

CHIEF AUDITOR'S REPORT

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Chief Auditor
Office of the Chief Auditor
School Board of Broward County, Florida
March 12, 2020

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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 January 30, 2020.

GENERAL ACTIVITIES

1. The Chief Auditor attended various School Board meetings and workshops and monitored the agenda items and discussions for issues where future audit coverage may be needed.
2. The Chief Auditor participated in the Superintendent's weekly Cabinet meetings.
3. The Chief Auditor attended the BCAA Boys Big 8 Basketball Championship game on February 8, 2020 with Chief Portfolio Services Officer, Ms. Leslie Brown, Chief Strategy / Operations Officer, Mr. Maurice Woods, Chief Human Resources / Equity Officer, Mr. Alan Straus, Chief Academic Officer, Mr. Daniel Gohl, Chief of Security / Emergency Preparedness, Mr. Brian Katz, and Chief Communications Officer, Ms. Katherine Koch.
4. The Chief Auditor met with Broward County Chief Auditor, Mr. Robert Melton, and City of Fort Lauderdale Chief Auditor, Mr. John Herbst on February 10, 2020 to discuss common issues and leading audit practices. The Chief Auditor agreed to have the OCA participate in a joint FBI Interviewing & Interrogations Training with Messrs. Melton's and Herbst's teams and also agreed to meet with them quarterly.
5. The Chief Auditor met with Ms. Marcia Carty of Cummings-Grayson & Co. on February 14, 2020 and on March 2, 2020 regarding the OCA's Quality Assessment (Peer Review). Ms. Carty's staff reviewed various workpapers and documents and conducted individual discussions with the Chief Auditor, the OCA Managers, as well as a sample of other members of the OCA.
6. The Chief Auditor presented the following reports at the March 3, 2020 School Board meeting:
 - Purchase Card Processes
 - Property and Inventory Audits of Selected Locations
 - MSL Reports
 - Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters
 - Independent Auditor's Management Letter
 - Independent Accountant Report
 - RSM Report – Smart Bond Program Management
 - Florida Auditor General FEFP FTE and Student Transportation Audit
7. 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 (please also refer to

the organization chart at the end of this report). Currently, the OCA has filled three of the four positions (net of turnover that we experienced this past year) and a search is currently in process to fill the remaining position.

8. OCA Auditor, Ms. Raysa Lugo, started her employment with the Office of the Chief Auditor on March 9, 2020. Her position is the third of the four new positions from the October 2018 workshop.
9. The Chief Auditor participated on the selection panel that interviewed the candidates for the Executive Director of PPO.
10. OCA team members coordinated the current School Board Audit Committee meeting on March 12, 2020.

FACILITY AUDITS

1. OCA Facility Audit Manager, Mr. Gerardo Usallan, and OCA Auditor, Mr. Eric Seifer, continued their work on the SREF audit.
2. OCA Facility Audit Manager, Mr. Usallan, attended the Facilities Task Force meeting on February 6, 2020. He later summarized the meeting for the Chief Auditor.
3. OCA Auditor, Mr. Seifer, attended the QSEC meeting for prequalifying vendors on February 12, 2020 and then attended the QSEC meeting for construction managers of multiple projects on February 20, 2020.
4. 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 February 24, 2020 and February 25, 2020 to discuss the fieldwork and reporting on the RSM engagement on the SMART Bond.
5. The Chief Auditor and OCA Facility Audit Manager, Mr. Usallan, and OCA Auditor, Mr. Seifer, met with RSM Director, Mr. David Luker, on March 2, 2020 to discuss the scope of a potential review of the roof inspection process.
6. The Chief Auditor attended the Bond Oversight Committee meeting on March 9, 2020 to summarize RSM's FY 2019 – 2020 Q1 SMART Bond Program Management report. The report was previously presented to the Committee at its January 30, 2020 meeting and the School Board's March 3, 2020 meeting.

INTERNAL FUND AUDITS

1. OCA Internal Funds Audit Manager, Ms. Ann Conway, attended a meeting for the GASB 84 implementation with staff members of the Accounting and Financial Reporting Department on February 13, 2020.

