



# **Seattle Public Schools The Office of Internal Audit**

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**Internal Audit Report  
Custodial Services and Grounds**

**September 1, 2011 through April 30 2013**

Issue Date: June 18, 2013



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**Executive Summary**

**Background Information**

The District's custodial and grounds functions fall under the Facilities Operations Department. They are responsible for maintaining the District's facilities and systems, as well as providing a resource for District staff in maintaining a safe learning environment. The mission statement for custodial services is, "to provide a clean, healthy, safe, and comfortable environment for our students, staff, and community."

The custodial and grounds functions have current budgets of approximately \$19.8 million and \$1.7 million, respectively. Currently there are a total of 347 (inclusive of full time and part time) custodial and grounds employees. Custodian assignments are based upon Time Allocation Standards that determine the amount of time needed to complete every custodial task at each location. Some custodians are also assigned block time. Block time is the unassigned time allocated to perform unscheduled tasks, such as mechanical equipment duties and preventative maintenance, building operation, variable custodial services, and educational support and service. The Time Allocation Standards for every school are maintained in a custodial database that can only be accessed by limited personnel.

There was reorganization in 2012 when grounds staff moved under the custodial supervisors. The department is divided into three areas: North, Central, and South. Each area has a supervisor who is responsible for the custodial and grounds functions in those schools. There are approximately 30 schools under each supervisor. The head custodian reports to the supervisors, and the supervisors report to the director of facilities. Leave, overtime approval, and payroll operations are managed by the central office support staff. Special events occurring at school facilities are managed by the Facilities Direct system.

Custodial and grounds employees are represented by the International Union of Operating Engineers, Local 609-A. The current Collective Bargaining Agreement expires August 31, 2013 and is currently being negotiated. This audit includes an objective to verify compliance with the Collective Bargaining Agreement, including the following clause relating to employee bonuses:

*"ARTICLE XVI, SECTION I, #4, a, 10 - Annual Leave Periods:*

*A five hundred dollar (\$500.00) incentive will be paid to employees who do not schedule annual leave a peak period month. The incentive will be on the employees October paycheck. Each year thereafter the allowance will be increased by the state funded percentage increase for basic education staff that year. For the 2012-2013 year, the payment will be made on the October paycheck regardless of contract status. Peak period months vary for employee groups. The incentive months for each group are as follows:*

<i>Custodians:</i>	<i>August</i>
<i>Grounds:</i>	<i>May</i>
<i>Other Environmental Service employees:</i>	<i>April 2010 and thereafter September.</i>

*Management will work with the Union to address any employees affected by a "use or lose" situation."*



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### **Roles and Responsibilities**

This audit was completed as part of the *Annual Risk Assessment and Audit Plan* approved by the Audit and Finance Committee on September 11, 2012. District management has the primary responsibility to establish, implement, and monitor internal controls. Internal Audit's function is to assess and test those controls in order to provide reasonable assurance that the controls are adequate and operating effectively. We conducted the audit using due professional care, and we believe that the evidence obtained provides a reasonable basis for our findings and conclusions.

### **Audit Objectives**

The primary objectives of this audit were to evaluate custodial and grounds procedures to determine if the District:

- Has implemented effective internal controls to ensure the proper administration of extra time costs.
- Has implemented adequate procedures to effectively monitor employee performance and ensure an acceptable level of cleanliness throughout the District.
- Is in compliance with the Collective Bargaining Agreement, including the requirements associated with Time Allocation Standards and employee bonuses.
- Is properly staffed when compared to benchmarking data available from other school districts.
- Has implemented sound financial internal controls over supply purchases and miscellaneous expenses.

### **Scope of the Audit**

September 1, 2011 through April 30, 2013

### **Audit Approach and Methodology**

To achieve the audit objectives, we performed the following procedures:

- Planned the audit in cooperation with Facilities Operations to ensure that we had a strong understanding of the District's custodial and grounds process.
- Interviewed District staff knowledgeable of custodial and grounds operations and administrative functions.
- Reviewed the applicable Collective Bargaining Agreement with the International Union of Operating Engineers, Local 609-A.
- Surveyed school principals to solicit their feedback on school cleanliness, and the responsiveness of custodial and grounds staff in meeting the special needs of the schools. These surveys were used during the planning phase of the audit and were intended to assist us in determining which areas we wanted to test. The surveys helped



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us determine our audit objectives, but they were not used as the sole basis for any findings. All findings in this report are supported by data independent of the principal surveys.

- Analyzed available data to corroborate the information obtained during our walkthroughs.
- Benchmarked custodian staffing levels against other school districts using studies completed by the Council of Greater City Schools and the Washington Office of Superintendent of Public Instruction.
- Evaluated the internal controls over the purchasing and safeguarding of supplies, and the use of miscellaneous expenses.
- Performed additional detailed tests of the objective areas to support our conclusions.

