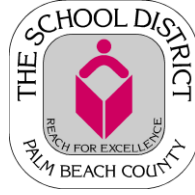


Audit of
HVAC Filters Replacement Services Contract
September 15, 2023

Report #2023-09



MISSION STATEMENT

The mission of the School District of Palm Beach County is to educate, affirm, and inspire each student in an equity-embedded school system.

Michael J. Burke
Superintendent of Schools

School Board Members

Frank A. Barbieri, Jr., Esq., Chair
Karen M. Brill, Vice Chair
Marcia Andrews
Alexandria Ayala
Edwin Ferguson, Esq.
Barbara McQuinn
Erica Whitfield

Audit Committee Members

David H. Talley, Chair
Tammy McDonald, Vice Chair
Mark Bymaster, CPA, CFE
Leondrae D. Camel
Alissa M. Dhawan, CPA, MBA
Michael Dixon, CPA/PFS
Kathleen Weigel, Ed.D.

Audit Committee Representatives

Frank A. Barbieri, Jr., Esq., School Board Chair
Heather Frederick, CPA, Chief Financial Officer
A. Patricia Morales, Esq., Deputy General Counsel
Kathryn Koerner, Principal Representative
Gordan Longhofer, CTA President

Audit of
HVAC Filters Replacement Services Contract
Table of Contents

	Page
EXECUTIVE SUMMARY	i
PURPOSE AND AUTHORITY	1
SCOPE AND METHODOLOGY	1
BACKGROUND	2
CONCLUSIONS	
1. Terms and Prices for Emergency Services Not Codified in the <i>Purchase Contract</i>	3
2. Changes in Filter Quality and Service Frequency Not Timely Submitted to School Board for Approval	5
3. Some Facilities Did Not Receive Upgraded Higher Quality MERV-13 1-Inch Air Filters	6
4. Non-Compliance with Contract Terms for Filter Replacement Services	7
5. <i>Technical Library</i> Not Updated for Seven Years	11
6. No Monitoring Procedures	14
EXHIBITS	
1. Example: Undated Filters	15
2. Example: Mixed Dated and Undated Filters	16
3. Example: Washable Filter Unit	17
APPENDIX	
Management's Response	18

This page intentionally left blank.

**Audit of
HVAC Filters Replacement Services Contract
EXECUTIVE SUMMARY**

Pursuant to the *Office of Inspector General's 2022-2023 Work Plan*, we have audited the purchase of filter replacement services for the District's Heating, Ventilation, and Air Conditioning (HVAC) Systems. The primary objective of this audit was to determine if the vendors' billings and deliverables were in compliance with the terms of the *Purchase Contract*.

Two vendors were awarded *Purchase Contract #19C-15T* to service the District's HVAC filters. The initial contract was for a two-year period, which was subsequently renewed for three additional one-year periods for a total of five years from February 20, 2019, through February 20, 2024. Filter Pro USA (Filter Pro) was selected to service District facilities located south of Southern Boulevard. Bonded Filter Co. LLC¹ (Bonded Filter) was selected to service District facilities located north of Southern Boulevard and the Glades area. The audit produced the following major conclusions:

1. Terms and Prices for Emergency Services Not Codified in the *Purchase Contract*

During February and March 2022, the District paid a total of \$214,479.04 for 497 invoices submitted by the two contract vendors. Our review of all the 497 invoices revealed no exceptions for the 363 invoices submitted by Bonded Filter. However, some of the items contained in 57 (43%) of the 134 invoices submitted by Filter Pro were billed at prices higher than the contract prices². Due to overbillings found in 43% of the initial sampled invoices from Filter Pro, the OIG expanded the review to include all 3,725 invoices totaling \$2,098,748 submitted by Filter Pro during February 2019 through December 2022. The review found the vendor overbilled the District a total of \$9,112.82.

According to the Department of Maintenance and Plant Operations (M&PO), the vendor billed the District at higher rates because those services were "emergency" filter changes. However, the contract in effect at the time did not have terms or prices for emergency services, and M&PO did not maintain any documentation of approving the emergency prices billed by Filter Pro. Additionally, no "emergency service billing" was found from the 100 (2%) sample invoices we randomly selected from the 4,637 invoices submitted by the other vendor, Bonded Filter, during the same period from February 2019 through December 2022. Our review found only Filter Pro submitted invoices for "emergency services."

Management's Response: See page 18.

¹ In 2018, Lott Enterprises merged with Bonded Filter, which became Bonded Filter Co. LLC (dba BFC Solutions). On March 18, 2020, the School Board approved a Consent to Assignment of Contract for transferring the portion of the contract originally awarded to Lott Enterprise to Bonded Filter Co. LLC.

² OIG's expanded review of all the invoices submitted by Filter Pro found the higher prices noted in the initial samples were for MERV-13 filters. (See conclusion #2 below.)

Note: Minimum Efficiency Reporting Value, or MERV, reports a filter's ability to capture larger particles between 0.3 and 10 microns (µm). The higher the MERV rating, the better the filter is at trapping specific types of particles. (Source: The US Environmental Protection Agency's Website <https://www.epa.gov/indoor-air-quality-iaq/what-merv-rating>, accessed on March 30, 2023.)

2. Changes in Filter Quality and Service Frequency Not Timely Submitted to School Board for Approval

Upgrading 2-Inch and 4-Inch Filters from MERV-8 to MERV-13 for Facilities Serviced by Both Vendors. To further improve the indoor air quality for District facilities due to the COVID-19 pandemic, in August 2020, M&PO notified the vendors through e-mails that the District was moving forward to upgrade 2-inch and 4-inch air filters from MERV-8 to MERV-13. However, the prices for the MERV-13 2-inch and 4-inch filters were not approved by the School Board until the February 17, 2021, contract renewal.

Upgrading 1-Inch Filters for Facilities Serviced by Filter Pro. On March 25, 2021, M&PO notified Filter Pro of the District's plan to also upgrade the 1-inch air filters from MERV-8 to MERV-13. On April 15, 2021, Filter Pro submitted a price quote and change of the service frequency from monthly to quarterly for MERV-13 1-inch filter. The School Board never formally approved Filter Pro's quoted prices and change in service frequency for MERV-13 1-inch filters.

M&PO acknowledged that they did not question the billing price for MERV-13 1-inch air filter because it was lower than the vendor's April 15, 2021, quoted price. As a result, during February 19, 2019, through December 31, 2022, the District incurred an additional \$10,139.40 for 3,930 MERV-13 1-inch air filters billed through 480 invoices compared to the contract price for MERV-8 1-inch air filters. M&PO aware the *Purchase Contract* had not been updated with the changes in the price and service schedule. After the OIG informed M&PO of the omission, those changes were presented to and approved by the School Board during the third renewal of the contract on November 30, 2022.

