

# **The School Board of Broward County, Florida**

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## **Agreed-Upon Procedures Report April 13, 2020**



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# THE SCHOOL BOARD OF BROWARD COUNTY, FLORIDA

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## Independent Accountant's Report on Applying Agreed-Upon Procedures

To: Members of the School Board of  
Broward County, Florida

We have performed the procedures enumerated below, which were agreed to by The School Board of Broward County, Florida (the "SBBC") solely to assist the specified parties in evaluating Broward County Public School's ("BCPS") compliance with its purchasing policies and requirements related to the purchases of Recordex SimplicityTouch interactive flat panels and accessories from Dell Marketing L.P. during the years 2014 to 2019. We are not responsible for the BCPS's compliance with those requirements, which is the responsibility of the BCPS's management. The sufficiency of these procedures is solely the responsibility of those specified parties in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed are located on pages 5 - 11 and our findings, observations and recommendations are detailed in Exhibit I.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on Broward County Public School's ("BCPS") compliance with its purchasing policies and requirements related to the purchases of Recordex SimplicityTouch interactive flat panels and accessories from Dell Marketing L.P. during the years 2014 to 2019. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures; other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the School Board of Broward County and BCPS's management and is not intended to be and should not be used by anyone other than these specified parties.

*HCT Certified Public Accountants & Consultants, LLC*

Hollywood, Florida  
April 13, 2020

# EXECUTIVE SUMMARY

The School Board of Broward County, Florida (the “SBBC”), Office of the Chief Auditor requested that HCT Certified Public Accountants & Consultants, LLC (“HCT”) perform an Agreed-Upon Procedures engagement related to the district’s purchase of approximately 2,900 Recordex SimplicityTouch interactive flat panels and accessories (“Recordex” or “Recordex interactive flat panels”) from Dell Marketing L.P. (“Dell”) for approximately \$17,000,000. The scope of the engagement specifically focused on the technology selection, purchasing and provisioning processes related to Recordex interactive flat panels and accessories purchased between January 1, 2014 through December 31, 2019. The specified objectives of the engagement were as follows:

#1 - Determine if the Recordex interactive flat panels were acquired from Dell Marketing L.P. in accordance with Broward County Public School’s (“BCPS”) purchasing policies and procedures and with proper authorization.

#2 - Determine how Recordex interactive flat panels were chosen and if the proper selection process was followed.

#3 - Examine the transaction structure and pricing of the Recordex interactive flat panel purchases to determine if this was reasonable based on other bids.

After we concluded the procedures outlined in the Agreed-Upon Procedures report (pages 5 - 11), we had the following findings and observations (please refer to Exhibit I for full details with related recommendations and management responses):

## **Summary of Findings and Observations**

### Finding #1-01

We noted three purchases in October 2015 for 5, of the approximately 2,900, Recordex units were purchased under an incorrect Bid ID.

### Finding #1-02

We noted that one of the vendor responses related to Bid/Award ID 16-168E were missing several pages including the page related to bidding on the Recordex catalog item number.

### Observation #1-01

We did not note any violations of BCPS’s purchasing policies and procedures related to Bid ID 56-063E.

#### Observation #1-02

We noted that the total amount spent under Bid ID 56-083E was \$492,769 (92 Recordex) which was in excess of the original cost estimate awarded of \$415,310 (70 Recordex). The total amount spent however did not exceed the \$500,000 threshold for the bid solicitation waive process that was used to approve this bid.

#### Finding #2-01

We found little to no information related to the process behind how Recordex was chosen as the preferred interactive board technology during this period. We did not note, in the information we reviewed, a requirement for an IT technology selection committee to review all significant IT product selections.

#### Finding #3-01

We noted that per the financial analysis worksheet for audio visual catalog Bid ID 16-168E provided by the PWS department of the \$32,000,000 approved under this bid, the total spend amount through 2019 (end of bid term) ended up being approximately \$22,000,000 of which approximately \$16,000,000 or 73% was paid to Dell for Recordex interactive flat panels (IFPs) and related products. Had all vendors known that \$16,000,000 was going to be spent specifically on one product from the entire 322 item audio visual catalog, there may have been more competitive bidding from the vendors on Recordex and could have potentially led to higher discounts.

#### Finding #3-02

We were unable to find documentation of any price and/or feature comparisons being done with Recordex's competitors' products by BCPS personnel. We did not find any evidence of the BCPS user community or a formal selection committee being significantly involved in the Recordex technology product selection. Also, we found no evidence of due diligence being performed to ensure that Recordex IFPs, at the given price point, were the best value based on functionality and most cost effective interactive flat panel solution for BCPS at the time.

