CITY OF MIAMI
OFFICE OF INDEPENDENT AUDITOR GENERAL

AUDIT OF GENERAL SERVICES ADMINISTRATION’S SPARE PARTS INVENTORIES AND RELATED TRANSACTIONS, PHASE I

AUDIT REPORT NO. 09-001
Prepared By
Office of Independent Auditor General
Victor I. Igwe, CPA, CIA
Independent Auditor General

EDWIN FERMIN, AUDITOR ASSISTANT
September 30, 2009

Honorable Members of the
City Commission
City of Miami
3500 Pan American Drive
Coconut Grove, FL 33133-5504

Re: Audit of the General Services Administration’s Spare Parts Inventories and Related
Transactions, Phase I
Audit No. 09-001

In accordance with the provisions of Section 48 of the City Charter and the Fiscal Year 2009
Audit Plan, the Office of the Independent Auditor General performed an audit of the General
Services Administration Department’s (GSA) spare parts inventories and related transactions.
The field work for this audit engagement is being performed in phases and a separate audit report
will be issued for each phase. The focus of this phase of the audit is on the processing of work
order transactions in the Fleet Management and Property Maintenance divisions of the GSA.

The audit covered the period December 1, 2005 through November 30, 2008, and selected
financial transactions that were processed prior and subsequent to this period.

Sincerely,

Victor I. Igwe, CPA, CIA
Independent Auditor General
Office of Independent Auditor General
C: The Honorable Mayor Manuel A. Diaz
Pedro G. Hernandez, Chief Administrator/City Manager
Members of the Audit Advisory Committee
Bill Anido, Assistant City Manager, Office of the City Manager
Larry M. Spring, Assistant City Manager/Chief Financial Officer
Peter W. Korinis, Chief Information Officer, Information Technology Department
Michael J. Boudreaux, Director, Budget Department
Julie O. Bru, City Attorney, City Attorney’s Office
Kelly Barket, Jr., Director, General Services Administration
Priscilla A. Thompson, City Clerk, City Clerk’s Office
Diana M. Gomez, CPA, Director, Finance Department
Audit Documentation File
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INTRODUCTION

The General Services Administration (GSA) provides internal service support in the areas of heavy and light fleet equipment, property maintenance/repairs, radio communications, and graphic reproductions. GSA’s total budget for the fiscal year ended (FYE) 2008 was $19,527,937 and it consists of six (6) divisions, namely: (1) Director’s Office, (2) Fleet Management, (3) Property Maintenance, (4) Graphics Reproduction, (5) Communications, and (6) Miami Riverside Center.

The field work for this audit engagement is being performed in phases and a separate audit report will be issued for each phase. The focus of this phase of the audit is on the processing of work order transactions in the Fleet Management and Property Maintenance divisions of the GSA during the period December 1, 2005 through November 30, 2008. The FYE 2008 budget for the Fleet Management (FM) totaled $11,614,598 (or 60%) of GSA’s total budget, and the FYE 2008 budget for the Property Maintenance (PM) totaled $3,456,473 (or 18%) of GSA’s total budget. Both divisions account for approximately 78% of GSA’s total budget for FYE 2008.

The FM division manages, directs, and supervises all duties and responsibilities relative to fleet maintenance and the management of the spare parts and fuel for all City’s vehicles and equipments, with the exception of firefighter’s trucks. The FM sub-divided as follows:

- **Fleet Administration**: This subdivision is responsible for vehicle and business management duties, and responsibilities include but are not limited to vehicle specifications, replacements, recalls, repairs, disposals, acquisitions, titles/registration, parts procurement, fuel procurement, facility maintenance, mechanics supervision, motor pool management, personnel management, monthly and annual reports, contract management, specification writing, accounting information system, financial reporting,
purchasing, performance analysis, business planning, and budgeting responsibilities.

- **Light Fleet Management**: This subdivision is responsible for maintaining the City’s fleet of light vehicles, including police vehicles.

- **Heavy Equipment Management**: This subdivision maintains complex heavy equipment such as automated garbage trucks, trash cranes, earth-moving equipment, and boats.

- **Small Equipment Management**: This subdivision maintains small equipment ranging from simple lawn mowers and weed-eaters to complex seven-gang mowing apparatus.

The City Commission Resolution No. 03-756, which was adopted on July 17, 2003, outsourced the procurement and management of automobile spare parts inventory and tires to Genuine Parts Company, also known as NAPA, and authorized the City Manager to execute a Professional Service Agreement (Agreement) under the terms and conditions set forth in the said Resolution. The related Professional Services Agreement, dated August 22, 2003, authorized NAPA to operate an in-house automobile spare parts store at GSA’s facility. NAPA stocks the spare parts store with its products and issues them to GSA mechanics upon request through a work order. Work orders are recorded and maintained in the Fleet Management Maintenance System also referred to as FASTER.

The PM division is responsible for maintaining, repairing, remodeling and retrofitting of buildings and facilities owned by the City, including but not limited to parks, recreation buildings, pool facilities, sport courts and fields, daycare centers, GSA facilities, street light systems, solid waste facilities, fire stations, City Hall offices, and convention facilities. The division also performs work in the trades of electrician, lineman, plumbers, painters, carpenters, welders, heating ventilation, air conditioning and refrigeration, and maintenance mechanics. The PM division uses a different computerized system called MP2 to record and maintain its work orders transactions.
SCOPE AND OBJECTIVES

This audit was performed pursuant to the authority set forth in Section 48 of the City’s Charter titled, “Office of the Independent Auditor General”, and was conducted in accordance with the Fiscal Year 2008/2009 Audit Plan. The field work for this audit engagement is being performed in phases and a separate audit report will be issued for each phase. The focus of this phase of the audit is on the processing of work order transactions in the Fleet Management and Property Maintenance divisions of the GSA during the period December 1, 2005 through November 30, 2008. In general, the audit focused on the following objectives:

