



Hillsborough County
PUBLIC SCHOOLS

PERFORMANCE AUDIT OF HILLSBOROUGH COUNTY PUBLIC SCHOOLS

DATE:

September 5, 2018

SUBMITTED TO:

Mr. Jeff Eakins, Superintendent

901 East Kennedy Boulevard, Tampa, Florida 33602

SUBMITTED BY:



McCONNELL & JONES LLP
CERTIFIED PUBLIC ACCOUNTANTS



September 5, 2018

Mr. Jeff Eakins, Superintendent
Hillsborough County Public Schools
901 East Kennedy Boulevard
Tampa, Florida 33602

Dear Mr. Eakins:

McConnell & Jones LLP (MJ) is pleased to submit our final report of the performance audit of Hillsborough County Public Schools (HCPS) pursuant to section 212.055(10), *Florida Statutes*. In accordance with the requirements of Ch. 2018-118, *Laws of Florida*, the Office of Program Policy Analysis and Government Accountability (OPPAGA) selected MJ to conduct a performance audit of the programs associated with the discretionary sales surtax proposed for HCPS. S. Davis & Associates, P.A. augmented MJ's project team functioning as the Vendor Principal.

This performance audit was conducted in accordance with Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, 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 conclusions based on the audit objectives.

The objective of the audit is to fulfill the requirements of section 212.055(10), *Florida Statutes*. This statute requires that Florida local governments, with a referendum on the discretionary sales surtax held after March 23, 2018, undergo a performance audit conducted of the program associated with the proposed surtax adoption. The audit must be conducted at least 60 days before the referendum is held. OPPAGA is charged with procuring and managing the contract for the audit.

The objectives of the audit are consistent with the requirements of the statute, which are to evaluate the program associated with the proposed surtax adoption based on the following criteria:

1. The economy, efficiency, or effectiveness of the program,
2. The structure or design of the program to accomplish its goals and objectives,
3. Alternative methods of providing services or products,

4. Goals, objectives, and performance measures used by the program to monitor and report program accomplishments,
5. The accuracy or adequacy of public documents, reports, and requests prepared by the school district which relate to the program, and
6. Compliance of the program with appropriate policies, rules, and laws.

Our work plan outlining the procedures to be performed in order to achieve the above audit objectives. Those procedures and the results of our work are summarized in the Executive Summary and discussed in detail in the report.

Based upon the procedures performed and the results obtained, the audit objectives have been met. We conclude that, with the exception of the findings discussed in the report and based upon the work performed, HCPS has sufficient policies and procedures in place and they are supported by appropriate documentation, reports, monitoring tools, and personnel to address the statutory criteria defined in section 212.055(10), *Florida Statutes*.

This report is intended for the information and use of HCPS. As required by section 212.055(10), *Florida Statutes*, this report must be posted on the school district's website at least 60 days before the referendum is held and kept on the website for two (2) years from the date posted.

We appreciate the opportunity to conduct this performance audit and look forward to serving HCPS again in the near future.

Firm Signatures,



Houston, Texas
September 5, 2018



Hollywood, Florida
September 5, 2018

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I. EXECUTIVE SUMMARY

HILLSBOROUGH COUNTY PUBLIC SCHOOLS OVERVIEW

Hillsborough County Public Schools (HCPS), a school district in Hillsborough County, Florida, is the eighth largest school district in the nation. HCPS is the largest employer in Hillsborough County, with 25,900 employees, and is governed by seven (7) elected members of the HCPS School Board (the Board) and one superintendent hired by the Board. HCPS serves 213,759 students, and more than 250 school sites including 140 elementary schools, 42 middle schools, 27 high schools, 9 specialty schools, and 38 other programs.

The HCPS graduation rate is 82.9 percent. In March 2017, 20 of the 33 magnet schools were recognized by Magnet Schools of America as a Magnet School of Excellence or a Magnet School of Distinction. U.S. News and World ranked 12 HCPS high schools on the 2017 best high schools list; additionally, HCPS is recognized by the National Association of Music Merchants as one of the best Districts in the nation for music education.

2018 BUDGET SUMMARY

HCPS is required to prepare an annual budget under rules of *Florida State Law* and the Florida State Board of Education. According to the HCPS Fiscal Year 2017/2018 budget document, the total budget for the 2017/2018 fiscal year is \$3,119,606,279. This is an increase from the 2016/2017 final budget by \$100,451,190. **Figure ES-1** below shows the budget comparison for 2016/2017 and 2017/2018, as follows:

Figure ES-1
Budget Comparison for Past Two Years (2017/2018)

Fund Titles	2016/2017 Final Budget	2017/2018 Proposed Budget	Increase/Decrease Over 2016/2017
General Fund	\$1,816,664,125.00	\$1,848,357,885.00	\$31,693,760.00
Special Revenue	240,709,953.00	232,999,748.00	(7,710,205.00)
Food Service	148,239,286.00	140,985,752.00	(7,253,534.00)
Debt Service	293,194,015.00	374,095,121.00	80,901,106.00
Capital Outlay (New)	228,710,973.00	204,918,758.00	(23,792,215.00)
Capital Outlay (Committed)	88,522,452.00	120,330,325.00	31,807,873.00
Internal Service	203,114,285.00	197,918,690.00	(5,195,595.00)
TOTAL ALL FUNDS	\$3,019,155,089.00	\$3,119,606,279.00	\$100,451,190.00

Source: HCPS Fiscal Year 2017/2018 Budget Document.

According to the Popular Annual Financial Report, June 30, 2017, revenue for the General Fund comes from state (67 percent), local (32 percent) and federal (1 percent) dollars sources. The General Fund expenditures total \$1,666,697,598 and are as follows (by category): **Figure ES-2** below shows the HCPS' General Fund Expenditures.

Figure ES-2
Popular Annual Financial Report
General Fund Expenditures at June 30, 2017

Category	Amount
Facilities Acquisition & Construction	\$1,664,442
General Support Services	\$38,166,621
School Administration	\$103,463,274
Operation of Maintenance & Plant	\$142,248,246
Pupil Transportation Services	\$65,599,696
Instructional Support	\$166,151,614
Food Services	\$269,408
Community Services & Other	\$20,756,098
Capital Outlay	\$2,140,989
Instructional Services	\$1,126,237,213

Source: 2017 Popular Annual Financial Report.

DISCRETIONARY SALES SURTAX

According to the website of the Florida Department of Revenue, Discretionary Sales Surtax is imposed by most Florida school districts, counties, and other municipalities and applies to most transactions subject to sales tax. As stated in the *Tampa Bay Times* article, "Hillsborough School Board to Place Sales Tax on November Ballot" published on August 24, 2018, the Hillsborough County School Board referendum, which will be on the November 2018 ballot, proposes a half cent sales surtax increase that would generate funding to improve schools in the District. The education referendum comes soon after a decision to have the Hillsborough County transportation referendum on the November 2018 ballot.

If approved by voters, the school district's referendum will raise Hillsborough's sales tax to 7.5 percent for ten (10) years starting January 2019. This increase is slated to raise an estimated \$131 million in annual sales tax income and, according to the article on WTSP.com "Hillsborough School Board Votes to Add Tax Referendum on November Ballot" by Shannon Valladolid, revenue from the referendum will be used to improve security on campuses, renovate facilities, upgrade classroom technology and workshops, and upgrade for classrooms for career and technical workforce training.

GOVERNANCE IMPLICATIONS OF SURTAX PASSAGE

If approved by voters, the revenue distribution from the approved referendum will be distributed by the Department of Revenue to the Board. These transactions will be supervised by an oversight committee of six (6) private citizens, not affiliated with any organization that has direct or indirect financial benefit from the services, and one (1) member of the HCPS administration. The oversight committee is required to prepare an annual report within 90 days of the end of each fiscal year.

OBJECTIVE

In accordance with section 212.055(10), *Florida Statutes*, and *Government Auditing Standards* (2011 Revision) issued by the Comptroller General of the United States, a Certified Public Accountant must conduct a performance audit of the HCPS program areas within the administrative unit(s) slated to receive funds through the referendum approved by Resolution adopted by the Board. The performance audit includes a review of six (6) research tasks for program areas related to:

- Air conditioning replacement and repairs,
- Capital improvements and construction of schools,
- Building enhancements for school security, and
- Other maintenance needs.

PROJECT SCOPE

The performance audit was conducted in accordance with Generally Accepted Government Auditing Standards. Those standards require that the audit be conducted in a manner to obtain sufficient and appropriate evidence to provide a reasonable basis for our findings and conclusions based on the audit objectives. We believe that the evidence obtained provides a reasonable basis for our observations and conclusions. The primary administrative units for the areas identified in the resolution were Construction and Maintenance Operations.

METHODOLOGY

Team MJ conducted onsite fieldwork from August 28 – August 31, 2018 with initial data requests submitted on August 23, 2018. Audit team members conducted interviews and focus groups with a total of over ten (10) executive and management-level staff from the HCPS. In addition, audit team members reviewed relevant operational and financial data and reports and policies and procedures to in order to document and report findings and conclusions.

SUMMARY OF RESULTS

Figures ES-3 through ES-8 presents a summary of the results of the performance audit of HCPS in the six (6) research areas required by statute.

RESEARCH TASK 1 – The Economy, Efficiency, or Effectiveness of the Program

Finding Summary: Overall, HCPS meets Task 1

HCPS' information systems provide a variety of financial and operational information to enable District and school administrators to manage and monitor the District's facilities equipment, safety, maintenance, capital improvement, and construction activities. The District uses both standard and ad hoc reports to monitor program performance and costs. Monthly progress reports and the energy conservation report demonstrate that the District periodically evaluates the program using performance information and other reasonable criteria to assess program performance and cost.

Figure ES-3
Summary of HCPS Research Results

Research Subtask	Research Results	Conclusion	Recommendation
1. The Economy, Efficiency, or Effectiveness of the Program			
1.1	Our work revealed no issues or concerns related to management reports/data that program administrators use on a regular basis to monitor program performance and cost.	Met	N/A
1.2	Our work revealed no issues or concerns related to whether the program is periodically evaluated using performance information and other reasonable criteria to assess program performance and cost.	Met	N/A
1.3	Our work revealed no issues or concerns related to findings and recommendations included in relevant internal or external reports on program performance and cost.	Met	N/A

Figure ES-3
Summary of HCPS Research Results (Cont'd)

Research Subtask	Research Results	Conclusion	Recommendation
1.4	Our work revealed no issues or concerns related to whether program administrators have taken reasonable and timely actions to address any deficiencies in program performance and/or cost identified in management reports/data, periodic program evaluations, audits, etc.	Met	N/A
1.5	Our work revealed no issues or concerns related to program performance and cost based on reasonable measures, including best practices.	Met	N/A
1.6	Projects selected for review were generally completed on time and within budget. However, Construction Operations lacks formal documentation to support the reasonableness of project costs (other than for new schools). Also, some of the change orders and certificates included manual revisions which were not signed or initialed. In addition, one project cost was initially overstated as a result of adding instead of deducting the sales tax credit for direct materials purchases.	Partially Met	Document the supporting records to demonstrate the analysis done to determine if project costs were reasonable. In addition, 1.) Initial and date manual changes to contractual documents including change orders and the Certificate of Substantial or Final Completion; and 2.) Minimize the risk of spreadsheet errors in critical files such as the Project Summary Sheet by inserting red flag criteria in specific fields that should always be a debit or credit (such as direct purchase sales tax credits).
1.7	Our work revealed no issues or concerns related to whether the school district has established written policies and procedures to take maximum advantage of competitive procurement, volume discounts, and special pricing agreements.	Met	N/A

RESEARCH TASK 2 – The Structure or Design of the Program to Accomplish its Goals and Objectives

Finding Summary: Overall, HCPS meets Task 2

HCPS maintains an organization structure at the department, division, and section levels to identify the defined units within the organization and lines of authority. However, there are a significant number of vacant positions in the Maintenance Department, which results in overtime and a reactive versus preventative maintenance program.

Figure ES-4
Summary of HCPS Research Results

Research Subtask	Research Results	Conclusion	Recommendation
2. The Structure or Design of the Program to Accomplish its Goals and Objectives			
2.1	Our work revealed no issues or concerns related to the program organizational structure to ensure the program has clearly defined units, minimizes overlapping functions and excessive administrative layers, and has lines of authority that minimize administrative costs.	Met	N/A
2.2	In assessing the reasonableness of current program staffing levels given the nature of the services provided and program workload, Team MJ determined that the Maintenance department focuses on addressing vacancy rates; however, high rates create a risk that the HCPS will be unable to effectively conduct preventative maintenance and become more proactive versus reactive.	Partially Met	Management should identify ways to reduce the number of vacancies and strengthen its preventative maintenance program.

RESEARCH TASK 3 – Alternative Methods of Providing Services or Products

Finding Summary: Overall, HCPS meets Task 3

HCPS the District formally evaluates existing in-house services to assess the feasibility of alternative procurement methods; makes changes to service delivery methods based on evaluations that support cost-effective change; uses surveys to assess the effectiveness its outsourced grass mowing program; and performed cost assessments of the grass mowing program until Fiscal Year 2016. However, the District has not updated the grass mowing cost assessment for Fiscal Year 2018 and has not maximized participation in cooperatives to reduce facilities, maintenance, and construction costs.

Figure ES-5
Summary of HCPS Research Results

Research Subtask	Research Results	Conclusion	Recommendation
3. Alternative Methods of Providing Services or Products			
3.1	Our work revealed no issues or concerns related to whether program administrators have formally evaluated existing in-house services and activities to assess the feasibility of alternative methods of providing services, such as outside contracting and privatization.	Met	N/A
3.2	Although HCPS assesses the effectiveness of the grass mowing program through surveys and performed cost assessments every year from Fiscal Year 2011 through Fiscal Year 2016, the HCPS did not update the mowing cost assessment for Fiscal Year 2017.	Partially Met	Update the mowing contract cost assessment for Fiscal Year 2017, and conduct an assessment every year to take advantage of additional savings opportunities.
3.3	Our work revealed no issues or concerns related to whether program administrators have made changes to service delivery methods when their evaluations/assessments found that such changes would reduce program cost without significantly affecting the quality of services.	Met	N/A

Figure ES-5
Summary of HCPS Research Results (Cont'd)

Research Subtask	Research Results	Conclusion	Recommendation
3.4	HCPS has not maximized opportunities for alternative service delivery methods that have the potential to reduce program costs without significantly affecting the quality of services. A 2014 Performance Measurement and Benchmarking Project sponsored by the Council of the Great City Schools found that HCPS' cooperative purchasing ratio ranked "Worst" in the Council of Great City Schools rating quartile.	Partially Met	HCPS could be more aggressive in identifying opportunities for alternative service delivery methods that have the potential to reduce program costs without significantly affecting the quality of services. HCPS should also seek alternative procurement opportunities based on reviews of similar programs in peer entities (e.g., other school districts, etc.). Efforts for expanding alternative service delivery opportunities should be sought and documented for HVAC, maintenance, construction, and school safety procurements.

RESEARCH TASK 4 – Goals, Objectives, and Performance Measures Used by the Program to Monitor and Report Program Accomplishments

Finding Summary: Overall, HCPS partially meets Task 4

The District has effective measures in place to evaluate the facilities program performance, however, HCPS lacks documented program goals and objectives. The review of the internal control environment indicated that in the annual financial reports the auditors had not identified any material weaknesses in the prior three (3) years that we reviewed. Additionally, the State of Florida Auditor General's reports did not identify any material weaknesses.

Figure ES-6
Summary of HCPS Research Results

Research Subtask	Research Results	Conclusion	Recommendation
4. Goals, Objectives, and Performance Measures Used by the Program to Monitor and Report Program Accomplishments			
4.1	Although project goals and objectives are clearly stated, measurable, and can be achieved within budget, and are consistent with the school district's general facility planning documents, HCPS lacks clearly defined program-level goals and objectives.	Not Met	Document and maintain program-level goals and objectives, which are explicit, distributed, and understood.
4.2	The District has the measures in place to evaluate facilities programs performance, however, HCPS lacks documented programs goals and objectives.	Partially Met	Clearly identify and document the goals and objectives for the facilities program.
4.3	Although our interviews and documentation reviewed confirmed that the District has internal controls in place to provide reasonable assurance that project goals and objectives will be met, program goals and objectives are not documented to determine the internal controls in place. However, in general, internal controls for functions such as budgeting and purchasing will be the same for both program and project goals and objectives.	Partially Met	Clearly identify and document the goals and objectives for the program and determine if existing internal controls are adequate.

RESEARCH TASK 5 – The Accuracy or Adequacy of Public Documents, Reports, and Requests Prepared by HCPS which Relate to the Program

Finding Summary: HCPS meets Task 5

HCPS prepares and makes available a wealth of financial and non-financial information to the public. And, through HCPS' Communications and Outreach plan, the District has established a process to align communications channels and messages by selecting the right communication tool approach for the intended audience based on key performance indicators (KPIs) and measures. The District also has a documented process in place to ensure accuracy and completeness of program and cost information.

Figure ES-7
Summary of HCPS Research Results

Research Subtask	Research Results	Conclusion	Recommendation
5. The Accuracy or Adequacy of Public Documents, Reports, and Requests Prepared by HCPS which Relate to the Program			
5.1	Our work revealed no issues or concerns related to whether the program has financial and non-financial information systems that provide useful, timely, and accurate information to the public.	Met	N/A
5.2	Our work revealed no issues or concerns related to whether available documents, including relevant internal and external reports that evaluate the accuracy or adequacy of public documents, reports, and requests prepared by the school district related to the program.	Met	N/A
5.3	Our work revealed no issues or concerns related to whether the public has access to program performance and cost information that is readily available and easy to locate.	Met	N/A
5.4	Our work revealed no issues or concerns related to whether processes are in place to ensure the accuracy and completeness of any program performance and cost information provided to the public.	Met	N/A

Figure ES-7
Summary of HCPS Research Results (Cont'd)

Research Subtask	Research Results	Conclusion	Recommendation
5.5	Our work revealed no issues or concerns related to whether the program has procedures in place that ensure that reasonable and timely actions are taken to correct any erroneous and/or incomplete program information included in public documents, reports, and other materials prepared by the school district and that these procedures provide for adequate public notice of such corrections.	Met	N/A

RESEARCH TASK 6 – Compliance of the Program with Appropriate Policies, Rules, and Laws

Finding Summary: HCPS meets Task 6

HCPS prepares and Government Relations is responsible for staying abreast of federal, state, and local legislation that could impact the District. The school board develops all policies that impact the school district. Government Relations is responsible for recommending changes to policy resulting from changes in the legal/regulatory environment and for communicating such changes to departments and divisions throughout the District.

Figure ES-8
Summary of HCPS Research Results

Research Subtask	Research Results	Conclusion	Recommendation
6. Compliance of the Program with Appropriate Policies, Rules, and Laws			
6.1	Our work revealed no issues or concerns related to whether the program has a process to assess its compliance with applicable (i.e., relating to the program's operation) federal, state, and local laws, rules, and regulations; contracts; grant agreements; and local policies.	Met	N/A
6.2	Our work revealed no issues or concerns related to program internal controls to determine whether they are reasonable to ensure compliance with applicable federal, state, and local laws, rules, and regulations; contracts; grant agreements; and local policies and procedures.	Met	N/A
6.3	Our work revealed no issues or concerns related to whether program administrators have taken reasonable and timely actions to address any noncompliance with applicable federal, state, and local laws, rules, and regulations; contracts; grant agreements; and local policies and procedures identified by internal or external evaluations, audits, or other means.	Met	N/A

Figure ES-8
Summary of HCPS Research Results (Cont'd)

Research Subtask	Research Results	Conclusion	Recommendation
6.4	Our work revealed no issues or concerns related to whether program administrators have taken reasonable and timely actions to determine whether planned uses of the surtax are in compliance with applicable state laws, rules, and regulations.	Met	N/A

HILLSBOROUGH COUNTY PUBLIC SCHOOLS SURTAX

This section of the report provides background and introductory information about Hillsborough County Public School's (HCPS) use of the Discretionary Sales Surtax (DSS). The purpose of this section is to provide context and perspective for the work McConnell & Jones LLP (Team MJ) performed related to the six (6) research tasks outlined in section 212.055(10), *Florida Statutes*, which requires this performance audit.

On August 24, 2018, the HCPS School Board (the Board) adopted Resolution 2018-05, directing a referendum to be held on November 6, 2018 to levy the DSS. The proceeds of the surtax will be spent by HCPS for fixed capital expenditures or fixed capital costs associated with the renovation or construction of school facilities and campuses for security, technology, and other school purposes, which have a useful life expectancy of five (5) or more years. The surtax proceeds will also cover any land improvement, design and engineering costs related thereto, as well as the associated costs of retrofitting and providing for technology implementation, including hardware and software, for the various sites within HCPS. The funds may also be used to service HCPS' debt. The surtax will begin on January 1, 2019 and remain in effect for ten (10) years from January 1, 2019 through December 31, 2028.

HCPS will establish a Project Oversight Committee (POC) to report on the implementation, progress, status, and completion of the projects funded by the sales surtax approved by the referendum. The POC will consist of six (6) private citizens and one (1) member of the HCPS administration.

The POC is required to prepare an annual report within ninety (90) days of the end of each fiscal year. In addition, HCPS will explore the best possibility for an external or internal auditor. This auditor will be dedicated to the Discretionary Sales Surtax funds.

Section 212.055(10), *Florida Statutes*, requires an independent Certified Public Accountant (CPA) conduct a performance audit of the program associated with the surtax adoption for any referendum held on or after the effective date of the Act to adopt the DSS. The CPA must conduct the performance audit of the program areas within the administrative unit(s) that will receive surtax funds. The following section presents the audit results in the six (6) research areas required by the statute.

II. DETAILED AUDIT RESULTS

RESEARCH TASK 1

The Economy, Efficiency, or Effectiveness of the Program

Finding Summary – Overall, HCPS meets Task 1. HCPS’ information systems provide a variety of financial and operational information to enable District and school administrators to manage and monitor the District’s facilities equipment, safety, maintenance, capital improvement, and construction activities. The District uses both standard and ad hoc reports to monitor program performance and costs. Monthly progress reports and the energy conservation report demonstrate that the District periodically evaluates the program using performance information and other reasonable criteria to assess program performance and cost.

SUMMARY OF CONCLUSIONS ON RESEARCH SUBTASKS

See the Analysis and Results section below for details regarding these conclusions.

SUBTASK 1-1

Our work revealed no issues or concerns related to findings and recommendations included in relevant internal or external reports on program performance and cost.

SUBTASK 1-2

Our work revealed no issues or concerns related to whether the program is periodically evaluated using performance information and other reasonable criteria to assess program performance and cost.

SUBTASK 1-3

Our work revealed no issues or concerns related to findings and recommendations included in relevant internal or external reports on program performance and cost.

SUBTASK 1-4

Our work revealed no concerns related to whether program administrators have taken reasonable and timely actions to address any deficiencies in program performance and/or cost identified in management reports/data, periodic program evaluations, audits, etc.

SUBTASK 1-5

Our work revealed no issues or concerns related to program performance and cost based on reasonable measures, including best practices.

SUBTASK 1-6

Condition: Subtask 1.6 Partially Met

Evaluate the cost, timing, and quality of current program efforts based on a reasonably sized sample of projects to determine whether they were of reasonable cost and completed well, on time, and within budget.

Projects selected for review were generally completed on time and within budget. However, Construction Operations lacks formal documentation to support the reasonableness of project costs (other than for new schools). Also best practices could be implemented in the following ways. 1) Some of the change orders and certificates included manual revisions which were not signed or initialed. Initial and date manual changes to contractual documents including change orders and the Certificate of Substantial or Final Completion. 2) One project cost was initially overstated as a result of adding instead of deducting the sales tax credit for direct materials purchases. Minimize the risk of spreadsheet errors in critical files such as the Project Summary Sheet by inserting red flag criteria in specific fields that should always be a debit or credit (such as direct purchase sales tax credits).

Cause: HCPS Operations lacks a policy to document supporting records for all construction cost estimates and not just for new school construction.

Effect: Without supporting documentation to analyze if project costs are reasonable, HCPS Operations does not have historical records to ensure that procurements are within a reasonable range.

Criteria: A best practice is to maintain documentation of the process to ensure that project costs are reasonable.

RECOMMENDATION 1-6

Document the supporting records to demonstrate the analysis done to determine if project costs were reasonable. In addition, 1.) Initial and date manual changes to contractual documents including change orders and the Certificate of Substantial or Final Completion; and 2.) Minimize the risk of spreadsheet errors in critical files such as the Project Summary Sheet by inserting red flag criteria in specific fields that should always be a debit or credit (such as direct purchase sales tax credits).

SUBTASK 1-7

Our work revealed no issues or concerns related to whether HCPS has established written policies and procedures to take maximum advantage of competitive procurement, volume discounts, and special pricing agreements.

ANALYSIS & RESULTS

Subtask 1.1 – Review any management reports/data that program administrators use on a regular basis and determine whether this information is adequate to monitor program performance and cost.

To address the requirements of this subtask, Team MJ reviewed management reports that Operations Department managers use on a regular basis to monitor program performance and costs. Such programs include current and deferred maintenance; capital project construction and improvement; and safety and security.

HCPS' information systems provide a variety of financial and operational information to enable HCPS and school administrators to manage and monitor HCPS' various activities and programs. The financial system generates information for HCPS' Comprehensive Annual Financial Report (CAFR); operating and capital budgets; revenue and expenditure reports; and budget-to actual-reports. From an operations perspective, HCPS uses information from non-financial systems; for example, the work order system to track work orders, assess the timeliness of service delivery, and monitor maintenance costs.

