

STATE OF OHIO
OFFICE OF THE INSPECTOR GENERAL

RANDALL J. MEYER, INSPECTOR GENERAL

REPORT OF
INVESTIGATION



EXHIBITS

AGENCY: OHIO DEPARTMENT OF TRANSPORTATION
FILE ID NO.: 2008-238
DATE OF REPORT: June 9, 2011

King, Dana

From: King, Dana
Sent: Friday, April 21, 2006 2:08 PM
To: 'Vicki Ashley'
Cc: Bill Sherman; Skip Grey
Subject: RE: PMC Respondents

Good afternoon,

As requested...OIH is officially the only respondent to the RFP.

Dana L. King, CPPB
CSP State Procurement Analyst
DAS/GSD/Office of Procurement Services
4200 Surface Rd.
Columbus, OH 43228-1395
Phone: (614) 644-1788
Fax: (614) 644-1785
e-mail: dana.king@das.state.oh.us

From: Vicki Ashley [<mailto:Vicki.Ashley@dot.state.oh.us>]
Sent: Friday, April 21, 2006 8:05 AM
To: King, Dana
Cc: Bill Sherman; Skip Grey
Subject: PMC Respondents

Dana,

If you have a moment after the closing, can you let us know how many proposals were received? Skip would like to know if he needs to block off more time for review.

Thanks!

125.605 Certification of approved agent - powers of agent.

The office of procurement from community rehabilitation programs may certify any entity to serve as an approved agent of a qualified nonprofit agency for the purposes of sections 125.60 to 125.6012 of the Revised Code. The office shall prescribe procedures under which an entity can apply and be considered for such certification. An approved agent may do any of the following:

(A) Contract with the office of procurement from community rehabilitation programs to provide centralized business facilitation or other assistance to qualified nonprofit agencies. The office shall consult with qualified nonprofit agencies before agreeing to such a contract.

(B) Act as a distributor of supplies and services registered on the procurement list maintained by the office under section 125.603 of the Revised Code;

(C) Provide marketing, administrative, and other services related to sales.

Effective Date: 06-30-2005

* The PMC acting as ODOT's agent will deal directly with the CRP's on all matters relating to the provision of agreed upon contracted services at all ODOT properties. The PMC and the CRP shall agree upon prices to provide services as outlined in specifications created by the PMC to the satisfaction of ODOT. In the event that the PMC and the CRP cannot agree upon a fair market price for the specified work, the Office of Procurement from Community Rehabilitation Programs (OPCRP) has the statutory authority to make a final binding decision as to pricing. The PMC is responsible for attempting to locate a qualified CRP to provide services at any/all ODOT properties utilizing procedures stipulated by OPCRP. In the event that no willing and qualified CRP can be located to provide services at a given location, the PMC can request a waiver from OPCRP and proceed to locate a vendor to provide services at that site for a period of one year. Additional periods of waiver may be granted upon request by the PMC after demonstrating a continuing lack of a qualified and willing CRP. The PMC cannot terminate the services of any qualified CRP for any reason without the prior agreement of OPCRP. Such agreement shall not be unreasonably withheld by OPCRP provided the PMC adequately demonstrates a failure of the CRP to abide by the specifications agreed to by the PMC and the CRP.

No general light maintenance activities have been purchased through the central nonprofit agency. At present, ODOT District personnel typically perform general light maintenance activities at the safety rest areas. If it is contracted to do so, the PMC should anticipate taking responsibility for 100% of general light maintenance during the first year of the Contract.

* The current contract distributions are broken out in Attachments Twenty and Twenty One.

III. **General Requirements.** The Contractor agrees to meet or exceed all standards, regulations, laws, and ordinances as adopted by federal, state, and local authorities. These laws and ordinances must include, but not be limited, any governing body under which the State may operate now or in the future.

IV. **Contractor Areas of Management Responsibility (PRIMARY PROJECT REQUIREMENTS).** This section contains seven (7) primary areas of management responsibility essential to this program. These areas of responsibility are described below in paragraphs A through G.

When addressing this section, Offerors should take into consideration the role of the PMC as the primary contractor for caretaker; attendant; custodial/janitorial; lawn care; landscaping; and grounds keeping services performed at all ODOT facilities as shown in Attachments Ten and Eleven. As the primary contractor, the PMC will be responsible for ensuring that ODOT is satisfied with the services provided by both the PMC and its subcontractors. Where applicable, the Offeror should address in detail the roles and obligations of the PMC and subcontractors for each of the seven (7) areas of responsibility as identified in paragraphs A. – G. of this attachment. The PMC will also provide the department with a list of primary contacts assigned to, or responsible for, ODOT sites throughout the State. As applicable in each area of responsibility, the Offeror is to definitively describe how, as the PMC, it will manage, coordinate, and report activities of subcontractors; how it will communicate ODOT's expectations to subcontractors; and how it will work with subcontractors to improve efficiency, eliminate waste, and improve performance. Examples of forms, written procedures, proposed schedules, agreements, and other materials are encouraged and shall be included in the applicable section of the Proposal. Offerors shall identify currently owned equipment as well as start-up and replacement equipment.

A. PMC Program work responsibilities and cost reduction.

1. The PMC shall review current practices and procedures of all subcontractors in order to develop methodologies that result in potential cost savings to ODOT. Those methodologies outlined by the Offeror may include, but are not limited to, cost savings achieved through identification and elimination of wasteful practices and outdated labor; cleaning material; and equipment schedules; increased efficiency through the utilization of technology; and savings resulting from economies of scale. Offerors are encouraged to include one-, two-, and three-year estimates of potential cost savings ODOT may anticipate. All subsequent potential cost-savings data shall be due to the FPM 30 days prior to the individual contract site(s) cost renewal.

King, Dana

From: Vicki Ashley [Vicki.Ashley@dot.state.oh.us]
Sent: Monday, April 03, 2006 9:06 AM
To: King, Dana
Cc: Skip Grey
Subject: Re: Fw: Inquiry #11034 for: CSP905106 (IGDProdWeb01 submitted: 3/27/2006 8:13:37PM)

Dana,

If there is no other information needed, these dates are good for us.

Thanks!

Skip Grey/FacilitiesMgmt/CEN/ODOT

03/31/2006 02:03 PM To

Vicki Ashley/Facilities/CEN/ODOT@ODOT

cc
Subject

Fw: Inquiry #11034 for: CSP905106 (IGDProdWeb01 submitted: 3/27/2006 8:13:37PM)

Vicki,

This works for me if you're okay with it.

Skip
//////////

----- Forwarded by Skip Grey/FacilitiesMgmt/CEN/ODOT on 03/31/2006 02:02 PM -----

"King, Dana" <Dana.King@das.state.oh.us>

03/31/2006 01:23 PM To

"Vicki Ashley" <Vicki.Ashley@dot.state.oh.us>

cc

"Bill Sherman" <Bill.Sherman@dot.state.oh.us>, "Skip Grey" <Skip.Grey@dot.state.oh.us>, "Hunley, Jim" <Jim.Hunley@das.state.oh.us>

Subject

RE: Inquiry #11034 for: CSP905106 (IGDProdWeb01 submitted: 3/27/2006 8:13:37PM)

Vicki,

Based on your date of May 19th for contract award date...How about if we extend the inquiry period to be open through April 10th, have proposals due on April 19th and then estimate contract award notification date as April 28th? Without providing contractors with the costs involved we have not given anyone but OIH (because they already have the info) what they need to give us good numbers. Let me know what you think about those dates. We will have to have another addendum out by Monday with the Contract dollar values in order to make those dates work though.

Give me a yes or no on the dates above and I will get an addendum going to reflect those date changes and then issue another addendum next week to provide the dollar values.

Thanks!

Dana L. King, CPPB

CSP State Procurement Analyst
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 Phone: (614) 644-1788
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 e-mail: dana.king@das.state.oh.us

From: Vicki Ashley [mailto:Vicki.Ashley@dot.state.oh.us]
Sent: Thursday, March 30, 2006 3:05 PM
To: King, Dana
Cc: Bill Sherman; Skip Grey
Subject: Fw: Inquiry #11034 for: CSP905106 (IGDProdWeb01 submitted: 3/27/2006 8:13:37PM)

Dana,

My responses are in blue area as follows:

"King, Dana" <Dana.King@das.state.oh.us> wrote on 03/28/2006 07:58:14 AM:

> Vicki,
 >
 > I need your input on this one. I am re-checking with our risk mgmt.
 > administrator on item 5 (performance bond) but the others I need your
 > input on. One of which is the proposal due date. I don't think they
 > need 30 days but they do need the current contract cost info to make a
 > good proposal package and OIH is the only one that has those #s (those
 > are the numbers we need to publish in the next addendum). Anyhow, what
 > are your thoughts on an extension? I am not sure exactly how much time
 > it will take a new contractor to "ramp-up" so you would have a much
 > better indication of that.

As far as an extension goes, our goal is to have the contract awarded no later than the week of May 19th in order for the PMC to have ample time to prepare costs for the first round of contracts which expire August 31, 2006. Our concern is that the PMC meet the current OPCR review guidelines. typically 45 days (Kay will know if any of this has

changed). Other contracts expire September 30th and October 31st.

>
 > Thank you!
 >
 > Dana L. King, CPPB
 > CSP State Procurement Analyst
 > DAS/GSD/Office of Procurement Services
 > 4200 Surface Rd.
 > Columbus, OH 43228-1395
 > Phone: (614) 644-1788
 > Fax: (614) 644-1785
 > e-mail: dana.king@das.state.oh.us
 >
 >
 >
 > -----Original Message-----
 > Sent: Monday, March 27, 2006 8:14 PM
 > To: King, Dana
 > Subject: Inquiry #11034 for: CSP905106 (IGDProdWeb01 submitted:
 > 3/27/2006 8:13:37 PM)
 >
 > Inquiry #11034 has been received
 >
 > Comment Regarding: CSP905106 Property Management Services for the
 > Custodial & Maintenance Program for ODOT
 >
 > Text:
 >
 > 1. The performance objectives and criteria set forth in Attachment 14
 > are highly subjective and the first paragraph on page 23 of Addendum #2
 > virtually removes the PMCs ability to mandate specifications or compel
 > performance due to the OPCRPs binding decision rights on pricing
 > (specifications) and the requirement that OPCRP pre-approve any
 > termination of a CRP. While the termination provision goes on to state
 > that such approval will not be unreasonable withheld, when you consider
 > items A,B, and C on page 24 of 107 of Addendum #2 "unreasonable" could
 > be very difficult discern. It has been our companys experience that in
 > the world of CRPs and state agency offices that are charged with the
 > duty to govern them, "unreasonably" becomes a highly subjective phase.
 > On page 20 of 107 of Addendum #2 a statement has been added that reads,
 > "It is the states expectation that the contractor meet the performance
 > requirements upon random inspections a minimum of 80% of the
 > time/requirements."

Dana -- This was written after the mandatory review and Skip wanted us to stay away from percentages so we came up with the following which may ease this concern:

Addendum: Property Management Company RFP

Performance Objectives:

The expectation of ODOT is that all criteria in the evaluation tool will be met. However, during times of evaluation or site visits, consideration will be given to extraneous circumstances which have a potentially negative impact upon the site condition. For example, a bus load of visitors has recently been at the site; the worker is in the process of removing litter, cleaning restrooms, etc. This consideration shall not apply to areas which have been previously brought to the attention of the PMC or site crew member.

Without futher objective clarity of the performance objectives
 > and criteria and without the true ability to necessitate specifications

Company: Hawthorne Services, Inc. inq#: 11030 Log#: 8 Ques# 1

Received: 3/27/2006 Analyst: King, CPPB,Dana

Submitted By David Bush(843)7978484

Email: dave.bush@hawthornecorp.com Answered: 4/4/2006 OnWeb Yes

Question:

Attachment FIVE-B requires the offeror to list the appropriate certification and licensure of the proposed candidate. The solicitation does not appear to mandate any specific certifications or licenses for personnel. What certifications and/or licenses does ODOT expect the successful offeror to provide? 2. It was stated in the mandatory pre-proposal conference on March 10, 2006 that the 6% C&A fee now in the CNA contracts will go away. Please explain why this will occur. 3. Please clarify the bid pricing requirements. Paragraph 4 of Attachment One states in part, "All operating expenses... including without limitation,...materials, equipment, tools, parts, supplies, subcontractors, preventative and remedial maintenance contracts,...must be included in the Contractors Cost Proposal." However, it was stated in the pre-proposal Conference that the offerors are to bid management costs only - not subcontractor (CRPs) cost. To develop all "operating & maintenance" costs accurately, to include parts, supplies, etc., would require a thorough examination of each site (particularly the headquarters, garage, and outpost buildings). This opportunity was not afforded to the prospective bidders. 4. What are the annual prices of each existing contract between ODOT and contractors (including CNA) for the janitorial, grounds and other light maintenance services? At a minimum, this information is desired to establish cash flow management criteria for the Property Management Contractor.

