

CHIEF AUDITOR'S REPORT

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School Board of Broward County, Florida
October 10, 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 August 8, 2019.

GENERAL ACTIVITIES

1. The Chief Auditor participated in the Superintendent's weekly Cabinet meetings.
2. The Chief Auditor met with School Board Members to discuss the Proposed Audit Plan for the 2019-2020 School / Fiscal Year as follows:
 - Ms. Lori Alhadeff on August 12, 2019
 - Ms. Robin Bartleman on August 19, 2019
 - Ms. Nora Rupert on August 19, 2019
 - Ms. Laurie Rich Levinson on August 26, 2019
 - Ms. Patricia Good on August 28, 2019
 - Ms. Heather Brinkworth on August 29, 2019
 - Ms. Donna Korn on August 30, 2019

Board Member discussion with the Chief Auditor included the scope of the discipline and charter school auditing as well as how follow-up would be performed. The Chief Auditor was asked and responded to questions about audit areas included and excluded in the Proposed Audit Plan as well as audits on the long-range audit plan section.

3. The Chief Auditor presented the following documents at the September 4, 2019 School Board Meeting:
 - Internal Audit Report – Audit of Internal Funds of Selected Schools
 - S. Davis Audit Report – Audit of Internal Funds of Selected Schools
 - Internal Audit Report – Property and Inventory Audits of Selected Locations
 - Carr, Riggs, Ingram Report – BECON Follow Up
 - RSM Report – SMART Bond Program Management
 - Proposed Audit Plan for the 2019-2020 School / Fiscal Year

Although each of the reports were discussed, most of the questions from the School Board members were on the SMART Bond regarding the issues noted as well as the follow up and the timing of the delivery of the report to the Board Members versus the timing of the renewal of the HEERY and Atkins contracts.

Board Members also asked further questions about the Proposed Audit Plan (the inclusion of audits of IT information security and PPO as well as the timing of the delivery of the Proposed Audit Plan to the Audit Committee Members). The Chief

Auditor described the process used to compile the Proposed Audit Plan and the logic for the inclusion or exclusion of certain areas in the general and long-range area of the Proposed Audit Plan.

Similar to the individual meetings with the School Board members, the Chief Auditor was asked about the scope of the discipline, charter school testing as well as how follow up would be performed.

4. The Chief Auditor presented the following documents at the September 4, 2019 School Board Meeting:

- 18-015V - External Independent Financial Auditing Services – First Amendment
- FY20-003 - Construction, Operational & Information Technology Auditing Services

The external audit contract was approved by the Audit Committee at its meeting on March 14, 2019. The Construction, Operational & Information Technology contracts allow the OCA to utilize external firms to augment audit coverage.

5. The Chief Auditor attended various other School Board meetings and workshops and monitored agenda items for issues where audit coverage may be needed.
6. The OCA continued the recruiting process to hire new auditors, consistent with the Chief Auditor's presentation at the October 30, 2018 School Board Workshop. The process is much slower than anticipated as the OCA has only filled three of the four newly-approved positions and now needs to also back fill a position for an auditor who resigned. The current status of the OCA recruiting is as follows (please also refer to the organization chart at the end of this report):
 - Interviews continue for two open auditor positions.
One position is for the fourth of the four newly approved positions and another is the backfill for an auditor that resigned.
 - The OCA is still searching for the Information Technology Audit Manager. Although an offer was previously extended to a candidate, the District was unable to complete the hire and has now started a new search.
 - An offer for an open Inventory Audit Specialist is now pending.
7. OCA Internal Funds Audit Manager, Ms. Ann Conway, participated in 2024 Strategic Plan Initiative meeting on September 13, 2019 (Refresh, Redesign & Reduce Risk – Operational and Process Improvement) with the Strategic Initiative Management Department as an Initiative Team member.
8. OCA Auditor, Ms. Kashama Patel, commenced her employment with the District on September 17, 2019. Ms. Patel is the third of the four newly-approved positions.
9. The Chief Auditor met with former Chief Auditor of Miami-Dade County Public Schools, Mr. Jose Montes de Oca, on October 1, 2019 to discuss leading audit practices.

