



New York City Comptroller
John C. Liu

NEWS RELEASE

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Page(s) 1

**LIU: CITY SHOULD CLAW BACK \$6.6 MILLION
IN COSTS FROM CONSULTANT’S DESIGN FLAWS**

*Audit finds DEP Failed To Monitor and Recoup \$6.6 Million in Errors
and Omissions on Bowery Bay Water Pollution Control Project in Queens*

NEW YORK, N.Y. — City Comptroller John C. Liu today announced that an audit of the Department of Environmental Protection’s (DEP) Bowery Bay Water Pollution Control project in Queens determined that a consultant’s design errors and omissions had cost the City an extra \$6,591,192, but the agency made little or no effort to recoup the money for the City.

“A great deal of taxpayer money was wasted on this waste-treatment project, money that the City can and should recoup,” Comptroller Liu said. “Consultants may sometimes make mistakes but the City must not pay for those mistakes. We must recoup the money for taxpayers — now more than ever, in order to help rebuild and restore New Yorkers’ livelihoods, businesses, and neighborhoods in the wake of Superstorm Sandy.”

When construction plans need revisions, they incur what are called “change-order costs.” When these revisions are the result of the hired consultant’s errors or omissions, the City has the power to recoup the added costs. The Comptroller’s audit found that the \$213 million Bowery Bay project included \$6,591,192 in costs caused by the designer’s errors and omissions.

DEP officials stated during the course of Comptroller Liu’s latest audit that they had created a review panel to oversee the collection of change order costs that resulted from errors and omissions.

The audit of DEP’s Bowery Bay project is available for download at:
<http://www.comptroller.nyc.gov/bureaus/audit/yearlyview.asp?selaudyear=2012>

BACKGROUND:

In the past, the City has missed opportunities to aggressively go after costs attributable to design errors and omissions made by its hired vendors. A 2011 audit of the Department of Design and Construction found that the agency had failed recoup \$3 million in costs due to the consultant’s design errors and omissions. (Audit Report on the Recoupment of Change Order Costs by the Department of Design and Construction, 7E11-063A; www.comptroller.nyc.gov/bureaus/audit/audits_2011/06-20-11_7E11-063A.shtm)

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