

# Custodial Services

**Internal Audit Report**

**February 14, 2022**



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**EXECUTIVE SUMMARY**

**Why We Did This Audit**

The objective of this audit determines whether metrics used to manage facilities cleaning programs are adequate and whether there are sufficient internal controls over supply purchase and expenses.

Our audit consisted of a review of Custodial Services processes and an evaluation of internal controls used in managing them.

This audit was included in the 2020-2021 Annual Audit Plan.

**Observations and Conclusion**

| Audit Results at a Glance             |                    |                |       |
|---------------------------------------|--------------------|----------------|-------|
|                                       | Risk/Impact Rating |                |       |
| Results and Observations              | Significant        | Moderate       | Minor |
| IA - Internal Audit<br>M - Management | -                  | IA - 2         | -     |
| O - Opportunity<br>D - Deficiency     | -                  | O - 1<br>D - 1 | -     |

Our overall conclusion is that Custodial Services is following the *Custodial Service 2020 – 2023 Processes* and applicable laws, and regulations. We noted no material deficiencies and none of our observations were considered to have significant risk or impact.

**Results and Recommendations**

Although cost and financial controls appear adequate, we noted that internal controls over records retention were not in compliance with *State of Florida General Records Schedule GS7 for Public Schools Pre-K-12 and Adult and Career Education*. Additionally, Custodial Services does not have a physical inventory process to account for equipment and property in their control as stated in *School Board Policy DID Inventories and Property Records*. As a result, we made two recommendations:

- Custodial services should have a process in place to conduct an annual physical inventory of equipment and property to safeguard against loss as required in *School Board Policy DID Inventories and Property Records*.
- Custodial Services should maintain adequate records for requesting and hiring custodial temporary labor assignments. All Departments are required to maintain sufficient records to meet audit requirements.

This report has been discussed with management and they have prepared their response which follows.

**DEFINITIONS:**

**Risk / Impact Ratings**

|             |  |
|-------------|--|
| Minor       | Low risk with a financial impact of less than one percent and/or an isolated occurrence limited to local processes (low impact and low likelihood)   |
| Moderate    | Slight to moderate risk with a financial impact between one and five percent and/or a noticeable issue that may extend beyond local processes (low impact and high likelihood or high impact and low likelihood)               |
| Significant | High risk with a financial impact greater than five percent and/or a significant issue that occurs in multiple processes and/or noncompliance with Florida Statutes or School Board Policies (high impact and high likelihood) |

*We rate risk/ impact as:*

- *Minor*
- *Moderate*
- *Significant*

**Observations Categories**

|             |   |
|-------------|---|
| Opportunity | A process that falls short of best practices or does not result in optimal productivity or effective use of resources                 |
| Deficiency  | A shortcoming in controls or processes that reduces the likelihood of achieving goals related to operations, reporting and compliance |

*We categorize our observations as opportunities or deficiencies.*

**Criteria for Observations Sourced to Management**

- Internal audit was informed of the issue prior to starting detailed testing
- Management identified, evaluated, and communicated the issue to appropriate levels of the district
- Management has begun corrective action with clear, actionable plans and targeted completion dates

None of the observations in this audit were sourced to management.

**BACKGROUND:**

In 2016 OCPS centralized Custodial Services which includes approximately 1,200 employees responsible for cleaning and disinfecting 35,000,000 square feet of district facilities. Prior to this centralization, custodians were managed by each school Principal/Administrator.

During the centralization process, Custodial Services identified school staffing shortages, established annual mandatory training, and improved equipment repairs and inventory management resulting in the replacement of outdated and inoperable equipment. Custodial Services reports they have developed school cleaning policies and procedures, reduced Workman's Compensation claims, and reduced Temp Labor costs from \$3 million to \$800K in less than 2 years.

The Custodial Services training team is partnering with the OCPS E-Learning team to create Custodial Services University where online learning content will be available to all levels of Custodians as part of progression planning. Custodial Services adjusted their hours to better serve schools at full student capacity. The change in hours allows continuous cleaning throughout the day and when students/staff are not on campus.

**OBJECTIVE, SCOPE AND METHODOLOGY:**

**Objective**

The objective of this audit determines whether metrics used to manage facilities cleaning programs are adequate and whether there are sufficient internal controls over supply purchase and expenses.

**Scope**

The audit period is July 1, 2020, through June 30, 2021.

**Methodology**

We conducted this audit in accordance with the *International Standards for the Professional Practice of Internal Auditing (Standards)* of the Institute of Internal Auditors and included such procedures as deemed necessary to provide reasonable assurance regarding the audit objective. Internal Auditing is an independent, objective assurance and

*OCPS centralized Custodial Services in 2016 to include 1,200 employees responsible for cleaning and disinfecting 35,000,000 square feet of district facilities.*

*During centralization Custodial Services*

- Identified school staffing shortages*
- Established mandatory training*
- Improved equipment repairs and inventory management.*

## Custodial Services Internal Audit Report

consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

To achieve the audit objectives, we performed the following:

- Planned the audit in cooperation with Custodial Services to ensure an understanding of the District's custodial processes.
- Interviewed key personnel knowledgeable of custodial operations and administrative functions.
- Reviewed the applicable OCPs Custodial Services 2020-2023 Processes, and FDOE Maintenance and Operations Administrative Guidelines for School Districts and Community Colleges.
- Evaluated internal controls over the purchasing and safeguarding of supplies and equipment.
- Performed detailed tests to support our conclusions.

We randomly selected samples of payroll records for overtime, temporary labor records, and vehicle use records to test controls and procedures related to Custodial Services and evaluated the overall management of these processes.

