

To Honorable County Council
Honorable Steve Ehlmann, County Executive

May 14, 2019

The Facilities Management Department examination opened December 5, 2018 has been completed, and the final report is being issued today. The scope of the review covered January 1, 2016 – September 30, 2018. Fieldwork for the review was completed on March 6, 2019, and our report reflects the results of work performed through that date. Responses were requested for by May 3 and received on May 13, 2019.

The objectives of the review were to determine whether internal controls were adequate and effective, operations and records were in compliance with established standards, regulations, policies and procedures, and resources were being used efficiently.

The examination covered the work order system, hazardous materials, facility security/asset safeguarding, housekeeping, risk assessment/planning, construction management, flood plain leases, and employee training. We reviewed the internal control environment surrounding those activities, as well as performed an evaluation of the effectiveness and efficiency with which department objectives are being achieved. In addition, reviews for compliance with the County Charter and Ordinances, Missouri Statutes, and internal policies and procedures were performed.

This audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing*, and consisted of examining, on a test basis, sufficient evidence to afford a reasonable basis, for our opinion.

In our opinion, except for the opportunities included in this report, internal controls were adequate and effective, and operations and records were in compliance with established standards.

The issuance of this report completes the formal examination process. However, if you wish to discuss any aspects of the audit or report, please contact me.

Brent Statler

Brent R. Statler, CPA, CGAP
County Auditor

Attachment

Copy to John Greifzu, Assistant Director of Administration
Christine Ramsdell, Facilities Management Director



**Facilities Management Department
Examination Report
Opened December 5, 2018**

Scope: 1/1/16 – 9/30/18

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BACKGROUND AND INTRODUCTION

Authority and Activity:

The Facilities Management Department is responsible for general and HVAC building maintenance, repairs, and construction projects for the main campus buildings and most outlying facilities and properties. Preventive maintenance is performed based on a set schedule and all department maintenance work is documented through a work order system. The Department is also responsible for the County's housekeeping operations and managing facility space and access. Facilities Management also oversees and manages all flood plain buyout property, including leases, management, and maintenance of parcels.

The Facilities Management Department's program mission as stated in the 2019 budget is as follows:

To protect, safeguard and maintain the buildings and building systems asset investments of St. Charles County tax payers, through an efficient maintenance work order system, performing expanded preventive maintenance on existing systems, by evaluating all departmental expenditures as a cost vs. return baseline and expanding the formalized training and certifications of in-house maintenance professionals. In addition, to ensure the most efficient working order of all building systems, create and maintain professional building ascetics while continually providing a safe environment for all employees, patrons and citizens alike. 2019 budget, pg. 43.

Funding:

The primary funding for the Facilities Management Department is provided by the general revenue fund. The historical funding for the Facilities Management Department is presented below.

Facilities Management Department General Revenue Fund – Expenditures Fiscal Years 2014-2019								
Fiscal Year	Salaries & Benefits	% Increase	Operating Expenditures	% Increase	Capital Expenditures†	% Increase	Total Expenditures	% Increase
2014	\$2,064,501	N/A	\$1,751,608	N/A	\$576,058	N/A	\$4,392,167	N/A
2015	\$2,148,875	4.1%	\$1,917,398	9.5%	\$849,047	47.4%	\$4,915,320	11.9%
2016	\$2,295,218	6.8%	\$1,809,737	-5.6%	\$537,948	-36.6%	\$4,642,903	-5.5%
2017	\$2,293,669	-0.1%	\$1,671,231	-7.7%	\$1,026,577	90.8%	\$4,991,477	7.5%
2018	\$2,335,587	1.8%	\$1,806,172	8.1%	\$1,423,899	38.7%	\$4,323,048	11.5%
2019*	\$2,764,504	18.4%	\$2,326,557	28.8%	\$2,890,523	103.0%	\$7,981,584	43.4%

* These are the approved budget amounts from the 2019 budget.

† Includes amounts from the Capital Projects Fund (301).

Staffing:

The number of full-time equivalent authorized positions for the Facilities Management Department increased (5.7%) from 43.04 full-time positions in 2014 to a total of 45.5 full-time budgeted employees in 2019.

II. STATUS BOARD

The status board provides a summary of the Facilities Management Department’s functions and processes. Each cell located under a function represents an activity that is to be completed to ensure that the process is performed in an effective and efficient manner. The color of the cells represents the assessment regarding completion of the activity. The legend below gives a description of the definition of each color.

