



INTERNAL AUDITORS AND ADVISORS
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***Bedford Central School District
Facilities Internal Audit Report
June 2011***



INTERNAL AUDITORS AND ADVISORS

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September 21, 2011

Mrs. Susan Elion Wollin
President of the Board of Education
Bedford Central School District
Fox Lane Campus, Route 172
Bedford, NY 10506

Dear Mrs. Wollin:

We have recently completed our internal audit of the Facilities and Capital Assets functional area of the Bedford Central School District ("the District"). This area was recommended for audit in our internal audit risk assessment report.

This internal audit report includes financial and operational information, the scope of the audit, our observations and recommendations, and provisions for management's responses. The audit procedures performed included various tests, reviews, and evaluations in accordance with the *International Standards for the Professional Practice of Internal Auditing* promulgated by the Institute of Internal Auditors.

Management's responses have been incorporated into this the report. We met with the Audit Committee on September 20th to discuss the audit findings and recommendations as well as Management's responses and the schedule for implementation of the corrective actions. We are available to meet with the Board at its convenience.

We appreciate the fine level of cooperation provided to us by the District's staff during our audit and look forward to working with them in the future.

Very truly yours,

A handwritten signature in cursive script that reads "Accume Partners".

Accume Partners

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Background

As a result of the Internal Audit Risk Assessment Update FY10/11, the Facilities and Capital Assets functional area was identified as a candidate for an internal audit. Accordingly, the Board of Education and Audit Committee authorized an audit of this area. The audit procedures performed included various tests, reviews, and evaluations in accordance with the *International Standards for the Professional Practice of Internal Auditing* promulgated by the Institute of Internal Auditors.

Audit Scope, Objectives, and Procedures

The objective of the internal audit was to examine the internal controls over Facilities and Maintenance processes, to ensure design and operational effectiveness, compliance with Board Policies, Department procedures, and applicable laws and regulations. Audit fieldwork was conducted in April and May 2011. The audit scope was for the period from July 1, 2009 through June 30, 2010.

The audit procedures that were performed included a review of the following:

- Board Policies and Department procedures
- Job descriptions, staff interviews, and site tours
- Work Order and Preventative Maintenance Reports
- Facilities Use Requests and approvals
- Custodial and Maintenance Inventory Reports
- Buildings & Grounds Department contracted services
- Buildings & Grounds Department Reports

Also, we identified and tested key internal controls in the District to ensure:

1. Compliance with certain provisions of New York State Commissioner of Education's Regulations Part 155
2. Guidelines and schedules have been developed for routine, preventive and emergency maintenance programs.
3. Equipment, tools and supplies are properly controlled.
4. Work order system effectively tracks and monitors maintenance requests.
5. Public use of facilities is adequately controlled and in compliance with applicable District Policies.

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Executive Summary

Audit Area	Key Processes	Audit Recommendations	Audit Rating
Policies and Procedures	<ul style="list-style-type: none"> • Organizational Chart • Job Descriptions • Job assignments & checklists • Floor Plans 	1. The Department should formally document specific job descriptions and checklists to improve overall operations and internal control. In addition, Board Policies related to Facilities Operations should be posted on the District's website.	Needs Improvement
Supplies and Equipment	<ul style="list-style-type: none"> • Physical Inventories 	2. The District has adequate internal controls over capital assets. However, the Department should track inventoried assets and follow recommended preventative maintenance schedules to ensure the useful life of its equipment.	Adequate/Satisfactory
Purchased Services Contracts	<ul style="list-style-type: none"> • Bids/quotes/contracts • Cash Disbursements 	3. The Department should establish procedures to improve the internal controls over the processing of claims.	Significant Issues
Work Order System	<ul style="list-style-type: none"> • Work Orders 	4. The Department should establish policies and procedures to ensure an adequate and appropriate level of internal control over its work order system. Specifically, the Department should develop and execute an implementation plan for the already procured computerized work order system.	Needs Improvement
Preventative Maintenance System	<ul style="list-style-type: none"> • Preventative Maintenance Reports 	5. The Department should establish policies and procedures to ensure an adequate level of internal control over its preventative maintenance system. Specifically, the Department should incorporate preventative maintenance schedules into its work order system.	Needs Improvement
Facilities Use	<ul style="list-style-type: none"> • Facilities Use Requests 	6. The District has an adequate level of internal control over Facilities Use. However, due to the significant level of facilities use activity, the District should consider implementing the computerized Facilities Use Module in its procured facilities maintenance system to improve the efficiency and effectiveness of the process.	Adequate/Satisfactory
Commissioner of Education's Regulations Part 155	<ul style="list-style-type: none"> • Facilities Reports 	7. The District has an adequate level of internal control over compliance with certain provisions of the Commissioner of Education Regulations Part 155. No recommendation is required.	Adequate/Satisfactory

