

**AUDIT OF THE STAIRWELL PROJECT  
BY REMODEL DIVISION**

**THE UNIVERSITY OF NEW MEXICO**

**Report 2017-03  
January 31, 2017**



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## **ABBREVIATIONS**

FY .....	Fiscal Year
Internal Audit .....	University of New Mexico Internal Audit Department
ISS .....	University of New Mexico Institutional Support Services
P-Card .....	Purchasing Card
PDC.....	University of New Mexico Planning, Design, and Construction Department
PPD .....	University of New Mexico Physical Plant Department
PPD Remodel.....	University of New Mexico Physical Plant Department Remodel Division
Purchasing.....	University of New Mexico Purchasing Department
RVA .....	University of New Mexico Redondo Village Apartments
SRC.....	University of New Mexico Student Residence Center
UAP.....	University Administrative Policies
University.....	University of New Mexico
UNM .....	University of New Mexico

*A dispute in the scope of work for the Student Residence Center (SRC) and Redondo Village Apartments (RVA) arose between the UNM Project team and Two Bears Construction during the project period.*

*Internal Audit reviewed documentation and e-mail communication, and interviewed key personnel to determine the scope of work, and if the scope was clearly conveyed to Two Bears Construction and the PPD Remodel Manager.*

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## **EXECUTIVE SUMMARY**

On May 26, 2015, PPD Remodel entered into an agreement with Two Bears Construction on behalf of the Residence Life and Student Housing Department for repairs and maintenance of stairwells at the Student Residence Center (SRC) and the Redondo Village Apartments (RVA). The total cost of the project, which included two change orders totaling \$48,826.28, was \$273,342.36.

## **DISPUTED SCOPE OF WORK**

The UNM project team believed the scope of the work specified in contract documents for the SRC and RVA stairwell project included services on all seven stairwells of the RVA complex; however, Two Bears Construction only completed work on two stairwells. Two Bears Construction contended that they only bid on two of the seven stairwells at RVA, based on the contracted engineering firm's construction drawing that shows two circled stairwells.

Internal Audit noted the following conditions regarding the disputed scope of work for the SRC/RVA stairwell project.

1. The University of New Mexico Physical Plant Department (PPD) Remodel Project Manager and SRC/RVA Stairwell Project Team clearly conveyed the scope of work during the bid process, and for the duration of the project.
2. The PPD Facilities Maintenance Manager did not review the contract documentation prior to making decisions for resolving project issues and authorizing final payments for disputed invoices to Two Bears Construction.

*The practice should be consistent for all UNM departments. Exceptions for competitive purchasing should follow the same process as State of New Mexico policies.*

3. The Residence Life and Student Housing department management and the Project Manager neither accepted the work nor certified completion of the project.
4. The PPD Remodel Manager approved payment for disputed invoices and appeared to take the side of the contractor concerning project issues.
5. Although Two Bears Construction did not complete the project according to the contracted scope of work by completing all seven stairwells at RVA, the PPD Remodel Manager and PPD Facilities Maintenance Manager approved invoices for the total contract award of \$273,342.36. UNM paid this amount although it did not receive a portion of the contracted services.
6. The PPD Remodel department entered into an additional \$42,000 contract with BCH Construction, LLC, to complete the seven stairwells at RVA. This included the two stairwells already serviced by Two Bears Construction.

## TESTING OF CONTRACTS

### Purchasing Guidance

The UNM Purchasing department created a special purchasing matrix on 5/17/2016, which grants exceptions to PPD Remodel for the purchase of construction services.

Granting exceptions to certain departments for the purchase of goods and services may lead to confusion and inconsistencies in purchasing requirements.

### Contracts Paid With Purchase Order

PPD Remodel did not follow Purchasing policies and procedures for the purchase of 10 of 22 contracted services purchased with a purchase order.

*There were no quotes obtained for any of the 31 contracts exceeding \$5,000 paid with a P-Card.*

*Documentation reviewed indicates that the PPD Remodel Manager accompanied Two Bears Construction to their Lobo football suite on at least one occasion.*

*Two Bears Construction did not correct the initial application of caulk according to the manufacturer's specifications, and as requested by the UNM project team.*

*Three of five invoices submitted by Two Bears Construction did not have any detail of work performed for the billing.*

#### Contracts Paid With P-Card

PPD Remodel did not follow Purchasing policies and procedures for the purchase of 31 of 45 tested contracted services purchased with a P-Card.

### **CONFLICT OF INTEREST**

The complainant alleges that the PPD Remodel Manager receives gifts and favors from Two Bears Construction, influencing him to make decisions that are not in the best interest of the University.

Purchasing and Institutional Support Services (ISS) management stated they observed the PPD Remodel Manager in the Two Bears Construction suites for additional Lobo football and men's basketball games.

### **GENERAL CONDITIONS OF THE CONTRACT FOR CONSTRUCTION**

The General Conditions of the Contract for Construction is a formal UNM document that outlines general rules that UNM and contractors must follow.

#### Contractor Warranties and Responsibilities

Two Bears Construction did not apply caulk to the SRC and RVA stairwells according to the manufacturer's specifications.

#### Schedule of Values

Two Bears Construction never prepared a schedule of values for this project and did not invoice according to work completed for the billing period.

*The PPD Remodel Manager and PPD Facilities Maintenance Manager approved and paid the contractor's final invoices for \$100,000 and \$9,345.62 that the Project Manager disputed.*

*Neither PPD Remodel supervisors nor management perform a detailed review of a project's scope of work.*

#### Final Completion of Project

Residence Life and Student Housing Department management indicated that they did not accept the work of the contractor, and did not believe the contractor completed the project in accordance with the scope of work stated in the contract documents.

### **PHYSICAL PLANT DEPARTMENT REMODEL OPERATIONS**

#### Reorganization

Although UNM Planning and Construction (PDC) and PPD Remodel share similar functions, PPD Remodel is a division within PPD and PDC is a stand-alone department. Both PPD and PDC share the same UNM facility and report to the Vice President for Institutional Support Services (ISS).

#### Business Operations Manual

PPD Remodel does not have a written operations manual that covers all key business processes.

#### Job Responsibilities

Current PPD Remodel processes place the responsibility for the scope of work solely on the Project Manager.

### **CONCLUSION**

Two Bears Construction did not complete the Student Residence Center (SRC) and Redondo Village Apartments (RVA) stairwells according to the terms of the contract agreement. The PPD Facilities Maintenance Manager did not review the contract documentation prior to making decisions for resolving project issues. Thus, the PPD Remodel Manager and PPD Facilities Maintenance Manager approved disputed invoices, and UNM paid for a portion of the contracted services not received.

*The additional cost paid to BCH Construction for completing the stairwells at RVA was \$42,000.*

*The Interim PPD Director should require that all PPD management and Project Managers attend the policy refresher session.*

*Purchasing should revise its purchasing matrix to require competition for the purchase of goods and services exceeding \$10,000, and the practice should be consistent for all UNM departments.*

The following is a summary of recommendations.

1. The Vice President for ISS and Interim PPD Director should:
  - a. Consult with Human Resources to address personnel issues regarding employees involved in paying for contracted services not received and making decisions that are not in the best interest of the University. The Vice President for Institutional Support Services should pursue appropriate disciplinary actions for the PPD Remodel Manager and PPD Facilities Maintenance Manager, in accordance with UAP 3215: Performance Management.
  - b. The Vice President for ISS should consult with University Counsel regarding payment of funds to Two Bears Construction for a portion of services not performed at RVA.
2. The Chief Procurement Officer should provide a refresher session on University procurement, specifically UAP 4370: Receiving and Paying for Off Campus Purchases with a Purchase Order, and UAP 7205: Dishonest or Fraudulent Activities. Purchasing could incorporate these trainings to the curriculum of classes currently offered.
3. The Chief Procurement Officer should review current Purchasing and Accounts Payable policies and procedures and ensure they align with New Mexico State Procurement Code. Exceptions for competitive purchasing should follow the same process as State of New Mexico Procurement Code.



*The Chief Procurement Officer should submit a notification to all University departments and programs that an approved purchase order is required prior to contracting and receiving goods or services using a purchase order.*

4. The UNM Purchasing department should:
  - a. Initiate action, which deters UNM departments from not complying with Purchasing and Accounts Payable policies and procedures.
  - b. Require competition for all purchases exceeding the revised \$10,000 threshold. Exceptions for competitive purchasing should follow the same process as State of New Mexico Procurement Code.
  - c. Enforce competitive bid requirements for contracted services exceeding \$10,000 purchased with a P-Card. Proof of competition, as required, should be submitted with P-Card reconciliations.
5. The Vice President for ISS and Interim PPD Director should consult with Human Resources to address potential personnel issues regarding accepting gifts and gratuities, and consider appropriate disciplinary actions for the PPD Remodel Manager for violation of UAP 3715: Code of Conduct and 3720: Conflict of Interest in accordance with UAP 3215, Performance Management.
6. The Vice President for ISS and Interim PPD Director should contract with a third party consultant to test the application of the Sikaflex-15LM caulk against the manufacturer's recommended application for optimal results. If the consultant determines caulk was not applied according to the recommended application, the PPD Remodel Manager should be required to contact Two Bears Construction and request them to return

*Project Managers should ensure invoices agree to the schedule of values for the billing period prior to approving payment.*

and re-apply caulk correctly to all stairwells.

7. The PPD Interim Director should:
  - a. Strengthen internal controls to prevent contractors from starting construction work prior to submitting a schedule of values assigned to the project, and/or any other deliverables specified in the terms of the contract. Controls should include a requirement for contractors to assign a value to each component of the project they intend on completing.
  - b. The Vice President for ISS and Interim PPD Director should consult with Human Resources to address personnel issues regarding paying for contracted services not received and making decisions that are not in the best interest of the University.
  - c. The Vice President for Institutional Support Services and Interim PPD Director should issue disciplinary action for the PPD Remodel Manager and PPD Facilities Maintenance Manager in accordance with UAP 3215: Performance Management.
  
8. The Vice President for ISS and Interim PPD Director should:
  - a. Consider consolidating PDC and PPD Remodel into one reporting unit.
  - b. Develop a Business Operations Manual that outlines and enhances processes for specific business functions, including but not limited to: contracting for services, invoice processing, and “Final Project Completion” signoff processes, etc.



- c. Review job descriptions, duties and responsibilities of the PPD Remodel division to assign job duties properly.
- d. Strengthen internal controls to ensure that the PPD division supervisors and/or managers review each project's scope of work.