- To determine whether General Services Administration (GSA) has established and implemented a system of internal control, which provides: (1) proper authorization of transactions, (2) reasonable assurance of the reliability of the recording and reporting of operations, and (3) compliance with applicable City Code, laws, regulations, restrictions, and contract awards for the procurement of automobile spare parts and accessories and other items.
- To determine whether selected expenditures were properly authorized, documented, economical, and in line with GSA’s mission.
- To evaluate internal controls related to the processing of purchase orders, work orders, disbursements, and other records.
- To determined whether fixed assets are properly safeguarded.
- To determine whether spare parts and other items were procured and used for City related services.
- Other audit procedures as deemed necessary.
METHODOLOGY

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient and appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusion based on our objectives. The audit methodology included the following:

- Interviewed and inquired of appropriate personnel, reviewed and observed applicable written policies and procedures in order to gain an understanding of the internal controls, assessed control risk, and planned substantive testing.
- Performed substantive testing consistent with the audit objectives.
- Examined, on a test basis, applicable transactions and records.
- Performed other audit procedures as deemed necessary.
- Drew conclusions based on the results of the testing and made corresponding recommendations and obtained the auditee’s responses and corrective action plans.
CONCLUSIONS AND SUMMARY OF AUDIT FINDINGS

GENERAL SERVICES ADMINISTRATION (GSA)

OVERALL AUDIT CONCLUSION

Based upon various tests performed and the audit findings noted, we conclude that internal controls relative to GSA’s processing and issuance of work orders could be enhanced to ensure better accountability over City owned resources/assets as summarized below:

FLEET MANAGEMENT DIVISION (FM)

QUESTIONABLE REPLACEMENT PARTS WERE CHARGED TO WORK ORDERS

In accordance with GSA’s (Fleet Division) standard operating procedures, a work order system is used to document the type of the work to be performed as determined by a trained technician. Upon receipt of a request for a job, a pre-numbered work order report (W/O) is generated and the assigned technician documents on the W/O all pertinent information relative to the vehicle/equipment, the type of repairs to be made, and the necessary parts needed for the job. However, our test of seventy-two (72) work order reports supporting charges relating to spare parts and supplies billed to the City by NAPA disclosed five (5 or 7%) work order reports with questionable charges totaling $1,642.84.

Refer to detailed audit findings and recommendations on pages 8 through 12.

SIGN-OUT LOG RECORDS WERE NOT PROPERLY COMPLETED AND/OR RETAINED AS REQUIRED

Our audit field work determined that the sign-out logs relative to eleven (11 or 15%) of the seventy-two (72) work orders tested, which were prepared during the period December 7, 2005 through June 2, 2006, could not be located for our review. Therefore, said records were not retained as required by the statutory provisions of
Chapter 119 and 257 of the Florida Statutes. Also, we noted that the sign-out logs on file did not include all the required pertinent information such as a work order number and the type of services provided.

Refer to detailed audit findings and recommendations on pages 13 through 14.

PROPERTY MAINTENANCE (PM)

**QUESTIONABLE REPLACEMENT PARTS WERE CHARGED TO WORK ORDERS**

In accordance with GSA’s Property Maintenance Division standard operating procedures, a work order system is used to document the type of work to be performed as determined by a trained technician. Upon receipt of a request for a job, a work order (W/O) is generated and the assigned technician documents on the W/O all pertinent information relative to the type of repairs to be made to the facilities and the necessary parts needed for the job. However, our test of seventy-three (73) work order reports supporting charges relating to materials and supplies billed to the City disclosed three (3 or 4%) questionable work orders (two charged with materials/supplies totaling $193.02).

Also, our audit field work determined that Work Order (W/O) Report #03-0122208 was generated on August 12, 2008 and related materials were issued in connection with unspecified repairs at an employee’s residence in disguise of repairs at Curtis Park Sports Complex.

Refer to detailed audit findings and recommendations on pages 15 through 18.

**DATA SHEETS WERE NOT PROPERLY COMPLETED AND/OR RETAINED AS REQUIRED**

Our audit field work determined that the data sheets relative to six (6) of the nine (9) work orders tested were not signed as required. Therefore, said records were
not completed as required by the department’s work order procedures. Upon audit
inquiry, we were informed that prior to January 2008, the Department did not
require the signature of the employee acknowledging the receipt of the repairs
performed by GSA as indicated on the data sheets.

Refer to detailed audit findings and recommendations on pages 19 and 20.
AUDIT FINDINGS AND RECOMMENDATIONS

GENERAL SERVICES ADMINISTRATION (GSA)

FLEET MANAGEMENT DIVISION (FM)

I. QUESTIONABLE REPLACEMENT PARTS WERE CHARGED TO WORK ORDERS

In accordance with GSA’s Fleet Division standard operating procedures, a work order system is used to document the type of the work to be performed as determined by a trained technician. Upon receipt of a request for a job, a pre-numbered work order report (W/O) is generated. The assigned technician documents on the W/O detailed information such as, the make, type and model of the equipment/vehicle to be repaired, the preventive maintenance service information/data, warranty information, a clear description of the actual work performed by the technician, the materials/spare parts used for the said job/repairs, the time spent working on the said job, general comments, and other pertinent facts relative to the job/repairs. The supervisors are responsible for authorizing the work and also ensuring that the procedures are being followed accordingly.

