



**St. Johns County School District**

**Facilities and New Construction Process Review  
2014-15**

**Prepared By:**



**May 28, 2015**

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May 28, 2015

The Audit Committee of  
 St. Johns County School District  
 40 Orange Street  
 St Augustine, Florida 32084

Pursuant to the St. Johns County School District (“District”) approved Audit Plan for 2014-15, we hereby submit our report of the internal review of certain processes performed by the Facilities and New Construction function related to the recent HH (Patriot Oaks Academy) and II (Valley Ridge Academy) new construction projects. We will be presenting this report to the Audit Committee at the next scheduled meeting on June 8, 2015.

Our report is organized in the following sections:

<b>Executive Summary</b>	This provides a summary of the issues related to our internal audit of the Facilities and New Construction function.
<b>Background</b>	This provides an overview of the Facilities and New Construction function.
<b>Objectives and Approach</b>	The internal audit objectives and focus are expanded upon in this section as well as a review of the various phases of our approach.
<b>Issues, Recommendations and Management Responses</b>	This section gives a description of the issues, recommended action and provides a risk rating of high, moderate or low. Management’s response has been incorporated into this section as well.
<b>Process Maps</b>	This section includes detailed flowcharts mapping the Procurement, Change Order, and Owner Direct Purchase processes.

We would like to thank the Facilities and New Construction department and all those involved in assisting us in connection with our internal audit of the Facilities and New Construction function.

Respectfully Submitted,



**INTERNAL AUDITORS**

## **Executive Summary**

## Executive Summary

The Facilities and New Construction Department (FNC) consists of 67 personnel distributed among Construction Management, Building Code Administration, Maintenance and Energy Management.

The Construction Management personnel are responsible for executing capital projects identified in the Educational Plant Survey and the Five-Year Facilities Work Plan, which include both major and minor capital improvement projects. Major capital projects include, but are not limited to construction of new schools, expansions, and additions. Minor capital projects include new and replacement equipment installation and fixtures or building upgrades. A summary of both major capital and minor capital projects managed by the FNC is listed below, by the current phase of the project as of February 2015:

Description	Major Capital	Minor Capital	Total
Total projects currently in the planning phase	\$ 12,834,651	\$ -	\$ 12,834,651
Total projects currently in process / closeout phase	42,926,000	2,076,016	45,002,016
Total projects recently completed (prior 12 months)	-	295,773	295,773
<b>Total Managed Projects</b>	<b>\$ 55,760,651</b>	<b>\$ 2,371,789</b>	<b>\$ 58,132,440</b>

The objective of this internal review was to evaluate the design and operational effectiveness of the processes and controls in place related to the following processes:

- Procurement – specifically, RFP/RFQ development, bidding, review, selection and contract execution for the service providers
- Change Orders – specifically, sufficiency of supporting documentation, mathematical accuracy, contractual compliance, review and approval processes, and proper incorporation into pay applications
- Owner Direct Purchases – specifically, general / subcontractor program set up, proper incorporation into and out of pay applications, mathematical accuracy and supporting documentation

In order to facilitate our understanding and evaluation of the in scope processes identified above, our review focused on the recent Patriot Oaks Academy and Valley Ridge Academy construction projects.



(School "HH")



(School "II")

Patriot Oaks Academy is a new construction K-8 school located in Northwest St. Johns County. The project was designed by Tercilla Coureurance Architects, Inc., and constructed by Elkins Constructors, Inc. The facility consists of 58 classrooms containing 1,210 student stations, spanning approximately 157,000 square feet. Substantial completion was obtained for this school on August 5, 2014.

Valley Ridge Academy is also a new construction K-8 school located in Northeast St. Johns County. The design documents developed by Tercilla Courteurance Architects, Inc. for the Patriot Oaks Academy project were reused for the Valley Ridge facility; i.e. this project was a "prototype" design. Similarly to Patriot Oaks, Valley Ridge was constructed by Elkins Constructors Inc. and contains the same number of student stations, classrooms and approximate square footage. Substantial completion was obtained for this school on August 5, 2014.

## Executive Summary – continued

The following section provides a summary of the issues identified during our procedures and their relative risk rating. This is the evaluation of the severity of the concern and the potential impact on the operations. There are many areas of risk to consider including financial, operational, and/or compliance as well as public perception or 'brand' risk when determining the relative risk rating. Items are rated as High, Moderate, or Low.

- *High Risk Items* are considered to be of immediate concern and could cause significant operational issues if not addressed in a timely manner.
- *Moderate Risk Items* may also cause operational issues and do not require immediate attention, but should be addressed as soon as possible.
- *Low Risk Items* could escalate into operational issues, but can be addressed through the normal course of conducting business.

The details of these issues are included within the Issues, Recommendations and Management Responses section of this report.

Issues	Risk Rating
<b>1. Change Orders – Subcontractor Labor Burden</b>	<b>Low</b>
<p>Through our review of change order documentation, we noted a lack of consistency in the level of detail provided on the subcontractor quotes / proposals submitted in support of each change order we reviewed. Specifically, we noted that in the instances identified below, labor burden was not segregated from base labor.</p> <p>For Change Orders related to School "HH" we reviewed 15 Change Order Item Numbers, which included 20 subcontractor quotes. We noted that 6 of 20 subcontractor quotes reviewed included labor as a lump sum, and did not provide a breakdown of labor versus labor burden.</p> <p>For Change Orders related to School "II" we reviewed 15 Change Order Item Numbers, which included 21 subcontractor quotes. We noted that 17 of 21 subcontractor quotes reviewed included labor as a lump sum, and did not provide a breakdown of labor versus labor burden.</p> <p>Without a detailed breakdown of labor and labor burden applied to changes, reviewing FNC personnel may be unable to accurately assess the reasonableness of burden applied.</p>	

