



Board of Visitors
Audit, Compliance, and Risk Committee
December 2018



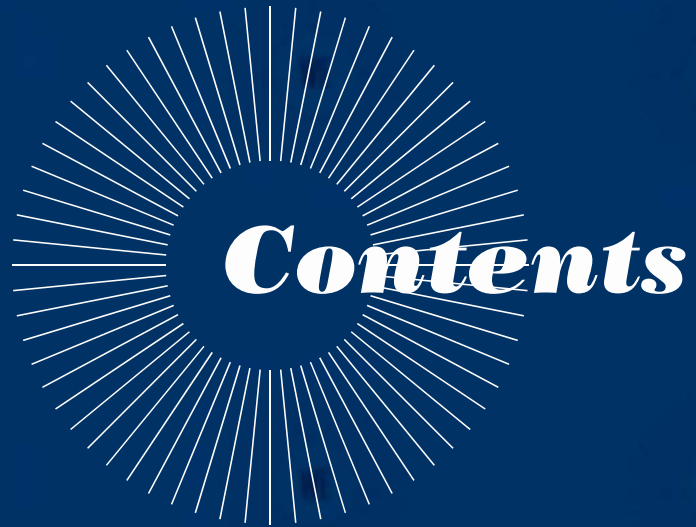
Auditor of Public Accounts
Audit and Management Report
FY2017-2018