To determine if Filter Pro's billings were in agreement with the new prices of the amended contract, the OIG reviewed a sample of 20 paid invoices for filters serviced between November 30, 2022, and December 31, 2022, totaling \$44,907.39. The review concluded that the prices billed on the 20 sampled invoices were consistent with the updated contract prices.

Management's Response: See page 19.

3. Some Facilities Did Not Receive Upgraded Higher Quality MERV-13 1-Inch Air Filters

Beginning April 2021, facilities serviced by Filter Pro located south of Southern Boulevard started receiving the upgraded MERV-13 1-inch filters. However, facilities located north of Southern Boulevard and the Glades areas serviced by Bonded Filter did not receive the upgraded MERV-13 1-inch filters.

According to M&PO, when the District planned to upgrade the air filters from MERV-8 to MERV-13, all facilities started receiving MERV-13 grade 2-inch and 4-inch filters. However, the District's engineer could not ensure that the MERV-13 1-inch filters would not damage the HVAC systems. As a result, M&PO decided to test the performance of MERV-13 filters on those HVAC systems serviced by Filter Pro to determine if the filters were "safe for the systems."

Facilities located south of Southern Boulevard had been receiving MERV-13 1-inch filters as pilot testing sites for almost two years since April 2021. However, on March 17, 2023, M&PO indicated that they would not upgrade the 1-inch filters from MERV-8 to MERV-13 for the facilities serviced by Bonded Filters (i.e. facilities located north of Southern Boulevard and the Glades areas) until they have discussed with and received recommendations from the District's Environmental & Conservation Services Department.

Management's Response: See page 20.

4. Non-Compliance with Contract Terms for Filter Replacement Services

During the audit, the OIG and M&PO staff jointly conducted on-site observations of serviced filters at four sample schools with two schools serviced by each of the two vendors. The on-site observations examined a total of 437 installed filters, and the subsequent review of the paid invoices found the following noncompliances:

- (a) Air Filters Did Not Have the Required Service Dates. *Contract #19C-15T, Section GG – Filter Specifications* states, in part, that “Every filter shall bear the date of service it was replaced...” We noted inconsistent methods were used for recording the service dates on the air filters during our April and May 2022 on-site observations. For air conditioners requiring multiple filters, some HVAC units did not have any of the filters dated, or only the filters at the front of the unit were dated if any. A total of 344 (328 replaceable and 16 washable filters), or 79%, of the 437 filters we inspected did not have the required service dates recorded on the filters.

In May 2023, the OIG and M&PO staff jointly conducted a follow-up on-site observations of serviced filters at another four sample schools with two schools serviced by each of the two vendors to determine the corrective actions taken by M&PO and the vendors. Of the 360 air filters we inspected, 73% or 261 filters (254 replaceable and seven washable filters) did not have the required service dates recorded on the filters. Both vendors continued to label only the filters at the front, if any, for air conditioners requiring multiple replaceable filters.

- (b) Noncompliance With Service Schedule. We compared the most recent invoice service dates to the service dates on the immediate prior invoices for 10 randomly selected schools (five for each vendor) and found that filters were not serviced in accordance with the contract requirements. All five sample schools serviced by Filter Pro were late in servicing the filters by 11 to 57 days. For the five sample schools serviced by Bonded Filter, all five schools had some filters serviced earlier than the contract schedule by two to 14 days, and two schools had some filters serviced three and 10 days late.

Management's Response: See page 20.

5. *Technical Library Not Updated for Seven Years*

Contract #19C-15T requires the vendors to annually provide the District's HVAC systems filter information to M&PO for maintaining the *Technical Library*, which is a document containing filter size and type information for each HVAC unit by location.

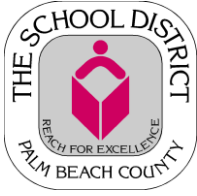
- (a) *Technical Library Not Updated for Seven Years*. As of April 15, 2022, the *Technical Library* on file maintained by M&PO was dated September 12, 2014. Apparently, no updates had been made to the *Technical Library* for more than seven years. The OIG brought this issue to M&PO's attention.
- (b) *Technical Library Information Incomplete for Facilities Serviced by Filter Pro*. On May 16, 2022, M&PO received updated documents from both vendors. The content of the document submitted by Bonded Filter complied with the contract's requirements. However, information provided by Filter Pro only included the sizes and types of filters but omitted each filter's location information within the buildings.
- (c) *Technical Library Appeared Accurate with One Minor Exception*. Our review confirmed the information for the initial 437 air filters we observed were accurately recorded in the *Technical Library*. However, the *Technical Library* had one additional air filter recorded for Seminole Trails Elementary School that was not found at the school during our on-site observation.
- (d) *Discrepancy in Quantity of Filters Replaced and Filters Not Replaced for Multiple Cycles Resulting in \$1,033.77 in Overbilling*. During our on-site observations of the four sample schools, we compared the actual quantities of filters onsite to the quantities recorded in the *Technical Library*. We reviewed 42 invoices from August 13, 2019, through June 7, 2022, for a total of \$35,929.52, and discovered discrepancies resulting in \$1,033.77 in overbilling.

Management's Response: See page 21.

6. *No Monitoring Procedures*

As of June 20, 2023, M&PO did not have formal written procedures for monitoring the HVAC filter replacement services. According to M&PO, the department's HVAC technicians would verify if the filters were serviced in accordance with the contract when they were on-site performing routine HVAC maintenance. However, no documentation was maintained documenting the verification results.

Management's Response: See page 21.



THE SCHOOL DISTRICT OF
PALM BEACH COUNTY, FLORIDA

OFFICE OF INSPECTOR GENERAL
3318 FOREST HILL BLVD., C-306.
WEST PALM BEACH, FL 33406
(561) 434-7335 FAX: (561) 434-8652
www.palmbeachschools.org
Hotline: (855) 561-1010

TERESA MICHAEL, CIG, CIGI, CFE
INSPECTOR GENERAL

SCHOOL BOARD
FRANK A. BARBIERI, JR, ESQ, CHAIR
KAREN M. BRILL, VICE CHAIR
MARCIA ANDREWS
ALEXANDRIA AYALA
EDWIN FERGUSON, ESQ
BARBARA McQUINN
ERICA WHITFIELD

MICHAEL J. BURKE, SUPERINTENDENT

MEMORANDUM

TO: Honorable Chair and Members of the School Board
Michael J. Burke, Superintendent of Schools
Chair and Members of the Audit Committee

FROM: Teresa Michael, Inspector General

DATE: September 15, 2023

SUBJECT: Audit of HVAC Filters Replacement Services Contract

PURPOSE AND AUTHORITY

Pursuant to the *Office of Inspector General's 2022-2023 Work Plan*, we have audited the purchase of filter replacement services for the District's Heating, Ventilation, and Air Conditioning (HVAC) Systems. The primary objective of this audit was to determine if the vendors' billings and deliverables were in compliance with the terms of the *Purchase Contract*.