## Executive Summary – continued

Issues	Risk Rating
<b>2. Change Orders – Subcontractor Overhead and Profit</b>	<b>Low</b>
<p>Through our review of change order documentation, we noted certain subcontractor quotes / proposals included overhead and profit rates (OH) in excess of rates allowed by the General Conditions of the Contract.</p> <p>Article <b>12.2.1</b> of the Construction Contract General Conditions allows Subcontractors to apply an OH rate of 10% to the cost of Change Order labor and materials; however, the article specifically limits the OH rate to 6% for rental costs (<b><i>emphasis added</i></b>):</p> <p><i>“The portion of the proposal relating to materials may include the reasonably anticipated direct costs to the Contractor or to any of its Subcontractors of materials to be purchased for incorporation in the Change in the Work, plus transportation and applicable sales and use taxes and <b>up to ten percent (10%) of said direct material costs as overhead and profit for the Contractor or any such Subcontractor</b> (said overhead and profit to include all small tools), and may further include the Contractor’s and any of its Subcontractor’s reasonably anticipated <b>rental costs in connection with the Change in the Work (either actual or discounted local published rates), plus up to six percent (6%) thereof as overhead and profit</b> for the Contractor or any such Subcontractors, as applicable.”</i></p> <p>For Change Orders related to School “II” we noted 2 of the 21 subcontractor quotes reviewed contained an OH rate in excess of the 10% allowed by the Contract for labor and materials.</p> <ul style="list-style-type: none"> <li>• The OH applied to Change Order #4, Item No. 6 resulted in \$32.45 of costs in excess of the allowable 10%.</li> <li>• The OH applied to Change Order #4, Item No. 10 resulted in \$51.10 of costs in excess of the allowable 10%.</li> </ul> <p>For Change Orders related to School “II” we noted 4 of the 21 subcontractor quotes reviewed contained an OH rate in excess of the 6% allowed by the Contract for rental costs.</p> <ul style="list-style-type: none"> <li>• For the following Change Orders Item Numbers, it was noted that the same subcontractor applied an OH in excess of the allowable 6% <ul style="list-style-type: none"> <li>▪ Change Order #4, Item No. 6 resulted in \$38.02 of excess costs</li> <li>▪ Change Order #7, Item No. 28 resulted in \$2.33 of excess costs</li> <li>▪ Change Order #7, Item No. 31 resulted in \$15.42 of excess costs</li> <li>▪ Change Order #7, Item No. 32 resulted in \$39.85 of excess costs</li> </ul> </li> </ul>	

## Executive Summary – continued

Issues	Risk Rating
<b>3. Change Orders – Itemized / Segregated Labor and Materials</b>	<b>Low</b>
<p>Through our review of change order documentation, we noted certain subcontractor quotes / proposals were not itemized / segregated by labor and materials as required by the General Conditions of the Contract.</p> <p>Article <b>12.2.1</b> of the Construction Contract General Conditions requires the segregation of labor and materials for changes (<b><i>emphasis added</i></b>):</p> <p><i>If the Owner elects to have the Change in the Work performed on a lump sum basis, its election shall be based on a lump sum proposal which shall be submitted by the Contractor to the Construction Program Manager within ten (10) days of the Contractor's receipt of a request therefore (but the Owner's request for a lump sum proposal shall not be deemed an election by the Owner to have the Change in the Work performed on a lump sum basis). <b><u>The Contractor's proposal shall be itemized and segregated by labor and materials for the various components of the Change in or addition to the Work (no aggregate labor total will be acceptable)</u></b> and shall be accompanied by signed proposals of any Subcontractors who will perform any portion of the Change in, or addition to, the Work and of any persons who will furnish materials or equipment for incorporation therein. The proposal shall also include the Contractor's estimate of the time required to perform said changes or additional work.</i></p> <p>For Change Orders related to School “HH” we noted 2 of the 20 subcontractor quotes reviewed were not itemized / segregated by labor and materials.</p> <p>For Change Orders related to School “II” we noted 3 of the 21 subcontractor quotes reviewed were not itemized / segregated by labor and materials.</p> <p>Without a detailed breakdown of labor and materials, reviewing Facilities and New Construction personnel may be unable to accurately assess the reasonableness of the charges.</p>	
<b>4. Procurement – Length of Public Advertisement</b>	<b>Low</b>
<p>Through our review of the “Advertisement for Bids” related to School “II” we noted the advertisement was not published for the appropriate number of days prior to the bid opening as required by Florida Statutes.</p> <p>Chapter <b>255.0525(2)</b> of the Florida Statutes requires public advertisement of a request for bids for a minimum of 30 days prior to the bid opening:</p> <p><i>“The solicitation of competitive bids or proposals for any county, municipality, or other political subdivision construction project that is projected to cost more than \$500,000 shall be publicly advertised at least once in a newspaper of general circulation in the county where the project is located at least 30 days prior to the established bid opening and at least 5 days prior to any scheduled prebid conference.”</i></p> <p>Through review of the invoice related to the advertisement, we noted that School “II” was advertised in the St. Augustine Record beginning on 01/30/2013. Through review of the bid tabulation, we noted the bids were opened on 02/27/2013; a total of 29 days after the advertisement was first published.</p>	



## Executive Summary – continued

### 5. Procurement – Bid Protest Notification

Low

Through our review of the St. Johns School Board Rules Manual, we noted that Chapter **8.27(6)** of the Rules Manual contains guidance which is inconsistent with Florida Statutes. The School Board Rules Manual requires a notification to bidders as a part of the bid request regarding the window of opportunity for submitting a bid protest:

*“All bid requests shall include a notification to bidders that failure to file a bid protest within the time and in the manner prescribed by School Board rule shall constitute a waiver of any further right to protest such bid award.”*

However, through review of Florida Statutes, we noted that F.S. Chapter **120.57(3)(a)** requires this notification upon issuance of the notice of intended decision, and not as a part of the “bid request” (i.e. the advertisement):

*“The agency shall provide notice of a decision or intended decision concerning a solicitation, contract award, or exceptional purchase by electronic posting. This notice shall contain the following statement: “Failure to file a protest within the time prescribed in section 120.57(3), Florida Statutes, or failure to post the bond or other security required by law within the time allowed for filing a bond shall constitute a waiver of proceedings under chapter 120, Florida Statutes.””*

Although the bid advertisements for both the “HH” and “II” school construction projects did not contain the language stated in the School Board Rules Manual **8.27(6)**, we noted that the District was in compliance with the Florida Statute **120.57(3)(a)**, as the F.S. language enumerated above was included in both the notice of intended decision as well as the published bid tabulation form.

