TO: The Honorable Chairman and Members of the Board of County Commissioners

FROM: Ken Burke
Clerk of the Circuit Court
Ex Officio County Auditor

SUBJECT: Follow-Up Audit of Facility Management Maintenance & Service Contract Administration

DATE: February 3, 2011

For your review and filing in the Official Records, I am enclosing a copy of the follow-up audit dated February 3, 2011 on the above-referenced audit.

I hope you find this report helpful in ensuring Pinellas County government provides the best possible service to our citizens.

cc: Robert S. LaSala, County Administrator
    Jim Bennett, County Attorney
    Mark Woodard, Chief Assistant County Administrator
    Paul S. Sacco, Director, Real Estate Management
    Andrew W. Pupke, Manager, Facility Planning
    Brian T. Landry, Manager, Facility Operations
    Claretha N. Harris, Chief Deputy Director, Finance Division
    Ernst & Young
FOLLOW-UP AUDIT
OF
FACILITY MANAGEMENT
MAINTENANCE & SERVICE
CONTRACT ADMINISTRATION

Audit Services
Division of Inspector General

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FEBRUARY 3, 2011
REPORT NO. 2011-01
February 3, 2011

The Honorable Chairman and Members
of the Board of County Commissioners

We have conducted a Follow-Up Audit of Facility Management Maintenance & Service Contract Administration. The objectives of our review were to determine the implementation status of our previous recommendations.

Of the eighteen recommendations contained in the audit report, we determined that fourteen have been implemented, one was partially implemented, and three were not implemented. The status of each recommendation is presented in this follow-up review.

We appreciate the cooperation shown by the staff of Facilities Management during the course of this review.

Respectfully Submitted,

Hector Collazo, Jr., Director
Audit Services, Division of Inspector General

Approved:

Ken Burke, CPA*
Clerk of the Circuit Court
Ex Officio County Auditor

*Regulated by the State of Florida
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INTRODUCTION

Scope and Methodology

We conducted a follow-up audit of Facility Management Maintenance & Service Contract Administration. The purpose of our follow-up review is to determine the status of previous recommendations for improvement.

The purpose of the original audit was to:

- Determine if maintenance and service contracts are adequately monitored to ensure work is performed in accordance with contract and project scope.
- Determine if maintenance and service contracts are adequately monitored to ensure work is performed in accordance with contract and project scope.
- Determine if contractor invoices submitted for payment are accurate, properly supported, and approved at the appropriate level of Facility Management Department management.
- Determine if sensitive data is being disposed of properly by County departments.

To determine the current status of our previous recommendations, we surveyed management to determine the actual actions taken to implement recommendations for improvement. We performed limited testing to verify the process of the recommendations for improvement.

Our follow-up audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing and the Standards for Offices of Inspector General, and accordingly, included such tests of records and other auditing procedures, as we considered necessary in the circumstances. Our follow-up testing was performed during the month of March 2010. The original audit period was October 1, 2005 through September 30, 2007. However, transactions and processes reviewed were not limited by the audit period.

Overall Conclusion

Of the eighteen recommendations in the report, we determined that fourteen were implemented, one was partially implemented, and three were not implemented. We commend management for implementation of most of our recommendations and continue to encourage management to fully implement the remaining recommendations.
Background

Facility Management provides a broad base of services to County departments and agencies in the management of County buildings and facilities, as well as owned and leased workspace, to ensure functionality of County buildings. These services include coordinating County efforts related to planning, designing and managing buildings and their systems, equipment and furniture. In Fiscal Year 2006/2007, Facility Management consisted of three divisions: Operations, Planning, and Lease Management. The Fiscal Year 2005/2006 budget for Facility Management was $29.9 million and the requested Fiscal Year 2006/2007 budget was $33.2 million.

One of the major tasks of the department includes negotiating and reviewing contracts, which provide services such as:

- Custodial
- Grounds
- Maintenance
- Security
- Air quality monitoring

The Operations division is separated into geographical sections of the County:

- Northwest
- Southeast
- Southwest
- Detention

Facility Operations Managers in these sections function as contract managers for the contracted services provided in their section and are responsible for monitoring the work as well as reviewing and approving the invoice. In addition, they interpret and enforce the contracts and may act as a liaison with Purchasing and contractors on difficult matters.
STATUS OF RECOMMENDATIONS

This section reports our follow-up on actions taken by management on the Recommendations for Improvement in our original audit of Facility Management Maintenance & Service Contract Administration. The recommendations contained herein are those of the original audit, followed by the current status of the recommendations.


During the course of conducting normal County business, County staff routinely handles tens of thousands of records, some that are exempt and/or confidential under Florida Statutes, Chapter 119, Public Records, on a daily basis (either originals and/or copies).