HCPS uses both standard and ad hoc reports to monitor the performance and costs of its facilities equipment, safety, maintenance, capital improvement, and construction activities. The Budget Summary-Proposed Operating Budget Expenditures report presented to the Board during the budget process is an example of a standard report. Ad hoc reports are produced and used depending on specific needs and circumstances. For example, a project manager may wish to review how much was paid to a specific vendor during a given time period, or may wish to analyze expenditures for a given project budget line time.

Figures 1-1 through 1-4 present the management reports Team MJ reviewed and also provides an assessment of whether the information reported is adequate to monitor program performance and costs. It should be noted that no single report addresses all aspects of program performance and costs. However, each report serves a purpose that contributes to the overall monitoring and management of program performance and costs.

Team MJ concludes that the reports Operations Department management and staff use on a regular basis provides information that is adequate to monitor the performance and costs of the District's facilities equipment, safety, maintenance, capital improvement, and construction activities.

Figure 1-1
Review of Regularly Used Operations Department Management Reports

Name	Description/Purpose	Selected Key Fields	Team MJ Evaluation: Adequate?
Maintenance Monthly Report – FY 2019	<p>Description: Fiscal year budget allocation for various projects included in the Five-Year Capital Improvement Plan</p> <p>Purpose: Track current –year allocated budget balances by Capital Improvement Plan project</p> <p>Frequency: Monthly and on demand</p> <p>Users: Maintenance managers at monthly staff meeting</p>	<ul style="list-style-type: none"> Beginning Budget Site # and Name Project # and Description Current Year Budget Allocation Estimated Monthly Expenses Ending Allocated Budget Balance 	Yes
Maintenance General Fund Budget – FY 2019	<p>Description: Line-item maintenance budget for Operations Department cost centers</p> <p>Purpose: Provides budget to actual comparisons of maintenance expenses by maintenance site</p> <p>Frequency: Monthly and on demand</p> <p>Users: Maintenance managers at monthly staff meeting</p>	<ul style="list-style-type: none"> Site Account CodeString (location, project, program, function, object# and description) Budget Encumbrance Actual Expenses Budget Balance 	Yes
Project Summary Sheet	<p>Description: Summary of all pertinent details and information for a single project</p> <p>Purpose: Provides a one-page source of key project information</p> <p>Frequency: Weekly at staff meetings and as updates occur</p> <p>Users: Maintenance and construction managers</p>	<ul style="list-style-type: none"> Project Number, Name, Project Manager Total budget, actual costs, budget variance Architect & construction manager Bonding company information Completion status Guaranteed Maximum Price data Service fee data 	Yes

Figure 1-1
Review of Regularly Used Operations Department Management Reports (Cont'd)

Name	Description/Purpose	Selected Key Fields	Team MJ Evaluation: Adequate?
Monthly Progress Report of Project Performance & Cost	<p>Description: Status of a single project</p> <p>Purpose: Provides one-page overview of an individual project's status and acts as a monthly executive summary of historical project activity</p> <p>Frequency: Weekly at staff meetings and monthly</p> <p>Users: Maintenance and construction managers, assistant superintendent and department heads</p>	See Figure 1-2	Yes
Project Summary Sheet	<p>Description: Summary of all pertinent details and information for a single project</p> <p>Purpose: Provides a one-page source of key project information</p> <p>Frequency: Weekly at staff meetings and as updates occur</p> <p>Users: Maintenance and construction managers</p>	<ul style="list-style-type: none"> • Project Number, Name, Project Manager • Total budget, actual costs, budget variance • Architect & construction manager • Bonding company information • Completion status • Guaranteed Maximum Price data • Service fee data 	Yes
Monthly Progress Report of Project Performance & Cost	<p>Description: Status of a single project</p> <p>Purpose: Provides one-page overview of an individual project's status and acts as a monthly executive summary of historical project activity</p> <p>Frequency: Weekly at staff meetings and monthly</p> <p>Users: Maintenance and construction managers, assistant superintendent and department heads</p>	See Figure 1-2	Yes
Work Order Aging Report	<p>Description: Outstanding work orders aged by location</p> <p>Purpose: Monitors and addresses old outstanding work orders for each location</p>	See Figure 1-3	Yes


Figure 1-1
Review of Regularly Used Operations Department Management Reports (Cont'd)

Name	Description/Purpose	Selected Key Fields	Team MJ Evaluation: Adequate?
	<p>Frequency: Monthly and on demand</p> <p>Users: Maintenance managers</p>		
Open Construction Projects	<p>Description: Construction projects open as of a given date</p> <p>Purpose: Tracks the original Guaranteed Maximum Price (GMP) and Revised GMP to date of open projects as of a given date</p> <p>Frequency: Weekly at staff meetings and as updates occur; quarterly as variations from original to current guaranteed maximum price are discussed as related to scope revisions</p> <p>Users: Maintenance and construction managers</p>	<ul style="list-style-type: none"> • Project number • Project name • Original GMP • Revised GMP to date 	Yes
20-Year Facilities Maintenance Projections	<p>Description: Twenty year projections of facility and equipment maintenance costs</p> <p>Purpose: Enables management to look beyond the Five-year Capital Improvement Plan to predict and prepare for more long-term facility and equipment needs. Also utilized for planning and potential project forecasting or combining items into a single project</p> <p>Frequency: Available on demand</p> <p>Users: Department heads</p>	<ul style="list-style-type: none"> • School • Project name • Original GMP • Revised GMP to Date 	Yes
Safety Work Order Summary	<p>Description: Status of Maintenance Division safety-related work orders by repair shop</p> <p>Purpose: Isolates safety-related work orders and shows the completion rate.</p> <p>Frequency: Available on demand and as updates occur</p> <p>Users: Maintenance managers</p>	See Figure 1-4	Yes

Source: Hillsborough County Public Schools Operations Department, August 2018.

Figure 1-2
Monthly Work Order Aging Report

HCPS MONTHLY PROGRESS REPORT



PROJECT DIRECTORY:
Construction Manager/GC: Creative Contractors, Inc.
PROJECT MANAGER: Ben Harger
PROJECT SUPERINTENDENT: John Fraley / Shane McCray
PROJECT OFFICE ACCOUNTANT: Jennifer Hall
Engineer: Lyle Engineering Group, Inc.
PRINCIPAL: Roy Moral
ASSOCIATE:
Structural Engineer: N/A
Civil Engineer: N/A
Mechanical Engineer: Lyle Engineering Group, Inc.
Electrical Engineer: Lyle Engineering Group, Inc.

REPORT DATE, PREPARED BY: 08/27/2018 Ben Harger

PROJECT INFORMATION:
Name: Cypress Creek Elem. School HVAC Replacement
Address: 4040 19th Ave NE
City/State/Zip: Ruskin, FL 33573
District Job Number: 17023

PROJECT OVERVIEW: AmActual, PrProjected) Date A/P
Project Start Date (NTP): 05/02/18 A
Structure top out Date: NA
Permanent Power Date: NA
Certificate of Occupancy Date: 08/03/18 P
Substantial Completion Date: 08/03/18 P
Date of Actual Building Occupancy: 08/02/18 P
Date of Final Completion: 08/10/18 P
Total Project Duration: 70 Days

ADMINISTRATIVE OVERVIEW:
Total # of Subcontracts Anticipated: 4
of Subcontracts Issued: 4
of OSD Agreements Executed: TBD
\$ Value of OSD Agreements: TBD

PROGRESS PENDING ISSUES (& RESPONSIBILITIES):
Current Critical Issues:

Issue	Responsibility
No significant issue to report at this time.	

PROJECT DESCRIPTION:
Building Use: Elementary School
Construction Type: 2 story masonry, concrete, and steel structure
Total Square Footage: 78,000
Student Stations: NA
Number of Floors: 2
Foundation Type: Spread Footing
Structural Frame: Masonry
Exterior Skin: Stucco over Masonry
Roof System: Modified Bitumen Roof

SITE STATS:
TOTAL AREA (ACRES): 3
SURFACE PARKING SPACES (EACH): Existing
OF HANDICAP SPACES: Existing

CONTINGENCIES (current \$)
Contingency: \$97,217

OTHER: NONE

SCHEDULE POSITION (actual (+ days = ahead of schedule)
Critical Path Report: 0

CONSTRUCTION UPDATE:

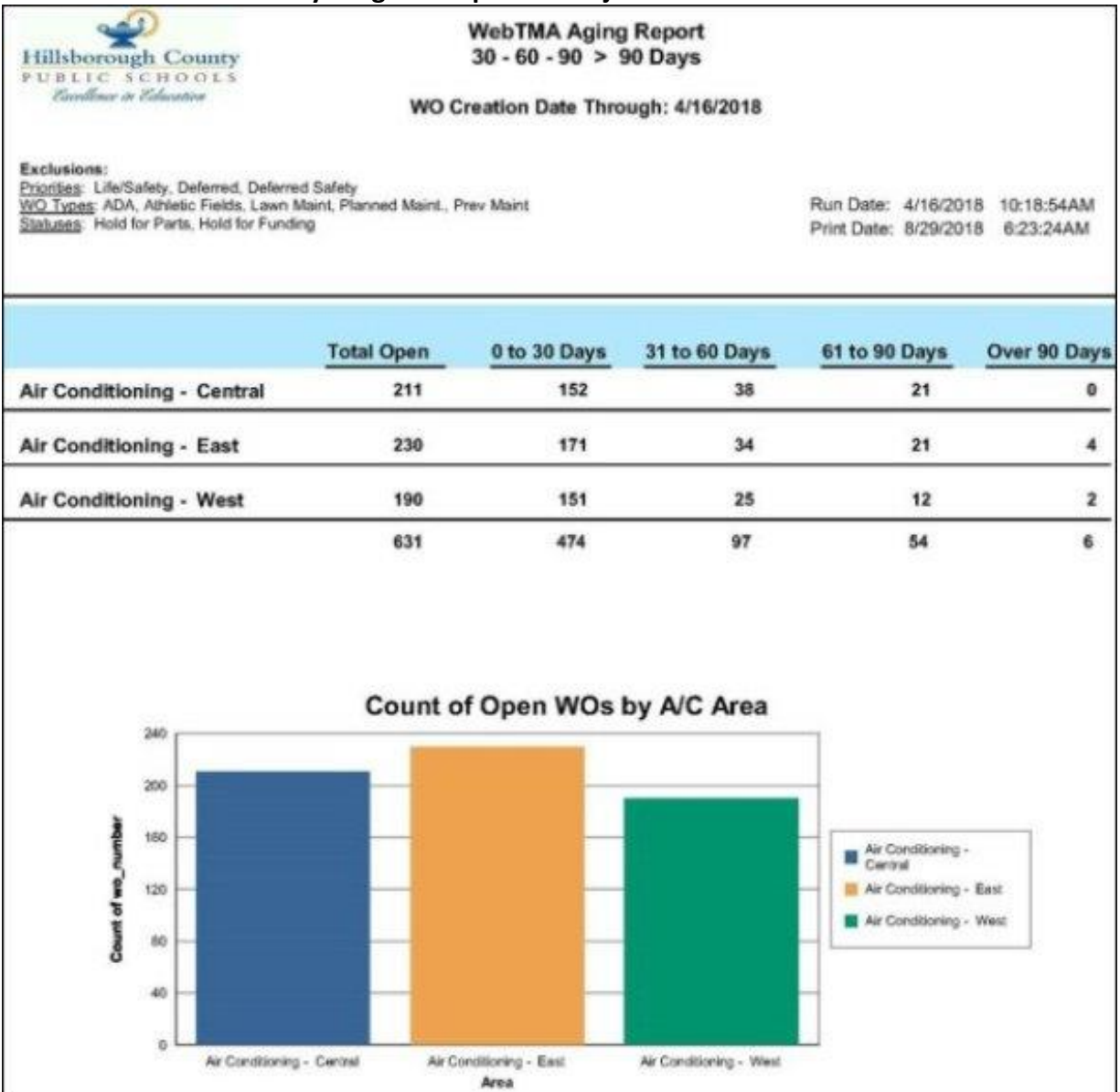
TYPE	% COMP.	REMARKS
Moving	100%	Furniture move is complete as of 5/31
Temp Prot.	100%	Installing floor/millwork/window protection
Demo	100%	AHUs and 30% of first floor complete on 5/31
HVAC	50%	Working on HVAC Demo
Elec	50%	Working on Electrical saffing and UG
ACT	40%	

CONTRACT STATUS:
CURRENT CONTRACT AMOUNT: \$ 3,008,615.55
AMOUNT BILLED TO DATE: \$ 1,385,159.04
PERCENT DOLLARS EXPENDED: 46%
CONTRACT CALENDAR DAYS: 70
CALENDAR DAYS EXPENDED: 36
PERCENT TIME EXPENDED: 51%
TOTAL LOST WEATHER DAYS: 0

COMMENTS:

Source: Hillsborough County Public Schools Operations Department, August 2018.

Figure 1-3
Monthly Progress Report of Project Performance & Cost



Source: Hillsborough County Public Schools Operations Department, August 2018.

Figure 1-4
Safety Work Order Summary



Source: Hillsborough County Public Schools Operations Department, August 2018.

Subtask 1.2 – Determine whether the program is periodically evaluated using performance information and other reasonable criteria to assess program performance and cost.

To address the requirements of this subtask, Team MJ reviewed the King and Walker Construction Audit performed in 2017 using 25 Facilities Construction Performance Standards. This report noted that HCPS is using all 25 of these performance standards. The following standards help determine whether the program is periodically evaluated.

- HCPS has an effective long-range planning process.
- When developing the annual five-year facilities work plan, HCPS evaluates alternatives to minimize the need for new construction.
- The five-year facilities work plan establishes budgetary plans and priorities.
- HCPS requires appropriate inspection of all school construction projects.
- HCPS regularly evaluates facilities construction operations based on established benchmarks and implements improvements to maximize efficiency and effectiveness.
- HCPS ensures that it receives an annual external audit and uses the audit to improve its operations.

The King and Walker Construction Audit noted that HCPS has a long range planning process; they are developing the annual five-year facilities work plan; they are appropriately inspecting all school construction projects; and are conducting comprehensive building evaluations based on established benchmarks.

In addition to the King and Walker Construction Audit, team MJ examined some of the HCPS Monthly Progress Reports along with the Project Summary Sheet. HCPS use the Project Summary Sheet to track projects that are around the \$2 million range. Team MJ noted that HCPS is tracking the design phase, any approved time extensions, change orders, and additional design services. The Project Summary Sheet is updated by HCPS; however, to compare information, HCPS gives the construction company a Monthly Progress Report to fill in. This report covers similar data to that of the Project Summary Sheet; however it allows HCPS to compare data and verify project status.

To determine whether HCPS periodically evaluates its programs using performance information and other reasonable criteria to assess program performance and cost, Team MJ also reviewed the Annual Energy Report 2016-2017 and Energy Star Score Rankings. The Energy Star Score Rankings puts the schools in to three categories:

1. ***Qualifies*** – The school may be eligible for an Energy Star certification
2. ***Close to Qualifying*** – The school is close to eligibility for an Energy Star certification
3. ***Does not Qualify*** – The school is not eligible for an Energy Star certification

For a school to qualify for an Energy Star certification the school needs to be performing 75% better than similar buildings nationwide. To facilitate this reporting, HCPS created the Energy Conservation Annual Report, which consolidates the energy consumption for each school facility and compares the data against the Energy Star Target.

Team MJ concludes that the King and Walker Construction Audit, the comparison of both the HCPS Monthly Progress Reports and the Project Summary Sheet, and the Energy Conservation Annual Report demonstrate that HCPS periodically evaluates the program using performance information and other reasonable criteria to assess program performance and cost.

Subtask 1.3 – Review findings and recommendations included in any relevant internal or external reports on program performance and cost.

To address the requirements of this subtask, Team MJ reviewed reports provided by HCPS. Reports provided demonstrate that HCPS receives regular external reviews of its finances and operations. Overall, these reports did not indicate findings that would result in HCPS' inability to achieve program objectives.

Annual Financial Audits

HCPS receives annual financial audits that are performed by external auditors. The scope and purpose of an annual financial report is to express an opinion on the reasonableness of the District's financial statements within materiality limits. Financial statements are generally the main source of accountability of management performance to the organization's stakeholders. HCPS' annual financial audits performed by independent auditors found that the financial statements present fairly, in all material respects, the respective financial position. The Comprehensive Annual Financial Reports for Fiscal Years 2015, 2016, and 2017 found no material weaknesses.

Single Audits

Organizations receiving federal funds in excess of \$750,000 in the form of grants are required to receive an annual Single Audit performed by an independent certified public accountant. The Single Audit looks at the recipient's financial records, financial statements, federal award transactions and expenditures, internal control systems, and the federal assistance it received during the audit period. The reports are usually issued as part of the annual financial audit report but can be commissioned and issued separately. Single Audit reports also incorporate two additional audit reports; (1) Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards and (2) Independent Auditors' Report on Internal Control over Each Major Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. HCPS does receive an annual Single Audit. The Single Audits for Fiscal Years 2015, 2016 and 2017 found no material weaknesses.

Internal Audits

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. Internal audit functions inform the organization's leadership team and stakeholders how well systems and processes are working. Audits result in findings and recommendations to improve processes and mitigate the risks surrounding those processes. HCPS has a fully staffed auditing function that reports to the Board and administratively reports to the Superintendent. This type of reporting relationship is common because Boards by nature are not full-time employees and do not authorize the daily administrative transactions such as time sheet approval and purchase order approvals. HCPS auditing function's primary focus is on conducting student full-time attendance reporting audits and school activity fund audits, but the District's charter allows for any audit or investigation to be performed. The internal auditor's report of the District's Self-Insurance Program for Fiscal Year 2017 found the performance of the program's administrator, Broadspire Services, Inc., to be satisfactory; the internal auditor's School Internal Accounts Activity Funds Audit Report for Fiscal Year 2016/2017 noted 99 school sites received "exemplary", 137 school sites received "satisfactory", seven school sites received "needs improvement" and one school site received "unsatisfactory". These reports are operational in nature and did not point to what would be considered material weaknesses in the program.

Operational Audits

Operational audits are a systematic process of evaluating an organization's effectiveness, efficiency and economy of operations under management's control and reporting to appropriate persons the results of the evaluation along with recommendations for improvement. Operational audits can be performed with internal resources (typically the internal auditor) or by external auditors and consultants. Operational audits cover any and all business operations. The scope of an operational audit can range from an assessment of all the organization's business processes or be limited to specific business processes. HCPS receives operational audits from external auditors and consultants. The State of Florida Auditor General Operations Report of Hillsborough County District School Board noted 10 findings; the Educational and Operational Efficiency Audit - Comprehensive Report for Hillsborough County Public Schools provided 120 recommendations; and the Performance Audit on Agreed-Upon Procedures noted that the District is using 25 of the 25 facilities construction performance standards and is in full compliance with the intent of the provisions of section 1013.35, Florida Statutes, relating to the Educational Planning and Construction Activities of the District. Recommendations in these audits did not point to what would be considered material weaknesses in the program.

Figure 1-5 provides an overview of the audit reports we reviewed for this research task.

**Figure 1-5
HCPS Reports Reviewed**

Audit Report Title	Audit Type	Audit Conclusions
<i>Comprehensive Annual Financial Report Fiscal Year 2015</i>	Annual Financial Reports issued by KPMG	The financial statements are fairly presented. There were no reportable findings.
<i>Comprehensive Annual Financial Report Fiscal Year 2016</i>	Annual Financial Reports issued by KPMG	The financial statements are fairly presented. There were no reportable findings.
<i>Comprehensive Annual Financial Report Fiscal Year 2017</i>	Annual Financial Reports issued by KPMG	The financial statements are fairly presented. There were no reportable findings.
<i>Fiscal Year 2015 Single Audit Report</i>	Single Audit issued by KPMG	<p><i>Single Audit Report</i></p> <ul style="list-style-type: none"> • No reportable finding <p><i>Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards</i></p> <ul style="list-style-type: none"> • No material weaknesses • No significant deficiencies • No instances of noncompliance <p><i>Independent Auditors' Report on Internal Control over Each Major Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations</i></p> <ul style="list-style-type: none"> • District complied with compliance requirements • No material weakness deficiencies over internal controls • Schedule of expenditure of federal awards is fairly stated

Figure 1-5
HCPS Reports Reviewed (Cont'd)

Audit Report Title	Audit Type	Audit Conclusions
Fiscal Year 2016 Single Audit Report	Single Audit issued by KPMG	<p><i>Single Audit Report</i></p> <ul style="list-style-type: none"> • No reportable findings <p><i>Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards</i></p> <ul style="list-style-type: none"> • No material weaknesses • Two significant deficiencies • No instances of noncompliance <p><i>Independent Auditors' Report on Internal Control over Each Major Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations</i></p> <ul style="list-style-type: none"> • District complied with compliance requirements • No material weakness deficiencies over internal controls • One significant deficiency • Schedule of expenditure of federal awards is fairly stated
Fiscal Year 2017 Single Audit Report	Single Audit issued by State of Florida Auditor General	<p><i>Single Audit Report</i></p> <ul style="list-style-type: none"> • No reportable findings <p><i>Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards</i></p> <ul style="list-style-type: none"> • No material weaknesses • No significant deficiencies • No instances of noncompliance <p><i>Independent Auditors' Report on Internal Control over Each Major Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations</i></p>

Figure 1-5
HCPS Reports Reviewed (Cont'd)

Audit Report Title	Audit Type	Audit Conclusions
<i>Fiscal Year 2017 Single Audit Report (Cont'd)</i>	Single Audit issued by State of Florida Auditor General (Cont'd)	<ul style="list-style-type: none"> • District complied with compliance requirements • No material weakness deficiencies over internal controls • No significant deficiency • Schedule of expenditure of federal awards is fairly stated
<i>State of Florida Auditor General Operations Report of Hillsborough County District School Board</i>	Operational audit performed by the State of Florida Auditor General Report No. 2018-173	The report identified 10 findings. (See Figure 1-2)
<i>A Financial Management and Performance Audit of HCPS' Educational Planning and Construction Activities Audit Period July 1, 2015 through June 30, 2016</i>	Operational audit performed by King & Walker CPA's	The Board is using 25 of the 25 facilities construction performance standards established for this performance audit. In addition, the HCPS is in full compliance with the intent of the provisions of Section 1013.35, Florida Statutes, relating to the Educational Planning and Construction Activities of the District.
<i>Educational and Operational Efficiency Audit - Comprehensive Report for Hillsborough County Public Schools</i>	Operational audit performed by Gibson Consulting Group issued in 2016	This audit was conducted in three phases. Phase two was the study of operations. This phase identified 120 improvement opportunities throughout HCPS' business functions. Education was issued in phase three and is not included in the 120 improvement opportunities.
<i>A Financial Management and Performance Audit of: The District's Educational Planning and Construction Activities</i>	Operational Audit performed by King & Walker CPA's	<ul style="list-style-type: none"> • HCPS is using 25 of the 25 facilities construction performance standards. • The District is in full compliance with the intent of the provisions of Section 1013.35, Florida Statutes, relating to the Educational Planning and Construction Activities of the District. • Overall the HCPS uses 79% of its capacity (2015-2016) – If only permanent student stations are counted, the utilization rate increases to 81% • The District has endeavored to reduce the use of modular/relocatable student stations and has been successful – The current modular/ relocatable

Figure 1-5
HCPS Reports Reviewed (Cont'd)

Audit Report Title	Audit Type	Audit Conclusions
		<p>student stations comprise only 2 percent.</p> <ul style="list-style-type: none"> The District should seriously consider seeking a School Capital Outlay surtax referendum allowable under section 212.055(6), <i>Florida Statutes</i>, of up to 0.5% – The District should institute the necessary procedures to seek approval for this revenue source to assist in meeting future school construction, renovations, and maintenance repair needs sooner rather than later.
<i>Internal auditor's report of the District's Self-Insurance Program for Fiscal Year 2017</i>	Internal Audit	<ul style="list-style-type: none"> The internal auditors found the performance of Broadspire Services, Inc., in administering the District's General Liability, Automotive Liability and Worker's Compensation Self-Insurance Program to be satisfactory.
<i>Internal auditor's School Internal Accounts Activity Funds Audit Report for Fiscal Year 2016/2017</i>	Internal Audit	<ul style="list-style-type: none"> The report noted 99 school sites received "exemplary", 137 school sites received "satisfactory", seven school sites received "needs improvement" and one school site received "unsatisfactory".

Source: Summarized from reports identified in the table above.

Figure 1-6 provides a summary of the ten (10) findings noted in the operational audit performed by the State of Florida Auditor General Report No. 2018-173.

Figure 1-6
Summary of Findings State of Florida Auditor General Report No. 2018-173

- Finding 1:** District records did not always evidence that ad valorem tax levy proceeds were used only for authorized purposes, resulting in questioned costs totaling \$1.5 million.
- Finding 2:** Required background screenings were not always performed for applicable instructional and noninstructional employees.
- Finding 3:** District records did not demonstrate that the District conducted required searches of the names of prospective volunteers against the applicable registration information regarding sexual predators and sexual offenders.
- Finding 4:** District procedures did not ensure that independent, supervisory review and approval of time worked or leave taken by site administrators was documented.
- Finding 5:** Contrary to the Board-approved audit committee charter, the District Auditing Services Department did not obtain Board approval of the Department audit work plan for the 2016-17 fiscal year or communicate, of record, the progress and the results of Department audit activities to the Board for the 2016-17 fiscal year.
- Finding 6:** The District did not always appropriately consider reliable and authentic records of college entrance examination scores and highly effective evaluations based, in part, on student performance when determining the eligibility of charter school teachers for the Florida Best and Brightest Teacher Scholarship awards.
- Finding 7:** The District did not always document appropriate monitoring of charter school closures. Such monitoring is important to ensure that audit reports are timely completed and that other statutory requirements related to charter school closures are met.
- Finding 8:** District procedures for canceling purchasing card privileges could be enhanced.
- Finding 9:** As similarly noted in our report Nos. 2015-169 and 2013-094, the District did not offer students the required number of virtual instruction options.
- Finding 10:** Some unnecessary information technology (IT) user access privileges existed that increased the risk that unauthorized disclosure of student social security numbers may occur.

