

Miami-Dade County Public Schools Office of Management and Compliance Audits



Maintenance Materials, Equipment and Supplies Purchases and Use



Albeit not timely, management fully implemented all four (4) prior audit recommendations.

September 2011

THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA

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Superintendent of Schools

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Miami-Dade County Public Schools

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September 19, 2011

Members of the School Board of Miami-Dade County, Florida
Members of the School Board Audit and Budget Advisory Committee
Mr. Alberto M. Carvalho, Superintendent of Schools

Ladies and Gentlemen:

In accordance with School Board Policy 6835 and the approved Audit Plan for FY 2010-2011, we have reviewed the actions taken by management to implement the recommendations included in our prior internal audit report Maintenance Materials, Equipment and Supplies Purchase and Use, issued on September 11, 2007. The objectives of that audit were to determine whether: (1) materials, equipment and supplies issued are used effectively and efficiently, (2) adequate controls exist over material, equipment and supplies requisitions, and (3) materials, equipment and supplies purchased are properly issued when requisitioned.

EXECUTIVE SUMMARY AND CONCLUSIONS

Summary of Prior Audit –

In our audit report, we concluded that for Maintenance Operations (Maintenance) work order materials, equipment and supplies (hereinafter collectively referred to as materials) tested, the overwhelming majority (96%) was properly used for district purposes as indicated in the Maintenance work orders. Further, control over material requisitions was adequate and purchased materials were properly issued when requisitioned. However, there was a need to ensure that an audit trail and a chain of custody be established for certain equipment that is taken out of service. While current district procedures do not require that an Outgoing Control Form (OCF) be completed for "non-controlled" equipment (i.e., equipment typically costing less than \$1,000), improved control could be achieved by requiring that the removal of certain equipment that is susceptible to misuse be documented by a completed OCF.

Additionally, safeguards over materials issued to Maintenance via work orders could be improved if Maintenance tradespersons promptly pick up and install materials when issued from the stockrooms. In some cases, materials issued from the Maintenance Materials Management (MMM) Coral Reef stockroom were awaiting pick-up by Maintenance tradespersons for an average of two months.

We made four (4) recommendations to improve conditions noted. Management was in general agreement with our recommendations and provided responses indicating the findings would be addressed.

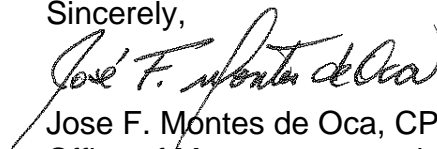
Summary Results of Follow-up Review –

Our follow-up review concludes that albeit not timely, management fully implemented all four (4) prior audit recommendations:

- Management has identified seven items as those susceptible to potential misuse and has revised Form FM-1410 and effective July 11, 2011, now requires that an Outgoing Property Control Form (FM-1670) be complete whenever the listed items are removed from service.
- MMM's current practice is to verbally remind Maintenance staff who requested materials that the items have not been picked up and to return the items to stock if not picked up by trades within two weeks of being issued. This process, however, is not being documented or memorialized in a written operating procedure manual.
- Our review disclosed that Material Issued Tickets (MITs) are being approved by an administrative supervisor. However, the administrative supervisor's name and employee number are not included on the MIT.
- Maintenance management recently developed a "stock return" policy. However, the number of days before an item is returned to stock if not picked up is inconsistent with the number of days established by MMM's policy for returned stock. The policies should be aligned and in writing.

We acknowledge the efforts made by Maintenance Facilities Operations to implement our audit recommendations and compliment the administration for improving operations.

Sincerely,



Jose F. Montes de Oca, CPA, Chief Auditor
Office of Management and Compliance Audits

BACKGROUND

Maintenance Operations (Maintenance) is charged with repairing and up-keeping district-owned and leased facilities. In carrying out this mission, Maintenance employs approximately 790 tradespersons, including plumbers, electricians, painters, masons, groundskeepers, and also retains the services of various contracted vendors. The department also uses various replacement parts, equipment and supplies (e.g., light bulbs, switches, ballasts, electrical outlets and wire, door locks and handles, air conditioning units, Freon, pipes, pumps, floor tiles, etc.) to perform its work.

To meet its repair and maintenance material needs, Maintenance is supported by Maintenance Materials Management (MMM), a division of Procurement Management. MMM operates three (3) stockrooms from which Maintenance obtains stocked parts, equipment and supplies used in maintaining and repairing the district's facilities. During FY 2010-11, MMM employed 27 employees¹ and operated with a budget of approximately \$1.8 million. For FY 2010-11, MMM issued stocked parts, equipment, and supplies valued at \$8.4 million.