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Audit Ratings

The Internal Audit process is an appraisal process that seeks to provide management with an independent assessment of the adequacy, efficiency and effectiveness of the system of internal control and the overall quality of ongoing operations. Audit ratings are a means of condensing the results of an audit and attempting to provide management with an abbreviated picture of the condition of the audited area.

Adequate/ Satisfactory The control environment and/or District practices in this area are satisfactory. Deficiencies noted are marginal, and do not impair the integrity or effectiveness of the operation.

Needs Improvement The control environment and/or District practices related to this area exhibit one or more deficiencies that require improvements to be made to properly manage the related risks or improve operating inefficiencies.

Significant Issues The control environment and/or District practices related to the area are seriously deficient. Significant deficiencies/ issues exist which create unacceptable levels of control risk. Immediate actions by management (including oversight and monitoring) are needed to mitigate these key risks.

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Observations and Recommendations

AREA: POLICIES AND PROCEDURES

Audit Findings/Observation:

Internal Audit reviewed the Department of Buildings & Grounds (the “Department”) policies and procedures to determine if the Department has an adequate level of internal control. Specifically, Internal Audit interviewed the Director of Buildings & Grounds (the “Director”) and staff, conducted site visits of school buildings, and reviewed documentation supporting the Department’s organization and functions district wide.

Internal Audit noted that the District has a documented organizational chart of the Department. Reporting lines show the Grounds and Maintenance Foremen directly report to the Director, and the Head Custodians at each school building report directly to the Building Principal. Head Custodians will consult with the Director on major issues concerning buildings and staff, and if additional purchases of supplies and equipment are required to address a problem. A custodian is assigned supervisory duties at each building in the evenings.

In general, the District uses civil service job descriptions to define job responsibilities and skill levels required for each position. Internal Audit notes that no District specific job descriptions have been developed. However, custodial duties may differ between day and night shifts, and by building. For example, some custodians work strictly on cleaning, while others have cleaning duties, traffic duties during student drop-off and pick-up times, lunch duty, set-up, break-down, and clean-up duties related to events, light maintenance and repair duties related to work-order requests, grounds work, etc.. In addition, a custodian’s share of specific duties besides cleaning can differ greatly depending on the shift and building, among other things. Although all Head Custodians maintain building floor plans, and have assigned specific areas of responsibility to custodial staff, not all Head Custodians have provided a Cleaning Checklist to staff to effectively and clearly communicate required tasks to perform on a daily, weekly and “as needed” basis.

In addition, Internal Audit noted that Board Policies related to Facilities Operations are not posted on the District website, as are other policies.

School District Risk/Opportunity:

In general, written policies and procedures help to enhance the District’s control environment. Documented policies and procedures help to ensure that Department functions are operating effectively and efficiently, that operations are meeting Management’s objectives, and are done in accordance with Board Policies and applicable laws and regulations. Policies and procedures are designed to provide guidance to staff, and to minimize the risk of errors, omissions, and abuses in daily operations. In addition,

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documented policies help to promote consistent application of management directives district wide. Overall, policies and procedures should be adequately communicated to all staff, and adherence should be periodically monitored to ensure that they are effective and are followed.

District specific job descriptions help to improve individual accountability. In addition to job descriptions, checklists are useful tools for clearly communicating duties and job expectations. They can also serve as a benchmark for evaluating productivity and performance. Detailed organizational charts assist in describing the structure and reporting lines of a department. Lastly, formally documented job descriptions and policies and procedures help to ensure continuity of operations during times of change or personnel turnover.

