, efficiency, and accountability of the District government.