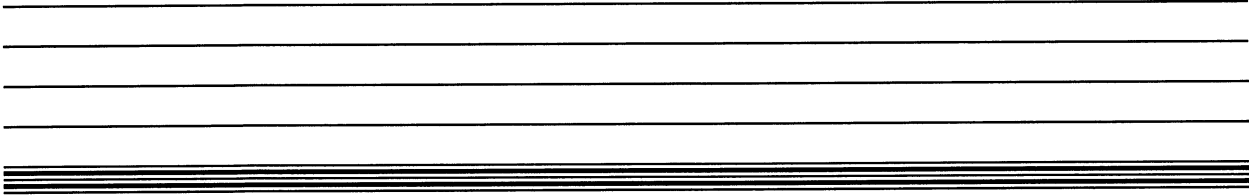


Oversight Division

Committee On Legislative Research

**PROGRAM EVALUATION
OFFICE OF ADMINISTRATION
DIVISION OF FACILITIES MANAGEMENT
STATE LEASING PRACTICES**



Program Evaluation
Office of Administration
Division of Facilities Management
State Leasing Practices

*Prepared for the Committee on Legislative Research
by the Oversight Division*

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December 2, 2004

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Members of the General Assembly:

The Joint Committee on Legislative Research adopted a resolution in May 2003, directing the Oversight Division to perform a program evaluation of the Office of Administration, Division of Facilities Management, State Leasing Practices to determine and evaluate program performance in accordance with program objectives, responsibilities, and duties as set forth by statute or regulation.

The report includes Oversight's comments on internal controls, compliance with legal requirements, management practices, program performance and related areas. We hope this information is helpful and can be used in a constructive manner for the betterment of the state program to which it relates. You may request a copy of the report from the Oversight Division by calling 751-4143.

Respectfully,

Representative Rod Jetton
Chairman

EXECUTIVE SUMMARY

The Leasing Section of the Division of Facilities Management (DFM) within the Office of Administration (OA) is responsible for procuring and managing leased real property for state agencies, with the exception of agencies that derive their power to acquire lands from the state constitution.

The Leasing Section oversees more than 500 lease contracts statewide for office space, warehouse, parking, schools, labs, and other uses. As of October 2003, the 4.2 million square feet of leased space housed approximately 16,000 state employees.

Oversight reviewed information regarding the merits of lease vs. purchase of real property for office space. For long-term facility commitments, it would be more economical to purchase rather than lease. However, budget constraints and current state debt load may limit the DFM's ability to take advantage of potential long-term savings. Oversight believes DFM should request funding to investigate alternative financing arrangements for long-term facilities commitments.

Oversight noted the space standards per employee have been increasing from 200 square feet per FTE to 219 square feet per FTE, when the DFM's goal was to decrease this space standard to 185 square feet per employee. Oversight believes DFM should review space standards and establish a system to ensure space standard norms are followed.

Oversight noted there may be some duplication of duties between the Leasing Section and other divisions within the Office of Administration. Oversight also noted there may be some duplication of duties within the Leasing Section. Oversight believes DFM should review job classifications for potential consolidation in staff through the elimination of the duplication of duties. The DFM could realize a cost savings with even a minimal reduction of staff or consolidation of duties.

Oversight noted DFM is understating the actual lease costs by using one-time payments for items frequently requested by agencies. Oversight believes paying for some of the more commonly requested special items understates actual lease costs. DFM should include these items in the RFP as requirements of the contract to more accurately reflect leasing costs.

Oversight noted DFM does not issue a Certificate of Acceptance for leased facilities indicating identified deficiencies have been corrected. The DFM issues Conditional Certificates of Acceptances when lessors have deficiencies that need to be corrected in order to meet all specifications of the lease contract agreement. Oversight feels DFM Construction Inspectors should conduct a final inspection upon notification from the tenant agency and the landlord that all deficiencies have been corrected. Once it is verified that all conditions of the contract have been met, a formal Certificate of Acceptance should be issued to the landlord.

Oversight noted DFM experiences resistance when trying to locate state programs that may be

unpopular with the general public. Opposition by the public affects DFM's ability to obtain needed office space to support programs deemed to be in the public's best interest. This opposition increases the time and cost associated with the operation of these programs. Oversight feels DFM should help educate the public with respect to locating suitable office space for state programs general unpopular with the public.

Oversight noted DFM consolidates state agencies within leased office space where possible to minimize the amount of leased office space. Consolidation of state agencies also provides easy access for clients and attains efficiencies through the sharing of common area space. Oversight believes DFM should continue to seek opportunities for consolidation resulting in improved access to state programs for taxpayers as well as a savings due to a reduced amount of leased office space.

Oversight noted OA is not consistent with submitting the names of individuals within the OA who are required to file Personal Financial Disclosure Statements to the Missouri Ethics Commission. Personnel within the Leasing Section who have the authority to award leasing contracts and personnel who evaluate bids and make recommendations regarding the award of leasing contracts are not filing Personal Financial Disclosure Statements. Oversight believes personnel in such positions should be required to file disclosure statements annually to avoid potential conflicts of interest. Oversight also believes failure to require certain personnel to file Personal Financial Disclosure Statements could result in employees evaluating proposals and making recommendations on the award of contracts while in a position to gain from the contract.

The Oversight Division did not audit departmental financial statements and accordingly, does not express an opinion on them.



Mickey Wilson, CPA
Director

Chapter One – Introduction

Purpose

The General Assembly has provided by law that the Joint Committee on Legislative Research may have access to and obtain information concerning the needs, organization, functioning, efficiency and financial status of any department of state government or of any institution that is supported in whole or in part by revenues of the State of Missouri. The General Assembly has further provided by law for the organization of an Oversight Division of the Joint Committee on Legislative Research and, upon adoption of a resolution by the General Assembly or by the Joint Committee on Legislative Research, for the Oversight Division to make investigations into legislative and governmental institutions of this state to aid the General Assembly.

The Joint Committee on Legislative Research directed the Oversight Division to perform a program evaluation of the Office of Administration, Division of Facilities Management's Leasing Section for the purpose of providing information to the General Assembly regarding proposed legislation and appropriation bills.

Background

The Leasing Section of the Division of Facilities Management (DFM) within the Office of Administration is governed by Sections 34.030 and 37.005, RSMo, and 1 CSR 35-2.010 through 1 CSR 35-2.060. The Leasing Section is responsible for procuring and managing leased real property for state agencies, with the exception of agencies that derive their power to acquire lands from the state constitution. The excepted agencies include the General Assembly, Elected Officials, Judiciary, Department of Conservation, Department of Transportation, and publicly supported institutions of higher education. These agencies may, at their option, enter into a written agreement with the DFM for the leasing services provided to all other state agencies, contingent upon their acceptance of the DFM's policies and procedures.