Audit Recommendations:

1. The Department should formally document District specific job descriptions and checklists to improve overall operations and internal control. In addition, Board Policies related to Facilities Operations should be posted on the District's website.

Management's Response:

Management agrees that detailed checklists and detailed job assignments for the various custodial positions would be useful tools. Department Director will begin developing these checklists and assignments collaboratively at the Head Custodian / Foreman meeting in early October and will have working models in place by early November.

Implementation Date: November 30th, 2011

Responsible Party: Assistant Superintendent for Business & Administrative Services

AREA: SUPPLIES AND EQUIPMENT

Internal Audit reviewed the Department of Buildings & Grounds' ("the Department") procedures for controlling equipment and supplies. Specifically, we reviewed inventory records for Grounds, Maintenance, and Custodial supplies and equipment. We interviewed staff and gained an understanding of how equipment is secured and controlled. Also, we performed a tour of the facilities, noting the locations of the Maintenance shop and Grounds storage areas, and we performed physical inventories at the Maintenance and Grounds Shops; and physical inventories of custodial equipment at Fox Lane Middle School, Fox Lane High School, Mount Kisco Elementary School, and Pound Ridge Elementary School.

Internal Audit reviewed the process for ordering and securing supplies. We noted that access to supplies, tools and equipment is controlled by the Maintenance Foreman, Grounds Foreman, and the Building Head Custodians, respectively. In general, we noted

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all storage areas, cabinets, and closets are locked and secured. Also, supply levels are periodically monitored, and orders are centralized at the Department Office.

Internal Audit reviewed the process for identifying and tagging assets. The Accounts Payable Clerk in the Business Office periodically reviews all purchases from the equipment code and identifies equipment purchased at \$500 or above to asset tag. We noted that the District's capital asset inventory only includes assets that meet its capitalization threshold of \$500. Internal Audit randomly selected a sample of equipment purchases to test, to ensure that equipment was appropriately identified, tagged, and added to the capital asset inventory. We found no exceptions.

Internal Audit also conducted a physical inventory. The B&G Department provided equipment inventory lists of all maintenance, grounds, and custodial equipment with purchase price of \$500 or more. Internal Audit used these equipment inventory forms to perform the physical inventory audit. In our review, we were able to locate all randomly selected physical assets at each location tested. We tested both physical to book, and book to physical. However, Internal Audit also noted some instances where equipment should be inventoried.

School District Risk/Opportunity:

A significant portion of the Department's budget is supplies and equipment. Thus, maintaining and controlling a supplies and equipment inventory is important in managing Department operations. First, the Department should maintain adequate record keeping of the inventory. Also, adequate supply levels should be maintained to ensure continuous day-to-day operations and that major parts are available when necessary. Periodic inventories should be performed to confirm items on hand. Also, storage facilities should be secured and controlled by limited access.

In general, establishing Property Control Managers at each Building increases accountability. Property Control Managers ensure procedures for proper handling and securing of equipment are followed. Establishing a consistent set of standards for asset protection and security, asset maintenance, and asset performance ensures that controls are in place to protect assets from damage, loss or theft.

Districts should establish procedures to help management maximize the assets' functionality and expected useful life. Proper handling, storage, and maintenance of equipment can ensure an equipment's expected life. In general, major equipment should be inventoried and preventative maintenance schedules should be followed according to manufacturer's specifications and/or industry best practices. General guidelines for managing an assets' performance can help to minimize capital costs and maximize return on investment in the long run.

Identifying fixed assets with "tags" or bar code identification numbers is necessary to ensure complete and accurate controlling, accounting and auditing of fixed assets. Identification numbers or tags assigned to fixed assets allows for the control and easy

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tracking of fixed asset location and other important information such as description, cost, date of acquisition, and custody. Tags should be controlled to ensure that only appropriate items are tagged and the required information is obtained by the property's designated custodian. The fixed asset inventory's accuracy depends on the reliability of the information in the property record. In addition, controlling the distribution of asset tags facilitates the tracking of the tagging of the asset and the follow-up to obtain all the required information for the individual property record. Lastly, establishing internal controls over the tagging of assets can improve overall accountability in safeguarding and protecting the asset.

Finally, establishing an accounting policy for all types of capital assets, those that are capitalized, as well as inventory and controlled assets, ensures that capital asset types are accounted for appropriately and correctly.

