

## **CHIEF AUDITOR'S REPORT**

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Chief Auditor  
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School Board of Broward County, Florida  
August 8, 2019

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Documented below is a summary of significant activities performed by the Office of the Chief Auditor (OCA) since the last Audit Committee meeting on May 2, 2019.

**GENERAL ACTIVITIES**

1. The Chief Auditor participated in the Superintendent's weekly Cabinet meetings.
2. The Chief Auditor attended various School Board meetings and workshops and monitored agenda items for issues where audit coverage may be needed.
3. The Chief Auditor presented the OCA Internal Funds Audits of Selected Schools Report, the OCA Investigation Report on Academic Solutions High School/Academic Solutions Academy A Report, the Auditor General Operational Audit Report, and the Auditor General Financial/Federal Single Audit Report at the School Board Operational Meeting on June 11, 2019. These reports were previously approved by the Committee at its May 2, 2019 meeting.
4. The OCA continued the recruiting process to hire four new auditors, consistent with the Chief Auditor's presentation at the October 30, 2018 School Board Workshop. Although the process is slower than anticipated, the OCA created a selection panel that interviewed the qualified candidates on March 19, 2019. After second interviews with the Chief Auditor, four offers were extended that yielded three acceptances. At its May 7, 2019 meeting, the School Board approved the hire of Mr. Eric Seifer, Ms. Abbey Tenn, and Ms. Jennifer Harpalani. Another offer to a different candidate for the fourth position is in process.
5. Mr. Seifer and Ms. Tenn started their employment with the OCA on May 28, 2019. Ms. Harpalani started her employment with the OCA on July 1, 2019. Ms. Tenn resigned on July 3, 2019 to accept another opportunity in the Los Angeles area. The OCA has commenced and advertised for the replacement for Ms. Tenn's position.
6. The OCA also continued the process of hiring the Information Technology (IT) Audit Manager position that was also discussed at the October 30, 2018 School Board Workshop. The search for the IT Audit Manager yielded 3 qualified candidates from 15 applicants. The District extended an offer to a worthy candidate on June 7, 2019 and received a verbal acceptance on August 1, 2019. The OCA hopes to obtain School Board approval for the hire at the School Board Meeting on August 20, 2019. This position is key to reviewing IT systems across the District, including discipline systems, as well as the payroll audit work requested by the Committee.
7. The OCA also continued the process of hiring a replacement for Auditor, Danielle Thomas, who's last day was February 4, 2019.

8. The Chief Auditor worked with the Procurement and Warehousing Services Department (PWS) on an extension for a Request for Proposal (RFP) for firms that provide construction and operational audit services. The extension takes the existing RFP contracts to December 31, 2019 before a potential new RFP that would cover construction, operational, and information technology audits would take effect. The Chief Auditor presented the extension to the School Board, who approved the document on May 21, 2019.
9. The Chief Auditor led a selection committee under the direction of PWS for the replacement to the expiring RFP. The selection committee meeting was on May 10, 2019 and included the Chief Auditor, Facility Audit Manager, Mr. Gerardo Usallan, and Information Technology Process Analyst, Mr. Glenn Parks.
10. OCA Audit Manager, Ms. Meredith Filcman, and OCA Auditor, Ms. Elena Pritykina, attended the District Recovery meetings on May 15, 2019, June 19, 2019, and July 17, 2019.
11. OCA team members coordinated the June 20, 2019 School Board Audit Committee meeting that was later cancelled as well as the current School Board Audit Committee meeting on August 8, 2019.

#### **FACILITY AUDITS**

1. Facility Audit Manager, Mr. Usallan, attended the Facilities Task Force meetings on May 2, 2019 and May 30, 2019 and later summarized the meetings for the Chief Auditor. Facility Auditor, Ms. Tenn, also attended the Facility Task Force meeting on May 30, 2019.
2. The Chief Auditor and Facility Audit Manager, Mr. Usallan, met with RSM Partner, Mr. David Luker, and RSM Manager, Mr. Matthew Blondell, on May 2, 2019 and May 14, 2019 and June 12, 2019 to discuss the fieldwork and the reporting on the RSM engagement on the SMART Bond.