Answer:

Thank you for your patience in waiting for a response to this question. The answers are as follows: 1. This would pertain only to those trade persons (those positions which require licensure/certification as an accepted standard) listed for all "light maintenance" should the Offeror choose to propose a solution and pricing for this portion of the RFP. 2. As noted in the pre-proposal conference, current the concept of a Central Nonprofit Agency(CNA), OIH, will be phased out upon the PMC taking over all ODOT janitorial contract sites. The reference to the 6% was in response to the question regarding current program funding and it should be noted that the given figures include the 6% commission fee to OIH. 3. These cost references are those dealing directly with the property management portion of the RFP and SHOULD NOT include any costs reference for janitorial services. 4. Requested information will be provided in Addendum 4 which will be issued 4/4/06. That being said, keep in mind, all sites are listed in the total. However, those contracts which expire 06/30/2006 will remain under the direction of OIH until expiration, 06/30/2007, at which time they come under full supervision of the PMC.

Company: Infrastructure Corporation of America inq#: 11034 Log#: 9 Ques# 1

Received: 3/27/2006 Analyst: King, CPPB,Dana

Submitted By David Rader(615)3000069

Email: drader@ica-onramp.com Answered: 3/31/2006 OnWeb Yes

Question:

1. The performance objectives and criteria set forth in Attachment 14 are highly subjective and the first paragraph on page 23 of Addendum #2 virtually removes the PMCs ability to mandate specifications or compel performance due to the OPCRPs binding decision rights on pricing (specifications) and the requirement that OPCRP preapprove any termination of a CRP. While the termination provision goes on to state that such approval will not be unreasonable withheld, when you consider items A,B, and C on page 24 of 107 of Addendum #2 "unreasonable" could be very difficult discern. It has been our companys experience that in the world of CRPs and state agency offices that are charged with the duty to govern them, "unreasonably" becomes a highly subjective phase. On page 20 of 107 of Addendum #2 a statement has been a d that reads, "It is the states expectation that the contractor meet the performance requirements upon random inspections a minimum of 80% of the time/requirements." Without futher objective clarity of the performance

Answer:

1. An additional addendum will be issued which reflects a revised performance objectives statement which reads as follows: Performance Objectives: The expectation of ODOT is that all criteria in the evaluation tool will be met. However, during times of evaluation or site visits, consideration will be given to extraneous circumstances which have a potentially negative impact upon the site condition. For example, a bus load of visitors has recently been at the site; the worker is in the process of removing litter, cleaning restrooms, etc. This consideration shall not apply to areas which have been previously brought to the attention of the PMC or site crew member. Part of ODOT's expectation is for the PMC to identify areas where resources can be utilized more efficiently. In addition, ODOT's expectation is that the PMC will review current CRP service procedures to identify areas for improvement and possibly resulting in cost savings to ODOT. Current contract costing is available from each DDR for review. 2. ODOT's expectation is that the PMC would work with

Exhibit 5

objectives and criteria and without the true ability to necessitate specifications and performance, how can the PMC accurately price this service to the Ohio Department of Transportation? 2. It appears that the requirements related to the use, obligations, and contractual rights and requirements related to the State Use Program far exceed the rules and guidelines set forth in the Ohio Revised Code Sections 4115.31 to 4115.35. Is it ODOT's intent for the PMC to simply conform to the above stated code? 3. On page 22 of 107 on Addendum #2, it is stated that OIH, Inc. is listed as the State Use Programs Central Non Profit Agency. At the Pre-Bid OIH, Inc. was in attendance as a potential proposer. Does this constitute a conflict of interest? 4. On page 30 of 107 on Addendum #2, item 10 states that "The PMC or subcontractor shall inspect all facilities for hazards." Can the word "inspect" be changed to "monitor"? Private contractors are not afforded liability caps and this phase creates a major liability window that could be outside of the PMC's ability to manage or foresee. 5. This RFP does not require a bid or performance bond. Is the State's non-inclusion of any kind of bonding requirement for this project associated with encouraging competition? This is perplexing given the immense size (geographic and monetary) of this project. 6. Given the number of facilities and the complexity of this project related to the CRP requirements, can the Department extend the due date of this proposal 30 days to enable accurate and thorough pricing?

OPCRP to continue to utilize CRP services as they are available. If there are specific areas within the ORC guidelines which the PMC offeror believes the OPCRP over-states/steps boundaries of the code, these items should be identified for clarification. 3. As originally stated in the RFP, changes in the State Use Law "disband" the concept of a "Central Nonprofit Agency" but does permit OIH to function in that role if needed through XXXXXX XX, 2007. OIH does currently act as such for CRP's, but the resulting change in law strips away this designation. As part of the part of the transition, OIH will retain contracts with the expiration dates of June 30, 2006 and July 31, 2006 and continue acting on behalf of the CRP's as the CNA for those contracts only. Once they expire (12 months), the PMC will be responsible for those contracts as well. OIH's attendance at the pre-proposal conference was that of a private, perspective offeror and not as the program or CRP CNA. 4. ODOT is agreeable to the word change from "inspect" to "monitor". 5. While we have not required a performance bond, we do require PMC and CRP's to carry liability coverage as previously stated. Also since monies on ODOT's part are not pre-paid in any manner, we believe this type of business poses less of a need for a performance bond. 6. Yes, the inquiry period and proposal due date will be extended by means of an addendum.

Company: OIH, Inc. inq#: 11099 Log#: 10 Ques# 1 Received: 4/5/2006 Analyst: King, CPPB, Dana
Submitted By Connie Chwan(614)8464877 Email: cchwan@oih.org Answered: 4/6/2006 OnWeb Yes
Question: Answer:

1) Attachment 1, Section IV.B, Item 1h states "The PMC shall organize meetings at roadside safety rest areas once per year for the northern half of the State and once per year for the southern half of the State". Does this requirement mean the PMC will hold a total of 119 meetings over a two year period or does it mean the PMC will hold one meeting at a rest area for all northern facilities one year and one meeting at a rest area for all southern facilities the following year? 2) Attachment 1, Section IV.E. Item 1a states "The PMC shall, on a quarterly basis, invite the DDR and the subcontractor representatives to participate at their respective facilities in an on-site consultative review of the facility services under contract". Will all 281 sites require a quarterly "on-site consultative review", in addition to quarterly inspections? What is the definition of "on-site consultative review"? 3) Attachment 1, Section IV E, Item 2 states "The PMC shall [collect comment] cards and forward them to the DDR weekly." Will the PMC collect comment cards from all 119 safety rest area buildings, including primitive types?

1. The referenced paragraph (1.h.) refers to statewide training. These conferences are to be held on odd-numbered years and typically refers to efforts to keep the CRP's abreast of ways to perform tasks more effectively and efficiently, as well as provide DDR's with opportunity for input. These conferences can be held by region/district, whichever is most practical and as agreed upon by PMC and DDR. ODOT offers Facility sites for meeting locations to eliminate site costs to PMC for holding such sessions. Paragraph 1.i. refers to yearly meetings (northern & southern) at roadside safety rest areas. The PMC does NOT have to hold 119 separate meetings. One (1) meeting should be held for the northern half and one for the southern half of the State. It is acceptable that these meetings occur during even-numbered years, commencing year number two (2) of this contract, and provided PMC reviews by ODOT are statistically favorable. The PMC may use the scheduled meeting as an opportunity for a quarterly review of the sites where meeting is held, but this review shall not be a substitute for quarterly review of other sites. Quarterly reviews of rest areas shall only apply to those sites which are non-seasonal. Those facilities which are listed as



January 26, 2007

Ms. Vicki Ashley, Facilities Program Manager
 The Ohio Department of Transportation
 Office of Facilities Management
 1980 West Broad St.
 Columbus, Ohio 43223

Dear Vicki:

OIH is seeking ODOT's guidance in the development of invoicing and compliance procedures/programs which meet the requirements specified in the PMC contract with ODOT.

Below are three sections of excerpts, quotes and summaries, described in the PMC RFP, ODOT Auditor's recommendation letters or previous OIH procedures and programs. All address a primary responsibility for insuring charges to ODOT are for services that are performed, no more or less.

As an agent representing the CRPs, OIH has a dual responsibility to insure both ODOT and the CRPs are equitably represented. In meeting this responsibility OIH is requesting ODOT's direction to clarify responsibilities and processes and formalize written agreed upon procedures. At issue, and seeking direction from ODOT is the following:

- ✶ Currently, monthly invoices from CRPs (subcontractors) do not include payroll detail records. Monthly invoices are generated based upon a fixed daily billing rate for service, previously agreed upon by ODOT, multiplied by the number of specified billing days in each month. Payroll data for hourly labor is typically generated on a weekly or biweekly basis. Thus an inconsistency between "monthly" billing and payroll recordkeeping exists. To address the inconsistency between payroll periods and monthly invoicing, a supplemental payroll reporting (compliance) program was developed by OIH. Procedures for this type of invoicing and compliance program are described under Section 3 of this letter.

Is ODOT agreeable to an invoicing and compliance program similar to the previous program described in Section 3 of this letter? Will this type of program satisfy the invoicing requirements described in the contract with the PMC? Will the auditor's recommendations be satisfied with the reinstatement of a invoicing/compliance program as described under Section 3 of this letter?

The answers to the questions above will provide direction for moving forward with the development of formal written procedures to insure compliance with the invoicing requirements in the contract.

OIH, Inc.

4795

Evanswood

Drive

Suite 102

Columbus

Ohio

43229-6281

614/846-4877

F. 614/846-9523

www.OIH.org

King, Dana

From: Gunnell, Pete
Sent: Tuesday, May 29, 2007 3:32 PM
To: 'OIH-Chwan'
Cc: King, Dana; DeVault, Kay; Weaver, Ron
Subject: ODOT PMC & Agent

Importance: High

Hi Connie,

In reference to the topic we discussed last week regarding OIH being ODOT's PMC as well as being listed as the Agent representing a CRP on contracts; I have now determined OPCRP's position on the question.

I consulted with both Steve Hunter, Administrator of State Procurement Services and Richard Scott, Senior Associate Legal Counsel for DAS and both of them have affirmed my original position that OIH, Inc. acting in there capacity as the Property Management Company for ODOT (and under contract to DAS as such), *cannot* simultaneously perform that function while acting as the Agent and contractor-of-record for CRPs performing RSR/outpost/garage/HQ contracts for ODOT. Your company cannot represent both sides of an agreement at the same time.

On that basis, all new or renewal contract forms and documents for ODOT projects must be submitted to OPCRP indicating the appropriate CRP as the contractor-of-record and *not* listing OIH, Inc. as the Agent/Contractor-of-Record. This will also require that the contact names & signatures listed on the form be from the CRP and the appropriate ODOT employee.

I know that this is contrary to your stated position, and I am sorry for the additional work this will create for your staff. This however is not a circumstance that can be "grandfathered" as new forms become available on future projects.

Please let me know if there is some way we can help.

Peter A.J. Gunnell

Manager

Office of Procurement

Community Rehabilitation Programs

DAS-GSD

4200 Surface Road

Columbus, Ohio 43228

614.644.6750 voice

614.752.9788 fax



August 29, 2007

To our business partners:

Possitivity fully recognizes the end of the month is approaching and you expect to receive payment for the custodial and lawn maintenance services you provided to the Ohio Department of Transportation (ODOT) during the month of July. Possitivity learned approximately one week ago that we are unable to bill ODOT for any services the CRPs provided to ODOT beginning July 1, 2007. Possitivity is therefore unable to pay any of your invoices because there is no legal way for ODOT to reimburse Possitivity.

The Office of Procurement from CRPs (OPCRP) listed the CRP as the "vendor" in the State's computerized procurement system for each ODOT custodial and lawn contract. Regardless of the computer system the State uses, historically the named vendor receives the purchase order and is paid by the government agency for services provided. OPCRP repeatedly assured Possitivity that listing the CRPs as the "vendor" was a formality that would not interfere with Possitivity invoicing ODOT for services provided by the CRPs.

Last week Possitivity learned ODOT was instructed to issue purchase orders to the CRPs for services performed under the Property Management contract. It has taken us numerous phone calls to verify this information. Possitivity and its attorney are meeting with representatives of OPCRP, the Department of Administrative Services, and ODOT tomorrow afternoon to discuss this situation. Possitivity's goal is to resolve the situation as soon as possible and to ensure your CRP is compensated for the services you provided to ODOT in good faith. We will provide an update as soon as practical.

Please call me with any questions because your account representative is not responsible for this aspect of the contract with ODOT. I am out of the office on Thursday and Friday this week. However, you may call me on my cell phone at (614) 579-0213.

Sincerely,

Connie T. Chwan
President/CEO



October 15, 2007

To our business partners:

As previously discussed, the Department of Administrative Services (DAS) and the Office of Procurement from CRPs (OPCRP) modified the ODOT payment process for the Property Management Contract without our input, and directed ODOT to issue purchase orders to the CRPs and pay them directly. DAS and OPCRP implemented the transformation in mid August retroactive to July 1, 2007 for all service contracts at ODOT facilities, regardless of the contract start and end dates.

