



PAT FRANK
Clerk of the Circuit Court
13th Judicial Circuit

COUNTY AUDIT

HILLSBOROUGH COUNTY, FLORIDA

BANDES CONSTRUCTION COMPANY, INC. CONTRACT

REPORT # 231 (FOLLOW-UP TO REPORT #208)

FEBRUARY 16, 2012

February 16, 2012

The Honorable Ken Hagan, Chairman
The Honorable Kevin Beckner
The Honorable Victor Crist
The Honorable Al Higginbotham
The Honorable Lesley "Les" Miller, Jr.
The Honorable Sandra Murman
The Honorable Mark Sharpe

Dear Chairman Hagan and Commissioners:

We have performed a follow-up audit of the Bandes Construction Company, Inc. Contract, Audit Report #208, dated December 30, 2010. Three original audit concerns were contained in this report (one Finding and two Observations).

Based on our follow-up audit work and discussions with the Director of Facilities Management Services, we are closing two of the original audit concerns (one Finding and one Observation). Our follow-up audit indicated that these original concerns have been addressed and corrective changes have been implemented, while one observation remains open. The report on the follow-up audit is enclosed.

We appreciate the cooperation and professional courtesies extended to our auditors by the Directors and personnel of the Facilities Management Services and the Fiscal & Support Services during this audit.

Sincerely,

Daniel A. Pohto, CPA, CIA
Director, County Audit

cc: Mike Merrill, County Administrator
Lucia Garsys, Deputy County Administrator
Tom Fass, Director, Facilities Management Services
Mitch Ramos, Director, Fiscal & Support Services
Bruce Dangremond, Manager, Performance Mgmt, Business and Support Services

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EXECUTIVE SUMMARY

BACKGROUND INFORMATION:

The primary purpose of the original audit was to review and evaluate internal controls and compliance related to terms of the Bandes Construction Company, Inc. Contract.

OBJECTIVE:

The objectives of this follow-up audit were to review and evaluate the conditions reported in County Audit Report # 208, dated December 30, 2010, to determine if corrective actions have occurred and are effective, and if the corrective actions appear to be continuous and/or correction will be monitored to ensure the control weaknesses will not be repeated.

SCOPE:

The follow-up audit was conducted based on the *International Standards for the Professional Practice of Internal Auditing* issued by The Institute of Internal Auditors. The follow-up audit procedures were applied to the records, documents, and controls that were in effect during the period from April 1, 2011, through September 30, 2011.

OVERALL EVALUATION:

We found that Facilities Management Services had fully implemented corrective action on two of the three audit concerns noted in the original audit. As a result, we have closed the original audit finding and one observation of the total three concerns.

Facilities Management Services has initiated corrective action on the remaining open item. However, the corrective action has not been completed.

Please see the Summary of Original Audit Concerns on page 3.

We suggest that management monitor the open concern listed in this report to assure that appropriate corrective action is taken. In addition, the corrective action for all concerns should be periodically assessed and adjusted, as necessary, so that the control weaknesses will not be repeated in the future.

The final exit conference was held on January 3, 2012.

AUDIT BY:

Daniel A. Pohto, Director, County Audit
Steve Hooper, Audit Manager
Brenda Tyler, Auditor

STATUS CHART OF ORIGINAL AUDIT CONCERNS

This chart provides the status of the original report concerns at the completion of the follow-up audit.

For reference purposes, the entire original audit report #208 (issued Fiscal Year 2011, 12/30/2010) can be viewed on the Clerk's web site at <http://www.hillsclerk.com> under Clerk Services, County Audit – Recent Reports.

FINDING	OPEN	CLOSED
1		X
OBSERVATIONS		
1		X
2	X	

NOTE: An Open finding is defined as a control weakness that needs additional corrective action and a Closed finding is a control weakness for which corrective action has been completed to the auditor's satisfaction.

SUMMARY OF ORIGINAL AUDIT CONCERNS

This chart summarizes the original audit concerns at the completion of the follow-up audit. The original audit concern that remained open is detailed in the next section –
FOLLOW-UP COMMENT ON OPEN CONCERN WITH CLIENT RESPONSE

FINDING	DESCRIPTION	STATUS	COMMENTS
1	A required document could not be located.	CLOSED	Management revised the contract language to delete the requirement for submission of the Revised Schedule of Values.
OBSERVATIONS			
1	Bandes may not have complied with the BOCC's Affirmative Action Programs for Equal Employment Opportunity.	CLOSED	<i>Equal Opportunity Questionnaires</i> were on file.
2	Different County departments manage the contract's administrative requirements; therefore Bandes may not have complied with all requirements.	OPEN	See page 4 of the Report.

FOLLOW-UP COMMENT ON OPEN CONCERN WITH CLIENT RESPONSE

This section details the **open** concerns at the completion of the follow-up audit.
Note: Client Responses are included verbatim and are seen in *italics*

OBSERVATION 2: FOLLOW-UP COMMENT

Different County departments manage the contract's administrative requirements; therefore Bandes may not have complied with all requirements.

In the original audit, it was noted that certain elements of the agreement were managed by different County functions without verification of compliance by the Project Manager. For example, the Disadvantaged Minority/ Disadvantaged Women Business Enterprise (DM/WDBE) and Equal Employment Opportunity (EEO) programs required in the agreement are managed by Economic Development Department while proof of insurance and bonds are managed by Business and Support Services' Risk Management Division. Financial requirements are managed by the Fiscal & Support Services Section and all other areas of the agreement are managed by the Project Managers. Nowhere in the process is one person assigned the overall management responsibility of the Agreement.

County Administration has not yet considered a county-wide policy to ensure that the contractor meets all programmatic and fiscal requirements. Due to the County Administrator's recent reorganization and the implementation of the Voluntary Separation Incentive Program (VSIP), the employees in this process have changed. The reorganization has now combined all of the project management function within the Infrastructure and Development Services Team. The Fiscal and Support Services-IDS Department is currently working on a template and process to implement this recommendation.

RECOMMENDATION:

1. Management should consider designating a contract manager to ensure that the contractor meets all programmatic and fiscal requirements.
2. Management should continue to develop a template procedure and the procedure should be used by the contract manager to ensure all contract requirements are met.

CLIENT RESPONSE:

Concur

CORRECTIVE ACTION PLAN:

We concur with this observation that contract administration across multiple departments can be improved but there are no non-compliance findings in this audit.

The Executive Team will review these and other possible recommendations to strengthen contract management functions. Appropriate policy, directive or other guidance will be developed and adopted as needed. It will define the conditions for assigning responsibility for overall contract management. Management tools such as templates, contract management teams, and centralized contract documentation will be developed as appropriate in support of the adopted guidance for ensuring contractor compliance.

The process to be followed for developing and implementing the policy/guidance is described in the Capital Improvement Program audit report submitted to the BOCC on January 5, 2012. It will involve multiple departments and professions, and be supported by the planned ERP system.

TARGET COMPLETION DATE:

January 31, 2013

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