The Leasing Section oversees more than 500 lease contracts statewide for office space, warehouse, parking, schools, labs, and other uses. As of October 2003, these 4.2 million square feet of leased space housed approximately 16,000 state employees.

The Leasing Section provides centralized budgeting and appropriations for real property leases, related services, utilities, systems furniture, and structural modifications. Until FY 1995, funds for real property leases were decentralized in agency operating budgets making it difficult for

decision makers to identify the total cost of the statewide leasing program. In addition, procurement of space did not follow any standardized policy or procurement procedures resulting in variations of procurement activities and a wide range of building quality. Since FY 1995, essentially all procurement and contract administration of leased real property has been centralized in the DFM.

For the period of July 1, 2003 through June 30, 2005 (FY 2004 and 2005), DFM's appropriation totals \$108,705,222 for statewide leasing commitments. This represents an approximately 3.5 percent decrease from the biennial appropriation for FY 2002 and FY 2003 of \$112,702,570. As detailed in the following chart, the leased office, storage, and parking spaces of 10 agencies or departments with over \$1 million each in costs accounted for approximately 87% of total costs, whereas 17 agencies or departments with expenditures of less than \$1 million each accounted for approximately 13% of the total costs to be incurred.

Agency	FY 2004	FY 2005	Total	% Total
Department of Social Services	\$18,677,644	\$18,699,718	\$37,377,362	34%
Department of Corrections	\$6,537,496	\$6,537,496	\$13,074,992	12%
Office of Administration – Revolving Authority	\$3,893,510	\$3,893,510	\$7,787,020	7%
Department of Health and Senior Services	\$3,882,585	\$3,831,858	\$7,714,443	7%
Department of Elementary & Secondary Educ	\$3,271,915	\$3,237,584	\$6,509,499	6%
Department of Economic Development	\$3,190,361	\$3,169,589	\$6,359,950	6%
Department of Mental Health	\$2,689,402	\$2,689,400	\$5,378,802	5%
Department of Natural Resources	\$2,296,355	\$2,296,355	\$4,592,710	4%
Department of Revenue	\$1,721,230	\$1,721,230	\$3,442,460	3%
Department of Public Safety – National Guard	\$1,376,251	\$1,376,251	\$2,752,502	3%
Other State Agencies	\$6,413,155	\$7,302,327	\$13,715,482	13%
Total	\$53,949,904	\$54,755,318	\$108,705,222	100%

The Leasing Section administers the payments for approximately 500 lease contracts (excluding 15 Department of Natural Resources leases). In addition, the DFM administers a payment and billing process for all services and utilities at facilities that house more than one state agency through the Office of Administration Revolving Administrative Trust Fund. The DFM also procures custodial service contracts for these multi-agency facilities. The implementation of this

payment and billing process has resulted in more timely and efficient payments to vendors for services and utilities, more efficient and appropriate allocation of costs to multiple agencies and funds, and enhanced cash management for state agencies with offices in these multi-agency facilities.

The operating funds for the Leasing Section are requested through the Office of Administration’s annual budget request. The FY 2004 appropriation is \$1,195,205 for 25 FTE. As of June 30, 2003, the Leasing Section employed 19 FTE. The operating budget is funded through a General Revenue Fund transfer to the Office of Administration Revolving Administrative Trust Fund. The General Revenue Fund is partially reimbursed from various other funds for the administrative costs of the Leasing Section. The up-front transfer from the General Revenue Fund results in a more efficient cash flow. The operating funds budget for the Leasing Section are detailed in the following chart.

	TAFP Dollar Amount
Personal Services	\$1,031,123
Expense and Equipment	\$164,082
Total	\$1,195,205

Objectives

The primary focus of the evaluation was to provide the General Assembly with information regarding the Division of Facilities Management’s (DFM) procurement and management of leased real property for state agencies, for consideration in proposing legislation and reviewing appropriation bills. The Oversight Division concentrated on the following primary objectives:

- To gain an understanding of DFM, Leasing Section.
- To determine if the Leasing Section is complying with applicable state and federal laws, regulations, and internal policies and procedures.
- To compare Missouri’s leasing practices with those of other states.
- To determine whether the Leasing Section actively pursues the consolidation of leased facilities to minimize the amount of leased office space and the amount of vacant office space.
- To examine the satisfaction of state agencies in their dealings with the Leasing Section.

Scope/Methodology

The scope of the evaluation included reviewing for compliance with Sections 34.030 and 37.005, RSMo, and 1 CSR 35-2.010 through 1 CSR 35-2.060, for the period of July 1, 2000 through June 30, 2003. The methodology used by the Oversight Division included tests of samples of bids and contracts, using the internet to draw comparisons of the Leasing Section to other states' facilities leasing practices, reviewing Missouri statutes and regulations, and reviewing the DFM's internal policies and procedures to the extent necessary to fulfill evaluation objectives. A primary method used to measure objectives involved conducting personal interviews with agency personnel. In addition, Oversight conducted a written survey of state agencies and bidders regarding their experiences with the Leasing Section. The Leasing Section cooperated fully with providing information as requested.

Chapter Two – Comments

Comment # 1

For long-term facility commitments, DFM should review alternative financing arrangements.

Lease vs. Purchase

Oversight reviewed information received from other states, the federal government, as well as studies conducted for the DFM regarding the merits of lease vs. purchase of real property for office space. The information indicated for long-term facility commitments, it would be more economical to purchase rather than lease. However, a lack of funding has prohibited the state from purchasing real property.

In 1995, Sverdrup Facilities, Inc., Development Strategies, Inc., and Stifel Nicolaus & Co., Inc. conducted a *State Office Space Study and Master Plan* for the Office of Administration. They found, “A comparison of owning vs. leasing the projected long term (5 – 10 year average) space need for Cole County shows a \$62 million savings over 25 years when financed by the state using various bonding methods available.”

In many instances, the purchase of real property for office space is preferred over long-term leasing. However, budget constraints and current state debt load may limit the DFM’s ability to take advantage of potential long-term savings.

Oversight recommends DFM consider requesting funding to investigate alternative financing arrangements for long-term facilities commitments to determine the best options to meet the state’s facilities requirements.

Comment # 2

Current space standards exceed established norms.

