

# Facilities Services District-Wide Programs Follow-up

Internal Audit Report

December 9, 2020



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## EXECUTIVE SUMMARY

### Why We Did This Audit

This audit was a follow-up to our 2018 audit of District-Wide Capital Programs. Our primary objective for this audit is to determine whether the previous audit findings had been resolved. We will evaluate whether the program is operating effectively, efficiently, in accordance with applicable laws, regulations, district policies, procedures, and with appropriate internal controls.

This audit was a planned engagement included in the 2019-2020 Annual Audit Plan.

We noted that the department requested and implemented a Process Proposal change for their processes and procedures, but senior leadership has not approved the proposed change.

### Results and Recommendations

The department should use revised processes and procedures only after senior management has approved them.

### Observations and Conclusion

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

Our overall conclusion is that the District-Wide Capital Programs Department has corrected the previous audit findings and is generally operating in compliance with applicable laws, regulations, district policies, procedures, and with appropriate internal controls. One matter requires review and consideration.

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 (high impact and high likelihood)   |

**Observations Categories**

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

**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

No observations were sourced to Management in this audit.

**BACKGROUND:**

The District-Wide Capital Programs Department was last audited in 2018. At that time, we noted that several controls would be strengthened and operations would be maximized by modifying certain practices. Listed below are the prior audit results:

- There were inconsistencies in the procurement process
- Department policies and written procedures were not being followed closely
- Building permits had not been obtained for three projects
- Vendor charges could not be verified with bid documents or actual vendor costs

During the period covered by this audit, 1,065 projects were opened and 1,046 projects were completed. The department's workload includes:

- Business Cases – are identified by Client Liaisons or Maintenance Teams or derived from requests by Maintenance, Food and Nutrition Services, Transportation, Environmental, ITS, Security, and Real Estate
- New Work Requests – M2 (SAP) Notifications - School Requests for new work at their schools (ex. additional electrical, data, playground equipment, etc.)
- ACFI – M8 (SAP) Notifications - Safety requests for egress, fire access roads, fencing for electrical/mechanical equipment, remote monitoring of fire alarm system, sprinkler coverage, etc. derived from the ACFI report
- Health Department Requests – M9 (SAP) Notifications - hand wash sinks, poor drainage/standing water on site, air curtain at kitchen, inadequate kitchen lighting, etc. derived from Health department reports

Total spending for the audit period was \$28,748,390. The major funding sources are district wide capital and safety, although funding sources also include Capital Renewal and other sources.

*We previously audit District-Wide Capital Programs in 2018.*

*During the period covered by this audit, 1,065 projects were opened and 1,046 projects were completed.*

*Project spending for the audit period was more than \$28 million.*

**OBJECTIVES, SCOPE AND METHODOLOGY:**

**Objectives**

The primary objective of this follow-up audit was to track management's improvements and responses to the previous audit in 2018.

We also evaluated the effectiveness and efficiency of District-Wide Capital Programs' processes and procedures, determined whether internal controls are appropriate to achieve compliance with state laws, applicable district policies, and rules and regulations, and considered circumstances and conditions that may prevent the achievement of district and departmental goals by determining whether:

- procurement processes were followed
- departmental processes and procedures were followed
- building permits were obtained for all required projects
- vendor charges were verified with bid or estimate documents

**Scope**

The audit period covered the period from June 19, 2019 to April 30, 2020. We statistically selected a sample of the department's projects during the audit period for our testing.

**Methodology**

Our methodology included:

- Review of District policies and procedures
- Review of Facilities Services policies and procedures
- Review of department processes and procedures
- Review of project files and supporting documentation
- Conduct interviews with management

Our audit was conducted in accordance 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 provide reasonable assurance regarding the audit objective. Internal Auditing is an independent, objective assurance and consulting activity

*This was a follow-up to our 2018 audit.*

*Our scope included projects during the period from June 19, 2019 through April 30, 2020.*

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

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.

We are required to note any material deficiencies in accordance with Florida Statutes, School Board Policy and sound business practices. We also offer suggestions to improve controls or operational efficiency and effectiveness. No material deficiencies were noted in this audit.

**RESULTS AND RECOMMENDATIONS:**

Our overall conclusion is that the District-Wide Capital Programs Department has addressed findings from the previous audit and is functioning effectively, efficiently, generally in compliance with applicable laws, regulations, district policies and procedures, and with appropriate internal controls.

We made one recommendation as a result of this audit.

**1) New processes and procedures were instituted and used by the department prior to senior leadership approval. *Moderate risk, Deficiency***

**Best Practice:**

The Facilities Services department has an official OCPS Process & Procedure Manual (Manual). Changes to the Manual may be proposed by submitting an OCPS Process Proposal Modification Form. Senior management reviews and authorizes the changes (s). Once the changes are authorized, the Manual is officially updated and departments may follow the updated process.

*We noted no material deficiencies.*

*District-wide Capital Programs has addressed findings from the previous audit.*

*The department implemented new procedures before they were approved.*

## District Wide Programs Follow-up Internal Audit Report

### Audit Result:

The department prepared revisions to its processes and submitted them to the proper department in July, but those changes have not yet been approved. However, the department has been using the revised processes since they were prepared.

### Recommendation:

The department should use new or updated processes only after senior management has approved them.

We would like to thank the management and staff of District-Wide Capital Programs for their support and assistance during the audit.

*Revised procedures submitted in July have not yet been approved.*





|   |  |
|---|--|
| <b>Department / School Name</b>               | <b>District-wide Programs</b>            |
| <b>Administrator / Department Head</b>        | <b>Mike Winter and Elizabeth Pearson</b> |
| <b>Cabinet Official / Area Superintendent</b> | <b>John T. Morris</b>                    |

| <b>Audit Result / Recommendation</b>   | <b>Management Response Acknowledgement/ Agreement of Condition</b>   | <b>Responsible Person (Name &amp; Title) And Target Completion Date (MM/YYYY)</b> | <b>Management's Action Plan</b>   |
|--|--|---|---|
| New processes and procedures were instituted and used by the department prior to Senior leadership approval. | July of 2020, PP135 updates were approved by Sr. Director and forwarded to Department responsible for incorporation in P&P manual. | Elizabeth Pearson (Sr. Facilities Manager) 4/1/2021                               | District wide will resend the PP135 updates to be incorporated into P&P manual. |
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|  |  |   |   |