#### **INTERNAL FUND AUDITS**

1. OCA Internal Funds Audit Manager, Ms. Ann Conway, completed audits of the internal funds of 26 schools and centers. These audits are part of the Committee's August 8, 2019 agenda.
2. The Chief Auditor and OCA Internal Funds Manager, Ms. Conway, met several times with S. Davis and Associates (SDA) Partners, Mr. Shaun Davis and Mrs. Tanya Davis, to discuss the internal funds audits that were outsourced to SDA. SDA previously completed internal funds audits of 12 schools and will present internal funds audits of 21 schools at the Committee's August 8, 2019 meeting.

#### **PROPERTY AND INVENTORY AUDITS**

1. OCA Property and Inventory Manager, Ms. Ali Arcese, attended meetings on May 23, 2019 and June 11, 2019 regarding the District's Inventory Process Improvement Project. As

previously discussed with the Committee during discussions of property and inventory audits and as proposed at the October 30, 2018 School Board Workshop, a review of the District's property and inventory process is needed to address the historical issues noted on the audits.

2. OCA Property and Inventory Manager, Ms. Arcese, completed audits of 16 schools and centers and departments. These audits are part of the Committee's August 8, 2019 agenda.

### **OPERATIONAL AUDITS**

1. OCA Facility Audit Manager, Mr. Usallan, continued working on the audit of the District's purchasing cards. Mr. Seifer is now participating on the audit.
2. OCA Operational Audit Manager, Ms. Meredith Filcman, continued working on the strategy for the OCA's eventual audits of the District's Student Code of Conduct and compliance with school disciplinary policies. The team is still analyzing the documentation of school-level discipline as well as the documentation systems.
3. The Chief Auditor met with Chief Public Information Officer, Ms. Katherine Koch, BECON General Manager, Mr. Rick Reynolds, and Carr Riggs Ingram (CRI) Partner, Mr. Robert Broline, to complete the Broward Education Communication Network (BECON) Follow Up / Current Status Audit. Mr. Broline will present the BECON report at the Committee's August 8, 2019 meeting.
4. OCA Auditor, Ms. Harpalani, and OCA Systems Support Specialist, Mr. Bryan Erhard, attended the District Payroll Process Improvement Project Kickoff meeting on July 22, 2019.
5. OCA Property and Inventory Audit Manager, Ms. Arcese, OCA IT Auditor, Ms. Harpalani, OCA Auditor, Ms. Cecelia Guerrero, and OCA System Support Specialist, Mr. Erhard, attended the Strategic Initiative Management Ambassador orientation on July 25, 2019.

### **CHARTER SCHOOLS AUDIT WORK**

1. OCA Charter Schools Audit Manager, Mr. Reynaldo Tunnermann, continued to perform further detailed testing on Academic Solutions A and Academic Solutions High School (a report was presented to the Committee on May 2, 2019). The Chief Auditor and Mr. Tunnermann attended numerous meetings and teleconferences with respect to the investigation of those charter schools.
2. The Chief Auditor and OCA Charter Schools Audit Manager, Mr. Tunnermann, received and are now analyzing more documentation from Academic Solutions A and Academic Solutions High School, who hired an outside expert to conduct their own audit of the issues. Although their response accepted some of the issues, the OCA is currently testing the accuracy of their documents.
3. OCA Audit Manager, Mr. Tunnermann, attended the Charter Schools Principal Meeting on May 15, 2019.

4. OCA Audit Manager, Mr. Tunnermann, made a presentation to the attendees of the Charter Schools Principal Meeting on August 1, 2019.
5. OCA Charter Schools Audit Manager, Mr. Tunnermann, attended the Charter School Monitoring and Oversight Committee meeting on May 22, 2019 as well as meetings on July 16-17, 2019.
6. OCA Property and Inventory Audit Manager, Ms. Arcese, and OCA Auditor, Mr. Luis Castano, attended the Kidz Choice Charter School closure on May 28, 2019.
7. OCA Charter Schools Audit Manager, Mr. Tunnermann, started the quarterly review of charter school financial statements. The purpose of this review is 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.

