



# Buffalo City School District

## Oversight of Field Activities at the Service Center

### Report of Examination

Period Covered:

July 1, 2011 — August 15, 2014

2014M-270



Thomas P. DiNapoli

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# State of New York Office of the State Comptroller

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## **Division of Local Government and School Accountability**

June 2015

Dear School District Officials:

A top priority of the Office of the State Comptroller is to help school district officials manage their districts efficiently and effectively and, by so doing, provide accountability for tax dollars spent to support district operations. The Comptroller oversees the fiscal affairs of districts statewide, as well as districts' compliance with relevant statutes and observance of good business practices. This fiscal oversight is accomplished, in part, through our audits, which identify opportunities for improving district operations and Board of Education governance. Audits also can identify strategies to reduce district costs and to strengthen controls intended to safeguard district assets.

Following is a report of our audit of the Buffalo City School District, entitled Oversight of Field Activities at the Service Center. This audit was conducted pursuant to Article V, Section 1 of the State Constitution and the State Comptroller's authority as set forth in Article 3 of the New York State General Municipal Law.

This audit's results and recommendations are resources for district officials to use in effectively managing operations and in meeting the expectations of their constituents. If you have questions about this report, please feel free to contact the local regional office for your county, as listed at the end of this report.

Respectfully submitted,

*Office of the State Comptroller  
Division of Local Government  
and School Accountability*



## State of New York Office of the State Comptroller

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### EXECUTIVE SUMMARY

The Buffalo City School District (District) is located in the City of Buffalo, Erie County. The District is governed by the Board of Education (Board), which comprises nine elected members. The Board is responsible for the general management and control of the District's financial and educational affairs. The Superintendent of Schools is the District's chief executive officer and is responsible, along with other administrative staff, for the District's day-to-day management under the Board's direction.

There are 57 schools in operation within the District with approximately 34,000 students and 7,000 employees. The District's appropriations for the 2014-15 fiscal year are \$806.6 million, which are funded primarily with State aid, real property taxes and sales tax.

A District facility known as the Service Center is located approximately five miles from the District's central administrative offices at City Hall. The Service Center serves as a hub from which field employees from the Information Technology (IT) Department and the Plant Department provide services at various school facilities located throughout the City. Seven technicians<sup>1</sup> from the IT Department travel throughout the District performing out-of-warranty computer repairs, maintenance and other services related to audio-visual technology and telephones, while 27 tradesmen from the Plant Department<sup>2</sup> travel throughout the District performing construction, repair and maintenance to District facilities and equipment. The IT Department also contracts with a vendor who provides technical support specialists (specialists).

#### **Scope and Objective**

The objective of our audit was to determine if certain Service Center field employees and an IT vendor were adequately supervised and monitored for the period July 1, 2011 through August 15, 2014. Our audit addressed the following related question:

- Do District supervisors provide adequate oversight of IT and Plant Department field employees and an IT vendor and ensure that they are performing their duties?

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<sup>1</sup> One of the technicians was on leave for most of the audit period.

<sup>2</sup> Tradesmen are grouped into shops by their trade. Each shop has a shop coordinator who is responsible for assigning the work orders and purchasing supplies. The trades include millwrights, carpenters, sheet metal workers, bricklayers, roofers, plasterers, painters, steam fitters, plumbers and electricians.

## **Audit Results**

District supervisors do not provide adequate oversight of IT and Plant Department field employees and an IT vendor or ensure that they are performing their duties. We found an Audio Visual Equipment Technician who worked overlapping work hours at the District and at another school district from December 6, 2011 through April 30, 2014. During this period, we estimate that the District compensated him over \$180,000 in salary and benefits. The documentation we reviewed suggests that the District compensated this Technician for time he never worked. During the 29-month period, his District work hours significantly overlapped his work hours at the other school district on 479 days. In the 535 days the Technician worked at the District, he completed 271 work orders. We determined at least 33 percent of these work orders were for services that took far less than a day to complete, such as replacing a piece of equipment. In addition, 29 percent were duplicates or were transferred to another technician. We also found 111 days in which calls from a District-provided cell phone were made during normal business hours from the vicinity of the other school district. These findings were referred to the Erie County District Attorney's Office for prosecution. On April 9, 2015, after completion of our audit, Mr. Noe Rodriguez was arrested and pleaded guilty to scheme to defraud in the first degree, a Class E felony. As part of the plea, Mr. Rodriguez paid \$18, 229 in restitution.

Furthermore, we expanded our testing to include other employees and a vendor at the IT and Plant Departments to determine if this was a pervasive issue. We found that the District does not maintain adequate time records for IT technicians or Plant Department tradesmen working out of the Service Center. Time records do not include the actual time worked and are not certified by the employee or a direct supervisor. The IT Department relies on daily emails to ensure that IT technicians are working. In addition, overtime was not always preapproved.

Finally, District officials do not adequately monitor or review the number of work tickets completed by the vendor's specialists. The vendor does not maintain adequate records of work performed by the specialists. Over a three-month period, no work orders were completed by the vendor's specialists on 368 (47 percent) of the 778 days billed. These 368 days cost the District \$59,616.

## **Comments of District Officials**

The results of our audit and recommendations have been discussed with District officials, and their comments, which appear in Appendix B, have been considered in preparing this report. District officials generally agreed with our recommendations and indicated they planned to take corrective action.

