

INTERNAL AUDIT REPORT

DATE: February 9, 2015

TO: Dr. Robert Breuder, President

FROM: Jim Martner Director of Internal Audit

SUBJECT: Review of Construction Manager Contract with Hurricane Graphics

BACKGROUND: At your request, I reviewed the selection process for construction management services for the signage and wayfinding project to determine compliance with Board policy and administrative procedure. The Board of Trustees approved a contract with Hurricane Graphics at their meeting on June 26, 2014. This was the culmination of a Request for Proposal (RFP) process initiated by the Facilities Planning & Development department.

OBJECTIVES & SCOPE: The objective of the review was to determine if the construction manager selection process complied with Board policies and administrative procedures. To accomplish the objective, I reviewed the RFP process that was initiated, the subsequent contract with Hurricane Graphics and the requirements of College policies and procedures and state statutes. I also met with the Director of Business Affairs and the Director of Facilities Planning & Development to discuss the construction manager selection process.

RESULTS: There is an issue with the RFP process but it is not clear if the outcome would be affected so I would recommend a further legal review.

In May of 2014, the College's Project Manager (Julie Carey) met with the Purchasing Manager (Gene Suwanski) to clarify the process of hiring a construction manager for the signage project. The Project Manager indicated she would issue an RFP for the construction manager services and send it to three firms: Hurricane Graphics, Pepper construction and Mortenson Construction. When the best candidate was identified, the Project Manager would issue a task order contract. The Purchasing Manager agreed this was the correct process. The Project Manager also asked whether she would need to get another proposal in the event one of the three candidates did not respond. The Purchasing Manager advised that if one or two of the three pre-qualified suppliers did not respond and there was only one choice available, *it was strongly recommended to complete a competitive process with formal advertisements.*

The Project Manager offered two options to the Senior Vice President for Administration (Tom Glaser). In option one, the Project Manager stated that the Purchasing manager advised the College could seek a proposal only from Hurricane Graphics and assuming the proposal was received from them within a reasonable

time period, the contract could be awarded at the June 24 Board meeting. However, I could find no statement from the Purchasing Manager giving such advice to the Project Manager. Option two was to use a competitive process by issuing an RFP to the three firms mentioned earlier but this process would take longer and the contract would not be presented to the Board until July 2014. The Project Manager recommended and the Senior Vice President concurred to use option one and seek only a proposal from Herricane Graphics.

I believe it is clear that the Illinois statutes allow the College to issue a contract for professional services without using a formal bid process when the contract is for the services of an individual possessing a high degree of professional skill and where the ability or fitness of the individual plays an important part. Typically, the scope of work would be given to the individual and they would provide a proposal for the cost of the work which could be accepted or rejected. For the signage project, the Project Manager used the RFP process which typically involves a legal advertisement and a deadline for proposal submission. The College's Purchasing Department has had a long standing policy of not accepting any proposals that are submitted past the deadline.

In the case of the RFP for signage services, there was no legal advertisement, the proposal was sent only to Herricane Graphics and the response to the proposal was dated and submitted on June 2, 2014 which was after the stated deadline of May 28, 2014 at 2:00 pm. I could not locate any request from Herricane Graphics for an RFP deadline extension nor could I locate any documentation indicating an extension had been offered by the College. Because of these issues, it is not clear to me whether the College is legally able to accept the proposal that was submitted after the deadline. Therefore, I recommend you request an opinion from the College's attorneys.

Please let me know if you would like to meet to discuss any of the issues or if you have any questions.