



Orange County
Public Schools

Internal Audit Report

Operations and Maintenance Trucks Audit

February 20, 2012



**To: John Morris, Chief Facilities Officer
James Surguine, Senior Facilities Director,
Operations and Maintenance**

**From: Linda J. Lindsey, CPA, Senior Director, Internal Audit
Alva Johnson, Auditor**

The audit is an independent activity that is used to evaluate the effectiveness and efficiency of a business operation. Our responsibility is to express an opinion on selected processes and procedures. We are required to report material deficiencies in accordance with the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*, Orange County Public Schools policies and procedures and Florida Statutes.



Table of Contents

Operations and Maintenance Trucks Audit February 20, 2012

	Page Number
BACKGROUND	1
OBJECTIVES, SCOPE AND METHODOLOGY	1
FINDINGS AND RECOMMENDATIONS	2 - 3

OPERATIONS and MAINTENANCE TRUCKS AUDIT

BACKGROUND

The term “Operations and Maintenance trucks” includes Rapid Response Teams, Phoenix teams (dedicated to district high schools), and Satellite teams. These teams provide periodic inspection, maintenance and repair services for district schools, offices and other properties. Management of the Operations and Maintenance Department has ranked budgetary controls high on the annual risk assessment. The protection of district inventory, materials, equipment, and supplies is also a department concern. Ensuring that all assets are appropriately utilized is more important than ever in view of diminishing budgetary funds.

OBJECTIVES, SCOPE AND METHODOLOGY

OBJECTIVES:

The objective of this audit is to review the efficiency and effectiveness, including internal controls, of the Operations and Maintenance Trucks function.

SCOPE:

The scope of the audit has been identified as the population of work orders scheduled for completion or start during December 2011 and P-card transactions for December 2011.

METHODOLOGY:

Our audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing* of the Institute of Internal Auditors and included such procedures as deemed necessary to accomplish audit objective. P-card transactions and work orders were judgmentally selected based upon observations during several auditor rides-along with Operations and Maintenance Truck teams.

FINDINGS AND RECOMMENDATIONS

1. There is no process in place to conduct and record supplies and materials inventories maintained on the O&M trucks. Once these items have been taken from stock, they are charged to a work order. If estimated quantities exceed actual quantities needed for a particular job, the unused portions are kept on the truck instead of being returned to the stock room.

We recommend that periodic inventory procedures be established for materials and supplies maintained on O&M trucks.

2. There may be an opportunity for recycling metal parts, like faucets and door-closers, which are removed from schools during the periodic maintenance visits and discarded.

We recommend that a recycling program for building components that are removed from OCPS schools or offices be investigated and evaluated for cost effectiveness.

3. One item that was replaced in a classroom was not documented on the OCPS Rapid Response Assessment – *Worklist*. Ballast was installed but not noted on the *Worklist*. This omission may cause an error on the inventory report.

The OCPS Rapid Response Assessment – *Worklist* sheet may need to be revised to assist staff in documenting work performed at the schools. The acquisition of portable devices to record time and program codes may be an option to help the process by eliminating error, increasing accuracy and efficiency.

4. There were two purchasing card transactions that had posting errors. Both resulted from an error in recording the work order number. Both errors caused incorrect costs to be reported on the work order.

The department should review or update data entry procedures and reconciliation procedures to ensure that information is entered accurately and if mistakes occur, they are detected and corrected in a timely manner.

5. A purchasing card was used to order and pay for two air conditioning compressors for Lockhart ES on October 17, 2011. The ordered items were on back order. The vendor did not charge the district in October for this order. Eventually the order was placed again and paid for on December 5, 2011. These items were installed at Lockhart ES. A separate purchase order was entered on November 14, 2011, with a goods

receipt posted on November 21, 2011, also ordering two compressors for the same room at Lockhart ES. One of these compressors was damaged and it was returned to the vendor. A replacement for the damaged compressor was received on January 25, 2012. This purchase order was paid on February 22, 2012. These two compressors are now in inventory.

The department should review and update acquisition procedures for long-lead items such as compressors. The cause of the problem may also be a lack of communication within the maintenance area between the logistic technician and the supervisor of the craft teams.

6. The three maintenance areas face challenges in keeping the schools and locations running efficiently and effectively. Physical condition and repair/replacement needs include painting, roofing, HVAC equipment, grounds, electrical service and plumbing. The district allows multiple manufacturers of HVAC and chiller equipment, colors of paint, colors and types of carpet or tile and other building components, which makes maintaining high efficiency and effectiveness of the Operations and Maintenance more difficult.

We recommend that the Design department consider limiting the diversity of building components and the pallet of paint, carpet and tile sizes and colors. The HVAC equipment could be placed on a five year bid. Other design components with wide variability could also be limited by OCPS specification. This would help the maintenance team to accomplish their goals.

We would like to thank the Operations and Maintenance staff for their cooperation and assistance during the audit. The administrators, technicians and craftsmen displayed extensive knowledge and skills in the performance of their jobs.

Alva Johnson, Auditor

PLEASE RESPOND IN WRITING TO LINDA LINDSEY USING THE AUDIT REPOSE MATRIX FORM WITHIN TEN BUSINESS DAYS FROM THE DATE ON THE FINAL REPORT. INDICATE THE STEPS THAT WILL BE TAKEN TO ADDRESS THE ISSUES RAISED IN THE AUDIT AND THE DATES BY WHEN THOSE STEPS WILL OCCUR.