UNIVERSITY
of VIRGINIA

Construction Management: Financial Controls and Project Monitoring





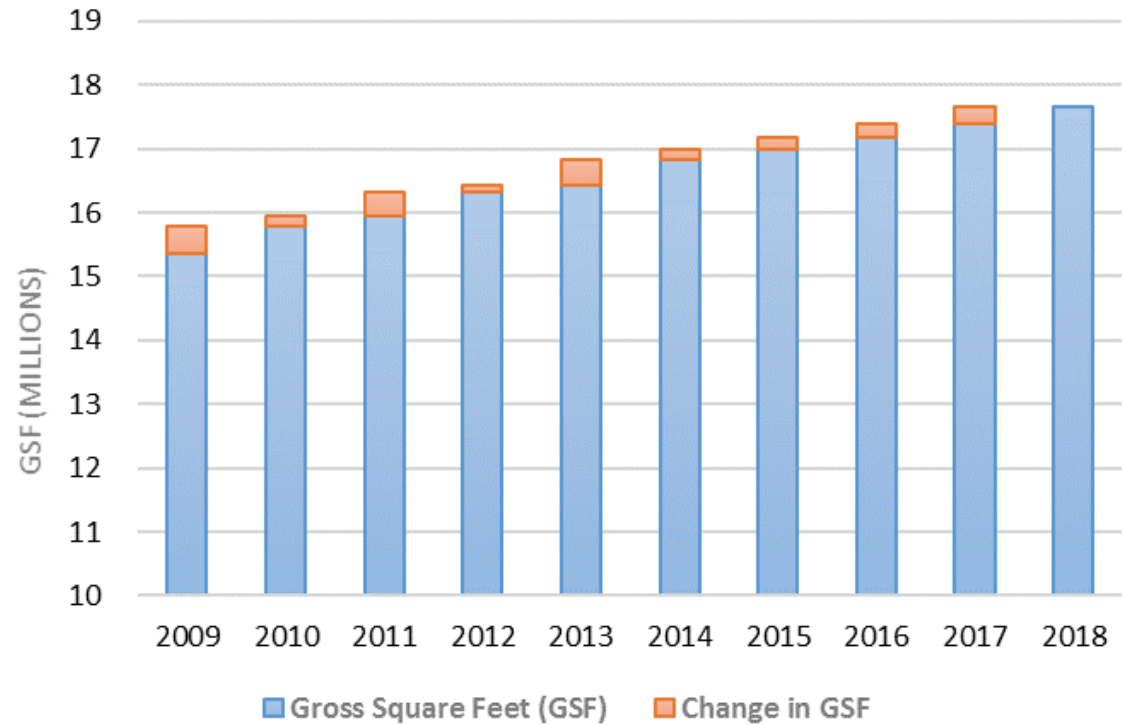
Contents

1. Overview of Business
2. Construction Process
3. University Hospital
Expansion Project
4. Audit Report

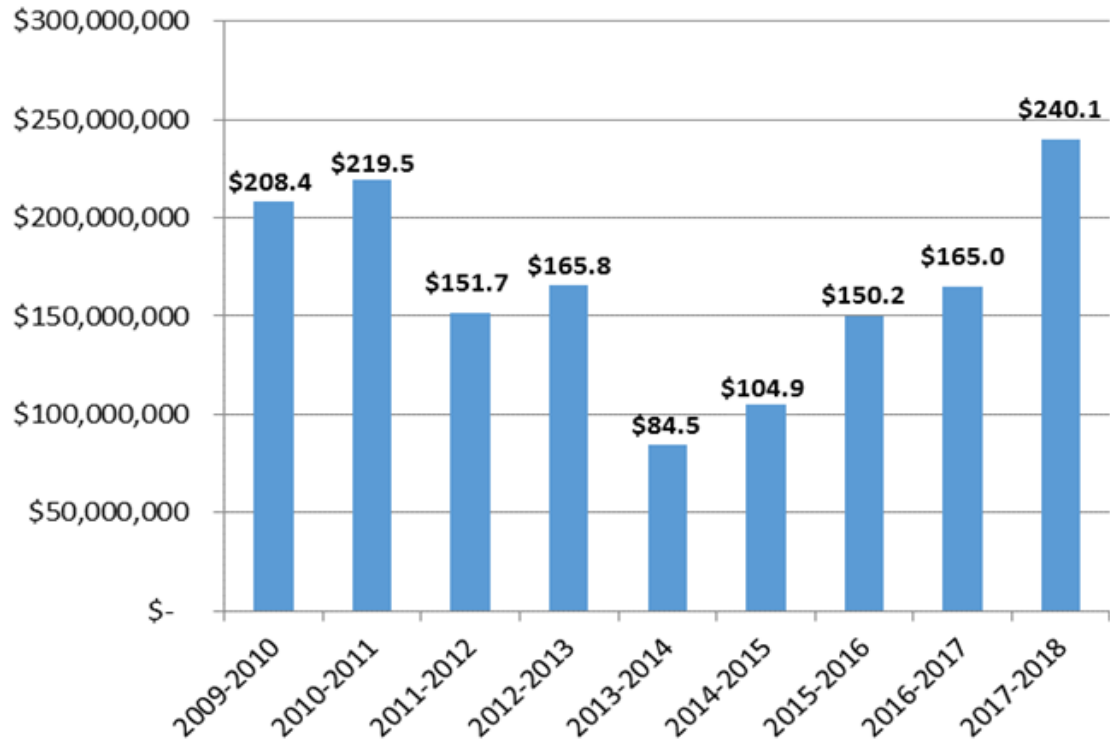


Overview of Business

FACILITIES GROWTH



CONSTRUCTION SPENDING



| Construction Spending | | | | | |
|-------------------------------------|---------------|---------------|---------------|---------------|----------------|
| | Q1 | Q2 | Q3 | Q4 | FY Total |
| FY18 Capital | \$ 53,205,056 | \$ 50,874,208 | \$ 58,687,061 | \$ 64,295,388 | \$ 227,061,713 |
| FY18 Non-Capital | \$ 8,055,904 | \$ 2,497,836 | \$ 1,208,474 | \$ 1,296,916 | \$ 13,059,130 |
| FY18 Value of Construction Spending | | | | | \$ 240,120,843 |
| FY17 Value of Construction Spending | | | | | \$ 165,010,685 |
| FY16 Value of Construction Spending | | | | | \$ 150,291,261 |

ACTIVE CONSTRUCTION VOLUME

| Number of Active Projects | | | | |
|-----------------------------|-----|-----|-----|-----|
| | Q1 | Q2 | Q3 | Q4 |
| FY18 Capital | 59 | 64 | 70 | 73 |
| FY18 Non-Capital | 148 | 155 | 175 | 205 |
| FY18 Volume Active Projects | | | | 278 |
| FY17 Volume Active Projects | | | | 167 |
| FY16 Volume Active Projects | | | | 94 |

| Value of Active Projects | | | | |
|-------------------------------|------------------|------------------|------------------|------------------|
| | Q1 | Q2 | Q3 | Q4 |
| FY18 Capital | \$ 1,407,524,551 | \$ 1,448,421,051 | \$ 1,460,019,051 | \$ 1,469,629,051 |
| FY18 Non-Capital | \$ 65,072,931 | \$ 67,001,568 | \$ 71,702,359 | \$ 75,834,742 |
| FY18 Value of Active Projects | | | | \$ 1,545,463,793 |
| FY17 Value of Active Projects | | | | \$ 1,406,903,052 |
| FY16 Value of Active Projects | | | | \$ 967,994,956 |