# Introduction

## Background

The Buffalo City School District (District) is located in the City of Buffalo, Erie County. The District is governed by the Board of Education (Board), which comprises nine elected members. The Board is responsible for the general management and control of the District's financial and educational affairs. The Superintendent of Schools is the District's chief executive officer and is responsible, along with other administrative staff, for the District's day-to-day management under the Board's direction.

There are 57 schools in operation within the District with approximately 34,000 students and 7,000 employees. The District's appropriations for the 2014-15 fiscal year are \$806.6 million, which are funded primarily with State aid, real property taxes and sales tax.

A District facility known as the Service Center is located approximately five miles from the District's central administrative offices at City Hall. The Service Center serves as a hub from which field employees from the Information Technology (IT) Department and the Plant Department provide services at various school facilities located throughout the City. Seven technicians<sup>3</sup> from the IT Department travel throughout the District performing out-of-warranty computer repairs, maintenance and other services related to audio-visual technology and telephones, while 27 tradesmen from the Plant Department<sup>4</sup> travel throughout the District performing construction, repair and maintenance to District facilities and equipment.

The IT Department also contracts with a vendor who provides technical support specialists (specialists). The vendor generally billed the District monthly for 13 specialists, for eight hours of work each day, at an hourly rate of \$20.25. Thus, one contracted specialist costs the District approximately \$40,000 annually. In total, the District paid the vendor \$541,404 during the 2013-14 fiscal year to provide these specialists.

## Objective

The objective of our audit was to determine if certain Service Center field employees and an IT vendor were adequately supervised and monitored. Our audit addressed the following related question:

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<sup>3</sup> One of the technicians was on leave for most of the audit period.

<sup>4</sup> Tradesmen are grouped into shops by their trade. Each shop has a shop coordinator who is responsible for assigning the work orders and purchasing supplies. The trades include millwrights, carpenters, sheet metal workers, bricklayers, roofers, plasterers, painters, steam fitters, plumbers and electricians.

- Do District supervisors provide adequate oversight of IT and Plant Department field employees and an IT vendor and ensure that they are performing their duties?

**Scope and  
Methodology**

We examined the District’s supervisory practices for Service Center employees and an IT vendor for the period July 1, 2011 through August 15, 2014. We conducted our audit in accordance with generally accepted government auditing standards (GAGAS). More information on such standards and the methodology used in performing this audit are included in Appendix C of this report.

**Comments of  
District Officials and  
Corrective Action**

The results of our audit and recommendations have been discussed with District officials, and their comments, which appear in Appendix B, have been considered in preparing this report. District officials generally agreed with our recommendations and indicated they planned to take corrective action.

The Board has the responsibility to initiate corrective action. Pursuant to Section 35 of the General Municipal Law, Section 2116-a (3)(c) of the New York State Education Law and Section 170.12 of the Regulations of the Commissioner of Education, a written corrective action plan (CAP) that addresses the findings and recommendations in this report must be prepared and provided to our office within 90 days, with a copy forwarded to the Commissioner of Education. To the extent practicable, implementation of the CAP must begin by the end of the next fiscal year. For more information on preparing and filing your CAP, please refer to our brochure, *Responding to an OSC Audit Report*, which you received with the draft audit report. The Board should make the CAP available for public review in the Secretary to the Board of Education’s office.

## Field Activities at the Service Center

School districts should adopt policies and procedures to ensure that employees and vendors that work in multiple district field locations during the workday are adequately supervised and monitored. For example, supervisors should be required to closely monitor field employees' work locations and work hours to ensure that they complete their work in accordance with established standards. Policies should also be adopted that require field employees to maintain time records that document their actual hours worked. These time records should also be certified by their direct supervisor. Further, an employee's request to work overtime should be formally preapproved by their supervisor. Supervisors should know their employees' work location at all times. When contracting out for services, responsible District supervisors should closely monitor the work performed by the vendor's employees to ensure that the work meets contractual requirements and provides a benefit to the District and taxpayers.

District supervisors did not provide adequate oversight of IT Department field employees working out of the Service Center. There were no written procedures in place to allow IT Department supervisors to track their field employees' work locations. This lack of supervision appears to have been a contributing factor in allowing an IT Department employee to work overlapping hours for another school district while he was on the District's payroll. We estimate the District compensated this Audio Visual Equipment Technician (AV Technician) more than \$180,000 in salary and benefits from December 6, 2011 through April 30, 2014. The evidence we reviewed suggests that the District compensated him for time he never worked.

IT employees routinely sent a daily email to the IT administrative office in City Hall indicating they were at work. However, these emails could be sent from any location and from any device and, therefore, were not a good indicator that the employee was present at a District facility. While we found that the Plant Department kept track of its field employees' work locations, field employees in the IT and Plant Departments did not maintain time records documenting their actual time worked. Instead, clerks in the IT and Plant Departments prepared "statements of service" for these employees, which did not show the hours the field employees worked; they indicated only whether employees used leave time during a pay period. Time statements were not signed by the employees and were certified by an IT or Plant Department official who did not directly supervise these employees. Further, overtime was not always preapproved.

## Overlapping Work Hours

In addition, IT Department officials did not adequately monitor the work performed by a vendor's specialists. Over a three-month period, there was no documentation to indicate that the 13 specialists performed any work for the District on 368 (47 percent) of the 778 days billed during this period.

The AV Technician initially worked for the District from December 2008 through June 2011. In June 2011, the AV Technician's position was terminated due to budget cuts. In September 2011, he was hired by another school district. However, in December 2011, the District rehired this individual. From December 6, 2011 through April 30, 2014, this individual was employed by both school districts. During this period, we estimate the District compensated him more than \$180,000 in salary and benefits.<sup>5</sup> The evidence we reviewed suggests the District compensated him for time he never worked.