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## INTRODUCTION

### BACKGROUND

The Physical Plant Department (PPD) Remodel division provides remodel repair and renovation services to UNM departments. Customers can contact their PPD area maintenance office or enter requests for remodel through the “Project Intake” portal. The division has seven professional employees including two Project Managers, three Supervisors, one Operations Specialist, and one Manager. The following table presents the top five contractors PPD Remodel has contracted with, over a three-year period, for FYs 2014-2016.

<b>Contractor</b>	<b>FY 2016</b>	<b>FY 2015</b>	<b>FY 2014</b>	<b>Three-Year Total</b>
National Roofing	1,183,599.75	571,481.03	680,291.84	2,435,372.62
BCH Construction	244,389.58	406,496.46	984,246.76	1,635,132.80
Two Bears Construction	534,929.89	541,358.79	385,163.43	1,461,452.11
3B Builders	22,461.14	165,178.32	865,390.81	1,053,030.27
Unified Contractors	309,688.62	344,695.15	-	654,383.77

On May 26, 2015, PPD Remodel entered into an agreement with Two Bears Construction on behalf of the Residence Life and Student Housing Department for repairs and maintenance of stairwells at the Student Residence Center (SRC) and the Redondo Village Apartments (RVA). The total cost of the project, which included two change orders totaling \$48,826.28, was \$273,342.36.

### Allegations

Internal Audit received a complaint regarding PPD Remodel inappropriately paying Two Bears Construction for shoddy and incomplete work. The complainant believes the contractor did not complete the project in accordance with the scope of work specified by the contract documents. In addition, the complainant believes the PPD Remodel Manager may be receiving gifts and/or favors from Two Bears Construction.

The SRC/RVA stairwell project team consisted of the following UNM employees:

- PPD Remodel, Project Manager
- Residence Life and Student Housing Department, Director
- Residence Life and Student Housing Department, Facility Operations Manager
- Residence Life and Student Housing Department, Operations Manager
- PPD Area Three, Maintenance and Construction Manager

## **PURPOSE AND OBJECTIVES**

The UNM Internal Audit Department initiated an audit due to a complaint alleging the PPD Remodel Manager inappropriately authorized public money for payment to Two Bears Construction for incomplete and shoddy work on the Student Residence Center (SRC) and the Redondo Village Apartments (RVA) stairwell project. The complainant also believes the PPD Remodel Manager receives gifts and/or favors from this contractor, which may influence his decision-making.

The primary purpose of our audit was to determine if contracting activities with Two Bears Construction, specifically for the SRC/RVA stairwell project, violated New Mexico State Procurement Code and Regulations, and the following University policies and procedures:

- Purchasing and Accounts Payable Policies and Procedures
- UAP 4370: Paying for Goods or Services Off-Campus
- UAP 7205: Dishonest or Fraudulent Activities
- UAP 3720: Conflict of Interest
- UAP 3715: Code of Conduct
- General Conditions of the Contract for Construction

Internal Audit performed audit procedures to determine if other PPD Remodel contracts comply with University policies and procedures, and assessed internal controls over PPD Remodel's processes for contracting for services.

## **SCOPE AND PROCEDURES PERFORMED**

Our audit focused on the SRC/RVA stairwell project, and other contracted services with Two Bears Construction from April 1, 2015 – August 8, 2016. Procedures performed are as follows:

- Interviews with key UNM Employees involved in the SRC/RVA Stairwell project, ISS Management, Purchasing, and PPD Remodel employees.
- Review of contract documentation and written communications (i.e., e-mails).
- Review of New Mexico State purchasing laws and regulations, and UNM policies and procedures.
- Testing of contracts purchased through the purchase order and P-Card processes.
- Assessment of internal controls over the PPD Remodel contracting process and business operations.
- Assessment of internal controls over the purchasing process for contracted services.

The audit of the Stairwell Project by Remodel Division was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing established by the Institute of Internal Auditors.

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## **OBSERVATIONS, RECOMMENDATIONS AND RESPONSES**

On May 26, 2015, the PPD Remodel division entered into an agreement with Two Bears Construction on behalf of the Residence Life and Student Housing Department for repairs and maintenance of stairwells at the Student Residence Center (SRC) and the Redondo Village Apartments (RVA). PPD Remodel hired an independent third party engineering firm to assess the SRC and RVA stairwells and develop the scope of work for repairs and maintenance of the stairwells.

The UNM project team did not believe the contractor completed the project according to the terms of the contract, and was not satisfied with quality of workmanship on the stairwells. Although the customer (Residence Life and Student Housing Department) and the Project Manager did not accept the work of the contractor, the PPD Remodel Manager and Facilities Maintenance Manager approved final invoices and paid the contractor the full contract amount of \$273,342.36.

### **DISPUTED SCOPE OF WORK**

During completion of the SRC/RVA Stairwell project, the UNM project team raised concerns that the contractor was not completing the project according to the terms of the contract, and disputes began regarding the scope and quality of work. The UNM project team believed the scope of the work specified in contract documents included services on all seven stairwells of the RVA complex; however, Two Bears Construction only completed work on two stairwells. Two Bears Construction contended that they only bid on two of the seven stairwells at RVA based on the contracted engineering firm's construction drawing showing two circled stairwells.

#### Timeline of Events

Based on interviews of personnel and documents reviewed, Internal Audit created a timeline of key events surrounding the SRC/RVA project contracted with Two Bears Construction.

- |                |  |
|----------------|--|
| April 24, 2015 | Request for Quotation submitted to nine contractors. Scope for Phase II appears to include all stairwells at SRC and RVA. <b>(Exhibit 1)</b>   |
| April 27, 2015 | E-mail sent from JJK Group, Inc., the engineering firm contracted to develop the scope of work, clarifying all stairs at SRC and RVA required painting and sand blasting. JJK Group, Inc. copied PPD Remodel Manager on e-mail. <b>(Exhibit 2)</b>   |
| April 28, 2015 | “Non-Mandatory Pre-Bid – Request for Quotation Meeting” held. Scope of work discussed for Phase I and Phase II. Contractors attending include Two Bears Construction and 3B's Construction. The meeting participants completed a walk-through of the SRC and RVA complexes during the meeting. |

- May 5, 2015 Project Manager receives an e-mail at 9:47 AM from 3B Builders Inc. requesting clarification for the scope of work. Project Manager responds to the e-mail at 11:17 AM, clarifying scope of work to 3B Builders and all other potential-bidding contractors. E-mail clarifies that **ALL** stairwells are in scope of work for Phase II of the project. **(Exhibit 3)**
- May 5, 2015 Deadline for SRC/RVA project bids. Estimates from 3B Builders Inc. and BCH Construction Inc. received by the UNM project team **(Exhibit 4)**. According to the Project Manager, the PPD Remodel Manager inquired if Two Bears Construction had submitted their bid.
- May 7, 2015 Estimate from Two Bears Construction received, and accepted, two days late. Phase II of bid indicates “all stairs” are included in scope of work. **(Exhibit 5)**.
- May 20, 2015 Purchase Requisition for SRC/RVA project submitted to Purchasing.
- May 26, 2015 Approved purchase order issued for Two Bears Construction estimate of \$224,515.76, including bond fee and gross receipts tax.
- June 8, 2016 Two Bears Construction begins work on the SRC/RVA stairwell project.
- July 13, 2015 Invoice I1046882 dated 6/25/2015 for \$54,665 pertaining to Phase I scope approved for payment. Invoice provides detail of work completed at SRC for billed amount.
- July 17, 2015 Two Bears Construction requests extension from the original completion date of 8/6/15 to 9/4/15.
- July 22, 2015 Change orders #1 and #2 approved for \$19,530.64 and \$29,295.64 to address unforeseen repairs increasing total cost of project to \$273,342.36. Change orders address SRC stairwells only.
- July 31, 2015 Invoice I1048784 dated 7/15/2015 for \$54,665 approved for payment. Invoice specifies percentage of work completed for each stairwell at SRC.
- August 19, 2015 Invoice I1053179 dated 8/7/2015 for \$54,665 approved for payment. Invoice does not show any detail of work completed. Invoice states, “Complete to date.....80%” for SRC stairs Phase I.

- August 25, 2015 E-mails exchanged between PPD Area 3 Maintenance and Construction Manager and PPD Remodel Manager regarding caulking issues noted by PPD Area 3 Maintenance and Construction Manager. PPD Remodel Manager's e-mail states, "My recommendation is to let Two Bears finish their work and address any concerns during walkthrough." "At this point it looks like picking at this particular contractor."
- September 1, 2015 E-mail sent from PPD Remodel Manager to UNM project team stating, "Two Bears, as well as other contractors that bid this particular project, bid this project according to the construction drawings. Two Bears Construction did not bid the entire RVA complex, only the two stairwells circled on the drawing."
- September 4, 2015 Substantial completion walkthrough of project completed. Although PPD Remodel Manager is on leave, Two Bears Construction personally contacts and requests him to attend walkthrough due to issues and concerns pointed out by PPD Area 3 Maintenance and Construction Manager and Project Manager.
- PPD Remodel Manager arrives at walkthrough site and dismisses PPD Area 3 Maintenance and Construction Manager from walkthrough.
- September 22, 2015 Invoice I1059822 dated 9/12/15 for \$100,000 approved for payment. Invoice does not show any detail of work completed. Invoice states, "Complete to date.....100%" for SRC stairs Phase I. PPD Remodel Manager approves Invoice for payment although Project Manager refuses to approve payment.
- October 28 and November 5, 2015 PPD Area 3 Maintenance and Construction Manager and Two Bears Construction receives letters from Sika representative regarding application of caulk on stairwells. Letters indicate Two Bears did not apply caulking as recommended, thus, limiting the performance of the caulk.
- November 6, 2015 E-mail sent from PPD Remodel Manager to Project Manager and Two Bears Construction regarding fixing caulking issues and making final payment. Project Manager requested to provide specifics on areas requiring reapplication of caulking.
- November 30, 2015 Project Manager provides Two Bears Construction with documentation of specific areas of stairwells where caulking needs reapplication.