Construction Process

CONTRACTING OPTIONS

Competitive Negotiation (RFP) Process

- Competitive Negotiation Contractor – Fixed Price
- Construction Management – At Risk with Design Phase Services
- Construction Management – Agency with Design Phase Services
- Design (Completion)/Build

Special Circumstances

- Sole Source
- Emergency

Competitive Sealed Bid

- Health System & Academic On-Demand Invitation for Bids
- Select Bidders for Competitive Sealed Bid
- Prequalification for Competitive Sealed Bid

CONTRACTING

CM
Procurement



Design Phase
Services



Subcontractor
Procurement



Fixed Price
Contract

CM SELECTION: UHE PROJECT



Selection Criteria: Technical 90%

- Key Personnel Experience and Qualifications 30%
- Past Performance and Experience 20%
- Management Capability/Project Plan 20%
- BIM Experience 10%
- Project Safety Record & Proposed Plan 10%
- SWaM Firm Utilization 10%

Selection Criteria: Price 10%

DESIGN ASSIST SELECTION: UHE PROJECT

DA selection process is similar to CM selection.

Major Design Assist Packages include Electrical, Structural Steel, Mechanical, Plumbing and Deep Foundations

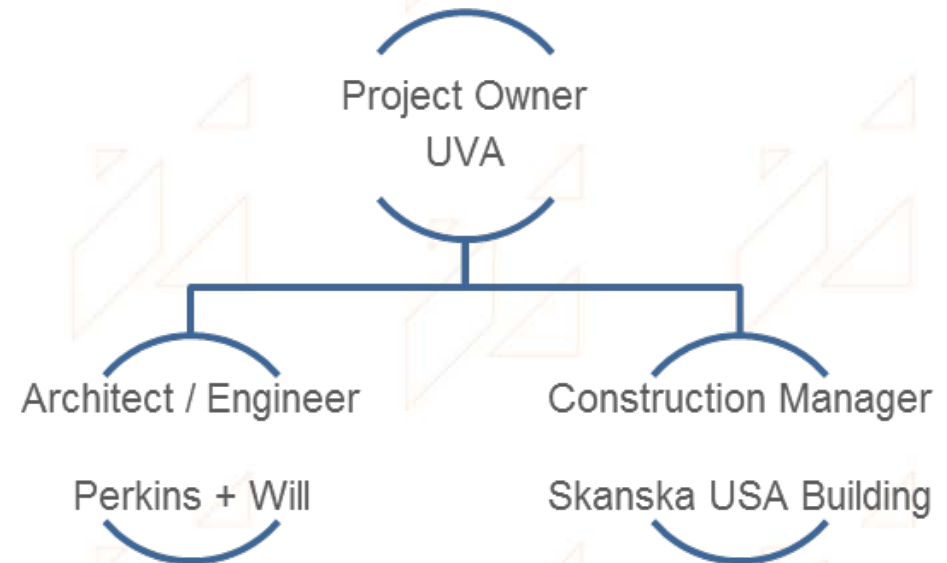
Design Assist packages were awarded on August 21, 2015, based on the Schematic Documents prepared by Perkins + Will dated 2/27/15

Selection Criteria:

- Safety
- Key personal
- Past performance
- Management Capabilities
- BIM
- SWaM
- Quality Control
- LEED
- Pricing

The background features a repeating pattern of ornate, embossed geometric shapes in a warm orange-brown hue. A large, stylized letter 'U' is prominently displayed in the upper right, surrounded by a laurel wreath. On the left side, a dark blue triangular area contains a white sunburst graphic with numerous thin rays radiating from a central point. The main title is centered in the lower half of the image.

University Hospital Expansion Project



Scope: 440,000 SF addition to expand the Emergency Department and surgical services, develop a six story inpatient tower, and renovate approximately 95,000 SF of existing hospital facilities.



Budget:

\$376.5M (Main Project) + \$15.1M (MRI Enabling Project) = \$391.6M





WEBCAM AUGUST 2018

[HTTPS://YOUTU.BE/_SHYRZDLWXC](https://youtu.be/_SHYRZDLWXC)



The background features a dark brown, textured surface with a sunburst pattern of thin white lines on the left and a circular graphic with a blue-to-purple gradient and black radial lines on the right. A blue triangular shape is positioned in the bottom-left corner.