Possitivity uncovered the new billing procedures in late August and immediately confirmed the information with OPCRP. On August 30th Possitivity attended a meeting with representatives of DAS, OPCRP, and ODOT to discuss the new billing procedures. Possitivity discussed with the State our disappointment there had not been a meeting to plan an orderly transition from the 30-year billing process to a new procedure. Additionally, we expressed concern that altering the process without planning and notice to the CRPs would create a financial hardship for many people. Our issues and concerns were rebuked and set aside.

Since the end of August, Possitivity has interjected itself into a process to which we have limited access in an effort to ensure your CRP is paid for services provided to ODOT. We initiated the following activities on August 31st and will continue these actions until the current situation is resolved:

- Working with the finance and accounts payable leadership at ODOT to track each CRP invoice for July services and determine the payment status
- Paid those CRPs for July service that ODOT authorized us to pay, which is approximately 43% of the money CRPs are due
- Reviewing State Purchasing's website at least daily to determine which contracts have been assigned a contract number, which is necessary before an agency can issue a purchase order
- Working with OPCRP to determine the status of issuing contract numbers so ODOT can issue a purchase order to the CRPs for each contract
- Consulting with the finance leadership to determine the format ODOT expects for invoices from the CRPs; this information continues to change frequently
- Contacting ODOT at least daily to inquire about the status of outstanding invoices and trying to determine the status of contracts for which there is no contract number

- Working with our government consultants and lawyers to educate upper management at DAS and ODOT of the financial hardship this change created and enlist their assistance to pay the CRPs as soon as possible
- Spending considerable time every day talking with CRP directors and finance department staff to discuss the issues, understand the impact on each CRP, share as much information as we can, and many times listening to you and your staff vent your frustrations about the situation
- Fielding calls from the ODOT District personnel to explain what is going on and share our understanding about how the new billing process will work and listening as they vent their frustrations to us

At this time, the CRPs invoices for ODOT services can be categorized as follows:

1. ODOT authorized and Possitivity paid 43% of the July invoices.
2. ODOT paid 29% of the July invoices.
3. The remaining CRP invoices for July and the following months are in the ODOT Finance Department awaiting contract numbers and purchase orders. We are hearing conflicting status reports about these contracts, which represent 28% of the invoices and affect 18 CRPs.

We know we need to provide written procedures and assistance so you can develop and issue to Possitivity an accurate invoice for your ODOT contracts. Our challenge thus far is that the finance units at ODOT have not reached consensus about how they want the process to work and Possitivity is receiving inconsistent directions almost every day. We are hesitant to provide procedural information until we acquire clear direction from ODOT.

The new billing procedures for the ODOT contracts have consumed almost 100% of the efforts of Possitivity's Vice President for Business and Finance, our Compliance Administrator, and me since the end of August. We share what we are learning from everyone involved in this situation throughout the day. We are constantly searching for additional actions we can take to ensure the CRPs are paid for their service as soon as possible. In addition, several other Possitivity staff are assisting us in a myriad of ways every day. We will continue our support of the CRPs and work with all parties involved to resolve this unforeseeable situation.

We are and continue to be your advocates. Unfortunately we are faced with a situation that has no definition or end point. As a result, we cannot tell you what the next steps or the longevity of this issue will be. We are doing everything in our power to resolve the situation and will continue to do so. We will provide additional information or findings as we receive them.

I welcome your comments and input. Please do not hesitate to contact me at either 614-846-4877 or cchwan@possitivity.com.

Sincerely,



Connie T. Chwan
President/CEO

TO: All CRPs Providing Service at ODOT Contract Sites

DATE: February 6, 2007

SUBJECT: Seeking Information, Average Number of Days for Receipt of Payment for Service Provided by CRPs at ODOT Contract Sites

In preparation for a meeting with ODOT we plan to address, among several topics, CRP concerns regarding late payment of invoices. Possitivity is required, per the PMC contract^{11j}, to review CRP invoices for accuracy and forward the invoices to the ODOT Districts for processing of payment. Once Possitivity forwards the CRP invoices to ODOT that ends the period at which we are able to monitor the process. Possitivity is not advised when payments are made to the CRPs.

The information we need from CRPs is the average number of days between invoice date and receipt of payment from ODOT. It would be most helpful if we could get the information by quarters; i.e. 1st Quarter FY08 July-Sept average number of days = 60, 2nd Quarter FY08 October - December average number of days = 40. In addition, if you have invoices for service provided between 7/1/07-11/30/07 that are outstanding please provide your invoice number, contract site and the amount of the Invoice; we will track and expedite payment. Please provide any information available by February 13th in order that we may discuss with ODOT at our next meeting. All information provided will be shared with ODOT or followed-up with research regardless of the date of receipt.

Just to share some information from the most recent month (service for December) of reviews, we submit:

The Average number of days (number of days between the first of the month following service to date of receipt of accurate CRP invoice) was 13 days. It is not uncommon to receive CRP invoices with a postmark date 10-15 days after the date of the invoice. Possitivity reviews over 200 invoices each month, this includes the review of hours/ wages and sign-in/out forms. The average number of days for Possitivity's review of CRP invoices (for December) was 6 days. CRP invoices are reviewed in the order in which they are received and forwarded to ODOT immediately upon completion of review.

The most common reasons for delay of processing CRP invoices (requiring corrections) are:

- ✓ ● Missing hours worked and wages paid [for the period]
- ✓ ● Missing sign-in/out forms
- ✓ ● Lack of adjustments for missing shifts or hours of service
- ✓ ● Incorrect number of days or incorrect daily rate
 - Incorrect billing name and address (should be billed to ODOT with District Address - BUT mail to Possitivity)
 - Missing dates of service or contract site location/description on invoice
 - Sending CRP invoices directly to ODOT

Attached is the updated invoice and compliance procedures distributed to all CRPs via email on November 8, 2007. If there are other members of your organization who need a copy of the procedures or any of this information, please forward this email. If there is any way we can assist with or clarify the procedures please

give me a call. It would also be helpful to update our distribution list with accurate email addresses; please forward updated email contacts to me and I will update our list.

Thank you in advance for providing information which will assist Possitivity in communicating CRP's concerns to ODOT. As always, if you have any questions please feel free to contact us.

Connie Young, CFO

Possitivity

4950 Blazer Parkway

Dublin, OH 43017

Office (614) 846-4877

Fax (614) 846-9523

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February 12, 2008

Ms. Connie Young
Possitivity
4950 Blazer Parkway
Dublin, Ohio 43017

RE: Information Request Average Number of Days for Receipt of Payment (ODOT)

Dear Connie.

Most delays encountered to this point have resulted from new procedures which became effective July 1, 2008 and the resulting confusion about them. The confusion over who to invoice Possitivity or ODOT in the beginning was magnified by the State of Ohio Administrative Knowledge System (OAKS) and that systems inability to recognize CRP's as sub-contractors. The OAKS system required that the CRP receive the purchase order and it appeared invoice the ODOT District. Possitivity then instructed the CRP's to forward invoices to you for review and you send the invoices to ODOT for payment. Further initial delays were encountered as a result of the learning curve associated with new site sign in/out site procedures and identifying deductions.

All of the initial confusion and delays resulted from communication and training issues on new procedures implemented without the producing CRP's fully integrated into the responsibility loop.

As of our January 30, 2008 accounts receivable report Alpha Office and Lawn had \$26,273.34 due from ODOT. While we would like all of our customers to pay at net 30 the time frame of the current payment situation is satisfactory to us. Even though the current payment situation is satisfactory there are ODOT/Possitivity issues we intend to raise at the upcoming and long delayed OPCR meeting.

The first issue revolves around not the question of legitimate deductions being taken but the amount of those deductions. As with all of our customers we strive to provide ODOT quality services within the context of the agreed upon contract. We would never disagree to a deduction should we be unable to deliver to contract terms due to unforeseen or unavoidable circumstance as in the case of a delayed or absence worker on a RSR shift. Our RSR contract requires a Crew Leader and Worker first shift, a Crew Leader second shift and a Crew Leader third shift both sides. Since taking on the contract in 2005 we have never left a shift uncovered and take great effort to insure that we never will. The occasional and reoccurring problem is an absent worker on first shift and we agree that ODOT should not be charged for labor not received. Our issue is with the fairness in the amount of the deduction and how that deduction is calculated. It appears that the current calculation is to take the total number of annual shifts and divide them into the



total annual price of the contract resulting in our case a deduction of approximately \$285 for each shift a worker is absent.

The current deduction contains not only the amount of labor but also fixed costs such as supplies and equipment which have no bearing on the issue of the Worker being absent. The RSR was open supplies were being consumed and CRP supplied equipment was being utilized. A fair deduction amount would be the cost of labor which was unavailable to assist the motoring public and maintain the RSR. In our case the deduction and cost for a missed Worker shift would be approximately \$80.00. The unfair deduction manifests itself to an even greater degree if required supporting documentation is unavailable and an entire shift or day is paid but a deduction is required and taken.

The use of sign-in/out sheets at non-RSR custodial sites is also an issue. Simply put these facilities are either cleaned to the customer's satisfaction and specifications of the Property Management Company or they are not. Time keeping for RSR contracts is understandable due to ODOT desiring caretakers to be available to aid the motoring public but makes absolutely no sense at all for custodial facility contracts. Performance based services at facilities other than RSR's will save ODOT money and reduce the risk to the CRP by eliminating an unnecessary requirement.

Our final issue is the design and layout of required sign-in/out forms. The forms required are difficult at best and often unusable by many of our workers with disabilities. The forms stipulate no time period ie.... week or month, contain no instructions for completion other than daily completion and distribution and are spaced too narrow for an individual who has difficulty writing. These forms are the documentation required for contract payment and are insufficient for that critical purpose.

The State of Ohio contracts we hold and represent ourselves on have been working well. Alpha Office and Lawn enjoys a good and long term working relationship with ODOT District 6 and our preference will always be to conduct business and invoice the District directly. While we understand the potential need of ODOT for a Property Management Company review of CRP/Contractor invoices is unnecessary in our case.

Sincerely

Joseph D. Leonard, CEO

Cc. Blair Brubaker, Alliance of Ohio Work Centers

Jim Brown, Alliance of Ohio Work Centers

Jim Cornett, Alpha Office and Lawn

Chad Aleshire, Alpha Office and Lawn

Ron Rowland, OPCR

Teena Yeary, The Alpha Group, Inc.

POSSITIVITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007 AND 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:- (continued)

Federal Income Taxes - Possitivity is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Possitivity is not classified as a private foundation.

Cash and Cash Equivalents - For purposes of the statements of cash flows, Possitivity considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

Accounts Receivable - Accounts receivable are presented at net realizable value. The allowance for doubtful accounts was \$36,800 and \$36,176 at June 30, 2007 and 2006, respectively. Possitivity establishes an estimate of allowance for doubtful accounts based on collection history and management's evaluation of outstanding accounts receivable. Once management establishes that an account is uncollectible, the account is written off as a bad debt.

Use of Estimates - The financial statements of Possitivity are prepared in conformity with accounting principles generally accepted in the United States of America. This presentation requires the use of estimates and assumptions made by management that affect certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 - CONCENTRATION OF RISK:-

During the years ended June 30, 2007 and 2006, Possitivity maintained cash balances at one financial institution consisting of demand deposits and money market accounts in excess of the \$100,000 coverage provided by the Federal Deposit Insurance Corporation (FDIC).

Approximately 74% and 71% of all sales pertained to custodial services for the years ended June 30, 2007 and 2006, respectively. For these same periods, approximately 43% of all revenues were generated from sales to one customer, the Ohio Department of Transportation.

NOTE 3 - NOTES RECEIVABLE:-

During March 2005, Possitivity loaned a total of \$90,339 to three community rehabilitation programs. The promissory notes call for 60 monthly principal and interest payments of between \$441 and \$695 to be made with final payments due by May 2010. The notes provide for interest at a fixed rate of 5.5% per annum. The notes are collateralized by equipment, inventory, and other real and personal property of the community rehabilitation programs.

King, Dana

From: Gunnell, Pete
Sent: Thursday, June 21, 2007 4:47 PM
To: King, Dana
Subject: FW: FYI

Importance: High

FYI...
Peter A.J. Gunnell
 Manager
 Procurement-CRPs
 DAS-GSD
 614.644.6750 voice
 614.752.9766 fax

From: Gunnell, Pete
Sent: Thursday, June 21, 2007 1:25 PM
To: 'jschaum@therehabcenter.org'; 'jbrown@windfallindustries.org'; 'bobcomben@vgsjob.org';
 'marjory.pizzuti@gwcols.com'; 'john.mitchell@cincyblind.org'; 'ddutton@gcbhs.com'; 'Mike Mehalik';
 'dcostello@suite224.net'; 'blairb@riversidemrdd.org'
Subject: FYI
Importance: High

All-
 For your information.

