

June 2023



Office of Internal Audit

Why We Did This Audit

The Office of Internal Audit (OIA) performed an audit of the Facilities Division. The audit was conducted in accordance with the Fiscal Year 2022 Audit Plan.

What We Recommend

We made the following recommendations:

- Supervisors review all completed work orders and make this a part of the work flow process in MUNIS.
- The Facilities Division work with the Information Technology Department and MUNIS consultants to implement the Preventative Maintenance feature in Munis.
- The Facilities Division label all equipment and develop guidelines to address the tracking of purchased and disposed equipment and a methodology to periodically verify that all recorded equipment is on hand.
- An employee, who is not involved in the custody of equipment or the approval of its procurement, maintain the equipment inventory records for all City facilities (excluding schools).

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Facilities Division Performance Audit Executive Summary

Background

The Facilities Division of the Department of Parks, Buildings and Recreation Management is responsible for maintenance of City buildings. The two sections that comprise the Facilities Division are: Facilities Management and Custodial Services. Munis has a work order system which the Facilities Division uses to schedule work for preventive maintenance and unscheduled repairs.

Objectives and Scope

The primary objectives of this audit were to determine whether operating procedures provided adequate assurance that City resources are safeguarded and City facilities are managed effectively.

What We Found

In general, the Facilities Division has established good processes and controls with the following exceptions:

- The Facilities Division needs to improve its data collection in the work order system and quality controls over tradesmen's work.
- The Facilities Division does not use the preventative maintenance feature to track its preventative maintenance activity.
- The Facilities Division needs to better control its equipment inventory by implementing proper record keeping and verification procedures. These procedures are necessary to prevent theft or misuse of equipment.
- The Facilities Divisions should segregate conflicting duties among certain employees related to managing equipment inventory.



INTRODUCTION

Chapter 468 of the Acts of 2008 authorizes the Director of Internal Audit to examine the records of the City and its departments to prevent and detect waste, fraud and abuse and to improve the efficiency, effectiveness and quality of public services provided in and by the City. In accordance with this legislation, all offices and employees of officers, boards, commissions, agencies and other units of City government are required to comply with requests for information or access to systems and records by the Office of Internal Audit (OIA). The following review aligns the authority and goals of the OIA with those of the City. Specifically, this audit addresses the City's values related to accountability such as integrity, fiscal responsibility and transparent practices. The audit also supports the City's strategic priorities ensuring operational excellence, fiscal health and sustainability in all divisions, departments, programs and activities.

This report is not intended to be an adverse reflection of the City or of its vendors. The intent is for City management to utilize these findings and recommendations to help in making future well-informed strategic decisions while ultimately meeting City objectives.

BACKGROUND

The Facilities Division of Parks, Buildings, and Recreation Management is responsible for maintaining the City's public buildings, schools and grounds. This includes over 90 buildings and approximately 6.5 million square feet of square feet of space. The Facilities Division has 28 full time employees. For Fiscal Year 2023, the Facilities Division's operating budget was \$4,248,685.¹

The following sections comprise the Facilities Department:

Facilities Management

Areas of work include preventive maintenance and repairs to City facilities, schools and grounds. Staff includes the following trades: heating, ventilation and air conditioning (HVAC), electrical, plumbing, and carpentry.

Custodial Services

Areas of work include maintaining City buildings. Custodial staff clean floors, maintain certain boilers, and disinfect offices.

The Facilities Division uses Munis to schedule work orders for preventative maintenance and repairs. The employees involved in work orders use the system to input data such as material costs, labor hours and actions taken on each work order. From January 2022 to February 2023, the Facilities Department completed 7,965 work orders as follows:

¹ City of Springfield, MA Fiscal Year 2023 Adopted Budget



Description of Trade	Work Orders
HVAC	1,449
Electrical	875
Plumbing	1,336
Carpentry	1,553
Facilities	755
Removal and Transport	1,688
Other	309
Total	7,965

The Facilities Division coordinates the Statement of Interest submissions to the Massachusetts School Building Authority on the behalf of the school district and the City for funding capital repairs and construction projects. Their efforts facilitate the City’s receipt of grant funds for the vital upkeep of School facilities.