#### Observation #3-01

During the bid process for Bid ID 16-168E, we noted no issue in Dell being selected as the approved vendor based on its bid of 46% discount off of MSRP as no other vendors during the bid process offered a lower discount. There was only one other vendor that bid on Recordex interactive flat panels and their discount was only 16.2%.

#### Observation #3-02

The majority of the Recordex interactive flat panels purchased by BCPS were the 70-inch interactive flat panel display models at a price per unit of \$4,498 (price for IFP only).

Observation #4-01

We found correspondence noting that the BCPS former CIO had communications with the authorized reseller of Recordex's (Edco) owner as far back as 2015. We also were able to confirm with Edco's attorney that they at least knew each other prior to then. The former CIO is currently a Senior VP at another company owned by Edco's owner. Additionally, the former CIO purchased a house from Edco's owner at a price well below market value, based on the sales prices for similar properties in the area at the time. We were informed by Edco's attorney that the house was sold at a discount due to it being in disrepair at the time of sale and was sold in "as is" condition.

Please refer to Exhibit I for more detailed information on the findings and observations listed above along with the related recommendations and management responses.

**RESULTS:**

As a result of the procedures performed, with the exception of the findings and observations listed above, we did not note any other anomalies or deviations from BCPS's policies and procedures related to the Recordex interactive flat panel purchases during the period of January 1, 2014 to December 31, 2019.

# Agreed-Upon Procedures Report

## **BACKGROUND:**

As part of Broward County Public School's ("BCPS") vision to transform school libraries and classrooms into innovative learning centers that support digital and personalized learning, Recordex SimplicityTouch interactive flat panels (IFPs) were purchased and distributed to schools districtwide. The IFPs included an interactive touch interface, document camera, and slate which are utilized as tools to assist both teachers and students in a collaborative learning environment.

During the years of 2015 to 2019 Broward County Public Schools purchased approximately 2,900 Recordex SimplicityTouch IFPs and accessories ("Recordex" or "Recordex interactive flat panels") from Dell Marketing L.P. ("Dell") for approximately \$17,000,000. There were no Recordex interactive flat panels purchased by BCPS in 2014.

The primary Recordex, USA and related products purchased included:

- ST-700 Recordex SimplicityTouch 70" HD Interactive LED/LCD Flat Panel Displays (IFP)
- Accessories include SimplicityCam, SimplicitySlate, and SimplicityMic
- Installation accessories include, Chief Fusion Adjustable Mobile Carts, Floor Stands and wall mounts
- IFPs were also available in 65, 75, and 86-inch display models

More can be learned about the interactive solutions available to the school district on the BCPS's Audio Visual Standards as documented on the information technology webpage under Audio Visual in the Standard items section:

### Standard Items | Interactive Solutions

There are five types of interactive solutions that are supported by the District.

Epson: CCS Presentation Systems

Mimio: Camcor, Inc.

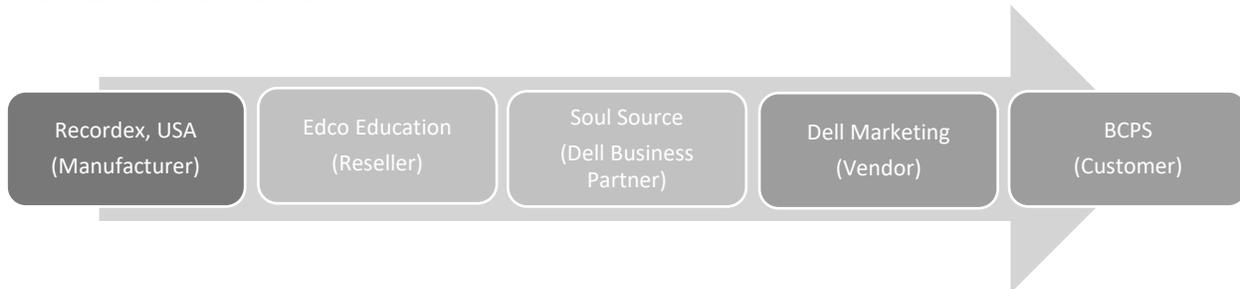
Promethean: School Specialty

Recordex: Dell

Smart: CCS Presentation Systems

Recordex interactive flat panels are manufactured by Recordex, USA (<https://recordexusa.com/>). The Recordex were purchased from Dell under BCPS Bid ID numbers 14-046E, 56-063E, 56-083E, and 16-168E, Dell purchased Recordex interactive flat panels from their business partner Sole Source Technology LLC ("Sole Source") who in turn purchased the IFPs from EDCO Education ("EDCO") the authorized reseller of Recordex at the time.