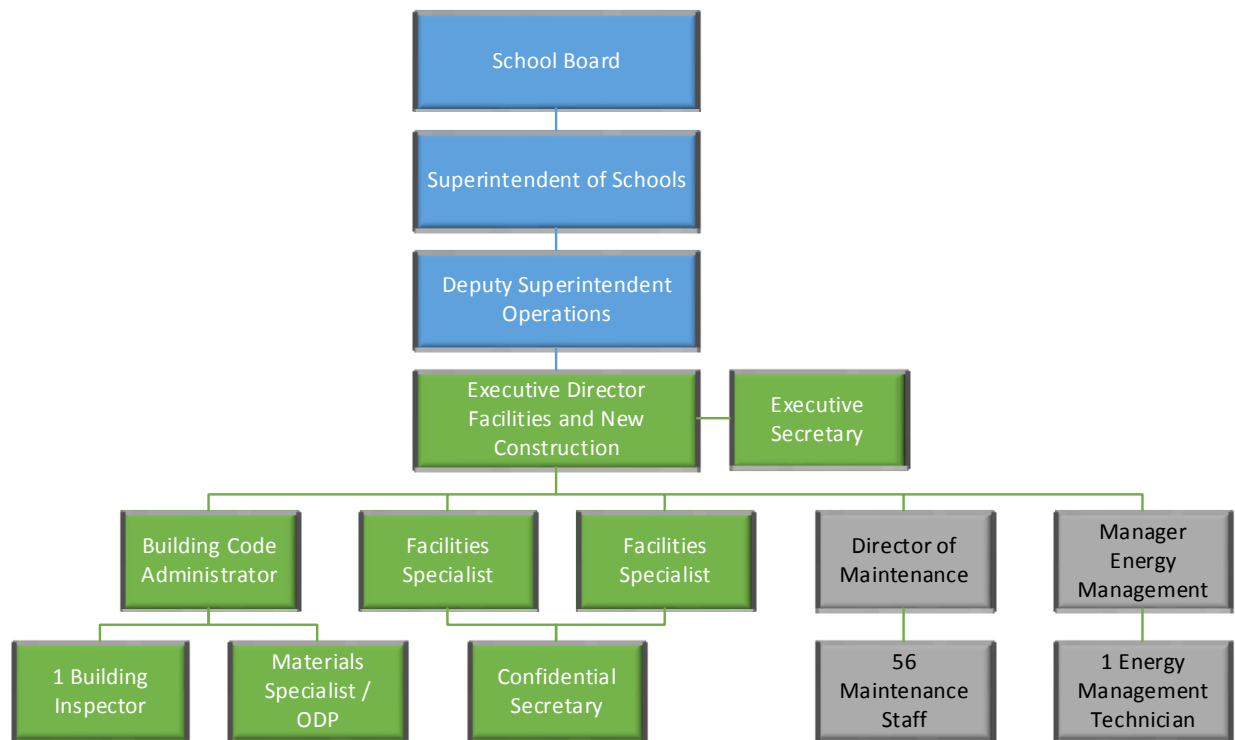
## **Background**

# Background

## Department Overview

The Facilities and New Construction Department is responsible for executing capital projects identified in the Educational Plant Survey and the Five-Year Facilities Work Plan, which include both major and minor capital improvement projects. Major capital projects include, but are not limited to construction of new schools, expansions, and additions. Minor capital projects include new and replacement equipment installation and fixtures or building upgrades.

The FNC personnel dedicated to the construction management process include the Executive Director, two Facilities Specialists (Project Managers), a Building Code Administrator, Building Inspector, and Materials Specialist (Owner Direct Purchases Coordinator), as well as two Administrative personnel. The organizational chart detailing all FNC personnel is included below, with those dedicated to construction management highlighted in green:



## Background - continued

### Current and Recent Projects

The following is a comprehensive listing of in-process, recently completed, and planned projects managed by the FNC as of February 2015 (prior 12 months):

School	Project Type	Budget	Stage
Nease HS Additions, Renovations, Site Improvements	Major Capital	\$ 12,834,651	Planning
Patriot Oaks Academy "HH" New School Construction	Major Capital	\$ 21,797,000	Closeout
Valley Ridge Academy "II" New School Construction	Major Capital	\$ 21,129,000	Closeout
Durbin Creek ES Portable Classroom Renovations	Minor Capital	\$ 200,000	Execution
Fruit Cove MS Roof Upgrades	Minor Capital	\$ 528,178	Execution
Mason ES Roof Upgrades	Minor Capital	\$ 755,000	Execution
Crookshank ES Media Center Renovations	Minor Capital	\$ 250,000	Execution
Sebastian MS Science Classroom Upgrades	Minor Capital	\$ 180,000	Execution
Switzerland Pt. MS Science Classroom Upgrades	Minor Capital	\$ 180,000	Execution
Hamblen Roof Upgrades	Minor Capital	\$ 278,611	Completed
<b>Total</b>		<b>\$ 58,132,440</b>	

### Governance

The procurement and management of construction contracts for public buildings are subject to certain Florida Statutes, including but not limited to the following:

- *Chapter 1013* – *Educational Facilities*
- *Chapter 255* – *Public Property and Publicly Owned Buildings*
- *Chapter 287* – *Procurement of Personal Property and Services*

FNC is governed by select portions of the St. Johns School Board Rules Manual related to school construction, specifically, portions of Auxiliary Services Chapter 8 as well as select provisions of Purchasing and Procurement Policies within Chapter 7.