Peter A.J. Gunnell
 Manager
 Office of Procurement
 Community Rehabilitation Programs
 DAS-GSD
 4200 Surface Road
 Columbus, Ohio 43228
 614.644.6750 voice
 614.752.9766 fax

From: superintendents-bounces@oacbmrrd.org [mailto:superintendents-bounces@oacbmrrd.org] **On Behalf Of** Jackie Bowling
Sent: Wednesday, June 20, 2007 4:25 PM
To: Superintendents@oacbmrrd.org
Subject: [Superintendents] OIH

As some of you know eleven CBs in southern Ohio have been involved in a golf course supplies business with OIH for the past couple of years. Counties involved in the "business" invested various sums of money based on the items being produced at their facilities. While some CBs used their own funds for this endeavor others borrowed money from OIH or local resources.

Although few of us ever received any orders, the business was still strongly supported by OIH representatives including the Director who just two months ago stated that the project was safe and she was still 100% behind it.

At a regional AS meeting on June 15th we were informed that at the end of this month the project is ending. This means that the 8 CBs who borrowed money to finance their involvement are left with outstanding loans that still have to be paid. For some in this poorer region of the state, repayment of those loans will be a struggle. Additionally, some of us are left with materials that we will never use.

We are not happy campers in southern Ohio and I feel an obligation to give all of you a heads up on how we were taken by OIH. BEWARE!

P.S. If any of you are interested in a couple industrial sewing machines, a screen printing machine, material for banners, ink and a few other items just call. They are just collecting dust in Vinton County these days!

Jackie Bowling, Superintendent
Vinton County Board of MRDD



Ohio Department of Transportation

1980 West Broad Street, 4th Floor, Columbus, Ohio 43223

Cynthia Klatt,
Assistant Chief Auditor - State Region
Auditor of State
35 N. Fourth St., 2nd Floor
Columbus, OH 43215

Re: Ohio Industries for the Handicapped (OIH)

Dear Ms. Klatt:

The Ohio Industries for the Handicapped (OIH) subcontracts with Community Rehabilitation Program facilities (CRPs) to provide employment to persons with severe disabilities. OIH is the central non-profit agency (CAN) for the State Use Program which is overseen by DAS. Services are provided not only to ODOT but to other state governmental agencies as well. ODOT contracts with OIH for janitorial services, grounds keeping, light maintenance at rest areas, ODOT garages and District Offices. OIH received approximately \$13 million from ODOT in FY 2005 (\$12.5 million for reimbursement of CRP invoices and \$500 thousand in commission fees). ODOT represents approximately 43 percent of OIH's revenues (via commission fees).

A new RFP was bid by DAS on behalf of ODOT for FY 2007. OIH was the sole bidder and was awarded the contract.

It is requested that the Special Audit Unit of the Auditor of State review this request for consideration of conducting a compliance/programmatic audit of OIH covering FY 2005 (and prior, if deemed appropriate). Additional information is as follows:

Billing Arrangement:

Prior to July 1, 2006, the CRP would bill OIH at a daily rate for the services it provided to ODOT. OIH would pay the CRP and then invoice ODOT for the amount paid to the CRP plus a commission fee of 6 percent. ODOT would approve the invoice and then process payment to OIH.

The accuracy of the invoices submitted by the CRPs and OIH's review process is vital since OIH's commission is tied to the CRP invoices. It is also necessary to ensure that subsequent reductions or credits to invoices are properly credited to ODOT.

Areas of concern:

ODOT District _____, identified several issues and discrepancies regarding the CRP invoices submitted by OIH to ODOT for payment throughout FY 2006. The issues included:

- Shifts being split between two workers that may overlap or deviate from contract requirements.
- Workers working under more than one title/level of responsibility, which may mean that a person is given more responsibility than their capabilities.
- Workers potentially not being paid commensurately for working at a high level of responsibility.
- Hours worked being deficient to the contract term but invoiced to the District in full by OIH.
- Shifts being under-staffed to the contract terms (i.e., modifying quantity of contracted hours of either crew leaders or caretakers).
- Hours being signed in but not actually worked.
- Workers potentially not being paid for time worked.

Mr. Oberdorfer attempted to resolve the areas of concern with OIH. However, discussions eroded and it was formally requested that ODOT Auditing conduct a compliance audit to address Mr. Oberdorfer's concerns.

Ohio Industries for the Handicapped
July 13, 2006
Page 2

Accordingly, the planning of the audit evolved into two phases:

Phase 1: An Agreed Upon Procedures audit of 2 CRP's -- Burdman Group and Goodwill Youngstown. The engagement focused on FY 2005 revenue and expenditures, internal controls, payroll testing, etc., and was conducted during the month of May 2006. The audit reports for these two entities have not been issued as ODOT intended to complete Phase 2 (below) prior to issuing the audit reports.

Phase 2: An Agreed Upon Procedures audit of OIH for FY 2005 would be scheduled after the conclusion of the CRP audit. This engagement was to assess OIH's level of oversight of the CRP's. On-site testing was structured to determine the adequacy and reliability of OIH's:

- Internal Controls.
- Review and oversight of the financial and programmatic components related to CRP's and ODOT
- Revenues and expenditures related to OIH to ensure the completeness and accuracy of OIH documentation (OIH's commission is derived from the CRP invoices).
- Confirmation of OIH's Not for Profit status (via reasonable salaries of employees and other federal requirements).

The audit was tentatively scheduled for June 26, 2006 at OIH offices. A Document Request Letter (DRL) was forwarded to the attention of Connie Chwan, Executive Director of OIH, to request copies of documents to assist in the analysis and planning of the audit.

Ms. Chwan refused to comply with the audit request and also questioned:

- ODOT'S authority to conduct the audit of OIH. The financial audit performed by the IPA (via the Auditor of State) should be sufficient.
- The relevance of OIH's internal controls and financial information to the audit of the CRP's.
- Whether there was a contractual obligation for OIH to provide oversight of the CRP's.
- How OIH spends the 6 percent commission was none of ODOT's business.

In discussion with a representative of the State Use Committee, it is also ODOT's impression that OIH has never had a compliance audit performed, despite attempts in the past (by the State Use Committee) to do so. Historically, OIH management would refuse, refer the matter to legal counsel, and simply play the waiting game until the interested party gave up. It was the general impression of all involved that OIH would indeed take that same path again with ODOT. OIH has consistently taken the position that it is not subject to a compliance/program audit, only the CRP's are.

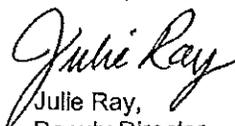
OIH is willing to permit ODOT to conduct the audit, but will only allow ODOT access to audit documentation related to the CRP's and nothing related to OIH. Given OIH's mandated scope limitation to ODOT, we are unwilling to proceed under these circumstances.

Further complicating the issue is the lack of a contract and/or agreement. The original RFP was let by DAS, and the contract was executed between DAS and OIH. ODOT does not have a separate contract and/or agreement with OIH. The only documents that ODOT has are some old "Custodial Maintenance Specifications", copies of "OIH Cost Analysis (New Rules Pricing)", the purchase orders encumbering the funds, and invoices submitted by OIH. OIH contends that the "Custodial Maintenance Specifications" were never considered to be a contract.

ODOT staff is available to answer any questions your office may have and to share documentation obtained during the course of planning this audit. Please feel free to contact Jana Cassidy, Auditing Administrator, at (614) 644-7892 or jana.cassidy@dot.state.oh.us

Thank you for your consideration of ODOT's request.

Sincerely,



Julie Ray,
Deputy Director
Finance & Forecasting

ATTACHMENT THREE: GENERAL TERMS AND CONDITIONS
PART TWO: WORK & CONTRACT ADMINISTRATION

Related Contracts. The Contractor warrants that the Contractor has not and will not enter into any contracts without written approval of the State to perform substantially identical services for the State such that the Project duplicates the work done or to be done under the other contracts.

Subcontracting. The Contractor may not enter into subcontracts for the Work after award without written approval from the State. The Contractor will not need the State's written approval to subcontract for the purchase of commercial goods that are required for satisfactory completion of the Work. All subcontracts will be at the sole expense of the Contractor unless expressly stated otherwise in the RFP.

The State's approval of the use of subcontractors does not mean that the State will pay for them. The Contractor will be solely responsible for payment of its subcontractor and any claims of subcontractors for any failure of the Contractor or any of its other subcontractors to meet the performance schedule or performance specifications for the Project in a timely and professional manner. The Contractor will hold the State harmless for and will indemnify the State against any such claims.

The Contractor will assume responsibility for all Deliverables whether it, a subcontractor, or third-party manufacturer produces them in whole or in part. Further, the State will consider the Contractor to be the sole point of contact with regard to contractual matters, including payment of all charges resulting from the Contract. The Contractor will be fully responsible for any default by a subcontractor, just as if the Contractor itself had defaulted.

If the Contractor uses any subcontractors, each subcontractor must have a written agreement with the Contractor. That written agreement must incorporate this Contract by reference. The agreement must also pass through to the subcontractor all provisions of this Contract that would be fully effective only if they bind both the subcontractor and the Contractor. Among such provisions are the limitations on the Contractor's remedies, the insurance requirements, record keeping obligations, and audit rights. Some sections of this Contract may limit the need to pass through their requirements to subcontracts to avoid placing cumbersome obligations on minor subcontractors. This exception is applicable only to sections that expressly provide exclusions for small-dollar subcontracts. Should the Contractor fail to pass through any provisions of this Contract to one of its subcontractors and the failure damages the State in any way, the Contractor will indemnify the State for the damage.

Record Keeping. The Contractor will keep all financial records in accordance with generally accepted accounting procedures consistently applied. The Contractor will file documentation to support each action under this Contract in a manner allowing it to be readily located. The Contractor will keep all Project-related records and documents at its principal place of business or at its office where the work was performed.

The Contractor will keep a separate account for the Project (the "Project Account"). All payments made from the Project Account will be only for obligations incurred in the performance of this Contract and will be supported by contracts, invoices, vouchers, and any other data needed to audit and verify the payments. All payments from the Project Account will be for obligations incurred only after the effective date of this Contract unless the State has given specific written authorization for making prior payments from the Project Account.

Audits. During the term of this Contract and for three (3) years after the payment of the Contractor's Fee, on reasonable notice and during customary business hours, the State may audit the Contractor's records and other materials that relate to the Project. This audit right will also apply to the State's duly authorized representatives and any person or organization providing financial support for the Project.

Unless it is impracticable to do so, all records related to this Contract must be kept in a single location, either at the Contractor's principle place of business or its place of business where the work was done. If this is not practical, the Contractor will assume the cost of collecting, organizing, and relocating the records and any technology needed to access the records to the Contractor's office nearest Columbus whenever the State or

anyone else with audit rights requests access to the Contractor's Project records. The Contractor will do so with all due speed, not to exceed five (5) business days.

If any audit reveals any material deviation from the Project's specifications, any misrepresentation, or any overcharge to the State, the State will be entitled to recover damages, as well as the cost of the audit.

For each subcontract in excess of \$25,000, the Contractor will require its subcontractors to agree to the requirements of this section and of the record-keeping section. Subcontracts with smaller amounts involved need not meet this requirement. The Contractor may not artificially break up contracts with its subcontractors to take advantage of this exclusion.

Insurance. The Contractor will provide documentation of the following insurance coverage at its own expense throughout the term of this Contract:

- a. Workers' compensation insurance, as required by Ohio law, and, if some of the Project will be done outside Ohio, the laws of the appropriate state(s) where work on the Project will be done. The Contractor will also maintain employer's liability insurance with at least a \$1,000,000 limit.
- b. Commercial General Liability insurance coverage for bodily injury, personal injury, wrongful death, property damage. The defense cost shall be outside of the policy limits. Such policy shall designate the State of Ohio as an additional insured, as its interest may appear. The policy will also be endorsed to include a blanket waiver of subrogation. At a minimum, the limits of the insurance shall be:

\$ 2,000,000 General Aggregate
 \$ 2,000,000 Products/Completed Operations Aggregate
 \$ 1,000,000 Per Occurrence Limit
 \$ 1,000,000 Personal and Advertising Injury Limit
 \$ 100,000 Fire Legal Liability
 \$ 10,000 Medical Payments

The policy shall also be endorsed to provide the State with 30-day prior written notice of cancellation or material change to the policy. It is agreed upon that the Contractor's Commercial General Liability shall be primary over any other insurance coverage.

- c. Commercial Automobile Liability insurance with a combined single limit of \$500,000.

Certificates for Worker's Compensation and proof of insurance must be provided. The certificate(s) must be in a form that is reasonably satisfactory to the State as to the contents of the policies and the quality of the insurance carriers. All carriers must have at least an "A-" rating by A.M. Best.

State Personnel. During the term of this Contract and for one (1) year after completion of the Project, the Contractor will not hire or otherwise contract for the services of any state employee involved with the Project.

Replacement Personnel. If the Proposal contains the names of specific people who will work on the Project, then the quality and professional credentials of those people were material factors in the State's decision to enter into this Contract. Therefore, the Contractor will use all commercially reasonable efforts to ensure the continued availability of those people. Also, the Contractor will not remove those people from the Project without the prior, written consent of the State, except as provided below.

The Contractor may remove a person listed in the Proposal from the Project if doing so is necessary for legal or disciplinary reasons. The Contractor must make a reasonable effort to give the State 30 calendar days' prior, written notice of the removal.