SCOPE AND METHODOLOGY

This audit was performed in accordance with *Generally Accepted Government Auditing Standards*. 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 the audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions.

The audit covered HVAC filter replacement services provided by vendors through *Purchase Contract #19C-15T, District-Wide Filter Replacement Services* for the period February 2019 through December 2022. The audit included meeting with District staff, conducting on-site observations at selected District facilities, and reviewing:

- District's *Purchasing Manual* and related procedures.
- *Purchase Contract #19C-15T, District-Wide Filter Replacement Services*.
- Purchasing and payment records for the period February 2019 through December 2022; and observing air filters installed and billed by vendors at selected school locations during the onsite observations.

Details of the audit conclusions were discussed with and provided to staff during the audit so that corrective actions could be implemented accordingly. On June 21, 2023, we sent the draft report to the Chief Operating Officer, Chief Financial Officer, Department of Maintenance & Plant Operations, and Department of Purchasing for review and comments. On August 28, 2023, the OIG received the management response, which is included in the Appendix. We appreciate the courtesy and cooperation extended to us by staff during the audit. The final draft report was presented to the Audit Committee at its September 15, 2023, meeting.

BACKGROUND

On February 20, 2019, the School Board approved **Contract #19C-15T** for a two-year period from February 21, 2019, through February 20, 2021, with an option for three one-year renewals. The contract was for the procurement of air filter replacement services for the District’s Heating, Ventilation, and Air Conditioning (HVAC) Systems, and was awarded to two vendors for servicing District facilities located in different geographical areas. Filter Pro USA (Filter Pro) was selected to service District facilities located south of Southern Boulevard. Bonded Filter Co. LLC³ (Bonded Filter) was selected to service District facilities located north of Southern Boulevard and the Glades areas.

In February 2021, December 2021, and November 2022, the School Board approved contract renewals for a total of three additional one-year terms. As a result, the contract was effective for a total of five years from February 20, 2019, through February 20, 2024. Moreover, the November 2022 renewal approved by the School Board also included an amendment for updating the prices effective November 30, 2022.

During the period February 2019 through December 2022, the District spent \$3.8 million for procuring HVAC filter replacement services through **Contract #19C-15T**. (See Table 1.)

Table 1
HVAC Filter Replacement Services Expenditures
From February 21, 2019, through December 31, 2022

Vendor	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023 (up to 12/31/2022)	Total
Filter Pro USA	\$137,254	\$369,328	\$547,060	\$691,927	\$353,179	\$2,098,748
Bonded Filter	\$837	\$353,725	\$400,445	\$619,911	\$346,647	\$1,721,565
Total	\$138,091	\$723,053	\$947,505	\$1,311,838	\$699,826	\$3,820,313

Source: PeopleSoft System.

³ In 2018, Lott Enterprises merged with Bonded Filter, which became Bonded Filter Co. LLC (dba BFC Solutions). On March 18, 2020, the School Board approved a Consent to Assignment of Contract for transferring the portion of the contract originally awarded to Lott Enterprise to Bonded Filter Co. LLC.

CONCLUSIONS

The audit produced the following major conclusions:

1. Terms and Prices for Emergency Services Not Codified in the *Purchase Contract*

Initial Audit Samples: 43% of Filter Pro’s Invoices Had Overbillings. During February and March 2022, the District paid a total of \$214,479.04 for 497 invoices submitted by the two contract vendors. Our review of all the 497 invoices revealed no exceptions for the 363 invoices (totaling \$102,314.83) submitted by Bonded Filter. However, some of the items contained in 57 (43%) of the 134 invoices submitted by Filter Pro were billed at prices higher than the contract prices⁴. Specifically, 1-inch filters were billed at \$9.50 each instead of the \$6.92 contract price, resulting in a total overbilling of \$1,202.28 for the sampled invoices. (See Table 2.)

Table 2
Initial Audit Sample of Invoices
Dated Between February 1 and March 31, 2022

Vendor	No. of Invoices	Total Amount Billed	Total Amount Per Contract Prices	Over Billing
Bonded Filter	363	\$102,314.83	\$102,314.83	-0-
Filter Pro	134	\$112,164.21	\$110,961.93	\$1,202.28
Totals	497	\$214,479.04	\$213,276.76	\$1,202.28

Due to overbillings found in 43% of the initial sampled invoices from Filter Pro, the OIG expanded the review to include all 3,725 invoices totaling \$2,098,748 submitted by Filter Pro during February 2019 through December 2022. The review found the vendor overbilled the District a total of \$9,112.82. (See Table 3.)

Table 3
Summary of Filter Pro Overbilling
February 21, 2019 through December 31, 2022

Filter Type	Invoices With Exception		Contract Amounts		Invoiced Amounts		Overbilling (B) – (A)
	No. of Invoices	No. of Filters	Unit Prices	Total (A)	Unit Prices	Total (B)	
Washable	5	49	\$1.99	\$97.51	\$2.99	\$146.51	\$49.00
1-inch MERV-8 ⁵	7	32	\$6.92	\$221.44	\$11.92 to \$15.48	\$444.72	\$223.28
2-inch MERV-8	8	1,203	\$5.34	\$6,424.02	\$12.00 to \$18.00	\$14,814.00	\$8,389.98
4-inch MERV-8	1	32	\$6.92	\$221.44	\$21.00	\$672.00	\$450.56
Total	21	1,316		\$6,964.41		\$16,077.23	\$9,112.82

Sources: *PeopleSoft System and Paid Vendor Invoices*

⁴ OIG’s expanded review of all the invoices submitted by Filter Pro found the higher prices noted in the initial samples were for MERV-13 filters. (See conclusion #2 below.)

⁵ Minimum Efficiency Reporting Value, or MERV, reports a filter's ability to capture larger particles between 0.3 and 10 microns (µm). The higher the MERV rating, the better the filter is at trapping specific types of particles. (Source: The US Environmental Protection Agency’s Website <https://www.epa.gov/indoor-air-quality-iaq/what-merv-rating>, accessed on March 30, 2023.)

During the audit, the OIG provided the details of the overbillings to the Department of Maintenance and Plant Operations (M&PO) for review and appropriate action. According to M&PO, the vendor billed the District at higher rates because those services were “emergency” filter changes. But the vendor never provided additional pricing for emergency services as required under *Contract #19C-15T*.⁶

No Documentation of Approval for Emergency Service Prices. The emergency services were documented by email requests from the Environmental & Conservation Services Department to M&PO for emergency filter replacements. The reasons for these emergency services included: gasoline vapors entering the school, individuals contracting COVID-19 at locations, and fire extinguisher incidents, etc. However, the contract in effect at the time did not have terms or prices for emergency services thereby permitting the vendor to charge any amount without prior District acceptance, and M&PO did not maintain any documentation of approving the emergency prices billed by the vendor.

