



*"Making a Positive Difference"*

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George Stone Technical Center Program Audit  
Industrial Division – Air Conditioning, Refrigeration, and Heating Technology

Audit Number: 2008-008

Report date: January 22, 2008

Period Covered: Fiscal year ended June 30, 2007 and July 1 – October 17, 2007

Fieldwork dates: December 13-14, 2007

### **EXECUTIVE SUMMARY**

#### *Background*

The Escambia County School District provides educational opportunities for the Escambia County area. These opportunities include the traditional education system (K-12) and special centers, such as George Stone Technical Center (George Stone). George Stone is available for individuals 16 years or older. Programs are available for full- or part-time students. The programs of study include the Business, Health, Industrial, Marketing, and Public Service Divisions.

The current principal is serving his first year as principal at George Stone and is committed to make the necessary adjustments to promote continued growth and success within the programs available at George Stone. In an effort to do so, the Principal has requested an internal audit and evaluation of various programs within the Industrial Division.

The Industrial Division includes Air Conditioning, Refrigeration, and Heating Technology. The purpose of the air conditioning, refrigeration, and heating technology program is to prepare a person for employment as an air conditioning, refrigeration, and heating mechanic, and/or an air conditioning installer-servicer. This program also provides supplemental training for persons previously or currently employed in these occupations. This program also includes instruction on commercial refrigeration.

#### *Objectives*

Our initial objective was to perform a performance audit, which focused on economic and efficient use of resources; however after determining the needs of the end users, we felt a program audit would be more beneficial.

A program audit is performed to determine whether desired results or specified benefits of a program have been achieved. We also assessed the adequacy and effectiveness of the school's system of internal controls and considered whether transactions were made in accordance with applicable policies and laws.

#### *Scope*

We interviewed personnel in Air Conditioning, Refrigeration, and Heating Technology to obtain an understanding of class instruction, services provided, and the surrounding policies and procedures. We examined specific forms and documents used in this department.

We contacted several school districts within Florida to perform a comparison of their technical centers' procedures to those of GSTC.

We also selected a sample of transactions during the prior school year and current school year to test for compliance with District established policies and procedures and for the existence of adequate management control systems.

### *Conclusions*

It appears the desired results or specified benefits of George Stone programs are being achieved. According to the Principal, "The basic unit of completion for George Stone is the Occupational Completion Point (OCP). OCPs are established in the program's curriculum frameworks and are earned after completing the required hours and demonstrating skill proficiency." For all programs combined, there was a 75% increase from 2005-06 to 2006-07 in the percentage of students who earned their final OCP during this year and withdrew as a completer.

During our audit, we became aware of matters that represent opportunities for strengthening internal controls, increasing operating efficiencies, and assuring compliance with applicable laws, rules, regulations, policies and/or procedures.

Documented policies and procedures governing this department could not be located other than those policies listed in George Stone's Faculty Handbook. This concern was heard from numerous George Stone staff. We, nor various District personnel, were able to locate any federal/state regulations governing technical centers or any District/Board policies that were specific to George Stone. In contacting other school districts, it was found they faced the same void.

The following noncompliance with policies and procedures were noted:

- A general lack of awareness of District policies and procedures applicable to Air Conditioning, Refrigeration, and Heating Technology.
- Training Job Orders are not issued consistently.
- Training Job Orders are not properly completed.
- Inconsistencies in Training Job Order charges.
- Individual requesting service is not verified to be a student or School Board employee.
- Funds are collected by instructor.
- Monies Collected Forms are not properly completed.

The following internal control weaknesses were noted:

- Training Job Order number is not consistently listed on Monies Collected Forms.
- No evidence of student assigned to job.
- No evidence of service performed by student.
- No evidence indicating instructor's review and approval of services performed.
- Customer does not review a list of parts used.
- Customer does not receive a copy of the Training Job Order.

### *Management Action Plans*

Management responses are listed below in italics following the individual comments and recommendations.

*Process-improvement recommendations*

- **There is a general lack of awareness of District policy and procedures applicable to Air Conditioning, Refrigeration, and Heating Technology.**

We recommend all District policies and procedures applicable to Air Conditioning, Refrigeration, and Heating Technology be discussed with appropriate staff. The District should re-evaluate existing policies and procedures for any needed updates and/or revisions.

*Management Response: Appropriate training, including a pre and post test, was provided concerning general policies and procedures as well as specific issues applicable to Air Conditioning, Refrigeration, and Heating Technology to appropriate staff during the April 10, 2008 faculty meeting.*

- **Training Job Orders are not issued consistently.**

During our audit, we observed Training Job Orders were not issued for every item to be serviced. The instructor stated if the service turned out to be minimal and no parts were involved, a Training Job Order was not issued.

According to George Stone’s Faculty Handbook - Training Job Orders Shop Procedures, “All projects need a Job Training Order. This would include projects that appear not to have related expenses.”

