AUDITOR GENERAL

WILLIAM O. MONROE, CPA

ORANGE COUNTY DISTRICT SCHOOL BOARD

Operational Audit

SUMMARY

This operational audit for the period July 1, 2003, through June 30, 2004, and selected transactions through April 29, 2005, disclosed the following:

Finding No. 1: School Advisory Councils. Improvements were needed in the District's procedures for ensuring that the composition of the school advisory councils is consistent with the requirements in law.

Finding No. 2: Monitoring of Charter Schools. The District needed to improve monitoring procedures of its charter schools to ensure that the schools obtained required insurance coverage.

Finding No. 3: Operating Expenditures – Insurance Premiums. The District paid for the Board attorney's health insurance, absent a Board action documenting the school purpose.

Finding No. 4: Professional Services. The District did not provide individual public announcements for six comprehensive renovation projects, ranging from $12,000,000 to $20,800,000 in estimated construction budgets. In addition, the District allowed the six highest ranked firms to choose, by rank, their own preferred projects, contrary to Section 287.055, Florida Statutes.

Finding No. 5: Construction Payments to Subcontractors. The District should enhance its preaudit procedures for construction-related expenditures to ensure that construction manager payment applications are properly supported by subcontractor invoices.

Finding No. 6: Independent Reviews of Construction Projects. Findings noted in an independent CPA firm's review of billings and final payments to construction managers were not adequately and timely addressed.

Finding No. 7: Unexpended Project Funds. We noted that proceeds from the 2002 Qualified Zone Academy Bonds and the 2003 Local Sales Tax had not been expended as of April 6, 2005.

Finding No. 8: Annual Facility Safety Inspections. Our review of annual facility inspection records indicated many instances in which previously cited firesafety deficiencies remained uncorrected.

Finding No. 9: Educational Facilities – Safety Procedures. The District could not provide evidence that updated and complete floor plans were submitted to area law enforcement agencies and fire departments for all educational facilities.

Finding No. 10: Property Insurance Coverage Update. The District's insurance coverage of its capital assets was not sufficient.

Finding No. 11: School Internal Funds. The independent audit of the District's school internal funds noted that many findings had been repeated from previous years indicating that follow-up on audit findings and recommendations was insufficient. Additionally, District records did not evidence that the audit report had been presented to the Board.

BACKGROUND

The District is part of the State system of public education under the general direction of the Florida Department of Education. Geographic boundaries of the District correspond with those of Orange County. The governing body of the Orange County District School Board is composed of seven elected members.

The appointed Superintendent of Schools is the executive officer of the School Board. The Board members and the Superintendent who served during the audit period are listed in Exhibit 1.

During the audit period, the District operated 174 elementary, middle, and high schools; adult/vocational schools; and alternative educational centers and reported 164,350 unweighted full-time equivalent students. In addition to its primary responsibility of providing educational services to students in grades kindergarten through 12, the District provided post-secondary vocational training.

The results of our audit of the District's financial statements and Federal awards are presented in report No. 2005-150.

FINDINGS AND RECOMMENDATIONS

Finding No. 1: School Advisory Councils

Section 1001.452, Florida Statutes, requires, in part, that the Board establish an advisory council for each school in the District and shall develop procedures for the election and appointment of advisory council members. Each advisory council shall be composed of the principal and an appropriately balanced number of teachers, education support employees, students, parents, and other business and community citizens who are representative of the ethnic, racial, and economic community served by the school. School Board Policy BDF incorporates the requirements of Section 1001.452, Florida Statutes.

Our review of the school advisory councils indicated that improvements were needed in the District's procedures for establishing school advisory councils. Seven of ten school advisory council membership rosters reviewed indicated that the membership of the school advisory councils included one or more administrative employees, in addition to the school principal. Membership of administrative employees other than the principal is not provided for by law.

Recommendation: The District should review the school advisory council membership rosters to ensure that each school advisory council's composition is consistent with the requirements of Section 1001.452, Florida Statutes.

