

EXECUTIVE DIGEST

CONSTRUCTION AND FACILITIES MANAGEMENT OFFICE

INTRODUCTION

This report, issued in January 2002, contains the results of our performance audit* of the Construction and Facilities Management Office (CFMO), Department of Military and Veterans Affairs.

AUDIT PURPOSE

This performance audit was conducted as part of the constitutional responsibility of the Office of the Auditor General. Performance audits are conducted on a priority basis related to the potential for improving effectiveness* and efficiency*.

BACKGROUND

The Department is responsible for administering State-regulated veterans services and training the Michigan National Guard to ensure military preparedness to assist both federal and State authorities.

CFMO is responsible for ensuring that the Department's 51 National Guard armories, 2 Army National Guard training sites, and 2 homes for veterans are maintained and comply with all health, safety, and environmental laws and regulations. CFMO prepares technical plans, specifications, cost estimates, and bid documents for minor construction, remodeling, operational maintenance, and special maintenance projects. In addition, CFMO

oversees activities related to natural resources management and environmental compliance.

Most of CFMO's funding is from the U.S. Department of Defense National Guard Master Cooperative Agreement, the State General Fund, and capital outlay appropriations. During fiscal year 1999-2000, CFMO expended approximately \$6.6 million for construction and maintenance projects and approximately \$2.7 million for environmental programs.

As of July 1, 2001, there were 27 CFMO employees, of which 6 were federal employees and 21 were State employees.

AUDIT OBJECTIVES,
CONCLUSIONS, AND
NOTEWORTHY
ACCOMPLISHMENTS

Audit Objective: To assess the effectiveness and efficiency of CFMO's planning, contracting, and monitoring of facilities construction and maintenance.

Conclusion: We concluded that CFMO was generally effective and efficient in the planning, contracting, and monitoring of facilities construction and maintenance. However, we noted reportable conditions* related to construction monitoring, submission of as-built plans*, operating procedures, and identification and reporting of maintenance and repair projects (Findings 1 through 4).

Noteworthy Accomplishments: CFMO designed and contracted for the renovation of a deteriorating aircraft hangar located at the Grand Ledge Airport into a consolidated maintenance facility for wheeled vehicles. This eliminated the need for considerable expenditures that would have been required to bring several smaller shops into compliance with Michigan Occupational Safety and Health Administration (MIOSHA) laws. This "super

shop" was opened in 1999 and was followed by the establishment of a second consolidated maintenance facility at Selfridge Air National Guard Base. This concept is now being adopted by several other states that recognize the economy of this method of operation.

Audit Objective: To assess the effectiveness and efficiency of CFMO's planning, implementing, and monitoring of environmental programs.

Conclusion: We concluded that CFMO was effective and efficient in the planning, implementing, and monitoring of environmental programs. Our report does not include any reportable conditions related to this objective.

Noteworthy Accomplishments: The endangered Kirtland's warbler has made a strong comeback in northern Michigan as a result of CFMO's assistance to and help from the Department of Natural Resources. The Michigan National Guard has set aside 5,000 acres for Kirtland's warbler management at Camp Grayling. A northern Michigan census conducted in spring 2001 recorded a total of 1,085 singing males, of which 30 were counted at Camp Grayling. The adult population is believed to be at least twice that high, assuming a female partner for every male. As recently as 1987, only 167 singing males were found Statewide. Since then, the number of male Kirtland's warblers has risen steadily.

**AUDIT SCOPE AND
METHODOLOGY**

Our audit scope was to examine the program and other records of the Construction Facilities and Management Office. Our audit was conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included such tests of the records and such other auditing

procedures as we considered necessary in the circumstances.

Our audit procedures included examination of CFMO records and activities for the period October 1998 through June 2001.

To establish our audit objectives and to gain an understanding of CFMO activities, we conducted a preliminary review of CFMO operations. This included discussions with various CFMO staff regarding their functions and responsibilities and a review of program records.

To assess the effectiveness and efficiency of CFMO's planning, contracting, and monitoring of facilities construction and maintenance, we reviewed CFMO and Department of Management and Budget policies and procedures, observed bidding and contracting activities, inspected construction projects in progress, toured an Army National Guard training site, tested a sample of construction and maintenance projects, and reviewed armory sales and purchases made with armory construction funds.

To assess the effectiveness and efficiency of CFMO's planning, implementing, and monitoring of environmental projects, we reviewed U.S. Department of Defense and National Guard Bureau (NGB) policies and procedures, analyzed the submission of projects to NGB for approval and funding, and tested a sample of environmental projects for compliance with NGB requirements.

AGENCY RESPONSES

Our audit report contains 4 findings and 4 corresponding recommendations. The Department's preliminary response indicated that CFMO agreed with our recommendations.