The staff and records are under the control of a variety of County Appointing Authorities and their respective departments:

- Courts
- Clerk’s Office
- Sheriff’s Office
- State Attorney’s Office
- Public Defender’s Office
- Board of County Commissioners

Due to the variety of departments, staff, and skill levels, as well as the routine nature of certain County functions and responsibilities, and the overall lack of internal controls over the handling and/or disposal of records, it is everyone’s responsibility to be familiar with and adhere to the Florida Statutes on Public Records (Chapter 119, Public Records). Employees throughout the County need to be periodically reminded of the requirement to ensure that exempt or confidential records are not disclosed, except as otherwise permitted by law.

It is important to note that Facility Management only has responsibility over Board of County Commissioner (BCC) departments. Other County Appointing Authorities have responsibility for their respective operations.

We visited the following County facilities to retrieve trash from their dumpsters for the purpose of determining whether inappropriate information was contained therein:

- Criminal Justice Center
- Mid County Facility Management
- Emergency Medical Services
Cooperative Extension Facility  
Sheriff’s Evidence Warehouse and Distribution Center  
Records Management  
Consumer Protection Services  
EMS/Sunstar  
Medical Examiner’s Office  
Clearwater Court House Complex  
Sheriff’s Headquarters  
Supervisor of Elections  
Health and Human Services in Clearwater

It is important to note that some of the facilities visited had empty dumpsters; therefore, no trash was gathered.

We commend the contracted security team and Facility Management staff assigned to the Clearwater Court House Complex. They were the only staff to question what the audit team was doing and ask for the team’s identification. Even though the audit team appeared to look official and was using a County vehicle (see pictures below), it is clearly an unusual activity for anyone to be rummaging through private dumpsters and taking out bags of trash. The audit team expected to be questioned at all of the facilities visited. In fact, in an attempt to raise some suspicions, we asked a County employee to take pictures of us prior to entering the secured and guarded employee’s entrance of the Criminal Justice Center. We also positioned ourselves in clear view of the closed circuit camera located at the employee entrance. We stayed around for some time and we were never challenged.

County facilities use standard trash dumpsters that are serviced by the local municipality or private contractors. These dumpsters are where County contracted janitorial staff place the trash gathered during the course of their daily janitorial responsibilities of County buildings. For the most part, these dumpsters are not in secured areas and are easily accessible by the public.

We visited selected County facilities during normal County operational hours and gathered several trash bags from their dumpsters. At the end of the collection process, we examined the trash at Solid Waste’s landfill, collected sample records, and disposed of the remaining records for incineration.

During our test, we discovered hundreds of County records from a variety of County departments and Constitutional offices which had not been disposed of properly. The inappropriate disposal of these records may have exposed the County to potential violations of both Florida Statutes and Federal law.

We also obtained patches, uniforms (parts) and rain gear from Sunstar/EMS dumpsters. Even though the Sunstar Uniform patches were sliced (simple attempt to destroy the patches), a needle and thread easily repaired the uniform and patches. The Sunstar rain jackets were not damaged at all.
Florida Statutes, Chapter 119, Public Records, addresses classification of all state, county and municipal records as public records. Providing access to public records is a duty of each agency. However, it also states the agency has the responsibility to ensure that exempt and/or confidential records are not disclosed and/or released, except as permitted by law. According to the statutes, an exemption means a provision of general law, which allows certain records, meetings, or portions of those records and meetings would not be subject to the public access requirements.

Chapter 119 Public Records
119.01 General state policy on public records

(1) It is the policy of this state that all state, county, and municipal records are open for personal inspection and copying by any person. Providing access to public records is a duty of each agency.

(2) "Exemption" means a provision of general law which provides that a specified records or meeting, or portion thereof, is not subject to the access requirements of s.119.07(1), s.286.011, or s.24, Art 1 of the State Constitution.

In order to ensure that the documents recovered during our test met the aforementioned exemption law, we asked the County Attorney’s office to review the documents and provide us an understanding of what, if any, laws may have been violated.

The following table and documents are samples of the records retrieved and reviewed, and the potential statutory violations. It is important to note that almost all of the County facilities reviewed had some Florida Statutes, Chapter 119, Public Records violations.