December 9, 2015	E-mail sent from Project Manager to PPD Remodel Manager indicating caulking repairs completed by Two Bears Construction were still not as expected at SRC, and no repairs were completed at RVA.
January 25, 2016	Invoice I1083315 dated 1/11/2016 for \$9,345.62 approved for payment. Invoice does not show any detail of work completed. Invoice states, "Complete to date.....100%" for SRC stairs Phase I. PPD Remodel Manager approves Invoice for payment although Project Manager refuses to approve payment.
July 22, 2016	BCH Construction Inc. submits final invoice for contracted services to paint the seven stairwells at RVA for the total cost of \$42,000.
August 8, 2016	Final payment made on PPD Remodel Manager's P-Card to BCH Construction Inc.

Review of Contract Documents and E-Mail Communication

Internal Audit reviewed the following documentation, to determine the scope of work contracted with Two Bears Construction:

- Request for Quotations with detailed scope of work (provided to nine on-call contractors including Two Bears Construction).
- Non-Mandatory Pre-Bid – Request for Quotations Conference (attended by Two Bears Construction and 3B Builders).
- Bid Proposals (received from Two Bears Construction, 3B Builders and BCH Construction, Inc.).
- Purchase Requisition.
- Approved Purchase Order (official contract document).

The documentation indicates that the SRC/RVA stairwell project consisted of two phases. The scope of work for each phase consistently noted in each of the reviewed documents was as follows:

“Phase I: Stairwells at the Student Residence Center (Buildings A-L)

1. Reinforcement, replacement, and/or maintenance of stairwell treads, support, and landings based on matrix prepared by independent engineering firm.
2. Furnish shop drawings of all material to be used in the installation or repairs for approval, which would involve field measurements and coordination of proper fit, etc.”

Phase II: Stairwells at the Student Residence Center (Buildings A-L) and Redondo Village Apartments

1. Remove all rust and paint with power generated steel brush to bear metals.
2. Power wash all stairs thoroughly.
3. Apply a primer based paint to all affected areas.
4. Provide a protective paint finish durable enough to withstand corrosion from environmental and wear and tear from heavy use.
5. Provide a sealer caulk around all areas against existing walls, etc.”

In addition to the contract documents, Internal Audit reviewed the following e-mails addressing questions pertaining to the scope of work for the SRC/RVA stairwell project:

On April 27, 2015, in response to the Project Manager’s request for clarification of the scope of work at RVA, the contracted engineering firm JJK Group, Inc. copied the PPD Remodel Manager on the following e-mail:

*“You are correct that **ALL** stairwells need to be painted and sand blasted along with applied sealant, as illustrated in Phase II of the Scope of Work. Please let me know if there are any other questions.”*

On May 5, 2015, in response to a question submitted by 3B Builders, the Project Manager submitted the following e-mail to all potential bidding contractors. This e-mail appears to provide clarification to all potential bidding contractors that all stairwells at SRC and RVA are included in the scope of work:

*“Below is a question that just came in regarding the Request for Quotation of the UNM Student Residence Center and Redondo Village Apartments Stairwells Phase I and Phase II Project. Although the deadline for questions has passed we felt this question needs to be answered as it directly impacts the response to the Request for Quotation.”*

*“QUESTION: We are bidding on the Student Residence Center stairwell project today and we just noticed that these lists do not identify if we are doing only the main stairwells or the secondary stairwells as well. In one of the pictures it looks as if it is a secondary stairwell. Please let me know if it is only the main stairwells or to include all stairwells in our bid.”*

*“ANSWER: The SRC Main Stairs is the only ones that have the matrix forms associated with them A-L (cantilevered landings etc.) as listed in the PHASE 1 Scope. The Phase 2 relates to maintenance of ALL stairs Main, Secondary and Redondo Village stairs as described in the phase 2 scope of work (sand blasting, painting sealant etc.). The photos attached to the scope of work are only put in as a sample of the conditions as explained in the scope of work.”*

Internal Audit also noted the following inconsistencies between discussions with the PPD Remodel Manager and investigation procedures performed:

**PPD Remodel Manager:** Submitted an e-mail on September 1, 2015 to the SRC/RVA stairwell project team stating, *“It is clear that several groups were expecting or desiring all stairwells at RVA to be painted. However, those desires never made it into the construction drawings or specifications. Two Bears Construction, as well as other contractors that bid this particular project, bid according to the construction drawings. Two Bears Construction did not bid the entire RVA complex, only the two stairwells circled on the drawings.”*

Internal Audit also noted that during recorded interviews with the PPD Remodel Manager, he believes only two stairwells at RVA were included in the scope of work for this project. He also indicated that the other bidding contractors’ bids also included only two stairwells at RVA. Furthermore, he informed Internal Audit that other bidding contractors suggested that they did not walk the RVA complex during the pre-bid conference.

**Investigation Result:** Based on review of contract documentation and e-mail correspondence noted above, Internal Audit determined all stairwells at RVA were included in the scope of work for this project, and the scope was clarified to all bidding contractors and the PPD Remodel Manager prior to the bid submitted by Two Bears Construction. In addition, bids submitted by the other two contractors include all stairwells at RVA. Finally, audit procedures indicate that all pre-bid conference participants walked the entire RVA complex, and discussed the scope of work during the conference.

### Interviews

Internal Audit interviewed the following key UNM employees during audit procedures:

- Resident Life and Student Housing Department, Facilities Operations Manager
- Resident Life and Student Housing Department, Director
- PPD, Area 3 Maintenance and Construction Manager
- PPD, Facilities Maintenance Manager
- Purchasing, Senior Contracts Specialist
- Purchasing, Chief Procurement Officer
- ISS, Vice President
- ISS, Executive Project Director
- PPD Remodel, Project Manager
- PPD Remodel, Manager

During interviews with the above individuals, Internal Audit noted the following:

SRC/RVA project team members do not believe Two Bears Construction completed the SRC/RVA stairwell project according to the contracted scope of work, which included all seven stairwells at RVA. These individuals were also not satisfied with the workmanship of certain areas of the project. They believe Two Bears Construction did not apply caulk to the stairwells as recommended by the manufacturer, thus, voiding the manufacturer's warranty.

The Residence Life & Student Housing Facilities Operations Manager attended the Non-Mandatory Pre-Bid Conference and confirmed that the meeting attendees, including Two Bears Construction, walked the entire RVA complex discussing the scope of work for RVA. He believes the project team clearly communicated to all bidders that all seven stairwells were included in the scope of the work of the project. He also stated that the project got very "contentious" between the UNM project team, the PPD Remodel Manager, and Two Bears Construction. He stated that it became a "very uncomfortable" atmosphere when addressing scope of work and workmanship issues.

The PPD Facilities Maintenance Manager and ISS Executive Project Director believed Two Bears Construction completed the project in accordance with the scope of work; however, they had not reviewed contract documents to verify the scope of work.

The PPD Remodel Manager believes Two Bears Construction completed the SRC/RVA project according to contract documents, but there was confusion in the presentation of the scope of work. He believes it was the Project Manager's responsibility to develop and communicate the scope of work clearly to the contractor. He also believes the workmanship of the project was satisfactory.

### Invoice Processing

During recorded interviews with the PPD Remodel Manager, Internal Audit noted that he believes the Project Manager intentionally held up invoices and payments to Two Bears Construction for months for no apparent reason.

**PPD Remodel Manager:** Submitted an e-mail on November 12, 2015 to the SRC/RVA stairwell project team, PPD Management, and Purchasing stating, *"The real problem with the invoice process was the "delay" of payment. There were multiple attempts to disregard Remodel procedures regarding payment and have the Contractor fill out Capital Project documents that did not have any relevance to this project. This held up payment for over an additional 30 days. Cash flow is the bloodline of small businesses and payment is slow enough without adding months to the process."*

Two Bears Construction submitted a complaint to the PPD Remodel Manager on July 20, 2015 regarding invoice processing stating, *"We have submitted for 2 draws on this project*

*so far and [Project Manager] has delayed both of the draws. The first draw for 16 days by keeping our invoice papers on her desk so she could look it over before we send to Accounts Payable. The second has been delayed 5 days thus far claiming our wording was incorrect and that she was in Gallup so she could not review invoice to say go ahead and submit to Accounts Payable.”*

**Investigation Result:** Internal Audit reviewed invoice processing for this project by comparing the invoice date to the check disbursement date. As indicated in the table below, none of the invoices for this project were past due, thus, it does not appear that the Project manager delayed payment to Two Bears Construction.

Invoice Number	Two Bears Invoice Date	Stamped "Received" by Accounts Payable	Payment Approval Date	Check Disbursement Date	Amount	Approver	Days Between Invoice Date & Check Date
I1046882	6/25/2015	7/10/2015	7/13/2015	7/13/2015	\$ 54,665.58	Project Manager	18
*I1048784	7/22/2015	7/25/2015	7/31/2015	8/3/2015	\$ 54,665.58	Project Manager	12
I1053179	8/7/2015	8/7/2015	8/19/2015	8/21/2015	\$ 54,665.58	PPD Remodel Manager	14
I1059822	9/12/2015	9/14/2015	9/22/2015	9/29/2015	\$100,000.00	PPD Remodel Manager	17
I1083315	1/11/2016	1/12/2015	1/25/2015	1/26/2016	\$ 9,345.62	PPD Remodel Manager	15

Source: Banner Accounting System

\*Two Bears Construction submitted a complaint to the PPD Remodel Manager on 7/20/15 regarding late invoice processing even though their second invoice was not prepared until 7/22/15.

### **Scope of Work Conclusion**

Based on audit procedures, Internal Audit noted the following conditions regarding the disputed scope of work for the SRC/RVA stairwell project:

1. Internal Audit determined that there was not a clear mistake evident on the face of the bid documents. The SRC/RVA Stairwell project team clearly conveyed the scope of work for the SRC/RVA stairwell project to all possible bidders and to **Two Bears Construction and the PPD Remodel Manager** during the bid process, and for the duration of the project.
2. The PPD Facilities Maintenance Manager did not review the contract documentation prior to making decisions for resolving project issues and authorizing final payments for disputed invoices to Two Bears Construction. The Residence Life and Student Housing Department did not certify that they satisfactorily received all contracted services.
3. The Residents Life and Student Housing Department Management and the Project Manager neither accepted the work nor certified completion of the project.
4. The PPD Remodel Manager approved payment for disputed invoices and appeared to take the side of the contractor concerning project issues.
5. Although Two Bears Construction did not complete the project according to the contracted scope of work by completing all seven stairwells at RVA, the PPD Remodel

- Manager and PPD Facilities Maintenance Manager approved invoices for the total contract award of \$273,342.36, even though a portion of the contracted services were not received.
6. The PPD Remodel department entered into an additional contract with BCH Construction, LLC, for \$42,000 to complete the seven stairwells at RVA, which included the two stairwells already serviced by Two Bears Construction.
  7. Two Bears Construction did not submit a formal written statement or evidence to UNM clearly and convincingly demonstrating that there was a mistake on their bid before, during, or after the completion of the project.
  8. Two Bears Construction did not furnish shop drawings of all materials for the installation or repairs for approval, as required by Phase I of the contract.