**ATTACHMENT FOUR
CONTRACT**

THIS CONTRACT, which results from CSP No. CSP905106, entitled Property Management Services for the Custodial and Maintenance Program for Ohio Department of Transportation Roadside Safety Rest Areas, Headquarters, Garages, and Outposts, is between the State of Ohio, through the Department of Administrative Services, Office of Procurement Services, on behalf of the Ohio Department of Transportation (the "State") and

OIH, Inc.
(the "Contractor").

If this RFP results in a contract award, the contract will consist of this RFP including all attachments, written addenda to this RFP, the Contractor's proposal, and written, authorized addenda to the Contractor's proposal. It will also include any materials incorporated by reference in the above documents and any purchase orders and change orders issued under the contract. The form of the contract is this one (1) page attachment to the RFP, which incorporates by reference all the documents identified above. The general terms and conditions for the contract are contained in another attachment to the RFP. If there are conflicting provisions between the documents that make up the contract, the order of precedence for the documents is as follows:

1. This RFP, as amended.
2. The documents and materials incorporated by reference in the RFP.
3. The Contractor's proposal, as amended, clarified, and accepted by the State.
4. The documents and materials incorporated by reference in the Contractor's proposal.

Notwithstanding the order listed above, change orders and amendments issued after the contract is executed may expressly change the provisions of the contract. If they do so expressly, then the most recent of them will take precedence over anything else that is part of the contract.

This contract has an effective date of the later of July 1, 2006, or the occurrence of all conditions precedent specified in the General Terms and Conditions.

IN WITNESS WHEREOF, the parties have executed this Contract as of the dates below.

OIH, Inc.
(Contractor)

Department of Administrative Services
(State of Ohio Agency)

Connie T. Chwan
(Signature)

(Signature)

Connie T. Chwan
(Printed Name)

Carol Nolan Drake
(Printed Name)

President/CEO
(Title)

Director, Department of Administrative Services
(Title)

April 21, 2006
(Date)

(Date)



Ohio Department of Transportation

1980 West Broad Street, 4th Floor, Columbus, Ohio 43223

October 3, 2006

Cynthia Klatt,
Assistant Chief Auditor - State Region
Auditor of State
35 N. Fourth St., 2nd Floor
Columbus, OH 43215

Re: Ohio Industries for the Handicapped (OIH)

Dear Ms. Klatt:

Reference is made to the Ohio Department of Transportation's letter dated July 13, 2006, requesting a special audit of the Ohio Industries for the Handicapped (OIH). Subsequent to ODOT's request, an agreement was reached with OIH to permit access to records related to the Community Rehabilitation Programs maintained by the entity. ODOT auditors performed limited on-site procedures necessary for completion of the audit at OIH headquarters on September 27, 2006.

Accordingly, please consider this letter as the Ohio Department of Transportation's official request to withdraw the Special Audit request of the Ohio Industries for the Handicapped.

Sincerely,

A handwritten signature in cursive script that reads "Julie Ray".

Julie Ray,
Deputy Director
Finance & Forecasting

c: Skip Grey
Connie Chwan, OIH
Jeff Westhoven, DAS
File



The Ohio Department of Transportation
1980 West Broad Street, 4th Floor, Columbus, Ohio 43223

Date: November 22, 2006

Ms. Connie Chwan, Executive Director
OIH, Inc.
4795 Evanswood Drive
Columbus, OH 43229-6281

From May 1-3, the Ohio Department of Transportation (ODOT) performed agreed upon procedures at the locations of two Community Rehabilitation Programs (CRPs), pursuant to the engagement letter entered into between ODOT's Division of Facilities and Equipment Management and the Office of Audits dated April 28, 2006. The on-site engagements of the CRPs were structured to be the introductory portion of an agreed upon procedures engagement to take place at OIH, Inc. initially scheduled for June of 2006 but performed September 27, 2006. This report is limited to the agreed upon procedures and findings related to Youngstown Area Goodwill Industries, Inc. (hereinafter referred to as "the CRP"), located in Youngstown, Ohio, and related procedures performed at OIH. Our engagement was performed in accordance with Attestation standards contained in Generally Accepted Government Auditing Standards (GAGAS).

The objective of this engagement was to review the processes and procedures employed by the CRP to record and document labor data for submission to OIH; determine the accuracy of invoices submitted by the CRP to OIH.; and to determine the CRP's compliance with contract terms. To accomplish these objectives, auditors performed the following procedures for a period of three months from fiscal year 2005, resulting in the following observations and findings:

- Tie Payroll from General Ledger to Payroll Journal.

The CRP uses a MAS 90 Sage software system to record accounting information. Payroll is processed by ADP, and journal entries are recorded based on ADP reports of monthly payroll. While the accounting system is not fully electronically integrated, no exceptions were noted for the three months tested.

- Tie Payroll Journal entries back to timesheets.

For the road side rest areas #4-35 & 36 and #4-10 (hereinafter referred to as the "rest areas"), auditors tied timesheets to ADP payroll reports for six pay periods, ranging in size from 17 to 19 rest area employees each period. Testing revealed the following exceptions:

- One employee was listed as a Foreman on the wage sheet but was consistently paid at the Attendant rate.
- One employee worked under both the Attendant and Foreman titles (as described below). The employee was consistently paid for 30 hours worked at the Attendant level, and all remaining hours at the Foreman level, regardless of which title was actually held during the shift.
- One employee was paid for one hour more than that recorded on the phone in report.
- One employee was paid for one pay period but no timesheet or phone in report was provided to support the claimed costs.

- Confirm Pay rates and job titles on timesheets to employee records.

Observation: Labor records for a total of 24 different employees working at three rest areas were tested for periods spanning three months. Two discrepancies were noted between the pay rates and job titles with no obvious explanation. The employee's title according to Payroll records submitted is Foreman, but the employee also worked as an Attendant during the tested period, filling in at a lower level than his classification. The remaining records reconciled.

According to the management staff at the CRP, if an employee is capable of working independently and has the abilities to fulfill the job duties per the contract, he is classified as a foreman. However, when working at the same time as another foreman who has supervisory responsibilities, the employee is classified as an attendant, which is the lower level position. The duties fulfilled by the client under both titles are identical. The only difference is in the level of responsibility of working independently compared to working under another foreman. The employee in question does not supervise any other client workers.

As described above, payroll testing showed that the rate paid was not necessarily related to whether the employee was working dependently or independently. Review of the employee's records revealed eight shifts where the employee was working with one other Attendant and no Foreman or Supervisor.

Finding: This employee worked a total of 513 hours for the periods tested. The potential dollar variance to the contract if this employee is an Attendant working as a Foreman would be immaterial, at a maximum of \$256.50. Due to the de minimus nature of the variance, no repayment is requested.

Recommendation: It is recommended that the CRP ensure that employees are paid commensurate with their job duties and contract terms.

- Compare timesheets for ODOT jobs to sign in/out sheets, work schedules, and requests for time off.

Sign in/out sheets and work schedules were not required by the CRP or ODOT for the audit period for the three rest areas tested. Accordingly, this item was not tested.

- Confirm invoiced amounts to labor supported by timesheets as well as proper cost per day per OIH Cost Analysis. This confirmation includes verification that the Community Rehabilitation Program (CRP) only bill for hours worked.

Observation: Three months of labor were tested to confirm invoiced amounts were supported by timesheets at the proper cost per day. Three months of labor, as required by the contract, should total 8,190 working hours. Of the periods analyzed, 7,956 hours were actually worked, which is a deficiency of 2.86%. Because the CRP bills based on the contract, rather than on actual hours worked, this deficiency resulted in a total known overpayment to the CRP of \$2,017 for the three months analyzed. The extrapolated overpayment on an annualized basis would increase this amount to \$8,069. The 6% OIH commission fee on this annualized amount equals \$484, resulting in a combined total overpayment of \$8,553.

During discussions to understand the relationship between the CRPs and OIH, CRP management indicated that management was under the impression that OIH would contact them if they were deficient to the contract. Since CRP management had not received any notification by OIH to the contrary, it thought it had complied with the contract terms.

Subsequent discussion with management at OIH indicated that management had previously provided contract monitoring for labor deficiencies. However, due to a reduction in the commission fee structure on contracts, OIH discontinued oversight for labor deficiencies. The CRPs were not notified of the change in policy by OIH. However, OIH maintained the data collection process to preserve the possibility for oversight to resume when resources were again available. OIH management indicated that staffing levels

precluded the routine monitoring of CRP labor during the audit period, but the process could be run on a selective case basis.

Testing additionally revealed that the CRP incurred unrecovered payroll costs due to compensating their clients and employees at rates above those specified in the contract. These unrecovered payroll costs amounted to \$2,647 for straight payroll for the three months tested. The extrapolated unrecovered costs on an annualized basis including payroll taxes, fringe, and overhead would increase this unrecovered amount to \$14,342. The unrecovered payroll exceeds the \$8,069 of overpayment made by ODOT (as noted above) by \$6,273.

Recommendations: It is recommended that OIH implement a procedure to reconcile labor and cost data provided by the CRPs to ensure contract monitoring and oversight. This will help ensure that no under- or over- recovery occurs and the CRPs comply with applicable contract terms. OIH should work with ODOT to determine the level of oversight and contract monitoring necessary to meet the terms of the contract. This agreement should be documented in the contract to ensure all parties are adequately informed.

The auditors also recommend that the CRP implement a process to monitor actual costs incurred for tracking and negotiation purposes. This will assist in the negotiation of future contracts to ensure CRP recovery of allowable actual costs incurred to provide services.

ADVISORY COMMENT. Although the results of the testing indicated labor deficiencies, ODOT will not require repayment for the audit period. However, the CRP is advised that it must meet the terms of the contract for all future periods. Failure to do so may result in more conservative audit adjustments at the discretion of ODOT.

- Confirm that a one-person shift is not split into two half shifts.

Three months of labor for three rest areas were tested, which represented 1,092 potential individual shifts to be worked per the contract (12 - 7.5 hour shifts/day). No discrepancies were noted that would indicate split shifts occurred.

- Review invoicing/accounting system to confirm how invoices are charged, and to see what invoice review/approval process is in place. Recalculate invoices billed to ODOT from OIH.

Observation: According to CRP management, there is no review or approval process for invoicing OIH, as the monthly invoices are always prepared to contract by the CRP. Accordingly, auditors recalculated 30 invoices covering fiscal year 2005 according to the CRP's billing practices and confirmed these invoices to the Monthly Cash Receipts report. The only exceptions noted were related to five invoices short-paid by OIH in the amount of \$443.56. According to the CRP, no notification of why invoices are short-paid is sent by OIH.

Finding: During follow-up testing at OIH, the five invoices in question were reviewed. OIH management made changes to the invoices when the billings were not in agreement with contract terms (e.g., number of days, daily rate, etc.). Auditors reconciled the corrected invoices to the contract to ensure compliance. No exceptions were noted, and ODOT was not billed in excess of the amount paid by OIH to the CRP.

OIH management also indicated that each time a change is made to a CRP invoice, a copy of the invoice and support for the correction is provided to the CRP. Auditors observed copies of the support maintained by OIH.

It was also noted that OIH invoices ODOT for services provided by the CRPs prior to payment of the CRPs. According to OIH management, this practice is in place to more closely match the time when OIH receives payment from ODOT to when that payment is disbursed to the CRPs.

Recommendations: It is recommended that OIH work with management of the CRPs to ensure adequate documentation and training regarding short payments is provided to CRP staff. Both OIH and the CRPs should retain adequate documentation in their files to support changes to invoices.

It is also recommended that management of OIH and ODOT discuss the timeline and process for seeking payment of invoices. Auditors have always been under the impression that ODOT programs operate strictly on a reimbursement basis. The process currently in place does not meet established practice. Adequate language should be incorporated into the contract to ensure all parties are aware of the process and timing of payments.

- Review overall timekeeping policy (recording, approvals, etc.).

Observation: According to CRP management, it uses different timekeeping systems based on work location. At some locations, including two of the three rest areas tested, employees use a phone-in system to record hours worked. At others, including two of the three rest areas tested, employees record time by punching a time card. While the physical timecards are signed by employees, the phone-in records are not. However, the phone-in system requires a unique employee password to be entered, which is based on the last four digits of the employee's social security number. Any changes made by supervisors to timecards or phone-in reports are not initialed or verified by employees.

According to the CRP management staff and one supervisor interviewed, supervisors review timecards and phone reports but do not sign them. Evidence of review was observed in the form of changes/corrections on labor records.

The CRP policy regarding early/late check-in/out indicates a 1/10th hour tolerance. However, the policy is silent regarding payment/deduction for the corresponding time. During testing, auditors observed inconsistent applications of the CRP policy.

Recommendation: ODOT recommends that the CRP clarify its policy to ensure consistent application to all employees.

- Interview CRP staff to ensure that employee understanding of internal controls matches what was documented in the Internal Control Questionnaire (ICQ) or previous audit.

Statements from five employees interviewed supported procedures documented in the ICQ. However, there did seem to be confusion within the staff as to the treatment of the 1/10th hours as discussed above. Four of the employees interviewed work in administrative functions, and one was a supervisor at a rest area. Due to the special circumstances of CRP client-workers, none were interviewed as part of the engagement.

