

**WEST VIRGINIA LEGISLATURE**  
*Joint Committee on Government and Finance*

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**Memo**

**To**                    **Theford Shanklin, Director**

**From:**               **Mike House, Supervisor**

**Date:**               **July 11, 2002**

**Subject:**           **FOLLOW-UP REVIEW OF THE CHANGE ORDERS ISSUED  
FOR REGIONAL JAIL CONSTRUCTION CONTRACTS**

In accordance with your instructions we conducted a follow-up review to determine the number of change orders being issued for West Virginia Regional Jail and Correctional Facility Authority construction contracts and the dollar amount of those change orders. We spoke with Mr. Steve Canterbury, Executive Director, to obtain a list of construction projects that had been contracted for and substantially completed since our last audit of that Agency. We then contacted David Tincer, the Director of the State Purchasing Division, who supplied us with copies of construction contracts and applicable change orders for those construction projects.

In our audit report of the Eastern Regional Jail for the period July 1, 1997 - December 31 1999 and presented at the December 4, 2000 meeting of the Post Audit subcommittee, we noted the original purchase order for the general construction of that facility was in the amount of \$6,543,000.00. However, change orders in the total amount of \$3,399,309.00 were added to the original construction contract reflecting a total increase of 51.95%. The extent and amount of the change orders raised questions as to whether the State received the best available price for the work performed and whether better planning could have eliminated the need for such extensive and costly change orders. We recommended every effort be made on future projects to obtain bids for the complete project in the original contract

Our review of the construction contracted for and completed since our audit report of the Eastern Regional Jail indicated that change orders for the general construction contract for each project have been limited to less than a 5% total increase to the original contract price. The original purchase order with the general construction contractor for the North Central

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**Regional Jail had 15 change orders which increased the cost from \$10,959,000 to \$11,412,473 for a total increase of \$453,473 or 4.14%. The Lakin Correctional Center purchase order for the general construction to date has had six change orders which increased the total cost from \$11,490,000 to \$11,715,571 for a total increase of \$225,571 or 1.96%. Construction at Lakin is 95% completed. The Western Regional Jail which is approximately 50% completed has had two change orders processed to the general construction contract which increased the cost from \$12,878,500 to \$13,321,709 for a total increase of \$353,209 or 2.74%. We also reviewed the change orders to the other construction contracts relating to the three facilities mentioned above and found them to be within acceptable limits.**