**Criteria 1:** New Mexico State Procurement Code 13-1-106 states, *a bid containing a mistake discovered before bid opening may be modified or withdrawn by a bidder prior to the time set for bid opening by delivering written or telegraphic notice to the location designated in the invitation for bids as the place where bids are to be received. After bid opening, no modifications in bid prices or other provisions of bids shall be permitted. A low bidder alleging a material mistake of fact which makes his bid nonresponsive may be permitted to withdraw its bid if:*

- (1) *the mistake is clearly evident on the face of the bid document; or*
- (2) *the bidder submits evidence which clearly and convincingly demonstrates that a mistake was made.*

**Criteria 2:** The UNM Master Agreement with On-call Contractors states, *“The contractor shall execute the entire work described in the contract documents, except to the extent specifically indicated in the contract documents to be the responsibility of others.”*

**Criteria 3:** UAP 4370: Receiving and Paying for Off Campus Purchases with a Purchase Order states, *“Proper receiving procedures are critical to the purchasing cycle. The University will not pay for any purchase of goods or services unless the department certifies that the goods or services have been received and are satisfactory.” “The department receiving the purchase is responsible for following these procedures when receiving goods or services, processing related damage claims, returning goods, or requesting payment for goods or services.”*

**Criteria 4:** UAP 7205: Dishonest or Fraudulent Activities states, *“An employee found to have committed a dishonest or fraudulent act in relation to the University's financial affairs is subject to disciplinary action by the University and investigation by law enforcement agencies when warranted. Described herein are the steps to be taken when fraud, misappropriation, and similar dishonest activities are suspected.”*

*Dishonest or fraudulent activities include the following:*

- *Misappropriation of funds, securities, supplies, or any other asset (including furniture, fixtures, or equipment).*
- *Authorizing or receiving payments for goods not received or services not performed.*

- Any apparent violation of Federal, State, or local laws.
- Any similar or related activity.

**Recommendation 1:**

The Vice President for ISS and Interim PPD Director should:

- Consult with Human Resources to address personnel issues regarding paying for contracted services not received and making decisions that are not in the best interest of the University. Issue appropriate disciplinary actions for the PPD Remodel Manager and PPD Facilities Maintenance Manager in accordance with UAP 3215: Performance Management.
- Consult with University Counsel regarding payment of funds to Two Bears Construction for services not performed at RVA. The additional cost paid to BCH Construction for completing the stairwells at RVA was \$42,000.

**Response from the Vice President for Institutional Support Services: We concur with the audit findings and recommendations.**

<b>Action Items</b>
<p><b>Completion Date:</b>                      (a) <i>Disciplinary Actions</i>  <i>PPD Remodel Manager: Notice of Contemplated Action (NCA) delivered by January 31, 2017; Notice of Final Action (NFA) delivered by March 15, 2017</i>  <i>PPD Facilities Maintenance Manager: action delivered by January 31, 2017</i>                      (b) <i>January 31, 2017</i></p>
<p><b>Assigned to:</b> <i>Associate Vice President for ISS (a &amp; b), Interim PPD Director (a), ISS Human Resources Agent (a), and PPD Human Resources (a)</i></p>
<p><b>Corrective Action Planned:</b> <i>We will consult with Human Resources to address the personnel issues and move forward with appropriate disciplinary actions by March 15, 2017. Additionally, we will consult with University Counsel regarding the payment of funds to Two Bears Construction for services not performed at RVA.</i></p>

**Response from the Interim PPD Director: We concur with the audit findings and recommendations.**

<b>Action Items</b>
<p><b>Completion Date:</b>  <i>(a) Disciplinary Actions</i>  <i>PPD Remodel Manager: Notice of Contemplated Action (NCA) delivered by January 31, 2017; Notice of Final Action (NFA) delivered by March 15, 2017</i>  <i>PPD Facilities Maintenance Manager: action delivered by January 31, 2017</i></p>
<p><b>Assigned to:</b> <i>Associate Vice President for ISS (a &amp; b), Interim PPD Director (a), ISS Human Resources Agent (a), and PPD Human Resources (a)</i></p>
<p><b>Corrective Action Planned:</b> <i>We will consult with Human Resources to address the personnel issues and move forward with appropriate disciplinary actions by March 15, 2017.</i></p>

**Response from the Chief Procurement Officer:**

<b>Action Items</b>
<p><b>Completion Date:</b> <i>March 31, 2017</i></p>
<p><b>Assigned to:</b> <i>Chief Procurement Officer</i></p>
<p><b>Corrective Action Planned:</b> <i>We agree with the recommendation. For nearly a decade, the Purchasing department has offered an instructor-led Purchasing and Accounts Payable Policies and Procedures class for UNM employees through Employee and Organizational Development. The specific policies recommended by Internal Audit are already covered in our class and training materials. However, we will review and revise our class instruction and training materials to place additional emphasis on UAP 4370: Receiving and Paying for Off Campus Purchases with a Purchase Order and UAP 7205: Dishonest or Fraudulent Activities. Additionally, we will notify the director of PPD when the curriculum has been updated so their staff members can enroll in the class.</i></p>

**Recommendation 2:**

The Chief Procurement Officer should provide a refresher session for University procurement, specifically UAP 4370: Receiving and Paying for Off Campus Purchases with a Purchase Order and UAP 7205: Dishonest or Fraudulent Activities. Purchasing could incorporate these trainings



in the curriculum of classes currently offered, and clearly communicate the importance of thorough reviews of documentation when contract issues arise, thus, decreasing the risk of paying for services not received.

The Interim PPD Director should require that all PPD management and Project Managers attend the policy refresher session.

**Response from the Interim Physical Plant Department Director:**

<b>Action Items</b>
<i>Completion Date: February 15, 2017</i>
<i>Assigned to: Physical Plant Department Interim Director</i>
<i>Corrective Action Planned: PPD Interim Director will coordinate with Chief Procurement Officer to schedule a mandatory training by February 15, 2017.</i>

**TESTING OF CONTRACTS**

Internal Audit performed test work on contracts entered by PPD Remodel during FY’s 2015 and 2016 to determine if PPD Remodel followed Purchasing policies and procedures.

Purchasing Guidance

As a supplement to Purchasing and Accounts Payable policies and procedures, Purchasing issues a “Purchasing Matrix” to certain departments for the purchase of goods and services. Effective June 14, 2013, Purchasing established the following purchasing matrix as a guideline for purchasing goods and services.

OBSERVATIONS, RECOMMENDATIONS AND RESPONSES

<b>Goods</b>	<b>Services*</b>
<b>Over \$60,000</b> -State Bid Limit -Formal Competition Required -Sole Source Posted in Sunshine Portal for 30 Days -COI Required, even for exempt purchases	<b>Over \$60,000</b> -State Bid Limit -Formal Competition Required -Sole Source Posted in Sunshine Portal for 30 Days -COI Required, even for exempt purchases
<b>\$20,000.01 - 60,000</b> -Informal Bid -Buyer must obtain 3 Quotes  <u>One Quote is acceptable if:</u> a) Existing Contract or b) Urgency - Buyer's Discretion or c) Fair Value per Buyer's Experience  -Informal Sole Source also OK	<b>\$5,000.01 - 60,000</b> -Informal Bid -Buyer must obtain 3 Quotes  <u>One Quote is acceptable if:</u> a) Existing Contract or b) Urgency - Buyer's Discretion or c) Fair Value per Buyer's Experience  -Informal Sole Source also OK
<b>\$10,000.01-20,000</b> -One quote or other documentation which describes price and product required	
<b>Up to \$10,000</b> -Small Purchase	<b>Up to \$5,000</b> -Small Purchase

\* Goods and services combined will be treated as a service

\*\* Services include both Professional and Technical

\*\*\*Construction services and Trade services will be treated as a service

\*\*\*\*Construction using only Federal funds may have different limits.

**Source:** UNM Purchasing Department

During test work of contracted services, the UNM Purchasing Department provided Internal Audit with special purchasing exceptions granted to the PPD Remodel and Planning, Design and Construction departments. The UNM Purchasing department created the following purchasing matrix on 5/17/2016, which grants exceptions to PPD Remodel for the purchase of construction services. Purchasing does not have this matrix posted on their website.

<b>Construction Services</b>
<b>Over \$60,000</b> -State Bid Limit, Formal Competition Required Unless: -Existing Contract -Price Agreement
<b>\$20,000.01 - 60,000</b> -Informal Bid 3 quotes required (one quote acceptable if) -Existing Contract -Urgency Buyer Discretion -Fair Value per Buyer's Experience
<b>Up to \$20,000</b> -One quote is acceptable

Source: UNM Purchasing Department

Granting exceptions to certain departments for the purchase of goods and services may lead to confusion and inconsistencies in requirements. Exceptions to purchasing policies and procedures also loosens established internal controls, which increases the risk of non-compliance, inappropriate purchasing, and UNM not getting the best prices available.

**Recommendation 3:**

The Chief Procurement Officer should review current Purchasing and Accounts Payable policies and procedures and ensure they align with New Mexico State Procurement Code. Purchasing should revise its purchasing matrix to require competition for the purchase of all goods and services exceeding \$10,000, and the practice should be consistent for all UNM departments. Exceptions for competitive purchasing should follow the same process as State of New Mexico Procurement Code. This will reduce confusion regarding purchasing requirements and ensure UNM gets the best prices available when contracting for goods and services.