## **Objectives and Approach**

# Objectives and Approach

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## Objectives

Objectives of the internal review of certain processes performed by the Facilities and New Construction function related to the recent HH (Patriot Oaks Academy) and II (Valley Ridge Academy) new construction projects include the following:

- Document the processes and related internal controls related to the following key processes:
  - Procurement of Construction Contracts
  - Change Orders
  - Owner Direct Purchases
- For the processes identified above:
  - Evaluate the design and operational effectiveness of the process
  - Evaluate compliance with applicable provisions of Florida Statutes and the Rules Manual
  - Determine and evaluate if records and documentation are sufficient to establish an appropriate audit trail

## Approach

Our audit approach consisted of three phases described below. In order to facilitate our understanding and evaluation of the in scope processes identified above, our review focused on the documentation related to the recently completed Patriot Oaks Academy (School “HH”) and Valley Ridge Academy (School “II”).

### Obtaining and Understanding and Risk Assessment

The first phase of this project consisted primarily of inquiry, in an effort to obtain an understanding of the key personnel, risks, processes, and controls relevant to the objectives outlined above. The following procedures were conducted as part of this phase:

- We conducted interviews and walkthroughs with key personnel to obtain a detailed understanding of the District’s operating policies and procedures, monitoring functions, and contractual arrangements as they relate to the three (3) processes within our scope:
  - Procurement – specifically, RFP/RFQ development, bidding, review, selection and contract execution for the service providers
  - Change Orders – specifically, sufficiency of supporting documentation, mathematical accuracy, contractual compliance, review and approval process(es), and proper incorporation into pay applications
  - Owner Direct Purchases – specifically, general / subcontractor program initiation, proper incorporation into and out of pay applications, mathematical accuracy and supporting documentation

### Evaluation of the Design of Process and Controls

The process and control evaluation phase of this project consisted of an evaluation of the design and testing of select transactions identified within the District’s processes as listed in the previous Phase. The following procedures were conducted as a part of this phase of our review:

- We evaluated the design of the key processes and controls identified in the previous phase through industry benchmarking, best practices and comparable client experience.
  - To facilitate this evaluation, McGladrey performed review and testing of source documents identified in the respective processes for the specified schools.
- We reviewed processes to identify areas where instances of non-compliance with existing School Board Rules and Florida Statutes. The sample testing noted above facilitated this review and any instances of non-compliance are reported herein.
- We developed recommendations for process and control modification / addition / deletion for any design gaps or non-compliance issues identified.

### Reporting

At the conclusion of our audit, we summarized our findings related to the Facilities and New Construction function. We conducted an exit conference with the Executive Director of Facilities and New Construction and the Deputy Superintendent for Operations. Management’s responses have been incorporated into our report.

## **Issues, Recommendations and Management Responses**

Rating	Issues	Recommendation	Management Response
Low	1 Change Orders – Subcontractor Labor Breakdown		
<b>Leading Practice</b>			
	<p>Through our review of change order documentation, we noted a lack of consistency in the level of detail provided on the subcontractor quotes / proposals submitted in support of each change order we reviewed. Specifically, we noted that in the instances identified below, labor burden was not segregated from base labor.</p> <p>For Change Orders related to School “HH” we reviewed 15 Change Order Item Numbers, which included 20 subcontractor quotes. We noted that 6 of 20 subcontractor quotes reviewed included labor as a lump sum, and did not provide a breakdown of labor versus labor burden.</p> <p>For Change Orders related to School “II” we reviewed 15 Change Order Item Numbers, which included 21 subcontractor quotes. We noted that 17 of 21 subcontractor quotes reviewed included labor as a lump sum, and did not provide a breakdown of labor versus labor burden.</p> <p>Without a detailed breakdown of labor and labor burden applied to changes, reviewing FNC personnel may be unable to accurately assess the reasonableness of burden applied.</p>	<p>We noted that Facilities and New Construction personnel actively review subcontractor quotes to identify opportunities for negotiation and cost savings. However, we recommend the FNC department require the general contractor to instruct their subcontractors to provide a detailed breakdown of labor and labor burden for Change Order request(s) / proposal(s) with the potential to materially affect a project’s cost, those that are complex in nature, or those that in the FNC’s judgment warrant additional negotiation. This will allow District personnel to obtain more visibility into the details of a respective change, in order to better assess the reasonableness of the costs proposed.</p>	<p><b>Response:</b> We acknowledge the audit review recommendation. The FNC department will develop a checklist for our change order review process, which will include this recommendation. Additionally, FNC personnel will evaluate our current contract specifications and, as necessary, incorporate specific language into it regarding labor and labor burden breakdown.</p> <p><b>ECD:</b> October 2015</p> <p><b>Person Responsible:</b> FNC Personnel</p>



Rating	Issues	Recommendation	Management Response
Low	2 Change Orders – Subcontractor Overhead and Profit	<b>Compliance</b>	
	<p>Through our review of change order documentation, we noted certain subcontractor quotes / proposals included overhead and profit rates (OH) in excess of rates allowed by the General Conditions of the Contract.</p> <p>Article <b>12.2.1</b> of the Construction Contract General Conditions allows Subcontractors to apply an OH rate of 10% to the cost of Change Order labor and materials; however, the article specifically limits the OH rate to 6% for rental costs (<b><i>emphasis added</i></b>):</p> <p><i>“The portion or the proposal relating to materials may include the reasonably anticipated direct costs to the Contractor or to any of its Subcontractors of materials to be purchased for incorporation in the Change in the Work, plus transportation and applicable sales and use taxes and <b>up to ten percent (10%) of said direct material costs as overhead and profit for the Contractor or any such Subcontractor</b> (said overhead and profit to include all small tools), and may further include the Contractor’s and any of its Subcontractor’s reasonably anticipated <b>rental costs in connection with the Change in the Work (either actual or discounted local published rates), plus up to six percent (6%) thereof as overhead and profit</b> for the Contractor or any such Subcontractors, as applicable.”</i></p>	<p>We recommend the Facilities and New Construction department perform a detailed review of all change order overhead and profit rates applied to ensure that rates are within contractual limits.</p>	<p><b>Response:</b> We acknowledge the audit review comments and recommendation. This item will be included in the FNC department’s checklist for change order review process.</p> <p><b>ECD:</b> October 2015</p> <p><b>Person Responsible:</b> FNC Personnel</p>