Only One Vendor Submitted Invoices for “Emergency Services”. Additionally, no “emergency service billing” was found from the 100 (2%) sample invoices we randomly selected from the 4,637 invoices submitted by the other vendor, Bonded Filter, during the entire audit period from February 2019 through December 2022. Our review found only Filter Pro submitted invoices for “emergency service billing.”

Recommendations

M&PO should review the invoice details to ensure compliance with the contract’s terms and conditions prior to approving the invoices for payment processing by Accounts Payable of the Accounting Services Department. Any invoiced prices inconsistent with the contract prices should be adequately documented with justification and proper approval.

***Management’s Response:** Invoice prices were consistent with the additional pricing as reflected in “Special Condition KK. Additional Information” which allowed the District to request additional pricing for filter replacement services in emergency situations.*

Prior to the pandemic, the District was using MERV 8 and 11 filters and after Covid appeared Leadership requested an increase to the media filter to the MERV 13 filters. The purchase of the MERV 13 filters and services was not performed until new pricing was obtained by Maintenance and Plant Operations (M&PO) as per “Special Condition KK. Additional Information”

Prior to 2022, the Invitation to Bid documents were fixed prices for the initial contract period and allowed for price increases only at the renewal period of the bid. During the pandemic vendors were experiencing increased cost to products, labor and the District had to pivot in

⁶ Contract’s section KK, stating, in part, “*The School District of Palm Beach County is requesting additional pricing for filter replacement services that may either be an emergency change outside the normal change cycle, standard business hours, include non-standard filter media, or combination of thereof. These prices will not be used in the determination of the award, but will be used for billing purposes throughout the term of the contract. The additional information document shall be completed and submitted with response.*” (Emphasis added.)

our contracts in order to maintain a continuity of services with our contracted vendors. Purchasing in consultation with the Office of General Counsel established a Contract Amendment to the bid in order to address price increases and increased labor cost.

(See page 18.)

2. Changes in Filter Quality and Service Frequency Not Timely Submitted to School Board for Approval

Upgrading 2-Inch and 4-Inch Filters from MERV-8 to MERV-13 for Facilities Serviced by Both Vendors. To further improve the indoor air quality for District facilities due to the COVID-19 pandemic, in August 2020, M&PO notified the vendors through e-mails that the District was moving forward to upgrade 2-inch and 4-inch air filters from MERV-8 to MERV-13. On August 19, 2020, the School Board approved additional funding that,

“Due to Covid-19 and implementation of safety measures designed to help protect students, staff and visitors to District sites, it was determined that the filter change cycle will need to be adjusted and there may be a need to transition to a different type of filter.”

However, the prices for the MERV-13 2-inch and 4-inch filters were not approved by the School Board until the February 17, 2021, contract renewal.

Upgrading 1-Inch Filters for Facilities Serviced by Filter Pro. Following the upgrade to the MERV-13 2-inch and 4-inch filters, on March 25, 2021, M&PO notified Filter Pro of the District’s plan to also upgrade the 1-inch air filters from MERV-8 to MERV-13. On April 15, 2021, Filter Pro submitted a price quote of \$12.56 for MERV-13 1-inch filters and changed the service frequency from monthly to quarterly. The School Board never formally approved Filter Pro’s quoted prices and change in service frequency for the MERV-13 1-inch filters.

M&PO acknowledged that they did not question the vendor’s billing of MERV-13 1-inch air filters at \$9.50 because it was lower than the vendor’s April 15, 2021, quote of \$12.56. As a result, during February 19, 2019, through December 31, 2022, the District incurred an additional \$10,139.40 for 3,930 MERV-13 1-inch air filters billed through 480 invoices compared to the \$6.92 contract price for MERV-8 1-inch air filters. (See Table 4.)

**Table 4
Price Difference for 1-Inch Filters by Filter Pro
Paid between February 21, 2019 through December 31, 2022**

Invoiced Unit Prices (MERV-13) 1-inch	Contract Unit Prices (MERV-8) 1-inch	Number of Invoices	Number of Filters	Total Amount Invoiced	Amount Per Contract Unit Price	Total Price Difference
\$9.50	\$6.92	480	3930	\$37,335	\$27,195.60	\$10,139.40

**Source: PeopleSoft System*

Note: For Serviced conducted between February 2019 through November 30, 2022

While staff confirmed they were aware of the change in rate and service schedule, the **Purchase Contract** was not amended to include those changes. After the OIG informed M&PO of the omission, those changes were presented to and approved by the School Board during the third renewal of the contract on November 30, 2022.

To determine if Filter Pro's billings were in agreement with the new prices of the amended contract, the OIG reviewed a sample of 20 paid invoices, totaling \$44,907.39, for filters serviced between November 30, 2022, and December 31, 2022. The review concluded that the prices billed on the 20 sampled invoices were consistent with the updated contract prices.

Recommendations

To ensure proper fiscal accountability:

- M&PO should review all invoices for compliance with the respective **Purchase Contracts** prior to approving them for payment processing by the Accounting Services Department.
- Changes to the procurement of merchandises, services, prices, and terms and conditions should be documented through a properly approved addendum to the **Purchase Contracts**.

Management's Response: *Invoice prices were consistent with the additional pricing as reflected in "Special Condition KK. Additional Information" which allowed the District to request additional pricing for filter replacement services in emergency situations.*

Prior to the pandemic, the District was using MERV 8 and 11 filters and after Covid appeared Leadership requested an increase to the media filter to the MERV 13 filters. The purchase of the MERV 13 filters and services was not performed until new pricing was obtained by Maintenance and Plant Operations (M&PO) as per "Special Condition KK. Additional Information".

Prior to 2022, the Invitation to Bid documents were fixed prices for the initial contract period and allowed for price increases only at the renewal period of the bid. During the pandemic vendors were experiencing increased cost to products, labor and the District had to pivot in our contracts in order to maintain a continuity of services with our contracted vendors. Purchasing in consultation with the Office of General Counsel established a Contract Amendment to the bid in order to address price increases and increased labor cost.

(See page 19.)

3. Some Facilities Did Not Receive Upgraded Higher Quality MERV-13 1-Inch Air Filters

Beginning April 2021, facilities serviced by Filter Pro located south of Southern Boulevard started receiving the upgraded MERV-13 1-inch filters. However, facilities located north of Southern Boulevard and the Glades areas serviced by Bonded Filter did not receive the upgraded MERV-13 filters.

According to M&PO, when the District planned to upgrade the air filters from MERV-8 to MERV-13, the District's engineer could not ensure that the MERV-13 1-inch filters would not damage the HVAC systems. M&PO decided to test the performance of MERV-13 filters on those HVAC systems serviced by Filter Pro to determine if the filters were safe for the systems.

