

**Brandon J. Patty**  
Clerk of the Circuit Court  
and Comptroller



**David N. McClintock**  
Inspector General

## Office of Inspector General St. Johns County, Florida

December 4, 2023

Greg Caldwell, Public Works Director  
500 San Sebastian View  
St. Augustine, FL. 32084

Re: Follow-Up Audit: Construction Contract Management Process (2020A-02)

The St. Johns County Clerk of the Circuit Court and County Comptroller's Office of Inspector General has completed a follow-up Audit of the St. Johns County Public Works Department (PWD) Construction Contract Management Process.

The initial audit was completed on October 9, 2020, under the tenure of former Inspector General Nilsa Arissa. On June 5, 2023, James Moore & Co., P.L., (James Moore) was engaged to perform post audit follow-up procedures to determine the implementation status of previous recommendations. On September 1, 2023, James Moore completed the follow-up report and concluded that of the five recommendations, two have been implemented, one partially implemented, and two have not been implemented.

Each of the two observations that have not been implemented, as well as the one recommendation that has been partially implemented, are in large part awaiting the completion of formal policy to establish guidelines for monitoring contracts. The County has indicated that they have retained an outside party to support the formalization of the policies and procedures that are being utilized and followed by the PWD. Additionally, the County has indicated that all forms and documents are present to ensure projects are completely closed out and that projects are being managed through the use of Smartsheets, a contract management and tracking system.

The OIG respectfully requests to be notified in writing should the St. Johns County PWD fully implement any of the remaining unresolved recommendations. We appreciate the work of the leadership and staff of the County who participated in the audit process and are responding to the recommendation.

David McClintock, JD, CIG, CIGE  
Inspector General

Encl: James Moore Follow-Up Audit Report

CC: Brandon Patty, Clerk of the Circuit Court and Comptroller  
The Honorable Chair and Commissioners of the BOCC  
Joy Andrews, County Administrator

**ST. JOHNS COUNTY CLERK OF CIRCUIT COURT &  
COMPTROLLER**

**INTERNAL AUDIT REPORT  
CONSTRUCTION CONTRACT MANAGEMENT PROCESS  
POST AUDIT FOLLOW-UP**

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**INTERNAL AUDIT REPORT**  
**CONSTRUCTION CONTRACT MANAGEMENT PROCESS**  
**POST AUDIT FOLLOW-UP**

To David McClintock, Inspector General,  
St. Johns County, Florida:

In accordance with our engagement letter dated, June 5, 2023, with the St. Johns County Clerk of Court, Office of Inspector General (the Office), we have performed post audit follow-up procedures related to the internal audit of the Construction Contract Management Process completed on October 9, 2020.

The use of the term "audit" relates to the scope of procedures, as outlined in the engagement letter for the above internal audit assistance, to be performed in accordance with the Statement on Standards for Consulting Services and the Code of Professional conduct issued by the American Institute of Certified Public Accountants. The use of the term "audit" in this report does not refer to a financial statement audit, performance audit, forensic audit, or any other formal audit arrangement as defined by AICPA or other professional standards.

## **INTRODUCTION**

### **Objectives**

The Office performed an internal audit covering the Construction Contract Management Process for the County with a focus on policy and procedures and management of project recommendations. The objectives of the original internal audit was to provide assurance that policies, procedures, and controls in place were being followed and to identify opportunities for improvement.

As part of our internal audit follow-up services, our engagement letter dated June 5, 2023, provides for the following post audit services:

- Review the internal audit recommendations with regard to the Construction Contract Management Process and County Administration's progress on the implementation of the recommendations.

### **Scope**

The scope of testing included a post audit follow-up on recommendations regarding policies, procedures, and controls covering the Construction Contract Management Process.

### **Methodology**

Our methodology included the steps outlined below.

## Planning

Our planning process included the following:

- Initial meetings to discuss areas of focus, scheduling, and advance requests for relevant documents.
- Initial understanding of the recommendations, management's response, and implementation time frame per the original internal audit report.

## Fieldwork

James Moore and discussions with County staff on July 7, 2023, to review policies and procedures implemented per the recommendations included in the internal audit. James Moore reviewed support provided for documentation of revised procedures and controls relating to the Construction Contract Management Process and performing a test of procedures on contracts selected for testing.

## Reporting

We summarized our findings and recommendations as described below.

## **Overall Conclusion**

Of the five recommendations, we determined two have been implemented, one partially implemented, and two have not been implemented.