Our test of seventy-two (72) work order reports supporting charges relating to spare parts and supplies billed to the City by NAPA disclosed five (5 or 7%) questionable charges totaling $1,642.84 as discussed below:

1.1 Work order report (W/O) #241348 was generated on December 16, 2005 in connection with the replacement of two (2) worn-out tires on a four wheeled “Kawasaki Mule 3010” (all-terrain vehicle), as determined by the mechanic assigned to the job. The W/O indicated that 2 tires (size 23x9.5x12) valued at $177.30 were installed on the said vehicle. However, we noted that 2 additional tires (size 23x1100x10) valued at $169.72 were also charged to the City by NAPA in connection with this job. Said additional 2 tires are different in size as compared to the original 2 tires (size 23x9.5x12) and also smaller than the size recommended by the manufacturer of the vehicle;
therefore, it is unlikely that they were installed on the equipment. Upon audit inquiry, the mechanic who installed the tires indicated that the installation services relative to this W/O was performed almost three years ago and could not provide any specific explanation relative to the discrepancy. Absent appropriate records to account for the use of the additional 2 tires that were charged to the City and/or confirmation of receipt by the receiving department, it is questionable whether said additional 2 tires were actually installed on a City owned equipment and used for public purpose.

1.2 W/O Report #254913 was generated on October 09, 2006 in connection with the replacement of two (2) worn-out tires on a garbage truck with ten (10) wheels, as determined by the mechanic assigned to this job. However, we noted that six (6) additional tires valued at $378.10 were charged to the City in connection with said W/O Report #254913. Upon audit inquiry, the GSA Director stated that tires are procured from NAPA in advance and fitted with the appropriate rims and kept in the City-owned spare tire rack inventory to be used when needed. He explained that 4 of the 6 additional tires were used to replenish City-owned empty spare tire rack inventory. He further noted that the 4 empty spare tire racks, which the new tires replenished, were created in connection with the following work orders that were issued prior to October 09, 2006, as follows:

- Three (3) tires that were issued in connection with W/O Report #252750 issued on August 25, 2006.
- One (1) tire that was issued in connection with W/O Report #251855 issued on August 07, 2006.

Based on the information provided by the GSA Director as noted above, it appears that the 4 tires were incorrectly charged to W/O Report #254913. However, GSA could not account for the remaining 2 of the 6 additional tires. The 2 tires are valued at $113.50. Effective internal control would
require that a separate W/O be created to replenish the aforementioned spare
tire rack. Absent separate work orders for inventory replenishments, work
orders to support the use of the spare tires from the inventory, and the
appropriate records to account for the use of the additional 2 tires, it is
questionable whether the remaining 2 tires were installed in a City owned
vehicle.

1.3 W/O Report #265994 was generated on June 14, 2007 in connection with the
replacement of four (4) worn-out tires on a ten wheeled recycling truck as
determined by the mechanic assigned to the job. However, we noted that a
total of five (5) tires valued at $889.67 were charged to the work order.
Upon audit inquiry, the GSA Director stated that tires are procured from
NAPA in advance and fitted with the appropriate rims and kept in the City-
owned spare tire rack inventory to be used as soon as needed. He ex plained
that the additional one (1) tire was used to replenish City-owned empty spare
tire rack inventory. He further noted that the empty spare tire rack, which the
new tire replenished, was created in connection with W/O Report #263946
that was issued on May 01, 2007.

Based on the information noted above, it is evident that the additional tire
valued at $131.31 was incorrectly charged to W/O Report #265994. Effective internal control would require that a separate W/O be created to
replenish the aforementioned spare tire rack. Absent separate work orders
for inventory replenishments and accurate work orders to support the use of
the spare tires from the inventory, it is questionable whether City assets are
properly safeguarded.

1.4 W/O Report #247743 was generated on April 11, 2006 in connection with
preventive maintenance, which included replacing air filters, changing
oil/filters, and resealing an oil tank for a City owned tractor used at the Coral
Gate Park. We noted that the supporting details of the invoices billed to the
City by NAPA in connection with this W/O included a $310.96 charge for
five (5) metal rakes, which was not reflected on the list of materials/supplies used by the mechanic in connection with this W/O. Upon audit inquiry, the mechanic that performed the preventive maintenance relative to this work order stated that the metal rakes in question were replaced but he inadvertently forgot to make the required notation on the W/O. However, the Park Manager at the Coral Gate Park where said tractor is used stated that the metal rakes on the said tractor were never replaced and also stated that there was no W/O placed for such replacement. Absent appropriate records to account for the use of metal rakes that were charged to the City and/or confirmation of receipt by the receiving department, it is questionable whether said metal rakes were actually installed on a City owned equipment and used for public purpose.

1.5 W/O Report #278376 was generated on April 1, 2008 in connection with the replacements of two (2) front tires, front brake pads, neutral safety switch, and engine system diagnostics on a 2003 Ford Crown Victoria used in the City’s Police Department. However, the supporting details of the invoices billed to the City by NAPA in connection with this W/O included charges for a transmission sensor valued at $45.25, speaker valued at $69.95, inner tie rod valued at $51.44, gear valued at $383.22, speed sensor module valued at $78.51, and mirror valued at $24.38, which were not reflected on the list of materials/supplies used by the mechanic in connection with this W/O. Upon audit inquiry, the mechanic that performed the services relative to this W/O stated that he could not recall all relevant issues related to this W/O. He noted that he may have inadvertently forgotten to list all the parts used on the W/O. Absent appropriate records to account for the use of all spare parts that were charged to the City and/or confirmation of receipt by the receiving department, it is questionable whether said spare parts valued at $652.75 were actually installed on a City owned vehicle and used for public purpose.

