

**Public Buildings Division**

**February 9, 2009**

**Report #664**

**Released on: June 4, 2009**

**EXECUTIVE SUMMARY**

**AUDIT REPORT #664**

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February 9, 2009

Report #664

## **EXECUTIVE SUMMARY**

### **AUDIT CONCLUSIONS**

1. Based on our testing, it appears that custodial services are being administered in an efficient and effective manner and are being paid correctly, although we did note a few findings as discussed further below. (During our audit, the Division was in the process of obtaining a new janitorial services contractor through the bid process. Therefore, we did not include janitorial contractor performance as one of our objectives.)
2. Based on our testing, it appears that security services are being administered in an efficient and effective manner and are being paid correctly. However, we did note some compliance issues with the security guard contract.
3. Based on our testing, it appears that the operating supplies for building maintenance are not being appropriately accounted for.

**Finding 1-1** The Jacksonville Public Libraries (JPL) administers its own janitorial services under the City's janitorial contract. Previously, the Public Buildings Division was the administrator of the janitorial services for the Libraries.

**Finding 1-2** The JPL did not receive the proper change order approval to correct a mistake in a janitorial services award.

**Finding 1-3** Out of the 121 janitorial payments tested, 2 (1.7%) of the payments were for locations or events not listed in the contract.

**Finding 1-4** In two instances where library cleanings were missed, the JPL contract administrator did not levy the \$50 administrative fee called for in the contract.

**Finding 1-5** Out of the 121 payments tested, 3 (2.4%) of the invoices did not include service dates, as required by the contract.

**Finding 2-1** Payments of \$27,288.30 and \$30,283.09 were incorrectly paid out of the Court Facilities Subfund 15T for the security service in various public buildings.

**Finding 2-2** The security guard contractor, First Coast Security Services, was not in compliance with some of the contract requirements regarding employee specifications.

**OFI 2-1** Public Buildings should explore the cost/benefit of purchasing additional equipment or making physical changes to buildings, which may reduce operating costs by reducing the number of security guards needed.

**Finding 3-1** The physical count of the sample items we chose did not match to the inventory records during our inventory count.

**Finding 3-2** Public Buildings' computerized listing of supplies contained negative balances for some items.

**ICW 3-1** No physical inventory count is performed on a regular basis.

**ICW 3-2** It appears that one of the five high value inventory items tested should have been tagged with a City property tag, but was not. This item was purchased from the wrong account.

**ICW 3-3** There is inadequate segregation of duties in Public Buildings' inventory management of its operating supplies.

**OFI 1** The City should consider allocating the electricity and water/sewer expenses to the applicable City departments based on usage.

**OFI 2** The City of Jacksonville should consider promoting recycling activities by providing recycling receptacles for aluminum cans and plastic bottles in the City's public buildings and possibly purchasing bailing equipment for cardboard recycling.

**Additional Finding 1** Public Buildings Division administered pest control services without a contract from October 1, 2006 to September 30, 2008. Also, the City did not have pest control service for 3 months during FY 2008.

**OFFICE OF THE COUNCIL AUDITOR**  
Suite 200, St. James Building



February 9, 2009

Report #664

Honorable Members of the City Council  
City of Jacksonville

**INTRODUCTION**

The Public Buildings Division is part of the Public Works Department and is responsible for all functions related to the maintenance and repair of the City's approximately 650 buildings and facilities, including pools, fountains, and park restrooms. The Division manages the janitorial services, security guards, security monitoring, large volume containers (dumpsters), elevator maintenance, pest control, fire safety, and decorative lights. The Public Buildings Division also manages the leases of buildings leased from and by the City. The Public Buildings Division has 144 authorized positions with a fiscal year 2009 budget of \$36,878,236.

**STATEMENT OF OBJECTIVES**

The objectives of the audit were as follows:

1. To determine if the custodial services are being administered in an efficient and effective manner and paid correctly.
2. To determine if security services are being administered in an efficient manner and paid correctly.
3. To determine if operating supplies for building maintenance are being appropriately accounted for.

During our audit, the Division was in the process of obtaining a new janitorial services contractor through the bid process. Therefore, we did not include janitorial contractor performance as one of our objectives.