- Red indicates management's immediate attention is required.
- Yellow indicates an opportunity for improvement exists.
- Green indicates there is no action necessary at this time.
- Blue indicates a process that was not included in the scope of the review.
- Grey indicates a County issue that should be addressed by management but is not necessarily a direct responsibility of the audited department/office.

Routine Maintenance	Preventive Maintenance	Job Costing	Facility Access	Housekeeping	Construction Management	Flood Plain Leases	Administrative
Department submits work order or contacts Facilities Management (FM).	PM cards are created based on preventive maintenance procedures and due dates.	Technician records info on work order when job is completed.	FM controls access to facility areas using key locks and key code pads (B1).	Each housekeeper receives an employee handbook.	Project Manager (PM) oversees most County construction projects (no road work.)	The County leases federal flood plain buyout properties to the public.	Purchasing
Dispatcher completes a pre-numbered work order form.	Cards are assigned weekly to Techs.	Job time is entered in quarter-hour increments.	Upon request and approval, keys are distributed as necessary and are tracked.	Handbook details policies and procedures.	Funding for most projects comes through Capital Projects Fund.	Parcels lease for \$5 per year or \$20 for 5 years.	Payroll (A1)
Supervisor assigns job based on type of work and current work load.	Work is completed during the assigned week.	FM uses a standard rate of \$20 per hour for labor costs.	Upon request and approval, key pad codes are created electronically and given only to the employee.	Housekeepers are assigned to areas of County facilities.	Projects follow County purchasing policy and PM prepares bid request/RFQ.	Citizens contact FM to determine if a parcel is available for lease.	Employee Training and Certification (B5)
Technicians complete work order form info as job is finished.	Job info is documented on the PM card by the Tech.	Costs for parts are entered at current prices.	The key pad system controls which doors the code will open.	Cleaning work is inspected by supervisors as needed.	PM works with builder/engineer to ensure project is properly completed.	Lessees sign a contract detailing lease terms, including liability. FM Director approves the lease. (B2)	Handling & Disposing of Hazardous Materials

Routine Maintenance	Preventive Maintenance	Job Costing	Facility Access	Housekeeping	Construction Management	Flood Plain Leases	Administrative
Supervisor signs work order and dispatcher enters info into FM database.	Cards are returned to a supervisor for review.	Work order info is entered into the work order database.	To receive keys or codes, a work order must be completed.		PM ensures all permits are received and building codes are followed.	Leases run on a calendar year and payments are due by Feb. 15 th .	Tool, Equipment, & Supply Inventory (B4)
Emergency work orders take priority over others.	Info for completed and approved work is entered into the work order database.	Data is sorted and used to calculate job cost for multiple reports.	Upon termination, employees return keys and codes are disabled.		Project management software is used to track projects.	FM receives and tracks payments and deposits money with the Finance Dept.	Maintenance/ Repair/ Replacement Planning
If after hours, the problem is reported to the on-call technician.		FM uses reports to analyze operations and for planning.			Payment requests and work are reviewed by PM and hired engineer/architect before approving any payments and for project close-out.	FM works with Code Enforcement to deal with any problems on leased parcels.	Performance Measures (B3)
					Punchlist created for all projects and project is not closed until completed and/or accepted by the County.	FM performs all maintenance on non-leased parcels.	

III. EXECUTIVE SUMMARY

Following is a summary of opportunities for improvement which were noted during our review of the Facilities Management:

A. Compliance Opportunities

1. On-Call Time: In a review of on-call time, there were three instances of two employees receiving on-call pay for the same day without any entries on the on-call work log.

B. Control Opportunities

1. Building Access: The following was noted in a review of building access (keys and keypad codes): 1) The listing of issued keys is not current; 2) Facilities Management does not periodically audit the database of active keycodes; and 3) The terminated employee notification is usually received after the employee has worked their final day.
2. Flood Plain Leases: The following was noted in a review of flood plain leases: 1) FM does not record all payment info when documenting lease payments received; 2) FM is not ensuring/documenting that the lessee has paid property taxes or subdivision assessments (if applicable); and 3) FM does not ensure that the lessee has added the County as an additional insured on homeowner's liability insurance policy.
3. Performance Measures: Performance measure results for 2017 included in the 2019 County Budget were not supported by the Department's actual results.
4. Supply Inventory: There is no reconciliation of supplies ordered/used to inventory on hand.
5. Safety Training: There is no required periodic safety training for Facilities Maintenance employees.