The discrepancies noted above occurred due to internal control deficiencies. The purchase and usage of materials/parts should be properly supported with adequate
documentation specifying the reasons why said parts are needed and signed for by an authorized employee other than those requesting and performing the jobs. Absent strong oversight and accountability, the use of resources can be easily misused and/or wasted. The City’s funds could be misappropriated by (1) employees ordering parts that are not intended for City purposes, (2) employees erroneously replacing unworn equipment parts without proper authorization, and (3) NAPA erroneously billing the City for items never installed in City’s vehicle/equipment. Absent effective internal control City’s resources can easily be misappropriated and/or wasted.

Recommendation:

We recommend that Fleet Management enhance its internal control procedures to ensure that all work orders properly document the justification for ordering replacement parts to be installed in City owned vehicles/equipment. Also, supervisors should review all work orders and authorize procurement of spare parts from NAPA.

Auditee’s Response and Action Plan:

The GSA Director concurred with the audit findings and recommendations and stated the following in a written response:

In review of the discrepancies described in your report it is noted that we must ensure the following: 1) separate work orders are created for the purpose of replenishing the spare tire rack and 2) all applicable repairs and materials are clearly described and itemized on work orders for proper charges. Adhering to the above will ensure that all materials and supplies are accounted for.

See auditee’s complete response on page 31
II. SIGN-OUT LOG RECORDS WERE NOT PROPERLY COMPLETED AND/OR RETAINED AS REQUIRED

Pursuant to the statutory provisions of Chapter 119 and 257, Florida Statutes and the General Records Schedule for Local Government Agencies (issued by the State of Florida’s Department of State Division of Library and Information Services, Bureau of Archives and Records Management) all records documenting maintenance and repairs of equipment/vehicles including, but not limited to, work orders and documentation of dates/history of repairs, locations, cost of parts, hours worked, etc. must be retained for one fiscal year after disposition of the equipment/vehicle. We noted that GSA’s work order procedures require a sign-out log to be completed and signed by any employee of the City who receives vehicle and/or equipment serviced by the GSA staff.

However, our audit field work determined that the sign-out logs relative to eleven (11 or 15%) of the seventy-two (72) work orders tested, which were prepared during the period December 7, 2005 through June 2 2006, could not be located for our review. Therefore, said records were not retained as required by the statutory provisions of Chapter 119 and 257 of the Florida Statutes. Also, we noted that the sign-out logs on file did not include all the required information such as a work order number and the type of service provided. The proper completion of the sign-out logs by the City employees that receives the vehicle and/or equipment from GSA further would confirm that the cost of materials and/or supplies charged to the City by NAPA were indeed for items installed on a City owned vehicle/equipment and used for public purpose.

Upon audit inquiry, the GSA Director acknowledged that the sign-out log is important in verifying that the individual responsible for said vehicle picked it up upon completion of services by GSA but he noted that said log is not a source by which the cost of material/supplies charged to the City by NAPA can be verified. However, a sign-out log that is complete, including pertinent information such as work order numbers, type of services rendered, and parts replaced would further
acknowledge that services were provided to a City owed vehicle as indicated on the work order.

Recommendation:

We recommend that the Fleet Management Division enhance its internal control procedures to ensure that City employees acknowledge the receipt of the services rendered by signing the “Sign-out log Report” when vehicles and/or equipment are received from GSA’s motor pool or when they are delivered to City Departments. All “Sign-out log Reports” should be retained for the appropriate period of time as required by the General Records Schedule GS1-SL. Also, we recommend that the sign-out log be properly completed and include pertinent information such as work order numbers, type of services rendered, and parts replaced.

Auditee’s Response and Action Plan:

The GSA Director acknowledges that the sign-out logs are important in verifying that the individual responsible for the vehicle picks it up; however, he noted that said logs are not a source by which the cost of material/supplies charged to the City by NAPA can be verified.

See auditee’s complete response on pages 31.
III. QUESTIONABLE REPLACEMENT PARTS WERE CHARGED TO WORK ORDERS

In accordance with GSA’s Property Maintenance Division standard operating procedures, a work order system is used to document the type of the work to be performed as determined by a trained technician. Upon receipt of a request for a job, a work order report (W/O) is generated. The assigned technician documents on the work order’s data sheet a clear description of the actual work performed by the technician, the materials/supplies used for the said job/repairs, the time spent working on the said job, general comments, and other pertinent facts relative to the job/repairs. The supervisors are responsible for authorizing the work and also ensuring that the procedures are being followed accordingly.

Our test of seventy-three (73) work order reports supporting charges relating to materials and supplies billed to the City disclosed three (3 or 4%) questionable work orders (two charged with materials/supplies totaling $193.02) as discussed below:

3.1 Work Order (W/O) Report #03-0083982 was generated on September 18, 2006 in connection with the building of a small shelf of approximately 4 feet wide and 8 feet high for the GSA Electrical Shop. We noted that a total of five (5) sheets of plywood (each 4 feet by 8 feet) valued at a cost of $146.14 were charged to this work order. We located the finished product (small shelf) and determined that the actual amount of plywood used to build said shelf would not be more than one (1) sheet of plywood. Upon audit inquiry, Property Maintenance staff stated that the additional wood charged to the W/O was used to build a desk and a riser for the GSA Electrical Shop. However, the use of the additional wood to build a desk and riser for the GSA Electrical Shop were not reflected on this W/O. Absent appropriate records to account for the use of all materials charged to the City and/or
confirmation of receipt by the receiving department, it is questionable whether the additional four (4) sheets of plywood valued at $111.50 were actually used as stated by the Property Management staff.