**Response from the Chief Procurement Officer:**

<b>Action Items</b>
<i>Completion Date: February 28, 2017</i>
<i>Assigned to: Chief Procurement Officer</i>
<p><b>Corrective Action Planned:</b> <i>We agree with the recommendation. We have reviewed all Purchasing and Accounts Payable policies and procedures and have concluded that they align with the New Mexico State Procurement code to the extent required by law. It should be noted, however, that unlike most State Agencies, the Procurement Code grants the UNM Purchasing department the authority to act as a central purchasing office. UNM Purchasing and Accounts Payable policies and procedures do, however, follow the State Procurement code in all matters required under State law.</i></p> <p><i>As a central Purchasing office, UNM's purchases below State bid limits are subject to UNM rules only and fall outside the jurisdiction of the Procurement code. Nevertheless, Purchasing will revise our matrix to follow State guidelines on purchases of goods and services below State bid limits but exceeding \$10,000. We will apply this new policy uniformly across campus and will revoke the exception that provided the PPD-Remodel group a set of less stringent rules.</i></p>

**Contracts Paid With Purchase Order (Two Bears Construction Only)**

PPD Remodel did not follow Purchasing policies and procedures for the purchase of 10 of 22 contracted services purchased with a purchase order. An approved purchase order was not issued prior to receiving the services for three contracts tested, and only one quote was obtained from Two Bears Construction for seven contracts tested that exceed \$5,000. UAP 4325: Purchasing Services from Independent Contractors states, *"To purchase services from an independent contractor, the department must prepare a Purchase Requisition in LoboMart and submit it electronically for approval. The requisition must include a detailed description of the purpose or function of the service (scope of services). The appropriate accounting office must approve the request and the Purchasing Department must issue a Purchase Order before an independent contractor may be engaged."*

**Contracts Paid With P-Card (All PPD Remodel Contracts)**

Purchasing has granted permission to certain departments to purchase contracted services up to \$60,000 on a UNM P-Card. PPD Remodel did not follow Purchasing policies and procedures for the purchase of 31 of 45 tested contracted services purchased with a P-Card. There were no quotes obtained for any of the 31 contracts exceeding \$5,000 paid with a P-Card.

**Recommendation 4:**

The UNM Purchasing Department should:

- a. Initiate action to deter UNM departments from not complying with Purchasing and Accounts Payable policies and procedures. The Chief Procurement Officer should submit a notification to all University departments and programs that an approved purchase order is required prior to contracting and receiving goods or services. The notice may indicate that disciplinary action may be taken for non-compliance of Purchasing and Accounts Payable policies and procedures, and contractors may not be paid without properly approved purchase orders.
- b. Require competition for purchases exceeding the revised \$10,000 threshold. Exceptions for competitive purchasing should follow the same process as State of New Mexico policies. This will ensure UNM gets the best price available for goods and services at all times.
- c. Enforce competitive bid requirements for contracted services exceeding \$10,000 purchased with a P-Card. Proof of competition, as required, should be submitted with P-Card reconciliations.

**Response from the Chief Procurement Officer:**

<b>Action Items</b>
<i>Completion Date: February 28, 2017</i>
<i>Assigned to: Chief Procurement Officer</i>
<p><b><i>Corrective Action Planned:</i></b> <i>We agree with the recommendation. We will distribute a memo to Banner Finance users that either a Purchase order or contract must be in place with the vendor before goods are received or services are rendered. We will also indicate that non-compliance is a violation of University policy and, at times, New Mexico State law. We will also communicate that disciplinary action may be taken in instances of non-compliance.</i></p> <p><i>We also agree to require competition as defined in the New Mexico State Procurement code for purchases below bid limits, but exceeding \$10,000 (as noted in the previous recommendation).</i></p> <p><i>We also agree to have our PCard department, as part of their routine audits, review for proof of competition for contracted services exceeding \$10,000 paid via PCard.</i></p>

## CONFLICT OF INTEREST

The complainant alleges that the PPD Remodel Manager receives gifts and favors from Two Bears Construction, which influenced him to make decisions that are not in the best interest of the University.

UAP 3715: Code of Conduct, section 1.3, Gratuities states, *“Employees of the University and independent contractors and consultants performing services for the University shall not accept any favor or gratuity from any person, firm, or corporation which is engaged in or attempting to do business with the University or any agency of state, or local governments which might affect the employee's judgment in the impartial performance of duties. Such gifts may be accepted if they do not have any significant economic value.”*

UAP 3720: Conflict of Interest, section 2, Favors and Gratuities states, *“Employees shall not directly or indirectly accept favors or gratuities from any firm, person, or corporation that is engaged in, or attempting to engage in, business transactions with the University. On occasion companies doing business with the University will send employees small items of appreciation, e.g., coffee mugs with a company logo.”*

Internal Audit obtained documentation indicating that the PPD Remodel Manager accompanied Two Bears Construction to their Lobo football suite on at least one occasion. Purchasing and Institutional Support Services (ISS) management stated they observed the PPD Remodel Manager in the Two Bears Construction suites for additional Lobo football and men’s basketball games. Internal Audit noted that individual suite tickets to a Lobo football game for the 2016-2017 season range between \$100-150, and \$200 for the 2015-2016 Men’s basketball season.

### **Recommendation 5:**

The Vice President for ISS and Interim PPD Director should consult with Human Resources to address potential personnel issues regarding accepting gifts and gratuities, and consider appropriate disciplinary actions for the PPD Remodel Manager for violation of UAP 3715 and 3720 in accordance with UAP 3215, Performance Management.

**Response from the Vice President for Institutional Support Services: We concur with the audit findings and recommendations.**

<b>Action Items</b>
<i><b>Completion Date:</b> Notice of Contemplated Action (NCA) delivered by January 31, 2017; deliver Notice of Final Action (NFA) by March 15, 2017.</i>
<i><b>Assigned to:</b> Associate Vice President for ISS, Interim PPD Director, ISS Human Resources Agent, and PPD Human Resources</i>
<i><b>Corrective Action Planned:</b> We will consult with Human Resources to address potential personnel issues regarding accepting gifts and gratuities and move forward with appropriate disciplinary action by March 15, 2017.</i>

**Response from the Interim Physical Plant Department Director: We concur with the audit findings and recommendations.**

<b>Action Items</b>
<i><b>Completion Date:</b> Notice of Contemplated Action (NCA) delivered by January 31, 2017; deliver Notice of Final Action (NFA) by March 15, 2017.</i>
<i><b>Assigned to:</b> Associate Vice President for ISS, Interim PPD Director, ISS Human Resources Agent, and PPD Human Resources</i>
<i><b>Corrective Action Planned:</b> We will consult with Human Resources to address potential personnel issues regarding accepting gifts and gratuities and move forward with appropriate disciplinary action by March 15, 2017.</i>

## **GENERAL CONDITIONS OF THE CONTRACT FOR CONSTRUCTION**

The General Conditions of the Contract for Construction is a formal UNM document that outlines general rules, which UNM and contractors must follow. The document is provided to contractors during the "Request for Proposal" process and also distributed to on-call contractors.

Internal Audit noted the following non-compliance of General Conditions of the Contract for Construction pertaining to the SRC/RVA stairwell project:

### Contractor Warranties and Responsibilities

- *Article 3 section 6.1 describes, “the warranty the contractor is held to. The materials and equipment furnished will be of good quality, the work will be free from defects, and the work will follow the requirements of the contract documents for a period of twelve months after substantial completion. If the contractor does not make the necessary repairs, the necessary work can be performed at the contractor’s expense.”*
- *Article 12 section 2.1 also states “the contractor will promptly correct work rejected by the owner or that fails to meet the requirements of the contract document whether discovered before or after substantial completion and whether or not fabricated, installed or completed. Costs of correcting rejected work will be at the contractor’s expense.”*

Two Bears Construction did not apply caulk to the SRC and RVA stairwells according to the manufacturer’s specifications. A representative from the manufacturer took samples of the applied caulk and indicated that the caulking would not provide expected performance due to its application.

An e-mail from the manufacturer’s representative on October 28, 2015 stated, “A sample of caulking with Sikaflex-15LM applied over it was removed for review and measurement of the Sikaflex-15LM thickness. As shown in the attached photos the profile of the original sealant can be seen through the Sikaflex-15LM applied sealant which confirms the original sealant was not removed from the joint. And in the second photo showing the sample removed from the joint you can see the original caulking (white) and a thin layer of Sikaflex-15LM (gray) applied over it. The thickness of the Sikaflex-15LM measures approximately 1/32” which is less than the recommended minimum thickness listed on the Sikaflex-15LM product data sheet. Recommended minimum thickness is 1/4”.

Two Bears Construction did not correct the initial application of caulk according to the manufacturer’s specifications, and as requested by the UNM project team.

### **Recommendation 6:**

The Vice President for ISS and Interim PPD Director should contract with a third party consultant to test the application of the Sikaflex-15LM caulk against the manufacturer’s recommended application for optimal results. If the consultant determines Two Bears Construction did not apply caulk according to recommended application, the PPD Remodel Manager should contact Two Bears Construction and request them to return and reapply caulk correctly to all stairwells.



**Response from the Vice President for Institutional Support Services: We concur with the audit findings and recommendations.**

<b>Action Items</b>
<i><b>Completion Date:</b> January 31, 2017</i>
<i><b>Assigned to:</b> Associate Vice President for ISS and Interim PPD Director</i>
<i><b>Corrective Action Planned:</b> We will contract with a third party consultant to test the application of the Sikaflex-15LM caulk against the manufacturer's recommended application. If the consultant determines that the caulk was not applied according to recommended application, we will contact Two Bears Construction and request that the caulk be re-applied to all stairwells.</i>

**Response from the Interim Physical Plant Department Director: We concur with the audit findings and recommendations.**

<b>Action Items</b>
<i><b>Completion Date:</b> January 31, 2017</i>
<i><b>Assigned to:</b> Associate Vice President for ISS and Interim PPD Director</i>
<i><b>Corrective Action Planned:</b> We will contract with a third party consultant to test the application of the Sikaflex-15LM caulk against the manufacturer's recommended application. Interim PPD Director will contact possible third party and schedule a site visit by January 10, 2017. If the consultant determines that the caulk was not applied according to recommended application, we will contact Two Bears Construction and request that the caulk be re-applied to all stairwells by January 31, 2017.</i>

### Schedule of Values

- *Article 9 section 1.2 states, "the owner may withhold payments to the contractor if they fail to perform any of their obligations. The contractor should complete a schedule of values allocating values to portions of the work. Then the progress payments are submitted and reviewed according to the schedule."*

Two Bears Construction was authorized to begin work on the SRC/RVA stairwell project prior to submitting a schedule of values for each portion of the project and furnishing shop drawings of all materials to be used in the project, as required by Phase I in the scope of work.

Consequently, Two Bears Construction never prepared a schedule of values for this project and did not invoice according to work completed for the billing period. Three of five invoices submitted by Two Bears Construction did not have any detail of work performed for the billing. In addition, none of the invoices indicated billing was for Phase II of the SRC/RVA stairwell project.