### Conclusion

Based on the results of the audit procedures we performed, we noted that the custodial and grounds functions appear to be meeting their objective of providing a clean learning environment for students, and that the majority of school principals are satisfied with the level of cleanliness at their school. Our report contains some findings and recommendations that we believe will improve the overall accountability of the custodial and grounds operations. With respect to our specific audit objectives, we noted that:

- The process for approving extra time does not effectively mitigate the risk of employees over-reporting extra time hours, and that the District may have an opportunity to reduce extra time costs by increasing the number of employees available on a stand-by list.
- The District is not completing regular building inspections designed to effectively monitor employee performance, and the District has an opportunity to increase the overall effectiveness of the custodial and grounds operations by adopting uniform cleanliness standards that can be communicated throughout the District.
- The district has complied with the Collective Bargaining Agreement as it relates to employee bonuses; however, it did not comply with the requirement to review the Time Allocation Standards.
- Custodial operations appear to be staffed at a reasonable level when compared to other school districts. Our data analysis and benchmarking comparisons with school districts inside and outside the state of Washington did not reveal any conclusive evidence that the District is either over or under-staffed.
- The District's financial internal controls over supplies and miscellaneous expenses are adequate.

*Andrew Medina*

Andrew Medina, CPA, CFE  
Director, Office of Internal Audit



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**Findings and Recommendations**

**1) Extra Time**

**Extra Time Approval Process**

The District paid the following amounts of extra time to custodial and grounds employees:

<i>Fiscal Year</i>	<i>Custodial Extra Time</i>	<i>Grounds Extra Time</i>	<i>Total Extra Time</i>
2011	\$ 533,266	\$ 41,328	\$ 574,594
2012	\$ 598,693	\$ 46,533	\$ 645,226
2013 (through April 30)	\$ 492,191	\$ 43,168	\$ 535,359
Total	\$ 1,624,150	\$ 131,029	\$ 1,755,179

All extra time for custodial and grounds employees must be pre-approved by the leave coordinator; however, employee timesheets are not always reconciled to the pre-approval authorization to ensure that all recorded extra time is legitimate. Although we did not detect any unauthorized extra time, we noted a control weakness where supervisors will occasionally approve an employee's timesheet without verifying that the extra time was actually necessary and authorized. This increases the risk of a custodial or grounds employee over-reporting the hours of extra time that they were actually approved to work. The controls surrounding the approval of extra time that is known in advance appear to be adequate, and this control weakness is most commonly associated with the extra time that results from unplanned absences.

**Recommendation:**

We recommend that the District implement procedures to ensure that all extra time recorded by custodial and ground employees is reconciled to pre-approval documentation to ensure that all extra time is legitimate and necessary.

**Opportunity to Reduce Custodial Extra Time**

The District utilizes a stand-by Mobile AA group in order to provide coverage when licensed custodians are absent. This is essentially a stand-by list of available licensed custodians that can substitute for absent licensed custodians, and maintain smooth operations without having to pay extra time. We noted that the District is short custodians on its Mobile AA group, which results in the need for more extra time. We also noted that the District requires custodians to obtain a certification in order to hold one of these Mobile AA positions. The District offers a salary increase after a custodian obtains the license; however the increase does not appear to provide enough motivation for employees to strive for these positions.

**Recommendation:**

We recommend that the District explore options to encourage employees to join the Mobile AA group. Specifically, we recommend that the District conduct a cost-benefit analysis to determine if an increase to the compensation awarded for achieving the 3<sup>rd</sup> grade license would ultimately save the District money by reducing the amount of extra time it pays.



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## **2) Semiannual Inspections**

District management expects custodial supervisors to perform a complete building inspection twice a year for each school that they supervise. These building inspections are instrumental in monitoring individual custodial performance, and help to ensure that a consistent level of cleanliness is maintained at all schools. Our testing revealed that these custodial inspections are not currently meeting the “twice per year” expectation. We also noted that there are no written procedures formalizing the expectations for these building inspections, or that any such expectation has been implemented for grounds inspections.

### **Recommendations:**

We recommend that:

- Management create written procedures and expectations formalizing the requirement for supervisors to conduct custodial and grounds building inspections.
- Management increase monitoring of the building inspections to ensure that they are conducted on a timely basis and they are properly used to improve performance.



### **3) Cleanliness Standards**

The District has implemented Time Allocation Standards for custodians that dictate how long each custodial task should take; however, the District has not adopted any cleanliness standards that would offer a clear benchmark for what a successful custodial and grounds operation would look like. The current standards identify the procedures that the custodians are to perform, but they do not identify what a clean school facility should look like once all the tasks are completed. As a result, custodial and grounds employees may not have clear expectations of how thoroughly they should be cleaning items, and school principals do not have a clear understanding of what a clean school should look like.

