

**The School Board of Broward County, Florida**  
**AUDIT COMMITTEE**

MINUTES OF AUDIT COMMITTEE MEETING

March 12<sup>th</sup>, 2020

Mr. Moses Barnes, Audit Committee Chair, called the Audit Committee meeting to Order at 11:30 A.M. at the Kathleen C. Wright Building in the 1<sup>st</sup> Floor Board Room. Mr. Barnes led the Pledge of Allegiance to the Flag of the United States of America. Members and Staff were introduced.

Members Present:

Mr. Moses Barnes, Chair  
Mr. Robert Mayersohn, Vice Chair  
Ms. Rebecca Dahl  
Mr. Anthony De Meo, CPA  
Ms. Mary Fertig  
Mr. Michael Gauci, CPA  
Dr. Nathalie Lynch-Walsh  
Mr. Andrew Medvin, CPA  
Ms. Phyllis Shaw

Staff Present:

Mr. Joris Jabouin, Chief Auditor, Office of the Chief Auditor (OCA)  
Ms. Judith Marte, Chief Financial Officer, Office of the Chief Financial Officer  
Mr. Maurice Woods, Chief Strategy & Operations Officer, Office of the Chief Strategy  
Operations Officer  
Mr. Frank Girardi, Executive Director, Office of Chief Facilities & Construction Management (OFC)  
Ms. Shelley Meloni, Director, Pre-Construction, OFC  
Mr. Sam Bays, Director, Physical Plant Operations  
Ms. Ali Arcese, Manager, Property and Inventory Audits, OCA  
Ms. Ann Conway, Manager, Internal Funds Audits, OCA  
Mr. Gerardo Usallan, Manager, Facility Audits, OCA  
Ms. Jennifer Harpalani, Manager, IT Audits, OCA  
Ms. Meredith Arlotta, Manager, Operational Audits, OCA  
Mr. Eric Seifer, Auditor III, OCA  
Ms. Michele Marquardt, Executive Secretary, OCA  
Ms. Megan Gonzalez, Confidential Clerk Specialist B, OCA

Guests Present:

Mr. David Luker, Director, RSM

Mr. Michael Bobby, CBRE|HEERY

Ms. Tanya Davis, Managing Partner, S. Davis & Associates, P.A.

Ms. Ashley Carpenter, Atkins

Ms. Marcia Grayson-Carty, CPA, Managing Principal, Cummings-Grayson & Company, P.A.

**For more details regarding this Audit Committee meeting, please refer to the audio file of this meeting which is posted at <https://www.browardschools.com/Page/34791>.**

### **Administrative Matters**

Ms. Marte announced that she is sitting in for the Superintendent as he is unable to attend due to the numerous Coronavirus meetings being held.

Mr. Jabouin asked audience members if any public comments would occur. No persons responded.

Mr. Jabouin discussed the recommended timeframes for the subject areas of the agenda and noted that they serve as a guide for the discussion. Although Committee members could exceed or not use the allotted time, he hopes that in total, everything would balance in a way that all of the subject areas of the agenda could be addressed.

Mr. Jabouin stated that copies of CE form 8B *Memorandum of Voting Conflict for Community, Municipal, And Other Local Public Officers* is available to the Committee members if they feel that they have a voting conflict on any of the items discussed at the meeting.

Mr. Jabouin informed the Committee that the District will be having a press conference at 3 P.M., and he is needed at a very important 2 P.M. meeting, and the BECON staff, who are providing the services to the meeting, and the control room are needed at 2 P.M. to prepare for the press conference.

Mr. Jabouin stated that with respect to the Coronavirus concerns that the OCA is committed to the District's strategy for addressing the situation and may be assigning staff to assist other departments in this effort. Then, he stated that the Coronavirus situation is having a significant impact on the District and is impacting audit fieldwork as management is unable to provide us with information needed for audit work and meet with us as they are focused on addressing this issue. He stated that he agreed with their focus on the Coronavirus situation and that he himself is committed to prioritize the Coronavirus strategy.