10. OCA team members coordinated the current School Board Audit Committee meeting on October 10, 2019.

FACILITY AUDITS

1. OCA Facility Audit Manager, Mr. Gerardo Usallan, and OCA Auditor, Mr. Eric Seifer, attended the Facilities Task Force meetings on September 5, 2019. They later summarized the meetings for the Chief Auditor.
2. The Chief Auditor met with School Board Members to discuss the RSM SMART Bond Program Management Report as follows:
 - Ms. Patricia Good on August 28, 2019
 - Ms. Heather Brinkworth on August 28, 2019
 - Dr. Rosalyn Osgood on August 29, 2019
 - Ms. Robin Bartleman on August 29, 2019
 - Ms. Laurie Rich Levinson on September 3, 2019
 - Ms. Lori Alhadeff on September 3, 2019

Board Member questions to the Chief Auditor included the timing of the delivery of the report to the School Board members versus the timing of the renewal of the HEERY and Atkins contracts.

3. The Chief Auditor attended the Bond Oversight Committee Meeting on September 9, 2019 to discuss the RSM SMART Bond Program Management Report.
4. OCA Facility Audit Manager, Mr. Usallan, and OCA Auditor, Mr. Seifer, attended a bid opening meeting on September 10, 2019.
5. The Chief Auditor and OCA Facility Audit Manager, Mr. Usallan, and OCA Auditor, Mr. Seifer, met with RSM Director, Mr. David Luker, and RSM Manager, Mr. Matthew Blondell, on September 6, 9, and 27, 2019 to discuss the fieldwork and the reporting on the RSM engagement on the SMART Bond. Pending the receipt of responses from District personnel, the OCA intends to present this report at the October 10, 2019 Audit Committee meeting. If responses are not sufficient, the report will be presented at the November 21, 2019 Audit Committee Meeting.

INTERNAL FUND AUDITS

1. OCA Internal Funds Audit Manager, Ms. Conway, completed audits of the internal funds of 11 schools and centers. These audits are part of the Committee's October 10, 2019 Agenda.
2. The Chief Auditor and OCA Internal Funds Manager, Ms. Conway, met with OSPA Chief, Dr. Valarie Wanza, on September 10, 2019 to discuss the ongoing school audits. Dr. Wanza and the Chief Auditor agreed to jointly present on the need for school personnel to report any concerns about potential violations of school policies and anonymous tips to District personnel.

3. The Chief Auditor and OCA Internal Funds Manager, Ms. Conway, presented (will present) at the Principals Meeting on October 7, 2019 to discuss general audit matters and to speak jointly with OSPA Chief, Dr. Wanza, on the previously-discussed concerns.

PROPERTY AND INVENTORY AUDITS

1. The Chief Auditor and OCA Property and Inventory Manager, Ms. Ali Arcese, attended meetings on the District's Tangible Personal Property Management Improvement project on August 14, 16, and 30, 2019 as well as September 13 and 27, 2019. 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 historical issues noted in prior audits.
2. OCA Property and Inventory Manager, Ms. Arcese, completed audits of 34 schools and departments. These audits are part of the Committee's October 10, 2019 agenda.

OPERATIONAL AUDITS

1. OCA Facility Audit Manager, Mr. Usallan, and OCA Auditor, Mr. Seifer, continued working on the audit of the District's purchasing cards. Pending the receipt of sufficient responses from District personnel, the OCA intends to present this report at the October 10, 2019 Audit Committee meeting. If responses are not sufficient, the report will be presented at the November 21, 2019 Audit Committee Meeting.
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. OCA Internal Funds Audit Manager, Ms. Conway, commenced the Healthy Vending Machine Audit on August 15, 2019.
4. The Chief Auditor and OCA Auditor, Ms. Jennifer Harpalani, met with Chief Information Officer, Mr. Philip Dunn on October 1, 2019 to discuss the IT audit strategy as well as an IT Information Security Audit requested by the School Board at its September 4, 2019 meeting.

CHARTER SCHOOLS AUDIT WORK

1. The Chief Auditor and OCA Charter Schools Audit Manager, Mr. Reynaldo Tunnermann, and OCA Auditor, Mr. Luis Castano, 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.