Source: State of Florida Auditor General Operational Audit Report No. 2018-173 March 2018, page 1.

While the State of Florida Auditor General Operations Report of Hillsborough County District School Board Report No. 2018-173 and the Gibson Consulting's Comprehensive Report for Hillsborough County Public Schools identified findings and recommendations these are not material to the facilities program's ability to meet its objectives. However, the recommendations point to a need for management to formalize their processes and increase efficiencies.

The review of the findings and recommendations in these reports satisfies the requirements of **Subtask 1.3.**

Subtask 1.4 – Determine whether program administrators have taken reasonable and timely actions to address any deficiencies in program performance and/or cost identified in management reports/data, periodic program evaluations, audits, etc.

To address the requirements of this subtask, Team MJ requested action plans prepared and used as monitoring tools to implement recommendations noted in the reports provided for **Task 1.3**. Action plans for the State of Florida Auditor General reports are included in the management response section of the audit report. Documentation provided to Team MJ indicates that HCPS has processes in place, and has taken reasonable and timely actions to address any deficiencies noted in program performance and/or cost identified in management reports/data, periodic program evaluations, audits, etc.

The State of Florida Auditor General Report No. 2018-173 identified that user access to information systems are not effectively monitored. To address this finding, the HCPS Information Technology Department implemented an annual review process that requires all division managers and principals to review individuals with system access and their access privileges. The reviewed user access report is required to be emailed back to the Information Technology Department until all reviews are received. Team MJ obtained a copy of one annual user access review. **Figure 1-7** provides a snapshot of the user access report and response provided by a school principal.

Figure 1-7
Information Systems User Access Review

Thank you for helping us comply with this annual auditing requirement.

Audit Site	Name	Security Class	Security Class Description
3431	Carpenter, Nicole	3431FL2	Create requisitions, receive PO's, enter travel, manage assets and textbooks.
3431	Felino, Deborah	3431ABM	Postage and petty cash.
3431	Kinn, Denise	3431FL2	Create requisitions, receive PO's, enter travel, manage assets and textbooks.
3431	Dacanto, Vincent	3431FL2	Create requisitions, receive PO's, enter travel, manage assets and textbooks.
3431	Carmory, Cheryl	3431FL1	Create financial requisitions, receive PO's, enter travel, manage assets and textbooks, transfer budget, initiate and verify payroll, Inquire on Hiring Update on FA26.1
3431	Lewenberg, Timothy	3431ASM	Manage assets but not textbooks.
3431	Stewart, James	3431ASM	Manage assets but not textbooks.
3431	Wagley, Constance	3431SN3	Create requisitions (fund 410), receive PO's
3431	Sullivan, Susan	3431VAPP	Approve/create financial and hiring requisitions, Enter travel, manage assets and textbooks, Approve/Initiate payroll, Evaluation History by Employee
3431	Good, Alicia	3431FL1	Create financial requisitions, receive PO's, enter travel, manage assets and textbooks, transfer budget, initiate and verify payroll, Inquire on Hiring Update on FA26.1
3431	Bridges, Sharon	3431FL2	Create requisitions, receive PO's, enter travel, manage assets and textbooks.
3431	Churchwell, Kathryn	3431FL2	Create requisitions, receive PO's, enter travel, manage assets and textbooks.
3431	Schube, Kelly	3431FL2	Create requisitions, receive PO's, enter travel, manage assets and textbooks.

Source: HCPS Information Technology General Manager, August 2018.

We obtained the June 20, 2017 action plan for the Educational and Operational Efficiency Audit – Comprehensive Report for Hillsborough County Public Schools (operational report) issued in 2016 and performed by Gibson Consulting Group. The matrix contained in Gibson Consulting's report to HCPS lists all of the recommendations, the position responsible for review, and actions taken as well as cost savings identified through the actions.

The District published an annual fiscal review document on its website. The June 20, 2017 HCPS Fiscal Review included a section on actions taken to address some of the recommendations made in the Gibson Consulting Operational report. This update stated that:

- Clerical staffing formulas were created that resulted in a reduction of 35 units and a savings of \$127,837.
- Instructional resources were reassigned and unit formulas were reviewed for a current year savings of 149 units and a six-month savings of \$5.6 million.
- Courtesy bussing is being phased out by the end of fiscal year 2019 for an estimated savings between \$3.5 million and \$10.5 million.
- Aligning or changing bells times was targeted for completion during fiscal year 2017-2018 for an estimated savings of at least \$1.8 million.
- A committee was assembled to review custodial staffing formulas; and as a result, job descriptions are being updated.

Figure 1-8 provides a snapshot of the Gibson Consulting Operational report status update document provided in the June 20, 2017 HCPS Fiscal Review.

Figure 1-8
Gibson Consulting Operational Report Recommendation Status Update

<p>1- Operational Efficiency Audit took a deep look into:</p> <p>a. Clerical Staffing- Starting in the spring of last year we created clerical staffing formulas and adjusted all clerical staff district wide. The majority of the clerical units went back into schools to fill vacancies. We are also working on updating clerical job descriptions to align to current industry standards and make better use of technology, such as the use of voicemail. Current year savings of 35 units \$127,837.07</p> <p>b. Instructional Resource Allocations to schools is something we have been working on during this academic year. The first part was the reassignment of many district level positions back into to schools and in front of students filling many of the teacher vacancies. The second part is underway as we have looked at all unit formulas and created a comprehensive consultative way of staffing instructional support personnel. Current year savings of 149 units for 6 months \$5.6 million</p> <p>c. Transportation- Gibson consultation made six recommendations in this area. This year we have focused on:</p> <p>i. Phasing out courtesy bussing (Middle and High School students) Future savings (FY 2017-2018) will be between \$3.5 and \$5.5 million</p> <p>ii. Phasing out of courtesy bussing (Elementary School Students) Future savings (FY 18-19) could be up to \$5.0 million</p> <p>iii. Implementation of timekeeping system Future savings (FY 2018-2019) when implemented at least \$1.4 million</p> <p>iv. Aligning/changing Bell Times Future savings (FY 2017-2018) when implemented at least \$1.8 million</p> <p>d. Custodial Staffing-</p> <p>i. There is currently a committee working on looking at the custodial staffing formulas and aligning them to reflect industry standards and district needs. The goal is to pilot a regionalized model focused on high quality of service, and at the same time being a cost savings for the district. We currently do not have a projected cost savings for this as we are going to start with a pilot in one of the Area locations.</p> <p>e. Job Descriptions HCPS job descriptions are being upgraded to ensure that the positions now require the technical expertise and experience needed to execute the job duties. We must keep in mind that this is a long rang goal as the task is enormous. We currently do not have a projected cost savings.</p>

Source: Hillsborough County Public Schools Website

http://www2.sdhc.k12.fl.us/BoardAgenda/pdfs/BD20170620_831/Attch_20170620_1073_000.pdf?GRN=1497964230523

Team MJ obtained a copy of the revised custodial staffing formula. This formula includes key metrics such as instructional certified units, number of students, number of rooms, square footage of buildings, unkempt grounds and programs. Each metric results in a score and the total score provides an estimate of how many custodial units should be allocated. The revised custodial staffing formula demonstrates that HCPS improved its approach to determining custodial staffing.

This action plan and fiscal report demonstrates that HCPS took action to evaluate the recommendations and implement those that they deemed to provide a positive cost benefit or that they could implement with available funds.

The review of the implementation actions for reports reviewed in **Subtask 1.3** satisfies the requirements of **Subtask 1.4**.

Subtask 1.5 – Evaluate program performance and cost based on reasonable measures, including best practices.

To address the requirements of this subtask, Team MJ reviewed the King and Walker Construction Audit conducted in 2017, which benchmarked the program using 25 Facilities Construction Performance Standards and concluded that the program was in compliance with all performance standards. Performance standards ranged from long-range planning and establishing budgets to developing project priorities and performing appropriate inspections of construction projects to ensure HCPS' quality standards were met, which is an aspect of performance.

Additionally, Team MJ reviewed the following documents:

- Performance Measures and Evaluations of Design Professionals and Contractors & Construction Managers
- A typical Project Summary Sheet
- HCPS Monthly Progress Report
- 5-year Work Plan
- Hillsborough County Public Schools Policy Manual (Acquisition of Professional Services)
- A typical Initial Budget Worksheet
- A typical FMS Deferred Maintenance Schedule
- Project Files organized as follows:
 - Architect and Professional Proposals and Agreements
 - Architects Supplemental Information (ASI)
 - Board Approved
 - CM Agreement
 - Site, Local Gov. Utility Correspondence
 - Change Orders
 - Cost Info

- Code, Permit Correspondence
- Field Reports & Punch Lists
- General Planning Correspondence
- General Construction Correspondence
- Meeting Minutes, Agendas
- Project Inspection Reports
- Engineering Correspondence
- Proposals & PRs
- Reports, Test Results
- Warranty Close-Out Correspondence

The above referenced documents provide multiple examples of processes HCPS has in place to evaluate program performance and cost based on best practice models.

Team MJ also reviewed HCPS facility planning components as shown in **Figure 1-9**. These facility planning components are aligned with best practice models used by school districts around the country.

Figure 1-9
HCPS Key Facility Plan Components

Plan Components	Description
<i>Economic and Demographic Trends</i>	Perform the demographic and socioeconomic profile to provide insight into the composition of the county's population profile, enhancing the understanding of citizen needs and, ultimately, projections of future HCPS needs.
<i>Enrollment Trends and Student Generation Rates</i>	Employ a methodology using Geographic Information Systems (GIS) to develop the student generation rate for HCPS. Specifically, GIS was used to link student addresses to parcels in the Hillsborough County Property Appraiser's database in order to determine the number of students per unit by school level and land use based on the latest proper database.
<i>Inventory and Available Capacity</i>	Available capacity compared to enrollment levels suggested that it is appropriate to create three sub-planning areas.
<i>Future Needs</i>	Document the approach HCPS will use to build 38 schools over the next 15 years, or 2.5 schools annually. This approach reduces the need to redistrict and add portables. Of the 38 schools, 25 will be elementary schools, 5 will be middle schools, and 8 high schools.
<i>Cost Estimates and Funding Alternatives</i>	Develop two scenarios (Minimum and Reasonable) for the HCPS Long-Range School Planning Study. This section discusses the cost and revenue analysis associated with both scenarios.
<i>Summary and Conclusions</i>	Provide HCPS with a high level overview of longer term needs by school level and geographic area.
<i>5-Year Work Plan</i>	Prepare a planning document that allows decision makers to view a comprehensive plan for facilities projects for the next 5 years. The Work Plan is updated every year.

Plan Components	Description
Prototype Designs (Insert Educational Specifications)	Establish design and construction standards for Elementary Schools, Middle Schools, and High Schools. The Educational Specifications portion of the document details the programming information the District uses for the design of new facilities.
Energy Conservation Manual	Develop guidelines to assist schools in their efforts to Eliminate Energy Waste. The booklet contains information and suggestions that will reduce consumption of energy.
Deferred Maintenance Schedule	Provide a comprehensive view of schools requiring maintenance, the title of the maintenance item, and the current budget, and the cost of deferred maintenance.
Construction Project Data Base	Provide comprehensive data for the District's schools that gives a snapshot of current data as well as determines future needs for facilities.

Source: HCPS Published Facilities Planning Components, 2016

Additionally, the MJ Team reviewed construction project meeting agendas and minutes and project files to further assess whether or not program performance and costs are periodically evaluated. The content of these documents reflected best practices in the construction industry.

- Schedules
- Design Items
- Owner Issues
- Testing & Inspections
- Miscellaneous / Other
- Close-out
- RFIs (Requests for Information) & RFI Logs
- Submittals & Submittal Logs
- Contingency & Allowances

The project files outlined above contain critical information needed for effective program management. For example, HCPS' ASI summarizes the change order process, which may impact program performance, cost, or both. An example of Best Practices is the use of AIA documents such as AIA Document G702 – Application and Certificate for Payment and AIA Document G701 – Change Order. These documents typically address cost, time, that the work has progressed as indicated, and the quality of the work is in accordance with the contract documents. The documents are signed by the contractor and the architect and approved by the HCPS.

An instrumental document used by HCPS to track project progress, quality, and cost is the Owner/Architect/Contractor meeting minutes. The meeting minutes are maintained at the job site and reviewed on a frequent basis. Program costs for construction and renovation projects are contained in the Board approved facility work plan and Board approved budget.

Guaranteed Maximum Price contracts are used for large projects to better control costs. The program details within the facility work plan include Project Lifecycle Checklists for all construction projects with an approved budget between \$300,000 and \$2 million. The Project Lifecycle Checklist identifies the individual phases of a project and procedures to be completed for each phase.

HCPS' Maintenance Operations Program includes maintenance operations and energy conservation guidelines. Maintenance requests are submitted by all facilities needing repairs, installation, replacement, and/or removal of equipment that is used and/or needed at their sites. Maintenance requests are given priority based on:

- Life, Health, and Safety
- Necessity of Projects (determined by Facilities Managers)
- Effect on Learning Environment
- Chronology of Project (oldest to newest)

HCPS' operations documents shows that multi-trades workers are assigned geographical zones with each area consisting of a carpenter, plumber, electrician, glazier, mason, and locksmith who operate primarily in their assigned zones, which is a best practice method for allocating staff and controlling costs. Work order reports are reviewed by management to monitor the work order completion status and costs. HCPS prepares multiple reports such as the (1) Monthly Maintenance Report, which is used to track current year allocated budget balances by the Capital Improvement Plan project; (2) the Maintenance General Fund Budget, which is used to review budget to actual comparisons of maintenance expenses by maintenance site; (3) the Monthly Progress Report of Project Performance & Cost; and (4) Safety Work Order Summary, which is used to isolate safety-related work orders status.

Based on the review of the above referenced documents and processes, Team MJ concludes that HCPS periodically evaluates program performance and cost using best practices to determine effectiveness.

Subtask 1.6 – Evaluate the cost, timing, and quality of current program efforts based on a reasonably sized sample of projects to determine whether they were of reasonable cost and completed well, on time, and within budget.

To address the requirements of this subtask, audit procedures for the sample projects included reviewing construction project files for certificates of substantial and final completion as an indication if a project was completed well. In addition, Team MJ reviewed accounting records indicating the original and revised contract amounts. A total of 34 projects were closed during Fiscal Year 2016 through Fiscal Year 2018 to date as of August 27, 2018, with original contract values totaling \$87,473, 216. Team MJ selected 11 projects for review with a contract value of \$52,033,528 or 59 percent.

Testing if Projects Completed Well Per the Certificate of Substantial Completion, On Time and Within Budget

Based on a review of approved Certificates of Substantial Completion approved by the architect, contractor, and HCPS project manager the projects were completed as specified or within reason. **Figures 1-10.1** and **1-10.2** present a summary of the results indicating projects were generally completed within budget including supplemented change orders and that projects were generally completed on time either based on the original timeline including change orders such as for weather delays.

Figure 1-10.1
Summary of Projects Completed Within Budget

School	Description	Original GMP Contract Amount	Revised Construction Cost	Variance	Variance Explanation	Costs within Budget?	Reasonable Costs?
Hill Middle	Building Envelope Renovation	\$8,821,623	\$8,730,306	(\$91,317)	HCPS direct material purchases and sales tax savings	Yes	Could not be determined
Alonso High	Classroom Addition & Remodeling	\$5,529,904	\$5,355,616	(\$174,288)	Same as Hill Middle School	Yes	Could not be determined
East Bay High	Classroom Addition (20 CR)	\$5,976,000	\$5,646,784	(\$329,216)	Same as Hill Middle School	Yes	Could not be determined
Student Nutrition Services	SNS Operations Center Build-Out (Phase 2)	\$3,581,204	\$4,486,126	\$904,922		Could not be determined	Could not be determined
Edison Elementary	HVAC and Interior Finishes	\$3,846,650	\$3,544,496	(\$302,154)	Same as Hill Middle School	Yes	Could not be determined
Riverhills Elementary	HVAC System Replacement	\$2,448,016	\$2,269,197	(\$178,819)	Same as Hill Middle School	Yes	Could not be determined
Jefferson High	Roof & Selected HVAC RTU Replacements	\$3,188,476	\$3,213,172	\$24,696	Tax savings were added instead of deducted;	Yes	Could not be determined
Silo Bend Technology Center	Technology Operations Center	\$2,299,972	\$2,418,054	\$118,082		Could not be determined	Could not be determined
Multiple Sites	Telephone and Intercom Cabling and Fire Alarm System Replacements	\$547,923	\$535,236	(\$12,687)	Same as Hill Middle School	Yes	Could not be determined
Thompson Elementary	New School	\$15,405,000	\$15,219,380	(\$185,620)	Same as Hill Middle School	Yes	Could not be determined
Freedom High	Cooling Tower Replacement	\$388,760	\$390,700	\$1,940	Bond performance premium	Yes	Could not be determined
	Total	\$52,033,528	\$51,809,067	(\$224,462)			

Source: Hillsborough County Public Schools Construction files.

Figure 1-10.2
Summary of Projects Reviewed for Timeliness

School	Description	Revised GMP Contract Amount	GMP Contract Period	Substantial Completion Date	Completed Timely?
Hill Middle	Building Envelope Renovation	\$8,821,623	04/29/2014 – 08/07/2015	10/08/2015	Yes
Alonso High	Classroom Addition & Remodeling	\$5,529,904	12/03/2015 – 07/25/2016	07/25/2016	Yes
East Bay High	Classroom Addition (20 CR)	\$5,976,000	10/05/2016 – 07/14/2017	07/06/2017	Yes
Student Nutrition Services	SNS Operations Center Build-Out (Phase 2)	\$3,581,204	03/14/2016 – 07/21/2016	03/27/2017	No, Subcontractor lawsuit
Edison Elementary	HVAC (Phase 1)	\$3,846,650	05/02/2016 – 09/30/2016	08/08/2016	Yes
Riverhills Elementary	HVAC System Replacement	\$2,448,016	05/18/2017 – 08/04/2017	08/04/2017	Yes
Jefferson High	Roof & Selected HVAC RTU Replacements	\$3,188,476	04/04/2016 – 11/20/2016 or 220 days	03/27/2017	No, Weather delays; change orders issued for delays
Silo Bend Technology Center	Technology Operations Center	\$2,299,972	12/02/2015 – 03/30/2016	04/12/2016	Yes
Multiple Sites	Telephone and Intercom Cabling and Fire Alarm System Replacements	\$547,923	05/25/2016 – 07/28/2016	07/28/2016	Yes
Thompson Elementary	New School	\$15,405,000	10/09/2013 – 07/25/2014	08/15/2014	Yes
Freedom High	Cooling Tower Replacement	\$388,760	05/11/2018	05/2018 – 05/22/2018	Yes
	Total	\$52,033,528			

Source: Hillsborough County Public Schools Construction files.

Regarding the project budget, most contracts are Guaranteed Maximum Price (GMP) which minimizes the risk of exceeding the budget. As shown in **Figure 1-10.1**, the projects include both original and revised construction project costs. Revised construction project costs result from change orders for a contractual change in scope or amount or if HCPS purchases materials directly instead of through the contractor. The original GMP contract amount, change order amounts, and revised construction costs are reported on the Project Summary Sheet.

Reasonableness of Project Costs – New School Construction

Although projects were generally completed within budget and on time, HCPS management indicated that documentation was not maintained to document the budget and reasonableness criteria of project costs except for new schools and some HVAC projects.

As indicated by Operations Management, Florida statute dictates the maximum allowable cost for all new schools built on a per student station (count) basis. The calculation of the allowable project budget is determined by multiplying the projected quantity of student stations times the allowable student station cost factors. For example, the maximum cost for the Thompson Elementary School included in the audit sample is 950 projected students multiplied by the state's January 2014 student station cost factor of \$21,202 equals a total budget of \$20,141,900. Construction Operations management applies an 85% safety factor and 76% construction factor to the allowable budget and budgets the GMP contract amount within these two factor amounts as a measure of reasonableness as shown in **Figure 1-10.3**.

Figure 1-10.3
Summary of Projects Reviewed for Timeliness

Description	Budget
Total Budget (All Inclusive)	\$20,141,900
HCPS Safety Factor at 85%	\$17,120,615
HCPS Construction Factor at 76%	\$13,011,667
GMP Contract Total – Thompson Elementary	\$15,405,000

Source: Hillsborough County Schools Construction Operations, September 2018

This calculation is documented on the department's Initial Budget Worksheet and the budget is presented to the board for approval. Based on the example above, the costs for the new building construction are reasonable.

Reasonableness of Project Costs – Other Projects

According to Construction Operations management, the department does not maintain formal documentation or budget worksheets of budget meetings held to estimate the cost of other projects for reasonableness, thus, Team MJ was not provided any budget or bid tabulations or other supporting documentation to determine the reasonableness of project costs.

Other Observations

In addition, some of the change orders and certificates included manual revisions to the contract amount and/or substantial completion date that were not signed or initialed. Best practices recommend that revisions to signed contractual documents include acknowledgment of the one making the revision as well as the date.

The review team also observed that the revised construction cost (project cost) on the Project Summary Sheet for the Jefferson High construction project was overstated by over \$132,000 (\$3,213,173 original amount less \$3,080,328 corrected amount) as shown in **Figure 1-10.2**. The Project Summary Sheet is an Excel spreadsheet used to calculate the revised GMP contract amount and revised construction cost resulting from direct materials purposes and other change orders. One of the reasons that the error occurred is that the spreadsheet lacks indicators of potential errors such as amounts in a cell that should not exceed zero, such as direct purchase tax savings which should be a credit. In this case, the tax savings was entered as a debit which overstated the project costs.

As a result of the review of a sample of projects, Team MJ found that projects were generally completed well, on time and within budget. However, Construction Operations lacks formal documentation to support the reasonableness of project costs (other than for new schools). Also best practices could be implemented in the following ways.

- Initial and date manual changes to contractual documents including change orders and the Certificate of Substantial or Final Completion.
- Minimize the risk of spreadsheet errors in critical files such as the Project Summary Sheet by inserting red flag criteria in specific fields that should always be a debit or credit.

Preparation of formal documentation to support construction records can be accomplished to demonstrate that analysis is performed to determine if project costs are reasonable by implementing the following practices: Ensure – 1.) Initial and date manual changes to contractual documents including change orders and the Certificate of Substantial or Final Completion; and 2.) Minimize the risk of spreadsheet errors in critical files such as the Project Summary Sheet by inserting red flag criteria in specific fields that should always be a debit or credit (such as direct purchase sales tax credits).

Subtask 1.7 – Determine whether HCPS has established written policies and procedures to take maximum advantage of competitive procurement, volume discounts, and special pricing agreements.

To address the requirements of this subtask, Team MJ reviewed the HCPS' procurement policies and procedures noting those that addressed taking maximum advantage of competitive procurement, volume discounts, and special pricing agreements.

HCPS' procurement function is divided into two spheres of responsibility. The General Manager of Procurement reports to the Chief Business Officer (CBO) and is responsible for all HCPS' procurement except that related to construction projects and the Capital Improvement Plan. The senior project administrator in the Operations Department reports to the deputy superintendent of Operations and procures goods and services related to construction projects and the Capital Improvement Plan.

Together these individuals collaborate to carry out HCPS' procurement vision, mission, and goals, which are presented in **Figure 1-11**.

Figure 1-11
HCPS' Procurement Vision, Mission, & Goals

DESCRIPTION	
VISION	
The School District of Hillsborough County Procurement Department will be a leading procurement department in efficiency and delivery of quality products.	
MISSION	
The School District of Hillsborough County Procurement Department will contribute to the delivery of a low cost education by enabling our schools and other departments to obtain quality equipment, goods and services at the best possible value on the basis of competitive bids considering cost, quality, suitability, service, and delivery.	
GOALS	
<ul style="list-style-type: none"> • purchase as efficiently as possible; • provide continuous training and education to customers; • provide knowledgeable advice and consulting; • identify vendors who meet internal customer needs at reasonable prices; • process documentation within reasonable timeframes; • minimize disputes between internal customers and vendors; • maintain ethical business standards and full legal compliance; • provide written procedures to assure continuity within the department; • develop methods to keep abreast of changes/improvements in technology; • create a work environment that fosters personal, professional and departmental growth; • encourage employees to question current processes in order to improve efficiency and effectiveness; • promote and enhance employee morale and camaraderie; • utilize cohesive teams who work together to produce quality and timely results; and • prepare for District growth by devising and implementing a long-term plan. 	

Source: Hillsborough County Public Schools Website, <https://www.sdhc.k12.fl.us/doc/712/vision-mission-goals>

To realize its vision, fulfill its mission, and achieve its goals, HCPS' Procurement Department has developed policies and procedures to govern the acquisition of goods and services for the entire school district. The Board charges the Superintendent with the responsibility for procuring supplies, materials, equipment, and services paid for from Board funds. HCPS represents that its policies and procedures are consistent with the laws of the State of Florida for the efficient, effective, and transparent procurement of goods and services. The Board adopts HCPS policies while the impacted department develops procedures to implement the policies.