## **New Business**

### **Approval of the Agenda**

Although certain Committee members were concerned on the timeframes to discuss certain items on the agenda, the Chair would shift the agenda to accommodate guests that have not yet arrived to discuss their item.

**Formal Motion** to request the approval of the Agenda was made by Mr. Mayersohn and seconded by Ms. Shaw. The motion passed unanimously.

### **Minutes**

The Committee discussed the Minutes from the meeting of January 30, 2020.

For more information regarding the January 30, 2020 Minutes, please refer to the Minutes posted at <https://www.browardschools.com/Page/34791>.

**Formal Motion** to request the approval of the minutes was made by Mr. Mayersohn and seconded by Dr. Lynch-Walsh. The motion passed unanimously.

### **Introduction**

Mr. Michael Gauci was introduced as Ms. Heather Brinkworth's new Audit Committee appointee. Mr. Gauci stated he is a practicing CPA for 25 years. He worked for a number of years as the Accounting Director at SunPass. Mr. Gauci previously worked as the Internal Audit Director with the City of Boca Raton. For the past 8 years, he has been an accounting faculty member working at Florida Atlantic University where he teaches, and he also has his own private practice. Mr. Gauci has children attending Broward County Public Schools and is very interested in the District. He discussed that with his background in accounting, auditing, and governmental agencies, he is glad to join the Audit Committee as it will be a good fit.

### **Proposed Audit Committee Meeting Dates – School Year 2021**

Mr. Jabouin presented the proposed future Audit Committee meeting dates.

Mr. Jabouin summarized the reasoning for the proposed dates of the future meetings. He stated that the November meeting date was selected around the filing of the Comprehensive Annual Financial Report. The January meeting date allows approval of the Single Audit and the Independent Auditors Report. The March date serves as a back-up in case the January items are not ready so that they can then be approved.

Overall, the dates for the School Year 2021 meetings are similar to the School Year 2020 meeting dates in that they are placed in generally the same spots on the calendar although the date number is off by one to take into account changes in the calendar.

Regardless, all of the items needing to be approved by the School Board, the OCA needs to be mindful of the different milestones for placement on the School Board agenda and to meet the appropriate deadlines.

With respect to the start times for the meetings, Mr. Jabouin noted that his attendance as well as other staff members and Cabinet members is needed at meetings that commence at 2:00 P.M. and generally run into the evening, and a later end time is not possible, and he would need to physically leave the meetings at 1:55 P.M.

The Committee discussed the proposed meeting dates but chose to discuss the meeting times at the next meeting on May 7, 2020.

It was noted by Ms. Shaw that she will be unable to make the January meeting as she has work conflicts.

**Formal Motion** to request the approval of the Proposed Audit Committee Meeting Dates was made by Ms. Shaw and seconded by Ms. Fertig. The motion passed unanimously.

### **Physical Plant Operations**

Mr. Jabouin introduced the PPO reports to be presented at the meeting: Council of Great City Schools Report and Related Memorandums; PPO Assessment and Roadmap; Critical Success Factors, PPO Assessment & Roadmap Update.

He noted that the report was discussed at the School Board Workshop on January 27, 2020 and at the Facility Task Force meeting on February 6, 2020. It was originated from the proactive thinking of the District to recognize that the PPO area needed to be assessed and a desire to obtain recommendations.

Mr. Woods provided an overview of the report stating that the report was an initiative of the Superintendent, and the report is a high-level review and is being used as a foundation for BCPS to do a more extensive look at the issues. He discussed the three root causes which are unavailability of good data/integrity; planning/budgeting activities and coordination around the budget; and collaboration and long-term planning. The Board was presented a three-year road map of how PPO is going to be realigned.

Dr. Lynch-Walsh inquire about the first recommendation and going against that recommendation of hiring a new Chief Facilities Officer. Mr. Woods explained that they had conversations with the Council of Great City Schools, looked at recruitment, and looked at the job posting that had been out for nearly a year. Seeing as there were not any qualified candidates for a District of this size and the urgency of this matter, it was discussed and decided to move PPO under Strategy & Operations. Mr.