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

1. OCA Internal Funds Audit Manager, Ms. Conway, continued working on the Florida Auditor General's 2018 FTE audit. Ms. Conway and OCA Charter Schools Audit Manager, Mr. Tunnermann, attended various charter school FTE audit exit meetings.
2. The Chief Auditor held several discussions with the Florida Department of Education's Office of Inspector General on the various charter school investigations.

#### **TRAINING**

1. OCA Internal Funds Audit Manager, Ms. Conway, attended the Building Emergency Response Team training on May 3, 2019.
2. The Chief Auditor, several OCA Audit Managers, several OCA Auditors, and District Staff attended the continuing education seminar that the OCA helped organize at the KCW boardroom for MSL and their clients on May 31, 2019.
3. OCA Facility Audit Manager, Mr. Usallan, OCA Charter Schools Audit Manager, Mr. Tunnermann, and several auditors attended the Florida Government Finance Officer Association conference from June 10 – 12, 2019.
4. The Chief Auditor, several OCA Audit Managers, and several OCA Auditors attended a continuing education seminar by RSM on June 28, 2019.

## **GENERAL / ADMINISTRATIVE FOLLOW-UP**

- **Overall Follow-Up Process**

**Background:** At the August 9, 2018 and November 15, 2018 Audit Committee meetings, the Chief Auditor was asked by several Committee members about follow-up. At the April 9, 2019 School Board meeting the Chief Auditor was also asked about follow-up by the School Board members.

**Status (05/02/19):** The development of the follow-up database is progressing with the transfer of information from prior reports. The Chief Auditor and his staff have populated the follow-up database with findings from 2017 and 2018 and with audit findings that were published by the OCA, RSM, SDA, CRI, MSL and has prepared a place for the potential findings of the Auditor General's operational audit. The Chief Auditor discussed this process with the School Board members at their School Board Operational Meeting on April 9, 2019. **Status (08/08/19):** The follow-up database has now been populated for most audits from fiscal 2017, 2018, and 2019. Once the findings from the reports from the June 20, 2019 Audit Committee meeting are entered, the database will be complete and ready to be part of two District-wide follow-up audits that will occur in fiscal 2020.

- **Risk Assessment**

**Background:** At the August 9, 2018 and November 15, 2018 Audit Committee meetings, the Chief Auditor was asked about his risk assessment process.

**Status (05/02/19):** The risk assessment process continues. The Chief Auditor has received data from Legal, Real Estate, Procurement, and Finance to prepare an initial plan for school year 2020. Risk assessment meetings are now in process with the various Chiefs to obtain their perceptions of risk as well as qualitative information that will contribute to the next audit plan. **Status (06/20/19):** A draft audit plan has been compiled for fiscal 2020 and is currently in its final stages. The risk assessment process, which will serve as the basis for the audit plan, is still in process and is substantially complete. Once the Chief Auditor conducts the remaining risk assessment meetings with certain District Chiefs, the process will be fully complete. **Status (08/08/19):** All the risk assessment meetings were completed and proposed audit plan for fiscal/school year 2020 has been compiled and will be presented for consideration and approval on August 8, 2019 by the Committee and transmission to the School Board for their approval at their September 4, 2019 School Board Meeting.

- **Headcount Assessment**

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

**Status (11/15/18):** The Chief Auditor presented an "Assessment of Responsibilities and Headcount" analysis to the School Board members. The proposals for the OCA will proceed in accordance with District protocols for obtaining the budget for the additional

headcount as well as the hiring and job description modification policies and procedures. The Chief Auditor anticipates that all aspects of the proposals will occur over several months. **Status (06/20/19):** The hire of Mr. Seifer, Ms. Tenn, and Ms. Harpalani means that only one open position from the head count assessment remains. **Status (08/08/19):** A potential offer to a candidate is in process while Ms. Tenn's position is currently advertised after her resignation.