OBJECTIVES, SCOPE, AND METHODOLOGY

Objectives

The primary objectives of this audit were to determine whether operating procedures provided adequate assurance that City resources are safeguarded and City facilities are managed effectively.

Scope

The scope of our audit covered the period from January 1, 2022 through February 28, 2023, unless otherwise indicated.

Custodial Service for the Springfield Public Schools is a division of the Business Office of the Springfield Public Schools and as such was excluded from the scope of this audit.

Methodology

To accomplish our objectives, we performed the following procedures:

- Reviewed documentation related to department’s policies and procedures;
- Examined data from the City’s Facilities maintenance work order systems to evaluate the facilities maintenance program and to analyze repairs
- Reviewed Facilities Management’s procurement card transactions and associated supporting documentation;
- Analyzed work order data to ensure required fields were entered in the work order system in Munis;
- Selected a sample of completed work orders and confirmed their completed status with the applicable departments;
- Obtained a list of inventory items on hand at each City facility as of April 1, 2023 and performed an inventory at certain City facilities on various dates in April 2023 and May 2023.



- Performed site visits at certain City facilities and verified cleanliness on various dates in April 2023 and May 2023.
- Reviewed the process of tracking costs and labor hours on work orders.
- Performed other procedures as deemed necessary.

Noteworthy Accomplishments

The Facilities Director uses a real time dashboard in the Work Order system in Munis showing outstanding work orders, responsibilities and the current status of trades. By doing so, the Facilities Director is able to better manage the workload of its tradesmen.

Finding/Recommendation Priority Ranking Definitions and Criteria

The OIA’s assignment of a ranking to findings and recommendations is intended to provide guidance to management on how to prioritize corrective actions. We consider both the effect and the likelihood of unimplemented recommendations in our categories. The OIA classifies the priority levels to be considered by Management when addressing findings and implementing recommendations as follows:

High	Internal control weaknesses and compliance issues that that require immediate corrective action.
Moderate	Internal control weaknesses and compliance issues that require prompt corrective action. Short term action is appropriate, e.g., less than 90 days.
Low	Internal control weaknesses and compliance issues that warrant timely corrective actions. Action with 360 days is deemed appropriate.



FINDINGS AND RECOMMENDATIONS

Finding Number	Finding	Finding Description	Recommendations	Priority Ranking	Management Response
1.	Management of equipment inventory needs improvement	<p>Both the Facilities and Custodial divisions manually track their equipment inventory. We noted that for the Facilities division, equipment, including power tools, are labeled and tracked. However, the Custodial division does not label their equipment.</p> <p>We tested the equipment inventory at seven City facilities as of April 1, 2023 on various dates in April 2023 and May 2023 and noted the following:</p> <ul style="list-style-type: none"> • Nine pieces of equipment from the equipment lists could not be located. • Four pieces of equipment were not functional. • 40 pieces of equipment were excluded from the inventory lists. <p>We noted that for both divisions, a periodic inventory is not performed.</p> <p>Subsequent to our count, the Custodial division was able to locate the missing equipment in July 2023.</p> <p>Without adequate controls, equipment is vulnerable to theft or misuse. Periodically ensuring that all equipment is on hand decreases the likelihood that these assets</p>	<p>We recommend the following:</p> <ul style="list-style-type: none"> • Label all equipment and develop guidelines that address the tracking of purchased and disposed equipment. • Design a methodology to periodically verify that all recorded equipment is on hand. • Look into a software solution to track equipment. • Prohibit employees from taking equipment home and/or using it for personal use. 	Moderate	<p>We have met with AI Rodriguez-custodial supervisor and reviewed. AI has located the items of concern. We have begun the process of combining the asset tracking documents under warehouse foreman Ray Brochu who will perform quarterly random inspections with managerial assistance.</p> <p>In a meeting on 7-19-23 with Tyler Technologies, we discussed modifications to Munis- Asset Registry to include this process. More time and department collaboration is required to make such a switch. The City’s asset classification system in Munis will require some cleanup in order for integration to Munis per Tyler.</p> <p>Employees are not permitted to take home equipment. Corrective action will be applied accordingly.</p>