**STATEMENT OF SCOPE AND METHODOLOGY**

The scope of our audit included all contractual payments for custodial and security services from October 1, 2007 through October 31, 2008. Our scope also included all supplies inventory as of October 28, 2008. We tested through interviews, observations, and examination of supporting documentation. We physically examined a sample of 121 janitorial payments, totaling \$656,669.55. We also examined a sample of 31 security system payments totaling \$83,651.74

and 49 security guard payments totaling \$655,830.50. In addition, we examined a sample of 144 supply inventory items with a total cost of \$68,091.84.

Our report is structured to identify Internal Control Weaknesses, Opportunities for Improvement and Audit Findings as they relate to our audit objectives. Internal control is a process implemented by management to provide reasonable assurance that Public Buildings achieves its objectives in relation to the effectiveness and efficiency of operations, compliance with applicable laws and regulations, and reporting. An Internal Control Weakness is therefore defined as either a defect in the design or operation of Public Buildings' internal controls or is an area in which there are currently no internal controls in place to ensure that objectives are met. An Opportunity for Improvement is a suggestion that we believe could enhance the operations of the Public Buildings Division. An Audit Finding is an instance where management has established internal controls and procedures, but responsible parties are not operating in compliance with the established controls and procedures.

### **STATEMENT OF AUDITING STANDARDS**

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

### **AUDITEE RESPONSES**

Responses from the auditee have been inserted after the respective finding and recommendation. We received these responses from the Public Buildings and Budget Divisions, as well as the Jacksonville Public Libraries, via Lloyd Fountain, Division Chief, Kent Olsen, Budget Officer, and Barbara Gubbin, Library Director, respectively.

### **AUDIT CONCLUSIONS**

1. Based on our testing, it appears that custodial services are being administered in an efficient and effective manner and are being paid correctly, although we did note a few findings as discussed further under Objective 1.
2. Based on our testing, it appears that security services are being administered in an efficient and effective manner and are being paid correctly. However, we did note some compliance issues with the security guard contract.
3. Based on our testing, it appears that the operating supplies for building maintenance are not being appropriately accounted for.

## **AUDIT OBJECTIVE #1**

**To determine if the custodial services are being administered in an efficient and effective manner and paid correctly.**

We obtained all of the janitorial award documents and change orders for the scope period. We also obtained a copy of the Administrative Code from the Procurement Division, taking note of the proper approval procedures for change orders and then comparing them to the janitorial award letters/change orders. We took note of the maximum indebtedness listed on all the change orders. We reviewed the payments in FAMIS, the City's accounting system, for all the contractors and compared the total payment amounts to the maximum indebtedness amounts listed on the award/change orders. We read the contracts to find out what services were included with the contracted amounts. Then we reviewed the reasons for the change orders in comparison to the contract. Using the sample of invoices mentioned in the Scope and Methodology section, we reviewed the invoices for a signature approval for payment. If there was no signature, or if the initials were illegible, we reviewed JaxPro, the City's procurement system, for approval of invoices. We reviewed the invoices to compare the service descriptions and amounts to the contracts. We also recalculated the invoice amounts.

Our audit findings and recommendations for Objective #1 are as follows:

### **Finding 1-1 \*Library Custodial Administration\***

The Jacksonville Public Libraries (JPL) administers its own janitorial services under the City's janitorial contract. Previously, the Public Buildings Division was the administrator of the janitorial services for the Libraries. We consider this to be a duplication of services because the JPL's custodial inspector performs the same function as the Public Buildings custodial inspectors, such as the review of invoices and inspection of services provided by the custodial contractors.

### **Recommendation to Finding 1-1**

We recommend that the janitorial supervision responsibilities of the JPL's buildings revert to the Public Buildings Division due to the experience of the personnel in the Division regarding janitorial services.

### **Auditee Response to Finding 1-1**

*JPL Response: We disagree. The JPL custodial inspector does not provide duplicate administrative services to the Public Buildings Division. In fact, JPL's custodial inspector augments Public Building's staff by providing quality assurance inspections of 21 buildings and nearly 800,000 square feet of library facilities.*

*The City's janitorial service contracts (Bid # JSC-0340-06 and SC-0345-06) require the vendor to clean over 2.6 million square feet of facilities at 65 buildings throughout Jacksonville. In order to effectively administer the contract, City custodial inspectors (4 total - 3ea PB and 1ea JPL) perform quality assurance checks to ensure that the vendor is complying with the contract terms and specifications. On the average, each inspector is responsible for 655,000 square feet of facilities.*