Compliance – On-Call Time

Discussion and Background	Cause	Risk/Effect	Recommendation	Management Response
<p>Facilities Management Technicians are assigned to rotating on-call shifts to be available for situations that require action outside of normal business hours. By Ordinance, technicians receive pay equating 3% of their hourly pay for being on-call. When Technicians are called in to work outside of normal business hours, the hours worked are recorded in a duty log which is signed by the Technician(s). The duty logs are then reviewed and signed by a supervisor and the Facilities Maintenance Director. Hours recorded in the fully approved logs are entered in the MUNIS payroll module as compensatory time earned.</p>	<p>In a review of on-call time, there were three instances of two employees receiving on-call pay for the same day without any entries on the on-call work log.</p> <p><u>Note:</u> Both employees received the on-call pay rate only. For one instance, it appears that the on-call person schedule was changed.</p>	<p>Compliance with Department policies.</p>	<p>The Facilities Management Department should ensure that all on-call shifts and hours worked are properly documented. All schedule changes should be reflected on the schedule.</p>	<p>The Facilities Management department reviewed the expectation that on-call employees communicate changes to the on-call calendar through their supervisor and the payroll coordinator at the March 2019 department meeting.</p> <p>Facilities will develop a formal process to ensure compliance.</p>

Control – Building Access

Discussion and Background	Cause	Risk/Effect	Recommendation	Management Response
<p>Departments requesting building access (keys and/or keypad codes) for new hires must submit a work request to Facilities Management. The request generates a work order that is approved by the Facilities Management Director and assigned to the Electronics Technician. The new employee is added to the Hirsch System (for keypad access only) and a random 5-digit code is generated, sealed, and sent to the department. Any necessary keys are provided to the employee by the Electronics Technician and a listing of all keys issued is updated.</p> <p>When HR enters an employee termination into MUNIS, Facilities Management and IS receive an email notification so that facility and network access can be disabled. The email notification is sent to the Asst. Director of Facilities Management who forwards it to Electronics Technician for processing. The Electronics Technician or the terminating department will retain any keys issued to the terminated employee. The key(s) will either be redistributed to the employee hired to fill the vacancy or returned to Facilities Management.</p>	<p>The following was noted in a review of building access (keys and keypad codes):</p> <ol style="list-style-type: none"> 1) The listing of issued keys is not current; 2) Facilities Management does not periodically audit the database of active keycodes; and 3) The terminated employee notification is usually received after the employee has worked their final day. 	<p>Opportunity for improved facility access. Inactive employees may still have access to County facilities. Keys issued to employees may not be accounted for.</p>	<p>Facilities Management should update the listing of issued keys and perform periodic audits of the listing and the database of active keycodes.</p> <p><u>Note:</u> This update could be accomplished by having department heads/elected officials confirm the status of the employee access listings.</p> <p>Facilities Management should also work with the HR Department to ensure that termination notifications are sent out prior to an employee's last day of work so that any keys issued can be collected.</p>	<p>Facilities will implement an annual audit with Department heads to confirm building accesses for key codes and assigned keys through the department Directors.</p> <p>Facilities recognized the process to onboard/terminate employees is an issue and the Facilities, HR & IS departments will be working to improve the process and ensure notification timely.</p>

Control – Flood Plain Leases

Discussion and Background	Cause	Risk/Effect	Recommendation	Management Response
<p>The County leases parcels of land, originally obtained through the Federal Flood Buyout Program, in contract periods of either one or five years. The lessee signs a lease and pays the lease amount to the Facilities Management Department (FM), which documents the payment on an Excel spreadsheet listing the lessee's name, form of payment, and payment amount. The lease details lessee requirements including: 1) pay the lease amount; 2) provide year-round maintenance; 3) payment of all subdivision assessments; 4) not erect any structures, 5) not remove any timber, soil, or operated vehicles/bonfires; 6) maintain property to code; 7) timely pay all county personal property and real estate taxes; 8) assume full responsibility of any legal claims, losses and damages and 9) add an endorsement to homeowner's liability insurance identifying the leases premises and naming the County as additional insured.</p> <p>FM sends signed leases to the County Registrar and money collected to the Finance Department for deposit.</p>	<p>The following was noted in a review of flood plain leases:</p> <ol style="list-style-type: none"> 1) FM does not record all payment info when documenting lease payments received; <p><u>Note:</u> The lease payment spreadsheet does not consistently record the MUNIS receipt #, payment date or lease agreement number.</p> <ol style="list-style-type: none"> 2) FM is not ensuring/documenting that the lessee has paid property taxes or subdivision assessments (if applicable); and 3) FM does not ensure that the lessee has added the County as an additional insured on homeowner's liability insurance policy. 	<p>Opportunity for improved documentation, fee accountability, and compliance with lease agreement terms.</p>	<p>The Facilities Management Department should:</p> <ol style="list-style-type: none"> 1) Include all relevant payment information on the Excel spreadsheet used to document payments; and 2) Ensure that lessees are meeting all terms of the lease agreement and document those details. <p><u>Note:</u> The associated risk of non-compliance with some of the contract terms may not outweigh the cost of ongoing maintenance if FM had to maintain the property as it does with other unleased parcels.</p>	<p>Facilities is aware this is an area to improve. We are currently working with GIS, Community Development and the Counselors office to provide recommendations to streamline this process.</p> <p>Facilities will add a column to our lease tracking spreadsheet to capture payment information.</p> <p>Lease terms will be evaluated and possibly revised in 2019 to include the necessary requirement around subdivision assessments and homeowner's policies.</p>