Audit Recommendations:

2. The District has adequate internal controls over capital assets. However, the Department should track inventoried assets and follow recommended preventative maintenance schedules to ensure the useful life of its equipment.

Management's Response:

Management agrees that all assets should be formally tracked to ensure and document that proper preventive maintenance is performed as per manufacturer's recommendations. The District will develop a cost threshold (beyond that which is established for capitalization) to include those pieces of equipment it wishes to track for inventory purposes and not just capitalization purposes.

Implementation Date: November 30th, 2011

Responsible Party: Assistant Superintendent for Business & Administrative Services

AREA: CONTRACT SERVICES

Audit Findings/Observation:

Internal Audit reviewed and tested internal controls over cash disbursements for The Department's contracted services claims. Internal Audit reviewed the procedures in place to ensure that claims reconciled to contract or bid/quote terms, and that the claim was adequately supported with documentation and sufficient itemization. To do so, we randomly selected 30 check disbursements from the Department of Buildings & Grounds totaling approximately \$40,840 of contracted services claims.

Internal Audit reviewed the claims to ensure that the claim for payment was appropriately authorized and approved; adequate documentation supported the claim, services were

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independently verified; the claim reconciled to contract terms; and the claim was timely processed.

In our review, we found numerous errors and in general, the following significant control weaknesses:

- Most open purchase orders do not indicate negotiated rates or terms of service per agreement, quote, bid, or contract
- Claims paid with no documented evidence of independent verification at the building level of contracted work completion
- Claims paid without sufficient itemization of charges
- There was no documented evidence that showed the Department Clerk consistently reconciled invoice prices to contracts, bid sheets, or quotes when processing claims for payment
- Claims paid without vendor submission of certified payrolls or evidence of compliance with prevailing wage rates
- Claims paid with incorrect prices charged to the District

School District Risk/Opportunity:

Good internal controls over the accounts payable and cash disbursement process helps to ensure that actual expenditures are in line with the District budget, and help to prevent fraud and misappropriation of District assets. In general, all expenditures should be supported with adequate documentation and sufficient itemization to ensure that goods were received, services were rendered, and validate that the nature of the expense was an appropriate school district expense. Specifically, contracted services claims for payment made by outside contractors should be verified in detail to ensure services were rendered as stipulated by the agreed upon terms of the contract or bid/quote. In addition, the District should ensure that the vendor abides by NY Department of Labor Prevailing Wage Rate requirements for projects that involve labor costs. To do so, the District should require certified payrolls, and/or work orders or work tickets that detail position, date, hours worked, and wage rate for any labor costs.

Purchase order descriptions should not read “Open P.O.” or “Blanket P.O.,” without any further description or explanation as to the purpose and nature of the expenditure. This further complicates the Purchasing Agent’s ability to determine the items procured. The Purchasing Agent should require specific and detailed information on Purchase Requisitions, to facilitate the review of expenditures by Purchase Order and Vendor, and to facilitate the review of claims against agreed upon terms.

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Audit Recommendations:

3. The Department should establish procedures to improve the internal controls over processing claims. Specifically, the Department should require vendors provide adequate documentation and sufficient itemization prior to processing payment. In addition, the Department should ensure there is evidence of independent verification at the Building level of completed services prior to payment.

Management's Response:

Management agrees that many "open" purchase orders, for the period July 1, 2009 – June 30, 2010, lacked specificity such as negotiated rates or terms of service. Subsequent to the audit, all "open" purchase orders have descriptive details listed on the purchase order or have copies of the appropriate bid, quote or contract attached to the file copy of the purchase order. All requests for payments are compared to said documentation prior to payment of invoice. Also, the Department is issuing many more "job specific" purchase orders and fewer "open" purchase orders. While this will generate additional paperwork it will allow for more accurate processing of invoices and auditing of claims.

Implementation Date: September 1st, 2011

Responsible Party: Assistant Superintendent for Business & Administrative Services

AREA: WORK ORDER SYSTEM

Audit Findings/Observation:

Internal Audit reviewed the internal controls over the Work Order System. We found that although the District purchased the automated work order system, School Dude, it had not yet been implemented. In addition, although the system has been installed on some staff computers, and system access granted, no formal training has been given to staff, or system implementation plan developed.