*Due to the high volume of customers (4,994,983 in 2008), and the great demands placed on public restrooms and facilities; JPL locations require a dedicated, experienced person to ensure that each facility is thoroughly cleaned. Marginal cleaning of JPL facilities is not permitted therefore, quality assurance of contract deliverables is imperative.*

*The JPL custodial inspector is an experienced professional in general cleaning and housekeeping of buildings and facilities. The custodial inspector works for the Assistant Director of Facilities Management and Planning who has experience in public sector Maintenance Organizations. Their resumes are available for review if necessary.*

*Public Buildings Response: Finding 1-1 was previously submitted by the library. We agree with their comments and do not see the management of the libraries as a duplication of service, but a shared responsibility. Public Buildings does not have sufficient staff to effectively inspect and oversee every location and the work by the JPL supplements the work of PB staff and enables the City to have better control and knowledge of the services that we receive.*

### **Council Auditor Rebuttal**

We believe that a desire for a specific level of service is not a valid reason for a de-consolidation of City services. Instead, the City's internal service components should be required to improve, if necessary, rather than allowing the internal service customers (departments such as JPL) to perform the services on their own.

### **Finding 1-2 \*Written Change Order\***

The JPL did not receive the proper change order approval to correct a mistake in a janitorial services award. On a change order for the Library's janitorial service for the months of September and October of 2008, two contractors were mistakenly awarded the wrong amounts – one was over-awarded, the other was under-awarded. The mistake was corrected verbally between the Library and the Procurement Division. However, Section V (five) C of the Procurement Administrative Code requires that all increases or decreases to purchase orders be in the form of a written change order.

### **Recommendation to Finding 1-2**

The JPL should ensure that any and all changes to the bid award amounts be approved in accordance with the Procurement Code in the form of a written change order.

### **Auditee Response to Finding 1-2**

*We agree. All JPL Administrative Services employees responsible for processing change orders will strictly enforce Section V(C) of the Procurement Administrative Code. Administrative code training for JPL employees provided by the Procurement Division was conducted on October 30, 2008.*

### **Finding 1-3 \*Janitorial Payment Descriptions\***

Out of the 121 payments tested, 2 (1.7%) of the payment descriptions on the invoices were not represented in the janitorial contract. Two payments approved by Public Buildings were for Saturday Cleanings not specifically described in the contract (\$600 total). There was nothing in writing regarding these extra cleanings.

Page 13 of the janitorial services contract states “Locations may be added and/or deleted...during performance of the contracts by written notification from the Procurement Department.” It also states “Work may be added and/or deleted as a needed [sic] is required. The awarded bidder will receive written notification from the Public Buildings Division.” Without written approval of the additions, there could be misunderstandings between the City and the contractor regarding fees for added locations/functions.

### **Recommendation to Finding 1-3**

The Division should ensure that any changes to the contract, including additional services, be made in writing and be placed on file with the Procurement Division.

### **Auditee Response to Finding 1-3**

*We concur. This is a process that is currently in place. All contract changes are first submitted through the Administrative Service Division (ASD), who in turn submits the request in writing to Procurement. Procurement will make the contract change adjustment and submit to GGAC for approval.*

### **Finding 1-4 \*Missed Assessment\***

In two instances where library cleanings were missed, the JPL contract administrator did not levy the \$50 administrative fee called for in the contract. On Page 14 under the section titled “Assessments for Failed Performance” the contract states “Assessments will be levied equal to a full days price plus \$50 Administrative fee...”

### **Recommendation to Finding 1-4**

JPL should ensure all of the requirements of the contract are known and understood by the administrative staff and that all fees for missed cleanings that should be assessed are assessed.

#### **Auditee Response to Finding 1- 4**

*We agree. All JPL Facilities Management and Planning employees involved in administering the janitorial services contract will strictly enforce the “assessment for failed performance” provision in the specifications. JPL contract administration staff training for the new janitorial services bid (#ESC-0569-08) was conducted in December 2008.*

#### **Finding 1-5 \*Janitorial Payment Invoices\***

Out of the 121 payments tested, 3 (2.4%) of the invoices did not include service dates. Page 15 of the contract states “The (janitorial) invoices shall include invoice number...period of invoice...” The lack of service dates on the invoices could cause an invoice to be inadvertently paid more than once for the same service period.

#### **Recommendation to Finding 1-5**

Public Buildings and Public Libraries should ensure that all invoices approved for payment include service dates. The City could also refuse to pay the invoices that do not adhere to the invoice specifications in the contract.