The requirements of this subtask are addressed in HCPS Procurement Department's the procurement department's mission to: *"obtain quality equipment, goods and services at the best possible value on the basis of competitive bids considering cost, quality, suitability, service, and delivery."* Subtask requirements are also addressed in the department's goals to *purchase as efficiently as possible; identify vendors who meet internal customer needs at reasonable prices; and provide written procedures to assure continuity within the department.*

The department's policies and procedures reflect its mission and goals. Policies and procedures that speak directly to taking maximum advantage of competitive procurement, volume discounts, and special pricing agreements are summarized in **Figure 1-12**.

Team MJ concludes that HCPS has established written policies and procedures to take maximum advantage of competitive procurement, volume discounts, and special pricing agreements.

Figure 1-12
Excerpts HCPS' Procurement Policies & Procedures

Policy / Procedure Number	Excerpt	Subtask Requirement Addressed?
6320-Procurement Policy – Revised December 2017	All items, or groups of related items, that cost in excess of the amount defined in F.A.C. 6A-1.012(6) shall be purchased based on competitive solicitations, except as otherwise authorized by <i>Florida Statutes</i> and/or <i>Florida Administrative Code</i> .	Yes
6320-Procurement Policy – Revised December 2017	The Board shall give consideration to prices established by the State of Florida Department of Management Services, Division of Purchasing through its contracts and negotiated agreement price schedules. The Board shall also give consideration to prices established by cooperative agreements, educational consortiums, and other governmental agencies. The Board is not required to request bids for purchases made from Federal General Services Administration contracts.	Yes
6320-Procurement Procedures – Revised April 2016	All products or services shall be evaluated against the requirements stated in HCPS' solicitation. In addition to price, the following factors may be considered in evaluating any bid response: such as cash discounts.	Yes
Construction Policy 6331-Construction Contracting – Revised March 2017	Use of contracts awarded by other city or county governmental agencies, other district school boards, community colleges, federal agencies, the public or governmental agencies of any state, or from state university system cooperative bid agreements, when economically advantageous.	Yes

Figure 1-12
Excerpts HCPS' Procurement Policies & Procedures (Cont'd)

Policy / Procedure Number	Excerpt	Subtask Requirement Addressed?
Procurement Policy 6440-Cooperative Purchasing No Date	<p>The Board recognizes the advantages of centralized purchasing in that volume buying tends to maximize value for each dollar spent. The Board, therefore, encourages the administration to seek advantages in savings that may accrue to this District through joint agreements for the purchase of supplies, equipment, or services with the governing bodies of other governmental units.</p> <p>The Board authorizes the Superintendent to negotiate such joint purchase agreements for services, supplies, and equipment which may be required from time to time and for which the Board may otherwise lawfully purchase for itself. All such agreements shall be in accordance with <i>Florida State Law</i>, the policies of this Board, and the dictates of sound purchasing procedures.</p>	Yes

Source: Hillsborough County Schools Policies and Procedures, August 2018.

RESEARCH TASK 2

The Structure or Design of the Program to Accomplish its Goals and Objectives

Finding Summary – Overall, HCPS meets Task 2. HCPS maintains an organization structure at the department, division, and section levels to identify the defined units within the organization and lines of authority. However, there are a significant number of vacant positions in the Maintenance Department which results in overtime and a reactive versus proactive preventative maintenance program.

SUMMARY OF CONCLUSIONS ON RESEARCH SUBTASKS

See the Analysis and Results section below for details regarding these conclusions.

SUBTASK 2-1

Our work revealed no issues or concerns related to program organizational structure. The program has clearly defined units, minimizes overlapping functions and excessive administrative layers, and has lines of authority that minimize administrative costs.

SUBTASK 2-2

Condition: Subtask 2.2 – Partially Met

Assess the reasonableness of current program staffing levels given the nature of the services provided and program workload.

Based on interviews with Maintenance management and the information provided during the performance audit, this department has vacancies of 78 vacant positions, with limited effort to fill these positions primarily due to lack of funding.

Cause: Management indicated that sometimes it is a challenge to fill positions because of the more competitive salaries offered by private companies; additionally, with changes in technology, outside contractors can sometimes provide more efficient services than internal HCPS teams.

Effect: While the Maintenance department focuses on addressing vacancy rates, high rates create a risk that HCPS will be unable to effectively conduct its preventative maintenance program and preserve its capital assets to be more proactive than reactive. Management also indicated there was a significant amount of overtime each year which impacts the budget and possibly employee morale.

Criteria: Vacant positions could be eliminated from the department's budget if not filled due to budget constraint as approved, unless continuation of the position(s) is approved by the HCPS budget department.

RECOMMENDATION

Management should strategize ways to reduce the level of vacancies to and strengthen its preventive maintenance program.

ANALYSIS & RESULTS

Subtask 2.1 – Review program organizational structure to ensure the program has clearly defined units, minimizes overlapping functions and excessive administrative layers, and has lines of authority that minimize administrative costs.

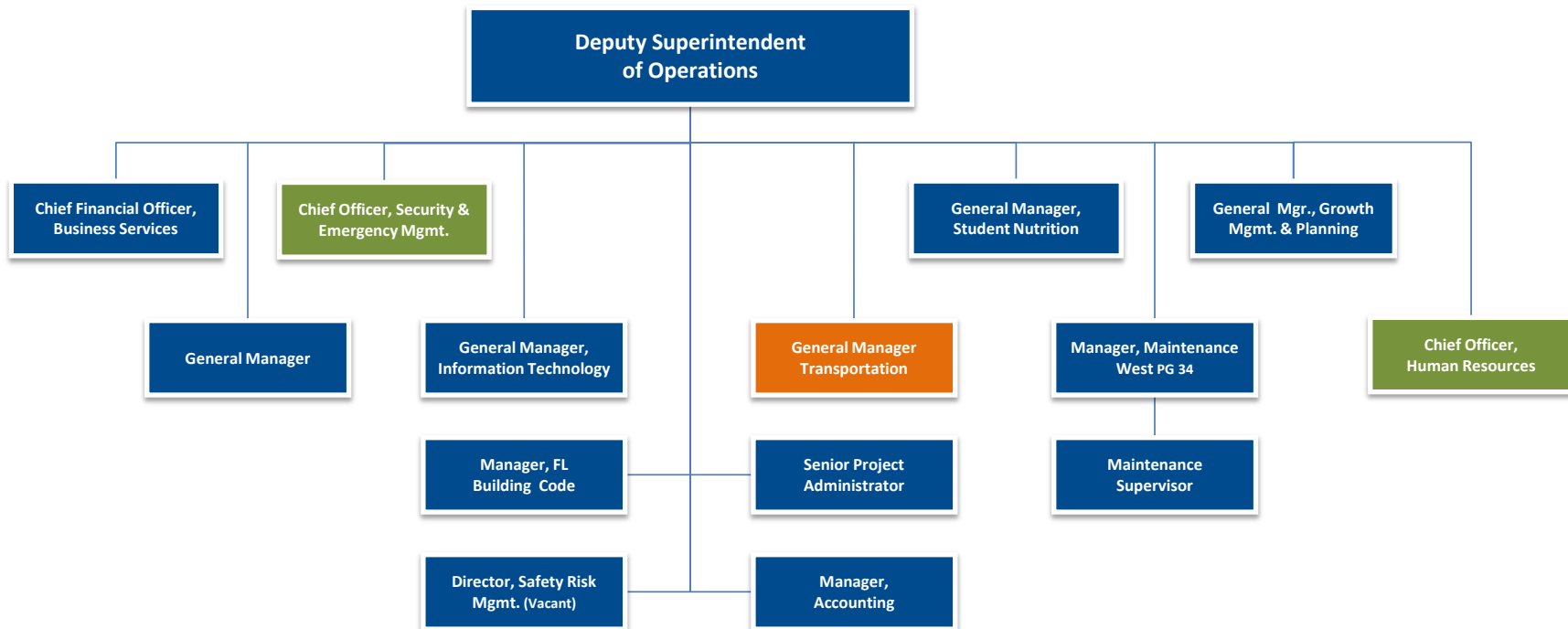
To address the requirements of this subtask, Team MJ reviewed the HCPS organization structure as follows.

Organization Structure

HCPS maintains organization charts at the department, division, and section levels to identify the defined units within the organization and lines of authority.

Figure 2-1 presents the high-level organizational structure, which indicates defined units and lines of authority.

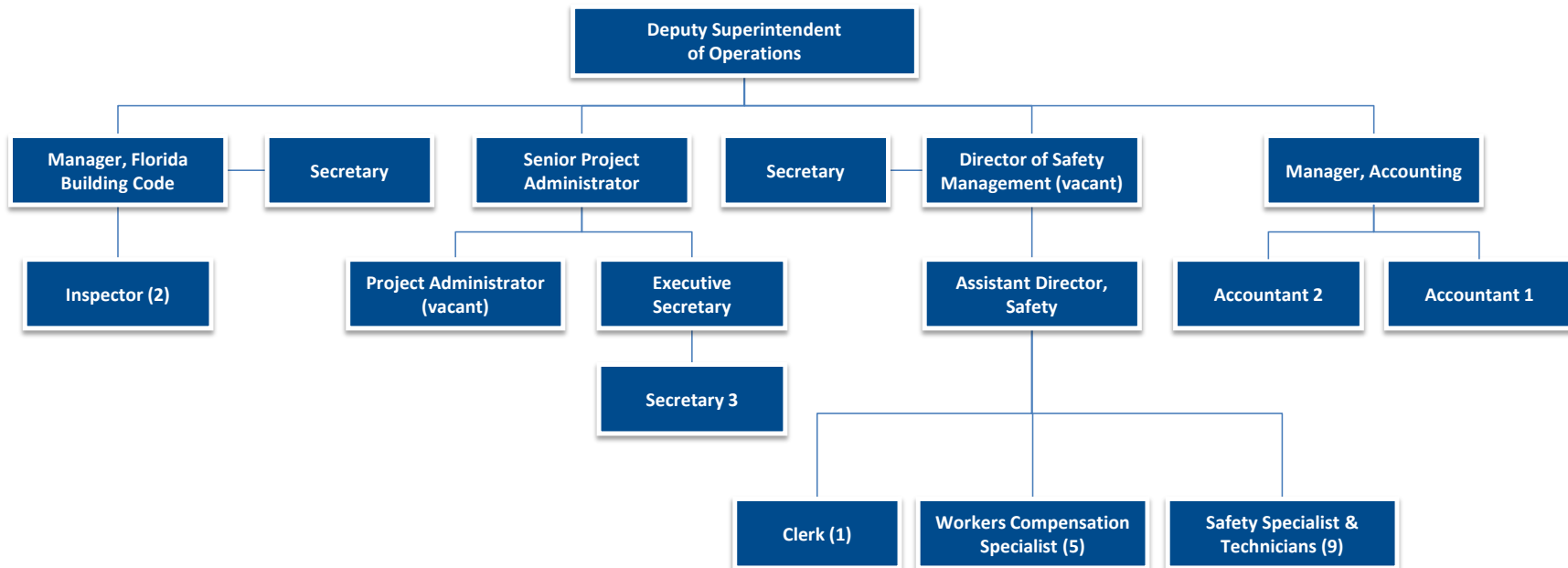
Figure 2-1
Hillsborough County Public School – Operations Organization Chart



Source: Hillsborough County Public School's Operation Division, August 2018.

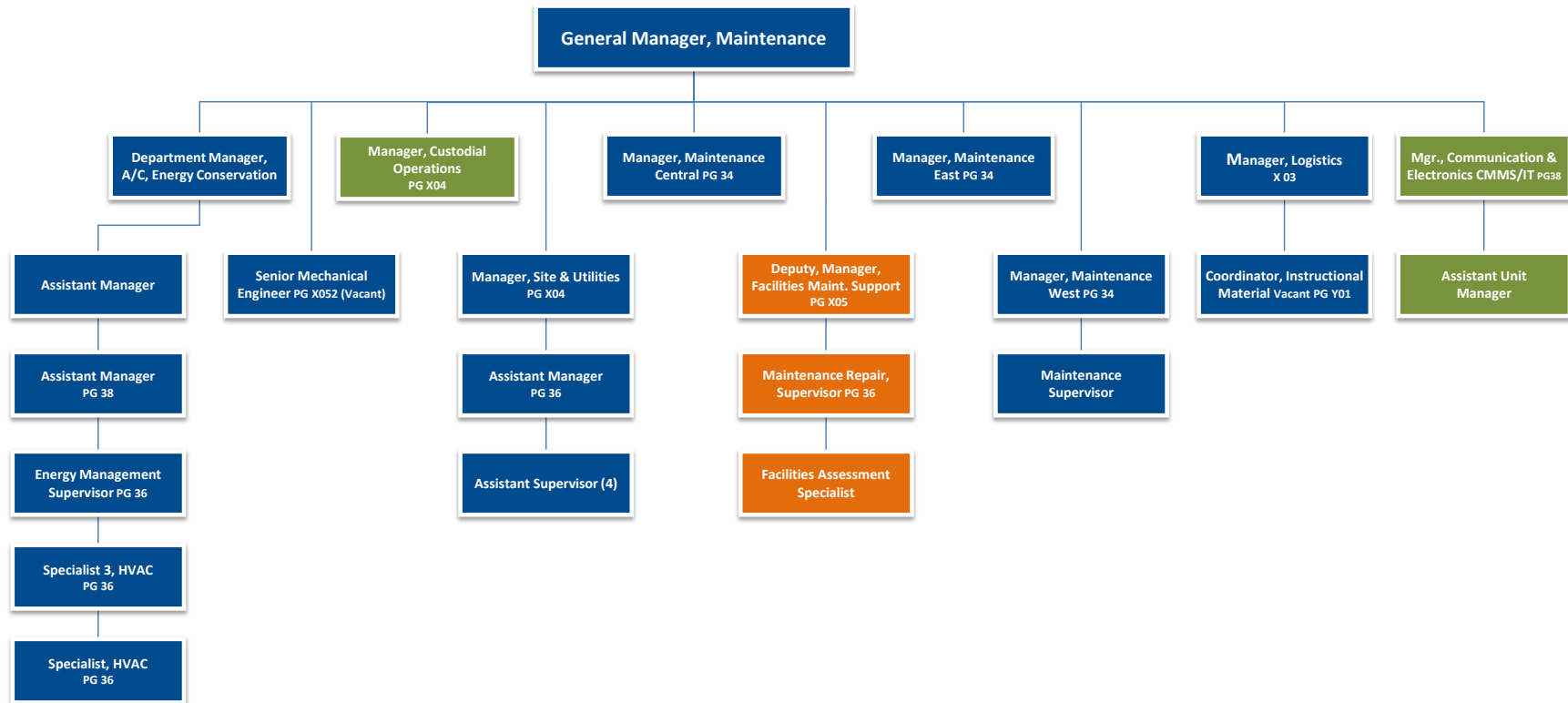
The Operations Division-Construction and Operations Division-Maintenance fall under the responsibility of the Deputy Superintendent of Operations. The organization structure for these two (2) divisions also indicate defined units and lines of authority as depicted in **Figure 2-2** and **Figure 2-3**.

Figure 2-2
Hillsborough County Public Schools: Operations Division–Construction Organization Chart



Source: Hillsborough County School District, August 2018.

Figure 2-3
Hillsborough County Public Schools: Operations Division–Maintenance Organization Chart



Source: Hillsborough County School District, August 2018.

According to a benchmarking study conducted by the Society for Human Resource Management (SHRM), the average span of control for executive management is seven (7) direct reports, and for middle management it is twelve (12) direct reports. The span of control for the department and division directors falls within this range. **Figure 2-4** presents the span of control benchmarking results.

Figure 2-4
Span of Control Data

	25 th Percentile	Median	75 th Percentile	Average
Management Level	Number of Direct Reports			
<i>Executive Level</i>	4	5	8	7
<i>Middle Management</i>	5	8	14	12

Source: Society for Human Resource Management, *Human Capital Benchmarking Report*, December 2017.

The span of control for the Deputy Superintendent of Operations is 13 to 1, for the Maintenance General Manager is 10 to 1, and for the Senior Project Administrator (oversees the planning, design development, and construction of all major construction projects) is 3 to 1. While the current span of control is on the high end for the Deputy Superintendent of Operations, a reduction in the span of control may be necessary if additional funding becomes available and the workload significantly increases.

Primary Functions of Divisions

In addition to reviewing the Operation department's organization structure, we obtained a summary of the qualifications, primary functions, and tenure of the Deputy Superintendent of Operations and other staff in **Figure 2-5**. This summary illustrates a seasoned leadership team and an organization structure designed to minimize overlapping functions and excessive administrative layers. These functions are being carried out without overtime, given the current work load in the construction department. In the Maintenance Department, the management functions are also supported by a lower tier of management. It can be therefore concluded that the responsibilities of the positions seem properly allocated.

Figure 2-5
Hillsborough County Public Schools Operations Leadership Team's
Functions and Qualification

Position / Division / Certification	Primary Functions of Division's Leaders	Years in Position	Years with School District
<i>Deputy Superintendent, Operations – Head</i>	<ul style="list-style-type: none"> Assume responsibilities for the Superintendent as assigned, including in the Superintendent's absence. Serve as a liaison to the school board. Organize staff functions and monitor project progress. Coordinate the policy- making procedures among assistant Superintendents. 	5	19
CONSTRUCTION			
<i>Manager, Florida (FL) Building Code</i>	<ul style="list-style-type: none"> Coordinate all plan review activity, construction inspection activity and provide technical assistance to all persons, trades, and professions performing construction activity. Coordinate permit application review, issuance, and tracking activities. Supervise field inspection personnel, assists with complicated inspections, conduct training, and other activities related to the management of field inspection personnel. Ensure that plans, specifications, and technical documents comply with applicable codes and standards. Administrative, supervisory, and technical work within the Building code Compliance Office. 	2	13

Figure 2-5
Hillsborough County Public Schools Operations Leadership Team's
Functions and Qualification (Cont'd)

Position / Division / Certification	Primary Functions of Division's Leaders	Years in Position	Years with School District
Director, Safety Risk Management	<ul style="list-style-type: none"> Plan and implement programs for training managers and employees in work site safety practices, fire prevention, and correct handling techniques for chemical, toxins, equipment, and other materials. Prepare studies and analyses of industrial accident causes and hazards to health for use by HCPS personnel and outside agencies. Inspect organization facilities to detect existing or potential accident and health hazards; determine corrective or preventative measures where indicated and follow up to ensure measures have been implemented. Supervise and monitor the enforcement of various safety codes as mandated by applicable law, codes and/or statutes and functions as the Authority Having Jurisdiction (AHJ) for all fire and safety code compliance issues. Coordinate Safety, AH ERA, Environmental and Fire Safety regulations and manage HCPS' Indoor Air Quality (IAQ) program. Direct compliance with Omni Transportation Employee Testing Act (OTETA) and the Safe Driver Plan. 	Vacant (Acting Assistant)	n/a
Senior Project Administrator	<ul style="list-style-type: none"> Takes an active role in and provides oversight to the planning, design development, and construction of all major construction projects. Monitors both design and construction schedules as required and reports any deficiencies or scheduling issues as appropriate. Is knowledgeable of federal, state, and local codes and regulations governing the planning, design, and construction of public educational facilities. Develops and negotiates project schedules and regularly monitors schedule performance to be sure that projects conclude on time. Actively oversees the timely closeout and post occupancy evaluations and requirements of every Operations Division construction project. 	2	8

Figure 2-5
Hillsborough County Public Schools Operations Leadership Team's
Functions and Qualification (Cont'd)

Position / Division / Certification	Primary Functions of Division's Leaders	Years in Position	Years with School District
Manager, Operation Accounting	<ul style="list-style-type: none"> • Coordinate the compilation, evaluation, and maintenance of the divisional and capital budgets. • Analyze and compare budget and expenditure data and trends. • Continuously monitor and examine financial information to identify areas of concern. • Provide analytical support for problem resolution, requests for action, research of historical records, testing of potential solutions, and results analysis. • Ensure the timely entry of all accounting transactions and the reporting of all monthly financial information. • Respond to inquiries regarding financial results and special reporting requests. 	2	25
Inspectors (2)	<ul style="list-style-type: none"> • Coordinate all plan review activity, construction inspection activity, and provide technical assistance to all persons, both trade and professionals, performing construction activities. • Coordinate permit application review, issuance, and tracking activities. • Supervise field inspection personnel, assist with complicated inspections, and conduct training and other activities related to the management of field inspection personnel. • Ensure that plans, specifications, and technical documents comply with applicable codes and standards. • Administrative, supervisory, and technical work within the Building Code Compliance Office. 	10	12
Executive Secretary, Sr. Project Administrator	<ul style="list-style-type: none"> • Prepares all contract documents • Maintain a log of all contracts • Maintain supervisors calendar • Maintain project files • Manage Vendor Link bid process • Other administrative duties 	6	16

Figure 2-5
Hillsborough County Public Schools Operations Leadership Team's
Functions and Qualification (Cont'd)

Position / Division / Certification	Primary Functions of Division's Leaders	Years in Position	Years with School District
Secretary, Sr. Project Administrator	<ul style="list-style-type: none"> • Maintains the Contractor database • Creates Board Agenda Items • Verifies and maintains vendors certificates of insurance • Maintains archived As-Built project files • Processes & distribute contact documents • Processes Warranty Maintenance Requests • Other administrative duties 	3	4
Secretary, Florida Building Code	<ul style="list-style-type: none"> • Maintain all Building Code Manger's Files • Log each inspection request • Log each inspection results • Log in each set of drawings and specs • Log in certificates of Occupancy & Final Inspections • Send out permit applications & inspection forms to contractors, architects or engineers • Process Travel reimbursement for inspectors • Process Time sheets for inspectors • Other administrative duties 	2.5	18
Secretary, Director of Safety Management	<ul style="list-style-type: none"> • Maintain Payroll for the Department • Update Self-insurance information • Answer incoming calls • Help with other administrative duties 	.25	6
MAINTENANCE			
General Manager	<ul style="list-style-type: none"> • Prepare and manage the disbursement of budget and capital funds. • Ensure department staff adheres to state rules, school board rules, and department policies and procedures. • Develop annual goals and objectives for assigned departments/divisions. • Maintain liaison between maintenance, new construction, and architectural activities to provide feedback of information utilization for evaluation of building design and constructions as well as revision to specifications and standards. 	10	10

Figure 2-5
Hillsborough County Public Schools Operations Leadership Team's
Functions and Qualification (Cont'd)

Position / Division / Certification	Primary Functions of Division's Leaders	Years in Position	Years with School District
Department Manager, A/C, Energy Conservation	<ul style="list-style-type: none"> • Monitor and analyze department work to develop more efficient procedures and use of resources while maintaining a high level of accuracy. • Develop and execute a total system of mechanical equipment, maintenance, site support and equipment repair. • Establish and maintain a system of work management and service response that ensures an efficient and effective balance of general, preventive, and contracted maintenance service. • Establish and maintain an up-to-date records system of completed and pending maintenance activities by school, by department, by trade, and by year with accompanying costs and work hours. • Prepare all required reports and maintain appropriate records. • Establish and maintain a high-quality control system, including periodical inspections and pre-service/in-service programs, to ensure the use of the best techniques and products. • Develop and implement projects identified in the five-year work plan and within the constraints of the approved budget. • Coordinate with District Construction Department to ensure HVAC systems are installed or replaced per the 5-year plan's project scope and HCPS' Standards. • Develop and execute energy management services program to optimize HVAC systems operation. Develop and execute energy and utilities conservation program to save natural resources and District funds. • Evaluate and execute minor capital outlay projects requiring new or additional HVAC capacity. 	2	22
Manager, Sites and Utilities	<ul style="list-style-type: none"> • Maintain a system of personnel management and service responses that ensure an efficient and effective balance of general, preventive, and contracted maintenance service in all areas of 	2	37

Figure 2-5
Hillsborough County Public Schools Operations Leadership Team's
Functions and Qualification (Cont'd)

Position / Division / Certification	Primary Functions of Division's Leaders	Years in Position	Years with School District
	<p>responsibility.</p> <ul style="list-style-type: none"> • Incorporate tracking mechanisms and reporting frequencies that verify acceptable performance on both an individual employee and departmental level. • Develop and execute a work plan to provide the routine maintenance of the grounds at all HCPS' sites including athletic fields and tracks. Grounds maintenance items include fencing, play courts, parking areas, driveways, signage, drainage, tree service, playground equipment and irrigation systems. • Provide structured oversight and maintenance of all potable water wells, lift stations, treatment plants, and backflow assemblies as required by governing authorities. • Maintain up-to-date records of completed and pending maintenance activities by school, by department, by trade, and by year with accompanying costs and work hours thru the District's Work Order management system, The Maintenance Authority (TMA). Prepare all required reports and maintain appropriate records. 		
Manager, Maintenance	<ul style="list-style-type: none"> • Direct maintenance unit workers engaged in painting, electrical, plumbing, masonry, woodwork, and performing construction repair, or related service activities of HCPS buildings. • Analyze and resolve work problems or assist workers in solving work problems relating to painting, electrical, plumbing, masonry, woodwork and performing construction repair, or related service activities of HCPS buildings. • Instruct, monitor, and consult with superiors and subordinates on complex work tasks and insure compliance with plans, codes, standards, regulations and operating instructions relating to painting, electrical, plumbing, masonry, woodwork, and performing construction repair, or related service activities of HCPS buildings. 	4	35

Figure 2-5
Hillsborough County Public Schools Operations Leadership Team's
Functions and Qualification (Cont'd)

Position / Division / Certification	Primary Functions of Division's Leaders	Years in Position	Years with School District
	<ul style="list-style-type: none"> Examine estimates of material, equipment, and production costs, performance requirements, and delivery schedules to ensure completeness and accuracy relating to painting, electrical, plumbing, masonry, woodwork, and performing construction repair, or related service activities of HCPS buildings. 		
Department Manager, Facilities Maintenance Support	<ul style="list-style-type: none"> Assign and direct the work of crews in the manner best suited to accomplish the workload with available personnel and equipment. Analyze and resolve complaints pertaining to service and equipment for which responsible. Initiate or suggest plans to motivate workers to achieve work goals. Establish or adjust work procedures to meet production schedules. Confer with other supervisors to coordinate activities of individual departments. 	3	35

Source: Hillsborough County Public School Construction Operations and Facilities Maintenance Operations, August 2018.