2. OCA Charter Schools Audit Manager, Mr. Tunnermann, presented at the September 6, 2019 Charter Schools New Principals Meeting.
3. OCA Charter Schools Audit Manager, Mr. Tunnermann, attended the Charter School Monitoring and Oversight Committee meeting on September 25, 2019.
4. OCA Charter Schools Audit Manager, Mr. Tunnermann, started audits at four charter schools on September 26, 2019. The scope of those audits include FTE verification, confirmation of security requirements, and a review of inventory purchased with public funds.
5. OCA Charter Schools Audit Manager, Mr. Tunnermann, started the annual review of charter school financial statements on October 1, 2019. 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. The Chief Auditor communicated with the Auditor General and Florida Department of Education on the status of the findings in the Auditor General Operational Audit and provided an update on the Legal, Strategy/Operations, Finance, and Audit issues on September 16, 2019.
2. The Chief Auditor and OCA Audit Manager, Ms. Conway continued to work on matters related to the ongoing Florida Auditor General's FTE Audit.
3. The Chief Auditor held several discussions with the Florida Department of Education's Office of Inspector General on the various ongoing charter school investigations.

TRAINING

1. OCA Property and Inventory Audit Manager, Ms. Arcese provided fieldwork training to the OCA Inventory Audit Specialists on August 28, 2019. The Chief Auditor also presented at this training.
2. The Chief Auditor attended the District's Threat Assessment Training for Cabinet Members on September 12, 2019.
3. OCA Property and Inventory Audit Manager, Ms. Arcese, and her staff attended Microsoft Word training on September 17, 2019 that was facilitated by the IT Department.
4. OCA Auditor, Mr. Seifer, OCA Department Secretary, Ms. Michele Marquardt, and OCA Clerk Specialist B, Ms. Megan Gonzalez, attended the Purchase Card Training on September 18, 2019.
5. OCA Property and Inventory Audit Manager, Ms. Arcese, presented at the Inventory Tip Training on September 24, 2019 that was conducted for 89 District employees that included principals, assistant principals, and other school personnel.

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. Follow-up was also discussed at the September 4, 2019 School Board meeting.

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. **Status (10/10/19):** The database will be expanded to include certain audits before fiscal 2017 to address comments to the Chief Auditor at the 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 (10/10/19):** The OCA continues to recruit for the remaining position from the "Assessment of Responsibilities and Headcount" assessment as well as another vacant position and the Information Technology Audit Manager.

- **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. **Status (10/10/19):** The OCA is now current on the Internal Funds Audit Strategy. This matter is now closed so the OCA will no longer report on its status.

- **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 (10/10/19): The By-Laws were approved by the Committee at its August 8, 2019 and forwarded to the Chief of Staff who will eventually present them with the by-laws of other advisory committees for School Board approval.

- **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. **Status (10/10/19):** The Chief Auditor has completed the meetings and the Millennium report is now included in the consolidated internal funds audit report presented to the Committee.

- **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. **Status (10/10/19):** The OCA's 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. **Status (10/10/19):** The OCA's 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.

Status (10/10/19): The HEERY and Atkins sub-consultants are in scope within the program. We understand the concern, and we will determine the extent and number of sub-consultants tested.

- **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 now includes the historical information. **Status (10/10/19):** This matter is now closed. The OCA will no longer report on this follow up item.



















- **Audit Committee Motion – Digital Audit Committee Meeting Audio Files**

Background: The OCA historically maintained the audio from the Audit Committee meetings on cassette tapes. If the audio was requested, the OCA would have to create a digital recording from the audio files. At the August 8, 2019 meeting, the Committee discussed whether the Audit Committee audio files could be posted on the OCA website.

Motion: Formal Motion of the School Board of Broward County, Florida Audit Committee to request the approval to post the digital audio files from the Committee meetings to the OCA website from August 2018 going forward.

Response: BECON was able to prepare digital audio recordings for the OCA that are ADA compliant. The files have now been posted on www.browardschools.com/audit.

A screen shot is posted below.

Meeting Date	Agenda	Approved Minutes	Audio Recording
August 9, 2018 at 2:00pm			
October 11, 2018 at 12:30pm			
November 15, 2018 at 11:30am			
January 31, 2019 at 11:30am			
March 14, 2019 at 11:30am			
May 2, 2019 at 11:30am			
June 20, 2019 at 11:30am	 Canceled		

OFFICE OF THE CHIEF AUDITOR ORGANIZATION CHART

Office of the Chief Auditor Organization Chart

(October 1, 2019)