Finding No. 2: Monitoring of Charter Schools

Improvement was needed in District procedures for monitoring and reviewing certain activities of its charter schools. During the 2003-04 fiscal year, the District sponsored 15 charter schools. The contracts with the charter schools required that evidence of insurance for general liability, automobile liability, workers' compensation/employers' liability, school leader's errors and omissions, and property damage liability be provided to the District. However, upon our inspection, the District could not provide evidence of the required insurance for the following charter schools: Hope Charter School, Inc.; The Passport School, Inc.; West Orange County Charter School (d/b/a Oakland Charter School); and Westminster Academy Charter School. In the absence of procedures to verify that the charter schools have the required insurance coverage, the District may be subject to potential liability in the event uninsured claims occur at the charter schools. Subsequent to our inquiry, the District obtained the required certificates of insurance for all schools.

Recommendation: The District should improve monitoring procedures to ensure that the charter schools provide evidence of the required insurance coverage.

Finding No. 3: Operating Expenditures – Insurance Premiums

The Board entered into a contract on January 10, 1995, to assign the responsibility of coordinating the District's legal affairs to the Board's attorney. The contract provided for the attorney to be paid a monthly retainer of $15,000, plus expenses. In

addition, on November 18, 1998, the former Superintendent directed the District's insurance administrator to add the Board Attorney and his family to the Board's employee health insurance coverage, and this coverage was to be paid by the District.

In Florida Attorney General's Advisory Legal Opinion, No. AGO 2003-40, dated September 3, 2003, he states, "In sum, it does not appear that a school board attorney would come within the scope of section 112.08(2), Florida Statutes, which authorizes the payment of premiums for insurance for a school officer. However, under the home rule authority of the school board as expressed in section 1001.32(2), Florida Statutes, the board itself is required to determine whether a school purpose is accomplished by providing insurance for its school board attorney and assistant school board attorneys." We requested, but were not provided, evidence of a Board action determining the school purpose for providing employee health insurance coverage to the Board Attorney.

Recommendation: The Board should document the school purpose accomplished by providing employee health insurance benefits to the Board Attorney, or it should discontinue the Board Attorney's participation in the employee health insurance plan.

Finding No. 4: Professional Services

Section 287.055(3), Florida Statutes, requires that the District publicly announce, in a uniform and consistent manner, each occasion when professional services must be purchased for a project in which the basic construction cost is estimated by the agency to exceed $250,000. The public notice must include a general description of the project, and must indicate how interested consultants may apply for consideration. Section 287.055(4), Florida Statutes, requires the District to select in order of preference no fewer than three firms deemed to be the most highly qualified to perform the required services for each proposed project.

In August 2004, the District solicited a request for qualifications (RFQ) for construction management at risk services for six comprehensive renovation projects, ranging from $12,000,000 to $20,800,000 in estimated construction budgets. In October 2004, the District's selection committee chose the six highest ranked construction management firms. The Board approved all six firms and allowed each to choose, in order of rank, their preferred project. By grouping these major renovation projects into a single RFQ and allowing the firms to select their own preferred project, the District has not ensured that the most highly qualified firm was selected for each individual project as required by law. A similar finding was noted in report No. 02-191.

Recommendation: The District should revise procedures to publicly announce each construction project exceeding $250,000, and select the most highly qualified firm for that project as required by Section 287.055, Florida Statutes.

Finding No. 5: Construction Payments to Subcontractors

We reviewed nine construction payment application documents from the December 2003 through August 2004 period for the Orange Center Elementary School renovation project. Our review disclosed that, although the payment applications were signed and approved for payment by District staff, subcontractors' invoices (supporting documentation) were not attached. Absent adequate review of supporting invoices, the District cannot ensure that payments are proper.

We subsequently obtained the subcontractors' invoices from the construction manager and noted that the amounts billed by the construction manager did not always agree with the amounts billed by the subcontractors. This resulted in the construction

manager being paid for work that had yet to be billed by the subcontractors. The largest pre-billings were for: masonry - $53,029, plumbing - $33,771, and electrical - $130,509. Although the final payments were adjusted for the previous billings, the District should not accept payment applications without adequate supporting documentation.

Recommendation: The District should enhance its preaudit procedures for construction-related expenditures to ensure that payment applications are properly supported.