Space Standards

Oversight reviewed the space standards for state-owned and leased facilities. DFM has an established space standard norm of 200 square feet per employee. DFM's goal was to decrease this space standard to 185 square feet per employee. DFM officials reported that average space per employee has increased to 219 square feet per FTE.

Oversight found DFM closely tracks square feet per employee in state-owned facilities. DFM provided detailed information on space utilization in state-owned facilities. Although they perform a space analysis when leasing new facilities, DFM had no controls or methods in place to determine square feet per employee in currently leased facilities. Reports provided to Oversight showed numerous discrepancies and incomplete information. DFM should maintain sufficient data to determine space utilization in leased facilities.

Oversight recommends DFM review space standards and establish a system to ensure space standard norms are followed. Oversight also recommends DFM monitor space utilization in leased facilities as it monitors space utilization in state-owned facilities.

Leasing Section Staffing

Oversight reviewed the staffing level and classification specifications for positions of the Leasing Section. In reviewing job classifications, Oversight feels there may be some duplication of duties between the Leasing Section and other divisions within the Office of Administration. For example, the Leasing Section and the Division of Design and Construction both employ Construction Inspectors. Also, the budgeting and fiscal/payment processing functions appear to be duplicated in other divisions.

Comment # 3

There appears to be a duplication of duties between the leasing section and other divisions within the Office of Administration.

Oversight also feels there may be some duplication of duties within the Leasing Section. For example, the State Leasing Coordinators and the Construction Inspectors both conduct inspections of leased facilities. The DFM could realize a cost savings by combining these inspection functions under one of the job classifications. This would result in a reduction of travel expenditures.

The leasing function should operate with adequate staff to carry out efficient oversight of the leasing function. The DFM could realize a cost savings with even a minimal reduction of staff or consolidation of duties.

Oversight recommends DFM review job classifications for potential consolidation in staff through the elimination of the duplication of duties between the Leasing Section and other divisions within the Office of Administration and within the Leasing Section. Oversight further recommends the review process include input from individuals not directly related or involved in the Leasing Section.

Lease Contract Review

Comment # 4

The DFM is understating the actual lease costs by using one-time payments.

Oversight's review of the lease files revealed the use of one-time payments for items frequently requested by agencies that Oversight believes should be considered for inclusion in the standard RFP language. Oversight believes excluding these items from the contracts effectively understates leasing costs.

The DFM has created agency specific attachments which are included as part of the RFP when requesting bids for new office space, either state-owned or leased. When an agency requests special items to be put in new facilities, DFM requires the agencies to justify the additional expenditures. These special items are not part of the specifications listed in the RFP and therefore, are not included in the bid price submitted by the bidder/lessor. Special request items are paid using agency funds or special appropriations within House Bill 13.

Items frequently requested by agencies include keyless door locks, power assist doors, card readers, and baby changing stations. Oversight also noted instances where exhaust fans and soundproofing insulation were requested by agencies and paid using agency funds instead of being included in RFP specifications.

Prudent fiscal management would indicate that items generally deemed necessary for an agency to occupy space and function at maximum efficiency should be included as part of the cost of the lease and paid for over the life of the lease. The use of one-time payments for special items allowed DFM to reflect lower leasing costs.

DFM personnel stated that special requests were driving up leasing costs. Agencies were requesting so many special items that DFM began requiring the agencies to justify the need for the items and pay for the items using agency funds.

Oversight believes paying for some of the more commonly requested special items understates actual lease costs. These items should be considered for inclusion in the agency-specific items or otherwise included in the RFP as requirements of the contract to more accurately reflect leasing costs.

Oversight recommends the DFM review the RFP specifications and consider including special request items that are frequently made by agencies. Oversight understands that DFM effectively keeps leasing costs low and does not obligate General Revenue funds for future years by excluding special request items from the RFP language, requiring agencies to justify need and pay the costs from agency operating funds. However, Oversight believes excluding more frequently requested items understates the true costs of the leases.

Comment # 5

The DFM does not issue a Certificate of Acceptance for leased facilities indicating identified deficiencies have been corrected.

The DFM issues Conditional Certificates of Acceptance when lessors have deficiencies that need to be corrected in order to meet all specifications of the lease contract agreement. The DFM does not issue a Certificate of Acceptance indicating deficiencies have been corrected. The Leasing Section's Construction Inspectors periodically conduct building inspections. Any deficiencies are noted and the lessor is notified of the deficiencies that are to be corrected. When the deficiencies are not significant, the inspector issues a Conditional Certificate of Acceptance. The Conditional Certificate of Acceptance is deemed sufficient documentation that deficiencies have been or will be corrected and is used in lieu of a Certificate of Acceptance.

During the review of contract files, Oversight noted several instances when builders/lessors were non-compliant with the RFP terms for significant periods of time. In some cases, after the issuance of the Certificate of Conditional Acceptance, DFM sent letters notifying builders/lessors that lease payments would be withheld if compliance with the RFP requirements were not made by a particular date. There were also instances when DFM actually had to withhold lease payments to obtain compliance by the builder/lessor.

The DFM does not consider a Certificate of Acceptance necessary when a Conditional Certificate of Acceptance has been issued by the inspector. However, a Conditional Certificate of Acceptance does not allow the DFM to know when the lessor has met all requirements of the bid/lease contract agreement. Although the DFM issues notices to the lessor when deficiencies exist and may withhold lease payments if the deficiencies are not corrected, a formal Certificate of Acceptance would provide the state and the lessor with assurance that all terms of the bid/lease contract have been met.

Oversight recommends the DFM Construction Inspectors conduct a final inspection upon notification from the tenant agency and the landlord that all deficiencies have been corrected. When the Construction Inspector verifies that all conditions of the bid/lease agreement have been met, a formal Certificate of Acceptance should be issued to the landlord.

Comment # 6

The DFM failed to maintain a record of a Memorandum of Understanding that changed lease responsibilities.

During the review of DFM bid/contract files, Oversight found DFM failed to maintain documentation of a Memorandum of Understanding between the Department of Labor and Industrial Relations (DOLIR) and the Department of Social Services, Division of Child Support Enforcement (DOS–CSE).

A Memorandum of Understanding was created between DOLIR and DOS–CSE when DOS–CSE moved from a leased facility into a state-owned facility. Before the Memorandum of Understanding, DFM was responsible for making DOS’s lease payments. In this instance, DOS–CSE vacated expensive leased space and relocated to a state-owned facility, resulting in DOS–CSE paying a less expensive lease rate. Through the Memorandum of Understanding, DOS–CSE agreed to make lease payments to DOLIR from DOS–CSE’s operating funds.