Ratio of Administrative Staff

Each section of Construction Operations has its own executive secretary or secretary, except the accounting section, which has none. In Construction Operations & Maintenance Operations, these resources are exclusive to their assigned service units. Managers in the east, south, and west maintenance units provide oversight of clerical staff and provide direct administrative support to unit section managers. The ratio of support staff to the technical staff seems excessive as noted as illustrated in **Figure 2-6**, however, it should be noted that most of the technical functions in the Construction Department are outsourced, except for Project Administrative Technical Services and Building Code. The high level of manual processes and coordination with outsourced contractors distorts the ratio of administrative staff to professional staff.

Figure 2-6
Hillsborough County Public Schools Operations Department-Staffing Charts

Division / Section	Executive Secretary	Clerk	Secretary	Total FTE	Percent of FTE
Construction					
Building Code			1	4	25.0%
Safety Risk Management		1	1	17	17.64%
Project Administration	1		1	3	66.6%
Accounting			*	5	*
Total FTE	1	1	3	29	17.24%

Source: Hillsborough County School District Facilities Department, August 2018.

* No secretary in this area.

Division / Section	Executive Secretary	Clerk	Secretary	Total FTE	Percent of FTE
Facilities Maintenance					
Air Conditioning		2	2	82	4.9%
Facilities Maintenance			1	15	6.6%
Maintenance		3	3	143	4.2%
Site& Utilities		3		92	3.3%
Total FTE		8	6	332	4.2%

Source: Hillsborough County Public Facilities Department, August 2018

Based on the information provided, the organizational structure is designed to ensure the program has clearly defined units, minimizes overlapping functions and excessive administrative layers, and has lines of authority that minimize administrative costs.

Subtask 2.2 – Assess the reasonableness of current program staffing levels given the nature of the services provided and program workload.

To address the requirements of this subtask, Team MJ reviewed the two main operation's staffing trends: 1) examples of staff utilization analysis, and 2) methods to address a significant number of vacant positions.

PROGRAM STAFFING LEVEL AND TRENDS

Overall

Per interview and inquiry with the Operations Division, until recently staffing levels had not been formula driven. Currently, HCPS is implementing a formula-based, Custodial Pilot Program Software to determine the number of staff required in each department. It was noted that in the new system certain positions within the Construction and Maintenance Division are not formula-based, since most of the labor driven task are partly outsourced.

Operations Division – Construction

The Operations Division-Construction's primary function is the project management of construction activities. Based on interviews and inquiries with management and other program staff, construction has adequate level of staffing except for two (2) positions, which are scheduled to be filled. Certain functions such as architectural services and project management of risks use subcontractors to carry out the work on a project by project basis. HCPS Construction Operations works no overtime to manage new construction projects. Also, the structure of the Construction Department is adequate based on the current work load. The Construction Operations basically deals with the project management of outsourced construction projects.

Operations Division – Maintenance

Per interview and inquiries with the Maintenance manager, this section has approximately 80 positions vacant, with limited effort to fill these openings due to the lack of funding. In addition to the 80 open positions, some additional vacancies have already been closed due to budget constraint.

A review of the Gibson Phase II: Operational Efficiency Audit – Comprehensive Report-2016, in-house workforce is supplemented by numerous contractors. The workforce size has increased to 316 full-time equivalents (FTE), since the Gibson's report. This is still below the calculated required number of maintenance staff per the Department of Education. See **Figure 2-7** below. Also, the required number of support staff to maintenance, is below that required by the Department of Education. See **Figure 2-8** below. The calculated maintenance ratio of 83,049 gsf (26,246,549 sf divided by the actual FTE, 316) per FTE is lower than the typical range for educational facilities of 95,000-110,000 gsf per FTE that is observed in K-12 school districts across the country; however, this far exceeds the staffing formula of 45,000 sf per building maintenance staff suggested by the Florida Department of Education.

Figure 2-7
Required Number of Maintenance Staff

Fiscal Year	Criteria	Square Footage	Standard Formula	Required	Actual
2018/19	Maintenance Staff per sf	26,246,549	45,000	583	316

Source: Information provided Hillsborough County School Districts Maintenance Department Organization Charts, August 2018

Figure 2-8
Required Number of Support Staff to Maintenance Position

Fiscal Year	Criteria	Required Maintenance Staff	Standard Formula	Required	Actual
2018/19	Staff Ratio	583	6.8	86	16

Source: Information provided by Hillsborough County School Districts Maintenance Department Organization Charts, August 2018

VACANCY RATES

Operations Division – Construction

The number of positions indicated as vacant on the department's organization chart was not significant, only two (2) vacancies as shown in **Figure 2-9**. The department general manager vacancy status report indicates a total of two (2) out of 32 positions have been vacant for at least 160 days. These positions were eliminated with over time and not filled. Vacancies in relation to technical services are met with the use of outside consulting services in areas such as technical review, architectural services and construction project management.

Operations Division – Maintenance

For Maintenance Operations, vacancies contribute to a reduction in services until filled. Certain projects are outsourced to external contractors fully or partially and this is used to mitigate the reductions in services, while certain functions are carried out by the construction department depending on the scope in terms of dollar value, and vice-versa. Per inquiry with the department and reports presented, the vacancy status report indicates a total of 78 out of 410 positions have been vacant for more than 160 days. Maintenance management indicated that sometimes it is a challenge to fill positions because of more competitive salaries offered by private companies. The use of external contractors helps to provide such high skilled labor requirements, resulting in a more cost-effective project, often, but still there remains a greater need for more maintenance staff. Due to the volume of vacancies in this department the team is currently not performing preventative maintenance on a proactive basis which is leading to increased deferred maintenance.

Figure 2-9 presents a summary of the vacancy rates by division.

Figure 2-9
Hillsborough County Public Schools Operation Division – Vacant Positions

Division	FTE	Vacancies	Vacancy Rate
<i>Construction:</i>			
Deputy Superintendents	1	0	N/A
FL Building Codes	4	0	N/A
Safety Risk Management	17	1	5.8%
Project Administration	3	1	33.3%
Accounting	5	0	N/A
Construction	30	2	6.67%
<i>Facilities Maintenance:</i>			
Air Conditioning	82	12	14.6%
Facilities Maintenance	15	3	20.0%
Maintenance	143	41	28.6%
Site and Utilities	92	22	23.9%
Facilities Maintenance	332	78	23.4%
Operation Divisions (construction & maintenance)	362	80	22.1%

Source: Hillsborough County Public Schools Construction Operations Chart and the Vacant Unit by Site Report from the Maintenance Operations, August 2018

Team MJ concludes that vacant positions could be eliminated from the department's budget, if not filled in a timely period. However, there is no set policy to eliminate the positions, and the vacancies are due to budgetary constraints. Most of these positions will remain open until adequate resources are there to fill the positions.

RESEARCH TASK 3

Alternative Methods of Providing Services or Products

Finding Summary – Overall, HCPS meets Task 3. HCPS demonstrated a competitive bidding process and assesses services, and makes changes to service delivery methods if it finds that such changes would reduce program cost without significantly affecting the quality of services. HCPS has not maximized opportunities for alternative service delivery methods that have the potential to reduce program costs.

SUMMARY OF CONCLUSIONS ON RESEARCH SUBTASKS

See the Analysis and Results Section below for details regarding these conclusions.

SUBTASK 3-1

Our work revealed no issues or concerns related to whether program administrators have formally evaluated existing in-house services and activities to assess the feasibility of alternative methods of providing services, such as outside contracting and privatization. Moreover, Team MJ found HCPS' conclusions to be reasonable based on the explanations and documentation District personnel provided.

SUBTASK 3-2

Condition: Subtask 3.2 Partially Met

Determine whether program administrators have assessed any contracted and/or privatized services to verify effectiveness and cost savings achieved and determine the reasonableness of their conclusions.

Although HCPS assesses the effectiveness of the grass mowing program through surveys and performed cost assessments every year from Fiscal Year 2011 through Fiscal Year 2016, the District did not update the mowing cost assessment for Fiscal Year 2017.

Cause: Procurement staff indicated that the cost assessment was not completed annually because the Fiscal Year 2016 cost savings was still so large indicating continued cost saving, and the District will update the cost assessment in the near future.

Effect: Economic conditions and the business environment are subject to many factors and can change quickly. By not performing annual cost assessments of the mowing contract, opportunities for additional costs savings could be lost even though previous cost assessments continue to show positive results.

Criteria: One of the Procurement Services Department’s goals is to identify vendors who meet internal customer needs at reasonable prices. Annual cost assessments of the mowing contract support this goal.

RECOMMENDATION 3-2

The District should update the mowing contract cost assessment for Fiscal Year 2017, and conduct an assessment every year to take advantage of additional savings opportunities.

SUBTASK 3-3

Our work revealed no issues or concerns related to whether program administrators have made changes to service delivery methods when their evaluations/assessments found that such changes would reduce program cost without significantly affecting the quality of services.

SUBTASK 3-4

Condition: Subtask 3.4 Partially Met

Identify possible opportunities for alternative service delivery methods with the potential to reduce program costs without significantly affecting the quality of services, based on a review of similar programs in peer entities (e.g., other school districts, etc.).

HCPS has not maximized opportunities for alternative service delivery methods with the potential to reduce program costs without significantly affecting the quality of services. A 2014 Performance Measurement and Benchmarking Project sponsored by the Council of the Great City Schools (CGCS) found that the HCPS’ cooperative purchasing ratio ranked “Worst” in the CGCS rating quartile.

Cause: For Fiscal Years 2015 through 2017, spending related to cooperative agreements averaged 1.2 percent of total purchases.

Effect: HCPS could be missing opportunities to achieve savings through participation in cooperatives and other forms of alternative procurement. Although unrelated to maintenance and construction, HCPS achieved savings of approximately \$66,000 by piggybacking on a parent notification system contract. This is an example of what could occur if participation in cooperatives were expanded for HVAC, maintenance, construction, and school safety.

Criteria: Procurement Policy 6440-Cooperative Purchasing indicates that the school board, encourages the administration to seek advantages in savings that may accrue through joint agreements for the purchase of supplies, equipment, or services with the governing bodies of other governmental units.

RECOMMENDATION 3-4

HCPS should be more aggressive in identifying opportunities for alternative service delivery methods with the potential to reduce program costs without significantly affecting the quality of services. HCPS should also seek alternative procurement opportunities based on reviews of similar programs in peer entities (e.g., other school districts, etc.). Efforts at expanding alternative service delivery opportunities should particularly be sought and documented for HVAC, maintenance, construction, and school safety procurements.

ANALYSIS & RESULTS

Subtask 3.1 – Determine whether program administrators have formally evaluated existing in-house services and activities to assess the feasibility of alternative methods of providing services, such as outside contracting and privatization, and determine the reasonableness of their conclusions.

To address the requirements of this subtask, Team MJ interviewed both the General Manager of Procurement, who is responsible for all HCPS procurement except that related to construction projects and the Capital Improvement Plan (CIP), and the Senior Project Administrator in the Operations Department who handles procurement for construction projects and the CIP.

Team MJ also examined documentation supporting HCPS' evaluation of existing in-house services to assess the feasibility of alternative procurement methods.

Figure 3-1 provides a summary of HCPS' assessment of existing services with a view towards alternative methods of providing such services and provides Team MJ's assessment of HCPS' decision.

Team MJ concludes that HCPS has formally evaluated existing in-house services and activities to assess the feasibility of alternative methods of providing services, such as outside contracting and privatization, and the outsourcing decisions are reasonable.

Figure 3-1
Assessment of In-house Services for Outsourcing Opportunities

Contracted Service	Assessment Rationale	Conclusion	Team MJ Assessment of Conclusion
Transportation Parts	HCPS is currently evaluating outsourcing vehicle repair parts inventory operations to a national auto parts dealer and distributor. Transportation staff turnover, resulting from retirements and attrition led Transportation Department management to explore outsourcing the department's vehicle parts and supplies inventory warehouse to an outside vendor. In addition, the Transportation Department is seeking cost savings.	As of August 29, 2018, HCPS has had one meeting with the auto parts vendor. On August 29, 2018, transportation staff visited another Hillsborough governmental agency that has outsourced its transportation parts inventory. The site visit will allow HCPS transportation management to gather more facts on the feasibility of HCPS outsourcing its vehicle parts inventory operation.	No conclusion has been reached as of August 30, 2018; however Team MJ believes the District's motivation and efforts are sound.
Mowing	The Maintenance Department desired to establish a fixed price for grass mowing. Since 2008, the District has outsourced grass mowing to outside contractors selected through a competitive bidding process. Each contractor is responsible for a specific geographic area. The work includes all mowing, edging, pruning, weeding, and shearing at various sites throughout HCPS. The initiative began in 2008 and has continued due to the success of the program.	A 2011 cost-benefit analysis showed an estimated cost savings of \$155,186 per year. The program continues with the Board having approved the most recent bid packages in November 2017.	Given the projected cost-savings and the continued success of the program, Team MJ believes management's decision to outsource mowing continues to be sound.

Figure 3-1
Assessment of In-house Services for Outsourcing Opportunities (Cont'd)

Contracted Service	Assessment Rationale	Conclusion	Team MJ Assessment of Conclusion
<i>Garbage & Recycling Pickup</i>	Pr to 2013, HCPS was using its own trucks to pick up garbage at the schools. The operation was expensive and the service unreliable. HCPS had its own fleet of trucks and incurred the costs of repairs, maintenance, fuel, dumpsters, solid waste disposal fees, and rental fees when trucks were being repaired. In October 2013, the District outsourced its garbage collection operations to a garbage collection vendor.	HCPS estimated cost-avoidance savings of approximately \$77,300 per year.	Team MJ assesses the District's rationale and decision to outsource garbage collection as being sound.
<i>Maintenance Operations Center (MOC)</i>	The Operations Department conducted a cost-benefit analysis to outsource the operations of the MOC to an outside vendor. The MOC is the Maintenance Department's central office. It houses all of the management staff and maintenance units except for managers and staff located at the West and East maintenance facilities.	The analysis showed that it would be less expensive to operate the MOC with existing District staff rather than to outsource to an outside vendor.	Team MJ reviewed the cost-benefit analysis noting that HCPS decision was sound. The composite labor rate of existing staff was lower than the fees charged by all outside service providers included in cost-benefit analysis.
<i>Energy</i>	On August 1, 2017, the Board approved an agreement for HCPS to partner with a company that is an expert in the field of energy services and savings. HCPS anticipates the benefits of the arrangement to be using the vendor's technology, which will save energy costs without the need for additional staff. The energy savings vendor will also be providing HVAC upgrade services.	In February 2018, HCPS extended its Shared Services Agreement with the energy savings company for 25 years due to technology evolution, installed equipment life cycle, and other considerations. In April 2018, the Board approved an amendment to the contract to allow other school districts to piggyback on HCPS' contract with the energy savings company. In its bid, the selected vendor	MJ reviewed the bid tabulation of the 10 vendors that submitted a bid. Each provided responses to eight categories of information desired by the District. For example, estimated energy savings; capital investment needed by HCPS; maintenance cost covered by HCPS or vendor; return on

Figure 3-1
Assessment of In-house Services for Outsourcing Opportunities (Cont'd)

Contracted Service	Assessment Rationale	Conclusion	Team MJ Assessment of Conclusion
		estimated that, based on the District's preliminary data HCPS would see a shared savings between \$5 – \$8 million on lighting retrofit.	investment; and shared savings program. The selected vendor provided the most favorable response for nearly all eight categories. Therefore, MJ considers the District's decision to be sound.

Source: Hillsborough County Procurement Services Department, August 2018.

Subtask 3.2 – Determine whether program administrators have assessed any contracted and/or privatized services to verify effectiveness and cost savings achieved and determine the reasonableness of their conclusions.

To address the requirements of this subtask, Team MJ asked the general manager of Procurement and the senior project administrator in the Operations Department to provide evidence that HCPS had assessed contracted and/or privatized services to verify effectiveness and cost savings achieved. **Figure 3-2** presents the results of Team MJ's request.

Figure 3-2
Assessment of Contracted Services for Effectiveness & Cost Savings

Contracted Service	Effectiveness	Cost	MJ Assessment
Mowing	HCPS developed an online survey tool that allows schools to rate the contractor assigned to their area. The system generates an issue report on the contractor if an issue is identified. See Figure 3-3 for an example.	Team MJ examined evidence that a cost assessment had been completed for Fiscal Years 2011 through 2016. No cost assessment was performed for Fiscal Year 2017.	HCPS method of assessing program effectiveness through surveys is sound. However, although cost assessments were performed in prior years and were sound, no cost assessment was completed for Fiscal Year 2017.

Figure 3-2
Assessment of Contracted Services for Effectiveness & Cost Savings (Cont'd)

Contracted Service	Effectiveness	Cost	MJ Assessment
Garbage & Recycling Pickup	Garbage and Recycling Pickup does not have a specifically created vendor evaluation form like the mowing program. The garbage program uses HCPS' standard vendor performance evaluation form. When a contract is coming up for renewal, procurement requires the end-user to complete a vendor performance form. If there are issues with a contract during the normal term, end-users use the form to report problems to the Procurement Department, but if there are no ongoing issues, an evaluation is required upon contract renewal.	A cost-benefit analysis to compare outsourcing garbage collections to performing the service in-house is unnecessary because the District knows from experience that the cost of procuring and maintaining its own garbage trucks and providing quality service is not cost-effective and is outside of the school District's core competency. Moreover, the cost of outsourced garbage services is assessed during the bid process when new contractors are selected or existing providers must rebid.	Team MJ concurs with the District's method of assessing garbage and recycling pickup services. Team MJ also concurs with the District's rationale for not performing a cost-benefit analysis of bringing garbage collection services back in house and MJ concludes that assessing the cost of these services via the bid process is sufficient.
Energy	A key measure of the energy vendor's effectiveness will be cost savings. However, since the contract is new, all of the technology, equipment, and infrastructure necessary to calculate energy costs savings have not been installed, and as of August 2018, HCPS had not paid the energy savings vendor. Another measure of effectiveness is the periodic reports the energy vendor will provide to the Board. The first presentation showing progress to date was June 2018.	Because the energy savings program is new and is being implemented in phases, it is too early to calculate cost savings.	The absence of assessments of the energy savings vendor's cost effectiveness is reasonable because the contract is new, and it takes time to install technology, equipment, and infrastructure to capture and measure cost savings.

Source: Hillsborough County Business Services Department, August 2018.

Figure 3-3 provides an example of an issues report from HCPS' grass mowing survey tool. School personnel can complete a survey upon completion of services by the mowing contractor. Issues are flagged and assigned to Operations Department personnel for resolution. The contractor and school names are redacted.

Figure 3-3
Mowing Assessment Report

Checklist for Week: 8/5/2018 to 8/11/2018	
MOWING Completed Date: Sat., Aug 11, 2018 MOWING Comments: no comment	Site Verified MOWING Completed: Sat., Aug 11, 2018 MOWING Comments: Mowing was done. One area between the 500 building and 300 you can see they started to mow and forgot to finish that area. I will send pictures.
WEEDING Completed Date: Sat., Aug 11, 2018 WEEDING Comments: no comment	Site Verified WEEDING Completed: Sat., Aug 11, 2018 WEEDING Comments: It is getting better but the weed in the bushes are prevalent.
EDGING Completed Date: Sat., Aug 11, 2018 EDGING Comments: no comment	Site Verified EDGING Completed: Sat., Aug 11, 2018 EDGING Comments: Edging is better but not consistent. I will send pictures
PRUNING Completed Date: Sat., Aug 11, 2018 PRUNING Comments: no comment	Site Verified PRUNING Completed: Sat., Aug 11, 2018 PRUNING Comments: no comment
Form Completed by Vendor Representative: Dp Comments:	Comments made by Sites: It is better but they are still not completing the job as it should be done.
 Issue reported by site to Facilities: 8/17/2018	

Source: Hillsborough County Operations Department, August 2018.

Subtask 3.3 – Determine whether program administrators have made changes to service delivery methods when their evaluations/assessments found that such changes would reduce program cost without significantly affecting the quality of services.

To address the requirements of this subtask, Team MJ inquired of the General Manager of Procurement and the Senior Project administrator in the Operations Department as to whether HCPS makes changes to service delivery methods when evaluations/assessments found that such changes would reduce program cost without significantly affecting the quality of services. The District's competitive bidding process is the primary means by which services are assessed and changed.

Of the three outsourced services, the Garbage & Recycling Pickup contracts are evaluated and changed during the competitive bidding process. The energy savings contract is too new to have been evaluated. The grass mowing contracts are assessed through surveys customers complete after the service is performed.

HCPS took action when mowing services were found to be unsatisfactory. The survey program interface provides early notification of potential problems with grass mowing contractors.

Figure 3-4 provides a snapshot of how the survey program flags issues that require follow-up and that could lead to changes in service.

Figure 3-4
Gas Mowing Survey Issues List

Report -- August 2018

Lawns Today (200690)

Checklist week 8/1/2018 to Checklist week 8/26/2018

☐ Issues Only

Go

Checklist Week Of	Report	Flag/Issue?	
APARICIOLEVY (0071) APARICIOLEVY (0071) only			
8/19/2018	Site report: 8/27/2018		View
8/12/2018	Site report: 8/20/2018		View
8/5/2018	Site report: 8/13/2018		View
7/29/2018	Not processed		View
7/22/2018	Site report: 8/2/2018	Issue	View
7/15/2018	Site report: 7/24/2018	Issue	View
7/8/2018	Site report: 7/16/2018	Issue	View
7/1/2018	Site report: 7/9/2018	Issue	View
6/24/2018	Site report: 7/2/2018		View
6/17/2018	Site report: 6/25/2018		View
6/10/2018	Site report: 6/25/2018		View
6/3/2018	Site report: 6/25/2018		View
5/27/2018	Site report: 6/25/2018		View
5/20/2018	Site report: 6/4/2018	Issue	View
5/13/2018	Site report: 5/29/2018		View
5/6/2018	Site report: 5/22/2018		View
5/6/2018	Not processed		View
5/6/2018	Site report: 5/14/2018		View
4/29/2018	Site report: 5/8/2018		View
4/22/2018	Site report: 4/24/2018	Issue	View
4/8/2018	Site report: 4/9/2018		View

Source: Hillsborough County Operations Department, August 2018.

HCPS sent a letter to one contractor whose agreement the District threatened to terminate for unsatisfactory performance. The letter concluded with the following statement:

"The District would like to continue our contractual relationship and see this agreement brought into compliance. If ... chooses not to continue fulfilling the terms of the agreement, the agreement shall be found in default per Section 3.6.7. As a result of the non-performance of these services, payment may not be issued as described in Section 2.10.1. Invoice ..., dated June 30, 2017, has not yet been released for payment, should partial payment be required as a result of default. It is unfortunate that this demand letter has become necessary. Please respond upon receipt of this letter with your firm's plan to bring all awarded sites into compliance no later than August 3, 2017."

Team MJ concludes that through its competitive bidding process and the grass mowing survey tool, HCPS evaluates and assesses services and makes changes to service delivery methods if it finds that such changes would reduce program cost without significantly affecting the quality of services.

Subtask 3.4 – Identify possible opportunities for alternative service delivery methods that have the potential to reduce program costs without significantly affecting the quality of services, based on a review of similar programs in peer entities (e.g., other counties, etc.).

To address the requirements of this subtask, Team MJ reviewed a 2015 operational efficiency audit report of HCPS that found that the District *“falls behind other districts in procurement savings and costs per \$100k revenue.”* The audit indicated that as a member of the CGCS, the District participated in a 2014 Performance Measurement and Benchmarking Project sponsored by CGCS. The operational efficiency audit report summarized HCPS’ results in various procurement performance areas. The District’s cooperative purchasing ratio ranked “Worst” in the CGCS rating quartile, while its procurement saving ratio ranked in the “Median” quartile.

Team MJ’s analysis of cooperative purchases confirms the CGCS benchmarking project results. Team MJ compared purchases made through cooperatives to total purchases for Fiscal Years 2015 through 2017. **Figure 3-5** presents the results of the analysis and shows that between Fiscal Years 2015 and 2017, only 1.2 percent of HCPS’ procurements have been made through cooperatives.

**Figure 3-5
Cooperative versus Total Expenditures
Fiscal Years 2015 through 2017**

Fiscal Year	Total Purchases	Cooperative Purchases	Percentage
2015	\$452,911,820	\$4,629,939	1.0%
2016	\$454,041,584	\$6,058,408	1.3%
2017	\$439,190,194	\$5,860,231	1.3%
Total	\$1,346,143,598	\$16,548,578	1.2%

Source: Hillsborough County Procurement Services Department, August 2018.

When evaluating the option to use cooperative contracts, HCPS analyzes what it is spending, what similar Florida districts are spending, and what the cooperative contract would be. HCPS’ procurement policies allow it to “piggyback” on other governmental jurisdiction contracts. Team MJ reviewed one example of the District using peer entity purchasing power although not for construction or maintenance related purchase. HCPS piggybacked on a Parent Notification System contract. The arrangement saved the District approximately \$66,000 per year indicating the savings opportunities such arrangements can produce.

