THE UNIVERSITY OF TEXAS
MD Anderson Cancer Center

Department of Internal Audit

September 1, 2015

MEMORANDUM

TO: Spencer Moore
Vice President and Chief Facilities Officer

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FROM: Sherri Magnus
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SUBJECT: Construction Needs Assessment
Audit Control Number 2015-111

Overview:
The MD Anderson Cancer Center (MD Anderson) Facilities Management (FM) and Supply Chain Management (SCM) departments work closely together to solicit construction projects and contract with construction contractors, vendors and suppliers. Internal Audit conducted a construction needs assessment during the spring of 2015 to identify opportunities to enhance the efficiency and effectiveness of current construction processes and controls both within and between the two departments.

Objective, Scope and Methodology:
The objective of this assessment was to identify manual construction processes that could benefit from automated controls (i.e., electronic workflow approval).

The scope of this assessment covered current construction activities, including those within procurement (i.e., bidding, contracting, changes), that use manual and automated processes to plan, initiate, execute, control and close construction projects.

The following key tasks were performed:

- Conducted interviews with key Facilities and Supply Chain Management personnel with knowledge of current construction software applications used within each department;
- Obtained an understanding of the current construction processes, including those within procurement (i.e., bidding, contracting, changes), that use software applications to plan, initiate, execute, control and close construction projects;

- Assessed current construction processes, including those within procurement, that may benefit from automated controls (i.e., electronic workflow approval);
- Inventoried current software applications used by Facilities and Supply Chain Management to procure and manage construction projects; and
- Developed a needs assessment report that may be used to enhance and/or automate current construction processes and controls, including those within procurement.

Assessment Results Summary:

Overall, construction processes at MD Anderson appear effective. There are, however, several opportunities to enhance the efficiency of processes and controls not only within Facilities Management (FM) but also within their interaction with Supply Chain Management (SCM). Management should consider ways to enhance the solicitation and contracting process for construction activities by leveraging Information Technology (IT) system solutions currently available at MD Anderson. The following tables highlight potential areas for improved efficiency that were noted during the assessment.

The following top priority areas currently impact the efficiency of construction activities within both FM and SCM:

Top Priority Areas	Items to Consider
Long processing times for soliciting bids and awarding contracts	Leveraging current IT systems (SciQuest, ResourceOne, SharePoint, TractManager, etc.) to enhance construction procurement cycle time
Lack of electronic bidding process	Evaluating SciQuest as a system to bid out construction projects
Limited SharePoint access and electronic workflow between FM & SCM	Leveraging SharePoint (Project Workspace) to collaborate and electronically approve and/or route documents not in SciQuest or ResourceOne
Manual paper requisitions from FM duplicating effort in ResourceOne	Eliminating manual paper requisition process and tracking requisition approvals within ResourceOne
Lack of transparency for tracking status of documents	Leveraging access to department SharePoint sites and/or SciQuest to allow tracking of document status
Office of Facilities Planning & Construction (OFPC) model for FM	Evaluating OFPC model for construction procurement

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The following quick fix areas could easily be addressed by both FM and SCM to improve the efficiency of construction activities.

Quick Fix Areas	Items to Consider
Incomplete scoping documents from FM	Ensuring scoping documents are complete by implementing a quality assurance review process
Manual project scope review process for services	Leveraging SharePoint (Project Workspace) to review and approve project scopes
Lengthy timeframe for contract final signatures	Evaluating electronic signatures for having contractors sign final contract documents in DocuSign
Manual contractor bid evaluation and selection process	Leveraging SciQuest to evaluate and select contractors for construction projects
FM Project Managers by-passing commissioning process on projects	Leveraging SharePoint (Project Workspace) to collaborate on projects that need commissioning done
Design guidelines not updated timely	Leveraging SharePoint to manage and keep design guidelines current
Purchasing requisitions not detailed enough for construction procurements	Leveraging purchase requisition attachments to handle more detailed construction documentation
Lack of vendor on-hold notification for FM	Leveraging state comptroller website to track when contractors are on hold
Manual funding approval process	Leveraging ResourceOne to review and approve funding, including budget revisions and change orders

The following items represent additional opportunities to leverage SharePoint to its fullest extent:

Additional Opportunities to Leverage SharePoint	Items to Consider
Lack of standard bidding documents	Leveraging access to SharePoint for standardized bidding document templates (i.e., riders)
Manual contract drafting	Leveraging access to SciQuest to collaborate on the drafting and finalization of contract documents
Lack of documents or approvals for project closeout	Leveraging SharePoint (Project Workspace) to not only retain documents but to approve and closeout projects
Updated project schedules needed for construction documents	Leveraging SharePoint (Project Workspace) to track and retain construction project schedules
Manual permitting process	Leveraging SharePoint (Project Workspace) to track and monitor project permits

Additional cost-benefit analyses will be required to determine the potential costs and benefits of automating a task or activity. However, the items above represent manual processes that could benefit from automation and collaboration within an IT system solution.