2. OCA Internal Funds Audit Manager, Ms. Conway, continued fieldwork on internal funds audits of several schools.

PROPERTY AND INVENTORY AUDITS

1. OCA Property & Inventory Audit Manager, Ms. Ali Arcese, OCA System Support Specialist, Mr. Bryan Erhard, and Strategic Initiatives Management Director, Mr. Eschenbrenner, led meetings with the Title I Department on February 18, 2020 to document the inventory process and controls as part of the Tangible Personal Property Management Improvement Project.
2. The Chief Auditor and OCA Property & Inventory Audit Manager, Ms. Arcese, met with Director of Applied Learning, Ms. Susan Cantrick, and Budget Support Specialist, Ms. Diane Sterner on February 27, 2020 to discuss follow up issues from the responses to the Northeast and Coconut Creek Property and Inventory audits reviewed by the Committee at their January 30, 2020 meeting.
3. OCA Property & Inventory Manager, Ms. Arcese, attended meetings on the District's Tangible Personal Property Management Improvement Project on February 28, 2020 with Strategic Initiatives Management Director, Mr. Peter Eschenbrenner.
4. OCA Property and Inventory Manager, Ms. Arcese, completed audits of 12 schools and departments. These audits are part of the Committee's March 12, 2020 agenda.

OPERATIONAL AUDITS

1. OCA Operational Audit Manager, Ms. Meredith Arlotta, and OCA Auditor, Ms. Elena Pritykina, continued working on fieldwork for the OCA's eventual audits of the District's Student Code of Conduct and compliance with school disciplinary policies. The team is now reconciling school documentation against documents in the discipline systems.
2. OCA Internal Funds Audit Manager, Ms. Conway, and OCA Auditor, Ms. Kashama Patel, continued working on the Healthy Vending Machine Audit.
3. The Chief Auditor met with Carr Riggs Ingham Partner, Mr. Robert Broline, on February 21, 2020 to commence the BECON Follow Up assessment.

INFORMATION TECHNOLOGY AUDITS

1. The Information Security Audit Kick-off Meeting was held on February 10, 2020 jointly presented by RSM Director of IT Audit, Ms. Alexandra Lorie and OCA IT Audit Manager, Ms. Jennifer Harpalani. The IT Security, IT Business and Student Services, and IT Network Security teams participated in the kick-off meeting. The purpose of the meeting was to make introductions, review scope of work and objectives, timeframes and expectations of the audit.

2. The Chief Auditor and OCA IT Audit Manager, Ms. Harpalani, met with Mr. Rodrick Harvey of HCT on March 6, 2020 to discuss the fieldwork related to the agreed-upon procedures engagement related to the District's interactive board technology purchases. The scope of the audit includes compliance with District policies & procedures and an understanding of the differences and functions and pricing of certain interactive boards.

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 previously reported by the OCA. 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, attended the Charter Schools Monitoring and Oversight Committee meeting on February 26, 2020 where he presented on charter school financial management controls.
3. OCA Charter Schools Audit Manager, Mr. Tunnermann, attended meetings chaired by the Charter School Management / Support Department to review charter school applications from March 4 – March 6, 2020.
4. OCA Charter Schools Audit Manager, Mr. Tunnermann, and OCA Auditor, Mr. Castano, continued working on audits at four charter schools. The scope of those audits includes FTE verification, confirmation of security requirements, and a review of inventory purchased with public funds.

WORK WITH REGULATORS / OTHER AUDITORS

1. The Chief Auditor and OCA Audit Manager, Ms. Conway, worked with District management on the strategy for the issues noted in the Florida Auditor General's FEFP and Student Transportation Audit.
2. The Chief Auditor held several discussions with the Florida Department of Education's Office of Inspector General on various ongoing charter school investigations.
3. The Chief Auditor met with Director of Grants Administration on February 14, 2020 to discuss the District's response to National Science Foundation grant audit. The Chief Auditor compiled the District's response that was sent on March 6, 2020.

TRAINING

1. OCA Auditor, Ms. Cecilia Guerrero attended the SIM 2024 Strategic Plan – Refresh, Redesign & Reduce Risk meetings on January 31, 2020.