DFM documents who is responsible for lease payments at each leased facility. When Memorandums of Understanding are made which result in the termination of an existing lease in a leased facility and a state agency moves into state-owned property but pays rent to the primary occupying agency, DFM is no longer involved in the process.

DFM should document all aspects of leases for which it is responsible. If changes in lease payment responsibility are not properly documented, DFM may not accurately track its lease responsibilities. In the above mentioned instance, DFM did not document the change in lease responsibilities.

Oversight recommends DFM maintain documentation of all Memorandums of Understanding when lease payments are no longer paid out of House Bill 13 funds and the DFM is no longer responsible for making the lease payments.

Comment # 7

The DFM experiences resistance when trying to locate state programs that may be unpopular with the public.

The DFM has difficulty in obtaining space for departments with programs that may be unpopular with the general public. In particular, it is not uncommon for the DFM to encounter resistance when trying to locate Department of Corrections – Probation and Parole offices or Department of Social Services – Division of Family Services offices, as well as other program offices.

In general, the public and businesses have negative perceptions associated with Probation and Parole and Family Services programs. Based on Oversight’s review of contract file information, statistics indicate no increase in crime rates associated with the placement of these programs in a particular area. However, the public remains concerned. Residents and business associations have adopted an attitude of “not in my backyard.”

For approximately five years, the DFM tried to obtain leased office space for a Probation and Parole office in the St. Louis area. The DFM issued two Requests for Proposals (RFP). The first RFP’s proposed site resulted in significant opposition from the area’s business association, city planning department, and city alderman. This proposal was abandoned. The DFM only received one bid for the second RFP. This bid was rejected as being cost prohibitive. When a third site became available and the builder claimed to have the necessary support, DFM agreed to the proposal and did not issue another RFP. The lease for this site began in July 2001.

DFM personnel state they frequently encounter opposition from the public when trying to find suitable office space for Probation and Parole and Family Services, as well as other programs. In addition, DFM encounters resistance from other state agencies when trying to co-locate these offices

in existing state-owned or leased facilities. Opposition by the public affects the ability of the DFM to obtain needed office space to support programs deemed to be in the public's best interest. This opposition increases the time and cost associated with the operations of these programs.

Oversight recommends DFM help educate the public with respect to locating suitable space for state programs generally unpopular with the public.

Comment # 8

The DFM was not using a system to notify leasing staff of incomplete contract paperwork before June 2003.

Oversight reviewed a random sample of 60 leasing bid/contract files. Oversight's review revealed four files which should have contained prevailing wage affidavits, with no such affidavits. DFM subsequently requested the affidavits in two instances, but did not receive the affidavits from the lessors. DFM made no additional attempt to obtain the missing affidavits. In the other two instances, Oversight discussed the missing affidavits with the Leasing Coordinators. The affidavits were requested and one of the missing affidavits was subsequently received.

Pursuant to Section 290.230, RSMo, the prevailing hourly wage for work of a similar character in the locality in which the work is performed is required to be paid to all workmen employed by or on behalf of any public body engaged in construction of public works, exclusive of maintenance work.

Section 290.250, RSMo, requires the Department of Labor and Industrial Relations to determine the prevailing hourly rate of wages in the locality in which the work is to be performed for each type of workman required to execute the contemplated contract. A schedule of the prevailing hourly wages is to be made part of the specifications for the work. It is mandatory upon the contractor to whom the contract is awarded, and upon any subcontractor, to pay not less than the specified rates to all workmen employed by them in the execution of the contract. It is also required in all contractor's bonds that the contractor include such

provisions as will guarantee the faithful performance of the prevailing hourly wage clause as provided by the contract.

By Executive Order (Executive Order 93-08), prevailing wages are to be paid for all construction work that resulted in “substantial modifications.” Substantial modifications was defined as any construction work that exceeds \$25,000 in cost.

DFM provides the contractor with a prevailing wage affidavit that the contractor is to submit as proof of this guarantee. When DFM does not obtain the prevailing wage affidavit, it is not obtaining this guarantee from the contractor.

In June 2003, the DFM revised a tracking system to document minority participation, Taxpayer Identification and Certification, bid openings, and other information required for leasing contracts. Before this revision, DFM did not notify leasing staff of missing information, such as prevailing wage affidavits. The revised tracking system helps DFM track bid openings and missing information. Based on this revised tracking system, reminders are sent to staff informing them of missing information, including missing prevailing wage affidavits and returning performance bonds to lessors.

Oversight recommends the DFM continue to use its revised tracking system to notify the State Leasing Coordinators of missing contract information, including prevailing wage affidavits. In addition, Oversight recommends DFM consider implementing a penalty measure to ensure contractors comply with the law. This would provide DFM with a remedy for non-compliance.

Comment # 9

The DFM should consolidate state agencies within leased office space where possible to reduce the amount of leased office space.

Consolidation

As of July 2003, the State of Missouri leased approximately 3.8 million square feet of office space statewide. The annual rent for these leased facilities was approximately \$40.7 million. The current policy and practice of the DFM is to consolidate state agencies where possible. Consolidation of state agencies into one location provides easy access for clients and attains efficiencies through the sharing of common area space.

DFM officials stated there is a plan to consolidate departments within leased office space. Since 1995, the State of Missouri has purchased two facilities which consolidated several state functions in one building. Ongoing lease costs were eliminated as a result of these purchases.

DFM projects leased office space will be approximately 3.6 million square feet, with an annual rent of \$38.9 million as of July 2004. This is a projected 5 percent reduction in leased office space and 4 percent reduction in annual rent, compared to July 2003.

DFM continues to review potential scenarios for consolidation of state agencies within state-owned and leased space on an ongoing basis. DFM has requested information from state agencies and is reviewing options for backfilling state-owned and leased facilities.

For DFM to undertake consolidation of offices and office space, they must obtain the necessary funds to carry out their consolidation plans. According to DFM officials, current attention is directed to filling vacancies in office space due to downsizing by the state. This will require the cooperation of state agencies. Due to the economy and the influence it has had on state revenues, consolidation may slow down, but DFM plans to continue to consolidate whenever possible.

Oversight recommends DFM continue to seek opportunities for consolidation. This will result in improved access to state programs for taxpayers as well as a savings due to a reduced amount of leased office space.

Compliance

Comment # 10

The Division of Facilities Management has failed to update its policy manual to reflect current regulation citations.

Oversight reviewed the statutes, rules, and regulations governing the Leasing Section, as well as the Division of Facilities Management's (DFM) policy manual. Oversight found the DFM policy manual/handbook governing the acquisition and management of leased property has not been updated to reflect current Code of State Regulations (CSR) citations.