A report from the New York State and Local Retirement System (NYSLRS) indicated that the AV Technician was employed by two school districts. We obtained information from the other school district, including his job application and resume, and compared it to information on file at the District to confirm it was the same person. Our auditors observed the AV Technician at the other school district during normal business hours on three days in March and April 2014.<sup>6</sup> On these same three days, we found he was also on the District's payroll and did not take any leave time.

An IT Department official told us the AV Technician typically worked from 7:30 a.m. to 3:30 p.m. for the District.<sup>7</sup> However, time records from the other school district indicated he normally worked there from 8:30 a.m. to 4:30 p.m. The other school district's main campus, where we had a separate audit in progress and auditors on site, is approximately 25 miles away from his workstation at the Service Center.<sup>8</sup> Given the lax supervisory oversight, inadequate time records and the lack of other available supporting evidence at the District,<sup>9</sup> it is difficult to determine the extent to which the AV Technician was actually working at the District.

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<sup>5</sup> This included \$101,074 in salary and overtime, \$35,813 in health insurance benefits, \$21,849 in retirement contributions, \$10,635 in retroactive pay, \$7,499 in FICA, \$1,467 in dental insurance, \$1,242 in termination pay, \$533 in travel and \$61 in life insurance.

<sup>6</sup> On a fourth day, we observed him at the other school district but he charged sick leave at the District that day.

<sup>7</sup> The IT Department official also told us the AV technicians did not have "flex" hours, meaning they were required to be at work from 7:30 am to 3:30 p.m. daily for the District.

<sup>8</sup> He resigned April 30, 2014 from the District.

<sup>9</sup> We attempted to review other District records for additional documentation to ascertain the AV Technician's whereabouts, including building access card records, security camera records and the audit log for the operations management system, but District officials told us that these records were no longer available. They told us that building access card records were typically maintained for 90 days, but that the retention had been recently reduced to 30 days due to a system upgrade; security camera records were only retained for one week; and the audit log for the operations management system was only maintained for 90 days.

Because the other district has a time clock that required the AV Technician to scan his hand to record beginning and ending work times, a significant amount of his work time, especially at the beginning and end of the work day, was spent at the other district. Furthermore, overtime records show the AV Technician working for the District beyond the end of his normal 3:30 p.m. ending time, but it is doubtful he was present at the District because he needed to be at the other district at 4:30 p.m. to clock out at the end of his work day there. Cell phone records for his District-provided cell phone show that calls were made from both Buffalo and the vicinity of the other district on the same days, indicating that he frequently traveled between districts. When we brought this matter to District officials' attention, they were unaware that the AV Technician worked for another school district. Furthermore, they offered no explanation why they failed to detect that the AV Technician was compensated by the District for time he did not work.

We obtained the AV Technician's time records from the other school district and compared them to his District statements of service and extra-activity reports<sup>10</sup> for the period December 5, 2011 through April 30, 2014.<sup>11</sup> As indicated below, we found an extensive amount of overlapping work hours during this 29-month period:

- On 479 work days, his work hours at the District significantly overlapped with the work hours at the other school district. For these days, his regular hours at the District were 7:30 a.m. to 3:30 p.m. and his regular work hours at the other district were 8:30 a.m. to 4:30 p.m.
- For 40 days, he was on the District's payroll and charged leave accruals at the other school district.
- For 35 days, he worked at the other school district and charged leave accruals at the District. He also charged leave accruals at both school districts on the same day 34 times. Finally, he was paid for 33 holidays by both school districts. He would not be entitled to any holiday pay or the use of leave accruals at the District if he was not working full time.
- On 25 days, he was paid overtime at the District beginning at 3:30 p.m. but time records at the other school district showed

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<sup>10</sup> Used by the District to record the number of hours worked in overtime. These forms do not indicate the hours worked; however, IT Department officials indicated that overtime was worked at the end of a normal work day or on a weekend.

<sup>11</sup> There were 657 working days we reviewed during this time period. This included 29 weekend days in which he worked overtime and 33 days in which he was paid holiday leave at both school districts.

that his work day ended there at approximately 4:30 p.m. Because the other district has a time clock that is activated by employee hand scanning, it is doubtful the AV Technician could have been at the District at 3:30 p.m. Assuming he was at the other school district at 4:30 p.m., and considering travel time, he would have arrived at the District sometime after 5:00 p.m.

- On three days, he was paid overtime at the District beginning at 3:30 p.m. but time records at the other school district showed that his work day ended there at approximately 3:30 p.m. It is doubtful he could have been at the District at 3:30 p.m., as it would likely take the AV Technician at least one-half hour to travel directly from the other school district to the District.

For illustrative purposes, in Appendix A, we provide a daily detail of the extent of the overlapping work hours for one month (March 2013). The table notes his work hours at both districts (including overtime), the times and origination of calls on his District-provided cell phone and the times the AV Technician signed off IT work orders in the District's operations management system.<sup>12</sup>

We reviewed work orders from the operations management system that were noted as being completed by the AV Technician from December 2011 through April 2014. The system shows that he completed 271 work orders in the 535 days that he was documented as working<sup>13</sup> for the District. Seventy of these work orders (25 percent) were merely forwarded to another technician for completion and 10 (4 percent) were duplicate work orders. The work orders included work such as repairing audio visual equipment; however, 33 percent of the work orders we reviewed were merely replacing parts, such as headphones, speakers or a light bulb, or providing the entire piece of equipment to a vendor to complete the service. It is unlikely that each of these work orders would have taken an entire work day to complete.