The current Work Order System in place is an informal and manual process. District staff email or call their respective school building Head Custodian, the Maintenance Foreman, or the Grounds Foreman, depending on the nature of the request. Sometimes staff will stop a Custodian in the hallway and make their request in person. At Pound Ridge Elementary School, the Head Custodian maintains a Maintenance Log that is kept in the Main Office. Staff will write down their work order request; and the Head Custodian will sign and date when the job is completed. At times the Director of Buildings & Grounds and/or the Buildings & Grounds Clerk receives emails or phone calls from staff regarding a work order request.

Internal Audit noted that there is no work order request form. Informal requests do not always provide adequate information regarding the type of work needed to complete the

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job. Thus, at times, the Head Custodians and Foremen must spend additional time investigating the work order request in order to determine the type of work required and ascertain its job priority prior to assigning the work to staff.

Internal Audit noted that work order requests made by telephone or in person are not formally recorded, and email requests are not saved. Thus, work orders are not tracked, and the work is not formally monitored. Also, there is no record of what work was done to address the request. In general, Internal Audit was unable to determine the full population of work order requests made, completed, or still pending. Thus, Internal Audit was not able to determine the full extent of work orders performed, how work was assigned to staff, what action was taken and if jobs were appropriately completed, and if the response time was reasonable.

Also, Internal Audit noted that most work orders are not formally reviewed and approved by Building Principals or the Director of Building & Grounds. Unless the work order request involves substantial time, labor, and additional purchases of supplies and equipment, Management approval is not obtained. In addition, feedback is not sought regarding completed work orders. Lastly, there is no formal reporting to Management of work orders by school building, by type of work, or job priority. Thus, there is no process to ensure accountability.

In conclusion, Internal Audit found the Department of Buildings & Grounds does not have an appropriate level of internal control to effectively manage the work order process.

School District Risk/Opportunity:

A computerized or automated Work Order System would allow the District's Department of Buildings & Grounds ("the Department") to effectively manage work order requests. Although a work order system can be a paper based and manual process, the size (geography, number of buildings, total square footage, total number of students and employees) and complexity of the District's operations mandates a computerized system to efficiently and effectively manage work orders. A sound system facilitates the communication, response, and feedback between Building and Department staff. Most automated work order systems are user friendly and can provide an easy way for staff to submit a work request, monitor job status, and provide feedback upon job completion.

At a minimum a work order request form should be standardized across the District, and provide enough information for its review, approval, priority rating, job assignment, and status. Specifically, the work order should account for the following information:

- Work order type: emergency, repair, routine, or project work
- Priority rating: emergency, routine, preventative,
- Requestor, location, date request received, requestor's feedback
- Approval, assignment, date completed and closed out
- Status: open, assigned, completed, deferred, closed
- Work performed: What work was done to complete the job

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- Costs: time, labor, materials

The purpose of the work order system is to more effectively manage Department operations. Work orders that are completed and closed out should be retained for historical and analytical use. Management should be able to generate work order system reports to analyze the type of work performed, how scarce resources are utilized (time, labor and supplies and equipment), and the costs associated with the jobs. Work order systems should provide Management with information to evaluate job performance. Also, work order system reports could be used by Management to make more informed decisions about capital expenditures and operating budgets. In addition, a good work order system can improve accountability. For example, if a significant amount of work order requests are routine in nature such as requests for filling soap dispensers in bathrooms, then Management can make appropriate changes to daily job routines and improve custodial operations. If a significant amount of work order requests are repair in nature, then Management can analyze the information and respond appropriately by making adjustments to maintenance schedules, equipment usage, or re-evaluate procurement choices. Work order system reports can be used to facilitate management's ability to analyze labor productivity, work efficiency, costs, and overall quality control.

Audit Recommendations:

4. The Department should establish policies and procedures to ensure an adequate and appropriate level of internal control over its work order system. Specifically, the Department should develop and execute an implementation plan for the already procured computerized work order system.

Management's Response:

Management agrees that a centralized, computerized work order program will be more effective and efficient than the existing informal, manual system. The Department has begun inputting data and will be completed by October 14. Staff training on the new system, MaintenanceDirect by SchoolDude, will begin on or before October 17 and will be fully operational by November 18.