Audit Report

AUDIT REPORT

| Ratings for Internal Audit Testing Results | | | |
|--|---------------------|---|-----------------------|
| 1 | Priority 1 | A Priority 1 item signifies a control and/or process deficiency of sufficiently high risk that it provides minimal or no assurance that institutional objectives will be achieved. Management must take immediate corrective action to mitigate Priority 1 deficiencies. | 0 |
| 2 | Priority 2 | A Priority 2 item signifies a control and/ or process deficiency that hinders the effectiveness and efficiency of operations, potentially impeding the attainment of institutional objectives. Management must take timely corrective action to mitigate Priority 2 deficiencies. | 4 Observations |
| PI | Process Improvement | A process improvement item signifies an opportunity to achieve additional control and/or process efficiencies. | 12 Recommendations |

AUDIT REPORT

Priority 2 observations:

- CM mark-ups on multiple contracts
- Payment and Performance Bonds for Bell Company subcontract
- Change order processing
- Design-assist subcontracting



Enterprise Risk Management Program Report 2019 Goals

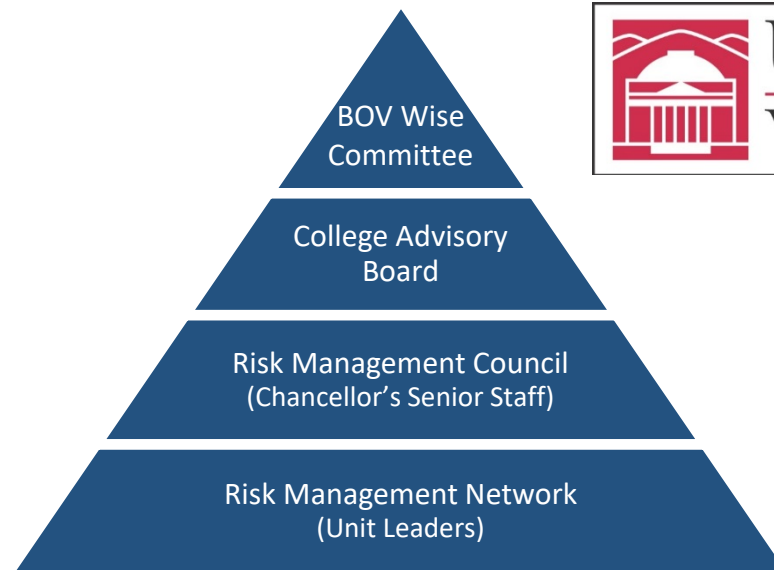
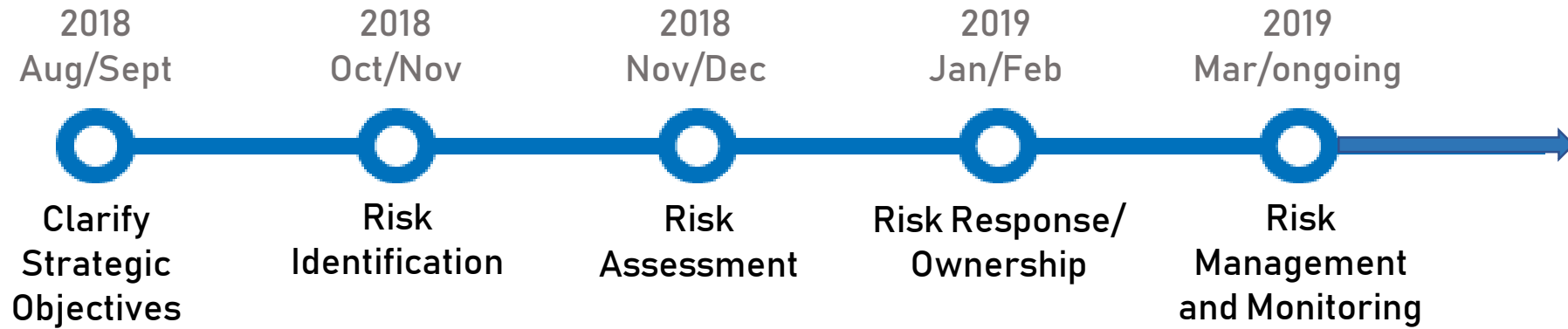
ERM – December 2018 Update