Finding No. 6: Independent Reviews of Construction Projects

The District contracted with a local firm of certified public accountants (CPA) to review billings and final payments to construction managers. We reviewed 38 reports issued from January 2003 through March 2005 for projects exceeding $1,000,000. From those reports and other information provided by the District, we noted the following:

- One contractor had overcharged the District a total of $262,780 on two projects. Although this amount was reported to the District in January 2003, the funds were not recovered until July 2004, when the District offset the contractor's payment on another project by the $262,780.
- Some of the other current and recurring findings from the CPA's reports included:
  - Bid packages submitted by the contractor had not been reviewed by the District's program manager.
  - The District did not have support for change orders, or support was not sufficiently detailed.
  - Final or Substantial Completion Certificates were not completed, or were not available in the District's records.
  - Labor burden rates (indirect costs such as social security tax, workers' compensation, and retirement) were excessive.
  - The contractors' supervision rates or amounts were excessive, or the costs were not supported.
- The time elapsed between the project substantial completion dates and the issuance of the CPA firm's reports ranged from 5 to 44 months, and averaged 22 months. The delay in receiving the reports reduces the effectiveness of the reviews.

While the District has strengthened its control process by obtaining the independent reviews, the conclusions and findings of the independent reviews were, in some instances, repetitive from project to project. Without timely review of results and corrective action, the benefits of the independent reviews were not being fully realized. Additionally, the District did not evidence that the project review reports were presented to the School Board.

Recommendation: The District should develop procedures to reduce the time required to obtain the project review reports, formally respond to the CPA's recommendations, develop plans of action to be taken, and collect funds owed in a timely manner. Also, the District should periodically present these reports, or a summary of these reports, to the School Board.

Finding No. 7: Unexpended Project Funds

Our review of the District's capital construction program included an examination of the outstanding balances for active capital construction projects. Our objective was to analyze the reasonableness of the timing between the receipt and expenditure of capital construction funds. Based on our review, the 2002 Qualified Zone Academy Bonds (QZABs) and the Local Sales Tax proceeds had significant portions of their allocations unexpended as of April 6, 2005.

2002 QZABs

QZABs are non-interest bearing bonds with tax credits provided to lenders by the Federal government to facilitate the financing of school renovations and repairs in qualifying areas. In December 2002, the District issued the 2002 QZABs to fund the comprehensive needs and renovations at one of its elementary schools and received proceeds totaling $3,840,300. As of April 6, 2005, there were no expenditures or encumbrances, leaving a total unexpended and unencumbered balance of $3,968,103, which included interest earnings. Since QZABs are debt issued to fund specific renovations and remodeling projects, the debt proceeds should have been expended in a relative short time period.

Local Sales Tax

Board Resolution No. 05/02/02 NC-1 stated that the sales tax revenues would be used for the repair or replacement of at least 136 schools, construction of at least 25 new schools, and retrofitting for technology. Collection of the District's Local Sales Tax funds started in January 2003 based on a referendum passed by the Orange County electorate in September 2002. As of April 6, 2005, total revenues were $286,886,926, expenditures were $49,786,852, and encumbrances were $29,604,676, leaving a total unexpended and unencumbered balance of $207,495,398.

The Local Sales Tax referendum was proposed and approved in 2002 for specific schools and needs. Consequently, the amount of unexpended funds appears significant.

Recommendation: The District should enhance its efforts to expedite the completion of renovation, repair, replacement, and construction projects for which funding is readily available.

Finding No. 8: Annual Facility Safety Inspections

Section 1013.12, Florida Statutes, requires that each district school board provide for periodic inspection of each educational and ancillary plant at least once during each fiscal year to determine compliance with standards of sanitation and casualty safety prescribed in the rules of the Commissioner of Education. Further, firesafety inspections are required to be made annually by persons certified by the Division of State Fire Marshal to conduct firesafety inspections in public educational and ancillary plants.

Our review of the District's annual comprehensive facilities inspection records for schools and ancillary plant facilities disclosed that the District had not, as of April 18, 2005, corrected many deficiencies cited in prior years' reports. We selected six schools and noted 24 repeat deficiencies relating to firesafety and cited as Priority No. 1, defined as "serious." These deficiencies had been cited in previous reports dating from as far back as the 2000-01 school year. Examples of these deficiencies included: secondary means of egress was not provided for student-occupied rooms, access to emergency windows was blocked, emergency lights were needed, and latch heights on emergency windows were too high from the floor. Failure to provide for timely correction of facility deficiencies results in an increased risk of unsafe conditions.