Facilities located south of Southern Boulevard received MERV-13 1-inch filters as pilot testing sites for almost two years (since April 2021). However, on March 17, 2023, M&PO indicated that they would not upgrade the 1-inch filters from MERV-8 to MERV-13 for the facilities serviced by Bonded Filters (i.e. facilities located north of Southern Boulevard and the Glades areas) until they have discussed with and received recommendations from the District's Environmental & Conservation Services Department.

Recommendations

To ensure equitable allocation of resources to improve indoor air quality for all District facilities, M&PO should expedite, with input from the HVAC systems vendors, the evaluation of the effectiveness and suitability of installing upgraded MERV-13 air filters on the District's HVAC systems.

***Management's Response:** M&PO started piloting the upgraded MERV 13 air filters in April 2021. The pilot for the South Area directed staff to change the 1" MERV 8 and MERV 11 to MERV 13 filters. This was scheduled for a 90-day rotation. Simultaneously, North took a different pilot approach and began replacing the 1" MERV 8 filters every 30 days instead of 90.*

M&PO has secured a Purchase Order for the North Area. Starting at the end of August 2023, the vendor will begin installing upgraded 1" MERV13 air filters during their routine visits. These changes will resume to the 90-day filter changes per industry standard.

Upon completion of the North Area installation of the MERV 13 filters all District 1", 2" & 4" filters will be MERV 13 rating. This is anticipated to be completed by December 1, 2023.

(See page 20.)

4. Non-Compliance with Contract Terms for Filter Replacement Services

During the audit, the OIG and M&PO staff jointly conducted on-site observations of serviced filters at four sample schools with two schools serviced by each of the two vendors. The on-site observations examined a total of 437 installed filters. Based on the information for the 437 filters obtained during the on-site observations, we (a) compared the filter information with the *Technical Library*⁷ database maintained by M&PO, (b) compared the filter service frequencies with the contract requirements, and (c) verified the billing accuracy of the most recently paid invoices for services at each of the four schools immediately prior to our on-site observations.

⁷ The *Technical Library* is a document containing filter size and type information for each HVAC unit by location. Vendors provide the information contained in the document.

The review found the following noncompliances:

(a) 79% of Air Filters Did Not Indicate the Required Service Dates

Contract #19C-15T, Section GG – Filter Specifications states, in part,

“Every filter shall bear the date of service it was replaced, either hand written or stamped. All efforts shall be made so that filters on the outer edges have the writing exposed through the grill if possible.” (Emphasis added.)

Of the 437 air filters we inspected, 421 were replaceable filters and 16 were washable filters. We noted inconsistent methods were used for recording the service dates on the air filters. For air conditioners requiring multiple filters, some HVAC units did not have any of the filters dated, or only the filters at the front of the unit were dated, if any. (See Exhibits 1 and 2.) A total of 344 (328 replaceable and 16 washable filters) or 79% of the 437 filters we inspected did not have the required service dates recorded on the filters. (See Table 5.)

**Table 5
Summary of Filters with Missing Service Dates**

<i>Vendors / Schools</i>	On-Site Observation Dates	Replaceable Filters		Washable Filters	
		Number of Filters Inspected	Number of Undated Filters	Number of Filters Inspected	Number of Undated Filters
<i>Bonded Filter</i>					
Pahokee High	5/20/2022	132	125 (95%)	1	1 (100%)
Seminole Trails Elementary	4/26/2022	78	61 (78%)	4	4 (100%)
<i>Filter Pro</i>					
Spanish River High	4/24/2022	115	78 (68%)	2	2 (100%)
Pine Jog Elementary	4/25/2022	96	64 (67%)	9	9 (100%)
<i>Totals</i>		421	328 (78%)	16	16 (100%)

Follow-Up Observations. In May 2023, the OIG and M&PO staff jointly conducted a follow-up on-site observations of serviced filters at an additional four sample schools with two schools serviced by each of the two vendors to determine if corrections were taken for recording the service dates on the filters.

Of the 360 air filters (340 replaceable filters and 20 washable filters) we inspected, 261 (73%) filters (254 replaceable and seven washable filters) did not have the required service dates recorded on the filters. (See Table 6.) Both vendors continued to label only the filters at the front, if any, for air conditioners requiring multiple replaceable filters. For washable filters, Filter Pro made corrections and began writing the service date while Bonded Filter still has not (See Exhibit 3.)

Table 6
Follow-Up Summary of Filters with Missing Service Dates

Vendors / Schools	On-Site Observation Dates	Replaceable Filters		Washable Filters	
		# of Filters Inspected	# of Undated Filters	# of Filters Inspected	# of Undated Filters
Bonded Filter					
Wynnebrook Elementary	5/25/2023	44	33 (75%)	3	3 (100%)
Hope Centennial Elementary	5/25/2023	72	66 (92%)	4	4 (100%)
Filter Pro					
Palm Springs Middle	5/26/2023	124	92 (74%)	7	-
Berkshire Elementary	5/26/2023	100	63 (63%)	6	-
Totals		340	254 (75%)	20	7 (35%)

Without the dates of service recorded on the filters, there is no assurance that all filters were serviced in accordance with the contracted schedule.

(b) Noncompliance With Service Schedule

Contract #19C-15T, Section EE – Schedule/Timeline states, in part,

*“HVAC filters shall be replaced on a **ninety (90)** day schedule (filters 2” or thicker, including merv-11) and **forty-five (45)** day schedule (filters 1” or washable); ... Changes should occur within 1 week plus/minus the exact cycle date.”*

We compared the most recent invoice service dates to the service dates on the immediate prior invoices for 10 randomly selected schools (five for each vendor) and found that filters were not serviced in accordance with the contract requirements. (See Table 7.) Specifically,

- All five sample schools serviced by Filter Pro were late in servicing the filters by 11 to 57 days.
- All five sample schools serviced by Bonded Filter had some filters serviced earlier than the schedule by two to 14 days, and two schools had some filters serviced three and 10 days late.