<table>
<thead>
<tr>
<th>DOCUMENT</th>
<th>COUNTY FACILITY</th>
<th>STATUTORY VIOLATION</th>
</tr>
</thead>
</table>
| Unified Family Court Complaint                | Criminal Justice Center | F.S. 985.04 Juvenile Defendant  
F.S. 119.071(5) Social Security  
F.S. 119.071(2)(5) Victim of Crime |
| Order & Judgment of Restitution                | Criminal Justice Center | F.S. 119.071(2)(5) Victim of Crime                                                 |
| Behavioral Evaluation                         | Criminal Justice Center | Health Insurance Portability & Accountability Act of 1996 (HIPAA)  
F.S. 985.04 Juvenile Defendant            |
| Unified Family Court Complaint                | Criminal Justice Center | F.S. 985.04 Juvenile Defendant  
F.S. 39.202 Child Abuse  
F.S. 794.024 ID Victim of Sexual Battery*  
F.S. 92.56 Court Records Revealing ID Victim of Sexual Battery  
F.S. 119.0714 Court Records Release |
| Public Defender Request Form                   | Criminal Justice Center | Florida Bar Rules of Professional Conduct  
4-16 Confidentiality of Information  
Client Communications |
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<td>Public Defender Request Form</td>
<td>Clearwater Court House</td>
<td>Florida Bar Rules of Professional Conduct</td>
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<td>4-16 Confidentiality of Information</td>
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<td>Client Communications</td>
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<td>Detention Petition</td>
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<td>NCIC Report</td>
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<tr>
<td>Medical Report Suspected Child Physical Abuse</td>
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</tr>
<tr>
<td></td>
<td></td>
<td>Health Insurance Portability &amp; Accountability Act of 1996 (HIPAA)</td>
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<tr>
<td>HMS Print Screen</td>
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<td>Health Insurance Portability &amp; Accountability Act of 1996 (HIPAA)</td>
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<tr>
<td></td>
<td></td>
<td>401.3d(3) &amp; (4) ID Patient’s Name</td>
</tr>
<tr>
<td></td>
<td></td>
<td>F.S. 119.071(5) Social Security</td>
</tr>
<tr>
<td>Patient Care Report</td>
<td>EMS/Sunstar</td>
<td>Health Insurance Portability &amp; Accountability Act of 1996 (HIPAA)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>401.3d(3) &amp; (4) ID Patient’s Name</td>
</tr>
<tr>
<td></td>
<td></td>
<td>F.S. 119.071(5) Social Security</td>
</tr>
<tr>
<td>Memo 8/6/07 &amp; Radio ID Numbers</td>
<td>EMS/Sunstar</td>
<td>119.071 (3)(a) Security System Info</td>
</tr>
<tr>
<td></td>
<td></td>
<td>119.071 (3)(b) Security System Emergency Equipment</td>
</tr>
</tbody>
</table>

*Applies only if knowingly disclosed*

County staff is not appropriately disposing of exempt and/or confidential records, thereby placing the County at risk and exposing them to liability, should these records fall into the wrong hands and be used for inappropriate purposes. Further, the County could be in violation of Florida Statutes and Federal laws regarding the handling and release of confidential and exempt information. The uniform parts and patches falling into the wrong hands could also expose the County to liability if someone wanted to use them for inappropriate purposes.

Recommendations:

A. Facility Management should instruct the Departments under the BCC to let their departments know to be more careful about what documents are discarded, and that any confidential or sensitive information to be discarded should be shredded.

B. Facility Management and the County Administrator work with the other County Appointing Authorities to let their departments know to be more careful about what documents are discarded and that any confidential or sensitive information to be discarded should be shredded.
Status:

A. Not Implemented. Management stated that formal instruction has not been given to Departments under the Board of County Commissioners. We continue to encourage management to implement our recommendation.

B. Not Implemented. Management stated that Real Estate Management Department administers the contracts for refuse collection and disposal at all locations under the Department’s purview. The Department, however, does not govern the policies or procedures of building tenants as they relate to the disposition of confidential and exempt records. We continue to encourage management to implement our recommendation.


Internal controls over the service contract invoice review by Facility Management to prevent duplicate payment of services must be improved. We found that an invoice of $21,583.13 was paid twice, once on April 19, 2007 and again on May 31, 2007. Management did not detect the duplicate payment.

We selected the current security guard services contractor, The Budd Group, as part of our testing. We then selected the Northwest section of Facility Management and reviewed the internal controls over contract management. We interviewed the contract manager and selected a sample of invoices to review for compliance with the contract, billing accuracy and for the appropriate internal controls. Our sample included paid invoices for the Northwest section from Fiscal Year 2006/2007 to date, which included invoices for services for the months of October 2006 through May 2007, for a total of $197,742. The Northwest section included the North County and Clearwater Courthouses. We also reviewed the Courtesy Patrol Officer Services portion of this contract.

On August 14, 2007, as part of our testing, we reviewed paid invoices to determine if there were any indications of duplicate invoice numbers or periods of service. We noted that the services for the Clearwater Courthouse for March 2007 were billed on two separate invoices. Although both invoices were for the month of March 2007, they had different invoice numbers and amounts and both invoices had been approved and paid.

During this period, the Northwest Section had used two contract managers to review the work performance and submitted invoices for services rendered. The previous contract manager (contract manager #1) continued to perform the invoice review for the Northwest section after the new contract manager (contract manager #2) took over operational management duties of the contracts. The new contract manager (contract manager #2) was assigned to the Northwest section in December 2006. This was the first part of Facility Management’s transition plan in which the Northwest section contract manager #2 would initially oversee daily operational management. Once contract manager #2 was comfortable with the operational
management of these contracts, reviewing submitted invoices for accuracy would be added as an additional responsibility. Until this responsibility was assumed, the reviewing of the submitted invoices was being performed by contract manager #1 who had been the previous Facility Management contract manager for the Northwest section.