- **Internal Funds Audit Strategy**

**Background:** At the August 9, 2018 and November 15, 2018 Audit Committee meetings, the Chief Auditor was asked about his strategy to complete the internal funds audits timely given the OCA's headcount. The Auditor General also noted a backlog of internal funds audits on their operational audit.

**Status (05/02/19):** The OCA is almost current on the backlog of internal funds audits. OCA team members have completed all their assigned outstanding internal funds audits noted by the Auditor General in their preliminary report. The only outstanding internal funds audits are those assigned to SDA, who has committed to complete them by the next Audit Committee meeting on June 20, 2019. **Status (08/08/19):** SDA will present their reports on 21 schools at the August 8, 2019 meeting and the OCA will present our reports on 16 schools at the Committee's August 8, 2019 meeting. Once those reports are presented, the fieldwork for the outstanding internal funds audits will be complete.

- **Audit Committee By-Laws**

**Background:** At the October 11, 2018 and November 15, 2018 and March 14, 2019 and May 2, 2019 Audit Committee meetings, the meeting agendas included proposals to revise the Audit Committee By-Laws.

**Status (01/31/19):** During the course of the Committee's previous meetings, certain proposed changes were made but other proposed changes that were not accepted by the Committee were re-adjusted back to the wording of previously-approved By-Laws. The Committee's questions about the conflict of interest form are pending as it required additional research. **Status (03/14/19):** The Committee's remaining comments on the Conflict of Interest Form and absences have been researched. With respect to attendance, the current language is exactly as required in Policy 1.7. **Status (05/02/19):** The Chief Auditor worked with Deputy General Counsel, Mr. Robert Vignola, to present new conflict of interest forms that would accompany the By-Laws. The By-Laws were updated to include the names of the new conflict of interest forms. The independence language was also revised to address comments from Audit Committee member, Ms. Phyllis Shaw. **Status (08/08/19):** The Chief Auditor worked with the Deputy General Counsel, Mr. Vignola, to remove the specific names of the conflict of interest forms and include language for confidential or exempt information to address comments from Committee members at the May 2, 2019 Committee meeting.

- **Millennium**

**Background:** At the January 31, 2019 Audit Committee meeting the Chief Auditor was asked to re-review the fieldwork performed for the audit of Millennium 6-12 Collegiate Academy.

**Status (08/08/19):** The OCA performed a further detailed review of activity occurring through the internal funds accounts of Millennium. The only remaining steps call for the Chief Auditor to meet with school-based personnel to make inquiries and observations. Due to scheduling challenges, these meetings occurred in late July 2019. The OCA will be in position to publish its audit report on Millennium at the Committee's next meeting.

- **Audit Committee Motion - SAP**

**Background:** At the May 2, 2019 meeting, the Committee passed a motion with respect to SAP. The official communication to the School Board and the response is noted below.

**Motion:** Formal Motion of the School Board of Broward County, Florida Audit Committee to recommend that the School Board of Broward County, Florida support and prioritize the necessary upgrades to the SAP system and allocate dollars necessary to complete this project as quickly as possible.

**Response:** The School Board members discussed this issue and the allocation of budget resources for this issue and other priorities at the School Board Workshop on May 28, 2019. The workshop documents included estimated costs of \$2.8 million for the redesign of Payroll and HR processes (please see page 11 of the workshop presentation documents for additional information).

During that May 28, 2019 workshop, several School Board members expressed a desire to proceed with this initiative. Based on that discussion, the Chief Financial Officer will continue to work with the Director of Procurement and Warehouse Services to potentially present documents to secure the necessary funding for this initiative at the June 25, 2019 School Board meeting.

**Status (08/08/19):** The OCA's proposed audit plan includes this initiative.

- **Audit Committee Motion – Payroll Processing, Overpayments, Overtime.**

**Background:** At the May 2, 2019 meeting, the Committee passed a motion with respect to SAP. The official communication to the School Board and the response is noted below.