FY19 Goals

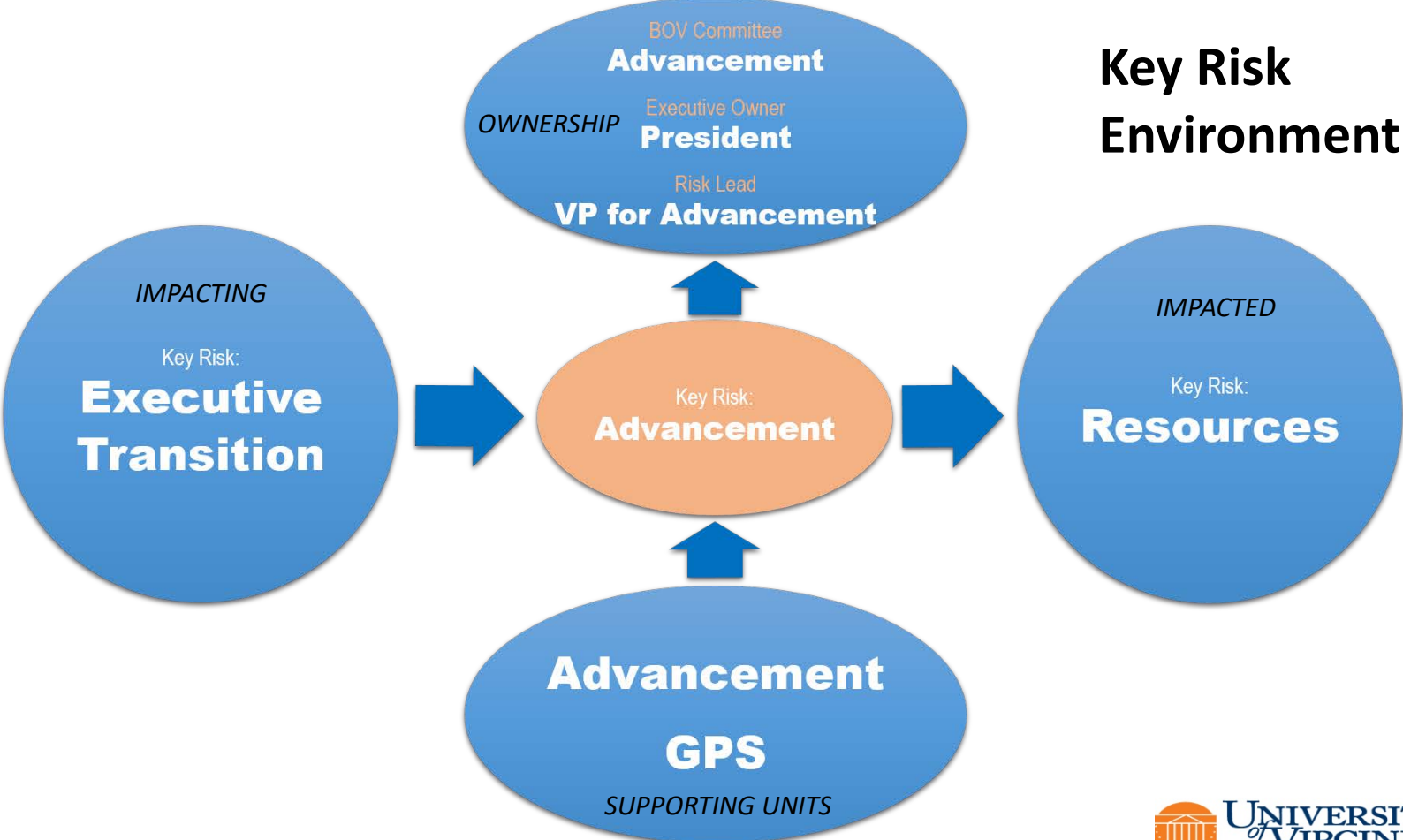
- Goal #1 - Further on-boarding The College at Wise
- Goal #2 - Building key-risk interaction tools and map
- Goal #3 - Moving ERM data and processes into a governance, risk, and compliance (GRC) system being implemented by Audit
- Goal #4 - Revising the annual ERM cycle and governance structure

ERM Goal #1 - Further Onboarding UVA-Wise

Timeline and Network of Stakeholders



ERM Goal #2 – Building key-risk interaction tools



ERM Goal #3 – Implementing ERM System

Goal #3 - Moving ERM data and processes into the governance, risk, and compliance (GRC) system being implemented by Audit

ERM Goal #4 – Streamlining the Annual ERM Cycle and Governance

Goal #4 - Revising the annual ERM cycle and governance structure

- Updating Risk Management Networks (RMN) purposes and membership
- Streamlining emerging risk identification and reducing administrative burden

CLOSED SESSION REPORTS

RETURN TO PUBLIC SESSION

Committee Meeting Adjourns