Implementation Date: November 18th, 2011

Responsible Party: Assistant Superintendent for Business & Administrative Services

AREA: PREVENTATIVE MAINTENANCE SYSTEM

Audit Findings/Observation:

Internal Audit reviewed the Department's internal controls over its Preventative Maintenance ("PM") System. Internal Audit noted that the Department has not yet implemented a formalized Preventative Maintenance System.

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The current PM system is an informal and manual process. First, a significant amount of preventative maintenance work is outsourced. However, the Department does not have a systematic process for recording and tracking the work that is performed.

Second, some preventative maintenance is performed by Department staff. The Grounds Department handles all the preventative maintenance of its own equipment. The Grounds Department follows industry practices, and equipment manuals are kept for reference. According to the Grounds Foreman, a majority of its preventative maintenance work is done in the winter time, in preparation of the spring and summer seasons. However, a formal schedule has not been developed, and PM work is not tracked.

The Maintenance Department handles mostly maintenance and repair work order requests. According to the Maintenance Foreman, the Maintenance Department does not have any large equipment that requires preventative maintenance. However, a Maintenance Mechanic performs some preventative maintenance on the high school building's Heating, Venting, Air, and Cooling ("HVAC") system and the boiler. The Maintenance Mechanic maintains a paper-based log of routine maintenance work performed.

According to the Director, the Department relies on purchasing activity to track preventative maintenance work. For example, if filters are ordered, then filters are being changed per routine maintenance work. However, not all preventative maintenance work requires purchasing of supplies. Relying on ordering is not an adequate control to ensure that all required PM work is appropriately completed.

In general, Internal Audit was unable to obtain a complete list of building systems and equipment and their corresponding PM schedules. Internal Audit was unable to ascertain the entire population of preventative maintenance work scheduled, completed, or still pending. Thus, Internal Audit was unable to determine the full extent of preventative maintenance work performed; how work was assigned to staff or outsourced vendors; if the work was appropriately completed per manufactures' specifications or industry standards; and if the work was done on a timely basis.

In conclusion, Internal Audit found the Department of Buildings & Grounds does not have an appropriate level of internal control to effectively manage its preventative maintenance system.

School District Risk/Opportunity:

A sound Preventative Maintenance system helps Districts maximize the useful life of buildings, systems, and equipment, and can help the District save money. A PM System is established on the idea that an "ounce of prevention" can save the District from costly emergencies or major disruptions to the school schedule. An effective PM system is critical because deferring maintenance can affect the health, safety, and well being of students and staff utilizing school buildings. Also, deferred maintenance can be costly in

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the long run. A good PM system can minimize the probability of damages accumulating and resulting in obsolete equipment, and prevent other breakdowns and costly repairs from occurring.

A comprehensive PM system is designed and built on first identifying all buildings and grounds major structures, systems, and equipment. The list should include, for example, building envelopes, building automation systems, HVAC, lighting, water heating, electrical, kitchen, and other equipment. Next, the PM System should assign the frequency and type of inspections to be conducted. Specifically, the PM System should identify the different types of maintenance: emergency; preventative; routine; or other. Also, the system should provide specific guidelines and checklists for what type of work is required on each inspection and task. Guidelines could be based on manufacturer's manuals and/or industry standards. Also, the PM system should provide a record of when the inspections are performed; by whom; if approved, and indicate who determines if the work is completed.

The preventative maintenance schedules should be incorporated within a district's work order system. The planning, scheduling, performing, and monitoring of maintenance tasks can be done more efficiently with the help of a computerized system, and increases Management's ability to more effectively manage Department operations.

Audit Recommendations:

5. The Department should establish policies and procedures to ensure an adequate and level of internal control over its preventative maintenance system. Specifically, the Department should develop and incorporate its preventative maintenance schedules into its work order system.

Management's Response:

Management agrees that a centralized, computerized preventive maintenance program will be more effective and efficient than the existing informal, manual system. Due to the amount of data required to be gathered, this task will not be started until the work order system is fully functional. The Department has researched a program, PMDirect by SchoolDude, and will recommend purchasing it. We estimate that we will begin populating this in late November 2011 and will be operational by March 2012.