Rating	Issues		Recommendation	Management Response
Low	2	Change Orders – Subcontractor Overhead and Profit - continued		
<b>Compliance</b>				
<p>For Change Orders related to School “II” we noted 2 of the 21 subcontractor quotes reviewed contained an OH rate in excess of the 10% allowed by the Contract for labor and materials.</p> <ul style="list-style-type: none"> <li>• The OH applied to Change Order #4, Item No. 6 resulted in \$32.45 of costs in excess of the allowable 10%.</li> <li>• The OH applied to Change Order #4, Item No. 10 resulted in \$51.10 of costs in excess of the allowable 10%.</li> </ul> <p>For Change Orders related to School “II” we noted 4 of the 21 subcontractor quotes reviewed contained an OH rate in excess of the 6% allowed by the Contract for rental costs.</p> <ul style="list-style-type: none"> <li>• For the following Change Orders Item Numbers, it was noted that the same subcontractor applied an OH in excess of the allowable 6%                             <ul style="list-style-type: none"> <li>▪ Change Order #4, Item No. 6 resulted in \$38.02 of excess costs</li> <li>▪ Change Order #7, Item No. 28 resulted in \$2.33 of excess costs</li> <li>▪ Change Order #7, Item No. 31 resulted in \$15.42 of excess costs</li> <li>▪ Change Order #7, Item No. 32 resulted in \$39.85 of excess costs</li> </ul> </li> </ul>				

Rating	Issues	Recommendation	Management Response
Low	3	Change Orders – Itemized / Segregated Labor and Materials	
<b>Compliance</b>			
	<p>Through our review of change order documentation, we noted certain subcontractor quotes / proposals were not itemized / segregated by labor and materials as required by the General Conditions of the Contract.</p> <p>Article <b>12.2.1</b> of the Construction Contract General Conditions requires the segregation of labor and materials for changes (<b><u>emphasis added</u></b>):</p> <p><i>If the Owner elects to have the Change in the Work performed on a lump sum basis, its election shall be based on a lump sum proposal which shall be submitted by the Contractor to the Construction Program Manager within ten (10) days of the Contractor's receipt of a request therefore (but the Owner's request for a lump sum proposal shall not be deemed an election by the Owner to have the Change in the Work performed on a lump sum basis). <b><u>The Contractor's proposal shall be itemized and segregated by labor and materials for the various components of the Change in or addition to the Work (no aggregate labor total will be acceptable)</u></b> and shall be accompanied by signed proposals of any Subcontractors who will perform any portion of the Change in, or addition to, the Work and of any persons who will furnish materials or equipment for incorporation therein. The proposal shall also include the Contractor's estimate of the time required to perform said changes or additional work.</i></p>	<p>While Facilities and New Construction personnel actively review subcontractor quotes to identify opportunities for negotiation and cost savings, we recommend the FNC department require the general contractor to instruct their subcontractors to provide a detailed breakdown of labor and materials for all Change Order request(s) / proposal(s). This will allow District personnel to more accurately assess the reasonableness of charges.</p>	<p><b>Response:</b> We acknowledge the audit review comments and recommendation. This item will be included in the FNC department's checklist for change order review process.</p> <p><b>ECD:</b> October 2015</p> <p><b>Person Responsible:</b> FNC Personnel</p>

Rating	Issues		Recommendation	Management Response
Low	3	Change Orders – Itemized / Segregated Labor and Materials - continued		
<b>Compliance</b>				
		<p>For Change Orders related to School “HH” we noted 2 of the 20 subcontractor quotes reviewed were not itemized / segregated by labor and materials.</p> <p>For Change Orders related to School “II” we noted 3 of the 21 subcontractor quotes reviewed were not itemized / segregated by labor and materials.</p> <p>Without a detailed breakdown of labor and materials, reviewing Facilities and New Construction personnel may be unable to accurately assess the reasonableness of the charges.</p>		