The transaction flow and parties involved from the manufacturer to Broward County Public Schools were as follows:



The School Board of Broward County, Florida Office of the Chief Auditor hired HCT Certified Public Accountants & Consultants, LLC (“HCT”) to perform an agreed-upon procedures engagement to examine these transactions.

### **SCOPE AND OBJECTIVES:**

The scope of our review specifically focused on the technology selection, purchasing and provisioning processes related to Recordex interactive flat panels and accessories purchased between January 1, 2014 through December 31, 2019.

The objectives of our engagement included the following:

- Objective #1 - Determine if the Recordex interactive flat panels were acquired from Dell Marketing L.P. in accordance with BCPS’s purchasing policies and procedures and with proper authorization.
- Objective #2 - Determine how Recordex interactive flat panels were chosen and if the proper selection process was followed.
- Objective #3 - Examine the transaction structure and pricing of the Recordex interactive flat panel purchases to determine if this was reasonable based on other bids.

### **METHODOLOGY:**

**To satisfy the engagement objectives, we performed the following agreed-upon procedures:**

- We reviewed BCPS’s purchasing and procurement policies and procedures related to this transaction including:
  - 3320 - Purchasing Policies
  - 1007 - Ethics Code for School Board Members
  - 5306 - School and District Technology Usage
  - Ethics Outline 1: General Requirements for All School District Employees
  - Ethics Outline 2: Requirements for All School District Employees Having Any Purchasing Authority

- Ethics Outline 3: Requirements for School District Employees with Purchasing Authority in excess of \$1,000
- Ethics Outline 4: Requirements for School District Employees with Purchasing Authority in Excess of \$20,000
- We obtained an understanding of BCPS’s procurement, request for proposal (RFP), invitation to bid (ITB), bid, and vendor selection processes.
- We reviewed the bid process, documents and approvals related to the following Bid ID’s under which Recordex were purchased during the period:
  - Bid ID 14-046E
    - Bid for computers and servers - \$1,000,000
    - Vendor - Dell Marketing L.P.
    - Contract period - March 18, 2014 - December 31, 2018
    - 3 purchases of Recordex IFPs made under this bid on October 20, 2015
      - 5 units purchased in total at a cost of \$4,500 per unit
      - Total cost (with accessories) - \$24,680
  - Bid ID 56-063E
    - Approved for 84 Recordex SimplicityTouch IFPs (with accessories and installation)
    - Actual purchase - 83 IFP units
    - Estimated approved cost - \$498,732
    - Actual total cost - \$492,439
    - Vendor - Dell Marketing L.P.
    - Contract period - December 17, 2015 - March 31, 2017
    - Department contact - Former CIO
    - Solicitation waive allowed since less than \$500,000
      - “Piggyback” on another governmental agent contract (Admin Minnesota master agreement).
  - Bid ID 56-083E
    - Approved for 70 Recordex SimplicityTouch IFPs (with accessories and installation)
    - Actual purchase - 92 IFP units
    - Estimated approved cost - \$415,310
    - Actual total cost - \$492,769
    - Vendor - Dell Marketing L.P.
    - Contract period - March 16, 2016 – March 31, 2017
    - Department contact - Former CIO
    - Solicitation waive allowed since less than \$500,000
      - “Piggyback” on another governmental agent contract (Admin Minnesota master agreement)

- Bid ID 16-168E
  - Audio Visual (catalog) - \$32,000,000
  - Vendors - Dell Marketing L.P. and 14 others
  - 322 items in catalog
  - Contract period July 27, 2016 – December 31, 2019
  - Approved by Board on July 26, 2016
  - Recordex USA listed as approved manufacturer - catalog item #240
    - Awarded to vendor Dell Marketing L.P. with a 46% discount
- Summary of Recordex interactive flat panels purchased by Bid ID number:

Bid ID	Units purchased	*Total cost
14-046E	5	\$24,680
56-063E	83	\$492,439
56-083E	92	\$492,762
16-168E	2,715	\$15,727,655
Total	2,895	\$16,737,536