**Noted Duplicate Payments**

<table>
<thead>
<tr>
<th>INVOICE NO.</th>
<th>DATES OF SERVICE</th>
<th>TOTAL BILLED</th>
<th>DATE PAID</th>
</tr>
</thead>
<tbody>
<tr>
<td>18410*</td>
<td>March 1 to 30, 2007</td>
<td>$21,583.13</td>
<td>April 19, 2007</td>
</tr>
<tr>
<td>18755</td>
<td>March 1 to 31, 2007</td>
<td>$22,007.21</td>
<td>May 31, 2007</td>
</tr>
</tbody>
</table>

* This was the duplicate payment, which was paid in error.

On or about August 14, 2007 and again on November 6, 2007, we inquired of contract manager #1 about the possibility of paid duplicate invoices. On November 1, 2007, we inquired of contract manager #2 about the possibility of paid duplicate invoices. Neither of the two contract managers was aware:

- Both invoices had been paid for an overpayment of $21,583.13.
- Whether or not Facilities Management had received a refund for the duplicate payment.

The contract manager who reviewed the invoices stated that upon receipt of the first invoice (#18410) from the contractor, he noticed it did not include a full month’s billing (only 30 of 31 days). He requested the contractor reissue a corrected invoice (#18755) which included the full 31 days. He stated he, “did not send in the first invoice to be processed for payment, and does not know how it was paid.” He stated he held it until the corrected invoice was received. He had not requested any credit or refund from the contractor for the duplicate payment because he was not aware a duplicate payment was made.

After further research and discussions with Facility Management Administrative Services and the contractor, we determined that a refund check was issued to Facility Management Administrative Services on August 28, 2007, five months after the duplicate billing occurred.

Because of the duplicate billing found in our initial sample, we expanded our sample to identify any additional duplicate invoices by selecting the monthly invoices for the Northwest Section from October 2005 to September 2006 (for which the invoices totaled $431,591). Our test noted no additional duplicate billings.

Facility Management uses a work management and cost tracking system called Maximo. It is used to issue internal purchase requisitions and purchase orders as well as for tracking costs and work orders. We discussed this invoice with an employee in Facility Management Administrative Services. During the time these invoices were processed, contract management would input to Maximo the invoice amount against the purchase order as “received” to indicate the services were received for the approved invoice amount. Facility Management...
Administrative Services then received the invoices after contract management’s review to perform their own separate review.

This review included:

- Whether adequate funds exist in the County Oracle purchase order.
- Whether the invoice is accurate.
- Whether the invoice has management approval for payment.

They noted in this case that the second invoice was not input to the Maximo system; only the first invoice and the later credit for the refund were entered. Thus, they would not have seen whether an invoice for a duplicate period was processed. As of October 1, 2007, Facility Management Administrative Services is now performing the input of "received" services to the Maximo system from the invoice approved by the contract manager.

We have the following remaining concerns:

- No one in Facility Management was able to provide a clear reason why the duplicate invoice was processed and paid.
- It is unknown how the contractor determined that a duplicate payment was received and a refund needed to be issued to the County.
- Whether a refund would have been issued at all, if it had not been identified when we conducted our sample test designed to identify duplicate invoices and payments.

Because of the aforementioned concerns, Facility Management has limited assurance that internal controls are present to prevent potential future duplicate invoices from being paid.

Effective contract management and cost control includes performance of internal control procedures to ensure invoices are paid only once for the services performed. For a specific contract, this requires the tracking of invoices approved for payment by date of service, as well as invoice number and other related identifying data, for review during the invoice approval process.

Recommendations:

A. Update contract compliance procedures to include a review for possible duplicate invoices and date or period of service.

B. Update Maximo or other tracking systems to include not only invoice numbers, but also date or period of service. New invoices received should be compared against the tracking system, and appropriate research performed to prevent invoices with duplicate periods or invoice numbers from being paid.
Status:

A. Implemented. Our review indicates that process flowcharts for Invoice, Receiving and Return processing have been developed and documented.

B. Implemented. The Maximo system has been updated to utilize flex field "remarks" to store invoice number and date.

3. **Security Guard Billings Do Not Comply With The County Contract.**

We selected the current security guard services contractor, The Budd Group, as part of our testing. We then selected the Northwest section and reviewed the internal controls over contract management and transactions for a two-month period.

We noted that contractor billing did not comply with contract provisions, which resulted in $609 of over-billings for the two-month sample.

The types of billing errors noted include:

- Training hours not billable equal to 40.5 hours.
- Hours billed in excess of approved timesheet equal to 12 hours.
- Hours for the Contractor Point of Contact not billable equal to 1 hour.

This error rate results in an estimated over-billing of $2,665 for the payments for Fiscal Year 2007 for services under this contract (through the invoice for May 2007 services).

The contractor is required to maintain the appropriate supporting records to justify billings. Our review determined that timesheets were missing in 3% (2 of 71) of the billings reviewed.