**Motion:** Whereas the findings of the Florida Auditor General, in the most recent audit dated April 2019 and three previous audits, have identified issues dealing with payroll processing, overpayments, and overtime

and



Whereas the Office of the Chief Auditor has periodically conducted payroll and timekeeping audits which have previously identified overtime, overpayments, and other issues with recordkeeping in such departments as Transportation, Design Services, and the Special Investigative Unit (SIU)

The Committee moves that the Office of the Chief Auditor

(1) perform or engage an outside auditor to perform an audit whose scope would include payroll processing, overpayments, and overtime in compliance with School Board policies and procedures at a designated department

or

(2) perform or engage an outside auditor to perform a District-wide audit to determine compliance with School Board policies, procedures, and protocols that cover payroll processing, overpayments, or overtime.

**Response:** The OCA is in the process of compiling the audit plan for fiscal 2019-2020. In response to the motion, an audit of payroll processing, overpayments, and overtime will be included in the draft audit plan as an audit that will start during the 2020 school year.

The audit may be performed by the OCA or an outside audit/consulting firm.

The audit fieldwork will avoid duplicating and/or delaying the District's ongoing Payroll Process Improvement initiative and the Redesign of the Payroll/HR Processes discussed by the School Board members at the May 28, 2018 School Board Workshop.

**Status (08/08/19):** The OCA's proposed audit plan includes this initiative.

- **Facility Task Force Motion – RSM / SMART Bond**

**Background:** At its May 2, 2019 meeting, the Facility Task Force passed a motion that could potentially impact the OCA. The official communication to the School Board and the response is noted below.

**Motion:** Formal Motion of the School Board of Broward County, Florida's Facilities Task Force to have the Chief Auditor have RSM review the HEERY and Atkins sub-consultants what departments are they under, what purpose do they serve, how much are they costing, and to what budget(s) are their costs charged.

**Response:** The OCA is in the process of compiling the audit plan for fiscal 2019-2020. The draft audit plan includes several outsourced audits to RSM for the OCA's SMART Bond Quality Assurance testing, which includes a review of HEERY and Atkins' compliance with their contract and the related RFP documents.

In response to the motion, one of the audits can include procedures for a review of the sub-consultants (or a sample of sub-consultants if the number of sub-consultants is substantial)

for the points in the motion as well as other points that are significant to the overall SMART Bond program.

The Facility Task Force should note that although the scope of one of the planned RSM audits can include such a review of the sub-consultants, the audits report findings/issues on an exception basis. If findings/issues are noted, they will be disclosed with the management action plans for correction and a due date for compliance. Any findings/issues noted would also be followed up by RSM and/or the OCA. However, if no findings/issues are noted, the report will only indicate that the sub-consultants were reviewed with a brief discussion of the procedures performed.

- **Board Follow-Up Item – OCA Website**

**Background:** At the May 21, 2019 Regular School Board Meeting, Board members expressed concern that archived audits are not as easily accessible to the public as previously set up in the past. Staff to collaborate with the I&T Department to ensure past audits are more easily accessible by the public when navigating the District's new website. (R. Bartleman) RSBM-052119-05

**Response:** In 2018, the District launched a new website. During the process of building the new website, links to some of the archived audits in the OCA's old website needed to be re-established.

Team members from the OCA and the Office of Chief Information Officer are collaborating to add to the existing inventory of archived audits that are currently accessible on the OCA's website. In that process, the teams will ensure the following:

- the existing inventory of available archived audits will be expanded for audits since the 2008-2009 school year;

- the front page of the OCA's website will have new a link dedicated to past audits; and

- the web site will have a new search feature where the viewer can use key words to search for a specific audit.

The website will be updated weekly with additional audits and will be fully functional by June 14, 2019.

**Status (08/08/19):** The OCA's website includes the historical information.

**OFFICE OF THE CHIEF AUDITOR ORGANIZATION CHART**

# Office of the Chief Auditor Organization Chart

(July 2019)