Recommendation: The District should review its maintenance and planning procedures to ensure that facility fire and casualty safety, and sanitation needs, noted in the annual inspection reports, are timely corrected.

Finding No. 9: Educational Facilities – Safety Procedures

The District should enhance its school safety procedures by providing floor plans of its educational facilities, as required by law, to area law enforcement

agencies and fire departments. This information may be useful to local authorities in the event that emergency hazardous conditions develop at District sites.

Section 1013.13(1), Florida Statutes, requires that school districts provide a copy of the educational facility floor plans and other relevant documents to law enforcement agencies and fire departments that have jurisdiction over district facilities. This Statute further requires that revised documents be submitted to these agencies by October 1 of each year for district facilities that were modified during the preceding year. As of April 26, 2005, the District had not submitted facility floor plans to local law enforcement agencies for five new schools that were completed during the 2003-04 fiscal year. Additionally, the District could not document that the area fire departments had received these floor plans.

Recommendation: The District should file floor plans and other relevant documents with appropriate law enforcement agencies and fire departments, as required by law, and document such compliance.

Finding No. 10: Property Insurance Coverage Update

Pursuant to Section 1001.42(9)(d), Florida Statutes, the Board is required to carry insurance on the District's capital assets. In fulfilling this responsibility, the Board is authorized and empowered to purchase insurance; to be self-insured; to enter into risk management programs managed by district school boards, school-related associations, or insurance companies; or to have any combination thereof in any area to the extent the Board is either authorized or required by law to contract for insurance.

Our review of the District's buildings insurance coverage indicated that the values of the buildings had not been updated to reflect replacement costs. Subsequent to our inquiry, the District prepared a $742,948,651 adjustment to update the building values from $1,541,387,803 to $2,284,336,454.

Recommendation: In light of the District's substantial investment in capital assets, the District should monitor and continue to update its building values to ensure that the District's property is adequately insured against loss.

Finding No. 11: School Internal Funds

The District provided for an audit of the school internal funds (school and activity funds) for the 2003-04 fiscal year, which disclosed various internal control weaknesses. The audit report indicated that many of the individual schools' findings had been repeated from previous years, suggesting that follow-up by the District was not adequate. As many of the findings pertain to critical internal controls, and were relevant for a large number of the schools, the District is at an increased risk that errors and misappropriations may occur and not be detected in a timely manner. This was evidenced by reports prepared by the District's internal auditor during the 2004-05 fiscal year indicating thefts of internal accounts moneys at two of the District's elementary schools. In each instance, the school's bookkeepers wrote numerous checks out of the internal accounts to themselves or a family member. The two thefts totaled $79,328.

Additionally, District records did not evidence that the audits of the school internal funds for the 2003-04 fiscal year had been presented to the Board, contrary to State Board of Education (SBE) Rule 6A-1.087(2), Florida Administrative Code.

Recommendation: The District should determine responsibility for follow-up of audit reports of the school internal funds and monitor the status of timely corrective actions. In addition, the audit report on the school internal funds should be presented to the Board in accordance with applicable SBE Rules.

OBJECTIVES, SCOPE, AND METHODOLOGY

The objectives of this operational audit were to determine whether District management controls promoted and encouraged: 1) compliance with applicable laws, administrative rules, and other guidelines; 2) the economic, effective, and efficient operation of the District; 3) the reliability of records and reports; and 4) the safeguarding of District assets.

Specifically, our audit scope included management controls related to strategic planning; school advisory councils; annual audits of school internal accounts; financial condition and reporting; monitoring of charter schools; cash controls; annual facility inspections; capital outlay expenditures; vocational technical center revenues; expenditure controls; and various types of compensation during the 2003-04 fiscal year, and selected management activities through April 29, 2005.

In conducting our audit, we interviewed appropriate District personnel, observed District processes and procedures, and performed various other audit procedures to test selected management controls.