Effective contract management includes the review of invoices against the contract requirements to ensure the County is not overpaying for services. The Budd Group Security Services contract contains several specifications or limitations regarding billing of security guard hours. Some of these include:

A. According to page 17 of the Invitation to Bid (ITB), training hours for guards will be paid by the County only for the first 30 calendar days from the date of the awarded contract. With regard to continual training, after the first 30 calendar days from the date of the awarded contract, all expenses related to training associated with this contract will be the total responsibility of the contractor.

B. Page 15 of the ITB addresses the Contractor's Supervisory and Point of Contact. The contact person is not to be the site supervisor. The contact person will be assigned by the contractor to cover all locations covered
by the contract. The contact person shall have decision-making authority for the contractor including authority and responsibility for fire, schedule, discipline, secure back-up guards when necessary, fill-in at guard posts temporarily if necessary (2 hours maximum) and perform all supervisory functions associated with proper control of a guard force in the field. Hiring, scheduling, directing, controlling and discharging of all guards shall be the sole function, responsibility, and expense of the contractor.

In addition, the standard audit clause of the contract requires the contractor to maintain records for three years from the date of final payment.

The contract Invitation to Bid (ITB) states:

- A time clock will be used to record the hours the security guard personnel work.
- Timesheets will be made available on a monthly basis to the County representative or within 24 hours of being requested by the County representative.
- The timesheets will be reviewed by a supervisor of the vendor on a weekly basis.

A time clock has not always been in place for the current contract, even though daily timesheets are completed and approved by the contract site supervisor.

The contractor sends time summary reports that support the invoice to the contract manager within a few days of sending the monthly invoice. However, the contract manager stated he does not always receive the time summary reports. Also, these reports are cumbersome to review against the invoice. Only the weekly summary has detail by individual by location. In addition, the weekly report does not cut off at month end to coincide with the monthly billing. This requires extra analysis to agree to hours on the invoice. The current contract manager stated as of August 16, 2007, he has established a badge swipe clocking in/out procedure using the badges his department issues to the security guards. He is requiring the contractor to compare the hours to the daily timesheets before preparing the monthly invoice to help ensure there are no discrepancies in hours billed. He will also review the clock in/out reports to the time summary detail reports on a sample basis once the reports are received with the invoice.

As a result, the County was over-billed an estimated $2,665 for Fiscal Year 2007 for services through May 2007. If these errors were present in the first two years of the contract, estimated over-billings would amount to $7,995 for payments since the inception of the contract in October 2004.

Recommendations:

A. Request a refund from the contractor of $609 for the actual over-billings for the two months tested in Fiscal Year 2007.

B. Request the contractor to provide the detail of all training hours and contractor point of contact hours billed, by month, since the inception of the contract (October 2004). Using
these unbillable hours provided, the contract manager can then calculate the actual over-billing and request a refund for any of these actual over-billings.

C. If the contractor does not provide the detail requested in B above or states they do not have the backup requested (though required by the audit clause in the contract), request a refund for the remainder of the estimated over-billing of $7,386 ($7,995 minus $609).

D. Update contract compliance procedures to include a monthly review for possible over-billing of all training hours and contractor point of contact hours billed.

E. Require the use of time clocks for all security guards.

Status:

A. Implemented. Management stated that a settlement for over-billing had been agreed upon and our review indicates that refund has been received.

B. Implemented. Management stated that the contractor provided detailed documentation as requested.

C. Implemented. Not applicable as documentation was provided.

D. Implemented. Contractor provides detail on monthly billing which includes hour type. Our review shows that this can be verified against the card swipe date.

E. Implemented. Our review of card swipe data shows that security guards now use the card swipe to record their sign in and out times.

4 Security Guard And Janitorial Contractor Records Are Not In Compliance With The County Contract.

Various records supporting qualification of guards and hours billed were not readily available at the contractor’s offices. Contract management should remind the contractor of the requirement in the contract to maintain all applicable records for the specified period. Additionally, the contract managers should improve recordkeeping so that related records received from the contractor can be retrieved in accordance with the same specified period required by the contract.

We visited the contractor’s offices for The Budd Group to review the supporting documentation on security guard qualifications and the supporting documentation for hours billed on selected invoices. We selected the Northwest section of Facility Management to test for the applicable records.
We noted the following in our testing of contractor records:

A. Six of 27 guards (22%) either had no indication they were a high school graduate or possessed a GED certificate (per the County contract for Security Guard Services with The Budd Group, Section E, paragraph 7 of the Invitation to Bid), or no evidence of documentation existed that the guard had met this requirement.

B. Although guards had current active security guard licenses (except for one missing file), records were not available to determine if a Florida Class D State Security Officer license was held for the past two years (per the County contract for Security Guard Services with The Budd Group, Section E, paragraph 7 of the Invitation to Bid) prior to starting employment with The Budd Group on the contract (frequency = 22 of 27 or 81%).

C. Fourteen of 27 guards (52%) did not have two years of security guard or police experience, or evidence of documentation the guard had the two years of experience (per the County contract for Security Guard Services with The Budd Group, Section E, paragraph 7 of the Invitation to Bid).