Auditors noted a lack of segregation of duties related to cash disbursements and bank statement reconciliations exists due to minimal staffing. CRP management implemented a compensating control by having the bank statement reconciliations reviewed by the CEO. According to the CRP Management staff, its external auditors were consulted regarding the segregation of duties and compensating controls currently in place. No internal control deficiencies were noted in the 2004 financial statement audit report prepared by external auditors.

- General testing for compliance with internal controls per ICQ and employee interviews (e.g., management review of monthly reports, segregation of duties, etc.).

No instances of non-compliance were observed.

- Determine how company records credits (set up in A/P or reduction to A/R), and review appropriate A/P or A/R for any credits for OIH.

No OIH credits were noted for the three months reviewed. CRP management also indicated verbally that no credits were issued to OIH during the audit period.

- Confirm that A/P and A/R amount match invoices billed.

Of the 30 invoices tested, all were properly recorded in the A/P and A/R journals.

- Confirm that payment received matches amount billed and recorded.

Of the 30 invoices tested, five were short-paid and 25 paid in full by OIH, as detailed above.

- Review Bank Statements and confirm reconciliations.

Auditors tested four months of bank statement reconciliations. No exceptions were noted.

This report is intended solely for the use and information of the Ohio Industries for the Handicapped, the Ohio Department of Transportation, and Youngstown Area Goodwill Industries, Inc. It is not intended to be and should not be used by anyone other than those specified parties.

Respectfully,

Julie A. Ray, Deputy Director,
Division of Finance & Forecasting

c Skip Grey, ODOT
Jana Cassidy, ODOT
Mike McBride, Goodwill Industries, Inc.



The Ohio Department of Transportation
1980 West Broad Street, 4th Floor, Columbus, Ohio 43223

Date: November 22, 2006

Ms. Connie Chwan, Executive Director
OIH, Inc.
4795 Evanswood Drive
Columbus, OH 43229-6281

From May 1-3, the Ohio Department of Transportation (ODOT) performed agreed upon procedures at the locations of two Community Rehabilitation Programs (CRPs), pursuant to the engagement letter entered into between ODOT's Division of Facilities and Equipment Management and the Office of Audits dated April 28, 2006. The on-site engagements of the CRPs were structured to be the introductory portion of an agreed upon procedures engagement to take place at OIH, Inc. (OIH), initially scheduled for June of 2006 but performed September 27, 2006. This report is limited to the agreed upon procedures and findings related to the Burdman Group, Inc. (hereinafter referred to as "the CRP"), located in Youngstown, Ohio, and related procedures performed at OIH. Our engagement was performed in accordance with Attestation standards contained in Generally Accepted Government Auditing Standards (GAGAS).

The objective of this engagement was to review the processes and procedures employed by the CRP to record and document labor data for submission to OIH; determine the accuracy of invoices submitted by the CRP to OIH; and to determine the CRP's compliance with contract terms. To accomplish these objectives, auditors performed the following procedures for a period of four months from fiscal year 2005, resulting in the following observations and findings:

- Tie Payroll from General Ledger to Payroll Journal.

The CRP's financial system does not have a separate Payroll Journal. Alternatively, payroll entries are recorded directly into the General Ledger. Accordingly, no testing was necessary for this procedure.

- Tie Payroll Journal entries back to timesheets.

The CRP uses a punch clock timekeeping system rather than timesheets, and as noted above does not have a separate Payroll Journal. The auditors tested payroll per the punch clock reports to ADP payroll reports as well as totals recorded to the General Ledger for road side rest areas #4-43 & 44 (hereinafter referred to as the "rest areas"). Eight pay periods over four months were tested 100% for the two ODOT rest areas, ranging from 15 – 19 employees each pay period. No variances were observed. Additionally, all payroll payments for personal time during the tested periods were supported by leave request forms.

- Confirm Pay rates and job titles on timesheets to employee records.

Labor records for 33 employees working at the two rest areas and one ODOT garage (identified as department 506314 in the CRP's payroll records) were tested. The documentation showed that three of these employees worked under more than one title during the tested period, with the title shift not attributable to promotion.

According to the CRP management staff, these employees are all capable of working independently. One is physically disabled but has no mental disabilities, another has been

medication compliant for many years and works only at the ODOT garage, and the third has no disabilities, but is hired as a competitive wage worker. When needed due to a supervisor being off, they are capable of working with a longer-term client. The supervision provided in these cases is completion of tasks, rather than training and assessing work performed. New or situational clients will only work Monday through Friday during the four-hour morning shifts, under the direction of supervisors that have been with the CRP for many years. These title changing employees are working afternoon or midnight shifts, so would not be in charge of new employees.

Management's assertions related to when the employees work and level of supervision they provide (if any) are supported by the labor records tested by ODOT auditors.

- Compare timesheets for ODOT jobs to sign in/out sheets, work schedules, and requests for time off.

Sign in/out sheets and work schedules did not exist for the majority of the audit period for the two rest areas tested. Beginning in January 2005, Burdman Group began maintaining sign in sheets for the rest areas. For the two month period with sign in sheets available, auditors verified the sign in sheets to the payroll records without exception.

Auditors tested 15 requests for time off for the four months tested, which represented 100% of the requests for the two rest areas and one ODOT garage for the period. All requests tested were reviewed and signed by supervisors without exception.

- Confirm invoiced amounts to labor supported by timesheets as well as proper cost per day per OIH Cost Analysis. This confirmation includes verification that the Community Rehabilitation Program (CRP) only bill for hours worked.

Observation: Four months of labor was tested to confirm invoiced amounts were supported by timesheets at the proper cost per day. Four months of labor, as required by the contract, should total 7,834 working hours. Of the periods tested, 6,932 hours were actually worked, which is a deficiency of 11.51%. Because the CRP bills based on the contract, rather than on actual hours worked, this deficiency resulted in a total known overpayment to the CRP of \$6,571 for the four months tested. The extrapolated overpayment on an annualized basis would increase this amount to \$19,713. The 6% OIH commission fee on this annualized amount is \$1,183, resulting in a combined total overpayment of \$20,896. The total hours actually worked as noted above include paid half-hour lunch breaks, paid pursuant to the CRP's stated policy.

During discussions to understand the relationship between the CRPs and OIH, CRP management provided ODOT auditors with a Quarterly Review of Compliance Information letter from OIH to the CRP, dated May 2, 1997, which states:

This notification does not replace the procedure established to notify work centers of contract(s) in non-compliance. A contract is in non-compliance when the compliance data indicates a labor shortage of at least 10% or \$5,000. ***The contract(s) in non-compliance will be included in both the monthly and quarterly notifications.*** [Emphasis ODOT.]

As supported by this letter, the CRP management staff was under the impression that OIH would notify them of any deficiencies based on the labor records submitted to OIH. Since no such notification from OIH was received, they were under the impression that they were in compliance with contract terms.

Subsequent discussion with management at OIH indicated that management had previously provided contract monitoring for labor deficiencies. However, due to a reduction in the commission fee structure on contracts, OIH discontinued oversight for labor deficiencies. The CRPs were not notified of the change in policy by OIH. However, OIH maintained the data collection process to preserve the possibility for oversight to resume when resources were again available. OIH management indicated that staffing levels

precluded the routine monitoring of CRP labor during the audit period, but the process could be run on a selective case basis.

Testing additionally revealed that the CRP incurred unrecovered payroll costs due to compensating their clients and employees at rates above those specified in the contract. These unrecovered payroll costs amounted to \$7,420 for straight payroll for the four months tested. The extrapolated unrecovered costs on an annualized basis including payroll taxes, fringe, and overhead would increase this unrecovered amount to \$30,155. The unrecovered payroll exceeds the \$19,713 of overpayment made by ODOT (as noted above) by \$10,442.

Recommendations: It is recommended that OIH implement a procedure to reconcile labor and cost data provided by the CRPs to ensure contract monitoring and oversight. This will help ensure that no under- or over- recovery occurs and the CRPs comply with applicable contract terms. OIH should work with ODOT to determine the level of oversight and contract monitoring necessary to meet the terms of the contract. This agreement should be documented in the contract to ensure all parties are adequately informed.

The auditors also recommend that the CRP implement a process to monitor actual costs incurred for tracking and negotiation purposes. This will assist in the negotiation of future contracts to ensure CRP recovery of allowable actual costs incurred to provide services.

While the auditors do not recommend recovery for the paid lunch breaks, OIH should review these policies with the CRPs to ensure that they are in compliance with ODOT contract requirements. If paid lunches will be part of contract labor fulfillment, OIH should discuss with ODOT prior to contract finalization. The agreed upon terms should be documented in the contract.

ADVISORY COMMENT. Although the results of the testing indicated labor deficiencies, ODOT will not require repayment for the audit period. However, the CRP is advised that it must meet the terms of the contract for all future periods. Failure to do so may result in more conservative audit adjustments at the discretion of ODOT.

- Confirm that a one-person shift is not split into two half shifts.

Observation: Four months of labor for two rest areas were tested, which represented 960 potential individual shifts to be worked per the contract (8 shifts/day).

According to CRP management, it is a regular practice to split an eight hour shift between two workers. The CRP management staff described this practice as necessary, due to stamina being an issue for some of the disabled workers. They also indicated that the practice is an industry standard, and that there is no documented prohibition against said practice. By splitting the shift, Burdman is able to provide employment to the handicapped and maintain the proper quality of service required by ODOT. Labor data tested supports that split shifts are worked during the day shift (between 7:30 am – 3:00 pm), Monday through Friday.

During follow-up conversations with OIH management, it confirmed that this practice is frequently necessary due to the limitations of the clientele the CRPs employ.

Finding: Of the 960 shifts tested, 157 were split; each split represented two 4-hour worker level shifts. The split shifts represent 16.35% of total potential shifts.

Recommendation: It is recommended that clarification of whether split shifts are allowable for contract performance be discussed with ODOT management. Conclusions should be documented in the agreement to ensure all parties are adequately informed, and this clarification should be communicated to all CRPs and ODOT District Offices.

- Review invoicing/accounting system to confirm how invoices are charged, and to see what invoice review/approval process is in place. Recalculate invoices billed to ODOT from OIH.

Observation: According to CRP management, there is no review or approval process for invoicing OIH, as the monthly invoices are always prepared to contract. Accordingly, auditors recalculated 38 invoices covering the fiscal year according to the CRP's billing practice and confirmed these invoices to the Sales and Cash Receipts journals. No exceptions were noted.

During the agreed upon procedures visit to OIH, it was noted that OIH invoices ODOT for services provided by the CRPs prior to payment of the CRPs. According to OIH management, this practice is in place to more closely match the time when OIH receives payment from ODOT to when that payment is disbursed to the CRPs.

Recommendation: It is recommended that management of OIH and ODOT discuss the timeline and process for seeking payment of invoices. Auditors have always been under the impression that ODOT programs operate strictly on a reimbursement basis. The process currently in place does not meet established practice. Adequate language should be incorporated into the contract to ensure all parties are aware of the process and timing of payments.

- Review overall timekeeping policy (recording, approvals, etc.).

Observation: The CRP uses a timekeeping system by which employees punch a time clock to record hours worked. Employees do not sign any labor records, nor do their supervisors, with the exception of garage workers.

According to the CRP management staff, supervisors review weekly punch detail reports for their work sites, and the Operations Director reviews these reports on a weekly basis for all sites. The only documentation of these reviews is email correspondence, which was not retained for the audit period. Accordingly, no test of supervisory review was performed.

Finding: The auditors tested 100% of the ODOT garage timesheets for the four month audit period. Four of the 31 tested timesheets (13%) were missing worker signature, and of those four, one timesheet was missing both the worker and supervisor signatures. All other tested timesheets were signed by both the worker and the supervisor.

Recommendation: It is recommended that the CRP implement a policy whereby adequate review and documented approval is performed for all recorded labor.

- Interview CRP staff to ensure that employee understanding of internal controls matches what was documented in the Internal Control Questionnaire (ICQ) or previous audit.

Statements from four employees interviewed supported procedures documented in the ICQ. Three of the employees interviewed work in administrative functions, and one was a supervisor at a rest area. Due to the special circumstances of CRP client-workers, none were interviewed as part of the engagement.

- General testing for compliance with internal controls per ICQ and employee interviews (e.g., management review of monthly reports, segregation of duties, etc.).

No instances of non-compliance were observed.

- Determine how company records credits (set up in A/P or reduction to A/R), and review appropriate A/P or A/R for any credits for OIH.

No OIH credits were noted for the four months reviewed. CRP management also indicated verbally that no credits were issued to OIH during the audit period.

- Confirm that A/P and A/R amount match invoices billed.

Of the 38 invoices tested, all were properly recorded in the A/P and A/R journals.

- Confirm that payment received matches amount billed and recorded.

Of the 38 invoices tested, all were paid in full by OIH.

- Review Bank Statements and confirm reconciliations.

Auditors tested four months of bank statement reconciliations. No exceptions were noted.