Implementation Date: March 30th, 2012

Responsible Party: Assistant Superintendent for Business & Administrative Services

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AREA: FACILITIES USE

Audit Findings/Observation:

Internal Audit reviewed the internal controls over the District's Facilities Use process. In general, we found the District has formal procedures in place to process Facilities Use requests. First, the District established the Board Policy *1500 Public Use of School Facilities* that sets forth the policies and procedures governing the use of school space by students, community members, and the greater public. Also, the Board established a *Facilities Use Fee Schedule* that dictates the rates charged for various types of facilities use, if applicable. In order to submit a Facilities Use request, an *Application for Facilities Use Form* must be completed and approved by the Building Principal and the Assistant Superintendent for Business and Administration Services. In addition, a *Report of Custodial Services Rendered for Non-School Use of School Facilities Form* is completed by the Building Head Custodian, if applicable. The form is used to determine the amount to be charged to cover overtime custodial fees that occurred as a result of the building use. Internal Audit randomly selected a sample of Facilities Use requests to test to ensure that the requests were processed in accordance with Board Policy. We found no exceptions.

As part of our review, Internal Audit noted that Facilities Use requests are processed manually. In general, in-district requests for building use by District staff are handled by the Building Principal's staff, and outside requests are handled by the Business Office. Outside District applications are submitted to the Business Office for processing either by mail or email. Most school buildings have their own internal Building Use Form as well. The Business Office Secretary processes all outside group applications and bills groups according to Board Policy. Also, a ledger of all facilities use requests is maintained on an excel spreadsheet. The Business Office Secretary maintains the Facilities Use calendar. However, there are separate calendars maintained by each Building's Principal, and the Director of Athletics. Thus, at times, there are scheduling conflicts, double-bookings, or other logistical problems such as acquiring adequate custodial coverage, due to the use of separate calendars and separate request processes for outside and internal building use. Therefore, groups must be contacted if there is a scheduling conflict, because the calendars are not visible to outside groups when they submit their applications, and the Business Office Secretary does not have visibility to other Building calendars. Also, the application form does not provide enough information for custodians to adequately address the set-up requirements for events. Many times, Head Custodians must reach out to the requestor to acquire additional information to ensure that they understand what work needs to be done, and how many custodians will be needed to complete the job. A more efficient process would have one request process and one interactive web-based calendar visible to all stakeholders; that provides enough information to appropriately and adequately support and respond to the facilities use request.

Internal Audit also noted that there is a significant level of facilities use within the District. Most school buildings have events scheduled on a daily basis after the school day. In addition, some schools have particular facilities use needs that are idiosyncratic

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to the school. For example, at Mount Kisco Elementary School, the cafeteria must be set up not only for lunch, but also for dismissal. Thus, this impacts the custodial staff's ability to respond to after-school events. At Pound Ridge Elementary School, sometimes the gymnasium is used as an auditorium, and at times the cafeteria is used for band, orchestra and chorus classes. All of these different uses require multiple set-up, take-down, and clean-up efforts. Scheduling of outside events back-to-back with these internal events can prove problematic and logistically complex.

Most custodial staff is responsible for responding to facilities use requests, in addition to their daily cleaning and light maintenance tasks. By the District's own estimate, 33% of custodial work does not involve cleaning, but "other" duties, of which include tasks related to set-up, supervising, take-down, and cleaning up for school events and public facilities use. In general, Internal Audit found the District responsive to facilities use requests, and Head Custodians make efforts to appropriately address the event needs. However, the manual and decentralized scheduling and approval process of both internal and external facilities use requests creates additional administrative and logistical burdens, and therefore can potentially increase costs.

School District Risk/Opportunity:

The District has established formal policies and procedures that set a framework for governing the public use of school property. In general districts should establish formal agreements when structuring community use of its facilities. Formal agreements assist districts with addressing legal concerns and communicating clear rules and regulations to govern the relationship. In addition, community groups should be required to provide certificates of insurance to protect the District against liability, loss or damage. A Facilities Use Application enables Districts to obtain adequate information about the group making the request, the purpose of the request, and how to appropriately assign priority, location, and level of custodial services required for the request. The request should be reviewed to ensure the requestor is a valid community member and the request is in accordance with Board Policy and Education Law. The Application should be appropriately approved by District Management. Also, districts should establish a Board approved Facilities Use Fee Schedule in order to consistently apply applicable fees and charges.

