

# **NASSAU COUNTY**

## **NEW YORK**

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### **Follow-Up Review of Nassau County Department of Public Works' Change Order Process**

**April 2025**



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## **Background**

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In September of 2023, the Comptroller's Office published a report on the Department of Public Works' (DPW) change order process. The Comptroller's Office review covered all change orders issued by DPW from 2016 through 2022.

Change orders are modifications to public works projects and/or contracts for reasons including:

- Weather, labor, supply chain or other delays,
- Unforeseen conditions and other matters beyond the County's or contractors' control,
- Contractor omission or error, or
- For the benefit of the County.

Due to the complexity of projects change orders are expected. However, altering projects or the agreed upon contractual project budgets can be costly to the County. To control costs, change orders should be used only when appropriate and necessary.

While the Comptroller's Office review was being conducted, our Field Audit team provided feedback to DPW concerning its use of change orders and its ability to monitor and control the cost of change orders. As a result, DPW started implementing changes during the audit process which began to reduce the cost and utilization of change orders.

At the conclusion of the audit, the Comptroller's Office provided its report and data analysis to DPW, which uniquely quantified for DPW its change order use and costs. This information was compiled to provide DPW with the information it needed to analyze its processes and results, with the goal of reducing the cost and number of change orders.

In the first quarter of 2025, the Comptroller's Office conducted a follow-up review of the change order process to review the effectiveness of process changes implemented and DPW's current results. The following is a report of this follow-up analysis.

## Follow-Up Change Order Analysis

As a result of the Comptroller's review and DPW's process changes, follow-up analysis shows the County saved \$17.4 million in the last 3 years.

Auditors compared data from the three-year period of 2019-2021 which was prior to our review to the three-year period of 2022-2024 after our review.\*

### Prior to Our Review

In the three-year period of 2019 to 2021:

- change orders **cost** the County \$7.2 million, \$3.6 million per year on average; and
- the number of change orders averaged 110 per year.

Change Orders 2019 to 2021							
Year	Number of Projects	Number of Change Orders			Value of Change Orders		
		Additions	Reductions	Total	Additions [Costs]	Reductions [Savings]	Net Cost
2019	24	86	29	115	\$8,182,288	(\$3,420,557)	\$4,761,731
2020	20	76	29	105	\$8,212,469	(\$6,352,094)	\$1,860,375
2021	19	76	35	111	\$7,110,410	(\$6,536,838)	\$573,572
<b>Total</b>	<b>63</b>	<b>238</b>	<b>93</b>	<b>331</b>	<b>\$23,505,167</b>	<b>(\$16,309,489)</b>	<b>\$7,195,678</b>
<b>Average</b>	<b>21</b>	<b>79</b>	<b>31</b>	<b>110</b>	<b>\$7,835,056</b>	<b>(\$5,436,496)</b>	<b>\$3,597,839</b>

### After our Review

Based upon our review and September 2023 report, DPW implemented improvements to the change order process to reduce the cost and number of change orders. These included:

- Putting proper contingency costs in contracts;
- Offsetting necessary additional work by eliminating aspects of projects no longer necessary; and
- Cancelling contracts with contractors that were failing to perform, rather than allowing them to continue their work by issuing change orders to correct the performance errors.

Even with a 30% increase in the number of projects, the process improvements made from 2022 to 2024 resulted in:

- Change orders **saving** the County \$17.4 million, \$5.8 million a year on average; and
- The number of change orders declining each year from 110 to 71, a 35% decrease.

Change Orders 2022 to 2024							
Year	Number of Projects	Number of Change Orders			Value of Change Orders		
		Additions	Reductions	Total	Additions [Costs]	Reductions [Savings]	Net Cost
2022	23	75	35	110	\$4,715,656	(\$14,462,346)	(\$9,746,690)
2023	34	59	24	83	\$3,990,751	(\$15,586,830)	(\$11,596,079)
2024	25	47	24	71	\$6,122,751	(\$2,145,189)	\$3,977,562
<b>Total</b>	<b>82</b>	<b>181</b>	<b>83</b>	<b>264</b>	<b>\$14,829,158</b>	<b>(\$32,194,365)</b>	<b>(\$17,365,207)</b>
<b>Average</b>	<b>27</b>	<b>60</b>	<b>28</b>	<b>88</b>	<b>\$4,943,053</b>	<b>(\$10,731,455)</b>	<b>(\$5,788,402)</b>

\*Excludes the New York State Courts Matrimonial and Family Courthouse project.

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