#### **Auditee Response to Finding 1-5**

*We concur. With the assistance of ASD, who also checks invoices for accuracy with contract requirements prior to submitting for payment, invoices that do not have service dates are normally returned to the vendor for corrections either by Public Buildings or ASD.*

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## **AUDIT OBJECTIVE #2**

**To determine if security services are being administered in an efficient manner and paid correctly.**

We obtained all ADT and First Coast Security Services (FCSS) contracts and all contract amendments for the scope period. We confirmed that all of them were properly approved by the Procurement Division. We calculated the maximum indebtedness per contract and compared it to the total amount paid to the company that year. We verified that the amount paid (from FAMIS) was lower than the calculated maximum indebtedness for that year. Finally, we verified that all change orders and amendments were not for services already covered by the base contract. After choosing a sample of invoices, we reviewed the invoices for a signature approval for payment. If there was no signature, or if the initials were illegible, we reviewed JaxPro for approval of invoices. We reviewed the invoices to compare the service descriptions and amounts to the contracts. We also recalculated the invoice amounts. We obtained and reviewed a list of security guard locations (hours and number of guards) from the Security Manager for the Public Buildings Division to analyze for efficiency and reasonableness. We also observed the security guards located in the St. James Building, Ed Ball Building, Courthouse Annex (former City

Hall), and the Yates Building. After choosing a sample of 50 guards assigned to City buildings, we reviewed the contract – noting specifically the requirements of the guards assigned to the City’s buildings. At the FCSS office, we reviewed the personnel files of each person in our sample – looking for and noting proof of the requirements as stated in the contract; to ensure that each guard had the proper licensing (Florida Drivers, Guard, and/or Firearm), that they met the physical requirements (proof of some kind of physical exam), that they were not a City Employee, as well as proof of high school graduation, US citizenship, a background check and drug testing.

Our audit findings and recommendations for Objective #2 are as follows:

**Finding 2-1 \*Incorrect Account\***

Payments of \$27,288.30 and \$30,283.09 were incorrectly paid out of the Court Facilities Subfund 15T for the security service in various public buildings. Per Ordinance Code Section 111.380, sub-fund 15T is to be used exclusively to fund the maintenance and capital improvements associated with court facilities.

**Recommendation to Finding 2-1**

The Division should make a request to the General Accounting Division that these transactions be corrected in order to ensure that the correct account is charged for this expense.

**Auditee Response to Finding 2-1**

*We concur. ASD is checking with GAD to see if a correction to the historical charges can be made to reflect the proper accounting of charges.*

**Finding 2-2 \*Security Guard Compliance\***

The contractor, FCSS, was not in compliance with some of the contract requirements regarding employee specifications. Contract requirements for security guards include:

1. “Must be in good health without defects or abnormalities, temporary or permanent which would interfere with the performance duties to include: binocular vision correctable to 20/30, free of color blindness, or have diabetes that require insulin shot and capable of hearing ordinary conversation at 15 feet without the benefit of hearing aid”
2. “Must be a high school graduate or equivalent”
3. “Must be a citizen of the USA at the time of the employment”
4. “Must have reached the age of twenty one (21) by start date”
5. “Any individual who is employed with the City cannot be used as Security Guards at any time”
6. “In addition to the pre-employment drug testing, a random drug/alcohol test will be conducted on all security annually”
7. “A comprehensive pre-employment check...to determine suitability for employment.”

In our testing, we found that:

1. No physical test is required upon employment; therefore, the technical health requirements (vision, hearing, etc) may not be satisfied.
2. No proof of High School diploma or equivalent is required for employment; three out of 50 (or 6%) guards tested do not have a High School diploma or equivalent
3. No proof of citizenship is required for employment; five out of 50 (or 10%) guards are lawful residents, not US citizens. One (2%) of these guards was working on an expired Employment Authorization card since June 30, 2008.
4. One guard (2%) was not at least 21 years of age.
5. One guard (2%) works for the City while working for FCSS.
6. Alcohol/drug tests are not performed randomly on all security guards.
7. One (2%) employee did not have proof of a pre-employment check.
8. One (2%) employee did not have proof of pre-employment drug screening.

