



Orange County  
Public Schools

# Real Estate Management

## Internal Audit Report

**December 8, 2010**



**To: Jonathan Chamberlain, Acting Chief Facilities Officer  
Harold E. Jenkins, Facilities Director, Real Estate Management**

**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. We noted no material deficiencies.**



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# REAL ESTATE MANAGEMENT AUDIT

## BACKGROUND

A prior audit of the department revealed a few discrepancies in the books of record. There were also missing records for bid documents. The audit disclosed that there was not a central repository for lease agreements and payments. It was the recommendation of Internal Audit that the department develop and implement those procedures that would ensure that all agreements and payments would be accounted for and monitored for compliance.

This follow-up audit reviewed the new processes and procedures which were designed to help the department monitor its operations and comply with organizational requirements.

## OBJECTIVES, SCOPE AND METHODOLOGY

**OBJECTIVES:** To determine if departmental records are accurate and complete. The audit concentrated on surplus property, inter-local and joint use agreements. We established the initial set up and the legality of surplus property and the compliant disposition of that property. There was also a determination that inter-local and joint use agreements are monitored for compliance.

**SCOPE:** The scope included the 2009 list of surplus property and the 2009 list of inter-local and joint use agreements.

**METHODOLOGY:** The departmental records, legal records, OCPS Board documents, SREF requirements and Florida Statutes were reviewed. Selected records were subject to audit procedures.

<u>FINDINGS</u>	<u>MANAGEMENT RESPONSE</u>
<p>1. The department does not have a written record retention policy.</p> <p><b>RECOMMENDATION:</b> The department should develop a records retention policy.</p> <p><b>RESPONSIBLE STAFF:</b> Real Estate Management Staff</p> <p>2. The website information on property inventory does not reflect 2009 additions to inter-local and joint use agreements.</p> <p><b>RECOMMENDATION:</b> Update the website information annually.</p> <p><b>RESPONSIBLE STAFF:</b> Real Estate Management Staff</p> <p>3. An account receivable of \$96,000, due from the City of Winter Garden since 2006 has not been collected by OCPS. REM and Stuart Buchanan of Swann and Hadley, P.A. have been working on the matter for these many years. The situation has not been resolved yet.</p> <p><b>RECOMMENDATION:</b> Resolve the matter by getting legal department involved.</p> <p><b>RESPONSIBLE STAFF:</b> Real Estate Management and Swann and Hadley, P.A.</p>	<p>1. REM has a records retention system that had not been formalized as a written procedure. REM recently developed a draft version of the records retention process (see attached). Once all necessary approvals are received, this written procedure will be made part of the Facilities Services Procedures Manual.</p> <p>2. REM is in the process of updating all new data since 2009 on the REM website. Previous data could not be updated due to technical issues associated with a change in the website coordinator.</p> <p>3. This matter was referred to OCPS legal counsel. Frank Kruppenbacher, General Counsel at the time, assigned the matter to attorney Stuart Buchanan for handling.</p>