

POST AUDIT DIVISION

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DECEMBER 3, 2017
LEGISLATIVE LETTER REPORT

JOINT COMMITTEE ON
GOVERNMENT & FINANCE

DIVISION OF HIGHWAYS RED HOUSE HILL

POST AUDIT STAFF CONTRIBUTORS

Denny Rhodes Director
Stan Lynch Deputy Director
Nicholas Hamilton Senior Auditor

Note: On Monday, February 6, 2017, the Legislative Manager/Legislative Auditor's wife, Elizabeth Summit, began employment as the Governor's Deputy Chief Counsel. Most or all the actions discussed and work performed in this report occurred after this date. However, the Governor's Deputy Chief Counsel was not involved in the subject matter of this report, nor did the audit team have any communications with her regarding the report. As Deputy Chief Counsel, the Legislative Auditor's wife is not in a policy making position within the Executive Branch. Therefore, the Post Audit Division does not believe there are any threats to independence with regard to this report as defined in A3.06.a and A3.06.b of the Generally Accepted Government Auditing Standards. Furthermore, the Legislative Auditor has instructed the Director of the Post Audit Division to document and discuss any issues he believes are a threat to the division's independence with the President of the Senate and the Speaker of the House due to Ms. Summit's position.

OFFICE OF THE
LEGISLATIVE AUDITOR
Legislative Manager & Legislative Auditor, Aaron Allred

WEST VIRGINIA LEGISLATIVE AUDITOR'S OFFICE

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Denny Rhodes
Director

December 3, 2017

The Honorable Mitch Carmichael, President
West Virginia State Senate
Post Audits Subcommittee, Co-Chair
Room 229 M, Building 1
State Capitol Complex
Charleston, WV 25305

The Honorable Timothy Armstead, Speaker
West Virginia House of Delegates
Post Audits Subcommittee, Co-Chair
Room 228 M, Building 1
State Capitol Complex
Charleston, WV 25305

Dear Mr. President and Mr. Speaker:

As part of the continuing audit of the Division of Highways (DOH), the Legislative Auditor directed the Post Audit Division to examine the agency's contract scheduling procedures for road paving and road painting projects. Specifically, it was alleged that a section of road, known as Red House Hill was striped (a process which involves painting the centerline and edge lines), then the striping was covered up one month later when this same section of road was repaved.

After interviews with agency personnel and examination of contract documentation, (including estimates and payment schedules), we determined that highway striping did occur for an approximate 1.96-mile section of Red House Hill Road in Putnam County on June 6–8, 2017, which was then subsequently paved over on July 6–7, 2017. The resurfaced road then required a temporary striping on July 7, 2017, with permanent striping occurring later on August 17, 2017. This essentially rendered the estimated \$2,474.64 expended for the original striping null—a situation which would have been avoided had paving activities preceded striping activities. The striping was performed per a DOH contract with Highway Safety, Inc., while the paving was performed through a separate DOH contract with WV Paving, Inc.

DOH personnel informed us that DOH does not have a documented policy that would serve to mitigate the risk of such occurrences. As a result, DOH did not ensure the proper sequence of contractual operations for road maintenance activities at Red House Hill. Although in this particular case the unwarranted expenses incurred were not substantial, the event points to a need for DOH to develop, document, and implement internal control policies designed to diminish the risk of similar occurrences as such incidents have the potential to result in unnecessary costs to the State.

DOH Response

According to DOH personnel, DOH attempts to have a pre-construction meeting with all contractors prior to their respective start dates for contracted work. DOH personnel added that the pre-construction meeting was when Highway Safety Inc. should have been informed of scheduled resurfacing activities. We asked the District One resurfacing coordinator if this communication occurred with Highway Safety Inc. with respect to the Red House Hill resurfacing project. In response, we were told that the resurfacing project by WV Paving Inc. was not mentioned to Highway Safety Inc.; and **“...at the time of the pre-construction meeting of the striping contract, it was still unclear about when the work to pave Red House was going to get started.”**

In addition to informing district-wide striping contractors of paving projects in preconstruction meetings, DOH personnel said their intention is to send contractors a list of upcoming projects and advise striping contractors to be aware of construction signs or other indicators that simultaneous construction work is being performed in close proximity to their own job site. However, as stated earlier, none of these intended practices are documented in DOH procedures.

The Legislative Auditor did not find other instances suggesting a lack of contract coordination on the part of DOH. However, the events at Red House Hill do underscore the fact that when separate contracts are let within the limits of any one project, careful oversight by DOH is required to ensure the proper sequence of events.

Sincerely,



Denny Rhodes