The DFM's policy manual/handbook references 1 CSR 30-6.010 through 30-60.050 for the Office of Administration, Design and Construction Division chapter on Leasing. These regulations were rescinded November 30, 1998 and replaced with 1 CSR 35-2.010 through 35-2.060, Office of Administration, Division of Facilities Management chapter on Facility Maintenance and Operation.

State agencies, employees, and businesses rely on the citations in DFM's policy manual to direct them in the authority granted to DFM to make leased property agreements. Incorrect authority citations cause confusion for individuals needing to review the regulations.

Oversight recommends the DFM update its policy manual/handbook regarding the acquisition and management of leased property to include the proper CSR citations, 1 CSR 35-2.010 through 35-2.060.

Personal Financial Disclosure Statements

Comment # 11

The Office of Administration is not consistent with submitting the names of individuals within the OA who are required to file Personal Financial Disclosure Statements to the Missouri Ethics Commission.

The State Leasing Manager, Budget Analyst III, and State Leasing Coordinators within the Office of Administration, Division of Facilities Management – Leasing Section did not file annual Personal Financial Disclosure Statements with the Missouri Ethics Commission.

Pursuant to Section 105.487, RSMo, financial interest statements shall be filed annually, not later than the first day of May for the previous calendar year. State government employees who are principals or deputy assistants serving a statewide office holder; directors, assistant deputy directors, general counsel, or chief purchasing officers of a department, division, or agency; or officials or employees authorized to promulgate or vote on the adoption of rules and regulations are required to file. If newly appointed or employed in a position requiring a statement to be filed, the statement shall be filed within thirty days of appointment or employment.

The OA is responsible for submitting to the Ethics Commission all individuals within the OA who are required to file Personal Financial Disclosure Statements. The OA submitted the State Leasing Manager in 1998, but did not submit the individual employed in this position in subsequent years. The OA submitted the Leasing Section's Budget Analyst III from 1997 through 2001. The individual who held this position during this time period terminated employment with the Leasing Section in December 2002. The Leasing Section's current Budget Analyst III has not submitted a disclosure statement, per OA's determination.

The OA has not submitted the State Leasing Coordinators as individuals required to file Personal Financial Disclosure Statements. As stated in the classification specifications provided by the Office of Administration, Division of Personnel, a State Leasing Coordinator evaluates bids and makes recommendations to the State Leasing Manager.

Likewise, the job description for this classification provided by the Leasing Section stated the State Leasing Coordinators' duties include evaluation of proposals and award of contract. These duties are similar to the duties performed by Buyers I, II, III, and IV. The OA includes their Division of Purchasing and Materials Management's Buyers as classifications for which a financial interest statement must be filed.

The omission of classifications required to submit Personal Financial Disclosure Statements with the Missouri Ethics Commission could result in conflicts of interest or the appearance of such conflicts. Although Oversight's review of the available financial interest statements revealed no apparent conflicts, requiring employees to file such statements would avoid potential conflicts of interest. Failure to require personnel to file such statements could result in employees being assigned to evaluate proposals and make recommendations on the award of contracts while in a position to gain from the contract without the OA being aware of the conflict.

Oversight recommends the OA be consistent when identifying employees required to file Personal Financial Disclosure Statements with the Missouri Ethics Commission. Oversight also recommends the State Leasing Manager, Budget Analyst III, and the State Leasing Coordinators be submitted to the Missouri Ethics Commission as individuals required to file such disclosure statements annually. Oversight further recommends persons new to any of these positions file a financial interest statement within 30 days of employment in the position and annually thereafter, as required in Section 105.487, RSMo.

State Agency and Lessor Surveys

Oversight surveyed state agencies regarding their experiences in working with DFM to procure real property leases. In addition, Oversight surveyed a randomly selected sample of lessors regarding their experiences in working with DFM to bid on and be awarded state contracts for leased real property.

Oversight noted no significant patterns relating to state agencies or lessors having poor communication with DFM, not receiving information, interagency billing in multi-tenant facilities, bid evaluation processes, consolidation of space, DFM personnel independence, or DFM adhering to applicable standards when procuring space.

The following are some comments provided by state agency respondents:

- Several state agencies commented about difficulties in finding suitable, rentable office space in the St. Louis and Kansas City metropolitan areas and in Jefferson City.
- Four state agencies commented that the processes and procedures need to be more flexible to allow DFM to better meet agency special needs.
- Five state agencies commented on the length of time it takes to acquire space (in some instances 18 to 24 months) and would like to see the process streamlined.
- Four state agencies commented it takes agency personnel time to work out some details for making interagency payments for consolidated space.

Several positive comments were provided by agency respondents:

- State agencies are given ample opportunity to meet in pre-design meetings to assist in the development of floor plans within a RFP.
- DFM's general procedures are good. DFM challenges state agencies to justify their needs and is receptive to input from the agencies.
- DFM is accessible and knowledgeable and DFM staff adequately assists agencies in meeting the agencies leasing needs.
- OA provides a valuable service to the agencies as there are no staff available in the agencies to perform the bidding and contract administration functions.

The responses received from lessors also did not indicate any significant problems or concerns. One lessor stated rent payments were sometimes late. Another lessor reported late payments before DFM took over this function. The implementation of Electronic Funds Transfers has resulted in timely payments to lessors.

Some potentially useful comments were received, but no significant patterns of problems or concerns were noted. Overall response to Oversight's surveys was high and seemed to indicate DFM is performing its leasing functions efficiently.

AGENCY RESPONSE



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Bob Holden
Governor

Jacquelyn D. White
Commissioner

MEMORANDUM

RECEIVED

DEC 05 2003

OVERSIGHT DIVISION

TO: Mickey Wilson, CPA
Acting Director, Oversight Division

FROM: Jacquelyn D. White *Jodie*
Commissioner, Office of Administration

RE: OA Response to Oversight's Review of State Leasing Practices

DATE: December 5, 2003

Enclosed is the OA response to Oversight's review of State Leasing Practices. If you have any questions or need additional information, please contact my office.

Attachments

Office of Administration
Division of Facilities Management
Leasing Section
Response to Review of State Leasing Practices
December 4, 2003

Oversight Comment #1

For long-term facility commitments, DFM should review alternative financing arrangements.

DFM Response #1:

DFM has frequently conducted detailed analyses of Lease vs. Purchase for leased facilities. The analyses have indicated significant savings can be attained for facilities meeting criteria for purchase. However, budget constraints have inhibited the purchase of leased facilities in recent years.