We selected a judgmental sample of 10 work orders from the operations management system that were noted as being completed by the AV Technician and attempted to contact the District official or employee who initiated the request. Of the eight individuals who responded, three confirmed that another technician completed the work order. The other five individuals indicated that they did not know who completed their work order.

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<sup>12</sup> The District uses this software to track work orders for the IT and Plant Departments.

<sup>13</sup> Days that were not holidays and that he did not use leave accruals at the District

The District provided the AV Technician with a cell phone. We obtained the cell phone records for the period September 2012 through April 2014. These records, which indicate the general locations that the phone calls originated, show that there were 111 days in which phone calls were made during normal business hours from the vicinity of the other school district, even though the AV Technician was documented to be working at the District at the time the calls were made. Furthermore, the records show that there were 81 days in which phone calls originated from Buffalo even though time records from the other school district show that he was also working there. Phone calls made from the District's cell phone typically originated from Buffalo in the early morning – prior to his scheduled 7:30 a.m. start time at the District – and in the early afternoon. Calls originated from the other school district's location in late morning, midday and late in the afternoon in proximity to the AV Technician's documented end of the work day at the other district. This evidence suggests that he frequently traveled between the two school districts during many of the days with overlapping hours.

We reviewed these findings with the other school district. The other district subsequently put the AV Technician on administrative leave pending the results of our audit and any subsequent investigation.

Furthermore, we expanded our testing to include other employees at the IT and Plant Departments and a vendor to determine if this was a pervasive issue. These findings were referred to the Erie County District Attorney's Office for prosecution. On April 9, 2015, after completion of our audit, Mr. Noe Rodriguez was arrested and pleaded guilty to scheme to defraud in the first degree, a Class E felony. As part of the plea, Mr. Rodriguez paid \$18, 229 in restitution.

## **Information Technology Technicians**

The IT technicians working at the Service Center do not maintain time records to indicate the hours they worked. Rather, these technicians sent an email every morning to the IT Department at City Hall to indicate that they were at work or that they were absent and charged leave accruals. However, these emails can be sent from any location and from any device and, therefore, are not a good indicator that the employee was present at a District facility.

Every two weeks, a clerk in the IT Department prepares a "statement of service" for these field employees. The statements, which are used to prepare the payroll, do not show the hours the technicians worked but only indicate if they used leave time during the period. These statements are not signed by the employees and are certified by the acting Chief Technology Officer (CTO), who works at City Hall and does not directly supervise these employees. All seven of the Service Center technicians did not have a direct supervisor from the start of our audit period until the District appointed a provisional supervisor in August 2013.

We attempted to review the daily emails the technicians sent to the IT Department at City Hall to determine if the days they worked and charged leave time matched the information on their statements of service. However, IT Department officials stated that they only retained the emails that showed when the technicians charged leave accruals. These emails, dated between July 1, 2011 and April 30, 2014, indicate that five technicians charged a total of 91 days of leave. Seven of the days noted in the emails were not included on the employees' statements of service, totaling \$1,925. There was no explanation on the emails or the statements of service indicating why the employees' leave balances were not reduced. Thus, it appears that the employees were paid for these days but may never have reported to work or had their leave balances reduced. We also found that the other 84 days were properly recorded on the employees' statements of service, but four leave days recorded on the employees' statements of service were not supported by emails from the employees.

On April 11, 2014, we conducted an unannounced visit to the Service Center to locate a judgmental sample of three field IT service technicians.<sup>14</sup> Initially, we were unable to locate the three technicians and IT Department officials at City Hall did not know their whereabouts. After IT Department officials attempted to contact them via cell phone, one of the three technicians arrived at the Service Center. He informed us that the AV Technician discussed previously was on sick leave and that he did not know the location of the third technician. IT Department officials stated that they would contact us when they located the third individual, yet they never did. Subsequent to our visit, we reviewed these employees' statements of service and found that the AV Technician charged sick leave and the third individual charged bereavement leave for this day. Nevertheless, it is troubling that IT Department officials neither knew the location of their staff nor that they were using leave for the day.

Overtime – Preapproval forms are required to be signed by an employee, an IT supervisor (located at City Hall) and the CTO, and approved by the Budget Office, prior to working overtime. After the overtime is worked, an extra-activity report is prepared and signed by the CTO and forwarded to the payroll office. These extra-activity reports are not signed by the employee and do not indicate the time worked, only the number of hours. IT Department officials indicated that overtime was worked at the end of the employees' regularly scheduled time or on a weekend.

During the period July 1, 2011 through April 30, 2014,<sup>15</sup> we identified 315 instances of overtime worked by the Service Center IT technicians.

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<sup>14</sup> One of the three employees was the AV Technician that worked at the District and another school district.

<sup>15</sup> We tested the AV Technician, his direct supervisor and his coworker for the period July 1, 2011 through April 30, 2014. We tested other IT technicians for the period August 1, 2012 through April 30, 2014.

District officials provided only 73 (23 percent) of the required preapproval forms for this overtime. Of these, 13 were approved before the overtime was worked and 60 were approved after the overtime was worked. These deficiencies demonstrate the lax oversight exercised by IT supervisors.

