

Review of Contract CN367 with Shine and Company, Inc.

Bureau of Design and Construction Division of Recreation and Parks

Report: A-1819DEP-010

Office of Inspector General

Internal Audit Section

Florida Department of Environmental Protection

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The Office of Inspector General (OIG) conducted a review of Contract CN367 (Contract) between the Division of Recreation and Parks (Division) Bureau of Design and Construction (Bureau) and Shine and Company, Inc (Contractor). This review was initiated as a result of the Fiscal Year (FY) 2018-2019 Annual Audit Plan.

Scope and Objectives

The scope of this review included the financial records and activities maintained by the Bureau for construction of a restroom facility (Project) at Ichetucknee Springs State Park (Park).

The objectives of this review were to:

- Determine compliance with the Contract.
- Determine whether payments were made for allowable expenditures in accordance with Contract deliverables.
- Evaluate Bureau management's oversight of Contract activities.

Methodology

Our review was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing*, published by the Institute of Internal Auditors. We reviewed documentation maintained by the Bureau's Project Manager for the project, materials developed by the Bureau for management of construction projects, and Contract payment records. We also discussed the Project with Bureau management.

Background

The Bureau provides professional design, contract administration, and construction management services for Fixed Capital Outlay and Park Expense Design and Construction Projects. The Project cost was initially estimated by the Bureau to be \$300,000. The Project was

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awarded on January 26, 2017, on a competitive bid basis as a lump sum Contract for \$340,000.

A separate Task Assignment was issued on May 12, 2016, to a contract engineer consultant totaling \$55,047.24 for design, permitting, and administrative services of the Project.

Construction began February 2017, and was substantially completed in September 2017.

Results

Contract Compliance

We verified the Contract was awarded through a competitive bid process and in compliance with the Bureau's bid specifications. Based on review of the Contract and support documents, as well as the contracted engineer consultant's Substantial Completion Report, the Project's construction was completed in accordance with the terms of the Contract. We also verified Project construction was completed in accordance with a building permit issued by the Columbia County, Florida Building and Zoning Department.

Contract Payments

During the Contract period, the Contractor submitted seven invoices on a monthly basis, which were consistent with the approved schedule of values totaling \$340,000. Each request included a completed invoice, signed Certificate for Payment certifying that the work had been completed in accordance with the Contract, a period completion schedule of values, and Minority Participation Report, as required under General Conditions Article 7 of the Contract. The final Contract payment, including withheld retainage, was made on December 7, 2017. Retainage was released subsequent to the Contractor's correction of items noted in the contracted engineer consultant's Substantial Completion Report.

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Management Oversight

From the Project documentation we reviewed, the Project Manager followed procedures outlined in the Bureau's Operations Manual in managing the Contract. The Division's Construction Project Consultant, located at the District office, conducted frequent field visits to the construction site and completed Field Reports documenting Project progress. County building inspectors performed eight inspections of construction-in-progress between March and September 2017, and issued a Certificate of Occupancy dated September 5, 2017. The contracted engineer consultant issued a Certificate of Substantial Completion report on September 7, 2018, and remaining items identified in the report were addressed and completed by the Contractor as of September 29, 2018.

Conclusions

Based on our review, the Contractor completed the Project in accordance with the terms of the Contract. Payments were made for allowable expenditures, and the Bureau had appropriate controls in place to ensure sufficient Project oversight to completion.

To promote accountability, integrity, and efficiency in state government, the OIG completes audits and reviews of agency programs, activities, and functions. Our review was conducted under the authority of Section 20.055, F.S., and in conformance with the International Standards for the Professional Practice of Internal Auditing, published by the Institute of Internal Auditors, and Principles and Standards for Offices of Inspector General, published by the Association of Inspectors General. The review was conducted by Robert Gay and supervised by Valerie J. Peacock.

Please address inquiries regarding this report to the OIG's Audit Director by telephone at (850) 245-3151. Copies of final reports may be viewed and downloaded via the internet at <https://floridadep.gov/oig/internal-audit/content/final-audit-reports>. Copies may also be obtained by telephone (850) 245-3151, by fax (850)245-2994, in person or by mail at Department of Environmental Protection, Office of Inspector General, 3900 Commonwealth Boulevard, Mail Station #41, Tallahassee, FL 32399.

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