# IMPLEMENTATION STATUS SUMMARY

PREVIOUS RECOMMENDATION		IMPLEMENTATION STATUS				
		Implemented	Acceptable Alternative	Partially Implemented	Not Implemented	No Longer Applicable
1A & 1B	<i>Create a formal policy that establishes guidelines for monitoring contracts. The policy should define and use criteria such as contract value dollar amount, duration of a project, type, and complexity of project, to establish guidelines for the level of monitoring and documentation required for a project. Complete and finalize the draft procedures pertaining to the Construction Contract Management Process.</i>			✓		
2	<i>Develop a policy to define when pre-construction meetings are required (e.g., contract values over a certain threshold and/or the duration of the contract). Written documentation of the meeting should be maintained, including, date, time, location and those present. Consideration should be given to developing and utilizing a standard template for preconstruction meetings. Also, for small-value contracts or those of very short duration, while an in-person meeting may not be necessary, consideration should be given to the scheduling of a telephone conference to allow the opportunity for questions and to clarify and resolve any potential misunderstandings.</i>	✓				
3	<i>Evaluate the current procedures for document retention, establish a consistent systematic contract file inventory for contract monitoring activities, and implement a formalized process, whereby construction monitoring documents can be efficiently accessed to support required internal control processes being performed. Consideration should be given to utilizing the project meeting template that management exhibited during the audit kick off meeting as a standard template for progress meetings, whenever applicable.</i>	✓				
4	<i>Create written procedures for approval, review, and monitoring of payments to contractors.</i>				✓	
5	<i>In conjunction with developing a construction monitoring policy, complete and adopt the engineering project checklist and project closeout form that were exhibited during the audit kick off meeting, to ensure all required documents are on file, prior to payment of the final retainage. This list should include any lien waivers from subcontractors, warranty letters, consent of surety, verification of completion of punch list items/final inspection, review of as-builts drawings, as necessary.</i>				✓	

# STATUS OF RECOMMENDATIONS

This section reports the actions management has taken in response to the recommendations for improvement that were presented as part of the original audit of the St. Johns County (SJC) Public Works Department (PWD) Construction Contract Management. The recommendations contained herein are those of the original audit, followed by the current status of the recommendations.

## *Observation 1 from Original Audit*

While PWD has written procedures for the pavement management program, it does not have final, formal, written procedures in place for monitoring construction contracts.

### **We recommended management:**

- A. Create a formal policy that establishes guidelines for monitoring contracts. The policy should define and use criteria such as contract value dollar amount, duration of a project, type, and complexity of project, to establish guidelines for the level of monitoring and documentation required for a project.
- B. Complete and finalize the draft procedures pertaining to the Construction Contract Management Process.

### ***Management Response dated October 9, 2020:***

Over the past 8 years, our Capital Improvement workload has increased from approximately \$20 million (2012) to over \$100 million (2021) annually (further challenged by back-to-back hurricanes in 2016 and 2017). As pointed out in your summary, PWD management acknowledges your recommendations that formal construction monitoring policies & procedures will help provide a consistent and accountable system that allows PWD management to set necessary expectations of their staff and allow proper monitoring. As discussed through the audit process, we are working diligently to program these formal policies and procedures including a Project Management Plan (PMP).

### **Implementation Status:**

**Partially Implemented.** Per discussions with County staff and follow up on support provided by the County, the County does not yet have a formal policy in place. In lieu of a formal policy, the County has clarified expectations/procedures for staff to complete. The PWD implemented the use of contract management tracking via the use of Smartsheets project link dashboard. A checklist is now created for every project. The Project Manager goes through each step to indicate if items are completed or remaining. The County is currently in the process of hiring an outside party to formally write up the policies and procedures that are being utilized and followed by the PWD.

## ***Observation 2 from Original Audit***

There is no formal policy and written procedure that establishes when pre-construction meetings are required or guidelines with regard to the expectations for documenting pre-construction meetings.

### **We recommended management:**

- A. Develop a policy to define when pre-construction meetings are required (e.g., contract values over a certain threshold and/or the duration of the contract). Written documentation of the meeting should be maintained, including date, time, location and those present. Consideration should be given to developing and utilizing a standard template for preconstruction meetings. Also, for small-value contracts or those of very short duration, while an in-person meeting may not be necessary, consideration should be given to the scheduling of a telephone conference to allow the opportunity for questions and to clarify and resolve any potential misunderstandings.