3.2 Work Order (W/O) Report #03-0113539 was generated on February 20, 2008 in connection with the repairs of two (2) tables and the building of two (2) new counters at Dorsey Park. We noted that two (2) sheets of 4 feet by 8 feet plywood, two (2) boxes of wide thread drywall screws, and a box of dust/mist respirator valued at a total cost of $81.52 were charged to this W/O. We were unable to locate and/or verify that the materials charged to this W/O were used as noted on the W/O. Upon audit inquiry, the Parks Manager stated that he had no recollection of requesting the services noted on the WO and has no record of the W/O in question. GSA’s Property Maintenance Division (PMD) staff stated that PMD generated said W/O and that the Park’s Manager recalled that counters were installed in computer room by the PMD, as requested by a Park’s employee. The PMD staff further stated that the counters in question were removed and replaced with modular computer stations.

However, upon further audit inquiry, the Parks employee who requested said service stated that he only recalls requesting for a hole to be drilled on a table for computer cables and not installation of counters. Absent appropriate records to account for the use of all materials charged to the City and/or confirmation of receipt by the Dorsey Parks, it is questionable whether the cost of the materials charged to the City served any public purpose.

3.3 Work Order (W/O) Report #03-0122208 was generated on August 12, 2008 in connection with an unspecified repairs at Curtis Park Sports Complex. We noted that the GSA employee who created this W/O also requested and received certain material/supplies from the GSA Stock Room. Upon audit inquiry, we were informed that two GSA employees informed GSA management that a GSA carpenter was seen going to the residence of a GSA
administration employee with the materials charged to this W/O during official work hours. The carpenter was suspended for three (3) days without pay effective August 13, 2008 through August 15, 2008. The administration employee was verbally reprimanded. Effective internal control procedures would have prevented the creation of this W/O and the issuance of the related materials for unspecified repairs at an employee’s residence in disguise of repairs at Curtis Park Sports Complex.

The discrepancies noted above are indications of internal control deficiencies. The usage of materials/parts should be properly supported with adequate documentation specifying the reasons why said parts are needed and signed for by authorized employees other than those requesting and performing the jobs. Without strong oversight and accountability, the use of resources can be easily misused and wasted.

Recommendation:

We recommend that the Property Management Division enhance its internal control procedures to ensure that all work orders be supported with proper documentation specifying the reasons why said parts are needed and authorized by employees other than those requesting and performing the jobs.

Auditee’s Response and Action Plan:

GSA did not entirely agree to the findings and recommendations and provided the following written response:

In review of the discrepancies described in your report it is noted that we must ensure that proper notations are made in all work orders, particularly when a representative is not available to sign off on the services received. GSA is currently coordinating with the Parks in addressing work order issues and proper work orders request. Additionally, installation of GPS systems in City vehicles would be helpful in monitoring unscheduled stops.
See auditee’s complete response on pages 31 and 32.
**IV. DATA SHEETS WERE NOT RETAINED AS REQUIRED**

GSA’s work order procedures require that a data sheet be completed and signed by any City employee that receives any type of services provided by the GSA staff.

However, our audit field work determined that the data sheets relative to six (6) of the nine (9) work orders tested were not signed as required. Therefore, said records were not completed as required by the department’s work order procedures.

Upon audit inquiry, we were informed that prior to January 2008, the GSA Department did not require the signature of the employee acknowledging the receipt of the repairs performed by GSA as indicated on the data sheets. Also, the Director stated that City department representatives are not always on-site to provide a signature acknowledging receipt of the services rendered and that GSA will make the appropriate notations on the data sheets documenting such absence in the future. However, the proper completion of the data sheet by City department employees that received services from GSA would further confirm that the cost of materials/supplies issued by the GSA stockroom were indeed used in connection with services relative to City owned property and therefore served public purpose.

**Recommendation:**

We recommend that GSA enhance its internal control procedures to ensure that all data sheets are properly completed by City employees that receive any type of services from GSA. Also, we recommend that all data sheets be retained for the appropriate period of time as required by the General Records Schedule GS1-SL (see page 12). In the event that a Park representative is unavailable, GSA should require the Parks Department to sign and return the data sheet back to GSA through interoffice mail prior closing out the work order in the MP2 system.
Auditee’s Response and Action Plan:

GSA did not agree to the findings and recommendations and provided the following written response:

After the implementation of the use of work order data sheets in September of 2006, we did recognize the value of having park representatives sign off on said sheets. In January of 2008 we made this mandatory...

...It is important to note that a department representative is not always on-site to provide a signature indicating completion of the job, for this reason we will ensure that it is properly noted on the data sheet that a representative was not available to sign.

See auditee’s complete response on page 32.
April 6th, 2009

Mr. Kelly Barket
City of Miami - General Services Administration
1390 NW 20th Street
Miami, Florida 33142

RE: Audit of General Services Administration (GSA) - Audit # 09-001

Dear Mr. Barket:

In connection with our audit of General Services Administration (GSA) for the period December 1, 2005 through November 30, 2008, and selected transactions prior and subsequent to this period, please confirm or clarify our understanding of the following and provide any additional records and/or documentation.

Motor Pool Fleet Division:

I. Replacement Parts Not Accounted For on Work Orders

In accordance with GSA’s (Fleet Division) standard operating procedures, a work order system is used to document the type of the work to be performed as determined by a trained technician. Upon receipt of a request for a job, a pre-numbered work order report (W/O) is generated. The assigned technician documents on the W/O detailed information such as, make/type and model of the equipment/vehicle to be repaired, the required preventive maintenance service information/data, warranty information, a clear description of the actual work performed by the technician, the materials/spare parts used for the said job/repairs, the time spent working on the said job, general comments, and other pertinent facts relative to
the job/repairs. The supervisors are responsible for authorizing the work and also ensuring that the procedures are being followed accordingly.