D. As noted in Opportunity for Improvement #3, timesheets were missing for the two months tested in 3% (2 of 71) of the cases.

For the Integrated Building Maintenance Services, Inc. (IBMS) janitorial services contract, we requested the documentation of background checks from the contract manager for the Northwest section of Facility Management. The contract manager stated that all background checks were performed over the years for the current janitorial personnel; however, only documentation for three of the 17 janitorial contract employees with current access was on hand. The IBMS contractor also provided a list of employees that have worked at the Northwest section for this contract, but could only provide documentation of background checks for five of the 19 janitorial contract personnel on the list. They stated they would not have background check documents for current employees who were employed with another contractor prior to IBMS taking over the contract and retaining these employees. This is because the prior janitorial contractor would have performed the checks on those employees.

The security guard contractor did not have all records required due to management changes within the last two years. Due to changes in contract management within Facility Management and the longer tenure of most current janitorial contract employees at the Northwest section, records of background check documentation could not be located.

As a result, there is no adequate documentation on hand to audit whether the control of ensuring qualified security guard and janitorial services is functioning as intended. In addition, the records would not be available for research by the contract manager, if necessary, for any potential issues or disputes.
The audit clause in both The Budd Group and the IBMS contracts requires the contractor to retain all records relating to the contract for a period of at least three years after final payment is made. In addition, it provides the County the right to audit such records.

Recommendations:

A. Notify the security guard contractor to ensure they understand the contract clause on maintaining the required documentation on file for guard qualifications and support for hours billed on invoices for three years after final payment.

B. Ensure Facility Management contract managers maintain documentation of background checks performed for contract employees.

Status:

A. Implemented. Management notified security guard and janitorial contractors by letter on August 29, 2008 of their contractual recordkeeping requirements.

B. Implemented. Management stated that this is standard operating procedure and all required background documentation is kept at the Operations division.

5. The Security Guard Contractor’s Supporting Documentation For Billable Invoice Hours Is Inadequate.

We reviewed and evaluated the adequacy of the internal controls over contract management for the security guard contract with The Budd Group. We included in our review only the services for the Northwest section of the County as managed by Facility Management. Opportunity for Improvement No. 3 in this report noted differences in hours billed as compared to the approved timesheets.

Weekly time summary reports are received from the contractor monthly in support of the monthly invoice for security guard services. This report allows contract management to verify the hours billed on the invoice. However, this report may reflect only the hours scheduled to work and may not always reflect the actual hours worked. The report is also cumbersome to review since it is a weekly report and requires extra analysis for weeks that contain days that fall into another calendar month. Actual contractor daily timesheets are approved and submitted by the contractor’s site supervisor to the contractor’s home office for payroll purposes, but these are not requested by Facility Management’s contract manager. Instead, the contract manager for the Northwest section has recently re-instituted an electronic badge swipe time clock system to track actual times worked per day for each contractor security guard. Since contract managers at the Northwest section changed in December 2006, a procedure of reviewing the accuracy of hours billed per the invoice has not been consistently performed.
As a result, contract management has limited assurance that the hours billed by the contractor are accurate. Although the contract manager visually identifies personnel in attendance on shifts daily, there is no review of the actual daily hours worked per person (on a sample basis) per actual time records to support hours billed on the invoice. As part of the monthly review of the invoice, the contract manager should make sure the total hours on the invoice agree with the supporting reports. He should also select a sample of contractor employees and days on this supporting report and match them to supporting documentation of actual hours worked. This supporting documentation of actual hours worked could include reports from the electronic badge swipe time clock system or a sample of actual daily timesheets requested from the contractor for that month.

Contract management includes not only ensuring work is performed in accordance with the scope of the contract, but also that submitted invoices are reviewed for accuracy. This process requires that the proper supporting information (reports) is available to enable the process to be performed.

**Recommendation:**

Facility Management request The Budd Group send a report with each monthly invoice that provides, at a minimum, the following details:

- The actual hours worked:
  - Per individual.
  - Per day.
  - The resulting total number of hours as billed on the monthly invoice.

**Status:**

Implemented. Our review shows that this information is available through the combination of card swipe records and monthly billing statements.

**6. There Is No Process For Independently Verifying The Janitorial Contracts For Billed Invoice Hours For Day Porters.**

We reviewed and evaluated the adequacy of the internal controls over contract management for the janitorial contract with Integrated Building Maintenance Services, Inc. (IBMS). We included in our review only the services for the Northwest section and the Criminal Justice Center/Southeast section of the County as managed by Facility Management. There is no process for independently verifying the accuracy of the hours billed for the day porter. The contract manager for the Criminal Justice Center/Southeast section agreed with this opportunity for improvement and the recommendation below and stated they have already implemented a time clock system for the day porters as well as a procedure to calculate the monthly hours worked from the timecards to compare to the monthly invoice.
The contract managers can visually identify the day porters working, but are not able to confirm the two night porters for attendance. Daily sign in/out logs or time sheets reflecting actual time worked are not used, received or compared to the invoices to ensure the County is accurately billed for actual hours worked. Instead, contract management will count the number of weekdays (less holidays) for the billing month and compare them to the invoices before recalculating the invoice. The contract manager also stated that in addition to their daily observations, they rely on the contractor's supervisor to inform them if the day porter does not show up. However, the total hours billed cannot be supported by a daily time log showing actual hours worked.