### **Recommendation to Finding 2-2**

We recommend:

1. The Public Buildings Division should ensure that First Coast Security Services make the appropriate changes to be compliant with the contract.
2. Public Buildings Division should establish procedures that will ensure that the contractor is in compliance with the contract and perform random and/or periodic checks of the contractors' records for FCSS's City assignments.
3. Public Buildings should keep a record of all FCSS employees assigned to all City buildings and require that if there are any changes in personnel assigned to the City's buildings, the Division shall be notified immediately. This list should be checked against a listing of City employees to ensure that the FCSS employees are not employed by the City.

### **Auditee Response to Finding 2-2**

*We concur with findings and have taken the following actions:*

- 1. Upon initial discovery of issues with employment requirement that were not in accordance with contract requirements, First Coast Security Services (FCSS) was notified and they made immediate adjustments of guards assigned to City posts, to ensure that all guards assigned meet requirements.*
- 2. The Public Buildings Security Manager will make random spot checks of contractor records to monitor continued compliance of assigned guards for City locations.*
- 3. Public Buildings has obtained a listing of all FCSS employees assigned to City locations. This listing will be maintained by Public Buildings and checks made by our Security manager to ensure that it is accurate. Furthermore, FCSS has been instructed to notify us anytime a change in employee assignment is planned/made and to forward their information for our review prior to security post assignment.*

### **Opportunity for Improvement 2-1 \*Security Enhancement\***

Public Buildings should explore the cost/benefit of purchasing additional equipment or making physical changes to buildings, which may reduce operating costs by reducing the number of security guards needed. During our tour of the City's downtown buildings, we noted that:

- 1) Only two buildings have video surveillance that is monitored by the guards.
- 2) The Ed Ball building is the only building that has special equipment that monitors security guards' routes.
- 3) The number of security guards at the St. James building could be reduced if some type of physical barrier equipment was installed, such as walls and/or turnstiles.

### **Recommendation to Opportunity for Improvement 2-1**

Public Buildings' Administration should research the costs and benefits of purchasing additional physical equipment that provides enhanced security. If this initiative is found reasonable, the investment in security equipment should be made.

### **Auditee Response to Opportunity for Improvement 2-1**

*Public Buildings is and has been working on projects to increase security provided at selected locations using a combination of technology and physical security.*

1. *Video surveillance and electronic access control devices are currently being installed in the Yates Building and video surveillance will be monitored by the guards.*
2. *The equipment for monitoring security guards' routes is an additional cost and has been determined not necessary at this time for other locations.*
3. *Public Buildings has ordered a physical barrier turnstile for the St. James and is working with ITD and Procurement on obtaining physical barrier turnstiles. This action was taken long before the start of this audit.*

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### **AUDIT OBJECTIVE #3**

**To determine if operating supplies for building maintenance are being appropriately accounted for.**

The Division uses a computer program called Maximo in order to track inventory for supplies for building maintenance and repairs. For each of the City's storerooms, the list of the inventory we received from the City's Information Technology Division (ITD), based on the Maximo data, was sorted by price in descending order. Then we picked every fifth (or fourth, or third, etc. – depending on each storeroom's population) item starting from the top. When a selected item had a zero balance, the next item was chosen. Some of the items were judgmentally selected for detailed testing such as HVAC equipment, items with high cost, etc.

Our audit findings and recommendations for Objective #3 are as follows:

**Finding 3-1 \*Inventory Quantity Discrepancy\***

The physical count of the sample items we chose did not match to the inventory records during our inventory count. During our testing we found that:

1. Out of 144 items tested, the physical count for 64 (or 44%) items did not match to the Maximo balance. Per Maximo, the total cost of all 144 items tested was \$68,091.84 (calculations are based on average cost times quantity). The physical count was different from Maximo's balance by \$18,243.46 (or 27 % of total value). Out of those 64, the physical count for 22 items revealed that there were more items counted than was listed in Maximo. The fiscal value of this discrepancy is \$4,455.51 (or 7% of the total value of the 64 items mentioned above). Out of those 64, in 42 instances, the physical count was short compared to the balance per Maximo. The fiscal value of this discrepancy is \$13,787.95 (or 20% of the total value of the 64 items mentioned above).
2. Out of 16 items, randomly picked at different storerooms, the physical counts for 12 (or 75% of the cases) items did not agree with Maximo's balance for those items. The fiscal value of this discrepancy is \$376.21 (or 21% of the total value of the 16 items mentioned above). It should be noted that out of 16 randomly picked items, there were three instances when we were not able to find the randomly picked items in Maximo's inventory records.