We recommend the Principal review George Stone’s Faculty Handbook for guidance on the proper methods for the receiving of items to be serviced and to instruct school staff on the correct procedures for receipt of projects and completion of Training Job Order.

*Management Response: Appropriate training, including a pre and post test, was provided concerning Training Job Orders during the April 10, 2008 faculty meeting. Additionally, the Faculty Handbook was reviewed with all staff members to ensure that all projects have a properly completed Job Training Order.*

- **Training Job Orders are not properly completed.**

During the audit, four Training Job Orders were issued. The following issues were noted:

1. *All four of the Training Job Order waiver sections were signed by the instructor when the customer should have signed.*

George Stone’s Faculty Handbook states, “The Job Order has “Conditions Under Which Training Job is Authorized”. This part of the Job Order is intended to provide the customer information...that we do not guarantee quality of workmanship since it is done by students in training...It is important that we make certain that the one authorizing the work is the owner of said equipment.”

We recommend the Principal review George Stone’s Faculty Handbook for guidance on the proper methods for the receiving of items to be serviced and to instruct school staff on the correct procedures for receipt of projects and completion of Training Job Order. We also recommend the Principal periodically review Training Job Orders for assurance that they are being signed by the customer.

*Management Response: Appropriate training, including a pre and post test, was provided to faculty and staff concerning proper completion of Training Job Orders during the April 10, 2008 faculty meeting. Additionally, the Faculty Handbook was reviewed with all staff members to ensure that all projects have a properly completed Job Training Order and correct procedures are followed for accepting projects and completing of the Training Job Order. Additionally, the principal will make periodic reviews of the Training Job Orders to ensure that they are being completed correctly as well as being signed by the customer. In an effort to expedite this process, a high speed scanner was purchased to scan the Training Job Order, employee ID badges or student driver licenses. The scanning of the documents will take place as the customer receives the Job Training Order. The scanned files will be located in a network “shared folder” with a naming convention that allows for look-up date, owner or training order number.*

2. *Three of the Training Job Orders listed “Repair as necessary” as the description of the training job. The other Training Job Order did not list the description of training job.*

We recommend the instructor provide a more thorough description of service requested.

*Management Response: Appropriate training, including a pre and post test, was provided to staff concerning proper completion of Training Job Orders including a full description of the requested work during the April 10, 2008 faculty meeting.*

3. *Two of the Training Job Orders were for unauthorized customers.*

See item below “Individual requesting service is not verified to be a student or School Board employee”.

*Management Response: Appropriate training, including a pre and post test, was provided to staff concerning who is eligible to have work performed under a Training Job Order. Employee or student verification will take place prior to issuing a Training Job Order by either employee ID badge or student look-up in TERMS.*

- **Inconsistencies in Training Job Order charges.**

George Stone’s Faculty Handbook (the Handbook) - Training Job Orders Shop Procedures states, “It is not an option whether we charge the 20% or not.” This 20% is

calculated on the purchase amount or value (if customer supplied) of parts. A service fee is charged in lieu of calculating a 20% incidental amount when parts are not involved.

Currently, if the job is minimal and does not appear to have related expenses, the instructor accepts a “donation” instead of collecting a service fee.

We recommend the Principal review George Stone’s Faculty Handbook for guidance on Training Job Order charges and instruct school staff on the correct procedures for determination of Training Job Order charges.

*Management Response: Appropriate training, including a pre and post test, was provided to faculty and staff concerning determining proper charges of Training Job Orders during the April 10, 2008 faculty meeting. This training included an example Job Training Order. Additionally, the Faculty Handbook was reviewed with all staff members to ensure that all Job Training Orders are assessed the correct charge. Staff was clearly informed that donations were inappropriate as a replacement for the service fee.*

- **The individual requesting service is not verified to be a student or School Board employee.**

George Stone’s Faculty Handbook states, “The person at the front desk in the Lobby will ascertain ownership... Training jobs can only be accepted from students at George Stone and School Board employees. Other requests must be approved by administration and these would only be for outside non-profit agencies and only in rare cases.” Currently, the instructor accepts projects for service based on “knowing the person”.

We recommend the District consider implementing the following practices when issuing the Training Job Order:

1. Verify the customer is either a George Stone student or District employee. If the customer is a non-profit agency, obtain required proper administrative approval.
2. Include the customer’s District badge number and/or last four-digits of his/her social security number on the Training Job Order.

*Management Response: Appropriate training, including a pre and post test, was provided to staff concerning who is eligible to have work performed under a Training Job Order. Employee or student verification will take place prior to issuing a Training Job Order by either employee ID badge or student look-up in TERMS. Additionally, a high speed scanner was purchased to scan the Training Job Order, employee ID badges, and vehicle registration and student driver licenses by the individual issuing the Job Training Order. The scanning of the documents will take place as the customer receives the Job Training Order. The scanned files will be located in a “shared folder” with a naming convention that allows for look-up by date, owner or training order number.*

- **Funds are collected by instructor.**

George Stone’s Faculty Handbook states, “Payment is made in the Cashier’s office and not to the teacher.” Currently, the instructor collects funds from the customer.