As a result, contract management has limited assurance that the hours billed for the porters are accurate. The total hours billed cannot be supported by a daily time log showing actual hours worked. Although the contract manager visually identifies some of the day personnel in attendance on shifts daily, there is no review of the actual daily hours worked per person (on a sample basis) per actual time records to hours billed on the invoice.

Contract management includes not only ensuring work is performed in accordance with the scope of the contract, but also that submitted invoices are reviewed for accuracy. This process requires that the proper supporting information (reports) is available to enable the process to be performed.

Recommendations:

A. Establish a sign in/out log on site for the janitorial contractor's day porters to use as a means to calculate actual hours worked.

B. Upon receipt of the monthly contractor invoice, the contract manager should then review the day porter's sign in/out log against the number of hours billed for the day porters on the invoice for accuracy.

Status:

A. Implemented. Management stated that the janitorial contract has been updated to eliminate the distinction of day porters. Our review of card swipe data shows that janitorial contract employees use the card swipe to sign in and out, thus capturing actual hours worked.

B. Implemented. Our review shows that monthly bills can be verified against card swipe data.
7. **There Are No Formal Policies And Procedures For Background Checks.**

We selected two sections of Facility Management to test for evidence of security background checks being performed on contractor employees. We discussed controls with the contract managers for the Northwest section and the Criminal Justice Center/Southeast section. The Sheriff's Office performs the background checks for the Southeast section at the Criminal Justice Center (CJC) after reviewing the pre-employment check provided by the contractor. The Sheriff's Office also performs background checks only as requested for the Northwest section. The contract manager for the Northwest section determines, after reviewing the Florida background check provided by the contractor, whether to request the Sheriff's office to perform a more comprehensive review. We noted there were no policies and procedures for the standard criteria used for performing background checks for contractor employees. Based on our discussions, the only criteria used to determine if a contract employee passes, the background check is the judgment of the reviewer. In order to avoid a potential liability issue for the County, this process must be as objective as possible.

The Sheriff's department has also begun performing periodic post-employment background checks on contract employees at CJC that have pre-employment background check requirements. Periodic post-employment background checks on contract employees are not performed and/or requested by the contract manager in the Northwest section of Facility Management.

Written procedures have not been developed for the process of performing security background checks and the required criteria for clearance. The Sheriff's Office sergeant stated developing written procedures or criteria would be difficult due to the amount of judgment required in the process.

However, the involvement of judgment does not preclude written procedures. Without written procedures for performing background checks, which include established criteria, new personnel performing this task due to turnover may not have sufficient guidance and information to readily carry out the responsibilities for this function. In addition, results produced may not be consistent with objectives of the process or be reliable. Not performing periodic post-employment background checks for applicable contract employees may produce additional risk to the County and its personnel.

Written policies and procedures are necessary to serve as a basis for planning, control, and evaluation of organizational activities. Procedures also serve as a guide to employees in the performance of operations to answer questions on procedures and resolve problems that may arise.
Recommendations:

A. Establish policies and procedures for performing background checks. This could be done with the assistance of the Sheriff’s department personnel who currently perform the checks beyond the pre-employment check submitted by the contractor.
   - Included in the procedures should be criteria and guidelines for what determines an acceptable background for hiring as a contract employee.
   - Facility Management must be involved in determining the criteria to use in establishing an acceptable background.
   - The procedures should also address when background checks should be submitted to the Sheriff’s Office for further analysis and evaluation.

B. Perform periodic post-employment background checks on contract employees that have pre-employment background check requirements and retain documentation of these checks.

C. Request verbiage be added to the contracts to require applicable contractors to provide an annual update to the background check on each contract employee to the contract manager and at contractor expense for non-CJC areas.

Status:

A. Partially Implemented. Management stated that contractors/vendors are contractually obligated to provide FDLE background check information to Real Estate Management. In conjunction with this submission, the contractor/vendor is requested to provide a copy of each staff member’s driver’s license and social security card. These three items are then submitted to the Sheriff’s Office (Court Security) for review. The Sheriff’s Office reviews the information and then renders a decision to grant or deny access. Real Estate Management is not a party to their decision-making; this responsibility lies solely with the Sheriff’s Office. It is further stated that contract employees must be cleared by the Sheriff’s office 5 days prior to employment. By virtue of this contract language, the first and third bullets of recommendation A are implemented. We acknowledge that the second bullet of recommendation A is deferred to the Sheriff’s Office based on the fact that decision-making is solely the responsibility of the Sheriff’s Office.