\*Total cost includes accessories and installation

- According to information provided by the BCPS’s Procurement and Warehousing Services Department, there were no other Recordex interactive flat panels purchased between January 1, 2014 and December 31, 2019 outside of the four Bid IDs outlined above.
- We examined the Dell purchase and/or lease agreements related to the Recordex purchases
- Reviewed the process related to Recordex being selected as the preferred interactive board technology
- Reviewed the relationships between the companies involved in the BCPS Recordex purchase transaction
- Researched Recordex manufacturer and MSRP pricing
- Searched for other pricing available online for Recordex
- We conducted interviews with:
  - BCPS management and/or personnel from the following departments
    - Procurement and Warehousing Services (PWS)
    - Information Technology (IT)
    - Finance
    - IT Finance
    - Internal audit
    - Academics
    - Office of School Performance and Accountability (OSPA) - interview conducted by BCPS internal audit staff
  - Representatives from Dell
  - An attorney representing EDCO and its owner

- We attempted to contact but were unable to interview the following former BCPS personnel who were involved in the Recordex purchases process
  - Former Chief Information Officer (CIO during the period when the Recordex technology selection was made and during the majority of the related purchases)
  - Former Project Manager (PM for the Recordex purchasing project)
  - Former Director of Network Integration (Director during the period when the Recordex technology selection was made and during the related purchases)

### **Summary of interviews conducted:**

#### Interview with BCPS's Procurement and Warehouse Services (PWS) Department

HCT participated in a meeting in December 2019 with five Procurement and Warehouse Services (PWS) personnel at the TSSC Center, 7720 W. Oakland Park Blvd. Sunrise, FL 33351. The attendees included the IT Audit Manager, PWS Assistant Director, Senior Process Analyst, Strategic Sourcing Manager, Purchasing Agent IV and one other team member. During this meeting and various other communications HCT inquired of the BCPS PWS personnel regarding the appropriate and relevant purchasing policies and procurement policies that would apply to the Recordex interactive board transactions.

PWS personnel performed a walkthrough of procurement processes and procedures used to purchase the Recordex. PWS personnel informed us that bid solicitations can be waived allowing purchases to “piggyback” on another governmental agent contract instead of going through the bid process. These were allowed for purchases under \$500,000 at the time of the Recordex purchases. PWS personnel informed us they are not involved in the product selection process. They also informed us that they had no information related to the process behind how Recordex was chosen as the preferred interactive flat panel technology for BCPS.

#### Interview with BCPS's Information Technology (IT) Department

In December 2019, HCT met with the BCPS IT Audit Manager and Director of Network Integration. The location for the meeting on the IT distribution process of IT equipment was at the KC Wright Building, 600 SE 3<sup>rd</sup> Avenue, Fort Lauderdale, Florida 33301.

The Director of Network integration performed a walkthrough of IT equipment requisition request and acquisition processes and procedures. He discussed the Recordex project roll out and integration of Recordex IFPs and accessories. He provided us information on the Recordex IFP deployment and installation process. He also reviewed the IT product selection process. As it relates to how Recordex was chosen as the preferred interactive board technology, he was unable to provide us with any documentation or information on the process.

#### Interview with representatives from Dell

In January 2020, HCT met with the BCPS IT Audit Manager and a Dell Technologies, Florida Public Sales Account Executive who was involved in the Recordex sales and the Regional Sales

Director for South Florida. The meeting was held at Broward County Public Schools, 600 SE 3<sup>rd</sup> Ave., 8<sup>th</sup> Floor, Fort Lauderdale, Florida 33301.

The Dell representatives provided a walkthrough of their proposal and bid process and gave an overview of Recordex integration projects for BCPS. They explained that Dell purchased Recordex from Sole Source, a business partner, because Recordex USA doesn't do direct sales. Dell later clarified that they attempted to onboard Edco, the authorized reseller for Recordex USA at the time, as a business partner in 2016 for the purpose of reselling Recordex products. Edco ended up not becoming a Dell business partner so Sole Source was used to purchase the Recordex from Edco and resell them to Dell. We were also informed that Dell sold Recordex at the time because their own interactive board technology had not been released yet.

#### Interview with BCPS's Treasury Department

HCT met with the BCPS IT Audit Manager, Treasurer, and one of his associates in January 2020. The location for the meeting on the financing used in the Recordex purchases was at the KC Wright Building, 600 SE 3<sup>rd</sup> Avenue, Fort Lauderdale, Florida 33301.

The Treasurer gave us a high-level walkthrough of finance processes and procedures. He also reviewed the financing options to purchase/lease the Recordex interactive flat panels. He explained that the majority of the Recordex were purchased through a \$14,000,000 lease from Dell Financial Services.