AUDIT RESPONSE MATRIX

FISCAL PERIOD 2011/2012

DEPARTMENT/SCHOOL Facility Services - Maintenance
 ADMINISTRATOR/PRINCIPAL James Surguine
 CABINET REPRESENTATIVE. John Morris



Exception Noted What is? What ought to be?	Management Response What needs to be done?	Responsible Person Who needs to do it?	Outcome Timeline When will action be completed? What evidence of completion?
<p>There is no process in place to conduct and record supplies and materials inventories maintained on the O&M trucks. Once these items have been taken from stock, they are charged to a work order. If estimated quantities exceed actual quantities needed for a particular job, the unused portions are kept on the truck instead of being returned to the stock room.</p>	<p>Increased burden on logistics support for the maintenance department makes the tracking of materials issued for truck stock difficult. The identification of materials suitable for tracking and inventory is being established, expendable items for common use (fasteners, lubricants, tubes of caulking etc) would not be tracked. Efficiencies could be gained with a more modern tracking system i.e. bar coding, scanners, hand held devices etc.</p>	<p>James Surguine Nancy Thomas Randy Jones Dale Seale Rosalyn Simmons Kimberly Thomas</p>	<p>Anticipate identification of items for tracking and the inventory procedure will be in place by the end of the calendar year.</p>
<p>There may be an opportunity for recycling metal parts, like faucets and door-closers, which are removed from schools during the periodic maintenance visits and discarded.</p>	<p>Other building components that are removed/replaced are being recycled through the process established by Environmental Services (copper, aluminum and steel) The additional items identified as well as other possible items will be added to the recycling effort.</p>	<p>James Surguine Nancy Thomas Randy Jones Dale Seale Rosalyn Simmons Kimberly Thomas</p>	<p>Immediate implementation of the effort should result in additional revenue for the recycling effort.</p>
<p>One item that was replaced in a classroom was not documented on the OCPS Rapid Response</p>	<p>Working on revision of the checklist and Rapid Response assessment process. The addition of portable data collection devices would greatly increase efficiencies</p>	<p>James Surguine Randy Jones Rosalyn Simmons Kimberly Thomas</p>	<p>Implementation of revised checklist to be in place November 2012, funding for the portable devices pending</p>

Exception Noted	Management Response	Responsible Person	Outcome Timeline
What is? What ought to be?	What needs to be done?	Who needs to do it?	When will action be completed? What evidence of completion?
Assessment – <i>Worklist</i> . Ballast was installed but not noted on the Worklist. This omission may cause an error on the inventory report.	and the accuracy of data collection.		approval of business case.
There were two purchasing card transactions that had posting errors. Both resulted from an error in recording the work order number. Both errors caused incorrect costs to be reported on the work order.	Employee responsible for data entry error advised and counseled on the importance of accurate data entry, all personnel associated with the purchasing card process have reviewed and acknowledged the procedures and agreed to increased vigilance and oversight of data entry	James Surguine Nancy Thomas Randy Jones Dale Seale Rosalyne Simmons Kimberly Thomas	Immediate implementation and adherence will be evident in key performance indicators reported in monthly departmental scorecard.
A purchasing card was used to order and pay for two air conditioning compressors for Lockhart ES on October 17, 2011. The ordered items were on back order. The vendor did not charge the district in October for this order. Eventually the order was placed again and paid for on December 5, 2011. These items were installed at Lockhart ES. A separate purchase order was entered on November 14, 2011, with a goods receipt posted on November 21, 2011, also ordering two compressors for the same room at Lockhart ES. One of these	When the order was placed with the Purchasing Card the vendor failed to advise the logistics technician that the compressors were not immediately available and would be backordered, standard operating procedure dictates that if an order cannot be filled immediately then the P-card should not be used. The vendor has been notified of the error and the logistics techs have been advised to emphasize this in their communications with vendors. The second order was placed through the normal procurement process of a purchase order by the maintenance area as they were unaware of the backorder from the vendor, as the compressors are a long lead item the decision was made to keep the 2 extra	James Surguine Nancy Thomas Randy Jones Dale Seale Rosalyne Simmons Kimberly Thomas	Purchasing cards in place at the area maintenance locations providing better control of process, review of all purchasing procedures underway with all personnel involved in the supply chain.

Exception Noted	Management Response	Responsible Person	Outcome Timeline
What is? What ought to be?	What needs to be done?	Who needs to do it?	When will action be completed? What evidence of completion?
<p>compressors was damaged and it was returned to the vendor. A replacement for the damaged compressor was received on January 25, 2012. This purchase order was paid on February 22, 2012. These two compressors are now in inventory.</p>	<p>compressors in stock at the maintenance area for future use. In order to prevent a repeat occurrence the maintenance areas now have 2 P-cards issued to the logistics techs and purchases are authorized and controlled by Supervisors in the same location.</p>		
<p>The three maintenance areas face challenges in keeping the schools and locations running efficiently and effectively. Physical condition and repair/replacement needs include painting, roofing, HVAC equipment, grounds, electrical service and plumbing. The district allows multiple manufacturers of HVAC and chiller equipment, colors of paint, colors and types of carpet or tile and other building components, which makes maintaining high efficiency and effectiveness of the Operations and Maintenance more difficult.</p>	<p>Standardization of building components has been a challenge for the maintenance department for some time, current efforts working with the planning and design team to look at current criteria has produced a better understanding on both sides. The information sharing process of which building components perform best for the maintenance department as well as the schools will be key to long term care of facilities and lower operational costs.</p>	<p>James Surguine Faz Ali Jeff Hart Program Manager</p>	<p>This will be an ongoing effort, unable to determine completion timeline.</p>