Maintenance tradespersons may obtain materials either from the MMM's stockrooms or through direct purchases from any approved vendor. The option chosen depends upon how urgently materials are needed or the availability of materials in the MMM stockrooms.

OBJECTIVE, SCOPE AND METHODOLOGY

The objective of this follow-up review was to determine the extent to which management's plans of action for addressing the four (4) recommendations made in our September 2007 audit report have been implemented. The review covered actions taken by management to implement the audit commendations, subsequent to issuing the original audit report through December 2010.

We performed the following procedures to satisfy our objectives:

- Interviewed district staff;
- Reviewed the organizational structure, policies, procedures, applicable regulations, statutes, and School Board rules;
- Examined on a sample basis, documentation of material issue tickets; and
- Performed various other procedures deemed necessary.

This performance audit follow-up review is not an audit, and as such, was not conducted in accordance with generally accepted *Government Auditing Standards*. This review is intended to provide a current status on audit findings and recommendations. However, we believe that the evidence obtained and reviewed provides a reasonable basis for our conclusions on the status of those audit findings and recommendations.

¹ As of August 2, 2007, 37 of MMM's 43 authorized positions were filled. For FY 2011-2012, MMM has 21 authorized positions budgeted.

This follow-up review did not include a specific assessment of the overall internal control.

CURRENT STATUS OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS Follow-up Review of Maintenance Materials, Equipment and Supplies Purchases and Use Audit Committee Meeting Presented – September 11, 2007			
Audit Findings	Recommendations	Corrective Action By Management	Auditors' Comment
1. General Observations and Site Visitation Results	1.1 Identify equipment that is susceptible to potential misuse and develop a policy to require that an Outgoing Control Form be completed when this equipment is removed from service.	Maintenance Operations: Management has analyzed and identified equipment susceptible to misuse. As an additional control, all Material Issue Tickets (MITs) for Stock Items are required to be reviewed and approved by an administrative supervisor prior to stock being withdrawn. Also, management in cooperation with the District's Property Accounting and Maintenance Materials Management Departments, is currently revising Form #137 (FM-1410) with appropriate instructions to ensure accountability for District assets issued by the stock room. Controls will be implemented when identified equipment is removed from service, and will require the completion of an Outgoing Controlled Equipment Form (OCE FM-1670). Copies of the OCE and Form #137 will be forwarded to Property Accounting, Mail Code 9999, Room 650.	FULLY IMPLEMENTED: Management has identified seven items as those susceptible to potential misuse and effective July 11, 2011, requires that an Outgoing Property Control Form (FM-1670) be completed whenever the listed items are removed from service.

CURRENT STATUS OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS

**Follow-up Review of Maintenance Materials, Equipment and Supplies Purchases and Use
Audit Committee Meeting Presented – September 11, 2007**

Audit Findings	Recommendations	Corrective Action By Management	Auditors' Comment
<p>2. Issued Materials Should Be Picked Up and Installed Timely</p>	<p>2.1 Identify issued stock items waiting to be picked up that are associated with completed work orders and process a return credit to these work orders. Additionally, return the uncollected items to inventory.</p>	<p>Maintenance Materials Management: MMM Procedure Manual delineates the process that must be followed to obtain credit for inventory items issued but not used in completing the work orders:</p> <ul style="list-style-type: none"> • Unused materials must be returned in their original package where applicable. • Work orders against which the materials were issued must be open in order to obtain full credit. If they are not open, the tradesperson must contact Work Order Control to reopen. • MMM will accept stock items against closed work orders through the CCAJ COMPASS transaction. In these circumstances the work order will not be credited with the returns. <p>Stock items issued to work orders but not picked up by the Tradesperson are returned to stock after a period of approximately two weeks after notification. Exception is made for Project requirements with long lead time, when items are picked and</p>	<p>FULLY IMPLEMENTED: Current practice is to return to inventory items not picked up by trades within two weeks of being issued. This practice also includes MMM staff verbally reminding Maintenance staff who requested the materials that the item has not been picked up. This process, however, is not being documented. The current practice should be memorialized in a written operating procedure manual.</p>

CURRENT STATUS OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS

**Follow-up Review of Maintenance Materials, Equipment and Supplies Purchases and Use
Audit Committee Meeting Presented – September 11, 2007**