		could potentially be misappropriated. Also, maintaining a record in which assets are properly labeled would create a reference for the Custodians, which would decrease the chance that multiples of the same equipment are purchased unnecessarily.			
2.	Segregation of duties issues could be improved	<p>Segregation of duties is an important preventative control in inventory management. Dividing specific duties between employees mitigates the risk of fraud.</p> <p>We noted that the Facilities Director has access to equipment, including vehicles and gas fobs. He also approves of equipment purchases, reviews gas consumption, and maintains the equipment inventory records. Likewise, the Municipal Resource Coordinator has access to equipment at City Facilities and maintains the equipment inventory records.</p> <p>Accordingly, by having these multiple responsibilities, both the Facilities Director and the Municipal Resource Coordinator could carry out and conceal errors and/or irregularities in the course of performing day to day activities.</p>	<p>We recommend the following:</p> <ul style="list-style-type: none"> • An employee, who is not involved in the custody of equipment and the approval of its procurement, maintain the equipment inventory records for all City facilities (excluding schools). • Restrict the custody of gas fobs to one employee and have another employee maintain the gas fob inventory records and assignment. • Implement a software solution to maintain equipment inventory. 	Moderate	<p>Currently Raymond Brochu-COS warehouse foreman oversees asset tracking. AD J. Carignan only becomes involved when training of Warehouse Foremen is needed. Ray is our third Forman in the last 10 years.</p> <p>Gas Fob is issued to J. Carignan and stored in reception area under supervision of data entry supervisor. Access to this FOB is required by tradesmen to access fuel for essential job duties and in after hours emergency situations. Fuel log is monitored regularly.</p> <p>In a meeting on 7-19-23 with Tyler Technologies, we discussed modifications to Munis- Asset Registry to include this process. More time and department collaboration is required to make such a switch. The City's asset</p>



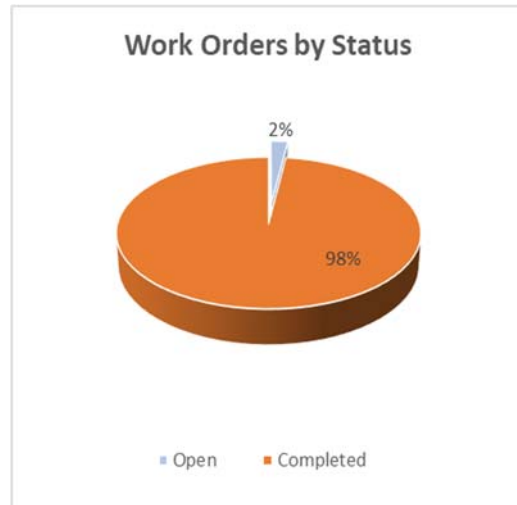
classification system in Munis will require some cleanup in order for integration to Munis per Tyler.

3. Data collection in the work order system and quality controls need improvement

3a. Potentially Misclassified Completed Work Orders

A work order with a completed status in Munis, the City’s accounting system, reflects that tradesmen performed maintenance or repair work. As shown in Figure 1 below, approximately 98% of work orders (excluding custodial activities) reflected a completed status in Munis from January 2022 to February 2023.

Figure 1



In general, a department contacts their facility custodian regarding a requested

We recommend the following:

- Research the potentially misclassified completed work orders found and resolve with the affected departments.
- Supervisors/zone chiefs review all completed work orders, and that their review be part of the workflow process in Munis.
- Tradesman provide a picture of their completed work as proof in the work order system.
- Solicit department feedback on the completed work order.

Moderate

Research of misclassified work orders is ongoing. Initial review indicates possible confusion at site level between persons requesting work and persons speaking to work completion. Review is ongoing.

In a meeting with Tyler Tech on 7-19-23, modification to workflow is possible. Continued technician time is needed to modify existing process followed by testing. Need to review job duties to settle concerns from zone chief.

We continue to test the limits of the of the new field work program. We have begun using the attachment option to add pictures and documents to W.Os. It is possible, but the language in the Tradesmen contract is not sufficient to implement this as of yet. We hope to improve.



repair. The custodian then creates a service request in Munis which is then reviewed by the supervisor/zone chief. The supervisor/zone chief then assign work orders to the tradesman(s). When the tradesman completes the repair/maintenance work, he marks the work order as complete.