Work Orders – Work orders are initiated by school principals, teachers and other District employees who use District-provided technology assets. The work orders are compiled in operation management system queues based on the type of work to be performed. IT Department field employees remotely access the software to obtain work assignments based on their area of expertise. These assignments can be located at any District facility. IT Department supervisors do not review the work orders completed by each technician and technicians are not required to complete a certain number of work orders each day.

We tested a judgmental sample of 60 work orders<sup>16</sup> to determine if the IT employees listed on the work order in the operations management system actually completed the work. We contacted the District officials or employees who initiated the work. Of the 60 work orders, 35 requestors returned our phone calls. Nineteen indicated that they were unsure who completed the work, seven indicated that the work was not completed although the work order was marked complete, five indicated that the work was completed by the assigned technician and four indicated that work was completed by a different technician. Adequate oversight by IT Department supervisors may have detected the inaccurate information posted to the work orders.

## **Plant Department Tradesmen**

All Service Center Plant Department tradesmen did not have a direct supervisor, at the Service Center, during part of our audit period.<sup>17</sup> Furthermore, similar to the IT technicians discussed previously, the tradesmen do not maintain time records to indicate the actual times they worked; records only indicate the total number of hours worked each day. A Plant Department clerk prepares a statement of service for these employees that only indicates the number of hours worked per day during the period, not the actual times worked. The statements are not signed by the employee and are certified by officials who are not direct supervisors of the tradesmen.<sup>18</sup> Shop coordinators

<sup>16</sup> This excludes the work orders tested for the AV Technician who worked at the District and another school district.

<sup>17</sup> During the period July 2011 through June 2012, the tradesmen were directly supervised by the Assistant Superintendent of Plant and the Director of Building Maintenance. During the period July 2012 through June 2013, the tradesmen were directly supervised by the Assistant Superintendent of Plant. As of July 2013, the tradesmen no longer had a direct supervisor at the Service Center.

<sup>18</sup> The statements are approved by the Facilities Services Coordinator, who is not a supervisor, and by the Executive Director of School Planning and Operations, who does not have direct supervision of these employees and works at City Hall, which is five miles from the Service Center.

provide limited oversight of the tradesmen. Tradesmen prepare a log of the work orders completed for each pay period. The logs are generally signed by all, except one, of the five shop coordinators. Plant Department clerical staff enter information on the logs into the operations management system.

Overtime – We reviewed overtime worked by a judgmental sample of 10 tradesmen to determine if it was preapproved. Of the 2,222 days worked, the sampled tradesmen had a total of 111 instances of overtime. We located the overtime approval form for all 111 dates and found that 29 overtime forms were approved in advance and 82 were approved after the overtime was worked.

Work Orders – We reviewed the number of work orders completed for these tradesmen and found that, generally, a work order was listed for each day that they worked. We then selected a judgmental sample of 24 work orders from these tradesmen and contacted the respective building engineers to gather information on the work performed and to determine if it matched the information maintained in the operations management system. For 14 work orders, an engineer confirmed the individual listed on the work order completed the work; for eight work orders, an engineer could not remember who performed the work; and for two work orders, an engineer did not return our calls. While the building engineers we spoke with confirmed the work orders were completed, they did not know if the work was completed in a reasonable amount of time because they do not supervise the tradesmen.

Near the end of fieldwork, District officials informed us that they now require the Executive Director of School Planning and Operations to work part of the day at the Service Center where he can directly supervise the tradesmen.

### **Contracted IT Specialists**

In July 2011, the Board approved a three-year contract with a vendor<sup>19</sup> to provide IT technical support services to District staff. The contract states that the vendor will provide technical support specialists who will conduct hardware and software problem diagnosis and resolution, perform the set up and distribution of classroom-based computer hardware and software imaging and assist with inventory management of all classroom educational technology throughout the District.

The specialists are supervised by a manager who is the vendor's employee. The manager assigns work to each specialist on a daily basis. The contract indicates that the vendor should maintain a

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<sup>19</sup> The District also uses this vendor to purchase computer equipment, software and other services.

record of the specialists' performance, including the time it takes to complete work orders and other assignments. Furthermore, when the specialists conduct hardware and software problem diagnosis and resolution, they must update the work orders in the District's operations management system. Finally, the contract indicates the consultant should submit a monthly invoice that reflects all services completed and accepted by the CTO.

District officials do not adequately monitor or review the number of work orders completed by each specialist. Furthermore, the vendor's invoice does not reflect all services completed by the specialists. The vendor's manager who supervises the specialists told us that a large amount of the work performed by the specialists would not be documented on work orders. Instead, it is related to special projects, such as relocating schools due to construction or deployment of new software. In addition, one specialist is solely used to manage the District's computer inventory. These activities are not tracked with a work order in the operations management system.

We found that, over a three-month period, no work orders were completed by the vendor's specialists on 368 (47 percent) of the 778 days billed. These 368 days cost the District \$59,616. When we brought this to the vendor's attention, the vendor's manager told us that specialists may mark work orders complete on one day, although the work was completed on several previous days. He also told us that there may be discrepancies. If a ticket is reassigned or if it is actually completed by an individual other than who it was assigned to in the system, the specialist who did the work will not get credit. The vendor and District officials indicated that they do not maintain documentation of the work performed by specialists each day. As such, they could not demonstrate that work was actually performed by the specialists on these days.

The contract states that the specialists must be solely dedicated to the District, but it does not address the vendor's responsibility when a dedicated specialist is absent from work. The vendor's manager told us they typically bring in substitute specialists to maintain a staffing level of 13 workers at the District. However, a substitute is not always familiar with District operations. Therefore, they do not complete work orders and instead are assigned other tasks for the day such as moving equipment. We found that, during the 2013-14 fiscal year, substitute specialists were used for 202 days, totaling more than \$33,000. There is insufficient documentation available to determine what duties they performed. However, if they are unfamiliar with District operations, we question how productive they could be.