Our test of fourteen (14) work order reports supporting charges relating to spare parts and supplies billed to the City by NAPA disclosed five (5) questionable charges totaling $1,642.84 as discussed below:

1.1 Work order report (W/O) #241348 was generated on December 16, 2005 in connection with the replacement of two (2) worn-out tires on a four wheeled "Kawasaki Mule 3010" (all-terrain vehicle), as determined by the Mechanic assigned to the job. The W/O indicated that two (2) tires (size 23x9.5x12) valued at $177.30 were installed on the said vehicle. However, we noted that an additional two (2) tires (size 23x1100x10) valued at $169.72 were also charged to the City by NAPA in connection with this job. Said additional tires are of a different size from the first two (2) tires and also smaller than the size recommended by the manufacturer of the vehicle; therefore, it is unlikely that they could have been installed on the equipment. Upon audit inquiry the mechanic who installed the tires indicated that the service relative to this W/O was performed almost three years ago and couldn't provide any specific explanation relative to the discrepancy. Absent appropriate records to account for the use of the additional two (2) tires that were charged to the City and/or confirmation of receipt by the receiving department, it is questionable whether said tires were actually installed on a City owned equipment and used for public purpose.

1.2 W/O Report #254913 was generated on October 09, 2006 in connection with the replacement of two (2) worn-out tires on a ten (10) wheeled garbage truck, as determined by the Mechanic assigned to this job. We noted that six (6) additional tires valued at $378.10 were charged to the City in connection with W/O Report #254913. Upon audit inquiry, the GSA Director stated that tires are procured from NAPA in advance and fitted with the appropriate rims and kept in the City-owned spare tire rack inventory to be used as soon as needed. He explained that four (4) of the six (6) additional tires were used to replenish City-owned empty spare tire rack inventory. He further noted that the four (4) empty spare tire racks, which the new tires replenished,
were created in connection with the following work orders that were issued prior to October 09, 2006, as follows:

- Three (3) tires that were issued in connection with W/O Report #252750 issued on August 25, 2006.
- One (1) tire that was issued in connection with W/O Report #251855 issued on August 07, 2006.

Based on the information noted above, it is evident that the four (4) tires were incorrectly charged to W/O Report #254913. Additionally, two (2) of the six (6) tires were not accounted for. Effective internal control will require that a separate W/O be created to replenish the aforementioned spare tire rack. Absent separate work orders for inventory replenishments, work orders to support the use of the spare tires from the inventory, and the appropriate records to account for the use of the additional two (2) tires, it is questionable whether City assets are properly safeguarded and used for public purposes.

1.3 W/O Report #265994 was generated on June 14, 2007 in connection with the replacement of four (4) worn-out tires on a ten wheeled recycling truck as determined by the Mechanic assigned to the job. We noted that a total of five (5) tires valued at $889.67 were charged to the work order. Upon audit inquiry, the GSA Director stated that tires are procured from NAPA in advance and fitted with the appropriate rims and kept in the City-owned spare tire rack inventory to be used as soon as needed. He explained that the additional one (1) tire was used to replenish City-owned empty spare tire rack inventory. He further noted that the empty spare tire rack, which the new tire replenished, was created in connection with the following work order that was issued prior to June 14, 2007, as follows:

- One (1) tire that was issued in connection with W/O Report #263946 issued on May 01, 2007.

Based on the information noted above, it is evident that the additional tire valued at $131.31 was incorrectly charged to W/O Report #265994. Effective internal control will require that a separate W/O be created to replenish the aforementioned spare tire rack. Absent separate work orders for inventory replenishments and accurate work orders to support the use of the spare tires from the inventory, it is questionable whether City assets are properly safeguarded.
1.4 W/O Report #247743 was generated on April 11, 2006 in connection with preventive maintenance, which included replacement of air filters, changing of oil/filter, and the resealing of oil tank for a City owned tractor used in the Coral Gate Park. We noted that the supporting details of the invoices billed to the City by NAPA in connection with this W/O included a $310.96 charge for five (5) metal rakes, which was not reflected on the list of materials/supplies used by the mechanic in connection with this W/O. Upon audit inquiry, the mechanic that performed the preventive maintenance relative to this work order stated that the metal rakes in question were replaced but he inadvertently forgot to make the required notation on the W/O. However, the Manager for the Coral Gate Park where said tractor is used stated that the metal rakes on the said tractor were never replaced and also stated that there was no W/O placed for such replacement. Absent appropriate records to account for the use of metal rakes that were charged to the City and/or confirmation of receipt by the receiving department, it is questionable whether said metal rakes were actually installed on a City owned equipment and used for public purpose.

1.5 W/O Report #278376 was generated on April 1, 2008 in connection with the replacements of two (2) front tires, front brake pads, neutral safety switch, and engine system diagnostics on a 2003 Ford Crown Victoria used in the City’s Police Department. However, the supporting details of the invoices billed to the City by NAPA in connection with this W/O included charges for a transmission sensor valued at $45.25, speaker valued at $69.95, inner tie rod valued at $51.44, gear valued at $383.22, speed sensor module valued at $78.51, and mirror valued at $24.38, which were not reflected on the list of materials/supplies used by the mechanic in connection with this W/O. Upon audit inquiry, the mechanic that performed the services relative to this W/O stated that he could not recall all relevant issues related to this W/O. He noted that he may have inadvertently forgotten to list all the parts used on the W/O. Absent appropriate records to account for the use of all spare parts that were charged to the City and/or confirmation of receipt by the receiving department, it is questionable whether said spare parts valued at $652.75 were actually installed on a City owned vehicle and used for public purpose.
The discrepancies noted above occurred due to internal control deficiencies. The purchase and usage of materials/parts should be properly supported with proper documentation specifying the reasons why said parts are needed and signed for by authorized employees other than those requesting and performing the jobs.

Absent effective internal control City’s resources can easily be misappropriated and/or wasted.