PRIOR AUDIT FINDINGS

Our previous audits have addressed the administration of selected management controls. As part of our current audit we determined that the District had substantially corrected the deficiencies noted in report No. 02-191.

AUTHORITY

Pursuant to the provisions of Section 11.45, Florida Statutes, I have directed that this report be prepared to present the results of our operational audit.

William O. Monroe, CPA
Auditor General

AUDITEE RESPONSE

In accordance with the provisions of Section 11.45(4)(d), Florida Statutes, a list of audit findings and recommendations was submitted to members of the Orange County District School Board and the Superintendent. The Superintendent's written response to the audit findings and recommendations is included in this report on pages 11 through 15.

This operational audit was made in accordance with applicable ***Governmental Auditing Standards*** issued by the Comptroller General of the United States. This audit was conducted by Patricia A. Tindel, CPA, and supervised by Brenda C. Racis, CPA. Please address inquiries regarding this report to David W. Martin, CPA, Audit Manager, via e-mail at davidmartin@aud.state.fl.us or by telephone at (850) 487-9039.

This audit report, as well as other reports prepared by the Auditor General, can be obtained on our Web site at www.state.fl.us/audgen; by telephone at (850) 487-9024; or by mail at G74 Claude Pepper Building, 111 West Madison Street, Tallahassee, Florida 32399-1450.

EXHIBIT – 1
ORANGE COUNTY DISTRICT SCHOOL BOARD
FOR THE PERIOD JULY 1, 2003, THROUGH JUNE 30, 2004

The Board members and the Superintendent of Schools who served during the audit period are listed below:

	District No.
Joie Cadle	*1*
Timothy Shea, Vice-Chair from 11-18-03	*2*
Judge Richardson Roach, Chair to 11-17-03	*3*
Karen Ardaman, Vice-Chair to 11-17-03	*4*
Kathleen B. Gordon	*5*
Susan Landis Arkin	*6*
Berton R. Carrier, Chair from 11-18-03	*7*

Ronald Blocker, Superintendent

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STATEMENT FROM AUDITED OFFICIAL

ORANGE COUNTY PUBLIC SCHOOLS
P.O. Box 271 32802-0271 • Orlando, Florida (407) 317-3200 • 445 W. Amelia Street 32801-1129

SUPERINTENDENT'S OFFICE

June 27, 2005

Mr. William O. Monroe
Auditor General
State of Florida
G74 Claude Pepper Building
111 West Madison Street
Tallahassee, Florida 32399-1450

RE: Audit – Orange County District School Board – For Fiscal Year Ended June 30, 2004

Dear Mr. Monroe:

Per your letter of May 27, 2005, the following written statement concerning all of the findings in the above-reference audit, including all actual or proposed corrective actions is provided.

Finding No. 1: School Advisory Councils.

Response: Although the State of Florida, Department of Education, Office of School Improvement, has advised OCPS that a School Advisory council (SAC) may have an assistant principal serve on a SAC in place of the Principal, the applicable Florida Statue is interpreted by the Auditor General otherwise. I will require that Principals serve on the School Advisory Councils until the applicable Florida Statute is modified or a written opinion authorizing the Assistant Principal to serve in place of the Principal is received either from the Florida Attorney General or the Florida Department of Education.

Finding No. 2: Monitoring of Charter Schools.

Response: Contrary to the findings of the Auditor General, the District by law is not subject to liability for charter schools. The Auditor General correctly identified that Charter Schools were not providing OCPS the required evidence of insurance coverage. The School Board earlier this year specifically took action to insure the monitoring of charter schools that will assure evidence of the required insurance coverages are provided. The School Board directed that each Charter contract be itemized for contract compliance and reviewed to assure compliance therewith. Any identified deficiencies are to be corrected immediately and if not corrected, referred to the School Board for appropriate action up to and including revocation of the charter. Annually, a report will be provided to the School Board on charter school compliance issues.

Finding No. 3: Operating Expenditures – Insurance Premiums.

Response: The School Board has previously adopted a resolution documenting the school purpose and will again take action assuring compliance at its meeting of June 28, 2005.

"The Orange County School Board is an equal opportunity agency"

STATEMENT FROM AUDITED OFFICIAL (CONTINUED)

Finding No. 4: Professional Services.