This report is intended solely for the use and information of the Ohio Industries for the Handicapped, the Ohio Department of Transportation, and the Burdman Group, Inc. It is not intended to be and should not be used by anyone other than those specified parties.

Respectfully,

Julie A. Ray, Deputy Director,
Division of Finance & Forecasting

- c Skip Grey, ODOT
Jana Cassidy, ODOT
Mark Wingert, Burdman Group Inc.



OHIO DEPARTMENT OF TRANSPORTATION

CENTRAL OFFICE, 1980 W. Broad St., 4th Floor, COLUMBUS, OHIO 43223

April 9, 2007

Ms. Connie Young
OIH, Inc.
4795 Evanswood Drive
Columbus, OH 43229-6281

RE: Assessment of OIH Compliance Program

Dear Ms. Young:

Recently you requested our review and input regarding the former OIH Janitorial Compliance Program procedures. We have completed our assessment of the Program that was previously in place for work performed under the custodial and maintenance program for ODOT rest areas, headquarters, garages, and outposts. As a result of our review, we offer the following comments and recommendations.

In the current contract between OIH and DAS, signed July 1, 2006, section *F. Accounting, record keeping, and reporting, and fiscal responsibility*, reads:

1. The PMC shall review and confirm monthly subcontractor invoices, send notices to subcontractors regarding any discrepancies, and follow up on resolution of discrepancies within fifteen (15) calendar days of receipt of invoice. PMC review shall include, but not be limited to, payroll detail records. The PMC shall reconcile CRP invoices with payroll records to ensure all shift hours as established in site specifications are provided to ODOT as invoiced. CRPs and PMC shall be responsible to return to ODOT any funds due for non-provided hours or services....
5. The PMC shall provide reports quarterly to the ODOT Central Office Facility Program Manager throughout the fiscal year to document the progress of the Contract. These reports will include a year-end management report summary documenting the activities and outcomes of the contract based on quality assurance reviews and compliance information.

While elements of the previous program may be useful in developing a compliance program that will meet current contract terms, the previous program does not meet the requirements of the current contract. Specific deficiencies and related recommendations are as follows:

Deficiency: Under the previous compliance program, CRPs reported hours worked and related pay in total for each worker level for each pay period. By analyzing hours in total, OIH has no visibility to instances in which shifts are missed in the same period that additional hours are worked on other shifts.

Recommendation: In addition to data currently reported, OIH should require CRPs to self-report any missed shifts or banked hours. CRPs should also be required to maintain sign-in/-out sheets for all ODOT work locations. Copies of these sign-in/-out sheets should be submitted to OIH as support for payroll data reported.

Deficiency: Currently, OIH receives payroll data from only 70 to 75 percent of CRPs participating in the custodial and maintenance program for ODOT.

Recommendation: OIH should require submission of payroll data from all CRPs.

Deficiency: The previous compliance program did not require payroll data to be submitted by a set time. Accordingly, payroll data may be received months after the period worked. The current contract requires

OIH – Compliance Program

confirmation of monthly invoices and notification to subcontractors of any discrepancies within fifteen (15) calendar days of invoice receipt.

Recommendation: OIH should require CRPs to submit all required information by a certain date of each month in order to meet the timeline for review and notification as required by the contract.

Deficiency: The previous compliance program required a deficiency of the lesser of 10 percent or \$5,000 per contract before classifying a contract as non-compliant. The current contract requires the PMC to “reconcile CRP invoices with payroll records to ensure all shift hours as established in site specifications are provided to ODOT as invoiced. CRPs and PMC shall be responsible to return to ODOT any funds due for non-provided hours or services...” Accordingly, the 10 percent or \$5,000 minimum does not apply to the current contract.

Recommendation: OIH should notify CRPs of all deficiencies and process applicable credits on a monthly basis. In order to meet this criterion, OIH should review variances on a monthly, rather than annual, basis.

While ODOT requires notification to CRPs for all deficiencies, it will allow a maximum deficiency of two shifts missed (whether full shifts missed or a cumulative total number of hours missed in the amount of two shifts) per contract per contract period with no related monetary penalty. However, the half day penalty, which is being continued from past and current practice, must be applied for all shifts missed after the two grace shifts.

Deficiency: While the previous compliance program included an audit element, audits were not regularly performed for all CRPs. Additionally, the audits did not include testing to ensure that all required shifts were worked.

Recommendations: The previous audit program should be revived as part of the compliance program due to CRPs self-reporting labor information. ODOT recommends auditing all CRPs within each two-year period. Additionally, testing to ensure that all required shifts were worked should be incorporated into the audits. Application of the 10 percent or \$5,000 minimum deficiency should be discontinued on the audit side as well.

When OIH and its external CPA have updated the audit plan to include the recommendations above, ODOT will review the plan for approval prior to implementation for CRP audits.

Further Recommendations: ODOT further recommends that OIH develop and implement an electronic means of CRP data submission in a format compatible with importing into the OIH database system built to accommodate the compliance program. By utilizing available technology, OIH reduces both time and potential for human error inherent to manual data entry.

Additionally, the compliance program should recognize the different requirements between task-based and shift-based contracts. Unlike shift-based contracts, task-based contracts may show a reasonable time variance so long as the quality of task fulfillment is maintained.

ODOT continues to require OIH to develop and implement a compliance program sufficient to meet all contract requirements. This program must be in place by June 30, 2007. By this date, OIH must receive and analyze all labor data beginning with the contract date of July 1, 2006 through the latest month invoiced as of June 30, 2007. ODOT requires that audits of a minimum of 50% of all CRPs be completed no later than June 30, 2008.

OIH – Compliance Program

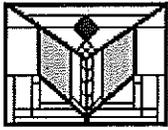
If you have any further questions on the contract requirements, please contact Vicki Ashley at (614) 466-3381.

Respectfully,



Julie Ray
Deputy Director
Office of Finance and Forecasting

c Stephen Hunter
 Jeff Westhoven
 Vicki Ashley
 Therese Dyer



Vicki
Ashley/Facilities/CEN/ODOT
07/23/2008 09:07 AM

To Gary Wilhelm/FacilitiesMgmt/CEN/ODOT@ODOT
cc Kerry Johnson/FacilitiesMgmt/CEN/ODOT@ODOT, Mark Spagnuolo/Facilities/CEN/ODOT@ODOT, cmitchell@possitivity.com, ron.rowland@das.state.oh.us,
bcc

Subject Re: Fw: Background checks/contracts

Gary,

According to the terms of the PMC contract, each CRP is required to provide certification that each for their employees assigned to any ODOT site had received an "annual" background check and those employees are clear to work at our locations. This information should have been received by Paul in the cost review packet as the PMC is required to make sure the document is in the packet at the time it is presented to the Facility Manager for review.

There are three (3) issues here:

- 1) If the CRP provided the document but did not perform the checks, the document was falsely submitted
- 2) Did VGS receive payments for service/supplies which were not provided
- 3) If the document was not provided to Paul, the PMC was remiss in their contractual obligation to insure the document was indeed a part of the renewal packet

By way of a copy of this correspondence, I am requesting responses from Paul and Charles regarding item (3). Also Charles, please provide me with a copy of the cost analysis document of ODOT/VGS contract costs to verify the line item referencing any costs for background checks.

Guidance is herewith being requested from DAS & OPCRIP regarding verification of background checks from the CRP (VGS) which were to have been completed for all ODOT contracts which recently ended with VGS. Based on the language of the PMC contract, Section IV, G, 11., we are requesting support documentation from the CRP indicating appropriate background checks were performed for contract renewal period State of Ohio Fiscal Year '08, Contract period July 1, 2007 through June 30, 2008).

A copy of this series of correspondences is also being forwarded to our Chief Legal Department for their information.

My recommendation is that final payments to VGS be held by District 4 Accounting until resolution of this and other present issues.

Thank you!

Vicki E. Ashley, Facility Programs Manager
Office of Facilities Management
1980 West Broad Street
Columbus, OH 43223
Phone: (614)466-3381
FAX: (614)752-0108
Gary Wilhelm/FacilitiesMgmt/CEN/ODOT



Gary
Wilhelm/FacilitiesMgmt/CEN/
ODOT

To Vicki Ashley/Facilities/CEN/ODOT@ODOT, Mark Spagnuolo
cc Kerry Johnson, Scott Varner



07/22/2008 05:27 PM

Subject Fw: Background checks/contracts

Vicki: Do you request, or already have, any criminal background check records for the CRP's in D-4. Perhaps all we need to supply Paul is assurance that they were performed. Have you had past experience with this issue? Please advise. Thanks!

Gary L. Wilhelm, P.E.

Deputy Director, Division 19, Facilities & Equipment Mgmt.

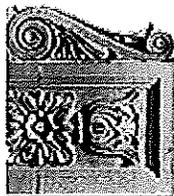
Ohio Department of Transportation, 4th floor

1980 West Broad Street, Columbus, Ohio 43223

614-752-6689 (office), 614-429-7858 (ODOT cell)

Administrative Assistant: Kerry Johnson, 614-752-5183

----- Forwarded by Gary Wilhelm/FacilitiesMgmt/CEN/ODOT on 07/22/2008 05:22 PM -----



Paul

Oberdorfer/Facilities/D04/OD
OT

To Gary Wilhelm/FacilitiesMgmt/CEN/ODOT@ODOT

cc

07/22/2008 01:35 PM

Subject Fw: Background checks/contracts

Gary:

I am not sure if you have been made aware of recent events but according to the email below, Possitivity failed to verify the criminal background check as required in the PMC contract for at least *two years* with VGS, Inc. employees working at our sites.

I was going to send a letter from our office to the CRP's requesting a copy of the documentation. However, due to the nature of the problem and the issue of the PMC being involved, I that maybe you could officially request those records on our behalf.

If we are experiencing this problem then it is probably safe to say that the other districts are as well.

Please advise.

Paul Oberdorfer
Facilities Manager

Ohio Department of Transportation
District Four
2088 South Arlington Road
Akron, OH 44306
1-800-603-1054 ext. 786-2256

----- Forwarded by Paul Oberdorfer/Facilities/D04/ODOT on 07/22/2008 01:08 PM -----



"Alain Wulff"

<awulff@weaverindustries.or
g>

To <Paul.Oberdorfer@dot.state.oh.us>

cc <jroberts@possitivity.com>

07/21/2008 01:43 PM



Subject Background checks/contracts

Good afternoon, Paul.....

Jeff Johnson (Weaver Exec. Director) Joe Roberts and I "conferenced" this a.m. We spoke of our findings last week (see below) and he concurred we cannot keep on staff the employees whose background checks returned with "hits."

The employees in question were informed last Friday afternoon. One was working; he was terminated on-site. The 2 others were not to work till the weekend; they were advised not to return. All are turning in/have returned keys, were of course told why they were being terminated, with confirming, certified letters on their way.

We share with everyone when applying for a position, their background will be checked. We were surprised, when so advising ex-VGS applicants, to have them reply VGS had never done so, asking why were we, etc.

Frustrating is the fact all 3 were good workers.

Respectfully,

Alain Wulff
Community Services Manager
Weaver Industries
530 South Main St.
Suite 1714
Akron OH 44311
direct 330 379 3631
cell 330 571 9719
fax 330 379 3665
awulff@weaverindustries.org

From: Alain Wulff [mailto:awulff@weaverindustries.org]
Sent: Friday, July 18, 2008 7:39 AM
To: 'jroberts@possitivity.com'
Subject: Background checks/contracts
Importance: High
Sensitivity: Confidential

Good morning. Hope all is well with your family and you. I mourn today for the loss of Twinsburg's Officer Miktarian. There but for the Grace of God goes you.

STAFFING

We put to work on a probationary basis, several of the ex-VGS employees pending the result of their background checks. Many of the checks have returned with major hits. Bobby B. has an extensive criminal background, some activity as recent as 2005, with time served in Mansfield

or the State Pen., for example.

Everyone had spoken highly of Bobby, recommending him to us, and we even spoke with him about becoming an MRDD-certified site supervisor so he'd be able to work directly with the population we serve. Bobby presented exceptionally well in his initial interview and we had gone as far as provisionally registering him in our initial 2 week MRDD training/class program.

I must regrettably inform you we cannot hire Bobby.

CONTRACTS

I've left word with Pam I'm here for her; asked what she might need from me to facilitate her "take-over." Have heard nothing. I understand her plate suddenly was filled to overflowing. However month end is looming closer, when we have to bill ODOT/positivity, and with no amended contracts in place to support what we've started on the strength of an e-mail from Paul, or verbal agreement by none other than D4's DDD to go from 3 to 5 days at the HQ complex, our invoicing will be held.

I'm away from the office today, till sometime mid-afternoon. Cell ph only till then.

Thanks.