We recommend the Principal review George Stone’s Faculty Handbook for guidance on the proper methods for receiving of monies and instruct school staff of policy requiring all monies be remitted to the Cashier’s office/bookkeeper directly by the customer.

*Management Response: Appropriate training, including a pre and post test, was provided to staff during the April 10, 2008 faculty meeting concerning how and to whom Job Training Order payment is to be made.*

- **Monies Collected Forms are not properly completed.**

Currently the bookkeeper issues the Monies Collected Forms (MCFs). The completion of the MCF includes a signature of the person remitting the monies to the bookkeeper. Normally this would be the sponsor/teacher. Because policy dictates payment is made in the Cashier’s office and not to the teacher, there would be no sponsor/teacher signature on the MCF.

We recommend the customer sign the MCF indicating they were present while the bookkeeper counts and verifies the monies. The bookkeeper would countersign the MCF acknowledging receipt of the funds and correctness of count. The yellow copy of the MCF would be given to the instructor for his files.

*Management Response: Appropriate training was provided to the bookkeeper 4/1/08 regarding the Monies Collected Form as it relates to the customer signing the MCF.*

- **Training Job Order number is not consistently listed on Monies Collected Forms.**

We recommend the Training Job Order number be listed on all associated MCFs.

*Management Response: Appropriate training will be provided to the Air Conditioning, Refrigeration, and Heating Technology teachers as well as related staff, including the bookkeeper, concerning consistently listing the Training Job Order number on the monies collected form.*

- **There is no evidence of student assigned to job.**

We recommend the student(s) assigned to a specific job be listed on the Training Job Order. This would provide support of a student’s required hours and assist in the instructional process should additional service be required.

*Management Response: Appropriate training will be provided to the Air Conditioning, Refrigeration, and Heating Technology teachers to ensure that students assigned to the job are listed on the Training Job Order.*

- **There is no evidence of service performed by student.**

We recommend the student(s) sign the Training Job Order to indicate work performed and promote accountability.

*Management Response: Appropriate training will be provided to the Air Conditioning, Refrigeration, and Heating Technology teachers to ensure that students who actually performed the work will be listed on the Training Job Order.*

- **There is no evidence indicating instructor’s review and approval of service performed.**

We recommend the instructor indicate the work performed has been reviewed and is satisfactorily completed by initialing or signing the Training Job Order.

*Management Response: Appropriate training, including a pre and post test, was provided to faculty and staff during the April 10, 2008 faculty meeting concerning the instructor signing the Training Job Orders indicating that the work performed by students was completed satisfactorily. Additionally, the George Stone Curriculum Coordinator was instructed to review the format, layout, design and wording of the Training Job Order to comply with all audit recommendations and District policies.*

- **Customer does not review a list of parts used to confirm they coincide with the agreed-upon services.**

We recommend the customer verify parts listed on the Training Job Order. The customer should initial or sign the Training Job Order to indicate the parts coincide with the services rendered. This would serve as a third-party confirmation that the parts ordered were applied to a specific job order.

*Management Response: Appropriate training, including a pre and post test, was provided to staff during the April 10, 2008 faculty meeting concerning proper completion of Training Job Orders including the requirement of having the customer initial the complete and detailed parts list on the Training Job Order.*

- **Customer does not receive a copy of the Training Job Order.**

Currently the procedures for processing a Training Job Order do not include the customer receiving a copy. The 4-part Training Job Order is issued at the front desk. The bookkeeper receives one copy and the remaining three go to the instructor. Upon completion of the job, the instructor’s three copies are given to the bookkeeper for processing. When all is finished, three copies are retained by the bookkeeper and the instructor receives the fourth copy.

We recommend the customer receive a copy of the Training Job Order. This would allow the customer to review the service performed on his/her air conditioning, refrigeration, and/or heating equipment and the amount(s) charged.

*Management Response: Appropriate training, including a pre and post test, was provided to faculty and staff (the bookkeeper) during the April 10, 2008 faculty meeting concerning proper distribution of the carbonless copies of the Training Job Orders including the requirement of having the customer receive one copy upon final payment at the completion of the service.*

## **COMPLIANCE WITH LAWS AND REGULATIONS**

George Stone Technical Center’s Air Conditioning, Refrigeration, and Heating Technology was not observed to be out of compliance with any **known** laws and regulations applicable to the areas within the scope of this audit.

## **METHODOLOGY**

A random sample of transactions during the current school year was selected for testing.

## **STATEMENT ON AUDITING STANDARDS**

This audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing promulgated by the Institute of Internal Auditing.

A handwritten signature in black ink that reads "David J. Bryant". The signature is written in a cursive style with a long horizontal line extending from the end of the name.

David J. Bryant, Director  
Office of Internal Auditing

## **AUDIT TEAM**

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