

Allen M. Vann, Chief Auditor
Office of Management and Compliance Audits

**SUBJECT: INTERNAL AUDIT REPORT – CONSTRUCTION CLAIMS,
CONTINGENCIES AND ALLOWANCES**

COMMITTEE: INNOVATION, EFFICIENCY & GOVERNMENTAL RELATIONS

LINK TO DISTRICT

**STRATEGIC PLAN: ENSURE ADEQUATE AND EFFECTIVE INTERNAL
CONTROLS AND OPERATIONAL EFFICIENCY**

The internal audit of construction claims, allowances and contingencies was conducted to determine the propriety of their usages. The audit concluded that the Office of School Facilities' (OSF) policies and procedures that govern the approval and management of change orders, contingency adjustments and allowances need improvement. The audit also found that, although specifically disallowed by contract and/or procedures, the District paid \$320,000 in change orders and contingency adjustments, which directly resulted from conflicts between project drawings and existing conditions. Additionally, change orders totaling \$542,382, resulting from architect and engineer (A/E) errors and omissions were paid, contrary to OSF's procedures. The District unnecessarily paid an additional \$36,650 for project bonding cost included in change order calculations.

Management reviewed their response with the Audit Committee.

The School Board Audit Committee reviewed this report at its January 27, 2009 meeting and recommend transmitting it to the School Board.

Copies of this report were previously distributed to the Board and placed on file in the Office of the Recording Secretary to the School Board and in the Citizen Information Center. Additional copies are available upon request.

RECOMMENDED: That The School Board of Miami-Dade County, Florida, receive and file the Internal Audit Report – Construction Claims, Contingencies and Allowances.

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