

THE SCHOOL BOARD OF SARASOTA COUNTY, SARASOTA FLORIDA062221
SCHOOL BOARD AUDIT COMMITTEE MEETING MINUTES
November 16, 2021

ATTENDEES: Jane Goodwin (Chair), Mitsi Corcoran, Sue Memminger (by zoom), Michael Pender, Eric Robinson, Chris Stobaugh

GUESTS: Robert Broline and Mark Smith - Carr, Riggs & Ingram (CRI), Tracy Brizendine, Cindy Beck

Meeting called to order at 9:30 a.m.

I. Welcome/Introductions

Members introduced themselves along with Robert Broline and Mark Smith, from CRI, who are leading the operational/internal auditing services for the School Board.

II. New Business

Mr. Broline presented an overview of the internal audit of the Construction Services function. The three areas CRI will be auditing from the RFP are Construction Services, Procurement, and Contract Compliance. The Construction Services report is organized in the following sections: Executive Summary, Background, Objectives and Approach, Observations Matrix, and Enhancements/Best Practices.

The primary objectives of this internal audit were to assess whether the system of internal controls is adequate and appropriate for promoting and encouraging the achievement of management's objectives in the categories of compliance with applicable laws, administrative rules, and other guidelines. Focus was placed on the control structure surrounding the five main phases of the construction process identified above.

The report is organized by the following sections:

Executive Summary

This provides a summary of the observations and testing results related to the internal audit of the Construction Services function.

As outlined in the 2019 Risk Assessment for the Internal Audit Plan, Construction Operations was identified as a top 10 risk. Construction projects are funded through several mechanisms, including the capital Outlay Fund, the Public Education Capital Outlay (PECO) Fund, and the capital Millage Levy. Facilities Acquisition and Construction includes activities concerned with the acquisition of land, buildings,

remodeling buildings, construction of buildings, other built-in equipment, and improvement to sites. The primary objectives of this internal audit was to assess whether the system of internal controls is adequate and appropriate for promoting and encouraging the achievement of management's objectives in the categories of compliance with applicable laws, administrative rules, and other guidelines. Focus was placed on the control structure surrounding the five main phases of the construction process identified, such as: Capital Budgeting/Planning, Design, Preconstruction, Construction and Closeout.

Background Overview

This provides an overview of the Construction Services function and selective financial statistics.

Construction projects are funded through several mechanisms, including the Capital Outlay Fund, the PECO Fund, and the Capital Millage Levy. Facilities Acquisition and Construction includes activities concerned with the acquisition of land, buildings, remodeling buildings, construction of buildings, other built-in equipment, and improvement to sites. Several capital outlay projects were identified in the FY 2021 Budget, which included new construction, renovations to existing structures, and replacement of major systems equipment.

Objectives and Approach

The internal audit objectives and focus are expanded upon in this section as well as a review of our approach.

The primary objectives of this internal audit was to assess whether the system of internal controls is adequate and appropriate for promoting and encouraging the achievement of management's objectives in the categories of compliance with applicable laws, administrative rules, and other guidelines. Focus was on the control structure surrounding the various phases of the construction process and primarily on transaction-based processes such as payment applications.

The internal audit approach consisted of three phases: Understanding and Documentation of the Process, Detailed Testing and Reporting.

Observations Matrix

This section provides the results of the internal audit procedures, including recommended actions and management's responses.

The Observations Matrix consisted of the following sections: Capital Plan & Budgeting Process, Contract/GMP Compliance, General Conditions Monitoring Procedures, Payment Application Review Process and Closeout Process.

Enhancements/Best Practices

This section provides enhancements/best practices.

Contract Clauses / GMP Assumptions - A list of 10 best practice recommendations were based on the review of the Emergency Management Improvements Project and the experience in performing numerous contract reviews for other clients.

Key Performance Indicators – Management currently utilizes key performance indicators to measure performance. It is recommended that management enhance current KPI's as well as develop new KPI's that facilitate more effective and efficient management of each project.

Capital Construction Specialist – It is recommended that management evaluate the feasibility of establishing a Capital Construction Specialist position, which would have responsibility for the projects once they are included in the five-year capital plan and until they are assigned to a particular Project Manager. A list of responsibilities were listed for this position.

Staffing Level Needs – It is recommended that management perform a cost/benefit analysis of the current staffing structure including possible realignment leveraging the construction services staffing analysis outlined by management.

III. **Member Comments**

Mr. Broline and Mr. Smith answered several questions asked by the Audit Committee members throughout the report discussion.

The Audit Report will be presented to the Board at an August Work Session.

Motion: That the Audit Committee accept the CRI Internal Audit of Construction Services

Motion: Eric Robinson

Second: Nick Guy

Ayes: Jane Goodwin, Nick Guy, Sue Memminger, Michael Pender, Eric Robinson

The motion passes 5:0.

A new member for the Audit Committee will be chosen to replace John Cranor.

The next Audit Committee meeting will be after the Procurement report is finalized.

Meeting adjourned at 11:04 a.m.

Respectfully submitted,
Kathy Tomkins