I agree [ ] I disagree [ ] Please initial: [ ]
Explanation [ ] For comments see attachment.

II. Sign-out Log Records Not Found

In accordance with the statutory provisions of Chapter 119 and 257, Florida Statutes, the General Records Schedule for Local Government Agencies, issued by the State of Florida’s Department of State (Division of Library and Information Services, Bureau of Archives and Records Management) provides that all records documenting service, maintenance and repairs to agency equipment and vehicles including, but not limited to, work orders and documentation of dates/history of repairs, locations, cost of parts, hours worked, etc. be retained for one (1) fiscal year after disposition of the equipment/vehicle. GSA’s work order procedures require a sign-out log to be completed and signed by an employee of the City Department that received the vehicle/equipment that was serviced by the GSA staff.

2.1 The sign-out logs relative to eleven (11) of the fourteen (14) work orders tested, which were prepared during the period December 7, 2005 through June 2 2006,
could not be located for our review. We noted that the sign-out logs on file did not include all the required pertinent information such as work order number and the type of services provided. The proper completion of the sign-out logs by employees of the City Departments that received the vehicle/equipment from GSA further would confirm that the cost of materials/supplies charged to the City by NAPA were indeed installed on a City owned vehicle/equipment and used for public purpose.

I agree _____  I disagree  X  Please initial: 

Explanation  For comments see attachment:

Property Maintenance Division:

III. Work Orders Erroneously Charged With Materials – Poor Accountability

In accordance with GSA’s (Property Maintenance Division) standard operating procedures, a work order system is used to document the type of the work to be performed as determined by a trained technician. Upon receipt of a request for a job, a work order (W/O) is generated. The assigned technician documents on the work order’s data sheet a clear description of the actual work to performed by the technician, the materials/supplies to used for the said job/repairs, the time spent working on the said job, general comments, and other pertinent facts relative to the job/repairs. The supervisors are responsible for authorizing the work and also ensuring that the procedures are being followed accordingly.

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Our test of nine (9) work order reports supporting charges relating to materials and supplies billed to the City disclosed three (3) questionable work orders (two charged with materials/supplies totaling $193.02) as discussed below:

3.1 Work Order (W/O) Report #03-0083982 was generated on September 18, 2006 in connection with the building of a small shelf of approximately 4 feet wide and 8 feet high for the GSA Electrical Shop. We noted that a total of five (5) sheets of plywood (each 4 feet by 8 feet) valued at a cost of $146.14 were charged to this work order. We located the finished product (small shelf) and determined that the actual amount of plywood used to build said shelf will not be more than one (1) sheet of plywood. Upon audit inquiry, Property Maintenance staff stated that the additional wood charged to the W/O was used to build a desk and a riser for the GSA Electrical Shop. However, the use of the additional wood to build a desk and riser for the GSA Electrical Shop were not reflected on this W/O. Absent appropriate records to account for the use of all materials charged to the City and/or confirmation of receipt by the receiving department, it is questionable whether the additional four (4) sheets of plywood valued at $111.50 were actually used as stated by the Property Management staff.

3.2 Work Order (W/O) Report #03-0113539 was generated on February 20, 2008 in connection with the repairs of two (2) tables and the building of two (2) new counters at the Dorsey Park. We noted that two (2) sheets of 4 feet by 8 feet plywood, two (2) boxes of wide thread drywall screws, and one (1) box of dust/mist respirator valued at a total cost of $81.52 were charged to this W/O. We were unable to locate and/or verify that the materials charged to this W/O were used as noted on the W/O. Upon audit inquiry, the Parks Manager stated that he had no recollection of requesting the services noted on the WO and has no record of the W/O in question. GSA Property Maintenance staff stated:

“Work order was generated by our division. At site visit yesterday, Park Manager Joe Wallace recalls your visit. After your visit Mr. Wallace recalled that counters were installed in computer room by our division by request of Jesus Pla of Parks Department. These counters were since removed and replaced with modular computer stations.”
However, Jesus Pla, in response to our audit inquiry stated that he recalls requesting only for a hole to be drilled on a table for computer cables. Absent appropriate records to account for the use of all materials charged to the City and/or confirmation of receipt by the Dorsey Parks, it is questionable whether the cost of the materials charged to the City served any public purpose.

3.3 Work Order (W/O) Report #03-0122208 was generated on August 12, 2008 in connection with an unspecified repairs at the Curtis Park Sports Complex. We noted that the GSA employee who created this W/O also requested and received certain material/supplies from the GSA Stock Room. Upon audit inquiry, we were informed that two GSA employees informed GSA management that a GSA Carpenter was seen going to the residence of GSA administration employee with the materials charged to this W/O during official work hours. The Carpenter was suspended for three (3) days without pay effective August 13, 2008 through August 15, 2008. The administration employee was verbally reprimanded.

Effective internal control procedures would have precluded the creation of this W/O, the issuance of the related materials, and the authorization to perform unspecified repairs at an employee’s residence in disguise of repairs at Curtis Park Sports Complex.

I agree _____ I disagree / Please initial: __________
Explanation For comments see attachment.

IV. Work Orders/Data Sheets Not Signed By Customers
GSA's work order procedures require a data sheet to be completed and signed by an employee of the City Department that received the services that was provided by the GSA staff.

4.1 The signed data sheet relative to six (6) of the nine (9) work orders tested could not be located for our review. The proper completion of the data sheet by employees of the City Departments that received the services from GSA would further confirm that the cost of materials/supplies issued by the GSA stockroom were indeed used on a City owned property and used for public purpose.

I agree  I disagree  Please initial: 

Explanation  For comments see attachment.