Woods further discussed the factors and reasoning for the change; however, he is not sure of the time commitment of this change.

Mr. Barnes asked if they had prioritized a timeline for the 17 items. Mr. Woods responded that he is working with the management team to develop plans for each of the items. He will update the Board and this Committee of the progress.

Ms. Shaw asked if there were any financial commitments for the funding to accomplish the implantation of these items. Mr. Woods responded that they sequenced the critical success factors and went to the Board in January for \$480,000 for this school year. He also noted that he did not foresee asking for more in the near future.

Mr. Jabouin noted that from an audit perspective the new audit plan should consider certain points in the report. Some points such as the appointment of the Chief Facility Officer are not required of the District. However, points on deferred maintenance, inspections, data quality, job descriptions, and budgeting are significant audit areas that will be part of the audit plan.

The Committee discussed transparency and protocol of these types of reports whether it is an audit report or a review; it should be presented to the Audit Committee prior to going the Board. There was further discussion on the timeline and having updates brought to the Committee on a regular basis.

**Formal Motion** to have an update to see the progress on the Physical Plant Operations at each Audit Committee meeting was made by Ms. Fertig and seconded by Ms. Dahl. The motion passed unanimously.

### **S. Davis & Associates – Single Audit**

Mr. Jabouin then introduced the Single Audit report for June 30, 2019.

Mr. Jabouin noted that the Committee previously approved the report at its January 30, 2020 meeting, and it was scheduled for approval at the March 3, 2020 School Board Meeting. However, Mr. Jabouin pulled the report from being presented to the School Board for approval because of changes that were needed to the supporting schedules. After the changes were identified by the OCA, and he pulled it from Board consideration, it is now being re-presented for discussion and potential re-approval by the Committee.

Ms. Davis stated that the work performed remains unchanged, sound, and accurate. She continued that there are still no findings, no material weaknesses, and no significant deficiencies. She stated that upon approval of this report, this is what will be filed with the Federal Audit Clearinghouse by March 31<sup>st</sup>. Ms. Davis answered questions and concerns from the Committee members and answered that the amounts listed in the schedules now are accurately reflected and no additional testing was needed or warranted. She also stated that the bottom-line totals were correctly stated in the original report.

Mr. Jabouin noted that in addition to Ms. Davis's points, the District was not noted as a low-risk filer in the Single Audit report when it should have been noted as a low risk filer.

Ms. Shaw mentioned she would have liked to have seen the specific changes and suggests that in the future, a red-line version be presented in order to see the reflected changes more easily. Some additional comments were made that were inaudible.

For more details regarding the S. Davis & Associates – Single Audit, please refer to the S. Davis & Associates – Single Audit posted at <https://www.browardschools.com/Page/34791>.

**Formal Motion** to transmit the S. Davis & Associates – Single Audit was made by Ms. Fertig and seconded by Mr. Medvin. The motion passed unanimously.

### **OCA Audit Report – Property and Inventory Audits of Selected Locations**

Mr. Jabouin presented the standard audit of Property and Inventory of 12 locations and noted that there were no exceptions.

Mr. Jabouin noted that there were no exceptions that exceeded the exception threshold. However, he spoke to Dr. Valerie Wanza, Chief of the Office of School Performance and Accountability, and noted that she takes those inventory differences below the threshold seriously. Mr. Jabouin was informed that the issues noted during the Property and Inventory reports presented at the Committee's January 30th meeting led to discipline upon those with responsibility.

Although some schools were noted with issues below the threshold, the OCA has received action plans from them on their concerns.

Mr. Jabouin then emphasized the existence of the District's Tangible Personal Property Management Process Improvement Project. This project has already diagrammed the inventory process and identified areas for improvement. Improvement of the inventory process is noted by the Cabinet and is a major area of focus for Ms. Marte, Mr. Woods, and Dr. Wanza as well as Chief Information Officer, Mr. Phillip Dunn.

For more details regarding the Property and Inventory Audit, please refer to the Internal Audit Report – Property and Inventory Audits posted at <https://www.browardschools.com/Page/34791>.