#### **Recommendations:**

We recommend that the District consider adopting custodial and grounds cleanliness standards that describe the desired appearance of clean school facilities. Upon adoption, the cleanliness standards should be communicated to all custodial and grounds employees, as well as school principals so that there is a uniform set of expectations for clean schools. We also recommend that custodial and grounds management ensure that school principals have an avenue to report concerns regarding unclean schools, and that adequate procedures exist to ensure that any such concerns are investigated and resolved.



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#### **4) Time Allocation Standards**

The Collective Bargaining Agreement ("CBA") between the District and the custodial and grounds union (International Union of Operating Engineers, Local 609-A) contains the following language regarding Time Allocation Standards:

*ARTICLE XX: TIME ALLOCATION STANDARDS*

*A. It is recognized that Time Allocation Standards have been established for the assignment of specific tasks. Within those standards, individual school sites may modify cleaning schedules to reflect individual site needs.*

*B. When Time Allocations standards (i.e., minutes per specific task, e.g., one and four tenths (1.4) minutes cleaning time per washbasin) for the assignment of tasks to individual employees are to be changed, studied, or new ones established, the Union will be notified in writing.*

*C. Union representatives will be given a good faith opportunity to meet and give input to the process used to modify, change, or establish standards and will then meet with the District representatives to make recommendations. Prior to the establishment of new District Time Allocation Standards, the District will provide a copy of the plan to the Union. The frequency of work to be done shall be determined solely by the District.*

*D. It is understood that District resources will not be used to maintain non-District equipment.*

*E. The parties will meet to review the standards within one year of ratification of this contract.*

CBA, at page 46.

We noted that the District and the union did not meet to review the standards within one year of ratifying this contract as required by bullet E. We further noted that the standards in use today have not been updated since 1982. We consulted the General Counsel's office regarding the bargaining of Time Allocation Standards, and they offered the following legal opinion:

*"The General Counsel's Office has confirmed that the District's obligation to bargain changes to time allocation standards made during the life of the contract is contained in the language of Article XX. This requires that the union be notified of proposed changes, be provided with a "good faith opportunity to meet and give input to the process used to modify, change, or establish standards," and be given a meeting with District representatives to make recommendations. The parties agree that the frequency of work to be done shall be determined solely by the District. Time allocation standards are considered a mandatory subject of bargaining."*





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**Recommendations:**

We recommend that the District:

- Consider updating the Time Allocation Standards.
- Follow the terms of the CBA to implement any revised Time Allocation Standards or bargain new terms related to Time Allocation Standards when the contract is open.
- Implement internal controls to ensure that Time Allocation Standards match current working conditions.



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**Management Response**

*Thank you to our internal audit team for reviewing and assessing our processes and internal controls for Custodial Services and Grounds. Management concurs with the conclusions and recommendations included in this report. The following is management's response related to the findings and recommendations.*

- **Extra Time:** *Facility Operations has a procedure in place to ensure that all extra time is reviewed and approved. A daily staffing report is sent to our Facility Supervisors to review overtime assignments and staffing levels. In addition, Facility Supervisors create work orders and assign all custodial and grounds overtime for special events or building use permits requiring additional staffing. Extra time forms are filled out by the employee and submitted to the Facility Supervisor for approval. Approved extra time forms are then submitted to payroll for entry in SAP. The assigned Facility Supervisor must approve all overtime in SAP before any overtime is paid.*

*The risk in the procedure as identified in the audit is the reconciliation process. We currently do not reconcile all overtime worked on a daily basis. Overtime reconciliation is done on a sample set random basis instead of a full reconciliation. Management is in agreement that this creates risk, but due to current staffing levels management made the decision to perform spot checks and assume the associated risk. After reductions and reorganization, we do not have the staffing level required for a daily reconciliation. (3 Facility Supervisors for 96 sites with no administrative support) Management made the decision that Facility Supervisors need to be in the field working with customers and staff, not fully reconciling overtime.*

- **Opportunity to Reduce Custodial Extra Time:** *Unfilled positions in the Licensed Mobile AA position have created additional overtime this year. We currently have 15 Mobile AA positions and 8 have been vacant for the majority of the school year creating additional overtime. The financial incentive to receive a 3<sup>rd</sup> grade license and become a Mobile AA is included in the District's contract proposals we are currently bargaining with Local 609.*
- **Semiannual Inspections:** *Custodial Engineers, Lead Gardeners, and our Inspection specialist complete informal inspections on a daily basis, but our formal inspections are not meeting expectations. We have been operating with two Facility Supervisors for the majority of the year and have not been able to complete formal inspections at the desired level. The inspection process is currently under review and is included the District's contract proposals we are currently bargaining with Local 609.*
- **Cleanliness Standards:** *Cleanliness standards are included in the District's contract proposals we are currently bargaining with Local 609.*
- **Time Allocation Standards:** *Time allocation standards are included in the District's contract proposals we are currently bargaining with Local 609.*