Alain Wulff
Community Services Manager
Weaver Industries
530 South Main St.
Suite 1714
Akron OH 44311
direct 330 379 3631
cell 330 571 9719
fax 330 379 3665
awulff@weaverindustries.org

King, Dana

From: Vicki.Ashley@dot.state.oh.us
Sent: Wednesday, July 16, 2008 1:57 PM
To: Bob.Zwick@dot.state.oh.us
Cc: Anthony.Urankar@dot.state.oh.us; Bernadette.Barth@dot.state.oh.us;
 Bill.Sherman@dot.state.oh.us; King, Dana; John.Burnie@dot.state.oh.us;
 Joyce.Thomas@dot.state.oh.us; Karl.Newman@dot.state.oh.us;
 Lonnie.Falknor@dot.state.oh.us; Paul.Oberdorfer@dot.state.oh.us;
 Shaun.Bennett@dot.state.oh.us; Stephen.Masters@dot.state.oh.us;
 Steve.Durbin@dot.state.oh.us; Steve.Limbacher@dot.state.oh.us;
 Tim.Smith@dot.state.oh.us; Tony.Lotz@dot.state.oh.us; Therese.Dyer@dot.state.oh.us;
 Jana.Cassidy@dot.state.oh.us; Kerry.Johnson@dot.state.oh.us
Subject: Re: CRP June Invoices

Bob,

Thank you for your candor.

First, let me say that monitoring of sign-in sheets by district staff is not new to the program. Many district currently do so and this has been encouraged for years as this is used to by district personnel to determine if workers have been on site.

Second, over the past two years the most frequent comment by district personnel has been that the PMC review process was "a waste of time", slowed down the payment process, especially since the district accounting staff (or other designated personnel) review these documents as well. There have also been complaints of the PMC review being inaccurate resulting in additional changes.

As for the accuracy of the sign-in sheets, you are correct. However, if we know they are inaccurate, we are obligated to make appropriate deductions and should not pay for services we have not received. The sign-in sheets are meant to be a tool for district personnel to monitor attendance at the sites and serve as an "official document." Since this is the document used for verification of janitorial service personnel on site, if there is falsification of the document, we need to take appropriate action to insure the CRP and staff understand the potential ramifications of intentionally reporting false information. If on the other hand quality does not meet the specifications or if staff are missing, we should take appropriate deductions. ODOT staff has been encouraged that if upon visiting sites and finding no janitorial workers present or missing, complete the sign-in sheets noting that no workers could be found. Also because the availability of ODOT staff is an issue in many districts, it is encouraged that sign-in sheets are reviewed weekly/biweekly and if there is a problem, we can notify the appropriate entities. Finally, under the new process the review of hours/payroll data should take place in accounting.

Thank you again for your comments!

Vicki E. Ashley, Facility Programs Manager
 Office of Facilities Management
 1980 West Broad Street
 Columbus, OH 43223
 Phone: (614)466-3381
 FAX: (614)752-0108

Bob Zwick/Facilities/D10/ODOT

07/15/2008 12:47 PM To

Vicki Ashley/Facilities/CEN/ODOT@ODOT

cc: Anthony Urankar/Business/D12/ODOT@ODOT, Bernadette Barth/Administration/D02/ODOT@ODOT, Bill Sherman/Facilities/CEN/ODOT@ODOT, Dana.King@das.state.oh.us, John Burnie/Facilities/D08/ODOT@ODOT, Joyce Thomas/Facilities/CEN/ODOT@ODOT, Karl Newman/Facilities/D05/ODOT@ODOT, Lonnie Falknor/Facilities/D07/ODOT@ODOT, Paul Oberdorfer/Facilities/D04/ODOT@ODOT, Shaun

Bennett/Facilities/D09/ODOT@ODOT, Stephen Masters/Facilities/D06/ODOT@ODOT, Steve Durbin/Facilities/D03/ODOT@ODOT, Steve Limbacher/IT/D11/ODOT@ODOT, Tony Lotz/Facilities/D01/ODOT@ODOT, Tim Smith/Accounting/D10/ODOT@ODOT

Subject

Re: CRP June Invoices [Link](#)

Vicki,

The letter that we received on 6/12/08 from Therese Dyer, states that Possitivity is still responsible for checking June 2008 invoices.

I have to tell you that I don't like that it was decided by "whoever" that the district facility managers are now responsible for reviewing the CRP sign-in/out sheets, checking them against the invoices, and then initialing them. I would estimate that District 10 will have approximately 10,000 entries each month to review and compare to the invoices. That would take several days to complete and I don't have any office staff. I also believe that the sign-in/out sheets are a joke. They are only as good as the person that fills them out. I know for a fact that they have been falsely completed in the past. We don't have the manpower to check the hours spent by the CRP's at our rest areas. I just wanted to let you know that I for one don't agree with this process. I would rather see someone from central office review all of the sign-in/out sheets and compare them to the invoices. I'm sure that there are a few people up there that would have the time.

Robert C. Zwick, Transportation Engineer 3
 Phone: (740) 568-3974
 FAX: (614) 887-4229
 Email: rzwick@dot.state.oh.us

Vicki Ashley/Facilities/CEN/ODOT

07/15/2008 10:00 AM To

Steve Durbin/Facilities/D03/ODOT@ODOT, Stephen Masters/Facilities/D06/ODOT@ODOT, Lonnie Falknor/Facilities/D07/ODOT@ODOT, John Burnie/Facilities/D08/ODOT@ODOT, Bob Zwick/Facilities/D10/ODOT@ODOT, Shaun Bennett/Facilities/D09/ODOT@ODOT, Paul Oberdorfer/Facilities/D04/ODOT@ODOT, Karl Newman/Facilities/D05/ODOT@ODOT, Tony Lotz/Facilities/D01/ODOT@ODOT, Joyce Thomas/Facilities/CEN/ODOT@ODOT, Bernadette Barth/Administration/D02/ODOT@ODOT, Steve Limbacher/IT/D11/ODOT@ODOT, Anthony Urankar/Business/D12/ODOT@ODOT

cc

Bill Sherman/Facilities/CEN/ODOT@ODOT, Dana.King@das.state.oh.us

Subject

CRP June Invoices

All,

I have received the June invoice from the PMC. However, I am holding until you confirm that invoices from CRP's have been reviewed and processed to your office for payment. If invoices have not been received, please send me a list of those which remain outstanding after July 25th.

Thanks!

Vicki E. Ashley, Facility Programs Manager
 Office of Facilities Management
 1980 West Broad Street
 Columbus, OH 43223

Ohio Department of Administrative Services
Ted Strickland, *Governor*
Hugh Quill, *Director*

Office of Procurement from Community Rehabilitation Programs
General Services Division 614.752.9772 Voice
Office of Procurement Services 614.752.9788 Fax
4200 Surface Road
Columbus, Ohio 43228
www.ohio.gov/procure
opcrp@das.state.oh.us



February 25, 2008

Ms. Connie T. Chwan, CEO
Possitivity
Property Management Company for the
Ohio Department of Transportation
4950 Blazer Parkway
Dublin, Ohio 43017

Dear Ms. Chwan:

As requested and pursuant to Sections 125.60 to 125.6012 of the Ohio Revised Code and Chapter 123:5-3-01 to 12 of the Ohio Administrative Code, please accept this letter as a waiver of the requirement for purchase of Custodial Services by the Ohio Department of Transportation at the following locations:

Franklin County

Franklin County Garage, 3500 East Fifth Avenue, Columbus
Grove City Outpost, 6000 Haughn Road (State Route 665 at I-71), Grove City
Roberts Road Outpost, 4400 Currency Drive, Hilliard
New Albany Outpost, State Route #161, New Albany
Worthington/Wilson Bridge Outpost, 387 East Wilson Bridge Road, Worthington
NEXT Trailer, 4850 East Dublin-Granville Road, Westerville

Morrow County

Morrow County Garage, 5560 State Route 42, Mt. Gilead
Chesterville Outpost, 3988 Route 127, Mt. Gilead

The effective dates for this waiver of requirement are March 1, 2008, to June 30, 2009.

The reason for this waiver being granted is that there are no community rehabilitation programs available to perform/continue custodial services at these sites.

Should you have any questions or need additional information, please contact me. Thank you for your interest in Ohio's State Use Program.

Sincerely,

Ronald R. Rowland
Manager
Office of Procurement
Community Rehabilitation Programs

Ohio Department of Administrative Services
Ted Strickland, *Governor*
Hugh Quill, *Director*

Office of Procurement from Community Rehabilitation Programs
General Services Division
Office of Procurement Services
4200 Surface Road
Columbus, Ohio 43228
614.752.9772 Voice
614.752.9788 Fax
www.ohio.gov/procure
opcrp@das.state.oh.us



October 3, 2008

Ms. Connie Chwan
CEO
Possitivity
4950 Blazer Parkway
Dublin, Ohio 43017

Dear Ms. Chwan:

As requested and pursuant to Sections 125.60 to 125.6012 of the Ohio Revised Code and Chapter 123:5-3-01 to 12 of the Ohio Administrative Code, please accept this letter as a Waiver of the Requirement for Purchase of:

ODOT District 7, Darke County Garage
1144 Martin Street, Greenville

The effective dates for this waiver of requirement are: November 1, 2008, to October 31, 2009.

We acknowledge that this waiver is necessary because ODOT is not able to expend the additional cost associated with having a CRP provide services at this site.

We look forward to the possibility of this facility being a part of the program in the future.

Sincerely,

Ronald R. Rowland
Manager
Office of Procurement
Community Rehabilitation Programs

Nichols, Ron

From: Lonnie.Falknor@dot.state.oh.us
Sent: Wednesday, February 25, 2009 3:19 PM
To: Nichols, Ron
Subject: RE: janitorial contract

Ron.....

I do not look outside unless Positivity is unable to furnish a work center primarily because we have always been told that if OPI didn't have it our second option was Positivity.

Once we went outside we found that for that site Positivity was not even close to the cost of Janitorial Management. However, we do have two other locations in this District that are done by a private vendor. Each of those sites are costing me more than the contract with Positivity was costing me. They were done by letter quote also.

If we are going to continue losing work centers I will probably be turning this over to DAS for bidding rather than use letter quote. Its difficult to find companies that are interested in bidding on a job, especially after they have already bid a couple of times with no results.

Lonnie Falknor
 Facilities Superintendent
 (937)497-6730 Fax (937)4976870

"A positive attitude may not solve all your problems, but it will annoy enough people to make it worth the effort."
 - Herm Allbright (1876-1944)

"Nichols, Ron" <Ron.Nichols@oig.state.oh.us>

To: "Lonnie.Falknor@dot.state.oh.us" <Lonnie.Falknor@dot.state.oh.us>

cc

02/25/2009 11:29 AM

Subject RE: janitorial contract

Yes that's what I needed. Thank you. One more question. Is this the only time you or D7 has ever looked at using a private company as opposed to a CRP?

From: Lonnie.Falknor@dot.state.oh.us [<mailto:Lonnie.Falknor@dot.state.oh.us>]
Sent: Tuesday, February 24, 2009 4:14 PM
To: Nichols, Ron
Subject: Re: janitorial contract

Ron.....

I was incorrect it was not Wayne Industries, the CRP that stopped cleaning for us in Darke County was Cleaners Extraordinaire. They provided custodial services at the Darke County Garage through October 31 of 2007 @ \$56.26/day of service.

Cleaners elected not to continue with the contract and Possitivity was unable to come up with a work center who wanted the work so it was necessary for me to acquire quotes for the next contract year through October 2008 from three vendors. Janitorial Management services was the low bidder @ \$44.50/day of service.

I approached Possitivity about the pending maintenance for this contract year which goes through October 2009 and the only work center they could come up with was out of Preble County. I must apologize but I am unable to find the information on the price quote.

However it was more than double the cost of the existing contract with Janitorial Management Services so we asked for a waiver to allow us to bid the janitorial services which was granted.

I then acquired quotes from three vendors and Janitorial Management Services was again the low bidder @ \$42.50/day of service.

I hope this is some help. Please feel free to call if I can be of further assistance.

Lonnie Falknor
Facilities Superintendent
(937)497-6730 Fax (937)4976870

"A positive attitude may not solve all your problems, but it will annoy enough people to make it worth the effort."
- Herm Allbright (1876-1944)

125.609 Release of ordering office from compliance with rules.

The office of procurement from community rehabilitation programs, on its own or pursuant to a request from a government ordering office, may release a government ordering office from compliance with sections 125.60 to 125.6012 of the Revised Code. If the office determines that compliance is not possible or not advantageous, or if conditions prescribed in rules as may be adopted under section 125.603 of the Revised Code for granting a release are met, the office may grant a release. The release shall be in writing, and shall specify the supplies or services to which it applies, the period of time during which it is effective, and the reason for which it is granted.

Effective Date: 06-30-2005

125.606 Fair market price for items on procurement list.

Prior to purchases by government ordering offices, the office of procurement from community rehabilitation programs shall attempt to establish for each item on the procurement list a fair market price that is representative of the range of prices that a government ordering office would expect to pay to purchase the item in the marketplace. When establishing a fair market price for an item, the office of procurement from community rehabilitation programs shall consider the costs of doing business with respect to that item, including sales, marketing, and research and development costs and agent fees. If the office of procurement from community rehabilitation programs cannot establish a fair market price for a particular supply or service, the government ordering office shall attempt to establish the fair market price pursuant to division (B) of section 125.607 of the Revised Code for each purchase of such supply or service.

Effective Date: 06-30-2005