B. Not Implemented. Management stated that post employment background checks for contract employees with pre-employment background check requirements are deferred to the Sheriff’s Office. We acknowledge that this recommendation is also deferred to the Sheriff’s Office based on the fact that decision-making is the sole responsibility of the Sheriff’s Office.

C. Implemented. Verbiage is being added to contracts as they come up for renewal. Our review of Pest Control and Boiler Maintenance bids verifies this verbiage.
8. **Hourly Rate Change Not Documented In Security Guard Contract.**

The first annual rate change for the Courtesy Patrol Officer was not documented on the change order nor input to the system to be reflected on the Master Purchase Order (MPO) showing the new rate, position title and effective date. However, rate changes for other positions and annual periods were documented using the change order and MPO detail system input processes.

We selected the current security guard services contractor, The Budd Group, as part of our testing. We then selected the Northwest section of Facility Management and reviewed the internal controls over contract management. We interviewed the contract manager and selected a sample of invoices to review for compliance with the contract, billing accuracy and for the appropriate internal controls. Our sample included paid invoices for the Northwest section from Fiscal Year 2006/2007 to date which included invoices for services for the months October 2006 through May 2007, for a total of $197,742.19. The Northwest section included the North County and Clearwater Courthouses. We also reviewed the Courtesy Patrol Officer Services portion of this contract.

We also tested all paid invoices for Fiscal Year 2006 services (which totaled $431,591) for the Northwest section. (See Opportunity for Improvement No. 3 for items noted in testing other than the rates).

Based on our review of Purchasing files for this contract and the MPO, we noted rates were initially established for the Regular Officer ($10.93) at contract inception (October, 2004), and then one year later (November 2005) a Courtesy Patrol Officer position was added with an applicable rate. The contract provided for an annual increase to the rates based on the Consumer Price Index (CPI), but not to exceed 5%. After the first year of the contract (October 2005), the Regular Officer rate was changed to $11.32 based on the CPI provision of the contract. It was documented in a change order, input to the system, and reflected on the MPO with the new rate and applicable position. However, the MPO did not show an effective date of the change. The following year (October 2006), the Regular Officer rate was changed to $11.78 based on the CPI provision of the contract. This was also documented in a change order and reflected on the MPO with the new rate, applicable position, and effective date.

In October 2006, the contractor billed the Courtesy Patrol Officer at a higher rate based on the CPI provision of the contract. Although change order No. 3 was written and approved to add another year’s worth of funding for theCourtesy Patrol Officer, it did not indicate the new rate ($17.98) for this position. In addition, the rate change, applicable position, and effective date were not input into the system to reflect this data on the MPO. The intent of the agreement was to provide the increased rate for the CPI adjustment.

The contract manager stated he normally receives a flash bulletin or a copy of the change order for rate changes on contracts. He stated he called the Purchasing Analyst assigned to the contract at the time he received the invoice with the higher rate for the Courtesy Patrol Officer.
Officer to confirm the calculation of the new rate. He could not locate any flash bulletin or change order detailing the new rate for this Courtesy Patrol Officer rate change.

The rate change for the Courtesy Patrol Officer was not documented on the change order that was written to increase funding for another year for the Courtesy Patrol Officer position. The rate, position, and effective date were not input to the system to reflect this data on the MPO for other departments to reference for their job duties.

As a result, although the intent of the contract was to grant the rate increase based on the CPI provision of the contract, the County may have difficulty resolving potential billing disputes related to rates billed that are not documented in writing and reflected on a line on the MPO. It may also cause inefficiencies due to requiring the contract manager(s) or the Finance department to call Purchasing to determine if a new rate on an invoice is proper. Documenting agreed upon rates in writing and on a timely basis is necessary to allow the contract manager to monitor and ensure compliance with the billing provisions of the contract.

Good business practice dictates that contracts for recurring services contain documentation of billing rates in writing. This is the most efficient and effective method of ensuring the contract manager(s), affected departments, and contractors are aware of the proper agreed upon billing rates. It also helps to ensure they are legally enforceable. This allows the contract manager to monitor the contracts effectively, which is considered a key internal control for organizations.

When contracts have provisions for periodic rate changes from the initial agreement, the County generally uses the change order process to document the new rate in writing. Section 3.10 of the Purchasing Manual discusses Master Purchase Orders (MPO) and Contract Purchase Orders (CPO) and procedures for changes. It states all other adjustments (other than Estimated Total Cost Adjustments) or changes must be done in accordance with the standard change order procedure and must utilize the Change Order Form.

Recommendation:

Facility Management work with Purchasing management to communicate to department employees the need to ensure that all changes to rates for service contracts are documented in writing via the change order and input to the MPO detail lines in the Oracle Purchasing system on a consistent basis. The MPO detail lines should include the position title, new rate, and effective date. The update to the MPO should be done prior to the effective date of the rate change.

Status:

Implemented. Purchase Orders are being updated by the Purchasing Department as rate changes are requested by Vendor. Position titles and effective dates are updated as well. Our review of MPO's for The Budd Group and Topp Job Janitorial Services confirms this practice.
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