For the review period, we judgementally selected 10 completed work orders to confirm their completed status with three departments. Out of the three departments, two of them could not confirm that their work orders (a total of 12 work orders) were complete. Additionally, we noted that 68 work orders were marked as complete en masse on in June 6, 2022, including a Fiscal Year 2019 work order relating to the repair of a window latch in the Office of Internal Audit. The broken window latch was not repaired - the Facilities Department has since fixed the broken window latch once a new work order was created in May 2023.

Research of misclassified work orders is ongoing. Initial review indicates possible confusion at site level between persons requesting work and persons speaking to work completion. Review is ongoing.



<p>3b.</p>	<p>Not all costs are included in the work order system</p>	<p><u>Labor Costs</u></p> <p>For the review period, we noted that there were 2,845 completed work orders that did not have any recorded labor costs. We judgmentally selected 315 of these work orders with no labor costs for the Facilities Director to research. According to the Facilities Director, these work orders did not have labor assigned for valid reasons, such as the work order was assigned to a third party and that minimal hours were incurred on a work order. However, there was no documented policy defining the threshold for minimal hours. As such, minimal time could have different meanings to tradesmen.</p> <p>In addition, we also noted that there was no exception report used by the Facilities Department to flag work orders with no labor hours for appropriateness.</p> <p><u>Material Costs</u></p> <p>For the review period, we noted 7,844 completed work orders with no material costs. We judgmentally selected 25 purchase orders to determine if all applicable material costs were included in the work order system. We noted that out of the 25 tested, four material purchases</p>	<p>We recommend that the Facilities Department develop data collection and quality control procedures to ensure appropriate, accurate, complete and consistent information is captured in the work order system.</p>	<p>Low</p>	<p>There are a variety of scenarios in which WO.s provide the means of communication to Trades personal where labor is not applied. One example of this is the accounting method “direct pay” in which we use the WO to document that the need associated with a purchase of materials under 100\$.</p> <p>One other scenario is where a WO is requesting a tradesmen be present to support or oversee a process as opposed to a repair. In this instance material cost would not be incurred.</p> <p>We will continue to seek accountability and accuracy through the WO process taking the findings if this report heavily into consideration when managing work orders.</p>
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		<p>were not recorded in the work order system.</p> <p>Furthermore, there were four material purchases from outside vendors that did not have work orders created in Munis. According to the Facilities Director, the Facilities Department does not create work orders for repairs that are not requested by custodians. As a result, work orders are undercounted for these types of repairs.</p> <p>Not including all repairs, regardless of whether they were outsourced or performed in house, and the associated costs in the work order system impacts the Facilities Department’s ability to analyze data accurately and to make informed decisions.</p>			
4.	Preventative maintenance feature in the work order system is not used.	<p>The premise for a preventative maintenance program is that routine preventative maintenance reduces unplanned repairs and unexpected costs. The preventative maintenance program activity will need to be consistently tracked to provide useful information.</p> <p>In Munis, the work order system has a feature to create preventative maintenance requests. However, we noted that the Facilities Department does not use this feature. Instead, the Facilities</p>	<p>We recommend the following:</p> <ul style="list-style-type: none"> • Work with the Information Technology Department to implement the Preventative Maintenance feature in Munis. • Join a trade organization, such as the International Facility Management Association, to obtain guidance on 	Low	<p>In a meeting with Tyler Tech and COS IT on 7-19-23, the department conveyed the need to implement the PM functions in Munis. More time and funding is needed to implement this module.</p>



		<p>Department just uses the work order feature for repairs to record maintenance activity and describes maintenance activity in the work order description field, beginning with "PM". As such, the Facilities Department is not able to easily track its maintenance activity.</p> <p>Moreover, we noted that the preventative maintenance activity was not benchmarked against industry standards and other performance measures. As a best practice preventative maintenance data should be compared against benchmarks and other performance measures to evaluate and improve the department's performance.</p>	<p>benchmarking and other performance measures.</p> <ul style="list-style-type: none">• Periodically evaluate the preventative maintenance data against benchmarks and other performance measures.		
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