It may not be economical to pay a specialist \$20.25 an hour to move computer equipment and another specialist \$40,000 annually to maintain the District's computer inventory, especially if alternative means to complete these tasks are available. If District officials properly monitored the vendor's specialists, they would be in a better position to determine the extent to which the specialists were providing productive services to the District and whether the contract with the vendor was cost effective.

## **Recommendations**

The Board should:

1. Adopt written policies and procedures governing the supervision of field employees from the IT and Plant Departments who work at the Service Center. These policies should include the following provisions:
  - Field employees should maintain time records indicating the actual hours worked, and these records should be certified by the employees and a direct supervisor.
  - Overtime should be preapproved and documented. Documentation should include the names of individuals who will work the overtime and certification by the employees and a direct supervisor.
  - Supervisors should ensure that field employees complete their work in accordance with established standards.

Department officials should:

2. Implement a process for reviewing work orders to ensure they are completed timely and that the individual who completed a work order is correct.

The Board should:

3. Ensure that IT Department supervisory personnel monitor the work performed by IT vendors to ensure that the work meets contractual requirements and provides a benefit to the District and taxpayers.

## APPENDIX A

### SAMPLE OF MONTHLY ACTIVITY

Table 1: March 2013 Activity						
Date	District Work Hours	District Overtime	Times Work Orders Completed	Other District Work Hours	Time of Cell Phone Call	Location of Cell Phone Call
3/1/2013	7:30 a.m. - 3:30 p.m.			8:30 a.m. - 4:26 p.m.	None	
3/4/2013	7:30 a.m. - 3:30 p.m.		7:12 a.m. - 7:14 a.m.	8:12 a.m. - 4:32 p.m.	11:08 a.m.	Other District
					12:24 p.m.	Buffalo
					12:29 p.m.	Buffalo
					3:40 p.m.	Other District
3/5/2013	7:30 a.m. - 3:30 p.m.			8:19 a.m. - 4:35 p.m.	None	
3/6/2013	7:30 a.m. - 3:30 p.m.			8:16 a.m. - 4:30 p.m.	8:37 a.m.	Other District
					1:17 p.m.	Buffalo
3/7/2013	7:30 a.m. - 3:30 p.m.			8:22 a.m. - 4:30 p.m.	10:12 a.m.	Other District
					3:43 p.m.	Buffalo
3/8/2013	7:30 a.m. - 3:30 p.m.			8:28 a.m. - 4:32 p.m.	3:01 p.m.	Other District
3/11/2013	7:30 a.m. - 3:30 p.m.			8:26 a.m. - 4:31 p.m.	8:46 am	Other District
					12:37 p.m.	Buffalo
					5:47 p.m.	Buffalo
3/12/2013	7:30 a.m. - 3:30 p.m.	3:30 p.m. - 9:00 p.m.	11:44 a.m. - 11:52 a.m.	8:30 a.m. - 4:31 p.m.	12:14 p.m.	Buffalo
					2:13 p.m.	Other District
					2:14 p.m.	Other District
3/13/2013	7:30 a.m. - 3:30 p.m.			8:30 a.m. - 4:32 p.m.	4:14 p.m.	Other District
3/14/2013	7:30 a.m. - 3:30 p.m.			7:28 a.m. - 8:31 p.m.	8:37 a.m.	Other District
					8:39 a.m.	Other District
					8:46 a.m.	Other District
					12:38 p.m.	Lackawanna
					1:15 p.m.	Lackawanna
					2:04 p.m.	Lackawanna
					2:10 p.m.	Buffalo
					2:11 p.m.	Buffalo
					2:13 p.m.	Buffalo
3/15/2013	7:30 a.m. - 3:30 p.m.			7:25 a.m. - 8:31 p.m.	1:00 p.m.	Buffalo
3/16/2013				7:20 a.m. - 12:00 p.m.	None	
3/18/2013	7:30 a.m. - 3:30 p.m.			7:24 a.m. - 4:30 p.m.	9:45 a.m.	Other District
					12:17 p.m.	Buffalo
					1:14 p.m.	Buffalo
					1:15 p.m.	Buffalo
					3:20 p.m.	Other District
					3:22 p.m.	Other District
					3:23 p.m.	Other District

**Table 1: March 2013 Activity (cont)**

Date	District Work Hours	District Overtime	Times Work Orders Completed	Other District Work Hours	Time of Cell Phone Call	Location of Cell Phone Call
3/19/2013	7:30 a.m. - 3:30 p.m.	3:30 p.m. - 9:00 p.m.		8:30 a.m. - 4:30 p.m.	7:17 a.m.	Buffalo
					7:18 a.m.	Buffalo
					7:58 a.m.	Buffalo
					8:06 a.m.	Buffalo
					8:23 a.m.	Buffalo
					8:25 a.m.	Buffalo
					8:28 a.m.	Buffalo
					9:24 a.m.	Buffalo
					9:44 a.m.	Buffalo
					9:56 a.m.	Lackawanna
					5:03 p.m.	Buffalo
3/20/2013	7:30 a.m. - 3:30 p.m.	3:30 p.m. - 7:30 p.m.		8:20 a.m. - 4:30 p.m.	2:00 p.m.	Other District
					3:44 p.m.	Buffalo
3/21/2013	7:30 a.m. - 3:30 p.m.	3:30 p.m. - 8:30 p.m.		8:24 a.m. - 4:30 p.m.	1:50 p.m.	Buffalo
					3:06 p.m.	Other District
					4:59 p.m.	West Seneca
3/22/2013	Vacation			7:11 a.m. - 8:35 p.m.	None	
3/25/2013	Vacation			7:24 a.m. - 4:33 p.m.	None	
3/26/2013	Vacation			8:26 a.m. - 4:33 p.m.	None	
3/27/2013	Vacation			8:19 a.m. - 4:31 p.m.	None	
3/28/2013	Vacation			8:26 a.m. - 4:30 p.m.	None	
3/29/2013	Holiday			Holiday	None	