Although the Project Manager requested the shop drawings of materials subsequent to Two Bears Construction beginning work, the contractor did not fulfill this contract requirement. Two Bears Construction provided the following e-mail statement on July 1, 2015 in response to the request for shop drawings of materials, *“Since we are not engineers or architects we are providing you with a letter stating that we are following your engineers and architects specs, material use, and drawings.”*

#### **Recommendation 7:**

The PPD Interim Director should strengthen internal controls to prevent contractors from starting construction work prior to submitting a schedule of values assigned to the project and/or any other deliverables specified in the terms of the contract. This should require contractors to assign a value to each component of the project they intend on completing, reducing the risk of misunderstandings between the contractor and UNM project team regarding the scope of work.

Project Managers should ensure invoices agree to the schedule of values for the billing period prior to approving payment.

**Response from the Physical Plant Department Interim Director: We concur with the audit findings and recommendations.**

<b>Action Items</b>
<i>Completion Date: January 31, 2017 and March 1, 2017</i>
<i>Assigned to: Chief Procurement Officer and PPD Interim Director</i>
<i>Corrective Action Planned: PPD Interim Director will collaborate with Planning, Design, Construction, and Chief Procurement Officer to evaluate Standard Operating Procedures and, best practices for contractors submitting schedule of values of deliverables, issuing Purchasing Orders, and invoice processing by January 31, 2017. Written Standard Operating Procedures will be delivered by March 1, 2017.</i>

#### Final Completion of Project

- *Section 9.10.1 states, “Final Completion occurs when work is ready for final inspection and only occurs when the owner accepts the work according to the contract documents.”*

The owner of the SRV/RVA stairwell project was the Residence Life and Student Housing Department. Neither the Residence Life and Student Housing Department nor the Project Manager signed off on a final completion of the project. Residence Life and Student Housing Department management indicated that they did not accept the work of the contractor, and did not believe the contractor completed the project in accordance with the scope of work stated in the contract documents. The PPD Remodel Manager and PPD Facilities Maintenance Manager approved final invoices for \$100,000 and \$9,345.62, that the Project Manager disputed, and UNM made payment to the contractor although Resident Life and Student Housing Department did not accept the work.

**Recommendation 8:**

- a. The Vice President for ISS and Interim PPD Director should consult with Human Resources to address personnel issues regarding paying for contracted services not received and making decisions that are not in the best interest of the University. Issue appropriate disciplinary action for the PPD Remodel Manager and PPD Facilities Maintenance Manager in accordance with UAP 3215: Performance Management.

**Response from the Vice President for Institutional Support Services: We concur with the audit findings and recommendations.**

<b>Action Items</b>
<p><b>Completion Date:</b>  <i>PPD Remodel Manager: Notice of Contemplated Action (NCA) delivered by January 31, 2017; Notice of Final Action (NFA) delivered by March 15, 2017</i>  <i>PPD Facilities Maintenance Manager: action delivered by January 31, 2017</i></p>
<p><b>Assigned to:</b> <i>Associate Vice President for ISS, Interim PPD Director, ISS Human Resources Agent, and PPD Human Resources</i></p>
<p><b>Corrective Action Planned:</b> <i>Associate Vice President for ISS and Interim PPD Director will meet with Human Resources to determine the appropriate level of disciplinary actions to be delivered by March 15, 2017.</i></p>

**Response from the Interim Physical Plant Department Director: We concur with the audit findings and recommendations.**

<b>Action Items</b>
<p><b>Completion Date:</b>  <i>PPD Remodel Manager: Notice of Contemplated Action (NCA) delivered by January 31, 2017; Notice of Final Action (NFA) delivered by March 15, 2017</i>  <i>PPD Facilities Maintenance Manager: action delivered by January 31, 2017</i></p>
<p><b>Assigned to:</b> <i>Associate Vice President for ISS, Interim PPD Director, ISS Human Resources Agent, and PPD Human Resources</i></p>
<p><b>Corrective Action Planned:</b> <i>Associate Vice President for ISS and Interim PPD Director will meet with Human Resources to determine the appropriate level of disciplinary actions to be delivered by March 15, 2017.</i></p>

- b. The Interim PPD Director should conduct a *General Conditions of the Contract for Construction* refresher session, specifically *section 9.10.1*, and require attendance by all PPD Management. Payment for invoices should not be approved unless the owner of the project accepts the work of the contractor. The PPD Interim Director should develop a formal written process for dispute resolution when the owner of the project does not accept the work of the contractor.

**Response from the Interim Physical Plant Director: We concur with the audit findings and recommendations.**

<b>Action Items</b>
<p><b>Completion Date:</b> <i>January 31, 2017 and February 15, 2017</i></p>
<p><b>Assigned to:</b> <i>Chief Procurement Officer and Interim PPD Director</i></p>
<p><b>Corrective Action Planned:</b> <i>PPD Interim Director will coordinate with Chief Procurement Officer to schedule a mandatory General Condition of the Contract for Construction training session by January 31, 2017 for PPD Management. PPD Interim Director will develop a formal written process for payment of invoices and dispute resolution when issues arise concerning acceptance of work by February 15, 2017.</i></p>

## **PHYSICAL PLANT DEPARTMENT REMODEL OPERATIONS**

### Reorganization

Planning, Design & Construction (PDC) is a UNM department responsible for providing the delivery of professional support services and facilitating best practices in capital project planning, development and construction on behalf of UNM departments. PDC provides comprehensive guidance related to the institution's built environment; specifically, strategic guidance supportive of campus master planning, programming, architectural development, building efforts and best design practices. PDC also provides project management services from inception of project to completion, including periodic inspection during construction phase, final project completion walkthrough and checklist of outstanding items for completion.

Although PDC and PPD Remodel share similar functions, PPD Remodel is a division within PPD and PDC is a stand-alone department. Both PPD and PDC share the same UNM facility and report to the Vice President for ISS.

### Business Operations Manual

PPD Remodel does not have a written operations manual that covers all key business processes. Well-documented policies and procedures provide employees with guidance on performance of their duties and provide structure and organization to the office. A written operations manual that covers the key business processes assists in training and discipline as they set precedent and serve as the authority for how to conduct financial transactions.

### Job Responsibilities

Internal Audit noted that current PPD Remodel processes place the responsibility for the scope of work on the Project Manager. However, the PPD Remodel Manager does not perform a detailed review of the scope work. The division does not currently employ a Senior Project Manager to provide a detailed review of the scope of work.

The job description for the Construction/Project Manager states, *“Leads assigned portions of University major capital improvement projects under the guidance of a Senior Project/Construction Manager or Group Manager.”* The duties and responsibilities for this position includes, *“Assists in the preparation of Request for Proposal (RFP) documentation and participates in the selection of consultants, contractors, vendors, and other service providers.”*

**Recommendation 9:**

Vice President for ISS and Interim PPD Director should:

- a. Consider consolidating PDC and PPD Remodel into one reporting unit. Consolidations of these two units may result in one standard operation procedure manual, improved project management services, cost savings to the University, and more efficient utilization of PDC and PPD Remodel resources.
- b. Develop a Business Operations Manual that outlines and enhances processes for specific business functions including, but not limited to, contracting for services, invoice processing, and “Final Project Completion” signoff processes, etc.
- c. Review job descriptions, duties and responsibilities of the PPD Remodel division to assign job duties properly. Strengthen internal controls to ensure that the PPD division supervisors and/or managers reviews project’s scope of work. This will ensure that PPD management and staff have a clear understanding of the scope of work for contracted services.

**Response from the Vice President for Institutional Support Services: We concur with the audit findings and recommendations.**

<b>Action Items</b>
<p><b>Completion Date:</b></p> <p>(a) January 15, 2017</p> <p>(b) June 30, 2017</p> <p>(c) February 15, 2017</p>
<p><b>Assigned to:</b> Associate Vice President for ISS, Executive Director for ISS, Interim PPD Director, and PDC Directors</p>
<p><b>Corrective Action Planned:</b></p> <p>(a) Associate Vice President for ISS and Executive Director for ISS will move forward with consolidating PPD Remodel with Planning, Design and Construction (PDC) by January 15, 2017. They will work with the PDC Directors and Interim PPD Director to successfully consolidate these two units.</p> <p>(b) PDC already has operating procedures for specific business functions and processes and will need time to evaluate and determine which ones are applicable to the Remodel division. If necessary, they will create additional operating procedures to enhance the business processes of the Remodel division.</p> <p>(c) Executive Director for ISS and PDC Directors will meet with Human Resources to review the organizational structure of the consolidated unit and review job descriptions of staff to ensure appropriate alignment. PDC Directors and management team will ensure that all staff have a clear understanding of their duties and responsibilities.</p>

**Response from the Interim Physical Plant Department Director: We concur with the audit findings and recommendations.**

<b>Action Items</b>
<p><b>Completion Date:</b></p> <ul style="list-style-type: none"><li>(a) January 15, 2017</li><li>(b) June 30, 2017</li><li>(c) February 15, 2017</li></ul>
<p><b>Assigned to:</b> Associate Vice President for ISS, Executive Director for ISS, Interim PPD Director, and PDC Directors</p>
<p><b>Corrective Action Planned:</b></p> <ul style="list-style-type: none"><li>(a) Associate Vice President for ISS and Executive Director for ISS will move forward with consolidating PPD Remodel with Planning, Design and Construction (PDC) by January 15, 2017. They will work with the PDC Directors and Interim PPD Director to successfully consolidate these two units.</li><li>(b) PDC already has operating procedures for specific business functions and processes and will need time to evaluate and determine which ones are applicable to the Remodel division. If necessary, they will create additional operating procedures to enhance the business processes of the Remodel division.</li><li>(c) Executive Director for ISS and PDC Directors will meet with Human Resources to review the organizational structure of the consolidated unit and review job descriptions of staff to ensure appropriate alignment. PDC Directors and management team will ensure that all staff have a clear understanding of their duties and responsibilities.</li></ul>

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## APPROVALS



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Manu Patel, CPA  
Director, Internal Audit Department

Approved for Publication



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Jack R. Folmer  
Chair, Audit and Compliance Committee



✓  
**Maria Probasco**

*File Copy*

**From:** Maria Probasco  
**Sent:** Friday, April 24, 2015 12:07 PM  
**To:** consolidatedbuilders@comcast.net; 'brian.bchconst@'; karen@altimaconstruction.com; lmoore@brycon.com; rbritton@brittonconstruction.com; jasonh@hbconstruction.com; 'datwater@jbhenderson.com'; twobearsconstruction@gmail.com; ivasantistevan@  
**Cc:** Maria Probasco; Wayne Sullivan; Dennis Weber; Jenny Ramirez; Robert Sanchez  
**Subject:** REQUEST FOR QUOTATION - UNM STUDENT RESIDENCE CENTER AND REDONDO VILLAGE APARTMENTS STAIRWELLS Phase I and Phase II PROJECT  
**Attachments:** Phase I Scope of Work SRC Stairwells Bldgs A thru L.pdf; Phase II Scope of Work SRC and RVA Stairwells Maintenance.pdf  
**Importance:** High

### REQUEST FOR QUOTATION

The University of New Mexico is soliciting Request for Quotations for the UNM Student Residence Center Stairwell Repairs & Replacement and Stairwell Maintenance Phase I and the UNM Student Residence Center and Redondo Village Apartments Stairwell Maintenance Phase II Project.

