

June 2016

# Highlights

Internal Audit Report to the Board of Supervisors/School Board

## Why We Did This Review

The audit focused on the transfer of School Construction procurement responsibility to County's Purchasing Department effective July 1, 2016. We also incorporated the regularly scheduled audit of School Construction activity from the FY16 audit plan approved by the County Administrator and School Board Superintendent. Objectives included:

- Prepare for procurement transition from School to County including an analysis of existing project and contract inventory.
- Determine compliance with Code of Virginia and County Policies and Procedures for procurement, vendor payments, change orders, and other requirements.
- Report results to the County Administrator and School Superintendent.

## What We Recommend

- School management update current staff contacts for all existing and upcoming contracts for County Purchasing.
- School Construction update procedures to identify steps requiring coordination with County Purchasing, ensure procurement timing aligns with project schedules, and notify County Purchasing of construction schedule changes.
- School Construction continues to strengthen change order procedures to consistently document pricing units and hours verification.



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# School Construction Management



## What We Found

At the Superintendent's request, the County's Board of Supervisors approved a transfer of School Construction procurement responsibility to the County's Purchasing Department effective July 1, 2016. Internal Audit was requested to evaluate School Construction's projects and contracts inventory so the incoming Purchasing team will have a clear understanding of existing conditions.

The Deputy County Administrator for Management Services reported details for the proposed procurement transfer at the Board of Supervisors August 26, 2015 meeting. Ongoing management coordination is necessary to plan orderly roles and responsibilities during and after the transition. Purchasing must: recruit and train new positions, coordinate with Schools on process design, policy, and integrated procedures, develop procurement training for School personnel, and provide vendor community outreach. School's project requirement and specification coordination will continue with Purchasing.

The school division has 64 school buildings and 11 additional buildings totaling more than 8 million square feet under roof. Separate departments perform School's facility maintenance and new construction duties. A reorganization plan effective July 1, 2016 was approved May 2016 consolidating Construction and Facilities Maintenance departments under one Director.

## Findings

School Construction's existing project and contract inventory was evaluated noting completeness. Most upcoming projects are renovations which present the additional challenge of ongoing operation during construction. Construction project files and progress payments for Monacan High, Manchester Middle, and Providence Middle School construction projects were tested for compliance with minor exceptions noted. School Construction project file support and organization have improved since the prior audit (November 2014).

## Actions Taken

Management evaluated procedures and ongoing contracts for VPPA compliance and resolved most issues identified. A Providence Middle School change order is being evaluated prior to seeking School Board approval.

## Commendations

We commend:

- School Management for ensuring School CIP Project Report and School Capital Fund general ledger accuracy.
- Construction Director for organizing project documentation and developing process to monitor project contract and change order status.
- School Construction Department for compliance with appropriate administrative policies and procedures.
- Purchasing Department for coordination with School Construction on procurement compliance, process design, policy, and integrated procedures.

Management concurred with 8 of 8 recommendations to be implemented from July 1, 2016 to August 31, 2016.

We appreciate the cooperation received from management and staff while conducting this audit.