DFM concurs that alternative financing and purchase methods should continually be explored. DFM will issue an IFB soliciting proposals from real estate consultants to perform an analysis of various financing arrangements for lease purchase and purchase of various leased facilities. Budget constraints may limit the consulting services.

In previous years, DFM has given significant consideration to the issue of Lease vs. Purchase and various financing arrangements.

General criteria and guidelines were developed to assist in determining which facilities should be considered for purchase. The criteria included an analysis of the long-term needs, operational efficiencies, condition assessments, environmental issues, parking options, public access, energy efficiency, and the likelihood of substantial occupancy by the state. In addition, a Lease vs. Buy financial model was developed to perform present value analysis of scenarios of purchase, continuing to lease, and lease purchase options.

However, due to reduction in staff and turnover of personnel within the Leasing Section, the availability of staff time and the expertise within this area has become limited. Therefore, DFM is currently in the process of preparing an IFB (Invitation for Bid) for commercial real estate consulting services. The IFB will include a requirement to provide an analysis of the Lease Purchase and Purchase scenario for 6 facilities and 1 parking lot, which are currently leased by the state.

It is anticipated that the IFB will be released for public bid through the DPMM (Division of Purchasing & Materials Management) in the next 90 days. DFM has identified existing operating funds to be used for multiple services in the IFB. In addition, DFM/Leasing has requested flexibility within the FY05 Personal Services and E&E budget to shift funding to obtain consulting services as needed.

However, if the proposals submitted by consultants for the IFB exceed the available funds within the operating budget, DFM will proceed with the recommendation of the Oversight

Division to “consider requesting funding to investigate alternative financing arrangements for long term facilities commitments to determine the best options to meet the state’s facilities requirements.”

Note: The on-going review of lease purchase and purchase options will require additional oversight and staff time to oversee the IFB, review the data and implement the findings of the analyses.

Oversight Comment #2

Current space standards exceed established norms.

DFM Response #2:

DFM will update space standards to ensure standards are consistent with recent space trends within the private sector and other states.

DFM will also improve existing tracking methods of FTE within leased facilities to include semi-annual inspections of staffing levels, data entry of FTE information, and an annual FTE/Vacancy Report for all leased facilities.

The average space per employee has increased from the targeted 200 sq. ft. per person to approximately 219 sq. ft. per person. However, it is unclear if this is a result of recent staff reductions in leased facilities; thereby increasing the space per person, or if this is due to increased space allocations during the planning and validation process or possibly a result of outdated standards.

Currently, DFM conducts a detailed space analysis prior to occupancy of a leased facility. The analysis includes validation of space allocations based on standards for position titles and support space (conference, file, storage, reception and other common areas). DFM will review this process to ensure space standards are followed. However, current space standards have been in place since 1991 and need updating. DFM believes the standards should be reviewed and updated by a consultant to ensure the standards are comparable to recent space trends within other states and the private sector. DFM would need additional funding for consultant fees to update the space standards.

DFM currently tracks sq. ft. per FTE within state-owned facilities because it is closely related to a tenant allocation plan whereby the tenant agencies are charged for space based on the funding source of the FTE occupying the space. The tracking of FTE within leased facilities has not been as detailed as state owned. However, DFM receives monthly data warehouse reports, which track employees by leased location. DFM has found this data to be unreliable because agencies have not maintained accurate data. The tenant agencies are responsible for providing the data entry and updates, but tenant agencies have found it difficult to track FTE fluctuations within leased facilities as staff shift continually.

In order to improve the accuracy of the FTE data, DFM will begin monitoring FTE within leased facilities by conducting semi-annual inspections of staffing levels and tracking the data within the Lease Management System (LMS). In addition, on an annual basis, DFM will

submit FTE data reports to tenant agencies for verification and validation for each leased facility statewide. The accuracy of the data will require the cooperation of tenant agencies. Based on the data received, an annual FTE/Vacancy Rate Report will be prepared for leased facilities as required through existing performance measures for DFM Leasing.

Note: Additional oversight and staff time will be required to monitor annual FTE and Vacancy Reports.

Oversight Comment #3

There appears to be a duplication of duties between the Leasing Section and other divisions within the Office of Administration.

DFM Response #3

The Office of Administration / DFM continually reviews operations to promote efficiency and to consolidate functions where possible. DFM has reviewed staff levels for the Leasing Section and overall functions are operating very efficiently with no duplication within Leasing and none with other divisions of OA.

Further staff reductions in Leasing, decentralization, or elimination of functions may jeopardize effective lease management. In FY2004 and FY2005, the biennial leasing appropriation in HB13 was reduced by \$4,000,000.00 (3.5%) over the previous biennial appropriation. Additional reductions are projected for the FY2006 & FY2007 HB 13 budget. The relatively minor cost savings attained from FTE reductions in Leasing's operating budget are not prudent because they jeopardize the significant lease cost reductions the staff can achieve in the \$108,000,000 biennial lease budget.

Although other divisions of the Office of Administration are associated with buildings, budgeting, payments and accounting, they have different responsibilities and the job duties of their staff are not duplicative.

Oversight has indicated that there may be some duplication of duties between the Leasing Section and the Office of Administration. Currently DFM Leasing is a centralized leasing operation to include lease contract management, space planning, inspection, budgeting, fiscal payment and janitorial procurement. This centralized function was implemented at the direction of the General Assembly who approved the Enhanced Leasing Process in 1994.

There are many benefits to a centralized operation to include:

- Centralized budget tracking to ensure close coordination of expenditures and leasing actions.
- Centralized coordination of budget presentation providing detailed program knowledge of lease actions.
- Centralized payment processing to ensure close coordination of payments with changing leasing actions.
- Increased accountability, providing one point of contact for the agency, the lessors and elected officials.

- Centralized coordination of facility issues and inspections to ensure consistent compliance with specifications, building codes, life safety and ADA requirements.

In addition, Leasing fiscal and budget staff access information from leasing coordinators and the LMS on a daily basis to ensure accurate payment of leases and allocations of leasing costs. Upgrades to the LMS are also in process to include additional data tracking of fund source, appropriation and cost allocation for services at multi-tenant facilities. This information will be maintained and updated by fiscal staff through coordination with leasing staff as changes occur in leases. It is critical to maintain close coordination between leasing, budget and fiscal staff to ensure timely, accurate payments and close monitoring of funds within HB13.

Leasing fiscal and budget staff are accurately processing payments in a timely manner and tracking leasing expenditures to provide zero based budgeting of House Bill 13. If these functions are decentralized to other divisions within the Office of Administration, there is a risk that detailed oversight will be diminished, as those agencies clearly have other functions, which may be a higher priority.