A Non-mandatory pre-bid conference and walkthrough is scheduled for **Tuesday, April 28, 2015 at 9:00am** at the UNM Student Residence Center Conference Room 209.

All questions must be submitted in writing and forwarded to me **NLT Friday, May 1, 2015 at 3:00pm**.

Request for Quotation Deadline is: **Tuesday, May 5, 2015 at 3:00pm**. Responses can be sent via email to Maria Probasco, email address: mprobasc@unm.edu

Project Construction Schedule: The project construction schedule is **60 consecutive days** from date of Notice to Proceed.

**This will be a Wage Decision project.**

### SUMMARY - SCOPE OF WORK—PLEASE SEE ATTACHED DETAILED DOCUMENTS

#### **Phase I: Repairs and Replacement for Stairwells at the Student Residence Center (Buildings A thru L)**

**Overview:** The existing stairs and landings located at buildings (A-L) are experiencing deterioration, causing rust primarily from exposure to moisture. The existing pre-cast concrete stair treads have become loose, causing a "rocking" effect and most cases are cracked and losing support capacity.

The existing structural steel that provides tread support will need in some cases, to be reinforced due to excessive deterioration, by additional angle material, as shown on attached details.

Concrete flat work to replace rock gravel at stair areas where steel column support is present will be required, as shown on attached details.

**Detailed Summary of Work:**

1. The contractor is required to provide a site visit to all buildings stair locations (A-L) accompanied by the attached matrix forms and standard details attached. The attached matrix forms for each building stair location (A-L) is a summary of work that is required. The existing stairs are filed marked which coincides with the check boxes found in the matrix forms (**G** – good, i.e. nothing to be done, **RN** – reinforce per standard details attached, **RP** – replace per standard details attached, **M** – maintenance required as illustrated in the PHASE II Scope of Work).
2. Contractor must furnish shop drawings of all materials to be used in the installation of repairs for approval. This will involve field measurements and coordination for proper fit, etc.

**Phase II: Maintenance of Stairwells at the Student Residence Center (Buildings A-L) and Redondo Village Apartments.**

**Overview:** The existing stairs and landings located at buildings (A-L) and Redondo Village Apartments are experiencing deterioration, causing rust primarily from exposure to moisture. Attached are typical conditions that will be encountered at the above mentioned stair locations.

**Detailed Summary of Work:**

The PHASE II summary of work will require the contractor to provide the following:

1. Remove all rust and paint with power generated steel brush to bear metals (may require a paint stripper to loosen paint adhesive).
2. Power wash all stairs thoroughly to remove excessive rust stains.
3. Apply a primer based paint to all affected areas.
4. Provide a protective paint finish durable enough to withstand corrosion from environmental and wear and tear from heavy use.
5. Provide a sealer caulk around all areas against existing walls, etc.

Thank you,

Maria

Maria I. Probasco  
 Project/Construction Manager  
 UNM-PPD Remodel/Project Management  
 Desk: 505-277-9349  
 Cell: 505-288-8220  
 mprobasc@unm.edu<mailto:mprobasc@unm.edu>

\*\*\*\*\*  
 This e-mail and any files transmitted with it are confidential and intended solely for the use of the individual or entity to whom they are addressed. If you have received this email in error please notify the sender by email, delete and destroy this message and its attachments.  
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## **PHASE I**

### **Scope of Work for the Stairwells at the Student Residence Center (Buildings A-L)**

#### **Overview**

The existing stairs and landings located at buildings (A-L) are experiencing deterioration, causing rust primarily from exposure to moisture. The existing pre-cast concrete stair treads have become loose, causing a "rocking" effect and most cases are cracked and losing support capacity.

The existing structural steel that provides tread support will need in some cases, to be reinforced due to excessive deterioration, by additional angle material, as shown on attached details.

Concrete flat work to replace rock gravel at stair areas where steel column support is present will be required, as shown on attached details.

#### **Detailed Summary of Work**

1. The contractor is required to provide a site visit to all building stair locations (A-L) accompanied by the attached matrix forms and standard details attached. The attached matrix forms for each building stair location (A-L) is a summary of work that is required. The existing stairs are field marked which coincides with the check boxes found in the matrix forms (**G** – good, i.e. nothing to be done, **RN** - reinforce per standard details attached, **RP** - replace per standard details attached, **M** - maintenance required as illustrated in the PHASE II Scope of Work).
2. Contractor must furnish shop drawings of all materials to be used in the installation of repairs for approval. This will involve field measurements and coordinations for proper fit, etc.

## **PHASE II**

### **Scope of Work for the Stairwells at the Student Residence Center (Buildings A-L) and Redondo Village Apartments**

#### **Overview**

The existing stairs and landings located at buildings (A-L) and Redondo Village Apartments are experiencing deterioration, causing rust primarily from exposure to moisture. Attached are typical conditions that will be encountered at the above mentioned stair locations. The above **PHASE II** summary of work will require the contractor to provide the following:

- Remove all rust and paint with power generated steel brush to bare metals (may require a paint stripper to loosen paint adhesive)
- Power wash all stairs thoroughly to remove excessive rust stains
- Apply a primer based paint to all affected areas
- Provide a protective paint finish durable enough to withstand corrosion from environmental and wear and tear from heavy use
- Provide a sealer caulk around all areas against existing walls, etc.

**From:** leah [mailto:leah@jjkgroup.com]

**Sent:** Monday, April 27, 2015 12:14 PM

**To:** Wayne Sullivan <sullivan@unm.edu>; Maria Probasco <mprobasco@unm.edu>; Ruth Stoddard <rstoddard@unm.edu>; Dennis Weber <dwweber@unm.edu>

**Cc:** 'JIM@JJKGroup.com' <JIM@jjkgroup.com>; Robert Sanchez <robertsanchez@unm.edu>; Kelly Baatz <brit1@unm.edu>; Melanie Sparks <msparks@unm.edu>

**Subject:** Re: Scope of Work for the Stairwells at the Student Residence Center (Bldgs A-L) and Phase II Scope for the Stairwells at SRC (Bldgs A-L) and Redondo Village Apartments

Good afternoon,

You are correct that **ALL** stairwells need to be painted and sand blasted along with applied sealant, as illustrated in Phase II of the Scope of Work. Please let me know if there are any other questions.

Thank you,

Leah Rentz  
Office Manager  
JJK Group, Inc.  
Phone: 505-296-5706  
Fax: 505-296-1672

Please feel free to contact us with any questions or concerns.

Thank you,

Jim Kapuranis, P.E.  
President  
JJK Group, Inc.  
505-296-5706  
[www.jjkgroup.com](http://www.jjkgroup.com)

## Victor Griego

---

**From:** Jenny Ramirez  
**Sent:** Friday, August 12, 2016 1:03 PM  
**To:** Victor Griego  
**Subject:** FW: QUESTION AND ANSWER TO REQUEST FOR QUOTATION - UNM STUDENT RESIDENCE CENTER AND REDONDO VILLAGE APRATMENTS STAIRWELLS Phase I and Phase II PROJECT

**Importance:** High

Jenny

---

**From:** Maria Probasco  
**Sent:** Tuesday, May 05, 2015 11:17 AM  
**To:** 3bbuilders@gmail.com; consolidatedbuilders@comcast.net; 'brian.bchconst@[REDACTED]' <brian.bchconst@[REDACTED]>; karen@altimaconstruction.com; lmoore@brycon.com; rbritton@brittonconstruction.com; jasonh@hbconstruction.com; 'datwater@jbhenderson.com' <datwater@jbhenderson.com>; twobearsconstruction@gmail.com; ivasantistevan@[REDACTED]  
**Cc:** Jenny Ramirez <ramirezj@unm.edu>  
**Subject:** QUESTION AND ANSWER TO REQUEST FOR QUOTATION - UNM STUDENT RESIDENCE CENTER AND REDONDO VILLAGE APRATMENTS STAIRWELLS Phase I and Phase II PROJECT  
**Importance:** High

Good Morning,

Below is a question that just came in regarding the Request for Quotation of the UNM Student Residence Center and Redondo Village Apartments Stairwells Phase I and Phase II Project. Although the deadline for questions has passed we felt this question needs to be answered as it directly impacts the response to the Request for Quotation.

---

**QUESTION:** We are bidding on the Student Residence Center stairwell project today and we just noticed that these lists do not identify if we are doing only the main stairwells or the secondary stairwells as well. In one of the pictures it looks as if it is a secondary stairwell. Please let me know if it is only the main stairwells or to include all stairwells in our bid.

**ANSWER:** The SRC Main Stairs is the only ones that have the matrix forms associated with them A-L (cantilevered landings etc.) as listed in the PHASE 1 Scope. The Phase 2 relates to maintenance of ALL stairs Main, Secondary and Redondo Village stairs as described in the phase 2 scope of work (sand blasting, painting sealant etc.). The photos attached to the scope of work are only put in as a sample of the conditions as explained in the scope of work..