#### Interview with BCPS's IT Finance Department

In January 2020, HCT met with BCPS IT Audit Manager and IT Finance Manager. The location for the meeting on the IT financing and distribution processes related to the Recordex purchases was at the TSSC Center, 7720 W. Oakland Park Blvd. Sunrise, FL 33351.

He performed a walkthrough of IT Finance Department processes and procedures. He provided and reviewed with us the Recordex purchase orders from the various bids. As it relates to how Recordex was chosen as the preferred interactive board technology, he was unable to provide us with any significant documentation or information on the process. He also was unsure if the BCPS user community had any involvement in the Recordex selection process.

#### Interview with an attorney representing EDCO and its owner

In February 2020, HCT had a teleconference with an attorney representing EDCO Education and its owner. Other participants on the call included the BCPS Chief Auditor and IT Audit Manager.

The attorney informed us that Edco was the exclusive reseller for Recordex in North America during the time of the BCPS purchases. He informed us that a majority of Edco sales are direct but, in some instances, they sell through third parties. He told us that Dell representatives requested for Edco to become a Dell business partner for the purpose of reselling Recordex to them. He said that Edco didn't become a Dell business partner, so Dell secured a Recordex supply pipeline through Sole Source (<http://solesourcetech.us/>). He informed us that all Recordex purchases from

Edco were made by Sole Source. He represented that Edco did not have any direct contact with BCPS's management or personnel during the entire process and that all dealings were through Dell and Sole Source.

He acknowledged that the owner of Edco and BCPS's former CIO knew each other before the time of the Recordex purchases. He said they knew each other from both of them being in the education industry. He confirmed that the former CIO is currently employed as a Senior Vice President at another company owned by Edco's owner. He also acknowledged that the owner of Edco sold a house to the Former CIO in 2018.

#### Interview with BCPS's Academic Department

In March 2020, HCT had a teleconference with BCPS's Chief Academic Officer and Director of Innovative Learning to discuss their role in the Recordex interactive flat panel selection and purchase. Other participants on the call included the BCPS Chief Auditor and IT Audit Manager.

They explained the initial implementation of Recordex to school media centers for training prior to the major rollout of Recordex to classrooms in 2016/2017. As it relates to how Recordex was chosen as the preferred interactive board technology, they were unable to provide us with any significant documentation or information on the process.

# EXHIBIT I

## FINDINGS, OBSERVATIONS, AND RECOMMENDATIONS:

Objective #1 - Determine if the Recordex interactive flat panels were acquired from Dell Marketing L.P. in accordance with BCPS's purchasing policies and procedures and with proper authorization. In regards to this objective, we had the following notable findings and observations:

### **Finding #1-01**

- Recordex purchased under Bid ID 14-046E
  - ❖ We noted three purchases in October 2015 for 5, of the approximately 2,900, Recordex units costing \$22,500 were purchased under this Bid ID. While Dell was the authorized vendor for this bid, it was earmarked for computers and servers not Recordex, interactive flat panels, or interactive audio/visual equipment. We inquired with the PWS Department and were informed that these were purchased under the wrong Bid ID; however, we were not provided with a valid Bid ID number as to where these purchases should have been posted.

#### Recommendation

We recommend BCPS personnel better ensure adherence to existing controls to prevent purchase orders from being processed under incorrect Bid ID numbers.

#### Management Response: Maurice L. Woods, Chief Strategy & Operations Officer

The three purchases for the total of five Recordex SimplicityTouch IFP were made in October 2015 under the BID ID dated March 18, 2014 for computers and servers. As noted in the report, for the subsequent purchases, this control was in effect resulting in new Bids created for the rest of the 2,900 Recordex SimplicityTouch IFP.

Subsequent those purchases, controls have been implemented in the procurement process for the user to first check if bid exists for materials and services. If yes, the available bid should be used and if no bid exists or there is a bid but no SAP material #'s, user must get vendor quotes.

### **Finding #1-02**

- Recordex purchased under Bid ID 16-168E
  - ❖ We noted that one of the fifteen awarded vendor responses related to this bid were missing several pages, including the page related to bidding on the Recordex catalog item number. We inquired with the PWS department regarding the procedure if pages are missing from the catalog item section of the bid document. We were informed that although there is no formal procedure documented for this scenario, the items on the missing pages would be typically considered no discount or a non-bid on those items.

#### Recommendation

We recommend that if pages are missing from a vendor's bid that BCPS personnel request those pages to ensure no discounts are missed out on during the bid process.