## **APPENDIX B**

### **RESPONSE FROM DISTRICT OFFICIALS**

The District officials' response to this audit can be found on the following pages.



**BUFFALO PUBLIC SCHOOLS**  
**65 Niagara Square - 712 City Hall**  
**Buffalo, New York 14202**

May 15, 2015

Jeffrey D. Mazula, Chief Examiner  
Office of the State Comptroller  
Buffalo Regional Office  
295 Main Street, Suite 1032  
Buffalo, New York 14203-2510

Dear Mr. Mazula:

The Buffalo City School District is in receipt of the draft "Oversight of Field Activities at the Service Center" Report of Examination for the Period July 1, 2011 through August 15, 2014 (hereafter "Report"). On behalf of the Board of Education and the District's Administration, we would like to thank the local field staff of the Comptroller's office. They were professional and courteous in working with our business office and District staff.

We have carefully reviewed the findings and recommendations. Please accept this as the response of the Buffalo City School District (hereafter "District") and attach this document to the issued report. We agree with the recommendations provided and will provide a detailed corrective action plan within 90 days as required. In brief, the following actions are being taken or considered for the numbered recommendations in the Report:

1. The District has implemented several measures and is evaluating several more changes to improve policies and procedures governing supervision of IT and Plant field staff. This will be done through changes in process and supplemented by the use of new software/technology where appropriate. Some of the more significant items expected to be outlined in the Corrective Action Plan include:
  - a. The District has purchased and is in the final stages of user acceptance testing of an electronic payroll system. This system will require employees to swipe in and swipe out in order to track actual hours worked and location of work. The payroll system will have appropriate workflow rules to ensure staff and supervisor review the payroll data prior to submission.
  - b. Deploying staff with the appropriate level of authority, full time to the Service Center, to supervise the hourly staff on the ground.
  - c. The District has purchased and is installing GPS technology in all District vehicles. Additionally, GPS technology is being used on some District cell phones to track the whereabouts of field employees.
2. Work order reporting will be expanded to include more information on the tickets (e.g. labor hours for each staff assigned and material costs), productivity reporting will be done weekly to

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ensure staff are completing the requisite number of tickets expected for their position, and an aging of work orders will ensure prompt follow up. Further, the work order software system will be analyzed and compared to other systems identified through an RFP process to ensure it can meet the needs of the District, which has more complex operations than many smaller entities using the current system.

3. The IT department will require that the contracted IT specialists provide more extensive and formal documentation of their work (please see section on Contracted IT Specialists below.) This documentation will be the basis of formal and regular review meetings and will be used to support the actual billing by the vendor.

Within the four sections of the findings, there are certain clarifications that the District feels are important to include as part of our response:

### **Overlapping Work hours of an AV Technician**

The District regrets that such a situation could have happened and will, through this response and the Corrective Action Plan to follow, clearly document policies and procedures and implement internal controls that will prevent such activity from occurring and going undetected in the future.

### **IT Technicians**

The District agrees that the issues surrounding tracking the payroll of the IT technicians cannot be met by the current paper-based system. It must be replaced by an electronic system that can capture the start and end times, the locations where the employees have signed in and out and where they are at any given time. The District is in the final stages of user acceptance testing a payroll software system that should address these issues and anticipates rolling the system out in the near future.

With respect to overtime for IT Technicians, it should be noted that the majority of overtime worked by the IT Technicians was for work supervised by another department, for which the IT department would not have been responsible for the pre-approval. It appears that much of this non-IT overtime was for overtime related to major school moves during the District's \$1.4 billion Joint School Construction Board ("JSCB") renovation project. The process that allows members of the Blue Collar union, such as the IT Technicians, to work overtime for these moves was established through a Memorandum of Understanding the District has with its Blue Collar union. This overtime was budgeted for and pre-planned at the beginning of each fiscal year and the pre-approval forms were submitted on a bi-weekly basis from Service Center personnel overseeing the moves. The District agrees that going forward, it should improve the documenting of pre-approval for all overtime worked, document the reasons for any instances of emergency or other overtime that is not pre-approved and retain the relevant documents.

### **Plant Department Tradesmen**

With respect to overtime for tradesmen, overtime related to emergencies may not have a formal pre-approval because it cannot be foreseen. This is a valid exception to District overtime policy, particularly when life and safety issues are present. In these cases, there is direct communication between the Executive Director of Plant Services and the Director of Building Services for the need for the overtime. And this overtime is approved by the Executive Director of Plant Services prior to submission to Payroll.

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## Contracted IT Specialists

Though noted on page 14 of the Report, the District must stress again that the contracted IT specialists complete a significant portion of their work outside of the District's work order system. The work order system is used for individual user-generated service calls, but not for large scale projects like relocating a school or deploying a large group of computers or a new software deployment.