We are required to note any material deficiencies in accordance with Florida Statutes, School Board Policy, and sound business practices. No material deficiencies were noted in this audit. We also offer suggestions to improve controls or operational efficiency and effectiveness. For this audit, we made two (2) recommendations which are described below.

### **RESULTS & RECOMMENDATIONS:**

#### **Overall Conclusion:**

Our overall conclusion is that Custodial Services is following *Custodial Services 2020- 2023 Processes* and applicable laws, and regulations. However, we noted that internal controls over physical inventory and record retention were not in compliance with the policies and procedures and as a result were not functioning effectively.

*We conducted this audit in accordance with the International Standards for the Professional Practice of Internal Auditing.*

*The Custodial Services 2020- 2023 Processes describes procedures used for Custodial Services.*

*We tested a sample overtime, temporary labor, and vehicle use records for adherence to Custodial Services processes.*

*No material deficiencies were noted in this audit.*

Our detailed findings and recommendations follow:

**1) Conduct a Physical Inventory of Equipment and Property** *Moderate Risk or Impact*

Better Practice:

According to the *School Board Policy DID Inventories and Property Records*, The Property Custodian in charge of a facility shall be responsible for taking measures to properly safeguard all equipment and property under his/her control against loss, damages, or undue depreciation.

Audit Result:

We reviewed *Custodial Services 2020- 2023 Processes* to determine whether a process was in place to conduct a physical inventory of valuable equipment and property costing less than \$1,000. Custodial Services purchased numerous small items of equipment and property during the audit period. These items include Wet Dry Vacuums, Pressure Washers, I-Pads, Handheld Cordless Sprayers, Vacuum True Heppa, etc. While these items cost less than the \$1,000 amount required for property tagging, they are still of value and should be tracked for accountability and good stewardship of resources.

Custodial services does not have a process in place to conduct annual physical inventories of equipment and property to safeguard against loss. This includes maintaining inventory records and making efforts to locate missing items.

Physical inventories and reporting improve accountability by helping to prevent inaccurate inventory records, malicious dishonesty, and theft. Discrepancies detected by such procedures allow immediate action to get to the root of the issue and take prompt corrective measures such as staff training or improvements to security.

Recommendation:

We recommend that Custodial Services develop a process to conduct an annual physical inventory of equipment and property. This includes maintaining records of each inventory and making efforts to locate missing items.

*Custodial Services does not have a process to conduct physical inventory of equipment and property in their control.*

**2) Temporary Labor Records Retention. *Moderate Risk or Impact***

Better Practice:

State of Florida General Records Schedule GS7 states, "Each agency is responsible for ensuring that any and all auditable records are maintained for as long as necessary to meet the agency's audit requirements."

Audit Result:

Custodial Services did not maintain adequate records documenting requests for and hiring of custodial temporary assignments. Documentation of requests from Area Managers for temporary labor was not available for audit. This documentation should include the date of the request, site location, number of temps requested, start and end dates of the assignment, and reason for temporary labor.

Records are considered evidence of certain events that took place within an organization. The Temporary Staffing Program Coordinator receives requests for temporary labor and processes them using Temporary Staffing Agencies. It is important to maintain important records that document decisions, policies, and internal controls.

Recommendation:

The Temporary Staffing Program Coordinator should maintain all documents of requests for temporary labor and temporary placement records for effective accountability. Retaining important records that document decisions, policies, and internal control is important to adhere to operating procedures.

We wish to thank the Custodial Services personnel (including contractors) for their cooperation and assistance in the course of this audit.

*Custodial Services is responsible to ensure all records are maintained to meet audit requirements.*

*Temporary labor requests were not retained.*





|   |                           |
|---|---------------------------|
| <b>Department / School Name</b>               | <b>Custodial Services</b> |
| <b>Administrator / Department Head</b>        | <b>K. Michael Winter</b>  |
| <b>Cabinet Official / Area Superintendent</b> | <b>Rory Salimbene</b>     |

| <b>Audit Result / Recommendation</b>  | <b>Management Response Acknowledgement/ Agreement of Condition</b>  | <b>Responsible Person (Name &amp; Title) And Target Completion Date</b> | <b>Management's Action Plan</b>  |
|---|---|---|--|
| <p>Custodial services does not have a process in place to conduct annual physical inventories of equipment and property to safeguard against loss. This includes maintaining inventory records and making efforts to locate missing items. Custodial Services should develop a process to conduct an annual physical inventory of equipment and property. This includes maintaining records of each inventory and making efforts to locate missing items.</p> | <p>We concur with the audit result and recommendation for equipment and supplies purchased for less than \$1,000 that do not require property tagging. We do maintain an inventory for various consumable items (hand soap, paper towels, paper tissue and plastic trash bags) which include minimum and maximum levels at each facility, and are checked/re-stocked monthly.</p> | <p>Carlos Maffuz,<br/>Acting Director<br/>07/01/2022</p>                | <p>Centralized team will re-establish and perform on-going site inspections to report site cleanliness, equipment inventory/condition, and supply inventory.</p> |



|  |  |  |   |
|--|--|--|---|
| <p>Custodial Services did not maintain adequate records documenting requests for and hiring of custodial temporary assignments. Documentation of requests from Area Managers for temporary labor was not available for audit. The Temporary Staffing Program Coordinator should maintain all documents of requests for temporary labor and temporary placement records for effective accountability.</p> | <p>We concur with the audit result and recommendation for maintaining better records of requests for temporary labor. We do maintain fiscal, purchasing and placement records associated with temporary labor.</p> | <p>Carlos Maffuz,<br/>Acting Director<br/>07/01/2022</p> | <p>Centralized team will utilize an existing or new ticketing (work order) system for receiving and processing requests for temporary labor, approval and assignment.</p> |
|  |  |  |   |
|  |  |  |   |