Table 7
Number of Days between Filter Changes

Vendor / School / Filter Type	Filter Service Dates		Days between Replacement		No. of Days	
	Recent Invoice (A)	Prior Invoice (B)	Actual (C) = (A - B)	Contract Requirement (D)	Early (D - C)	Late (C - D)
Bonded Filter						
<u>Royal Palm Beach High</u>						
Washable	4/25/2023	3/28/2023	29	38-52	9	-
1-inch Replaceable	4/25/2023	3/28/2023	29	38-52	9	-
2/4-inch Replaceable	3/25/2023	12/16/2022	100	83-97	-	3

Vendor / School / Filter Type	Filter Service Dates		Days between Replacement		No. of Days	
	Recent Invoice (A)	Prior Invoice (B)	Actual (C) = (A - B)	Contract Requirement (D)	Early (D - C)	Late (C - D)
<u>Suncoast High</u>						
Washable	4/20/2023	3/28/2023	24	38-52	14	-
1-inch Replaceable	4/20/2023	3/28/2023	24	38-52	14	-
2/4-inch Replaceable	2/15/2023	11/21/2022	87	83-97	-	-
<u>Crestwood Middle</u>						
Washable	4/27/2023	3/23/2023	36	38-52	2	-
1-inch Replaceable	4/27/2023	3/23/2023	36	38-52	2	-
2/4-inch Replaceable	4/27/2023	1/11/2023	107	83-97	-	10
<u>Independence Middle</u>						
Washable	5/2/2023	4/6/2023	27	38-52	11	-
1-inch Replaceable	5/2/2023	4/6/2023	27	38-52	11	-
2/4-inch Replaceable	2/6/2023	11/2/2022	97	97	-	-
<u>Northboro Elementary</u>						
Washable	4/19/2023	3/27/2023	24	38-52	14	-
1-inch Replaceable	4/19/2023	3/27/2023	24	38-52	14	-
2/4-inch Replaceable	2/9/2023	11/12/2022	90	83-97	-	-
<u>Filter Pro</u>						
<u>New Hagen Road Elementary</u>						
Washable	3/24/2023	11/1/2022	144	83-97	-	47
2/4-inch Replaceable	3/24/2023	11/1/2022	144	83-97	-	47
<u>Omni Middle</u>						
Washable	3/20/2023	12/3/2022	108	83-97	-	11
1-inch Replaceable	3/20/2023	12/1/2022	110	83-97	-	13
2/4-inch Replaceable	3/20/2023	12/1/2022	110	83-97	-	13
<u>Park Vista High</u>						
Washable	3/23/2023	10/21/2022	154	83-97	-	57
1-inch Replaceable	3/21/2023	10/19/2022	154	83-97	-	57
2/4-inch Replaceable	3/21/2023	10/19/2022	154	83-97	-	57
<u>Sandpiper Shores Elementary</u>						
Washable	3/15/2023	11/15/2022	121	83-97	-	24
1-inch Replaceable	3/15/2023	11/15/2022	121	83-97	-	24
2/4-inch Replaceable	3/15/2023	11/15/2022	121	83-97	-	24
<u>Sunrise Park Elementary</u>						
Washable	3/13/2023	11/12/2022	122	83-97	-	25
1-inch Replaceable	3/13/2023	11/12/2022	122	83-97	-	25
2/4-inch Replaceable	3/13/2023	11/12/2022	122	83-97	-	25

Notes: Filter Pro service interval changed to quarterly for MERV-13 1-inch and washable filters.

Filter replacements should adhere to the established schedule in the current contract. Servicing filters beyond their scheduled dates could result in poor air quality and incur additional costs for more extensive cleaning of the HVAC systems, while servicing filters sooner than the required maintenance schedule result in unnecessary expenses to the District.

Recommendations

To protect the health and welfare of students and staff, and ensure that vendors comply with the *Purchase Contract* requirements, M&PO should verify that:

- All filters bear the dates of service as required by the *Purchase Contract*.
- All HVAC filters are being serviced and replaced in accordance with the contractual maintenance schedule.

Management's Response: *M&PO will meet with both vendors to reinforce the bid specifications including dating every filter prior to installation and changing the filters as required on the replacement schedule. The contract must be followed or they run the risk of being terminated from the contract.*

Filter changes should occur within one week plus/minus of the exact cycle date as identified in the "Special Condition EE schedule/timeline of Contractors Responsibilities".

(See page 20.)

5. **Technical Library Not Updated for Seven Years**

The *Technical Library* is a document containing the filter information (size and type) for each HVAC unit by location. The information used to update the *Technical Library* is provided by the vendors and maintained by M&PO as required by the *Purchase Contract*. A complete and accurate *Technical Library* is necessary for M&PO to perform HVAC maintenance and reconcile invoice information with actual equipment at each location. Failure to update the document could result in omitting new or replacement equipment that was placed in service during renovations or repairs and resulting inaccurate filter information maintained in the *Technical Library*.

Contract #19C-15T, Section FF.4, requires

"Technical Library - awarded Contractor shall be responsible for updating information in order to maintain a technical library consisting of all applicable records such as filter size and type by location and recommended manufacturer's instructions. The process used to update, maintain and distribute this information shall be subject to the District's approval. A copy of this spreadsheet/report shall be forwarded to The Facilities Services Department Representative on a yearly basis."
(Emphasis added)

Our review of the *Technical Library* database and comparison of sample invoices with the database revealed the following exceptions:

(a) Technical Library Not Updated for Seven Years

As of April 15, 2022, the *Technical Library* on file maintained by M&PO was dated September 12, 2014. Apparently, no updates had been made to the *Technical Library* for more than seven years. The OIG brought this issue to M&PO's attention.

(b) Technical Library Information Incomplete for Facilities Serviced by Filter Pro

On May 16, 2022, M&PO received updated documents from both vendors. The filter information submitted by Bonded Filter complied with the contract's requirements. However, information provided by Filter Pro only included the sizes and types of filters but omitted each filter's location information within the buildings. Without the specific filter information for each location, M&PO could not rely on the *Technical Library* to verify the accuracy of the vendors' billings or that the service frequencies are in compliance with the contract provisions.

(c) Technical Library Appeared Accurate with One Minor Exception

Our review confirmed the information for the 437 air filters we observed were accurately recorded in the *Technical Library*. However, the *Technical Library* had one additional air filter recorded for Seminole Trails Elementary School that was not found at the school during our on-site observation.

(d) Discrepancy in Quantity of Filters Replaced and Filters Not Replaced for Multiple Cycles Resulting in \$1,033.77 in Overbilling

During our on-site observations of the four schools, we compared the actual quantity of filters onsite to the quantities recorded in the *Technical Library*. We reviewed 42 invoices from August 13, 2019, through June 7, 2022, for a total of \$35,929.52. The following discrepancies were noted: (See Table 8.)

Table 8
On-Site Inspection Summary of Vendor's Overbillings

<i>Vendor / School</i>	Number of Invoices Billed for the Filters	Number of Filters not Serviced	Number of Filters Overbilled	Filter Price	Overbilled Amount
<i>Bonded Filter</i>					
Pahokee High 1-inch Filter	26	5	130	\$7.11	\$924.30
Pahokee High 1-inch Filter	3	1	3	\$7.11	\$21.33
Seminole Trails Elem 4-inch Filter	3	2	6	\$14.69	\$88.14
<i>Total</i>					\$1,033.77

Bonded Filter

Pahokee Senior High - \$945.63 in Overbilling. The *Technical Library* had not been updated for two air conditioning units that had been unplugged since August 12, and December 17, 2019, respectively. The vendor billed the District a total of 133 1-inch replaceable filters during 29 replacement cycles for these two units that were not in service. This resulted in a total overbilling of \$945.63 (\$7.11 x 133).