**Finding 3-2 \*Negative Inventory Balances\***

When we obtained a listing of the supplies inventory in Maximo from ITD, we observed that 39 out of the 6,284 line items listed had negative quantity balances.

**Internal Control Weakness 3-1 \*Physical Inventory Count\***

No physical inventory count is performed on a regular basis. When asked about physical inventory counts, the Public Buildings Division Chief stated that if inventory counts are done, it is done for the purpose of inventory replenishment and not reconciliation with Maximo. It is considered good business practice to do physical inventory counts on a regular basis for the purpose of reconciliations to the accounting records.

**Recommendation to Finding 3-1, 3-2 and Internal Control Weakness 3-1**

The Division should create procedures regarding inventory control to ensure that all supplies bought and used are properly accounted for in Maximo. Also, the Division should conduct inventory counts on a regular basis in order to check the counts to Maximo and investigate any differences in amounts.

**Auditee Response to Finding 3-1, 3-2 and Internal Control Weakness 3-1**

*We concur with exception. The Division does have a process in conjunction with ASD that requires all supplies bought and used are done so utilizing request made in Maximo.*

*The Supply Supervisor is developing procedures that require the Building Engineers and Maintenance Supervisor at each location where there is a store room to delegate in writing the individual responsible for inventory management of that storeroom.*

- 1. Inventories will be updated daily by responsible individuals and the account reconciled monthly with Maximo counts.*
- 2. The Supply Supervisor will perform a quarterly spot inspection of each storeroom account. Furthermore, he/she will reconcile store room accounts on an annual basis. Each storeroom manager will be responsible for the accuracy of their storerooms.*
- 3. The Engineers and Supervisors will be responsible for ensuring that parts removed from storerooms are properly documented on the Work Orders.*

*It is agreed that Maximo and the physical counts should agree. However, there will always be instances of disagreement because of the time delay in closing work orders, which updates the count in Maximo for supplies and materials used in task completion. This is a system and process that is still a work in development. We are still working on the best methods to employ using this system.*

**Internal Control Weakness 3-2 \*Inventory Tagging\***

We attempted to trace five inventory items purchased during the year with a cost above \$1,000 to the installation site. Based on the description of these items, it appears that one of the five items should have been tagged with a City property tag, but was not. We also noticed during our testing, that the Public Buildings Division purchased the item out of the wrong account. The asset was capitalized as part of a building when it should have been capitalized as a stand alone item. When items are purchased from the wrong account, the General Accounting Division (GAD) does not know to tag the item with a City property tag.

**Recommendation to Internal Control Weakness 3-2**

We recommend that the Public Buildings Division consult with GAD regarding which accounts to use for capital asset purchases to ensure proper accounting of these items.

**Auditee Response to Internal Control Weakness 3-2**

*We concur. Closer detail will be given to the purchase of items of capital cost and the expense accounts they are charged to. Public Buildings and ASD will work with Budget and GAD on a process to identify and capture items that require tagging, in accordance with Section 122.802 of the Ordinance Code.*

### **Internal Control Weakness 3-3 \*Segregation of Duties\***

There is inadequate segregation of duties in Public Buildings' inventory management of its operating supplies. Both Supply Supervisors have the ability to add new inventory to Maximo, delete inventory from Maximo and have physical access to the inventory.

### **Recommendation to Internal Control Weakness 3-3**

We recommend that the individuals who maintain the supplies inventory in Maximo not have physical access to the inventory.

### **Auditee Response to Internal Control Weakness 3-3**

*We will work with ASD to develop a process for someone in the Administrative Division to have the ability to adjust supply levels in Maximo. The ability to adjust levels will be password protected and only certain individuals will be able to make those adjustments. The Supply supervisors will no longer have Maximo access to adjust supply levels creating the separation of duty and physical access as referred to in your findings and recommendation.*

## **OVERALL OPPORTUNITIES FOR IMPROVEMENT**

The following are general recommendations for improving the Public Buildings Division based on our observations, interviews, and data testing.

### **Opportunity for Improvement 1 \*Utility Allocation\***

The City should consider allocating the electricity and water/sewer expenses to the applicable City departments based on usage. In our observations, we found that:

1. The Public Buildings Division pays the entire amount of the electricity and water/sewer bills for all City buildings because meters are not linked to the buildings.
2. There appears to be a lack of utility cost analysis by the Public Buildings Division.

