

## **CHIEF AUDITOR'S REPORT**

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Chief Auditor  
Office of the Chief Auditor  
October 11, 2018

**The Office of the Chief Auditor**  
**Summary of Audit Activities Since the Prior Audit Committee Meeting**

Documented below is a summary of significant activities performed by the Office of the Chief Auditor (OCA) since the last Audit Committee meeting on August 9, 2018.

**GENERAL ACTIVITIES**

1. The Chief Auditor presented the fiscal 2019 annual audit plan at the September 5, 2018 School Board Operational Meeting.
2. The Chief Auditor attended various other School Board meetings and workshops and monitored agenda items for issues where audit coverage may be needed.
3. The OCA coordinated the current School Board Audit Committee meeting. Various discussions were held with respect to the By-Laws, follow up, and the reports on the meeting agenda.
4. The Chief Auditor and OCA Internal Funds Manager Ms. Ann Conway attended meetings related to School Board Policy 1341 Committee, "Use of School Facilities for Non-School Purposes" to assist the Portfolio Services Division.
5. The Chief Auditor participated in the Superintendent's Cabinet meetings.
6. OCA managers and staff attended the Marcum Government Symposium on October 4, 2018.
7. The Chief Auditor and his team conducted interviews for the hiring of the Chief Auditor's secretary. Six candidates from a pool of 73 applicants were interviewed by a selection committee chaired by the Chief Auditor. Ms. Michele Marquardt was selected and commenced her employment with the OCA on September 4, 2018.
8. The Chief Auditor conducted interviews for the hiring of the Facilities Audit Manager. Six of 26 candidates were interviewed by a selection committee chaired by the Chief Auditor. The three finalists were interviewed by the Chief Auditor. The final decision of the selected candidate is pending.
9. OCA Property & Inventory Audit Manager Ms. Ali Arcese commenced the recruiting process for the hiring of two Inventory Audit Specialists (at the last meeting there was one open position, but one specialist transferred to another department).
10. The Chief Auditor had introductory meetings with School Board Members Ms. Heather Brinkworth, Ms. Abby Freedman, Ms. Patricia Good, Ms. Lauri Rich Levinson, Dr. Rosalind Osgood, Ms. Ann Murray, and Ms. Donna Korn. The Chief Auditor previously met the other School Board Members.

**FACILITY AUDITS**

1. As a follow up to a request by School Board Member Ms. Donna Korn, the Chief Auditor met with Mr. Frank Girardi, Task Assigned Director of Capital Programs, on the inclusion of close-out audits in the scope of the work of RSM McGladrey (RSM) as well as the future audits of Smart Bond projects. RSM has the responsibility to audit the Smart Bond projects. Florida Tax

Watch also performs a review. In addition to audits of PPO and maintenance contracts, the future strategy will be for the OCA to take one or two Smart Bond projects to determine if we reach the same conclusion as RSM and/or Florida Tax Watch.

2. The Chief Auditor reviewed the past Asphalt and Termite audits in anticipation of the follow-up discussions on these audits at the Audit Committee meeting. The Chief auditor met and communicated several times with Chief Facilities Officer Mr. Leo Bobadilla and his team to discuss the status of the issues noted as well as obtained documentary support on the issues. OCA Operational Manager Mr. Gerardo Usallan is currently performing detail verification of some of the issues. The Chief Facilities Officer's team is expected to attend the Audit Committee meeting to discuss these issues.
3. OCA Operational Manager Mr. Gerardo Usallan attended the Qualification Selection Evaluation Committee on October 3, 2018.
4. OCA Operational Manager Mr. Gerardo Usallan attended the Facilities Task Force meeting on October 4, 2018.

### **INTERNAL FUND AUDITS**

1. OCA Internal Funds Manager Ms. Ann Conway performed audits of the Internal Funds of 32 schools and centers. These audits are part of the Committee's October 11, 2018 agenda.
2. The Chief Auditor initiated an engagement with S. Davis and Company (SDA) to perform internal funds audits on certain schools. Several meetings were held with SDA. This engagement was necessary for the OCA to meet the Auditor General's requirements for the completion of internal funds audits.

### **PROPERTY AND INVENTORY AUDITS**

1. OCA Property & Inventory Manager Ms. Ali Arcese performed Property and Inventory Audits of 14 locations. These audits are part of the Committee's October 11<sup>th</sup> agenda.
2. The OCA held discussions with the Strategy & Operations Officer's Strategic Initiatives Management team to commence a review of the Property and Inventory process across the District. This will be a Cabinet-led effort to review the process from beginning to end. The formal meetings for this initiative are scheduled for November 2018.

### **OPERATIONAL AUDITS**

1. OCA Operational Audit Manager Mr. Manager Gerardo Usallan started a new audit on the District's Purchasing Cards.
2. OCA Operational Audit Manager Ms. Meredith Filcman continued working on the details and strategy for the OCA's eventual audit of the District's Student Code of Conduct and compliance with school disciplinary policies.
3. OCA Manager Ms. Ann Conway continued audit work on the review of the Family Counseling Behavioral Health Program Grant.
4. OCA Audit Manager Ms. Meredith Filcman attended several District Recovery Team meetings.

5. OCA Manager Ms. Ann Conway participated on the Payroll Process Improvement Project.

### **CHARTER SCHOOLS AUDIT WORK**

1. OCA Charter Schools Audit Manager Mr. Reynaldo Tunnermann is currently working on the monthly and annual reviews of Charter School financial statements to determine if there were adequate standards of fiscal management, as required by the terms of the Charter Schools' agreements, Florida Statutes, and Florida Administrative Code.
2. The Chief Auditor and OCA Charter Schools Audit Manager Mr. Reynaldo Tunnermann attended Charter Schools Monitoring and Oversight Committee on September 25, 2018.