**Formal Motion** to transmit the Property and Inventory Audits of Selected Locations was made by Ms. Fertig and seconded by Dr. Lynch-Walsh. The motion passed unanimously.

### **RSM – SMART Bond Reports**

Mr. Jabouin introduced the RSM reports to be presented at the meeting: the Internal Audit of Program Management, the Review of Construction Services Minor Program (CSMP), and the Review of Owner Representative and Program Manager Request For Qualification (RFQ).

Mr. Jabouin noted that effective January 2019 the OCA has taken responsibility for managing the audits of the SMART program manager and owner representative. He noted that he has prepared a strategy for RSM on various areas that would be reviewed.

With respect to the Internal Audit of the Program Management, this is the fourth report that RSM has performed for the OCA under the current process. Mr. Jabouin noted that the report had 7 observations, including one repeat observation, that are summarized within the report. The report also follows up on past observations and that all prior observations, except one that is partially closed, have been closed.

For this meeting, RSM reports on the Construction Services Minor Program and the RFQ on that will eventually be done for the SMART Bond Owners Representative and Program Manager. Mr. Jabouin noted that RSM had CSMP comments that will be addressed as CSMP contracts are approved, given that the Board approved the basic CSMP documents at their March 3, 2020 meeting. He also noted that RSM's comments on the RFQ were in the process of being addressed by management.

Dr. Lynch-Walsh inquired about the \$97,000 for the cafeteria study and whether it was in or out of the original scope. Mr. Luker answered that it was not in the original scope. Mr. Jabouin added that of the \$40 million in expenses tested, it was the only exception.

The Committee discussed that several other cafeteria studies had been previously performed and this report was redundant. Ms. Meloni stated that the studies were done at the initial phases of the SMART program and was to look at the 15 high school cafeterias that did not have the food court concept. At that time, various consultants were to be responsible for those studies. The fees from the consultants were exorbitant, and a decision was made to have HEERY take on that responsibility which was \$97,000. Mr. Bobby added that it was agreed upon that it would be much cheaper than to have the architects that were currently working on the projects.

Ms. Fertig added that she wanted to stress that the neediest schools need to get done.

Dr. Lynch-Walsh made various comments regarding, budgets, allocations, and legacy projects. She also noted her potential contributions to the District's upcoming RFQ for the Owners Representative and Program Manager.

For more details regarding the RSM – Internal Audit of Program Management FY20 Q2, please refer to the RSM – Internal Audit of Program Management FY20 Q2 posted at <https://www.browardschools.com/Page/34791>.

**Formal Motion** to transmit the RSM – Internal Audit of Program Management FY20 Q2 was made by Ms. Fertig and seconded by Ms. Shaw. The motion passed unanimously.

### **Office of the Chief Auditor – Quality Control Assessment FY 2017 -2019**

Mr. Jabouin discussed the Quality Assessment review (Peer Review) of the OCA.

Mr. Jabouin noted that a Peer Review needs to be done every three years. The previous Peer Review was done in 2014 and another was required in 2017 but was not done. Upon his hire in 2018, the Peer Review was not done right away as there were concerns that needed to be prioritized ahead of such a review. For example, the OCA needed to focus on filling open positions, addressing the backlog of outstanding internal funds audits from 2016, and assessing the OCA for its current headcount. In December 2019, the timing was better to perform the Peer Review.

The OCA engaged Cummings-Grayson & Company, P.A. for the Peer Review and appreciated their experience and insight. Mr. Jabouin reported that Cummings-Grayson & Company, P.A. found that the OCA was in full compliance with Government Auditing Standards. Mr. Jabouin then introduced Ms. Grayson-Carty, partner with Cummings-Grayson & Company, P.A., who then summarized the Peer Review.

Ms. Grayson-Carty reported that the result of the Peer Review found that the OCA was in full compliance with Government Auditing Standards. The Peer Review team went through 44 audits from 2017 – 2019 and found the fieldwork, the workpapers, the risk assessment, the audit plan, and the staff members to be of high quality.

Cummings-Grayson & Company, P.A. also provided a companion letter with recommendations that that would further improve the operations of the OCA such as the presentation of the audit plan, the need for additional meetings, and the addition of an assistant chief auditor.