Please confirm our understanding by indicating whether you agree or disagree with each of the observations described above by checking the appropriate box and include your initials on the space provided for each observation. Also, sign on the space provided below and return this memorandum to us. In the event that you disagree with any of the items listed above, please provide your written explanations and attach all supporting documents/records. Please respond by April 10th, 2009.

A Summary schedule is attached for your reference. If you have any questions, please feel free to contact me at (305) 416-2054 or Victor Igwe (the Independent Auditor General) at (305) 416-2044.

[Signature]
Mr. Kelly Barket, Director

Date 4/9/09
Thank you for your attention in this matter.

Sincerely,

Edwin Fermin
Auditor Assistant
Office of Independent Auditor General

C:  Paul Eisenhart, Administrative Assistant III, General Services Administration
    Victor Morales, Garage Manager, General Services Administration
    Charles Postis, Superintendent, General Services Administration
    Victor Igwe, CPA, CIA, Auditor General
ATTACHMENT

I.

1.1 The technician has been counseled on the importance of logging and charging all repairs and equipment correctly. It has been determined that if materials are not used or are ordered in error they are to be returned for proper credit.

1.2 It is agreed that a separate work order is to be created for the purpose of replenishing the City owned spare tire rack. It is important to note that tires are used off the rack because they are pre-assembled with rims to ensure expeditious service.

1.3 It is agreed that a separate work order is to be created for the purpose of replenishing the City owned spare tire rack as well as the use of the spare tire should be noted on the work order for proper accounting.

1.4 There is documentation, an invoice signed by the technician, to support that the rakes were installed and charged to the proper equipment. Additionally, the recollection of the Coral Gate Park Manager is not entirely reliable, since the part is not clearly visible (See Exhibit 1). Technicians should ensure that all applicable repairs and materials are noted on work orders.

1.5 It is agreed that technicians should ensure proper notation of all applicable repairs and materials on work orders.

In review of the discrepancies described in your report it is noted that we must ensure the following: 1) separate work orders are created for the purpose of replenishing the spare tire rack and 2) all applicable repairs and materials are clearly described and itemized on work orders for proper charges. Adhering to the above will ensure that all materials and supplies are accounted for.

II.

Although the sign-out logs are important in verifying that the individual responsible for the vehicle picks up the vehicle, it is not a source by which the cost of materials/supplies charged to the City by NAPA can be verified for installation. The level of detail on the sign in log is not enough to make such conclusions reliably.

III.

3.1 It is agreed that the supervisor should have entered the data in relation to the desk and riser, however, the data sheet was not mandatory at this time. The data sheet was enacted as part of our continuing effort to improve controls shortly thereafter.

3.2 It is recommended that more detailed notations are made on the data sheet to account for all materials and supplies used. Additionally, it is important that a notation be made by the employees to indicate when there is no representative available to sign off on completion of services.

3.3 The employee’s responsibilities at that time were to perform facility inspections and generate work orders for required maintenance found during said inspections; he has since been disciplined and relieved of this duty based on the incident described. All materials were returned unused to the
ATTACHMENT (continued)

stockroom. The materials he checked out of the stockroom were credited to the work order and entered back in inventory. The materials checked out are consistent with the work required. The department is currently in the process of implementing a GPS system that will help us monitor unscheduled stops by employees.

In review of the discrepancies described in your report it is noted that we must ensure that proper notations are made in all work orders, particularly when a representative is not available to sign off on the services received. GSA is currently coordinating with the Parks in addressing work order issues and proper work order requests. Additionally, installation of GPS systems in City vehicles would be helpful in monitoring unscheduled stops.

IV.

After the implementation of the use of work order data sheets in September of 2006, we did recognize the value of having park representatives sign off on said sheets. In January of 2008 we made this mandatory. Work orders that are generated by our division did not require signatures on the "Park Representative" line. However, the trade supervisor signed confirmation on the "Supervisor Signature" line. Shortly thereafter, we changed the “Park Representative” line to “Representative Signature” line and required departments other than Parks to sign off as well. It is important to note that a department representative is not always on-site to provide a signature indicating completion of the job, for this reason we will ensure that it is properly noted on the data sheet that a representative was not available to sign.
### 42-008 SAND CULTIVATOR PARTS LIST

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<th>DESCRIPTION</th>
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<td>Clevis Pin 9/16 - 1 1/4</td>
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<tr>
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<td>10-135</td>
<td>Hydraulic Cylinder</td>
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<tr>
<td>3</td>
<td>18-168</td>
<td>90° Elbow</td>
<td>2</td>
</tr>
<tr>
<td>4</td>
<td>42-217</td>
<td>Cylinder Mount</td>
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<td>HB-12-13-500</td>
<td>Bolt 1/2 - 13 x 5</td>
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<td></td>
<td>HINTL-12-13</td>
<td>Lock Nut 1 1/2 - 13</td>
<td>4</td>
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<td>HHP-18</td>
<td>Bridge Pin 1/2</td>
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<td>HB-38-16-125</td>
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<td>HCP-12-200</td>
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<td>Rod End</td>
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<td></td>
<td>42-008</td>
<td>Sand Cultivator (all other parts reference only)</td>
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### INSTALLATION INSTRUCTIONS

1. Install valve handle with linkage (13-672) onto valve.
2. Remove the cylinder mount (Ref 4) from the machine.
3. Tine Segments (Ref 10) should be bolted to the attachment lift (Ref 12). Attach the attachment lift to (Ref 12) attachment mount using (Ref 11 & 7) clevis pin and bridge pin.
4. Lift attachment lift up or extend cylinder so rod end (Ref 14) lines up with the holes on the center of the attachment lift. Use clevis pin and bridge pin (Ref 7 and 13) to fasten cylinder to sand cultivator.
5. Turn machine on and test for proper operation.