Seminole Trails Elementary - \$88.14 in Overbilling. As of April 26, 2022, two 4-inch filters in one unit had not been replaced since June 15, 2021. However, the District was billed during three replacement cycles for a total of six filters resulting in an \$88.14 overbilling. Additionally, we were unable to locate one of the 29 4-inch filters listed in the *Technical Library*. As a result, one 4-inch filter was unaccounted for but was billed \$14.69 each replacement cycle. We were unable to determine how many replacement cycles the District had been charged for this unaccounted 4-inch filter.

Filter Pro USA

Pine Jog Elementary - No Exceptions. There were no exceptions noted at this location.

Spanish River High - *Technical Library* Did Not Have Filters' Locations. The *Technical Library* provided by Filter Pro included the types and sizes of filters but not the actual locations for the filters. As such, we required the vendor's assistance on-site to determine the accuracy of the *Technical Library*. With vendor's assistance, no exceptions were noted at this location.

Recommendation

To ensure the accurate quantities of filters required at each location in order to facilitate the maintenance of the HVAC systems and prevent potential overbilling, M&PO should:

- Ensure the vendors provide the District annually with the latest filter information for the HVAC systems they are servicing in order to update the *Technical Library* in accordance with the contract requirements. M&PO should request Filter Pro to provide the filter locations for facilities it services and update the *Technical Library* accordingly.
- Review and conduct on-site inspections of District facilities to verify the accuracy of the *Technical Library*, including the filter sizes, types, locations, and service frequencies, etc.
- Recoup the \$1,033.77 in overbillings from the vendor (Bonded Filter).

Management's Response: *Both vendors have updated technical libraries and M&PO will continue to request them annually as part of the bid renewal process.*

M&PO is hiring personnel (as described in finding #4.) to do onsite inspections and verify the technical library is accurate.

M&PO has requested \$1033.77 credit from Bonded Filter due to overbilling at Pahokee High School and Seminole Trails Elementary. At Pahokee High School the vendor was billing for a unit that was not in service. At Seminole Trails Elementary, the vendor billed for two filters that had not been replaced since 2021.

(See page 21.)

6. No Monitoring Procedures

Contract # 19C-15T, Section JJ - Inspections/Liquidated Damages/Fees states, in part,

“The School District of Palm Beach County staff, both Facilities Services and Environmental and/or Conservation Services Departments, will conduct periodic spot checks during the contract. Individuals inspecting will notify awarded contractor of deficiencies. All noted deficiencies must be corrected within 36 hours of notice; with a re-inspection to take place once completed.

Re-inspections for deficiencies that are resulting from failure to deliver services as prescribed will result in a deduction of \$50 for re-inspection for that site. Repeat deficiency(ies) and re-inspections at the same site during a rolling twelve month period will result in deduction of \$100 per re-inspection for that site. [...]”

As of June 20, 2023, M&PO did not have formal written procedures for monitoring the HVAC filter replacement services. According to M&PO, the department’s HVAC technicians would verify if the filters were serviced in accordance with the contract when they were on-site performing routine HVAC maintenance. However, no documentation was maintained documenting the verifications or their results.

Recommendation

M&PO should develop written procedures to assist employees understand the process for conducting periodic spot checks to monitor the vendors’ performance in accordance with the **Purchase Contract**.

Management’s Response: *An M&PO Area Manager is charged with establishing written procedures regarding the process for conducting periodic spot checks to monitor the vendor's performance in accordance with the contract.*

Additionally, M&PO is in the process of hiring an employee to follow established standard operating procedures which will consist of a random sampling of filters, checking filter sizes, ensuring the technical library is up to date, and making sure all HVAC filters are properly labeled and all other related services.

(See page 21.)

– End of Report –

Exhibit 1
Example: Undated Filters

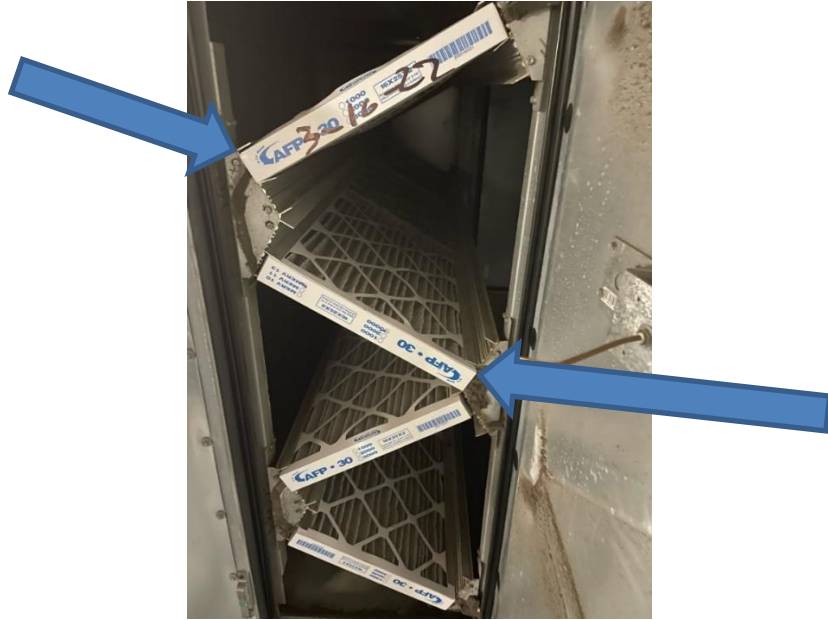
Pahokee High

Filters Replaced without the date of service written or stamped on each filter



Exhibit 2
Example: Mixed Dated and Undated Filters

Only one of the filters with the date of service written or stamped on the filter



Seminole Trails Elementary

Only one of the filters with the date of service written or stamped on the filter



Hope Centennial Elementary

Exhibit 3
Examples of Washable Filter Units

Washable Filter Unit with service date label of previous vendor



Spanish River High



Pine Jog Elementary

Washable Filter Unit with no service date label



Hope Centennial Elementary

Management’s Response



THE SCHOOL DISTRICT OF
PALM BEACH COUNTY, FL

CHIEF OPERATING OFFICE
3330 FOREST HILL BOULEVARD, B-302
WEST PALM BEACH, FL 33406-5869

PHONE: 561-357-7573 / FAX: 561-357-7569
WWW.PALMBEACHSCHOOLS.ORG

JOSEPH M. SANCHES, MBA
CHIEF OPERATING OFFICER

TO: TERESA MICHAEL
INSPECTOR GENERAL

FROM: JOSEPH M. SANCHES, MBA
CHIEF OPERATING OFFICER

HEATHER FREDERICK, CPA
CHIEF FINANCIAL OFFICER

DATE: AUGUST 25, 2023

SUBJECT: MANAGEMENT RESPONSE – AUDIT OF HVAC FILTERS REPLACEMENT SERVICES CONTRACT

RECEIVED

AUG 28 2023

INSPECTOR GENERAL

Following is the Management response to the Audit of HVAC Filters Replacement Services Contract

1. Terms and Prices for Emergency Services Not Codified in the Purchase Contract

Recommendation:

M&PO should review the invoice details to ensure compliance with the contract’s terms and conditions prior to approving the invoices for payment process by the Accounts Payable of the Accounting Services Department. Any invoiced prices inconsistent with the contract prices should be adequately documented with the justification of prior approval.