Mr. De Meo asked about the risk assessment supporting the annual plan. Ms. Grayson-Carty reported that the assessment for the projects and the plan were reviewed. She had no exceptions, and her only comment was on the presentation of the plan.

**Formal Motion** to transmit the Office of the Chief Auditor – Quality Control Assessment FY 2017-2019 with calling out the recommendation of funding for an assistant chief auditor and to pay for the funding of memberships was made by Ms. Fertig and seconded by Ms. Shaw. The motion passed unanimously.

### **External Independent Financial Auditing Services Renewal**

Mr. Jabouin then presented the proposed re-approval of MSL to perform the District's external financial audit, Comprehensive Annual Financial Statements, Single Audit and required regulatory reports.

The original engagement was for three years, which were fiscal years 2017-2019, and had two 1-year renewals. The first renewal for fiscal 2020 was approved by the Committee in March 2019. The proposed renewal under consideration for fiscal 2021 would need the Committee's approval to proceed.

Mr. Jabouin is in favor of the renewal and recommended the renewal. Ms. Marte added positive comments regarding MSL and stated that she does not have any issues with this firm.

**Formal Motion** to transmit the External Independent Financial Auditing Services Renewal was made by Ms. Shaw and seconded by Mr. Medvin. The motion passed unanimously.

### **Chief Auditor's Report**

Mr. Jabouin acknowledged the retirement of Facility Audit Manager, Mr. Usallan. He thanked Mr. Usallan for his nearly 13 years of service to the District and his 7 years of service to the OCA.

Mr. Jabouin announce the addition of the newest OCA member, Ms. Kathleen Watson-Wilken. She is a transfer from within the District and is an Auditor III. He stated that the OCA is now two persons short of being fully staffed.

Mr. Jabouin then discussed the Chief Auditor's report. He noted that the Florida Auditor General report, the Charter School meetings, and the Quality Assessment were the most significant efforts of the OCA since the prior meeting on November 21, 2019. Mr. Jabouin also noted that he and Ms. Arcese spent a considerable amount of time on the Tangible Personal Property Management Improvement Process.

Given the time effort required for those initiatives and then preparing for the current meeting, very little time was left for the review of audit fieldwork. Thus, a backlog exists for the review of work performed by the Audit Managers and the Auditors, and this impacts the timing of the delivery of reports to the Committee.

Mr. Jabouin noted that the Quality Assessment is required every three years and that the OCA was 2.5 years behind in the timing of a new assessment. He pointed out that the audits need to be performed in accordance with Government Auditing Standards. Those standards have specific requirements for fieldwork, reporting, and review of the work performed by the auditors.

Mr. Jabouin discussed the ongoing audits and noted that Mr. Usallan's retirement would impact the Facility audit area, a key area in the audit program.

Mr. Jabouin stressed the importance of follow up and noted that this is fundamental to any top-tier audit program. The auditors themselves are required to follow up and want to follow up, especially on issues that they noted during fieldwork.

Mr. Jabouin stressed that the upcoming Healthy Vending audit report will serve as a template to future audits. The fieldwork so far reveals findings based on facts that are in line with the general audit standards and identify the root cause of other issues. The objective of the program is to find findings if they exist and also provide assurance on areas that are operating well. Mr. Jabouin also noted that other audits of the State Requirements Educational Facilities and Interactive Boards are proceeding.

Mr. Jabouin ended by stating that the OCA has also hired Ms. Raysa Lugo as an Auditor III; however, she has not started. The challenges for the next month are going to be how the Coronavirus impacts the ability of the department to get the required information when many people will not be available.

For more details regarding Mr. Jabouin's Chief Auditor's Report, please refer to the Chief Auditor's report posted at <https://www.browardschools.com/Page/34791>.

### **Public Comments**

No public comments.

### **Adjournment**

**Formal Motion** to adjourn made by Ms. Fertig and seconded by Ms. Shaw. The motion passed unanimously.

Meeting Adjourned: 1:55 P.M.

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