These large scale projects are scheduled through the District IT Project Planning Group, in response to high level request from schools or administrative requests made directly to the District's IT management group. The project planning committee meets monthly, bi-weekly and/or weekly to schedule and direct the technical staff for assignments as schedules for implementation or needs change. These assignments/projects are regularly monitored by the District IT Supervisors. IT Supervisors receive updates from the vendor work group. Directives are provided to the vendor's Technical Support personnel from District IT Supervisors daily and weekly depending on the assignment/project scope. The District recognizes it may be necessary to obtain a more robust work order system that can handle managing these large projects along with the small requests that are currently processed through the system. To that end, an RFP will be issued to identify alternate work order solutions that may better meet the District's needs.

With respect to the number of days that no work orders were completed, the District performed an internal review of three months referred to in the Report and is in agreement that no work orders were completed on 368 of the 778 days billed; however, the District can account for all of the work done on those 368 days and we are confident in stating there was no overpayment to the vendor. The technicians were engaged in various large scale District projects that are not tracked in the work order system. The District agrees that formalizing the documentation requirements of the vendor, and using that as the basis of IT's supervision is necessary. Therefore, on a weekly basis, the vendor will be required to provide the daily logs of the work each technician performed with associated times, job location, and function. This will capture the details of all work, both driven by the work order system and through large scale projects, and allow for a thorough review of all work, including work by substitute technicians, to ensure it meets the standards of the contract. This data and its review will be incorporated into the monthly billing from the vendor and maintained with the payment records so it can be reviewed by the District's audit department prior to payment.

Respectfully Submitted,



Donald A. Ogilvie

Interim Superintendent



James M. Sampson

Board President

## APPENDIX C

### AUDIT METHODOLOGY AND STANDARDS

Our overall goal was to assess the adequacy of the internal controls put in place by officials to safeguard District assets. To accomplish this, we performed an initial assessment of the internal controls so that we could design our audit to focus on those areas at risk. To accomplish this, we evaluated the selected areas indicated below by performing the various survey procedures. We orally reported any findings in these areas to District officials:

- Financial Condition – District officials are aware of the District’s current financial situation and have taken steps to improve it. They have limited control over the District’s revenue from real property taxes because, as being a dependent school district, it is determined by the City of Buffalo.
- Transportation – We reviewed the District’s contracts and billing with transportation providers.
- Payroll – We surveyed the payroll records maintained and reviewed District supervisory practices over the IT and Plant Department employees located at the Service Center. We also reviewed monthly NYSLRS retirement reporting procedures. We found an individual who was reported as working full time at two school districts.
- Purchasing – We reviewed a number of contracts and other purchases made during our audit period.
- Cash Disbursements – We reviewed the District’s internal controls over cash disbursements. Specifically, we reviewed the cash disbursements process, reviewed controls over check stocks and interviewed employees involved with the process.
- Grants and Adult Education – We reviewed the internal controls and procedures over the District’s grants. We selected a sample of 14 grants and reviewed at least two invoices for each of the following: Title I, Title II, Teachers of Tomorrow, Idea Section 611, Employment Preparation Education Adult Learning, American Recovery and Reinvestment Act School Improvement Grant Cohort 4.1, New York State School Teachers Services, Child Nutrition Fresh Fruit and Vegetables, Math and Science Partnership, Adult Evening School, Adult Performance Contract, Perkins Adult Basic Vocation and Applied Technology Education Act, State Supported Blind and Deaf School, and Professional Development for Arts Educator.
- Inventory – We reviewed the District’s internal controls over IT inventory.

Although we found deficiencies with some of the areas above, we focused our audit on an area of significant risk.

During the initial assessment, we interviewed appropriate District officials, performed limited tests of transactions and reviewed pertinent documents, such as District policies and procedures manuals, Board minutes and financial records and reports. In addition, we obtained information directly from

the computerized financial databases and then analyzed it electronically using computer-assisted techniques. This approach provided us with additional information about the District's financial transactions as recorded in its databases. Further, we reviewed the District's internal controls and procedures over the computerized financial databases to help ensure that the information produced by such systems was reliable.

After reviewing the information gathered during our initial assessment, we determined where weaknesses existed and evaluated those weaknesses for the risk of potential fraud, theft or professional misconduct. We then decided on the reported objective and scope by selecting for audit an area with significant risk. We selected the supervision of field employees and vendors for further audit testing.

To complete our audit objective, we performed the following procedures:

- Interviewed District officials regarding the controls and procedures in place over field employees and vendors.
- Reviewed time records, including overtime records, for field employees.
- Compared time records with daily emails for IT Department employees.
- Visited the Service Center to locate District employees.
- Interviewed a judgmental sample of District field employees. We selected IT Department employees that directly worked with the AV Technician in question. For the Plant Department, we selected the shop coordinators to interview because they provide some oversight of the other field employees.
- Reviewed the application controls over the operations management system.
- Reviewed the work orders for the IT and Plant modules of the operations management system for our audit period.
- Reviewed the daily logs for a judgmental sample of Plant Department field employees. We selected two employees from each trade based on the review of work orders.
- Reviewed the IT Department field employees' phone records to determine if any calls originated from outside the City of Buffalo.

We conducted this performance audit in accordance with GAGAS. 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 objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

## APPENDIX D

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**DIVISION OF LOCAL GOVERNMENT**  
**AND SCHOOL ACCOUNTABILITY**

Andrew A. SanFilippo, Executive Deputy Comptroller  
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