### **Recommendation to Opportunity for Improvement 1**

The Public Buildings Division should create a comprehensive cost management system for the City's utilities. All water/sewer and electric meters need to be identified and matched with the City's buildings/departments. Enhanced cost management will lead to more accurate accounting for utility expenses, and it will ultimately create opportunities for cost savings for the general fund.

### **Auditee Response to Opportunity for Improvement 1**

*Budget Division Response:* We agree that there needs to be greater oversight of utility costs within the City. However, the accounts are paid by the Public Buildings Division (assisted by the Administrative Services Division) due to the quick turnaround on the invoices and the potential consequences of not paying in a timely manner. While utility costs are reflected in internal service billings, it tends not to be an area that, in my experience with a number of communities, most line managers spend a great deal of effort monitoring, often viewing these as fixed costs. With the Administrative Services Division now engaged in this oversight effort, I think they would be able to assist the Public Buildings Division in identifying areas where utility savings can be enhanced and achieve savings in the General Fund. In addition, the Public Buildings Division is undertaking in FY09 new initiatives to reduce energy costs in the various City facilities. Should these efforts fail to produce fruit over the next twelve to eighteen months, we should review our approach to managing our utilities costs.

*Public Buildings Response:* We agree there needs to be a method of assigning individual cost to facilities to capture and manage utilities expenditures. This is not a simple task and for more than a year Public Buildings has been involved in pursuing this task. Part of the effort of our facilities assessment is to identify individual meters and to verify their service point and facility to which it is assigned. We have been working in conjunction with JEA for more than a year. To date, 1,683 service points have been identified, of which 918 are electrical meters, and this is an ongoing effort.

### **Opportunity for Improvement 2 \*Recycling\***

The City of Jacksonville should consider promoting recycling activities by providing recycling receptacles for aluminum cans and plastic bottles in the City's public buildings and possibly purchasing bailing equipment for cardboard recycling. Currently, the City has no recycling program and pays about \$5,000 annually (per the Division) to a contractor to pick up the City's card board. However, some recycling companies will pick up the card board and pay the City if it was bailed.

### **Recommendation for Opportunity for Improvement 2**

Section 403.7032 of the Florida Statutes established a new statewide recycling goal of a 75% reduction of recyclable solid waste by the year 2020. Therefore, we recommend that the Public Buildings Division begin to work towards accomplishing this goal. Also, Public Buildings Division should perform a cost analysis and decide if it is economically feasible to invest in bailing equipment.

### **Auditee Response to Opportunity for Improvement 2**

*We agree that more is needed in the area of recycling. In fact, Public Buildings is working, along with the Solid Waste Division, on the best method to do this effort. Solid Waste Division is having their contractor to do a number of models as to how we can approach the task in the most efficient way possible. This is one of the items on the Mayor's Sustainability Program.*

## **ADDITIONAL FINDINGS**

### **Finding 1 \*Pest Control Services\***

Public Buildings Division administered pest control services without a contract from October 1, 2006 to September 30, 2008. Also, the City did not have pest control service for 3 months during FY 2008.

The original contract for the City's pest control service expired on September 30, 2006. There was a PO (# 073302) in place for pest control for the FY06-07. Per the Central Operations Department, this PO was a blanket order, and it was issued without exercising a renewal option (the original contract did not include a renewal option). From September 30, 2007 until mid-March 2008, the original contractor continued to provide service which was paid for by the Public Buildings Division as an "improper purchase." Also, the City paid \$13,987.50 for those six months (this payment was processed in October 2008 – only after the mitigation process). In April, May, and June of 2008, the City did not receive any pest control services. However, there were two POs issued for emergency services: flies at the Courthouse and rodents at Ft. Caroline Club. There was an Emergency Order issued for 3 months (July, August, and September 2008) for which the City paid \$44,208.16. (For comparison, the new pest control contract that began on October 1, 2008 for 12 months is \$43,680.)

### **Recommendation for Finding 1**

We recommend that the Public Buildings' contract manager monitor contract end dates to ensure that no essential, contracted City services are allowed to lapse.

### **Auditee Response to Finding 1**

*We agree with findings and recommendation. The current process and structure in the Administrative Services Division has assumed this task to ensure that contract dates do not lapse.*

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We appreciate the assistance and cooperation we received from the Public Buildings Division's employees as well as the Administrative Services Division through the course of this audit.

Respectfully submitted,

Kirk A. Sherman, CPA  
Council Auditor