Team MJ concludes that HCPS has not maximized opportunities for alternative service delivery methods that have the potential to reduce program costs without significantly affecting the quality of services based on a review of similar programs in peer entities.

RESEARCH TASK 4

Goals, Objectives, and Performance Measures Used by the Program to Monitor and Report Program Accomplishments

Finding Summary – Overall, HCPS partially meets Task 4. The District has effective measures in place to evaluate the facilities program performance, however, HCPS lacks documented goals and objectives. The review of the internal control environment indicated that in the annual financial reports the auditors had not identified any material weaknesses in the prior three years that we reviewed. Additionally, the State of Florida Auditor General’s reports did not identify any material weaknesses.

SUMMARY OF CONCLUSIONS ON RESEARCH SUBTASKS

See the Analysis and Results Section below for details regarding these conclusions.

SUBTASK 4-1

Condition: Subtask 4.1 – Not Met

Subtask 4.1 Review program goals and objectives to determine whether they are clearly stated, measurable, can be achieved within budget, and are consistent with HCPS strategic plan.

Although project goals and objectives are clearly stated, measurable, and can be achieved within budget, and are consistent with the school district’s general facility planning documents, HCPS Operations Division lacks clearly defined program-level goals and objectives.

Cause: HCPS has a strategic plan and other facility planning documents but lacks documentation of program-level goals and objectives.

Effect: Without clearly stated and documented program-level goals and objectives, management’s expectation may not be known or met, which could result in wasted resources and ineffective service delivery

Criteria: The Florida Legislature’s Office of Program Policy Analysis & Government Accountability (OPPAGA) states in “Best Financial Management Practices With Their Associated Indicators Best Practices (1, 2, 3 . . .) and Indicators (a, b, c . . .) Adopted June 2002” that the District has clearly stated goals and measurable objectives that can be achieved within budget for each major educational and operational program.

RECOMMENDATION

Document and maintain program-level goals and objectives that are explicit, clear, distributed and understood.

SUBTASK 4-2

Condition: Subtask 4.2 –Partially Met

Assess the measures, if any, HCPS uses to evaluate program performance and determine if they are sufficient to assess program progress toward meeting its stated goals and objectives.

The District has measures to evaluate facilities program performance; however, HCPS does not have documented program goals and objectives. Moreover, Team MJ could not assess the sufficiency of performance measures towards meeting programmatic goals and objectives because the district has not formulated goals and objectives at the program level.

Cause: The school district’s policy and practice has been to establish goals and objectives at the project level, therefore there has not been an emphasis on formulating program-level goals and objectives.

Effect: Without clearly stated and documented program-level goals and objectives, management’s expectations may not be known or met and management lacks a benchmark to assess if performance measures will be sufficient to achieve program goals and objectives, which could result in wasted resources and ineffective service delivery.

Criteria: The Florida Legislature’s Office of Program Policy Analysis & Government Accountability (OPPAGA) states in “Best Financial Management Practices With Their Associated Indicators Best Practices (1, 2, 3 . . .) and Indicators (a, b, c . . .) Adopted June 2002” that the district has clearly stated goals and measurable objectives that can be achieved within budget for each major educational and operational program.

RECOMMENDATION 4-2

Clearly identify and document program goals and objectives.

SUBTASK 4-3

Condition: Subtask 4.3 –Partially Met

Evaluate internal controls, including policies and procedures, to determine whether they provide reasonable assurance that program goals and objectives will be met.

Although our interviews and documentation reviewed confirmed that the District has internal controls in place to provide reasonable assurance that project goals and objectives will be met, program goals and objectives are not documented to determine the internal controls in place. However, in general, internal controls for functions such as budgeting and purchasing will be the same for both program and project goals and objectives.

Cause: The school district's policy and practice has been to establish goals and objectives at the project level, therefore there has not been an emphasis on formulating program-level goals and objectives.

Effect: Management's expectations may not be known or met to ensure necessary internal controls are in place.

Criteria: The Florida Legislature's Office of Program Policy Analysis & Government Accountability (OPPAGA) states in "Best Financial Management Practices With Their Associated Indicators Best Practices (1, 2, 3 . . .) and Indicators (a, b, c . . .) Adopted June 2002" that the district has clearly stated goals and measurable objectives that can be achieved within budget for each major educational and operational program.

RECOMMENDATION 4-3

Clearly identify and document the goals and objectives for the program and determine if existing internal controls are adequate.

ANALYSIS & RESULTS

Subtask 4.1 Review program goals and objectives to determine whether they are clearly stated, measurable, can be achieved within budget, and are consistent with the school district's strategic plan.

To address the requirements of this subtask, Team MJ requested HCPS' formal documentation of program goals and objectives. HCPS provided the following documents regarding program goals and objectives:

- **HCPS 2015-20 Strategic Plan:** The strategic plan which identifies goals in the areas of student learning, talent management, culture and relationships, and processes and financials.
- **2014 Educational Plant Survey:** The educational plant survey is a systematic study of present educational and ancillary plants and the determination of future needs.
- **Five Year Facilities Work Plan:** The District's facilities work program is a capital outlay plan. The Department of Education, Legislature, Governor's Office, Division of Community Planning (growth management), local governments, and others use the work program information for various needs including funding, planning, and as the authoritative source for school facilities related information. It includes a schedule of major repair, renovations, remodeling, and additions of capital outlay projects.
- **Growth Management Report:** The report provides a status of items impacting facility management such as the 2017 long-range facility planning study.

The documents provided do not document the program-level goals and objectives applicable to the District's facilities equipment, safety, maintenance, capital improvement, and construction activities. In addition to reviewing these documents, Team MJ reviewed the goals and

objectives for a sample of program projects to determine if they were clearly stated, measurable, achievable within budget, and consistent with the school district's general planning documents.


Project-Level Performance Measures

The scope of work in contractual documents and the Monthly Progress Report define goals, objectives and measures for facility program projects. For example, the Guaranteed Maximum Price (GMP) contract between the school district and construction contractors consists of the scope, drawings and specifications, a comprehensive completion schedule, and project budget. The Monthly Progress Report as shown in **Figure 4-1** provides a project overview, completion status, and spend status.

Figure 4-1
HCPS Monthly Progress Report, August 2018

T1-Q2-Periodic Programs of Evaluations of Performance and Costs

HCPS MONTHLY PROGRESS REPORT



PROJECT INFORMATION:
Name: Sickles High School - Phase 2
Address: 7950 Gunn Highway
City/State/Zip: Tampa, Florida 33626
District Job Number: 27008

PROJECT OVERVIEW: AVERAGE (Proposed)
Project Start Date (NTP): 10/05/17 A
Structure top out Date: 02/14/18 A
Permanent Power Date: 06/07/18 A
Certificate of Occupancy Date: 07/17/18 P
Substantial Completion Date: 07/17/18 P
Date of Actual Building Occupancy: 08/16/18 P
Date of Final Completion: 08/16/18 P
Total Project Duration: 304 Days

ADMINISTRATIVE OVERVIEW:
Total # of Subcontracts Anticipated: 26
of Subcontracts Issued: 26
of OSD Agreements Executed: 8
\$ Value of OSD Agreements: \$ 2,051,000

PROGRESS PENDING ISSUES (A RESPONSIBILITIES):
Current Critical Issues:

Issue	Responsibility
Working on cleaning facility and punch list items	All Parties
Classroom Furniture - All direct purchase orders have been executed with the two manufacturers for 7/9/18 delivery date	UDT and Expire Office

COMMENTS:

PROJECT DIRECTORY:
Construction Manager/CM: Creative Contractors, Inc.
PROJECT MANAGER: Steve Hill
PROJECT SUPERINTENDENT: Randy Jenkins
PROJECT OFFICE ACCOUNTANT: Jennifer Hall
Architect: Ranson & Partners, Inc.
PRINCIPAL: Richard Schwab
ASSOCIATE: Kathy Arnsault
Structural Engineer: Master Consulting Eng., Inc.
Civil Engineer: C & D Engineers, Inc.
Mechanical Engineer: Oxi Consulting Eng. Inc.
Electrical Engineer: KBA Engineering/Tamara

REPORT DATE, PREPARED BY: 8/2/2018 Steve Hill

PROJECT DESCRIPTION:
Building Use: High School
Construction Type: 1 story masonry and steel structure
Total Square Footage: 14,400
Student Stations: 300
Number of Floors: 1
Foundation Type: Spread Footing
Structural Frame: Masonry
Exterior Skin: Stucco over Masonry
Roof System: Modified Bitumen Roof

SITE STATS:
TOTAL AREA (ACRES): 1
SURFACE PARKING SPACES (EACH): Existing
OF HANDICAP SPACES: Existing

CONTINGENCIES (current \$)
OWNER: \$29,500
CONTRACTOR: \$37,000
OTHER: NONE

SCHEDULE POSITION (days (+ days = ahead of schedule))
Critical Path Report: 5

CONSTRUCTION UPDATE:

TYPE	% COMP.	REMARKS
Demo	100%	Removed Existing Slab and Utilities
Found.	100%	Foundations are complete
Structure	100%	Concrete, CMU, and Structural Steel Complete
Finishes	100%	Tile, Interior Paint, Acoustical Ceiling Complete
MEP/Plum	90%	Non-potable AC and Electrical Complete

CONTRACT STATUS:
CURRENT CONTRACT AMOUNT: \$ 4,008,938.00
AMOUNT BILLED TO DATE: \$ 3,492,444.00
PERCENT DOLLARS EXPENDED: 87%
CONTRACT CALENDAR DAYS: 304
CALENDAR DAYS EXPENDED: 261
PERCENT TIME EXPENDED: 86%
TOTAL LOST WEATHER DAYS: 0

T1-Q2

Source: Hillsborough County Public Schools, August 2018

The goals and objectives for the following sample of facility projects in **Figure 4.2** are clearly stated, measurable, can be achieved within budget, and are consistent with HCPS' general planning documents to renovate and construct facilities

Figure 4-2
Examples of Typical Facility Program Projects

Goal	Objective	Measurable?	Clearly Stated?	Can Be Achieved Within Budget?	Consistent with School District's General Planning Documents?
<i>Construct the East Bay Classroom Addition</i>	Complete a 20-classroom addition and HVAC Equipment Upgrades for the guaranteed maximum price with a substantial completion date of July 14, 2017.	Yes	Yes	Monitored with Monthly Progress Report and Project Summary Sheet	Yes
<i>Replace the Cooling Tower Replacement at Freedom High School</i>	Remove and replace existing two cell 525 ton cooling towers with two ton Evapco model for the purchase order price by the substantial completion date of May 11, 2018	Yes	Yes	Yes; invoice is matched to purchase order	Yes

Source: Hillsborough County Public Schools, August 2018.

Based on the information provided, Team MJ concluded that although project goals and objectives are clearly stated, measurable, and can be achieved within budget, and are consistent with the HCPS' general facility planning documents, HCPS Operations Division lacks clearly defined program-level goals and objectives.

Subtask 4.2 – Assess the measures, if any, HCPS uses to evaluate program performance and determine if they are sufficient to assess program progress toward meeting its stated goals and objectives.

To address the requirements of this subtask, Team MJ reviewed the project files that HCPS maintains for each project in its system. Among the files are folders for architects field reports/site visits, meeting minutes, site inspections, and life cycle cost analysis.

As indicated in Subtask 1.5 some of the performance measures include:

- Performance Measures and Evaluations of Design Professionals and Contractors & Construction Managers
- A typical Project Summary Sheet
- HCPS Monthly Progress Report

- 5-year Work Plan
- Hillsborough County Public Schools Policy Manual (Acquisition of Professional Services)
- A typical Initial Budget Worksheet
- A typical FMS Deferred Maintenance Schedule
- Project Files

The following are some of the measures HCPS uses with its project files:

Architects field reports/site visits and the site inspections are reports completed by individuals such as an architect on the project, a project superintendent, a specialist of a particular building system or a building code inspector. This inspection measure is evaluating whether the building is being constructed according to the construction documents and if building systems were properly installed in order to function in the manner intended. HCPS has documentation for the field reports/site visits and the site inspections that were performed.

According to Team MJ's review, meeting minutes contain the following:

1. Current progress of the project
2. Issues that have surfaced during construct which need clarification along with who needs to respond and by when
3. Any test or inspection that were done at the site
4. The Request for Information (RFI) Log
5. Submittal Log
6. The Contingency Report

The last items Team MJ reviewed were the Life Cycle Cost Analysis which is a tool to determine the most cost-effective option among different competing alternatives to purchase, own, operate, maintain and, finally, dispose of an object or process, when each is equally appropriate to be implemented on technical grounds. In the analysis HCPS gives a purpose, background, summary, three different schemes, and the results of the three schemes.

Assess the measures, if any, HCPS uses to evaluate program performance and determine if they are sufficient to assess program progress toward meeting its stated goals and objectives.

Based on the review of project files HCPS maintains for each project, Team MJ concludes that HCPS has the measures to evaluate a facility program; however, we cannot assess the sufficiency of performance measures toward meeting program goals and objectives until such program and objectives are formally documented.

Subtask 4.3 – Evaluate internal controls, including policies and procedures, to determine whether they provide reasonable assurance that program goals and objectives will be met.

To address the requirements of this subtask, Team MJ interviewed the Auditing Manager, the Sr. Project Administrator, reviewed policies and procedures, reviewed project work files and reviewed our internal control questionnaire completed by the Chief Business Officer (CBO). Our interviews and documentation review confirmed that HCPS has internal controls in place to provide reasonable assurance that project goals and objectives will be met.

HCPS has designed internal controls for its business processes. We requested the CBO complete an internal control questionnaire that had a rating scale of 1 to 5; one being the lowest score possible. The following areas were included on the internal control questionnaire:

- Segregation of duties in purchasing, payroll, accounts payable, accounts receivable, cash management and investment, third-party relations and contract management, information systems security, information system access and information systems backup and recovery – the CBO provided scores of 5 with N/A for information system items.
- Expenditure Cycle – the CBO provided scores of 5 for existence and effectiveness.
- Payroll – the CBO provided scores of 5 for existence and effectiveness.
- Accounts Payable – the CBO provided scores of 5 for existence and effectiveness except forecasting models received a score of 4.
- Contract Management – the CBO provided scores of 5 for existence and effectiveness.

Our review of annual financial reports noted that the auditors had not identified any material weaknesses in the prior three years that we reviewed. Additionally, the State of Florida Auditor General's reports did not identify any material weaknesses.

Our review of external operational reports listed in **Subtask 1.3** did not identify any material weaknesses in internal controls.

HCPS has the following internal controls in place to provide reasonable assurance that project goals and objectives will be met.

District Level Internal Controls

- Written policies and procedures
- Segregation of duties
- Procurement processes to ensure compliance with regulations and policies
- Annual Financial Audits
- Single Audits
- Operational audits
- District-level and department-level budgets

Program Level Internal Controls

- Written policies and procedures
- Segregation of duties
- Procurement processes to ensure compliance with regulations and policies
- Annual Financial Audits
- Operational audits
- Department/Program-level budgets
- Spreadsheets listing all construction projects, high-level details, status and costs

Construction Project Internal Controls

- Project lifecycle checklist
- Weekly meetings
- Monthly project report
- Project summary sheet
- Written policies and procedures
 - Procurement process
 - Bid award preparation
 - Professional services evaluation

We discuss some of the construction project specific internal control activities below.

Project Lifecycle Checklists

Project lifecycle checklists are used for all construction projects with an approved budget between \$300,000 and \$2 million. The lifecycle checklist records each step that is required to be completed for each phase of the construction project. Each task has the primary and secondary position that is responsible for completing the respective task. Checkmarks are placed next to the task upon completion. Active construction project lifecycle checklists are maintained in a 3-ring binder outside of the senior project administrator's office and serve as an easy reference to review project status on a daily basis. The project lifecycle checklist serves as management tool to monitor construction project progress. This is an effective internal control. **Figure 4-3** provides a copy of the project lifecycle checklist.

**Figure 4-3
Project Lifecycle Checklist**

OPERATIONS BID PROJECT LIFECYCLE \$100,000 - \$2,000,000 PROJECT			
LINE	PROJECT ACTIVITY	BIDDING CY	BIDDING PERIOD
1	We have an Opportunity		
2	Facility Maintenance Determines General Scope of Project	DEPT MGR	DM MGR
3	Facility Maintenance Defines Financial Magnitude (Estimate)	DEPT MGR	DM MGR
4	Project gets on 1-year Plan (Priority)	FM MGR	DM MGR
5	Overall Budget for Project approved < \$2 Million	CMO	DM
6	Operations Project Number Assigned - 28****	ACCOUNTING	
7	Project Initiated in HCPS Construction Database	FM SC	FM ENR SC
8	Design Professional (DP) selected from Consulting Service List	FM & DEPT MGR	FM
9	Operations & DP visit site, Agree on Scope (written)	FM & DEPT MGR	DM MGR
10	Overall Project Schedule (3 design schedule) agreed upon	FM & DEPT MGR	DM MGR
11	Operations Determines if a Bid Project or CM Project	DM MGR	DMO
12	DP submits Proposal	FM & DEPT MGR	
13	Fee negotiated with DP	FM	DEPT MGR
14	Task Order/Contract Written to DP	FM & DEPT MGR	FM ENR SC
BID PROJECT			
15	Bid Number Assigned - FAC	FM SC	
16	Final Bid Documents prepared	DEPT MGR & DEPT MGR	
17	Constructive Documents (issued by DP (in/out of documents)	DEPT MGR	DEPT MGR
18	Bidding Schedule Determined	DEPT MGR & FM	FM
19	Project Advertised in vendorlink & Newspapers, if necessary	FM ENR SC	ACCOUNTING
20	Pre-Bid Meeting occurs	DEPT MGR & DEPT MGR	FM
21	Addendum issued, if necessary	DEPT MGR	DEPT MGR
22	Bids Received, Analyzed & Results posted in Vendorlink	DEPT MGR & FM	FM ENR SC
23	Board Approves Award (over \$100K)	FM	FM ENR SC
24	Contract Awarded (insurance/bond required)	FM	ACCOUNTING
25	Contracts Signed (Bid project to very little negotiation)	CMO	
26	Building Permit issued	FM ENR SC	DEPT MGR
27	Builder Risk Policy endorsed for Project	ACCOUNTING	FM
28	Notice to Proceed issued	FM	DEPT MGR
29	Payment & Performance Bonds Received (if over \$100K)	ACCOUNTING	FM
30	Owner Direct Purchase - deductive change order completed	FM	ACCOUNTING
31	Construction Period	DEPT MGR	FM
Construction Period			
32	Construction Progress Observed	DEPT MGR & DEPT MGR	FM ENR SC & SAFETY
33	Monthly Reports Submitted & Filed	FM	ACCOUNTING
34	Pay Applications Submitted	ACCOUNTING	DEPT MGR
35	Confirm proper payment values submitted	ACCOUNTING	DEPT MGR
36	Pay Applications Processed	ACCOUNTING	DEPT MGR
37	Change Orders/CCOs Processed	FM	DEPT MGR
38	Owner Direct Purchase re-issued, Change Order Written	ACCOUNTING	FM
39	Project Close Out Documents Submitted	FM ENR SC	FM
40	Construction Database updated and Status "Accepted"	FM SC	
41	Final Approval of final payment (if over \$100K)	ACCOUNTING	DEPT MGR
42	Final Pay Application Received	ACCOUNTING	DEPT MGR
43	Reserve Board Approval for final payment	FM	ACCOUNTING
44	Final Bid Release confirmed	ACCOUNTING	
45	Fund/Budget Balances Reconciled	ACCOUNTING	
46	Warranty/Close Out Documents received	FM ENR SC	DEPT MGR
47	Warranty Documents Electronically Filed	FM ENR SC	FM ENR SC
48	Scheduled Warranties Received & Shared with FMIS	DEPT MGR	FM
49	Preventative Maintenance Agreement signed & documented	DEPT MGR	FM ENR SC

Source: Hillsborough County Public Schools, August 2018.

Weekly Meetings

Weekly (or bi-weekly) meetings are held for each project. Attendees include the contractor, architect or project manager and the HCPS construction inspector, HCPS Senior Project Administrator. Various HCPS trades will also attend if the agenda item includes discussion of their respective trade. The purpose of these meetings is to discuss the project's status and any issues or concerns. These meetings are documented with agendas, minutes, action plans and supporting documents needed for the meeting's discussion. The standard agenda items are:

- Current Progress / Construction
- Schedule

- Design Items
- Owner Issues
- Testing & Inspections
- Sustainability
- Miscellaneous / Other
- Closeout
- RFI's
- Submittals
- Contingency & Allowances
- Next Meeting Date, Time and Location

Figure 4-4 provides an example of the first page of the weekly agenda.

Figure 4-4
Weekly Agenda Example

OAC MEETING #3 East Bay Classroom Addition November 17, 2016			ACTION NEEDED BY WHOM BY WHEN	
ITEM NO.	DATE	NARRATIVE		
I. CURRENT PROGRESS / CONSTRUCTION				
01.004.01	12/2/16	Ajax Construction Update <ul style="list-style-type: none">• Parking lot paving scheduled for the end of next week.• Foundations have been poured for Building 19. Building 20 foundations will be poured next week.• Site lighting poles have been partially installed.	CLOSED	
OLD BUSINESS				
01.001.04	10/20/16	Radium Testing Radium testing will take place at pit and at the pad onsite per the specifications. Jill confirmed acceptable.	AJAX	11/3/16
	11/3/16	The initial radium test at the pit passed with a reading less than 1. The allowable limit is 2. Awaiting formal report. Onsite fill was tested today. Results are expected in approximately 1 week.	AJAX	11/17/16
	11/17/16	Pad soil test results were below 2.0pci/g. However, initial soil tested is not being used for building pads due to density issues. New fill being brought in from the same pit will be retested. Results are expected approximately 1-2 weeks from test.	AJAX	12/15/16
	12/2/16	7 day test results for the new fill at Building 19 & 20 came in below 2.0pci/g. Ajax sent the results to HCSB and WAI.	CLOSED	
01.002.01	11/3/16	Winter Break Work East Bay HS and HCSB indicated that it was acceptable to begin work on chilled water and electric conduit through the existing campus during winter break. Marcus noted that currently the only activities scheduled at the school over winter break are church services and flooring work in the kitchen.	AJAX	12/15/16
	11/17/16	Ongoing. Reviewed chilled water pipe submittals are needed and abatement needs to be completed. School to confirm next steps will be acceptable once funds	HCSB/ East Bay HS	12/2/16

Source: 16.12 East Bay Report 201530, provided by Hillsborough County Public Schools, August 2018

Monthly Project Reports

HCPS requires the contractor of each construction project to submit detailed monthly reports that discusses design, procurement and construction activities completed (with pictures); lists of subcontractors by trade; lists of purchase orders issued by vendor and trade; Architects Supplemental Instructions (ASI) logs; Request for Information (RFI) logs that provide detailed questions and responses along with dates and resolution status; financial reports that show original contract price, change orders and percentage expended, contingency allowance details and balance; detailed direct purchase order balance sheet that includes the purchase order number, materials, vendor, subcontractor and purchase order amounts; project status; and meeting minutes. This report serves as a management tool and is an effective internal control to monitor construction project progress and also provides historical evidence should the need arise to review the construction project's activities. **Figure 4-5** provides a table of contents for the owner's monthly report for the East Bay classroom addition.

Figure 4-5
Owner's Monthly Report Table of Contents

East Bay Classroom Addition	
TABLE OF CONTENTS	
OWNER'S MONTHLY REPORT	
I.	Executive Summary
II.	Activities
	A. Design Activities
	B. Procurement Activities
	C. Construction Activities
	D. ASI Log
	E. PR Log
	F. RFI Log
	G. Submittal Log
III.	Financial Reporting
	A. Narrative
	B. Contingency Log
	C. Direct Purchase Log
IV.	Project Meeting Minutes
	A. Narrative
	B. Minutes
V.	Progress Photographs
	A. Narrative
	B. Photographs
VI.	Monthly Calendar
	A. Narrative
	B. Calendars

Source: 16.12 East Bay Report 201530, provided by Hillsborough County Public Schools, August 2018

Monthly Progress Reports

Another tool that HCPS uses to monitor construction progress is the monthly progress reports that architects submit for each project. This report provides summary details of the project on one page and also includes a picture of the project's progress. In addition to project details, key information includes the following:

- Contract status in terms of approved budget and amount billed, percentage of dollars expended; contract calendar days, calendar days expended and percentage of time expended. These measures enable the District's senior project administrator to quickly identify potential problems. For example, if the contractor has billed a significantly higher percentage of the contract amount compared to the percentage of calendar days expended it could indicate that the contractor may be in a position that the budget will be depleted before the project is completed.
- Key milestone dates that include project start date, certificate of occupancy date, substantial completion date, building occupancy date, final completion date and total project duration.

Figure 4-1 in **Subtask 4.1** provides an example of a monthly progress report.

Project Summary Sheets

A project summary sheet is prepared and updated for each payment made, change order and at project completion. This summary sheet tracks the financial aspects of the respective project. The project summary sheet serve as management tool to monitor construction project costs and also provides historical evidence should the need arise to look back at the construction project's financial activities. This is an effective internal control. **Figure 4-6** provides a project summary sheet for the Robinson High School addition.

