

**MEMORANDUM**

**L. Daniel Hutto  
President**

TO: Inspector General  
FROM: L. Daniel Hutto, President  
DATE: August 30, 2010

**BOARD OF TRUSTEES**

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SUBJECT: Six-Month Follow-Up Response in accordance Section 20.055, Florida Statutes

In accordance with Section 20.055 Florida Statutes, the enclosure is a six-month follow-up attached for your review.

If you have questions, please do not hesitate to contact me at (904) 827-2210 or Terri Wiseman at (904) 827-2301 or [wisemant@fsdb.k12.fl.us](mailto:wisemant@fsdb.k12.fl.us) for response.

**Enclosure**

207 N. San Marco Avenue

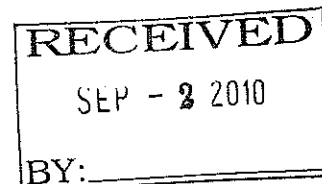
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**Florida School for the Deaf and the Blind  
Administrative Response to Auditor General's  
Recommendations  
For the Fiscal Year Ended June 30, 2009**

**Follow-Up Report In Accordance with F.S. 20.055**

**Finding No. 1: Contract for Mechanical, Plumbing, and Carpentry Repairs and Installations**

Our audit disclosed several deficiencies regarding a \$1 million contract for mechanical, plumbing, and carpentry repairs and installations.

**Recommendation:** The School should enhance its administration of bid solicitation and contracting to ensure that: (1) the scope of work is clearly established before advertising for bids; (2) contracted projects are performed in the most efficient and economical manner; (3) consideration is given to executing separate contracts for larger projects; (4) complete contract documentation is prepared and maintained to evidence that contracted hourly labor rates and other costs are specified for all trades and are reasonable; and (5) markups are paid only when appropriate and necessary.

**FSDB Response:** We concur with your findings, and have implemented your recommendations, except for the reasonableness portion of recommendation No. 4. Chapter 255.29, Florida Statutes, and Department of Management Services Rule 60D-5, Florida Administrative Code, govern the award of construction contracts. DMS Rule 60D-5.007, F.A.C., states, "Award of the contract will be made to the responsive bidder, determined to be qualified in accordance with the provisions herein and meeting the requirements of the bidding documents, that submits the lowest valid bid for the work." We see no provision in Rule 60D-5, F.A.C. that gives us authority to negotiate with the successful bidder a labor rate that we deem to be unreasonable. It seems our only option is to reject all bids and re-advertise. We would be reluctant to reject all bids and restart the bidding process absent some reason to believe that bid labor rates will be lower the second time around.

*Follow-up: The Purchasing Department works with the Construction and Facilities Departments to prevent the situation described in the finding from reoccurring.*

**Finding No. 2: Property Inventory**

The School needed to enhance its procedures to ensure that inactive and disposed tangible personal property items are properly removed from the active property records and approved by the Board of Trustees prior to disposal.

**Recommendation:** The School should enhance its procedures to ensure that inactive and disposed tangible personal property items are properly removed from the active records and approved by the Board of Trustees prior to disposal.

**FSDB Response:** The Department of Management Services disposed of the subject vehicles at public auction in accordance with DMS Rule 60B-3. Both discrepancies disclosed by your audit resulted from inadequate training of recently assigned personnel and not from inadequate procedures. Subsequent to your review, the training issues were corrected, and the Board of Trustees retroactively approved the disposal of the motor vehicles.

*Follow-Up:* The identified problem was corrected by the time the previous response was made. All disposals over \$1,000, including vehicles transferred to DMS for auction, are presented to the Board of Trustees for approval.

**Finding No. 3: Administration of Purchasing Cards**

The School had not developed a policies and procedures manual governing the use of its purchasing cards. In addition, spending limits and the number of employees to whom purchasing cards were distributed appeared to be excessive.

**Recommendation:** The School should consider reducing the spending limits and distribution of its purchasing cards, and should develop comprehensive policies and procedures to govern the use of those cards.

**FSDB Response:** We welcome constructive criticism intended to strengthen our internal control policies. Although no incidences of misuse or abuse of purchasing cards were found, we intend to implement your recommendations. We are in the process of reviewing our existing purchasing card guidelines and developing an operational policy and procedure for the use of the cards. Our list of purchasing card holders and their purchasing limits are under evaluation.

*Follow-Up:* All Purchasing Card limits were reviewed and, in most cases, substantially reduced. Purchasing cards for inactive users were canceled. A new Purchasing Card Operating Policy and Procedure was published.

**Finding No. 4: Pharmacy Controls**

The School needed to enhance its pharmacy controls.

**Recommendation:** The School should implement the above-noted compensating controls to mitigate the lack of separation of duties and to provide additional assurance of accurate accountability for prescription medications.

**FSDB Response:** The following procedures will be implemented as a corrective plan of action by the FSDB Pharmacist and assigned HCC staff. Such controls in inventory management will provide oversight to prevent errors and fraud in a timely manner.

- A review of monthly inventory records will be completed on all HCC prescription stock medications. Such review will include manual inventory

counts and an electronic inventory data system that we are in the process of developing.

- The perpetual inventory sheets, Cardinal Invoices, and Disposal Logs (expired meds) will be reviewed on a monthly basis. Any discrepancies will be noted on a medication incident report with follow-up in accordance with FSDB HCC/Pharmacy Policy and Procedures.

*Follow-Up: The following measures and procedures have been put in place since the last audit:*

#### **Procedure for Medication Receiving/Cardinal Invoices**

*(Addition to Pharmacy Policies/ Procedures)*

*Upon receipt of a shipment of medications via Cardinal wholesaler, effective immediately, the following procedure will be followed:*

- *Med Room personnel will sign for the receipt of the order and invoices.*
- *The pharmacist will check the Cardinal order for accuracy of medications and quantities ordered against the invoice.*
- *The pharmacist will initial each line item as correctly received.*
- *The pharmacist will sign and date the invoice.*
- *A designated person (medical unit specialist) will also check the Cardinal order for accuracy of medications and quantities ordered against the invoice.*
- *The medical unit specialist will sign the invoice as verification that order was received correctly.*
- *The medical unit specialist will fax the signed invoice copy to accounting.*
- *The pharmacist will keep a copy of the invoice for record.*

#### **Inventory Audits**

- *The pharmacist and one other health care personnel will audit all prescription drugs.*
- *This audit will occur every month. If the inventory counts are accurate for 3 consecutive months, the audits will be performed less frequently as determined by the pharmacist (no less than quarterly.)*
- *The perpetual inventory sheets, Cardinal invoices, and Disposal logs will be reviewed when performing the audit for quantity and documentation.*
- *Any discrepancies will be noted on 1 Incident report and followed up as appropriate.*