2. OCA Property & Inventory Audit Manager, Ms. Arcese completed self-study CPEs on Environmental Fraud on February 4, 2020 and IT Change Management on February 18, 2020.
3. OCA IT Audit Manager, Ms. Harpalani, attended the first 2020 quarterly meeting of the District Leadership Support Program on February 20, 2020. The meeting agenda included topics on EEO/ADA Compliance and The Maxwell Disc Method Workshop. The District Leadership Support Program aims to provide coaching and support to newly appointed district leaders through development opportunities aligned to high-quality instruction, safe and supportive environment, and effective communication.
4. OCA IT Audit Manager, Ms. Harpalani, participated in the Florida International University (FIU) 2-day Executive Leadership Institute program customized for BCPS District Leadership Support Program on February 27 – 28, 2020. Topics were on personality and decision-making, problem solving techniques, communicating as a leader, values in leadership, hidden traps in decision making and Gratitude.
5. OCA Auditor, Ms. Guerrero, completed the District Leadership Preparation Program on February 24, 2020.
6. OCA Facility Audit Manager, Mr. Usallan, and OCA Auditor, Mr. Seifer, attended an SREF training from February 25 – 27, 2020.
7. The Chief Auditor and most of the OCA team members attended the FBI Interviewing and Interrogations Training on March 9, 2020 at the Ann Kolb Nature Center. This joint training is the result of the collaboration of the Chief Auditor and Broward County Chief Auditor, Mr. Melton, and City of Fort Lauderdale Chief Auditor, Mr. Herbst.

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. **Status (11/21/19):** The database has been expanded to include the specific audits requested by the School Board members. **Status (03/12/20):** The OCA was able to substantially prepare our follow up database. However, the Auditor General's FEFP audit report was received. We will now need to include these findings, but the number of issues has increased substantially because of that report. Thus, we will need to modify our strategy to complete our follow up work that will likely include the use of a consultant.

- **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 & 11/21/19 & 01/30/20 & 03/12/20):** The OCA continues to recruit for the remaining position from the "Assessment of Responsibilities and Headcount".

- **Audit Committee By-Laws**

Background: At the August 10, 2019 Audit Committee meeting, the Committee approved revisions to the By-Laws.

Status (10/10/19 & 11/21/19 & 01/30/20 & 03/12/20): 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.

- **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 & 11/21/19 & 01/30/20 & 03/12/20):** 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 & 11/21/19 & 01/30/20 & 03/12/20):** 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. **Status (11/21/19):** Fieldwork has been performed for this issue and will be reported on a future report during fiscal 2020. **Status (03/12/20):** A review of the HEERY and Atkins sub-consultants was performed as part of the scope of the Program Review that will be presented to the Audit Committee at its meeting on March 12, 2020.

- **Interactive Boards**

Background: At the November 21, 2019 Audit Committee meeting, Dr. Nathalie Lynch-Walsh inquired of the differences and functions and pricing of the District's various smart boards.

Status (03/12/20): The Chief Auditor has engaged a firm to perform an agreed-upon procedures engagement of the acquisition of certain interactive boards. The OCA will

ensure that information on the differences and functions and pricing of the interactive boards are covered by this agreed-upon procedures engagement.

- **CGCS PPO Report to Audit Committee Members**

Background: At the November 21, 2019 Audit Committee meeting, Ms. Mary Fertig requested that the Conference of Great City Schools PPO report be included in the January 30, 2020 meeting agenda (a motion was passed for its inclusion on the January agenda). Subsequent to the motion, Ms. Fertig requested that the report be sent to the Committee members in advance.

Status (01/30/20): The Chief Auditor discussed this matter internally and wanted to ensure that the timing of the distribution of the Conference of Great City Schools report, the related memorandums to the report, and the documents from the PPO Board workshop (scheduled for January 27, 2020) were provided to the School Board Members prior to other persons. Accordingly, the documents could not be provided in advance. However, they were provided with the regular meeting documents. **Status (03/12/20):** The CGCS PPO discussion was postponed from the January 30, 2020 Audit Committee meeting and will be presented at the March 12, 2020 meeting instead.

OFFICE OF THE CHIEF AUDITOR ORGANIZATION CHART

Office of the Chief Auditor

Organization Chart

(March 2020)