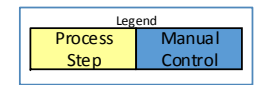
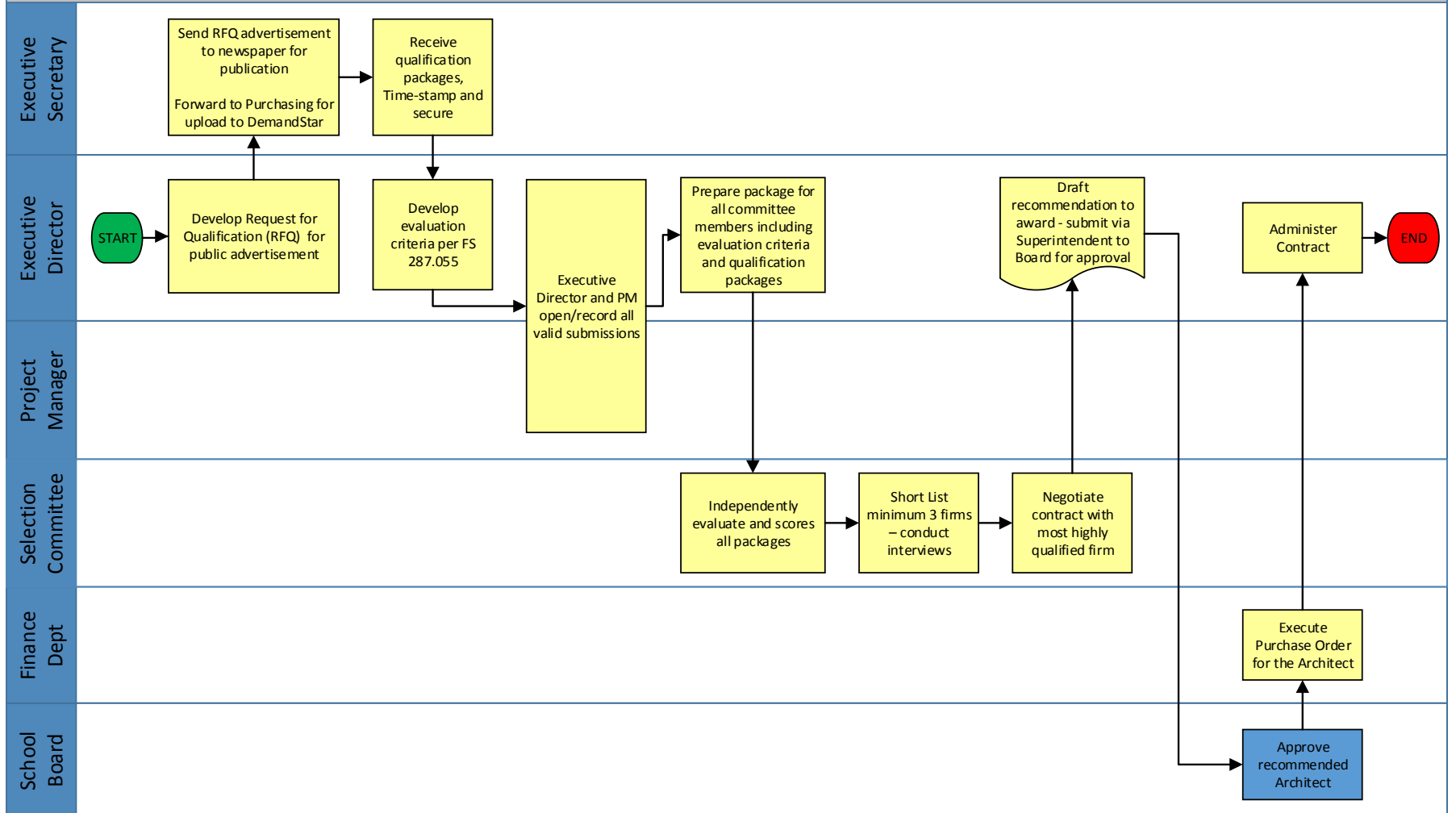
Rating	Issues	Recommendation	Management Response
Low	4 Procurement – Length of Public Advertisement	<b>Compliance</b>	
	<p>Through our review of the “Advertisement for Bids” related to School “II” we noted the advertisement was not published for the appropriate number of days prior to the bid opening as required by Florida Statutes.</p> <p>Chapter <b>255.0525(2)</b> of the Florida Statutes requires public advertisement of a request for bids for a minimum of 30 days prior to the bid opening:</p> <p><i>“The solicitation of competitive bids or proposals for any county, municipality, or other political subdivision construction project that is projected to cost more than \$500,000 shall be publicly advertised at least once in a newspaper of general circulation in the county where the project is located at least 30 days prior to the established bid opening and at least 5 days prior to any scheduled prebid conference.”</i></p> <p>Through review of the invoice related to the advertisement, we noted that School “II” was advertised in the St. Augustine Record beginning on 01/30/2013. Through review of the bid tabulation, we noted the bids were opened on 02/27/2013; a total of 29 days after the advertisement was first published.</p>	<p>We recommend the Facilities and New Construction department publically advertise all future invitations for bid for the appropriate number of days prior to the bid opening, as enumerated in the applicable Florida Statutes.</p> <p>Due to the relatively large volume of compliance guidance set forth in Florida Statutes and School Board Rules governing the Construction procurement advertisement process, we recommend the department consider developing an advertisement checklist to ensure that all applicable requirements are satisfied.</p>	<p><b>Response:</b> We agree with the audit review comments and recommendation. The FNC Department will develop a procurement checklist to insure compliance with Florida Statutes. Additionally, a review of all other advertisements released over the last three years has been conducted, and all were found to be in full compliance with the Florida Statutes.</p> <p><b>ECD:</b> October 2015</p> <p><b>Person Responsible:</b> FNC Personnel</p>

Rating	Issues	Recommendation	Management Response
Low	5 Procurement – Bid Protest Notification		
<b>Compliance</b>			
	<p>Through our review of the St. Johns School Board Rules Manual, we noted that Chapter <b>8.27(6)</b> of the Rules Manual contains guidance which is inconsistent with Florida Statutes. The School Board Rules Manual requires a notification to bidders as a part of the bid request regarding the window of opportunity for submitting a bid protest:</p> <p><i>“All bid requests shall include a notification to bidders that failure to file a bid protest within the time and in the manner prescribed by School Board rule shall constitute a waiver of any further right to protest such bid award.”</i></p> <p>However, through review of Florida Statutes, we noted that F.S. Chapter <b>120.57(3)(a)</b> requires this notification upon issuance of the notice of intended decision, and not as a part of the “bid request” (i.e. the advertisement):</p> <p><i>“The agency shall provide notice of a decision or intended decision concerning a solicitation, contract award, or exceptional purchase by electronic posting. This notice shall contain the following statement: “Failure to file a protest within the time prescribed in section 120.57(3), Florida Statutes, or failure to post the bond or other security required by law within the time allowed for filing a bond shall constitute a waiver of proceedings under chapter 120, Florida Statutes.”</i></p> <p>Although the bid advertisements for both the “HH” and “II” school construction projects did not contain the language stated in the School Board Rules Manual <b>8.27(6)</b>, we noted that the District was in compliance with the Florida Statute <b>120.57(3)(a)</b>, as the F.S. language enumerated above was included in both the notice of intended decision as well as the published bid tabulation form.</p>	<p>We recommend the District consider modifying Chapter <b>8.27(6)</b> of the School Board Rules Manual to require notification of the bid protest within the notice of intended decision, rather than the bid advertisement. This will assist the District to more closely align the School Board Rules Manual with requirements stated in Florida Statutes.</p>	<p><b>Response:</b> We agree with the audit review comment and recommendation. School Board Rules will be updated to be consistent with current Florida Statutes.</p> <p><b>ECD:</b> October 2015</p> <p><b>Person Responsible:</b> FNC Personnel</p>