Figure 4-6
Project Summary Sheet

PROJECT SUMMARY SHEET - ROBINSON HS ADDITION

CONSTRUCTION PROJECT #		TJ009			TOTAL PROJECT BUDGET \$		7,000,000.00
LAWSON PROJECT NUMBER:		#819			TOTAL DESIGN & CONSTRUCTION BUDGET \$		\$ 5,684,900.00
PROJECT NAME:		Robinson HS Addition			TOTAL DESIGN & CONSTRUCTION COST		\$5,187,226.04
IDHC ADMINISTRATOR		Chuck Plante			Over/Under Budget \$		-497,673.96
					Over/Under Budget %		9%

CONTRACTOR / CONSTRUCTION MANAGER:				ARCHITECT:			
NAME:		Alex Building Corporation		NAME:		John J. McFadden	
DATE APPOINTED:		06/02/17		DATE APPOINTED:		06/02/17	
<i>*Please see bond for complete names of bonding companies.</i>							
BONDING CO.:		Liberty Mutual Ins. Co. Bond #B18072862		SCHEMATIC DESIGN		100% APPROVED	
ADDRESS:		178 Berkeley Street		DESIGN DEVELOP.		100% APPROVED	
LOCATION:		Sutton, MA-02118		CONSTRUCT. DOC.		05-15-18 100% APPROVED	
				GUAR. MAXIMUM PRICE		05-15-18 100% APPROVED	
CONTRACT COMPLETION DATE:		03/26/18					
REVISED COMPLETION DATE:							
SUBSTANTIAL COMPLETION DATE:				PROJECT SQUARE FOOTAGE [] SF			
BOARD ACCEPTANCE DATE:							

TIME EXTENSIONS APPROVED		(# OF DAYS)	APPROVED	((DATE))
		(# OF DAYS)	APPROVED	((DATE))

ORIGINAL GUARANTEED MAXIMUM PRICE: \$4,869,798.00

		DIRECT PURCHASE	PRECONSTRUCTION FEE:
G/O #1 07/25/18	\$425,000.00		\$44,336.00
G/O #2 ((date))	(amount)		G/O #1 (amount)
G/O #3 ((date))	(amount)		G/O #2 (amount)
G/O #4 ((date))	(amount)		G/O #3 (amount)
G/O #5 ((date))	(amount)		REVISED: \$44,336.00
G/O #6 ((date))	(amount)		
G/O #7 ((date))	(amount)		
G/O #8 ((date))	(amount)		
G/O #9 ((date))	(amount)		

CHANGE ORDERS (NET TOTAL) -(\$425,000.00)		<i>+17.0% if 10% or +\$300,000 (whichever is less) includes Board Approval</i>
REVISED G.M.P. MAXIMUM PRICE	\$4,034,798.00	

COMPLETED & STORED TO DATE \$389,709.94		REVISED GMP (includes OCP) \$4,034,798.00	
RETAINAGE \$30,637.98 10.00%		DIRECT PURCHASE #1 \$425,000.00	
LIQUIDATED DAMAGES \$0.00		DIRECT PURCHASE #2 (amount)	
AMOUNT PAID TO DATE \$390,071.67 See "Contractor" tab		DIRECT PURCHASE #3 (amount)	
BALANCE DUE ON CONTRACT \$5,671,896.13		DIRECT PURCHASE #4 (amount)	
		DIRECT PURCHASE #5 (amount)	
		DIRECT PURCHASE #6 (amount)	
		DIRECT PURCHASE #7 (amount)	
		DIRECT PURCHASE #8 (amount)	
		DIRECT PURCHASE TAX SAVINGS -\$5,571.90	

PERCENT CONTRACT PAID	9.66%	REVISED TOTAL CONSTRUCTION COST	\$4,869,798.04
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ORIGINAL DESIGN SERVICE FEE:		\$354,900.00	REIMBURSABLES:	
Reimbursables:		\$10,000.00	INITIAL: \$10,000.00	
ADL #1 10/11/17	\$1,900.00	Geotechnical Services	ADL #_ (amount)	
ADL #2 05/05/18	\$11,700.00	New Entry Canopy	ADL #_ (amount)	
ADL #3 04/15/18	\$680.00	Description	ADL #_ (amount)	
ADL #4 ((date))	(amount)	Description		

Source: Hillsborough County Public Schools, August 2018.

Additionally, the District has stated that should the surtax referendum pass, it will establish an oversight committee comprised of six members of the community and one internal staff to monitor the program. They also intend to hire an internal or external auditor that will be dedicated to auditing the program annually.

Team MJ concludes that the internal controls in place satisfy the requirements for project goals and objectives. However, the adequacy of internal controls relative to program goals and objectives are subject to the requirements of such program goals and objectives.

RESEARCH TASK 5

The accuracy or adequacy of public documents, reports, and requests prepared by the county which relate to the program.

Finding Summary – HCPS meets Task 5. HCPS prepares and makes available a wealth of financial and non-financial information to the public. And, through HCPS’ Communications and Outreach plan, the District has established a process to align communications channels and messages by selecting the right communication tool approach for the intended audience based on key performance indicators (KPIs) and measures. The District also has a documented process in place to ensure accuracy and completeness of program and cost information.

SUMMARY OF CONCLUSIONS ON RESEARCH SUBTASKS

See the Analysis and Results Section below for details regarding these conclusions.

SUBTASK 5-1

Our work revealed no issues or concerns related to whether the program has financial and non-financial information systems that provide useful, timely, and accurate information to the public.

SUBTASK 5-2

Our work revealed no issues or concerns related to whether available documents, including relevant internal and external reports that evaluate the accuracy or adequacy of public documents, reports, and requests prepared by HCPS related to the program.

SUBTASK 5-3

Our work revealed no issues or concerns related to whether the public has access to program performance and cost information that is readily available and easy to locate.

SUBTASK 5-4

Our work revealed no issues or concerns related to whether processes the program has in place to ensure the accuracy and completeness of any program performance and cost information provided to the public.

SUBTASK 5-5

Our work revealed no issues or concerns related to whether the program has procedures in place that ensure that reasonable and timely actions are taken to correct any erroneous and/or

incomplete program information included in public documents, reports, and other materials prepared by HCPS and that these procedures provide for adequate public notice of such corrections.

ANALYSIS & RESULTS

Subtask 5.1 – Assess whether the program has financial and non-financial information systems that provide useful, timely, and accurate information to the public.

To address the requirements of this subtask, Team MJ conducted interviews with HCPS management and staff and evaluated relevant documents and systems that are available to the public to determine usefulness, timeliness, and accuracy. HCPS prepares and makes available a wealth of financial and non-financial information to the public as shown in **Figure 5-1**.

Figure 5-1
Sample Documents Demonstrating Adequacy of Public Financial and Non-Financial Information

Hillsborough County Public Schools Sample Documents Available to the Public	
Financial Information	Description/Purpose
<i>Hillsborough County Public Schools (Tentative) 5-Year Facilities Work Plan, 2018-19 through 2022-23</i>	The Florida Department of Education, Legislature, Governor’s Office, Division for Community Planning (Growth Management), local governments, and community members are able to access and use the work plan information for various needs including funding planning and as the authoritative source for school facilities-related information. The facilities work plan is a complete, balanced capital outlay plan that is financially feasible. The first year of the plan presents the school district’s capital outlay budget for that fiscal year.
<i>Comprehensive Annual Financial Report (CAFR), Fiscal Year Ended June 30, 2017</i>	The CAFR is prepared timely by the HCPS’ Business Services Division and complies with the accounting requirements promulgated by the Governmental Accounting Standards Board (GASB).
<i>Popular Annual Financial Report (PAFR), Fiscal Year Ended June 30, 2017</i>	This document is a condensed version of the CAFR. The PAFR is prepared specifically for the community so that parents and taxpayers can gain a better understanding of the basic financial health and operations within HCPS. The PAFR summarizes the financial activities and operating results reported in the school district’s CAFR. The PAFR is unaudited and presented on a non-GAAP basis.
<i>Truth in Millage (TRIM)</i>	In accordance with TRIM requirements, property tax rates are posted on the HCPS website and public hearings are held 65 to 80 days after the County Property Appraiser certifies the tax roll to allow for any public discussion.

Figure 5-1
Sample Documents Demonstrating Adequacy of Public Financial and
Non-Financial Information

Hillsborough County Public Schools Sample Documents Available to the Public	
Non-Financial Information	Description/Purpose
Construction Program News, Announcements, and Solicitations	Targeted Facilities/Operations webpage that provides timely updates regarding new construction projects such as project phase completion, attendance boundary changes, and bid solicitations.
New School Project Approach, Project Execution, and Project Construction Database	The school district's approach: (1) synergize efforts with internal and external stakeholders (2) provide community opportunities for input on multiple platforms (3) Outline and keep stakeholders up-to-date with progress and key milestones.
Non-Financial Information	Description/Purpose
Resources (Fact Sheet)	Provides an overview of the project or initiative. One sheet presentation of data in a format which emphasizes key points concisely, usually using infographics, bullet points, headings, website and contact information.
New School Video Gallery	Individual project summary pages provide: (1) a description of specific projects, (2) what to expect (e.g., temporary traffic lane closures, alternate access to impacted businesses), (3) high-level cost and funding information, (4) anticipated timeline for project completion, (5) contact information for key project management staff, (6) pertinent additional information such a project maps, and (7) public meeting notifications.
Public Meeting Agenda and Minutes	The school district posts public meeting agendas and minutes on its website so that community members are kept apprised of issues such as school district attendance boundary changes.
Televised School Board Meetings on Hillsborough Public Schools Webpage and HCPS TV	The school district provides public meeting video replay for most meetings, which allows citizens who were unable to attend in person the opportunity to view the contents of the meeting at their convenience.
Various Communications Channels	<p>HCPS utilizes key school communication channels when appropriate to inform internal and external stakeholders ranging from critical emergency information, important reminders, construction of new schools, attendance boundary community meetings, etc.</p> <p>The process of aligning channels and messages means selecting the right communication tool or approach for the message and the intended audience (for example, mass media, interpersonal communication, information and communication technology, or social media).</p> <p>ParentLink – communication engagement tool to email, text, or call HCPS families</p> <p>Newsdesk – HCPS news blog is used to inform, engage, and celebrate</p>

Hillsborough County Public Schools Sample Documents Available to the Public	
	<p>students and schools geared to both internal and external stakeholders.</p> <p>PeachJar – State of the art eflyer system chosen by HCPS as an additional communications tool to get information out quickly to communities and families.</p> <p>Press Releases – Media alerts providing official statements by the school district.</p> <p>Hillsborough Schools TV/TBAE network – Broadcast channel for school board meetings and workshops that highlight HCPS projects and initiatives.</p> <p>Media Platforms – HCPS Website, Facebook, Twitter, Instagram, youTube.</p> <p>Press Conferences – Media are invited to hear from experts or leaders about project, initiative, or goals.</p> <p>Community Meetings – Provides community members the opportunity to obtain information, provide feedback, and ask questions.</p> <p>Communication Message Deliverables – Fact Sheets, FAQs, Community Meetings, Videos, postings on social media that directs traffic to website or video information.</p>

Source: HCPS Operations and Communications Department

Team MJ concludes that public documents prepared by the school district are useful, timely and available to the public.

Subtask 5.2 – Review available documents, including relevant internal and external reports that evaluate the accuracy or adequacy of public documents, reports, and requests prepared by the school district related to the program.

HCPS utilizes key school communication channels to inform the public (external stakeholders) regarding issues ranging from critical emergency information, important reminders about construction of new schools, attendance boundary community meetings, and updates on new air conditioning equipment slated for schools.

The Operations Division’s Communications and Marketing Specialist functions as a non-technical project manager on construction projects to ensure key messages are targeted to and reach the public to keep them informed.

The Communication and Outreach plan has a component that evaluates the quality of its web-based, social media, and written materials prepared by the school district. An assessment of the accuracy of the information is included as a part of the overall quality assessment. To address the requirements of this subtask, MJ reviewed various reports and documents, which included data analytics from the following:

- Communication and Outreach plans developed for specific projects that are posted on the website (including new construction);

- Google Analytics (the number of different webpages visited, the length of time users are engaged on the website;
- ParentLink (the number of texts, telephone or email messages;
- Newsdesk (the number of community members that accessed a story using various communications channels such as social media or the District website and whether or not the news story or article was shared with other individuals);
- PeachJar-eflyer system (the number of families reached by electronic flyers); and
- Hillsborough Schools TBAE Network (the number of live stream and video on demand viewers).

Through HCPS' Communications and Outreach plan, the District has established a process to align communications channels and messages by selecting the right communication tool approach for the intended audience based on key performance indicators (KPIs) and measures monitored by the Operations Division. **Figure 5-2** below presents some of the key performance indicators and Measures used.

Figure 5-2
HCPS Performance Indicators/Measures Used to Evaluate Information Effectiveness

Key Performance Indicator	Measure
<i>District Website Usage</i>	Number of visits to the home page and unique page views
<i>Social Media Engagement</i>	Number of Social Media "likes," "shares," and "followers"
<i>Stakeholder Communication</i>	Number of community partner flyers posted to the e-flyer system
<i>Electronic Media Coverage</i>	Number of viewers for live HCPS board meetings and web stream broadcast
<i>Positive News Coverage</i>	Number of positive stories generated from a variety of publications, press releases, etc.
<i>Family Engagement</i>	Percent of parents responding positively to the communication section of the parent survey

Source: HCPS Operations and Communications Department

For example, these metrics show that between July 1, 2018 and August 30, 2018, the HCPS website received more than two million page views. More than 7,900 individuals viewed the Facebook page for the new Lamb Elementary School design. A total of 417 households viewed the special called board meeting to deliberate the proposed surtax on August 24, 2018 and 460 households viewed the meeting using the District's on-demand feature, which allows a broadcast to be viewed after it has originally aired.

Team MJ concludes that HCPS uses a combination of internal and external reports to effectively evaluate the availability and adequacy of information provided to the public.

Subtask 5.3 – Determine whether the public has access to program performance and cost information that is readily available and easy to locate.

To address the requirements of this subtask, Team MJ reviewed Hillsborough County Public Schools website (www.sdhc.k12.fl.us/). The website is user friendly and easy to navigate.

Figure 5-3 shows sample types of cost-related information that is available to the public, as follows:

Figure 5-3
Sample Types of Cost Information Found on HCPS Website

Type of Information	Description
<i>Budget Amendments</i>	The public is able to see if there has been an increase/decrease in the current budget and how expenditures were used.
<i>Monthly Financials</i>	The public is able to review the current financial standing of the District and express concern if funds are not being allocated correctly or if they feel the District is not being good stewards of District funds.
<i>Accounts Payable</i>	The public is able to see who the District is paying and how much.

Source: HCPS Budget Services Division.

Figure 5-4 shows sample types of program performance-related information that is available to the public.

Figure 5-4
Sample Types of Program Performance Information Found on HCPS Website

Type of Information	Description
<i>School Board Meeting Information</i>	The public can listen and review topics, issues, and concerns that are discussed at boards meetings, including program performance-related topics.
<i>Educational Specifications</i>	The public can use this information to hold the District accountable for creating facilities that reflect community input that was provided to the District in the community engagement/planning phase of construction projects.
<i>Project Approach</i>	The public can use this information to validate if HCPS is executing the correct approach for repairs, renovations and new construction projects.

Source: HCPS Operations Division

These documents can be accessed on the school district's website as follows:

School Board Meeting information – Start at the HCPS homepage and select the 'Board' category from the top, horizontally aligned row of other categories. From there it will take the user to the School Board page of the website. On the left-hand side bar, the user will find several links, which include the following: About, Board Meetings, Important Information, Board Members, Board Committees, and Board Policies. Under the 'About' page, the user will find three (3) subcategories, which are Board Meetings, Aired on Television, and Webcasts. Under each subcategory title the user will see a brief description with hyperlinks that the user can click and be directed to the page that corresponds with the subtitle category.

Educational Specifications – Start at the HCPS homepage and select the 'Department' category from the top, horizontally aligned row of other categories. From there it will take the user to the Departments page of the website. Under the subcategory titled 'Deputy Superintendent, Operations', click on the hyperlink titled 'Construction' and it will take the user to the 'Construct and Maintain Facilities That Support Learning' page. Here the user will be able to view the following: the Construction Project Database, Vendors, Project News, Project Approach, 2017-18 Approved Five Year Facilities Work Program, and the 2017-18 Approved Five-Year Work Program Project Listing.

Project Approach – Start at the HCPS homepage and select the 'Department' category from the top, horizontally aligned row of other categories. From there it will take the user to the Departments page of the website. Under the subcategory titled 'Deputy Superintendent, Operations', click on the hyperlink titled 'Maintenance' and it will take the user to the 'Maintaining Educational Facilities' page. Look on the left-hand side bar on the page and the user will see the following links: About, Resources, Documents & Forms, and Contacts. Click the 'Resources' link and this will take the user to the Resources page and from there they can click the 'Construction Project Approach' link.

Along with this type of information being posted onto the HCPS website, this information is presented at the school board meetings, as seen on meeting agendas and minutes, and at various public meetings to keep the public informed regarding project highlights and status.

Under the "Departments" Tab on the HCPS website there are 11 categories with sub categories for the public to locate files.

- Superintendent
- Chief of Schools, Administration
- Deputy Superintendent, Instruction
- Deputy Superintendent, Operations
- Division of Academic Support and Federal Programs
- Division of Business Services
- Office of Diversity
- Division of Human Resources

- Division of Leadership, Professional Development, and School Transformation
- Office of Teaching and Learning
- District Wide

The subcategories, which are links, are identified under each category without having to click through each category for ease of access and locating the specific files for which the public is looking.

In the “Growth Management” link of “Deputy Superintendent, Operations” category, HCPS has posted its “5 Year Work Plan” which gives the viewer a 5 year insight into the following:

- Expenditures
- Revenue
- Project Schedules
- Tracking
- Long-Range Planning

In the “Construction” link of “Deputy Superintendent, Operations” category, there is a “Construction Project Database” that shows projects from planning to completion. The following information is available for each project on the “Construction Project Database”:

- Status
- Project Number
- Phase
- Site
- Description
- Coordinator
- Contractor
- Design Professional
- Construction Start
- Substantial Completion
- Construction Budget
- Type
- Administrative Area

When the information is available some projects will also have bid information, detailed schedules and documents, and photos.

The “5 Year Work Plan” and the “Construction Project Database” are just a few examples of program performance and cost that Hillsborough County Public Schools have posted on their website for the public to access.

Team MJ concludes that HCPS has provided the public with a user friendly and easy to locate file system by means of its website. In the file system are documents pertaining to program performance and cost information.

Subtask 5.4 – Review processes the program has in place to ensure the accuracy and completeness of any program performance and cost information provided to the public.

To assess the requirements of this subtask, Team MJ reviewed the school district's Business Services Division – Internal Controls procedures for ensuring data accuracy and completeness for the budget process. The Operations Division also maintains internal control procedures for the development of the 5-Year Facilities Work Plan; however, these procedures are not as formal.

A description of the school district's budget preparation internal control process follows:

Data Utilized – Florida Education Finance Program - First Calculation, property tax distributions and historic revenue collections less known outflows such as bi-weekly payrolls, weekly accounts payable check writes, Florida retirement system contributions, and health insurance wires are taken into consideration. Historic monthly balance trends for the last two years are examined.

Verification of Data – Once compiled and reviewed by the Budget and Accounting team, the Business Services Division sends data to the Florida Department of Revenue for an outside review of numbers, rates and certification requirements. The projected total budget is advertised in the Tampa Bay Times four days prior to the First Public Hearing on the Budget.

Public Notice – All documents and budgets are available on the school district website in two locations. One copy is maintained with the board agenda items and the other is located within the Business Services area. During the First Public Hearing on the Budget time is allotted for Public Comment and School Board member comments.

Final Data Review – Once the final public hearing on the budget is held, the information is sent to the Florida Department of Revenue and the Florida Department of Education. Once the documents have been checked, and reviewed the District receives notification as to whether requirements were met, as stated.

Performance Data Reports – The District sends school sites and parents a report titled: Educational Funding Accountability Act, Fiscal Year School Financial Report. This information provides the community and parents with a description of how schools compare from a cost perspective based on the dollars provided at the school and District level.

Team MJ concludes that the school district has adequate processes in place to ensure performance and cost information provided to the public is both accurate and complete.

Subtask 5.5 – Determine whether the program has procedures in place that ensure that reasonable and timely actions are taken to correct any erroneous and/or incomplete program information included in public documents, reports, and other materials prepared by the county and that these procedures provide for adequate public notice of such corrections.

To address the requirements of this subtask, Team MJ interviewed staff and reviewed the school district’s standard operating procedures (SOP) related to correcting information in the public domain. **Figure 5-5** The SOP covers the following:

Figure 5-5
HCPS Standard Operating Procedures for Correcting Public Information

Document Category	Description
Newspaper Advertisements	If an error is made in the newspaper with advertisements or other public notices, HCPS staff contact the newspaper immediately upon notice of the error. Assigned staff go in person to ensure the correction is made immediately and so that the newspaper outlet understands the severity of the school district to be in noncompliance with state audit guidelines and requirements for ensuring accuracy of information.
School Board Meetings and Workshop Agenda Items (including revised and withdrawn agenda items)	<p>Revised Items - To revise a distributed and released item it must be re-sent with an “R” next to the number of agenda item in the bottom right page of cover sheet. This informs the reader that this replaces the item previously distributed. The changes on all copies should be highlighted online (by using bold) and on paper with a yellow highlight. If the changes are on the attachments only, state “Revised Attachments) in the subject line and highlight. Additionally, highlight the number in the lower right hand corner.</p> <p>Withdrawn Items: Only the Superintendent, Deputy Superintendents, or Division Chief/Secretary can withdrawal an item. Once item has been approved for withdrawal, the item will be stricken from the School Board Agenda pages.</p>
Press Releases	To ensure accuracy information is vetted prior to sending out to media. If an error is found, HCPS will resend a press release with UPDATED in red at the top and the corrected information in red and request that the press release be re-published.
Digital Informational and Marketing Communications	<p>Website – Any error that is found is immediately corrected by the Web Communications team. The Web Communications team responds back to the originator of the request that the webpage is updated.</p> <p>Vendor Link – Invitation to Bid, Awarding Projects, or Specifications Construction staff will add an addendum.</p> <p>Parentlink – When sending information to families through Parentlink, if an error occurs a second communication is sent notifying recipients of the mistake and providing the corrected information.</p> <p>Social Media Platforms – If an error is found on any social media post, the post is immediately taken down on Twitter and a new Twitter post is created and posted with the correct information. On Facebook, an error is edited with the corrected information by the Communications staff.</p> <p>Twitter – If an error is found, a tweet with corrected information is sent as a reply to the original, mistaken tweet. Sending it as a reply does two key things: it permanently links the correction tweet to the original one, thereby showing why the correction was issued. It also ensures that anyone looking at the mistaken tweet later will see the correction below it.</p>

Figure 5-5
HCPS Standard Operating Procedures for Correcting Public Information (Cont'd)

Document Category	Description
Digital Informational and Marketing Communications (Cont'd)	<p>Instagram – As soon as the error is detected, a correction notification is added the Instagram post by adding it in a comment.</p> <p>Facebook – Any posts with errors are edited with corrected information. An error notification comment is added to the post itself to alert individuals that the post has been edited and the content corrected. This element of disclosure is useful because individuals who previously commented on the post may be notified of the new comment, thereby drawing their attention to the correction.</p>

Source: HCPS Operations and Communications Departments

Team MJ concludes that the school district has adequate processes in place to ensure performance and cost information provided to the public is both accurate and complete.

RESEARCH TASK 6

Compliance of the program with appropriate policies, rules, and laws.

Finding Summary – HCPS meets Task 6. HCPS prepares and Government Relations is responsible for staying abreast of federal, state, and local legislation that could impact the District. The school board develops all policies that impact the school district. The role of Government Relations is to keep abreast of federal, state, and local legislative and regulatory changes that might impact District policy. The department is responsible for recommending changes to policy resulting from changes in the legal/regulatory environment and for communicating such changes to departments and divisions throughout the District.

SUMMARY OF CONCLUSIONS ON RESEARCH SUBTASKS

See the Analysis and Results Section below for details regarding these conclusions.

SUBTASK 6-1

Our work revealed no issues or concerns regarding whether the program has a process to assess its compliance with applicable (i.e., relating to the program's operation) federal, state, and local laws, rules, and regulations; contracts; grant agreements; and local policies.

SUBTASK 6-2

Our work revealed no issues or concerns related to program internal controls to determine whether they are reasonable to ensure compliance with applicable federal, state, and local laws, rules, and regulations; contracts; grant agreements; and local policies and procedures.

SUBTASK 6-3

Our work revealed no issues or concerns related to whether program administrators have taken reasonable and timely actions to address any noncompliance with applicable federal, state, and local laws, rules, and regulations; contracts; grant agreements; and local policies and procedures identified by internal or external evaluations, audits, or other means.

SUBTASK 6-4

Our work revealed no issues or concerns regarding whether program administrators have taken reasonable and timely actions to determine whether planned uses of the surtax are in compliance with applicable state laws, rules, and regulations.

ANALYSIS RESULTS & CONCLUSION

Subtask 6.1 – Determine whether the program has a process to assess its compliance with applicable (i.e., relating to the program's operation) federal, state, and local laws, rules, and regulations; contracts; grant agreements; and local policies.

To address the requirements of this subtask, Team MJ interviewed the District's chief government relations officer, the department manager of Government Relations, and the District's outside legal counsel. Team MJ also reviewed and assessed documentation supporting the District's process for ensuring compliance with federal, state, and local laws, rules, and regulations; contracts; grant agreements; and local policies.

Government Relations is responsible for staying abreast of federal, state, and local legislation that could impact the District. The school board develops all policies that impact the school district. The role of Government Relations is to keep well-informed of federal, state, and local legislative and regulatory changes that might impact District policy. The department is responsible for recommending changes to policy resulting from changes in the legal/regulatory environment and for communicating such changes to departments and divisions throughout the District.