In regard to the perceived duplication of the Construction Inspectors between the Leasing and Design & Construction, there is no effective way to share staff. Although both agencies have staff with the same job titles, the context of the work is different and so are the duties they perform. In addition, the workload for both agencies would not permit diversion of staff time.

Since 2000, the Leasing Construction Inspectors have overseen the construction and or renovation of over 650,000 sq. ft. of leased space. Although new construction has declined in recent years, renovations have increased due to downsizing of state agencies and consolidations. On-going annual inspections of the 4,000,000 sq. ft. of leased space is also required. Recently leasing inspectors have been asked by tenant agencies to provide increased inspections related to potential air quality or mold problems within leased facilities. Close monitoring is required to include temperature and humidity readings and other technical testing. Further increases in workload will occur as a result of implementing the recommendation by Oversight to issue a Final Certificate of Acceptance.

Although the Leasing Coordinators and Leasing Inspectors work closely together to administer the oversight of leased facilities, they clearly have distinctly defined roles. The inspector is required to perform technical building and building systems functions and has been trained in those areas. The coordinator is responsible for the contract management, lease procurement, and coordination with the agency liaison for program delivery. The staff typically has different technical backgrounds. Both functions are required to get the job done.

In addition, the Leasing Inspectors oversight, monitoring and close coordination with occupancy dates can have a significant impact on the cost of leasing. For example, currently DFM Leasing is in the process of downsizing a facility from 94,000 sq. ft. to 68,000 sq. ft. The timing and completion of the project is critical. Delays in hitting the target completion date of June 30, 2004 will result in continued monthly rental payments of \$150,000.00 versus \$85,000.00. The annual salary of the inspectors could be paid by the hold over payment from just a one-week delay.

Oversight Comment #4

The DFM is understating the actual lease costs by using one-time payments.

DFM Response #4:

DFM implemented the practice of paying one-time payments for agency special requirements at the recommendation of the State Auditor in a December 5, 2000 audit. That audit stated that “DFM officials should direct FLS (Facilities Leasing Section) officials to consistently follow policies and not allow unique requirements and major renovations to be funded through leases.” The practice is similar to that used in the private sector.

However, at the request of tenant agencies, DFM has modified its practice and now includes as standard items several items that were previously treated as special requirements. DFM will continue to review the list as recommended by Oversight to include more frequently requested items as part of the standard specifications. Such further inclusion, however, will increase the cost of leases.

As a result of the State Auditor’s recommendation in 2000, DFM implemented a procedure to separately identify items that are unique to agency program delivery. Examples of agency special requirements include commercial kitchens, lab testing rooms, classroom requirements, baby changing stations, one-way mirrors, security systems, keyless lock systems, bullet proof windows, power assist doors, flag poles, raised plat forms, and custom made counters. The agencies were also required to submit justification for those items and prepare a budget request outlining the cost of each item for various leased locations throughout the state.

This procedure was used in the FY02 and FY03 and the FY04 and FY05 biennial budgets. DSS and DESE were the primary agencies to request funding for special requirements. Most other agencies determined that items previously requested were no longer critical or could be paid from existing funds.

In addition to requiring the agencies to provide separate justification and funding for the special requirements, DFM also required the bidders / lessors to provide a separate cost for each item. The costs for special requirements were not included in the base rent and were paid one time, upfront to the lessor. This eliminated the need to amortize such costs over the term of the lease, eliminating effective finance charges. This practice is common in leasing for the private sector and other states, and referred to as tenant improvements or build out. Those are generally paid directly to the lessor as a one-time payment, separate from the monthly rental rates.

However, DFM will review the RFP specifications and consider including those items, which are frequently requested by the tenant agency as a standard item within the building specifications and base rent. Such changes will increase ongoing lease costs.

Note: Additional oversight and staff time will be required to review and update specifications as agency special requirements change over time.

Oversight Comment #5

The DFM does not issue a Certificate of Acceptance for leased facilities indicating identified deficiencies have been corrected.

DFM Response #5:

Currently, DFM issues a Certificate of Conditional Acceptance for leased facilities, which accepts the facility for state occupancy and initiates rental payments. The Conditional Acceptance also lists outstanding "punch list" items, which are required to be completed within a stated timeframe.

DFM concurs with Oversight's recommendation to issue a Certificate of Final Acceptance upon completion of all outstanding deficiencies

The Certificate of Conditional of Acceptance is typically issued for newly constructed facilities or facilities which have undergone significant renovation. The Certificate acknowledges that the facility is substantially complete and ready for occupancy by the State. It also lists outstanding punch list items, which must be resolved within a given time.

In addition to the Certificate of Acceptance, DFM uses several other methods to monitor building conditions and contract compliance. Leasing Inspectors conduct inspections throughout the construction or renovation of a facility to monitor compliance with plans and specifications. Annual inspections are also conducted to ensure the facility is maintained and operational. There are also "special" inspections that are typically conducted at the request of the tenant agency. These inspections are usually related to sudden disrepair of a facility such as a water leak, an HVAC problem, or an electrical problem. In addition, DFM inspectors have recently been required to provide additional inspections related to potential air quality or mold.

All types of inspections result in formal notification to the lessor outlining the problem and the time frame for resolution. Typically, the lessor responds in writing or by telephone notifying DFM that the issue has been resolved. DFM may also conduct follow up inspections to determine the status of the outstanding issue. In addition, DFM may send out additional notification of deficiencies to include withholding rent until a problem is resolved.

DFM concurs that issuing a Final Acceptance upon resolution of outstanding issues will close the issue with all parties and provide complete documentation within the contract file.

Note: Additional oversight and inspections will be required to implement this recommendation.

Oversight Comment #6

The DFM failed to maintain a record of a Memorandum of Understanding that changed lease responsibilities.

DFM Response #6:

DFM concurs with the recommendation from Oversight to maintain documentation of all Memorandums of Understanding in the appropriate lease file. In addition, when lease payments are no longer paid from House Bill 13, DFM will document the change in leasing responsibilities and include all documentation in the appropriate files for future tracking.

As a result of efforts to reduce leased space and to consolidate within state owned buildings, DFM worked closely with the Department of Labor and Industrial Relations (DOLIR) and the Department of Social Services, Family Support Division (formerly Child Support Enforcement) to terminate an existing lease and relocate Family Support into a facility that is owned and operated by DOLIR in St. Louis City.

Upon termination of the lease and relocation to state owned property managed by DOLIR, DFM was no longer responsible for the lease action. However, DFM received a copy of the Memorandum of Understanding from the involved agencies on October 14, 2003. That document has been included in the appropriate lease contract file.