Management’s Response:

Invoice prices were consistent with the additional pricing as reflected in “Special Condition KK. Additional Information” which allowed the District to request additional pricing for filter replacement services in emergency situations.

Prior to the pandemic, the District was using MERV 8 and 11 filters and after Covid appeared Leadership requested an increase to the media filter to the MERV 13 filters. The purchase of the MERV 13 filters and services was not performed until new pricing was obtained by Maintenance and Plant Operations (M&PO) as per “Special Condition KK. Additional Information”

The School District of Palm Beach County, Florida
A Top High-Performing A-Rated School District
An Equal Opportunity Education Provider and Employer

Management's Response

Page 2 of 4
August 25, 2023
Management Response- **Audit of HVAC Filters Replacement Services Contract**

Prior to 2022, the Invitation to Bid documents were fixed prices for the initial contract period and allowed for price increases only at the renewal period of the bid. During the pandemic vendors were experiencing increased cost to products, labor and the District had to pivot in our contracts in order to maintain a continuity of services with our contracted vendors. Purchasing in consultation with the Office of General Counsel established a Contract Amendment to the bid in order to address price increases and increased labor cost.

2. Changes in Filter Quality and Service Frequency Not Timely Submitted to School Board for Approval To ensure proper fiscal accountability.

Recommendation:

M&PO should review all invoices for compliance with the respective Purchase Contracts prior to approving them for payment processing by the Accounting Service Department. Changes to the procurement of merchandise, services, prices, and terms and conditions should be documented through a properly approved addendum to the Purchase Contracts.

Management's Response:

Invoice prices were consistent with the additional pricing as reflected in "Special Condition KK. Additional Information" which allowed the District to request additional pricing for filter replacement services in emergency situations.

Prior to the pandemic, the District was using MERV 8 and 11 filters and after Covid appeared Leadership requested an increase to the media filter to the MERV 13 filters. The purchase of the MERV 13 filters and services was not performed until new pricing was obtained by Maintenance and Plant Operations (M&PO) as per "Special Condition KK. Additional Information".

Prior to 2022, the Invitation to Bid documents were fixed prices for the initial contract period and allowed for price increases only at the renewal period of the bid. During the pandemic vendors were experiencing increased cost to products, labor and the District had to pivot in our contracts in order to maintain a continuity of services with our contracted vendors. Purchasing in consultation with the Office of General Counsel established a Contract Amendment to the bid in order to address price increases and increased labor cost.

3. Some Facilities Did Not Receive Upgraded Higher Quality MERV-13 1" Air Filters

Recommendation:

To ensure equitable allocation of resources to improve indoor air quality for all District facilities, M&PO should expedite, with input from the HVAC systems vendors, the evaluation of the effectiveness and suitability of installing upgraded MERV13 air filters on the District's HVAC systems

Management's Response

Page 3 of 4
August 25, 2023
Management Response- **Audit of HVAC Filters Replacement Services Contract**

Management's Response:

M&PO started piloting the upgraded MERV 13 air filters in April 2021. The pilot for the South Area directed staff to change the 1" MERV 8 and MERV 11 to MERV 13 filters. This was scheduled for a 90-day rotation. Simultaneously, North took a different pilot approach and began replacing the 1" MERV 8 filters every 30 days instead of 90.

M&PO has secured a Purchase Order for the North Area. Starting at the end of August 2023, the vendor will begin installing upgraded 1" MERV13 air filters during their routine visits. These changes will resume to the 90-day filter changes per industry standard.

Upon completion of the North Area installation of the MERV 13 filters all District 1", 2" & 4" filters will be MERV 13 rating. This is anticipated to be completed by December 1, 2023.

4. Non-Compliance with Contract Terms for Filter Replacement Services:

Recommendation:

To protect the health and welfare of students and staff, and ensure that vendors comply with the Purchasing Contract requirements, M&PO should verify that:

**All filters bear the dates of service as required by the Purchase Contract.
All HVAC filters are being serviced and replaced in accordance with the contractual maintenance schedule.**

Management's Response:

M&PO will meet with both vendors to reinforce the bid specifications including dating every filter prior to installation and changing the filters as required on the replacement schedule. The contract must be followed or they run the risk of being terminated from the contract.

Filter changes should occur within one week plus/minus of the exact cycle date as identified in the "Special Condition EE schedule/timeline of Contractors Responsibilities".

5. Technical Library Not Updated for Seven Years:

Recommendation:

To ensure the accurate quantities of filters required at each location in order to facilitate the maintenance of the HVAC systems and prevent potential overbilling M&PO should:

Ensure the vendors provide the district annually with the latest filter information for the HVAC systems they are servicing in order to update the Technical Library in accordance with the contract requirements. M&PO should request Filter Pro to provide the filter locations for facilities it services and update the Technical Library accordingly.

Management's Response

Page 4 of 4
August 25, 2023
Management Response- Audit of HVAC Filters Replacement Services Contract

Review and conduct an on-site inspection of District facilities to verify the accuracy of the Technical Library including the filter sizes, types, locations, and service frequencies, etc.

Recoup the \$1033.77 in overbilling from the vendor (Bonded Filter)

Management Response

Both vendors have updated technical libraries and M&PO will continue to request them annually as part of the bid renewal process.

M&PO is hiring personnel (as described in finding #4.) to do onsite inspections and verify the technical library is accurate.

M&PO has requested \$1033.77 credit from Bonded Filter due to overbilling at Pahokee High School and Seminole Trails Elementary. At Pahokee High School the vendor was billing for a unit that was not in service. At Seminole Trails Elementary, the vendor billed for two filters that had not been replaced since 2021.

6. No Monitoring Procedures:

Recommendation:

M&PO should develop written procedures to assist employees in understanding the process for conducting periodic spot checks to monitor the vendor's performance in accordance with the Purchase Contract

Management Response

An M&PO Area Manager is charged with establishing written procedures regarding the process for conducting periodic spot checks to monitor the vendor's performance in accordance with the contract.

Additionally, M&PO is in the process of hiring an employee to follow established standard operating procedures which will consist of a random sampling of filters, checking filter sizes, ensuring the technical library is up to date, and making sure all HVAC filters are properly labeled and all other related services.

C: Heather Frederick, Chief Financial Officer
Darci Garbacz, Director of Purchasing
Stacey Marshall, Director of Maintenance & Plant Operations