In addition to Government Relations, the District has retained a local law firm to serve as independent legal counsel on behalf of the superintendent and the District. The firm has worked with the District since 2015 and coordinates with Government Relations to ensure that the District stays aware of and remains in compliance with applicable laws. The firm also provides real estate services, human resource counsel, and construction litigation services. In its role as general counsel, the firm advises the superintendent and District staff and is in contact with every department, including the Government Relations Department to advise them on any and all issues. With respect to new legislation, the firm remains in contact with Government Relations staff during the legislative session and meets with them immediately after the session to review legislation impacting the District. The attorney assigned to the District attends follow up meetings with the affected departments to ensure that they understand the implications of new legislation and its impact on their areas of responsibility.

During each legislative session, the chief government relations officer attends education committee meetings as well as meetings of other relevant committees to stay informed on changes in laws impacting the District. The District also has a subscription to an online legislative research, tracking, news, and analysis service that provides access to Florida's policy making process. The company providing this service collects information from multiple sources and connects subscribers to every facet of the current legislative process along with access to archived historical information. The District receives customized daily reports alerting it to bills of interest, the progress of tracked legislation, upcoming meetings, and legislative deadlines.

In addition to the online subscription service, the District is a member of the Florida School Boards Association (FSBA) and the Florida Association of District School Superintendents. FSBA represents itself as Florida's "voice of education" advocating on education issues under

consideration by the Florida Legislature. The Florida Association of District School Superintendents is a government sector lobbying association that represents the interests of Florida's school superintendents. The association employs lobbyists to represent their interests in development of state policies by the legislature. HCPS is also a member of Florida Education Legislative Liaisons (FELL), whose mission is to support and assist school boards and superintendents in shaping and improving education in Florida by impacting legislation and providing proactive leadership and training through a network of service and information. FELL is the contact of the school districts to the state legislators.

To remain abreast of legal and regulatory changes at the federal level, the District is a member of the Council of the Great City Schools (CGCS). This is an organization whose mission is the improvement of education for children in the inner cities. CGCS keeps the nation's lawmakers, the media, and the public informed about the progress and problems in big-city schools. The organization accomplishes its mission through legislation, communications, research, and technical assistance. Its legislative team advocates for legislation to help big-city school districts and holds an annual Legislative/Policy Conference every March in which urban school leaders from across the nation assemble in Washington, DC. CGCS provides federal lobbying services for the District and keeps it informed via conference calls, seminars, conferences, and webinars.

During the legislative session, the Government Relations staff keep the school board, superintendent, and executive team members informed of legislative developments. After the session, Government Relations and the District's independent legal counsel meet to review relevant legislation section by section and to disseminate the information throughout the District. Department heads are informed regarding how any new legislation impacts their respective area of responsibility. To illustrate the section-by-section review process, **Figure 6-1** provides a snapshot of the worksheet Government Relations staff and the District's independent legal counsel use to conduct the review, identify policy changes, and specify divisions that need to be informed of new and or revised legislation.

**Figure 6-1
Legislation Review Worksheet**

Sect	Statute	Page	Line	Issue	Policy Change	Proc & Doc Chan	Div Resp. 1	Div. Resp. 2
22	1003.44	135	3355	Patriotic Programs; rules: Requires school boards to adopt rules to require all schools in the district to display the state motto in a conspicuous place.	Yes	Yes	Admin	Oper
26	1006.15	138	3446	Student standards for participation in interscholastic and intrascholastic extracurricular student activities; regulation: Home education students must register with the school their intent to participate before "participation" in the activity.	No	Yes	EAOA	Deputy
30	1011.6202	165	4123	Principal Autonomy Program initiative: Expands PAPPI statewide. Contingent on available funds. Creates district innovation academies and zones – principals may manage multiple schools.	No	Yes	Admin	ELPD
34	1012.28	179	4459	Public School Personnel; duties of school principals: Removes the requirement for school boards to include the budgets of schools participating in PAPPI to the SBOE.	Yes	Yes	Bus Ser	Admin
42	1013.28	197	4908	Tangible Personal Property: Requires surplus, marked for disposal or otherwise unused school district property to be made available to charters on the same basis as its made available to other public schools in the district. A charter school may not dispose of property without written permission of the school district.	No	Yes	Oper	Admin
43	1013.31	198	4929	Educational Plant survey, localized need assessment, PECO project funding: The language ensures that school districts may expend local dollars on new construction without a survey recommendation. These local dollars include: - The local capital outlay improvement fund, consisting of funds that come from and are a part of the district's basic operating budget. - Voted bond referendum. - One-half cent sales surtax revenue. - One-cent local governmental surtax revenue. - Impact fees. - Private gifts or donations.	No	Yes	Oper	Bus Ser
44	1013.385	199	4965	School district construction flexibility: Authorizes school districts to operate in a facility on the same basis as a charter school if the regional planning council determines that there is sufficient shelter capacity within the district as documented in the Statewide Emergency Shelter Plan.	No	Yes	Admin	Oper
45	1013.62	200	4980	Charter schools capital outlay funding: Modifies the calculation for distribution of capital outlay funds for charters schools as follows: For the 2018-2019 fiscal year charter school capital outlay funding shall consist of state funds appropriated in the 2018-2019 GAA. Beginning in the 2019-2020 fiscal year, charter school capital outlay funding shall consist of state funds when such funds are appropriated and revenue resulting from district LCI if the amount of state funds is less than the average charter capital outlay funds per unweighted FTE for the 2018-2019 fiscal year multiplied by the estimated number of charter school students for the applicable fiscal year and adjusted by the change in the CPI from the previous year. School districts shall distribute funds under this section by Feb 1 each year based on the amount of funds received by the district school board and distribute any remaining funds upon the receipt of such funds until the total amount has been distributed. By October 1 each year, districts shall certify to the department the amount of debt service and participation requirement that can be reduced from the total discretionary millage. The auditor general shall verify compliance during scheduled operational audits of school districts.	No	Yes	Oper	Bus Ser

Source: Hillsborough County Schools Government Relations Department, August 2018

After the legislative session, Government Relation staff also meet with the School Board and appropriate District leadership and management to present changes in legislation affecting the District. **Figure 6-2** shows the cover and table of contents for a presentation conducted after the 2018 legislative session.

MJ concludes that the school district has a process to assess its compliance with applicable (i.e., relating to the program's operation) federal, state, and local laws, rules, and regulations; contracts; grant agreements; and local policies.

Figure 6-2
House Bill 7055 School Board Presentation

<p>Impact and Implementation of House Bill 7055</p> <p>Legislative Session 2018</p> <p>School Board Workshop</p> <p>April 24, 2018 Morning Session</p>	<p>Agenda</p> <ul style="list-style-type: none"> q Title I q Charter Schools q Collective Bargaining q Patriotic Programs q Best and Brightest Teacher Scholarship Program q Interscholastic and Intrасchoolastic Activities q Florida Virtual School q Hope Scholarship q Dual Enrollment Programs q Reading Scholarship Program q Funds for the Operation of Schools
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Source: Hillsborough County Schools, Government Relations Department, August 2018

Subtask 6.2 Review program internal controls to determine whether they are reasonable to ensure compliance with applicable federal, state, and local laws, rules, and regulations; contracts; grant agreements; and local policies and procedures.

To address the requirements of this subtask, Team MJ interviewed the District's Government Relations Officer, Government Relations Department Manager and the District's outside attorney. We also reviewed tracking and reporting documents as described below. HCPS has internal controls in place to provide reasonable assurance with applicable federal, state, and local laws, rules and regulations; contract; grant agreements; and local policies and procedures.

The Government Relations Officer and Government Relations Department plays an integral role in ensuring that District staff are aware of new state and federal regulations that impact the school district. There is a formal process in place where potential State of Florida bills are tagged and monitored through a subscription service, Lobby Tools. HCPS is a member of the Council of Greater City Schools which provides federal law updates to the District. Once the Florida Legislative session is over, the laws that impact the school district are placed into a spreadsheet that lists each section, line and page of the law; if the law requires a policy change; if the law requires a policy change; and the section/division head that is responsible for sharing the information and implementation. **Figure 6-3** provides a snapshot of the tracking sheet used.

Figure 6-3
Government Relations New Law Tracking Sheet

A	B	C	D	E	F	G	H	I
Sect	Statute	Page	Line	Issue	Policy Change	Proc & Doc Change	Div Resp. 1	Div. Resp. 2
1	212.099	12	288	Florida Sales Tax Credit Scholarship: Allows eligible businesses to contribute a portion of their rental or license fee tax to a SFO for tax credit scholarships. Caps revenue at \$57.7 million.	No	No	No	No
2	212.1831	18	430	Credit for contributions to eligible nonprofit scholarship-funding organizations	No	No	No	No
3	212.1832	19	453	Credit for contributions for the Hope Scholarship Program Authorizes purchaser of motor vehicle to be granted credit of 100 percent of an eligible contribution made to an eligible scholarship-funding organization.	No	No	No	No
4	213.053	20	480	Confidentiality and information sharing Authorizes the Department of Revenue to provide an eligible nonprofit scholarship-funding organization a dealer's name and other information related to differences between credits taken by the dealer and amounts remitted to the scholarship-funding organization. Confidentiality of information is maintained.	No	No	No	No
5	213.053	21	517	Confidentiality and information sharing: Authorizes eligible scholarship-funding organizations to use specified information to recover contributions designated that were collected by the dealer.	No	No	No	No
6	220.13	22	536	Adjusted Federal Income Defined: Prevents a duplicate addition in a subsequent taxable year.	No	No	No	No
7	220.1875	25	622	Credit for contributions to eligible nonprofit scholarship funding organization. Adds language pertaining to the timing of contributions for tax credits under the program.	No	No	No	No
8	1001.1	27	653	Commissioner of Education – General Powers and Duties: Requires DOE to provide specified services and technical assistance to private schools that accept scholarship students who participate in a state scholarship program under 1002. Corrects a cross reference. Allows the Commissioner to coordinate services in the event of an emergency situation. Charter Schools: Allows the charter school to determine when they open once they've been approved – changed from "agreed to by the applicant and	No	No	Bus Ser	

Source: HB 7055 Summary Analysis 2018 provided by HCPS Governmental Affairs Officer, August 2018.

Additionally, the Government Relations Department facilitates a Board workshop at the end of the Legislative sessions. Each division head that had a law assigned to them presents the impact, cost and implementation actions for the respective law. The Board workshops are planned to be continued after each legislative session. **Figure 6-4** provides a snapshot of the April 24, 2018 H.B. 7055 presentation's agenda and one impact slide.

Figure 6-4
Board Workshop Presentation Snapshot

Agenda		Charter Schools			
q Title I	q Interscholastic and Intrasccholastic Activities	Topic	Implementation	Impact	Cost
q Charter Schools	q Florida Virtual School	Contract	Negotiate the initial contract after any deferrals	No impact to current practice	Staff and attorney time
q Collective Bargaining	q Hope Scholarship	Opening	Allows the charter schools to determine opening day; delay of up to 3 years	No control over when a new charter school opens	N/A
q Patriotic Programs	q Dual Enrollment Programs	Capital Outlay	Funding designated from the Legislature	No impact	No cost
q Best and Brightest Teacher Scholarship Program	q Reading Scholarship Program		2019-20: Funding will be supplemented by millage dollars if charter school receives less funding FTE	Based on DOE's calculation	Unknown at this time
	q Funds for the Operation of Schools				

Source: Workshop HB 7055 04.24.18 provided by HCPS Governmental Affairs Officer, August 2018.

The review of internal controls in place satisfies the requirements of **Subtask 6.2**.

Subtask 6.3 Determine whether program administrators have taken reasonable and timely actions to address any noncompliance with applicable federal, state, and local laws, rules, and regulations; contracts; grant agreements; and local policies and procedures identified by internal or external evaluations, audits, or other means.

To address the requirements of this subtask, Team MJ reviewed external reports listed in **Subtask 1.3** to identify any findings noting instances of non-compliance with applicable federal, state, and local laws, rules, and regulations; contracts; grant agreements; and local policies and procedures. Based on the recent radon testing incident, team MJ concludes that HCPS does have processes in place to reasonably address identified instances of non-compliance in a timely manner.

As noted in **Subtask 1.2** the District is required to undergo a Single Audit each year. The resulting audit reports include the following three reports that report on internal controls and compliance with federal fund grant requirements:

- Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

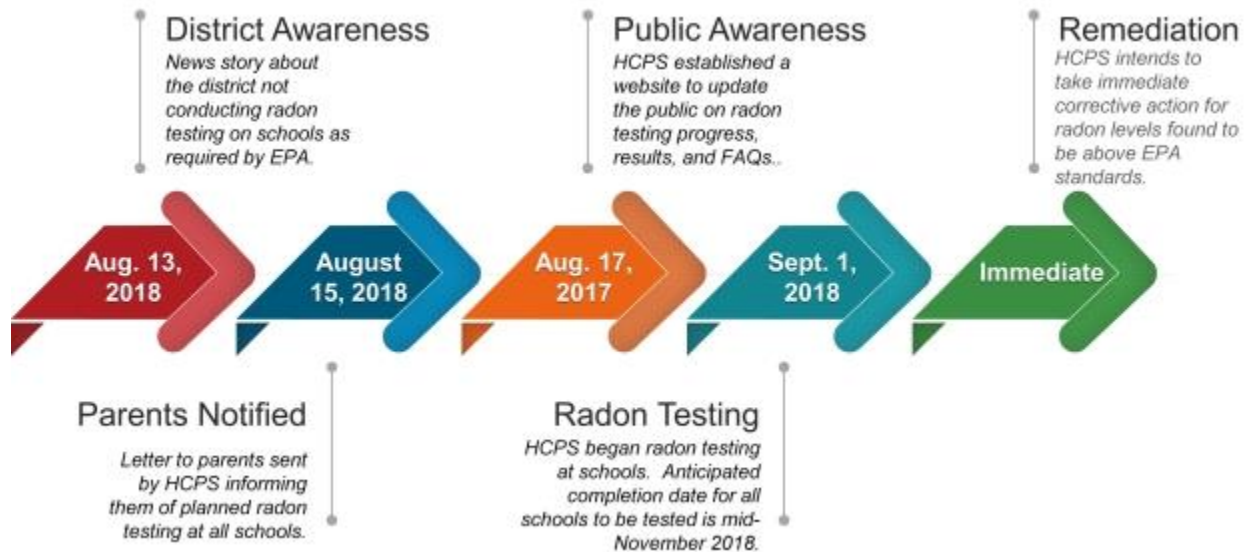
- Independent Auditors' Report on Internal Control over Each Major Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations
- Schedule of Findings and Questionable Costs

Of the three years of Single Audits reviewed for **Subtask 1.3** we noted that the auditors identified only one instance of non-compliance with federal laws. This was a finding noted on the June 20, 2016 Single Audit report whereby the Title IV funds for two of the students tested were returned to the federal government but not within the required 45 days. This was noted as a significant deficiency by the auditors and they recommended that the District strengthen controls surrounding the timely repayment of Title IV funds to the government. In response to this finding, the District centralized its Financial Aid office advisors into one location. They also implemented an electronic process for student withdrawals and the return of the Title IV funds. We noted that the timely return of Title IV funds was not a finding noted in the FY 2017 Single Audit.

Radon Testing

The District recently became aware through media inquiries that they had not completed required radon testing in many of its schools. The news story was featured on August 13, 2018. According to the District's website the intent is for all radon testing to be completed by mid-November 2018 and if any issues are found they will be fixed immediately. We reviewed the website information and letters provided to parents and determined that the District is taking reasonable corrective action efforts to come into compliance with regulations. The District is posting radon testing results when available on this site. They also have the letter to families, frequently asked questions that takes the user to the Florida Health Departments' radon facts and a place to submit questions. **Figure 6-5** provides a screen shot of the District's webpage that is dedicated to providing parents and the public with information on radon testing.

Figure 6-5
Radon Testing Timeline



HCPS immediately issued a letter to students, families and staff to acknowledge the radon testing issue and provide its action plan. This letter was sent home with students and is also posted on the District's web site. **Figure 6-6** provides a copy of this letter.

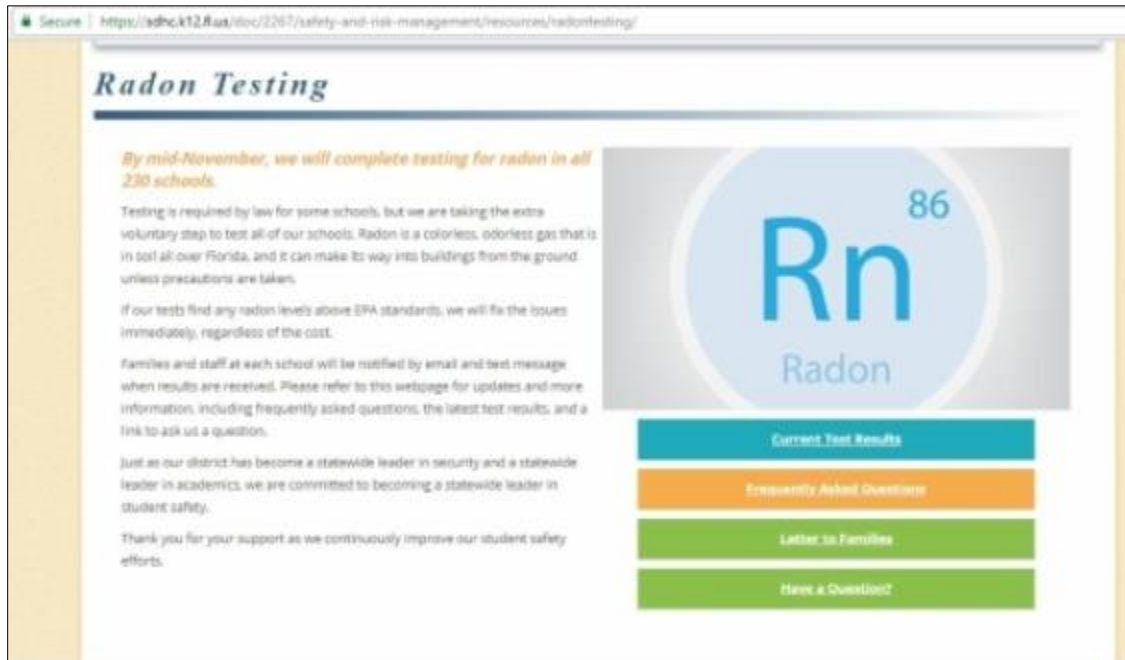
Figure 6-6
Radon Testing Letter to Families



Source: <https://sdhc.k12.fl.us/doc/2269/safety-and-risk-management/resources/radon-lettertofamilies/>

The District also created a page on its website that is dedicated to providing information and updates on radon testing. **Figure 6-7** provides a snapshot of the District's radon testing webpage.

Figure 6-7
Hillsborough County Public Schools Radon Testing Website



Source: <https://sdhc.k12.fl.us/doc/2267/safety-and-risk-management/resources/radontesting/>

The radon testing actions and activity timelines demonstrates that the District does have the infrastructure in place to quickly address issues when they are identified.

Our review of actions taken by the District to identify the radon testing actions satisfies the requirements of **Subtask 6.3**.

Subtask 6.4 Determine whether program administrators have taken reasonable and timely actions to determine whether planned uses of the surtax are in compliance with applicable state laws, rules, and regulations.

To address the requirements of this subtask, Team MJ discussed the historical context of the District's support of the discretionary sales surtax with the superintendent, District's chief government relations officer, and the District's outside legal counsel. On its own, HCPS has not successfully passed a Discretionary Sales Surtax. HCPS has been part of a multi-party Discretionary Sales Surtax Referendum and an Inter-Local agreement sharing the Community Investment Tax with Hillsborough County, City of Tampa, and Temple Terrace. This expires in 2026. HCPS' portion is 1/8 of one penny.

The District's mix of school facilities of varying age and condition, high growth rate, heavy debt burden, deferred maintenance backlog, heating, ventilation, and air conditioning (HVAC) equipment needs, coupled with a .5 percent reduction in the millage rate has created a "perfect storm" of need that the proceeds from the proposed surtax would help alleviate. Accordingly, HCPS strongly supported the addition of section 212.055(6), *Florida Statutes*, authorizing the

surtax referendum. The school board ordinance levying the surtax pending voter approval was calibrated carefully and with intention so that planned uses of the surtax would be in compliance with applicable state laws, rules, and regulations.

Figure 6-8 compares the language of the statute with the language in the District’s ordinance and demonstrates that planned uses of Discretionary Sales Surtax funds are consistent with the statute. Team MJ concludes that the school district has taken reasonable and timely actions to determine whether planned uses of the surtax are in compliance with applicable state laws, rules, and regulations.

Figure 6-8
Section 212.055(6), Florida Statutes, and HCPS Ordinance 2018-01

Section 212.055(6), Florida Statutes	HCPS Ordinance 2018-01
<p>The school board in each county may levy, pursuant to resolution conditioned to take effect only upon approval by a majority vote of the electors of the county voting in a referendum, a discretionary sales surtax at a rate that may not exceed 0.5 percent.</p> <p>The resolution shall include a statement that provides a brief and general description of the school capital outlay projects to be funded by the surtax.</p>	<p>Subject to approval by a majority vote of the electors of Hillsborough County voting in the referendum directed by this resolution, there is hereby levied and imposed within Hillsborough County a discretionary sales surtax of 0.5 percent (one-half cent) pursuant to the provisions of sections 212.055(6) and 212.054, <i>Florida Statutes</i>.</p> <p>The proceeds of the levy and collection of the surtax and any interest accrued thereto shall be expended by the School Board for fixed capital expenditures or fixed capital costs associated with the renovation or construction of school facilities, and campuses, for security, technology and other school purposes, which have a useful life expectancy of five (5) or more years, and any land improvement, design and engineering costs related thereto, and for the costs of retrofitting and providing for technology implementation, including hardware and software, for the various sites within the District. Such proceeds and interest thereon may also be used for the purpose of servicing bond indebtedness to finance the projects authorized above.</p>

Source: Hillsborough County Public Schools, August 2018.

APPENDIX A - HCPS MANAGEMENT'S RESPONSE

School Board
Sally A. Harris, Chair
Tamara P. Shamburger, Vice Chair
Lynn L. Gray
April Griffin
Melissa Snively
Cindy Stuart
Susan L. Valdes



Superintendent of Schools
Jeff Eakins
Deputy Superintendent, Instructional
Van Ayres
Deputy Superintendent, Operations
Christopher Farkas
Chief of Schools, Administration
Harrison Peters
Chief Business Officer
Gretchen Saunders

September 5, 2018

Ms. Sharon E. Murphy, Engagement Partner
McConnell & Jones, LLP
4828 Loop Central Dr.
Suite 1000
Houston, TX 77081

RE: Response to the Performance Audit Report dated September 5, 2018.

After review of the performance audit findings and recommendations, please find attached our explanations for the following:

Finding No. 1.6: Although HCPS maintains accounting and project files to document contract and change orders information, a file is not maintained to clearly reconcile from the contract amount to the final project costs to efficiently determine if projects are completed within budget and if costs were reasonable.

Answer: HCPS utilizes various worksheets to manage projects and track financial information. Those worksheets require manual data entry, from multiple staff members, throughout the life span of a project. HCPS has initiated the conversion of its project management to an enterprise software that will more clearly track project information and provide reporting opportunities that are not available today.

Finding No. 2.2: In assessing the reasonableness of current program staffing levels given the nature of the services provided and program workload, Team MJ determined that while Maintenance department focuses on addressing vacancy rates, high rates create a risk that the HCPS will be unable to effectively conduct preventative maintenance and become more proactive versus reactive.

Answer: HCPS recognizes the value of its Maintenance work force and has taken steps to analyze each vacancy to confirm its value to the overall maintenance plan and to then fill vacant position with qualified personnel as quickly as possible.

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September 5, 2018
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Finding No. 3.2: Although HCPS assesses the effectiveness of the grass mowing program through surveys and performed cost assessments every year from Fiscal Year 2011 through Fiscal Year 2016, the district did not update the mowing cost assessment for Fiscal Year 2017.

Answer: The Procurement and Maintenance teams will update the mowing contract cost analysis annually, and continue to research opportunities for additional program savings.

Finding No. 3.4: HCPS has not maximized opportunities for alternative service delivery methods that have the potential to reduce program costs without significantly affecting the quality of services.

Answer: HCPS is committed to implement alternative delivery methods on those work and service items where it is practical and financially sound. It is our desire to duplicate the financial success of the mowing program and garbage/recycling contract to both improve service and to yield a cost savings for the District.

Finding No. 4.1: Although project goals and objectives are clearly stated, measurable, and can be achieved within budget, and are consistent with the school district's general facility planning documents, HCPS lacks clearly defined program level goals and objectives.

Answer: HCPS continues to strive to broaden its overall goals and objective to encompass quantifiable and dateable objectives that can be brought to the individual department and program level.

Finding No. 4.2: The district has the measures in place to evaluate facilities programs performance, however, HCPS lacks documented program goals and objectives.

Answer: HCPS tracks program performance, but we recognize the value of having the data in a format that will lend itself to being analyzed more efficiently and as such will be able to be shared with the District community at large.

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Finding No. 4.3: Although our interviews and documentation reviewed confirmed that the district has internal controls in place to provide reasonable assurance that project goals and objectives will be met, program goals and objectives are not documented to determine the internal controls in place. However, in general, internal controls for functions such as budgeting and purchasing will be the same for both program and project goals and objectives.

Answer: As indicated in 4.2, the District recognizes the need for improved data formatting which will improve reporting, analysis and management capabilities.