DFM concurs with the recommendation from Oversight to maintain documentation of all Memorandums of Understanding between agencies in the appropriate lease files. In addition, when lease payments are no longer paid out of House Bill 13, DFM will document the change in leasing responsibilities and include all documentation in the appropriate files for future tracking.

Note: Additional oversight and staff time will be required to monitor Memorandums of Understandings and contract files.

Oversight Comment #7

The DFM experiences resistance when trying to locate state programs that may be unpopular with the public.

DFM Response #7:

DFM concurs that resistance is experienced when trying to locate some state programs and this opposition increases the time and cost associated with locating these programs.

As recommended, DFM will continue to educate the public with respect to locating suitable space for state programs that may be unpopular with the public. However, DFM feels that the education process must include significant involvement by the tenant agency that is knowledgeable of the program and also acceptance by the elected officials whose district and constituents need the services provided.

Note: Additional oversight and staff time is needed to implement an educational process for the public to with respect in locating suitable space for state programs.

Oversight Comment #8

The DFM is not using a system to notify leasing staff of incomplete contract paperwork before June 2003.

DFM Response #8:

DFM has systems in place to track contract paperwork and recently updated one of the systems in June 2003. However, the systems were not used on a consistent basis.

DFM agrees to consistently use tracking systems to monitor contract paperwork and implement a penalty measure to ensure contractors provide all documents required by law and the lease contract.

DFM currently has several procedures in place to track documentation and contract paperwork. For example, DFM tracks correspondence as it is routed to agencies for signature. A checklist is also used as to ensure proper documents are included in the lease file. Prevailing wage documents, bid bonds and performance bonds are also monitored on a regular basis. In June 2003, DFM updated one of the tracking systems at the request of the Department of Labor & Industrial Relations to expand DFM oversight of monthly updates to prevailing wage orders. However, these systems were not used on a consistent basis.

In regard to the random sampling conducted by Oversight, there were four files that were missing prevailing wage affidavits. The following is a status of those missing affidavits:

- | | |
|-----------------|---|
| Lease #02600660 | Since the occupancy of the lease in 1997, the original owner sold the property. However, on November 17, 2003 DFM issued a letter to the new owner requesting the affidavit, which has been received. |
| Lease #04800938 | On November 14, 2003 DFM issued a letter requesting the prevailing wage affidavit. DFM has since received the affidavit. |
| Lease #07100622 | DFM issued a letter to the lessor, and has since received the affidavit. |
| Lease #10500093 | On December 2, 2003 DFM issued a letter to the lessor, but to date there has been no response. |

DFM concurs that in some instances the tracking of affidavits and other documents has not always been monitored on a consistent basis. DFM concurs with Oversight that tracking systems must be used to notify State Leasing Coordinators of missing contract information, including prevailing wage affidavits.

In addition, DFM will conduct an audit of all existing active lease files to ensure the appropriate paperwork is included. If documents are missing from active files, DFM will contact the appropriate authorities to obtain the documentation.

DFM also concurs with Oversight that it is advisable to implement a penalty measure to ensure contractors comply with the law. DFM will revise the State of Missouri Facility Specifications and Definitions Attachment F Section F-2.4 to read as follows:

“Upon completion of the project, an affidavit must be submitted to the Division of Facilities Management (DFM) certifying that the Lessor, his general contractor and all subcontractors have fully complied with the Prevailing Wage Law. Failure to submit the affidavit within 30 days of issuance of the Certificate of Conditional Acceptance will result in a penalty of one month’s rent being withheld from the lessor until the prevailing wage affidavit has been received by DFM.”

Note: Additional oversight and staff time would be required to closely monitor required contract documents, conduct annual audits of lease files, and to implement a penalty for failure on the part of the lessor to submit prevailing wage affidavits.

Oversight Comment #9

The DFM should consolidate state agencies where possible to reduce the amount of leased office space.

DFM Response #9:

DFM will continue to consolidate state agencies in state owned and leased facilities to reduce office space and leasing costs where possible.

In FY2004 and FY2005, DFM is projecting a reduction of approximately 100,000 sq. ft. in office space and \$1M in annual rent. Additional reductions will also be made in warehouse and parking leases where possible.

DFM will need the cooperation and support of state agencies to achieve this goal.

Since 1995, DFM has actively pursued consolidation of state agencies. The consolidations typically involved co-locating state services from multiple locations within a community into one location. This type of consolidation provides a one-stop shop for the clients receiving state services. In addition, it eliminates the duplication of common area space in multiple facilities. To date, there are approximately 60 consolidated facilities and services centers located across the state.

In addition, DFM has coordinated the consolidation of leased facilities within owned buildings. The owned facilities include those under the oversight of the Board of Public Buildings, such as the Fletcher Daniels Building, the Wainwright Building, the Jefferson Building and Broadway Building. In addition, DFM has worked closely with DOLIR and DED to consolidate leased facilities into office buildings owned by the two departments.

Recently, budget cuts and downsizing of state government has added to the challenge of consolidation. DFM continues to work closely with state agencies to fill office space vacancies

resulting from staff reductions and agency program changes. DFM considers it a primary function to promote reduction of leased space wherever possible. In FY 2004 and FY2005,

DFM will implement numerous consolidations within state owned and leased facilities resulting in a decrease in leased office space of approximately 100,000 sq. ft. in excess of \$1M in annual rent. DFM is also pursuing reductions in warehouse space and parking leases where possible.

Consolidation efforts require cooperation from all state agencies to include a willingness to share space within facilities with multiple departments, to co-locate as needed if it is cost effective, and to efficiently utilize space in compliance with all space standards. These efforts also require support from the elected officials in whose district the downsizing may occur.

Oversight Comment #10

The Division of Facilities Management has failed to update its policy manual to reflect current regulation citations.

DFM Response #10:

DFM concurs with Oversight's recommendation to update the Leasing policy manual to include the proper CSR citations, 1CSR 35-2.010 through 35-2.060.

Oversight Comment #11

The Office of Administration is not consistent with submitting the names of individuals within the OA who are required to file Personal Financial Disclosure Statements to the Missouri Ethics Commission.

DFM Response #11:

OA/DFM concurs with Oversight's recommendation to consistently identify employees required to file Personal Financial Disclosure Statements with the Missouri Ethics Commission.

OA has submitted the names of the State Leasing Manager, the Budget Analyst II and the State Leasing Coordinators as employees who will be required to submit a Personal Financial Disclosure Statement.