

SUMMARY EXPLANATION AND BACKGROUND:

In our opinion, the Office of Facilities and Construction has several areas that should be strengthened, in order to ensure compliance with contract terms and daily operations and administration of construction related activities. Our review disclosed several contract compliance issues; specifically, payments were made to the General Contractor for change work based on Construction Change Directives, which are prohibited by the contract documents; Performance and Payment Bond Riders were not provided by the General Contractor with each change order which increased the contract price, as required by the contract documents; School Board of Broward County Policy 7006 – Approval of Facilities' Construction Contract Change Orders, as written in the General Conditions of the contract, does not match the official School Board policy; the Change Order Summary Form and the Prolog Change Order Listing Report did not list Construction Change Directives issued to the General Contractor resulting in understating the monetary commitments of the project; the Builder's Risk Insurance was not maintained at 100% of the contract value as required by the Contract Documents; Change Order payroll burden was not properly calculated and Change Orders deviated from the cost amounts of the related Construction Change Directive cost amounts. We have included recommendations to strengthen contract administration, implement improvements to future contracts and address our specific findings. Follow up responses to management's responses were provided by our office, as needed.

The Audit Committee reviewed and approved this report for transmittal to the School Board during the Committee's July 15, 2014 meeting.