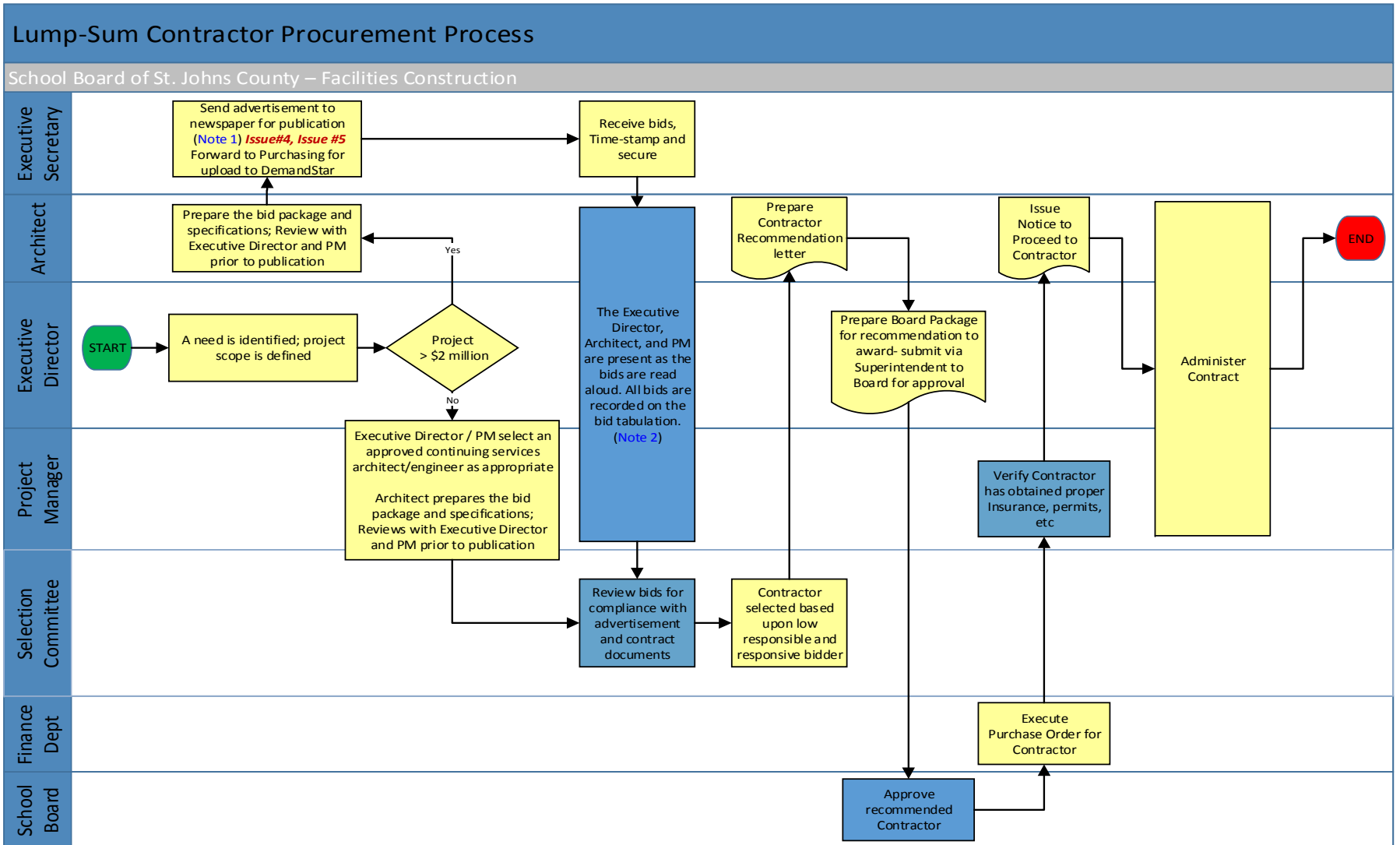
## **Process Maps**

### Architect Procurement Process

School Board of St. Johns County – Facilities Construction





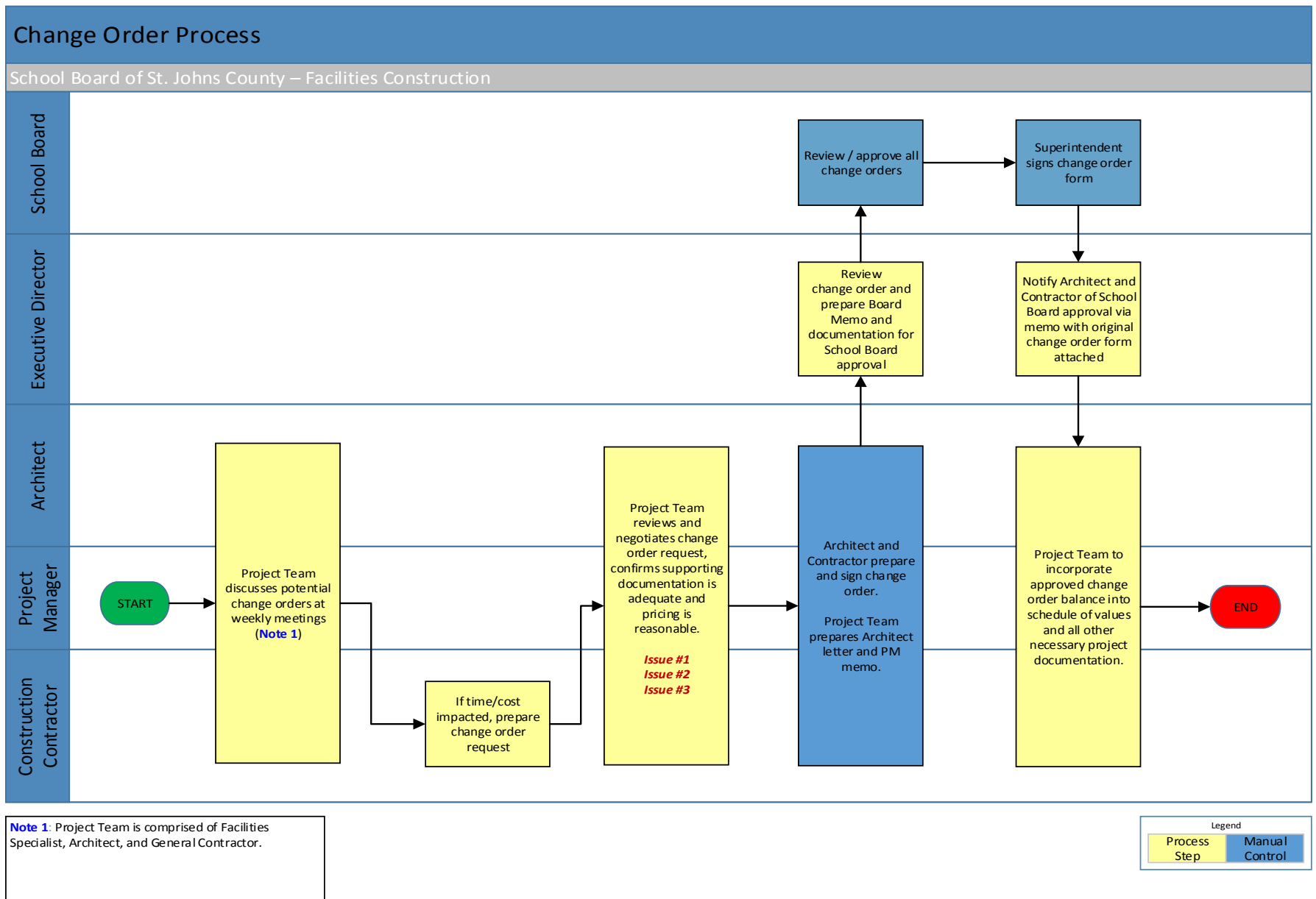


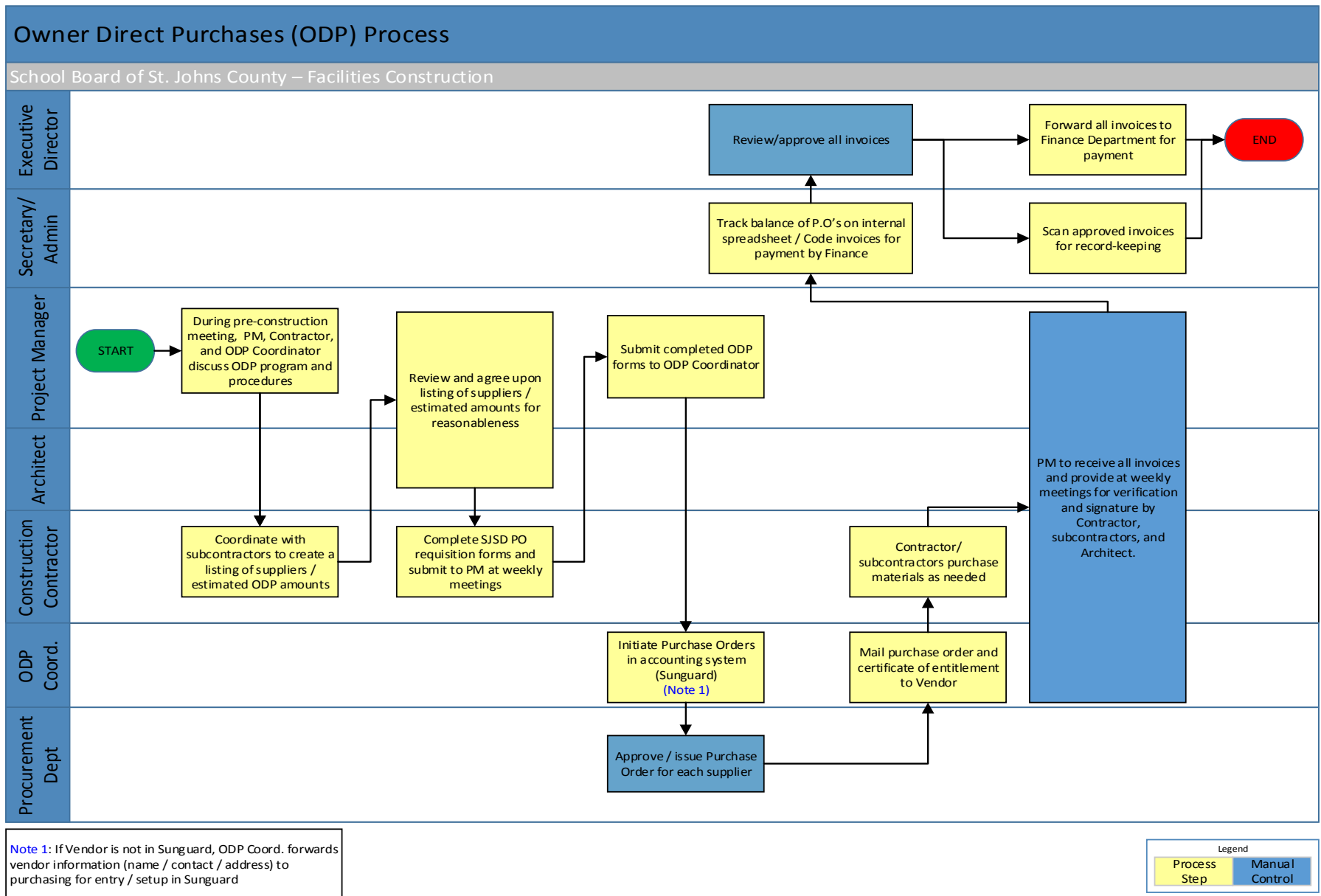
**Note 1:** Pursuant to FL Statute 255.0525(2), the following rules apply to bid advertisements:

- <\$200K, local newspaper (1 ad)
- >\$200K, local newspaper (1 ad – 21 days prior to bid opening)
- >\$500K, local newspaper (1 ad – 30 days prior to bid opening)

**Note 2:** The Bid Opening Committee is comprised of the Executive Director, PM, and Architect.







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