Control – Performance Measures

Discussion and Background	Cause	Risk/Effect	Recommendation	Management Response
<p>All County Departments and Offices provide performance measures to the Finance Department for inclusion in the County's Annual Budget. Performance Measures allow the public and/or County Council to measure the departments/office's workload or effectiveness.</p>	<p>Performance measure results for 2017 included in the 2019 County Budget were not supported by the Department's actual results.</p> <p><u>Note:</u> The Department used estimates as actual results.</p>	<p>Opportunity to improve public reporting.</p>	<p>The Facilities Management Department should implement controls to ensure that information provided to the public is accurate, consistent, reliable, and documented.</p>	<p>Facilities acknowledges the current measurements are not an accurate depiction of the work that is being performed. We will evaluate the measurements and provide a recommendation for improvements during the 2020 budget cycle.</p>

Control – Supply Inventory

Discussion and Background	Cause	Risk/Effect	Recommendation	Management Response
<p>Cleaning supplies are stored in supply closets at the County Administration Building, Courts Administration Building, and Justice Center with all housekeepers and maintenance technicians having access to those rooms. A supply control list is completed by the housekeepers when supplies are taken from the closets for use, with an additional inventory sheet completed by the Lead Housekeeper for the Justice Center. The completed form is not an inventory of every item on hand, but rather a snapshot of the key product inventory for that day. Other documentation, including order forms and supply distribution logs, are retained by the housekeepers at their designated locations.</p> <p>The Facilities Services Supervisor is notified when supplies are low and need to be re-ordered. Outlying facilities call in work orders to replenish their supplies. The Facilities Services Supervisor will pull the inventory from any of the main supply rooms and have it delivered to the requested location by one of the</p>	<p>There is no reconciliation of supplies ordered/used to inventory on hand.</p>	<p>Opportunity for improved ordering efficiency and documentation. Supplies may be lost or stolen without detection.</p>	<p>Facilities Management should use keep all available supply order/usage documentation in a single location/tracking system and periodically reconcile orders and usage to inventory on hand.</p>	<p>Facilities will identify and implement a management system to maintain inventory items, reconcile items and ensure supplies are maintained.</p> <p>Facilities will also consider a computer maintenance management system that can accommodate inventory management as a longer-term solution.</p>

Discussion and Background	Cause	Risk/Effect	Recommendation	Management Response
<p>maintenance workers. A spreadsheet is used to track outgoing supplies.</p> <p>General maintenance supplies (screws, pipes, etc.) are generally stored in the main Facilities Management office areas in the Courts Administration Building. Supplies are taken as needed to complete work orders and preventive maintenance. Additional supplies are ordered as needed based on usage.</p>				

Control – Safety Training

Discussion and Background	Cause	Risk/Effect	Recommendation	Management Response
<p>Facilities Management employees receive periodic training (using new tools/techniques, regulatory changes, workplace harassment, etc.) to inform/reinforce key points/issues as deemed necessary. Training attendance is documented by having attendees sign a training roster. In some instances, an acknowledgement form is signed by individual employees to document that they have received the specified training.</p>	<p>There is no required periodic safety training for Facilities Maintenance employees.</p>	<p>Opportunity for improved workplace safety. The County may face increased liability for incidents attributed to a lack of safety training.</p>	<p>Facilities Management should create a periodic training schedule (annual, biennial, etc.) to inform/reinforce workplace safety issues with employees. Additional areas of importance to employees could also be included in a schedule of required training. All training and attendance should be documented.</p>	<p>Facilities will provide annual safety training for General Maintenance, HVAC and Grounds crew staff. This will include an annual requirement and the employee attendance to be recorded.</p>