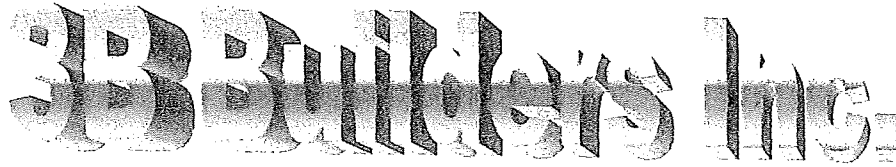
---

Thank you,

Maria

5/5/2015

Received  
5/5/2015  
@ 2:55PM



**UNM Student Residence Center Stairwells  
Bid Proposal**

Thank you for the opportunity to bid your project. Our scope of work is to

**PHASE I**

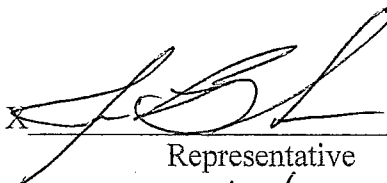
Provide material and labor to flag off stairwells and contain construction area  
Provide material and labor complete all repairs listed in the matrix forms in the  
main stairwells of the Student Resident housing complex. (total of 12 Stairwells)

**PHASE II**

Provide materials and labor to remove all rust and paint with power generated steel  
brush to bear metal  
Provide materials and labor to power wash all stairs thoroughly to remove excessive  
rust stains  
Provide materials and labor to apply a primer based paint to all affected areas  
Provide materials and labor to provide a protective paint finish durable enough to  
withstand corrosion from environmental and wear and tear from heavy use.  
Provide materials and labor to apply a sealer caulk around all areas against existing  
walls etc. (To ALL stairwells in the student residence center and Redondo Village)

Our price to complete this scope of work is \$275000.00 plus tax and bond  
Work to be completed in 60 day schedule, extra work will require extra time.

This price excludes any unforeseen or hidden conditions. This price will remain  
valid for 30 days from bid date. If there are any questions or concerns please contact  
Jim Bruhn (President 3B Builders Inc.), (505)450 5099

  
\_\_\_\_\_  
Representative  
5/5/15  
\_\_\_\_\_  
Date

**3B Builders Inc. 1770 Hamilton Ln Bosque Farms NM 87068**  
**(505) 450 5099 Fax (505) 869 3442**



# Estimate

Date	Estimate #
5/5/2015	B-680

2516 Southern Blvd SE  
Rio Rancho, NM 87124    brian.bchconst@aol.com  
Phone: (505) 994-4563    Fax: (505) 359-2221

Name / Address	Job Name		
UNM Student Residence Center & Redondo 1 University of New Mexico Albuquerque, NM 87131	UNM Student Residence Center & Redondo Village		
Description		Qty/Hours	Total
Provide material, labor and equipment needed to;			49,058.69
Phase 1			
1) RP - Clean prep and remove stair tread supports. Replace stair tread supports with Z bent toe kicks. 2) RN- Clean prep and reinforce stair tread supports with new 2" X 2" X 1/4" angle iron on all 4 sides under step. 3) RP - Clean prep and remove landings. Replace stair landings with new 2' X 2" X 1/4" angle iron all the way around the bottom. Weld in new 1/8' steel floor plate. ( FULL LANDING ) 4) RP- Clean prep and remove landings. Replace stair landings with new 2' X 2" X 1/4" angle iron all the way around the bottom with 10" pieces around front corners to make radius. Weld in new 1/8" steel floor plate. ( HALF LANDING ) 5) RP- Clean prep and remove landings. Replace stair landings with new 2" X 2" X 1/4" angle iron all the way around the bottom with 10" pieces around front corner to make radius. Weld in new 1/8" steel floor plate. ( QUARTER LANDING ) 6) RN- Clean prep and reinforce stair landings with new 2" X 2" X 1/4" angle iron all the way around the bottom of landings ( FULL LANDING ) 7) RN- Clean prep and reinforce stair landings with new 2" X 2" X 1/4" angle iron all the way around the bottom with 10" Pieces around front corners to make radius. ( HALF LANDING ) 8) RN- Clean prep and reinforce stair landings with new 2" X 2" X 1/4" angle iron all the way around the bottom with 10" pieces around front corner to make radius ( QUARTER LANDING ) 9) Concrete flat work to replace rock gravel at stair areas where steel column support is present will be required, as shown on attached details.			
Terms & Conditions: Payments to be made by check, credit card or net 30 with approved credit. Custom & Specialty Orders subject to Deposits. It is Purchaser's responsibility to review & understand the proposal above as stated. Purchaser agrees that material shall remain in Seller's possession until paid in full. In the event Purchaser breaches or defaults under provisions & terms of this agreement, the Purchaser shall be responsible for the costs of collections, including reasonable attorney's fees. There shall be a 1 1/2% service charge per month for all payments due & owing after 30 days. Sales tax will be added to the estimate total. If exempt status applies, paperwork providing such information must be given prior to invoicing. ACCEPTANCE: Terms, Price & specifications on all pages of this proposal are hereby accepted and the work authorized. Project will not begin until acceptance signed & returned. Quote good for 30 days		<b>Subtotal</b>	
		<b>Sales Tax (7.0%)</b>	
		<b>Total</b>	

Signature \_\_\_\_\_





# Estimate

Date	Estimate #
5/5/2015	B-680

2516 Southern Blvd SE  
Rio Rancho, NM 87124    brian.bchconst@aol.com  
Phone: (505) 994-4563    Fax: (505) 359-2221

Name / Address	Job Name
UNM Student Residence Center & Redondo 1 University of New Mexico Albuquerque, NM 87131	UNM Student Residence Center & Redondo Village

Description	Qty/Hours	Total
10) Remove and replace concrete landings per-matrix form and standard details attached.  ( All above areas reinforced, replaced or worked on will be prepped)		

**Terms & Conditions:** Payments to be made by check, credit card or net 30 with approved credit. Custom & Specialty Orders subject to Deposits. It is Purchaser's responsibility to review & understand the proposal above as stated. Purchaser agrees that material shall remain in Seller's possession until paid in full. In the event Purchaser breaches or defaults under provisions & terms of this agreement, the Purchaser shall be responsible for the costs of collections, including reasonable attorney's fees. There shall be a 1 1/2% service charge per month for all payments due & owing after 30 days. Sales tax will be added to the estimate total. If exempt status applies, paperwork providing such information must be given prior to invoicing. **ACCEPTANCE:** Terms, Price & specifications on all pages of this proposal are hereby accepted and the work authorized. Project will not begin until acceptance signed & returned. Quote good for 30 days

<b>Subtotal</b>
<b>Sales Tax (7.0%)</b>
<b>Total</b>

Signature \_\_\_\_\_



# Estimate

Date	Estimate #
5/5/2015	B-680

2516 Southern Blvd SE  
 Rio Rancho, NM 87124    brian.bchconst@aol.com  
 Phone: (505) 994-4563    Fax: (505) 359-2221

Name / Address	Job Name
UNM Student Residence Center & Redondo 1 University of New Mexico Albuquerque, NM 87131	UNM Student Residence Center & Redondo Village

Description	Qty/Hours	Total
<b>Phase 2</b>  1) Remove all rust and paint with power generated steel brush to bear metals 2) Power wash all stairs thoroughly to remove excessive rust stains 3) Apply a primer based paint to all affected areas 4) Provide a protective paint finish durable enough to withstand corrosion from environmental and wear and tear from heavy use 5) Provide a sealer caulk around all areas against existing walls, etc.		321,854.40

Terms & Conditions: Payments to be made by check, credit card or net 30 with approved credit. Custom & Specialty Orders subject to Deposits. It is Purchaser's responsibility to review & understand the proposal above as stated. Purchaser agrees that material shall remain in Seller's possession until paid in full. In the event Purchaser breaches or defaults under provisions & terms of this agreement, the Purchaser shall be responsible for the costs of collections, including reasonable attorney's fees. There shall be a 1 1/2% service charge per month for all payments due & owing after 30 days. Sales tax will be added to the estimate total. If exempt status applies, paperwork providing such information must be given prior to invoicing. ACCEPTANCE: Terms, Price & specifications on all pages of this proposal are hereby accepted and the work authorized. Project will not begin until acceptance signed & returned. Quote good for 30 days

<b>Subtotal</b>	\$370,913.09
<b>Sales Tax (7.0%)</b>	\$0.00
<b>Total</b>	\$370,913.09

Signature \_\_\_\_\_



# Two Bears Construction LLC.

P.O Box 67541  
Albuquerque NM, 87193

Leroy 505-363-0235  
Larry 505-715-7704  
Mario 505-550-7029

twobearsconstruction@gmail.com

## Estimate

Number **330**

Date **5/5/15 12:00 AM**

P.O. Residence Stairs Phase

Terms **Purchase Order**

Ship Via

Ship Date

### Bill To

Maria Probasco  
Project/Construction Manager  
(505) 277-9349  
(505) 288-8220  
1 University Of New Meixco  
Albuquerque NM 87131  
United States

### Ship To

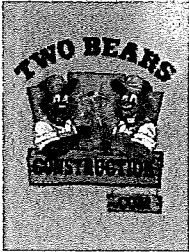
1 University Of New Meixco  
Albuquerque NM 87131  
United States

Qty	Description	Unit
1	Stairs Phase I	146,103.15

This price is to replace or reinforce existing metal frame and concrete step and replace or reinforce with new metal or complete frame and concrete step which weep holes will be cut in to allow for water drippage. Each new step will have new wire reinforced concrete insert. Price which will include cutting out step with torches and welding in new metal frame and concrete step.

Signature

Subtotal	\$146,103.15
Tax 7.00%	\$10,227.22
<b>Total</b>	<b>\$156,330.37</b>



# Two Bears Construction LLC.

P.O Box 67541  
Albuquerque NM, 87193

Leroy 505-363-0235  
Larry 505-715-7704  
Mario 505-550-7029

twobearsconstruction@gmail.com

## Estimate

Number 430

Date 5/5/15 02:28 PM

P.O. Residence Stairs Phase II

Terms Purchase Order

### Bill To

Maria Probasco  
Project/Construction Manager  
(505) 277-9349  
(505) 288-8220  
1 University Of New Mexico  
Albuquerque NM 87131  
United States

### Ship To

1 University Of New Mexico  
Albuquerque NM 87131  
United States

Ship Via

Ship Date

Qty	Description	Unit
1	Stairs Phase II	58,258.00

This price is to do maintenance to stairwells.  
Remove all rust and paint  
Power wash all stairs thoroughly  
Apply primer to affected areas  
Paint with durable finish  
Sealer caulk against existing walls

*Called 5/14/15 @ 8:50am  
left msg to  
have painting  
all plaster  
and cost*

Signature

Subtotal	\$58,258.00
Tax 7.00%	\$4,078.06
Total	\$62,336.06