### ***Management Response dated October 9, 2020:***

It is our general position that pre-construction meetings should be held for every construction project. This requirement is clearly noted in our bidding documents. However, we acknowledge your recommendations on the need for procedures and formal communication to staff via training that clarify when pre-construction meetings may not be needed.

### **Implementation Status:**

**Implemented.** Per discussions with County staff and follow up on support provided by the County, the County implemented pre-construction meetings which are tracked using Smartsheets. As part of the project implementation process, a template in Smartsheets is utilized for each project to begin project tracking. The project manager then inputs all required data into Smartsheets for project tracking purposes.



## ***Observation 3 from Original Audit***

There were a few instances where documentation was not available for testing and could be improved.

### **We recommended management:**

- A. Evaluate the current procedures for document retention, establish a consistent systematic contract file inventory for contract monitoring activities, and implement a formalized process, whereby construction monitoring documents can be efficiently accessed to support required internal control processes being performed.

Consideration should be given to utilizing the project meeting template that management exhibited during the audit kick off meeting as a standard template for progress meetings, whenever applicable.

### ***Management Response dated October 9, 2020:***

We acknowledge the recommendations.

### **Implementation Status:**

**Implemented.** Per discussions with County staff and follow up on support provided by the County, the County implemented use of Smartsheets, and all documentation is in one place for all projects.

## ***Observation 4 from Original Audit***

The department did not have formal documented procedures for the approval, review and monitoring of payment to contractors.

### **We recommended management:**

- A. Create written procedures for approval, review and monitoring of payments to contractors.

### ***Management Response dated October 9, 2020:***

PWD management acknowledges the recommendation.

### **Implementation Status:**

**Not Implemented.** Per discussions with County staff and review of support provided by the County, the County does not yet have a formal policy in place. In lieu of a formal policy, the County has clarified expectations/procedures for staff to complete. At the pre-construction/kick-off meeting, a form for invoicing is provided. The project manager reviews all applications for payment using the new form provided by the purchasing department and ensures proper amounts and proper general ledger accounts are used. The project manager is required to initial, and their supervisor sign the form to indicate they approve/agree. Documents indicating the tasks completed are attached to the application for payment as support. Approval from Engineering personnel is also required for the payment to be processed.

The County is currently in the process of hiring an outside party to formally write up the policies and procedures that are being utilized and followed by the PWD.

## *Observation 5 from Original Audit*

During testing of documentation, OIG noted instances where documentation was not provided, and the explanation provided by the department was that the particular activity was not applicable.

### **We recommended management:**

- A. In conjunction with developing a construction monitoring policy, complete and adopt the engineering project checklist and project closeout form that were exhibited during the audit kick off meeting, to ensure all required documents are on file, prior to payment of the final retainage. This list should include any lien waivers from subcontractors, warranty letters, consent of surety, verification of the completion of punch list items/final inspection, review of as-builts drawings, as necessary.

### ***Management Response dated October 9, 2020:***

We acknowledge the recommendation. Project close-out is an area that PWD management is very aware of the need of a consistent policy and procedure and are working towards it.

### **Implementation Status:**

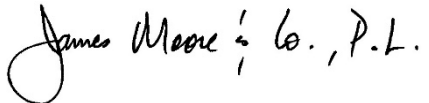
**Not Implemented.** Per discussions with County staff and follow-up on support provided by the County, the County does not have a formal policy yet. In lieu of a formal policy, the County has clarified expectations/procedures for staff to complete. At the close-out meeting staff ensure all forms and documents are present and ensure the project is completely closed. Staff provides documentation of the meeting and action items at that point (supervisor to follow-up). The Staff uses Smartsheets for more approvals, adds names (assigned to) and person notified of attachment via e-mail. Next step is to add approvals. Dates in Smart sheet (start/end dates) are entered. Monitoring of staff performance is completed by supervisors. All approval for payments is obtained via electronic signatures to aid in timeliness of payment processing. RFQ process implemented and performed by purchasing department. The Purchasing department will execute RFQ within 6 months and will issue a notice to proceed within 60 days with a focus on KPI and contract benchmarks. All construction documentation is uploaded to Smartsheets and maintained for proper recordkeeping purposes.

The County is currently in the process of hiring an outside party to formally write up the policies and procedures that are being utilized and followed by the PWD.

We appreciate the opportunity to work with you on this important project.

This report is intended solely for the information and use of the Office and others in the County that integrate with the Construction Management Process and is not intended to be and should not be used by anyone other than those specified parties.

September 1, 2023  
Daytona Beach, Florida

James Moore & Co., P.L.