In general, establishing formalized policies and procedures in this area has become more important today because, historically, districts have tended to highly subsidize the community use of their schools. However, real costs are required to maintain a safe and healthy environment in school facilities. Districts have become increasingly pressured to save costs and constrain spending due to the current economic crisis of decreasing revenues and increasing expenditures. In addition, public use of school facilities has increased dramatically over the years to provide taxpayers and the community greater access to recreational spaces. Also, joint use of school buildings equates to sharing the benefits of capital investments to facilities. Nonetheless, the expanding use of school facilities by community stakeholders must be balanced and weighed against adequately providing for its core mission of educating students. A useful tool in understanding the

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true costs of ownership of school facilities, and establishing fee schedule options to align to Board Policy was developed by the 21st Century School Fund (“21CSF”) and the University of California-Berkeley’s Center for Cities & Schools (“CC&S”). The *School Facilities Cost Calculator*, created by 21CSF and CC&S can be found at: <http://citiesandschools.berkeley.edu/joint-use.html>.

In general, automated processes are more robust than manual ones. Thus, a computerized and web-based Facilities Use system could greatly improve the efficiency and effectiveness of Facilities Use in the District. First, it simplifies the application process and can provide approved registered community users to submit facilities use requests. A computerized and web-based system simplifies the request process by establishing one interactive calendar for all events, both in-district and for outside groups. It allows the requestor to check availability and submit requests accordingly. Thus, it can reduce the time required for managing facilities use requests and booking events. Invoices and billings can be automatically generated, as well as insurance policy expiration notifications. Also, it enables users to submit equipment and services requests, and create work orders to facilitate the custodial work often required with events. Thus, it improves communication and coordination between personnel and support staff involved in the process. Lastly, computerized facilities use system can maximize facilities use.

Audit Recommendations:

6. The District has an adequate level of internal control over Facilities Use. However, due to the significant level of facilities use activity, the District should consider implementing the Facilities Use Module within its procured facilities maintenance system to improve the efficiency and effectiveness of the process.

Management’s Response:

Management agrees that implementing a computerized and web-based facilities use system would improve effectiveness and efficiencies in building scheduling and use. The Assistant Superintendent for Business will explore computerized program options to include as a future budget purchase, if applicable, and plan to have it fully implemented for the start of 2012-2013 fiscal year.

Implementation Date: July 1st, 2012

Responsible Party: Assistant Superintendent for Business & Administrative Services

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AREA: COMMISSIONER OF EDUCATION’S REGULATIONS PART 155

Audit Findings/Observation:

Internal Audit reviewed the District’s compliance with certain provisions of the New York State Commissioner of Education’s Regulations Part 155. Specifically, we determined if the District prepared the following reports:

- Five Year Building Condition Survey
- Five Year Facilities Plan
- Annual Visual Inspections
- School Safety Plans
- The 2010 Asbestos Hazard Emergency Response Act (AHERA) Triennial Re-inspection Report
- Fire & Building Safety Inspection Reports

In our review, we noted that the District recently completed its five year Building Condition Survey along with its Annual Visual Inspections, as well as other required reports.

School District Risk/Opportunity:

School Districts should have policies and procedures in place to ensure compliance with New York State Commissioner of Education’s Regulations Part 155 (“NYCRR Part 155”). NYCRR Part 155 was enacted as part of the implementation of 1998 Rebuilding Schools to Uphold Education (“RESCUE”) Act to ensure school districts provide a suitable, adequate and safe learning environment that protects the health and safety of students and staff. The regulations provide for a Comprehensive Public School Safety Program, Uniform Code of Public School Building Inspections, Safety Rating and Monitoring, Health & Safety Standards, Fire & Building Safety; and Environmental Quality guidelines.

Audit Recommendations:

7. The District has an adequate level of internal control over compliance with certain provisions of the Commissioner of Education Regulations Part 155. No recommendation is required.

Management’s Response:

The Department will continue to keep up-to- date on these requirements.

Implementation Date: *On-going*

Responsible Party: *Assistant Superintendent for Business & Administrative Services*