Response: The District complied with all requirements of Section 487.055(3) referenced in the audit finding. The District publicly advertised this RFQ in a consistent manner, the notice included a general description of the project and the notice included how interested consultants may apply for consideration.

The audit finding stated that by grouping the six projects into a single RFQ and allowing the firms to select their own preferred project, the District has not ensured that the most highly qualified firm was selected for each individual project as required by law. Six projects were grouped on the RFQ due to their similarities. All were comprehensive projects to be completed in 2006 or 2007 and they had estimated construction budgets ranging from $12,000,000 to $20,000,000. The RFQ stated that "firms will be evaluated on their abilities to successfully perform on any of the six school projects identified in the scope of services." The evaluation was based on the premise of selecting firms who were the best qualified to perform on any of the projects listed in the RFQ. The selection committee determined that all six firms selected were qualified to perform the work required on any of the six projects.

The RFQ also clearly stated how work would be distributed to the firms selected. Firms would be allowed to choose the project in accordance with their ranking. This methodology was chosen in response to past criticism that the District needed a clearly defined and objective process to distribute work. As stated above, all the firms were determined to be qualified to perform any of the six projects; therefore this process did not compromise the District's responsibility to select the best qualified firm.

The District has discontinued use of this process. However, should it look to resume this approach, the District did not violate any of the requirements in Section 287.055(3). The District will review the procedures with legal counsel in light of the audit finding and adjust the procedures if warranted.

Finding No. 5: Construction Payments to Subcontractors.

Response: The current process used by the District Project Managers to determine the percentage of work completed does vary. Many of the project managers perform a monthly walk through of the work to confirm and visually verify that the work has been completed as certified by the construction manager and architect. The construction management contract does not contain specific requirements for supporting documentation.

The District will review the procedures used by staff to determine actual work completed by a construction manager to ensure that a consistent methodology is utilized to prevent payment for work not completed. The District will review the current contract language with legal counsel to determine if changes are necessary.

Finding No. 6: Independent Reviews of Construction Projects.

STATEMENT FROM AUDITED OFFICIAL (CONTINUED)

Response: The District will take corrective action as warranted on the external audit findings. This is substantiated by the actions taken on many of the items referenced in the audit finding as illustrated in the table below:

TABLE

Item	Finding	Corrective Action Taken
1.	Overpayment to a contractor and the time lapse for receipt of payments	A process for audit claims has been developed and enforced .
2.	Review of bid packages by project managers	Project managers are responsible for reviewing bid packages.
3.	Lack of supporting documentation for change orders	A change order checklist that itemizes all required supporting documentation accompanies all change orders.
4.	Final or substantial completion documents not timely completed or in files	The file room in Design and Construction has been reorganized to address the problems associated with location of documentation.
5.	Excessive labor burden rates	The construction management contract has been modified to allow a maximum burden rate of 35%.
6.	Excessive or unsupported supervision rates by contractors	Hourly rates are itemized in the general conditions. OCPS maintains a database of hourly rates to ensure that competitive rates are paid.

Many of the items on the audit reports will appear to be repetitive since the reports were created during a limited time period. Results from corrective actions will not be immediate, but will be evident on future reports when such actions are implemented.

The benefits derived from the external audit reports are fully realized by the District as evidenced by a sampling of the corrective actions described.

Finding No. 7: Unexpended Project Funds.

Response: In December 2002, the district issued the 2002-QZABs to obtain $3,840,300 toward funding the comprehensive needs and renovation at Princeton Elementary School. The cost of the project was estimated to be $4,851,633 at that time. The Sales Tax Referendum Program included a list of 136 renovation projects, prioritized by severity of need. Princeton Elementary is #57 on that list, and scheduled to be completed in 2009. Subsequent investigations determined that a total of $10.8 million will be required to bring the 1926 building up to meet current code and educational requirements and size. If the decision had been made to spend the $3.8 as soon as it was received, much of that work would have been destroyed by subsequent work as additional funds were acquired.

We will revisit the Princeton ES project to determine if any initial work can be accomplished without jeopardizing the balance of the project. Otherwise, the School District is on the right track and will stay the course.