Audit Findings	Recommendations	Corrective Action By Management	Auditors' Comment
	<p>staged for the 'need by' date. Items are returned to stock if MMM received notification from the Tradesperson that they are no longer required for the job. Returned materials are tracked through the COMPASS system.</p>	<p>Maintenance Operations: As previously stated above in 1.1, Material Issue Tickets (MITs) for Stock Items are reviewed and approved by an administrative supervisor before material is allowed to be withdrawn from stock</p>	<p>FULLY IMPLEMENTED: Our review disclosed that MITs are being approved by an administrative supervisor. However, we recommend that the administrative supervisor also include his/her name and employee number on the MIT. The current practice should also be memorialized in a written operating procedure manual.</p>
<p>2.2 Perform adequate supervisory review of Maintenance work order materials needs to ensure that requested materials are needed to complete the scheduled work</p>	<p>Maintenance Operations: Maintenance management has re-sent the memorandum that directs staff to promptly pick-up all stock room materials and/or equipment upon email notification from MMM. Additionally, Maintenance will request that after three business days MMM return to</p>	<p>Maintenance Operations: Maintenance management has re-sent the memorandum that directs staff to promptly pick-up all stock room materials and/or equipment upon email notification from MMM. Additionally, Maintenance will request that after three business days MMM return to</p>	<p>FULLY IMPLEMENTED Maintenance management has recently developed the policy as stated. Because the process is not currently being documented, we were unable to determine their compliance with the said policy. Moreover,</p>
<p>2.3 Maintenance administrators should promptly act upon MMM's notification of issued materials upon receipt and ensure that all issued stock</p>			

CURRENT STATUS OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS

**Follow-up Review of Maintenance Materials, Equipment and Supplies Purchases and Use
Audit Committee Meeting Presented – September 11, 2007**

Audit Findings	Recommendations	Corrective Action By Management	Auditors' Comment
	<p>items are picked up promptly after issuance.</p>	<p>stock, materials and equipment not picked up.</p>	<p>the number of days before an item is returned to stock if not picked up is inconsistent with the number of days established by MMM's policy for return stock. We recommend management aligns the policies and that these be included in the departments' operating manual.</p>

MIAMI-DADE COUNTY PUBLIC SCHOOLS ANTI-DISCRIMINATION POLICY

Federal and State Laws

The School Board of Miami-Dade County, Florida adheres to a policy of nondiscrimination in employment and educational programs/activities and strives affirmatively to provide equal opportunity for all as required by:

Title VI of the Civil Rights Act of 1964 - prohibits discrimination on the basis of race, color, religion, or national origin.

Title VII of the Civil Rights Act of 1964 as amended - prohibits discrimination in employment on the basis of race, color, religion, gender, or national origin.

Title IX of the Education Amendments of 1972 - prohibits discrimination on the basis of gender.

Age Discrimination in Employment Act of 1967 (ADEA) as amended - prohibits discrimination on the basis of age with respect to individuals who are at least 40.

The Equal Pay Act of 1963 as amended - prohibits gender discrimination in payment of wages to women and men performing substantially equal work in the same establishment.

Section 504 of the Rehabilitation Act of 1973 - prohibits discrimination against the disabled.

Americans with Disabilities Act of 1990 (ADA) - prohibits discrimination against individuals with disabilities in employment, public service, public accommodations and telecommunications.

The Family and Medical Leave Act of 1993 (FMLA) - requires covered employers to provide up to 12 weeks of unpaid, job-protected leave to “eligible” employees for certain family and medical reasons.

The Pregnancy Discrimination Act of 1978 - prohibits discrimination in employment on the basis of pregnancy, childbirth, or related medical conditions.

Florida Educational Equity Act (FEEA) - prohibits discrimination on the basis of race, gender, national origin, marital status, or handicap against a student or employee.

Florida Civil Rights Act of 1992 - secures for all individuals within the state freedom from discrimination because of race, color, religion, sex, national origin, age, handicap, or marital status.

Title II of the Genetic Information Nondiscrimination Act of 2008 (GINA) - Prohibits discrimination against employees or applicants because of genetic information.

Veterans are provided re-employment rights in accordance with P.L. 93-508 (Federal Law) and Section 205.07 (Florida Statutes), which stipulate categorical preferences for employment.

In Addition:

School Board Policies 1362, 3362, 4362, and 5517 - Prohibit harassment and/or discrimination against students, employees, or applicants on the basis of sex, race, color, ethnic or national origin, religion, marital status, disability, genetic information, age, political beliefs, sexual orientation, gender, gender identification, social and family background, linguistic preference, pregnancy, and any other legally prohibited basis. Retaliation for engaging in a protected activity is also prohibited.

Revised: (07-11)

**INTERNAL AUDIT FOLLOW-UP REVIEW
REPORT**

**Maintenance Materials, Equipment and
Supplies Purchases and Use**



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