### **WORK WITH REGULATORS/LAW ENFORCEMENT/OTHER AUDITORS**

1. OCA Managers facilitated and coordinated space, location, and administrative matters related to the annual audit being performed by Moore, Stephens, Lovelace, P.A. and S. Davis and Company. A draft CAFR is expected at the Committee's next meeting on November 15, 2018.
2. The Chief Auditor and OCA managers attended various meetings and responded to various inquiries from the Florida Auditor General's operational audit and financial audit.
3. The Chief Auditor commenced discussions for the follow-up audit of the Broward Education Communication Network (BECON) by Carr Riggs Ingram. The follow-up audit was requested by the School Board.

### **GENERAL FOLLOW UP**

- Overall Follow Up Process

Background: At the August 9, 2018 Audit Committee meeting, the Chief Auditor was asked by several Committee members about follow up.

Status: The Chief Auditor is still in the process of setting up an ongoing follow-up process for audit report and general issues and comments from the Committee Members (and the School Board Members). This new Chief Auditor's report will try to capture the various points raised by Committee Members and how they stand. The agenda for the October 11, 2018 Committee meeting has two follow-up discussion items for the Termite and Asphalt audits. However a more robust process that will inventory the issues and analyze historical findings and trends as well as Board comments is also envisioned. The OCA will continue to monitor follow up as done for the October 11, 2018 Committee meeting but will strategize on a more comprehensive process.

- Risk Assessment

Background: At the August 9, 2018 Audit Committee meeting, the Chief Auditor was asked about his Risk Assessment process.

Status: A risk assessment process will be used for the compilation of the next fiscal audit plan. It will involve the use of quantified data from the general ledger and various and systems as well as qualitative information from key personnel to derive a list of audit-

eligible subjects that will then be ranked and compared with the Office of the Chief Auditor's capacity/headcount to yield the final audit plan.

- Headcount Assessment

Background: At the August 9, 2018 Audit Committee meeting, the Committee passed a motion to communicate to the Board, via the minutes and the Audit Chair report, the need to review of the headcount of the OCA.

Status1: Audit Chair Mr. Moses Barnes communicated the information to the School Board at its September 5, 2018 Operational Meeting.

Status 2: The Chief Auditor met with Superintendent Mr. Robert Runcie on this issue. The Chief Auditor then worked with Chief Financial Officer Ms. Judith Marte on part of this issue. Ms. Marte presented a budget that included funding for outsourced consultants to augment OCA staffing with the backlog of internal funds audits. The Chief Auditor is now is in the process of preparing a presentation for an upcoming School Board Workshop on the OCA's headcount against our audit requirements and expectations.

- Internal Funds Audit Strategy

Background: At the August 9, 2018 Audit Committee meeting, the Chief Auditor was asked about his strategy to complete the internal funds audits timely given the OCA's headcount.

Status: The Chief Auditor met with Superintendent Mr. Robert Runcie on this issue. The Chief Auditor worked with the Chief Financial Officer Ms. Judith Marte to obtain budget for outsourced consultants to augment OCA staffing with the backlog of internal funds audits. The Chief Auditor is now is in the process of preparing a presentation at an upcoming School Board Workshop on the OCA's headcount against our internal funds audit requirements.

- Information Systems Auditing

Background: At the August 9, 2018 Audit Committee meeting the Chief Auditor was asked about including information systems auditing in the audit program.

Status: The Chief Auditor presentation for the School Board Workshop will include information systems audit requirements as an audit expectation. The Chief Auditor recognizes the technology risks faced by various organizations.

- Charter School Reporting

Background: At the August 9, 2018 Audit Committee meeting, the Chief Auditor was asked about expanding the OCA's reporting on Charter Schools.

Status: The Chief Auditor presentation for the School Board Workshop will include expanded Charter School coverage and reporting as an audit expectation.

- Parkland Modular / Herron Heights

Background: At the August 9, 2018 Audit Committee meeting, the Chief Auditor was asked to consider the Parkland modular projects at Park Trails and Heron Heights for the audit plan.

Status: These projects will be considered after the hire of the Facilities Audit Manager and the determination of the specific audits that the Facilities Audit Manager will perform. At this time, only PPO and maintenance audit contracts are in scope for the OCA because RSM McGladrey has been hired to look at Smart Bond projects. The OCA is expected to select one or two of RSM's projects to determine if we reach the same conclusion as RSM. These projects may be the ones selected but others may be more relevant at that time.

- SunPass Tolls / Mileage

Background: At the August 9, 2018 Audit Committee meeting, the Chief Auditor was asked to consider SunPass Tolls / Mileage for the audit plan.

Status: Toll and mileage activity of District vehicles will be considered as an individual audit or as part of a larger operation audit. The OCA can proceed on such an audit after the conclusion of the ongoing Purchase Card audit or the conclusion of our eventual Student Code of Conduct / student discipline audit or our Termite / Asphalt follow up.

- Title I

Background: At the August 9, 2018 Audit Committee meeting, the Chief Auditor was asked to consider a Title I audit.

Status: This request is noted and a Title I audit will be considered for the audit plan along with the SunPass and Tolls. The Chief Auditor has met with several District employees and understands the Title I risks.