Our building program is accelerating and the resultant expenditure of funds will reflect that accelerated state. It is normal and predictable that the start up of any

STATEMENT FROM AUDITED OFFICIAL (CONTINUED)

new building program, especially featuring a large proportion of renovation projects, will initially experience an interval when funds accumulate faster than they are being spent. It is equally normal and predictable that as projects move from planning and design into construction, any accumulation of funds will quickly be absorbed.

Finding No. 8. Annual Facility Safety Inspections.

Response: The school board complies with Section 1013.12, Florida Statute regarding annual inspections of all facilities by certified school board personnel and certified municipal fire inspectors for the purpose of sanitation, casualty safety and fire safety for all district facilities.

Inspection items are classified as (M) Maintenance, (C) Capital, (O) Operational and (F) Food Services.

In the Maintenance area, Rapid Response teams that are trained annually by certified district and municipal safety officials proactively assess and repair facility items regarding sanitation, casualty safety and fire safety. These teams repair, on-the-spot ACFI findings and also items they find during their own assessments. A metrics scorecard is tracked for all ACFI Maintenance items to ensure that none of these take longer than 90 days to correct. Periodic audits by the Florida Safety Council indicate significant and continued progress in decreasing the number of findings through this process. In 2004, the Florida Safety Council awarded the OCPS Facilities Maintenance department with their "Outstanding Innovation Safety Award" for the success of this program.

ACFI Capital items typically require planning, design, and implementation by contractors that must be scheduled to do the repairs. The list of ACFI Capital findings are prioritized by the district safety department annually and these are carried out throughout the year, with high priority items addressed first. In schools where Comprehensive Renovation projects are scheduled, these items are included in the project work scopes.

To improve responsiveness of the process, a computer link has been developed between the ACFI data base and the SAP business system used by the district to plan and schedule Facilities repairs. This has successfully improved response-time of Maintenance findings, and as such will now be linked to Capital items also.

The district has allocated $3 million per year for high priority ACFI Capital items. Further, during the 2003-2004 inspection year, $7 million additional Capital dollars were expended to address other ACFI Capital items, for a total of $10 million of Capital spending for ACFI items in that year. A similar ACFI Capital plan has been budgeted for the 2004-2005 inspection year findings. In addition, the district has expended approximately $700,000 per year for addressing ACFI Maintenance items.

In the 2003-2004 inspection year, close to 19,000 ACFI findings were reported by certified district and municipal inspectors. This number decreased to under 13,000 findings in the 2004-2005 inspection year,

STATEMENT FROM AUDITED OFFICIAL (CONTINUED)

indicating a decrease of over 30% in ACFI findings reported. The district will continue to monitor the progress of timely correction of ACFI findings and will provide resources required to ensure this positive trend continues.

Finding No. 9: Educational Facilities – Safety Procedures.

Response: The actual statute reads as below:

> 1013.13">**1013.13 Coordination of school safety information; construction design documents.**--(1) Each district school superintendent must provide to the law enforcement agency and fire department that has jurisdiction over each educational facility a copy of the floor plans and other relevant documents for each educational facility in the district, as defined in s. 1013.01. After the initial submission of the floor plans and other relevant documents, the district superintendent of schools shall submit, by October 1 of each year, revised floor plans and other relevant documents for each educational facility in the district that was modified during the preceding year.

Many School districts provide FISH plans to satisfy this requirement. In an efficiency reorganization the FISH Department was eliminated approximately three years ago and staff was reassigned. Within the past year the need for a FISH Department was recognized and staffing provided. A commitment is being made to provide updated versions of FISH floor plans and other relevant documents for this update cycle.

Fire Departments have received a copy of the design plans for all new schools from the OCPS Building Code Compliance Office since summer 2003. These are provided for Fire Department permit reviews.

Finding No. 10: Property Insurance Coverage.

Response: The School District has updated its policy coverage sufficiently regarding capital assets.

Finding No. 11: School Internal Funds.

Response: The recommended corrective action has been taken by my office to assure audits regularly of department heads.

Lastly, should you have any questions, please contact me.

Sincerely,

Ronald Blocker
Superintendent

cc: The School Board of Orange County, Florida
Frank Kruppenbacher, General Counsel, Legal & Audit

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