#### Management Response: Maurice L. Woods, Chief Strategy & Operations Officer

Pages were missing from one of the vendor responses received for BID ID 16-168E. The Procurement practice is if a vendor responds with a line blank or with a pricing page, it is automatically considered a no-bid. The process will be re-evaluated.

Incomplete submission for required information are usually considered non-responsive. The Office of Strategy and Operations is currently addressing the operational and technological issues of the coronavirus and the serious concerns to the community. Procurement staff will meet with the District's Chief Auditor's staff 90 days after the schools are re-opened to provide a root cause analysis. If this situation has not been rectified with existing processes, we will provide a timeframe for any necessary improvements.

### **Observation #1-01**

- Recordex purchased under Bid ID 56-063E
  - ❖ Based on the information and documentation we were provided; we did not note any violations of BCPS's purchasing policies and procedures related to this bid.

### **Observation #1-02**

- Recordex purchased under Bid ID 56-083E
  - ❖ We noted that the total amount spent under this bid was \$492,769 for 92 Recordex, which was in excess of the original cost estimate awarded of \$415,310 for 70 Recordex. The total amount spent, however, did not exceed the \$500,000 threshold for the bid solicitation waive process that was used to approve the bid.

Objective #2 - Determine how Recordex interactive flat panels were chosen and if the proper selection process was followed. In regards to this objective, we had the following notable findings and observations:

**Finding #2-01**

- We found little to no information related to the process behind how Recordex was chosen as the preferred interactive board technology during this period. We did not note, in the information we reviewed, a requirement for an IT technology selection committee to review all significant IT product selections.

Recommendation

We believe for a technology investment of this size in one product there should be a committee or at least a more formal documented process on how and when the product selection was made. We suggest Academics or the OSPA, the ultimate users of the technology product, be involved to review and provide recommendations during the selection process. Also, documented in this process should be the other technologies considered and the rationale as to why the ultimate product selection was made.

Management Response: Philip Dunn II, Chief Information Officer / Maurice L. Woods, Chief Strategy & Operations Officer

The Office of the Chief Information Officer will review the current corporate governance process for the acquisition of technology assets to ensure proper protocols were followed and approvals were used to determine the technology that best fits the District's needs. Controls that include a technology selection committee consisting of a Principal, Academics, OSPA, representatives from Education technology, IT Solutions and IT Infrastructure will be considered for the process. We will consider having the committee members involved in reviewing and scoring proposals received from external vendors. The committee members could be given the opportunity to participate in "hands on" demonstration. This ultimate process will help determine which proposal best meets the requirements of the District as defined in the Request for proposal.

The Offices of the Chief Information Officer and Strategy and Operations are currently addressing the operational and technological issues of the coronavirus and the serious concerns to the community. Procurement staff will meet with the District's Chief Auditor's staff 90 days after the schools are re-opened to provide a timeframe for the process re-evaluation.

Objective #3 - Examine the transaction structure and pricing of the Recordex interactive flat panel purchases to determine if this was reasonable based on other bids. In regards to this objective, we had the following notable findings and observations:

### **Finding #3-01**

- We did note that per the financial analysis worksheet for audio visual catalog bid ID 16-168E provided by the PWS department of the \$32,000,000 approved under this bid, the total spend amount through 2019 (end of bid term) ended up being approximately \$22,000,000 of which approximately \$16,000,000 or 73% was paid to Dell for Recordex interactive flat panels and related products. Had all vendors known that \$16,000,000 was going to be spent specifically on one product from the entire 322 item audio visual catalog, there may have been more competitive bidding from the vendors on Recordex and could have potentially led to higher discounts.

#### Recommendation

We recommend that for purchases this size related to one product that a separate ITB/RFP be done for that product alone rather than it being done in conjunction with an overall catalog bid.

#### Management Response: Maurice L. Woods, Chief Strategy & Operations Officer

The Offices of the Chief Information Officer and Strategy and Operations are currently addressing the operational and technological issues of the coronavirus and the serious concerns to the community. Procurement staff will meet with the District's Chief Auditor's staff 90 days after the schools are re-opened to provide a timeframe for the process re-evaluation.

### **Finding #3-02**

- We were unable to find documentation of any price and/or feature comparisons being done with Recordex's competitors' products by BCPS personnel. We did not find any evidence of the BCPS user community or a formal selection committee being significantly involved in the Recordex technology product selection. Also, we found no evidence of due diligence being performed to ensure that Recordex IFPs, at the given price point, were the best value based on functionality and most cost effective interactive flat panel solution for BCPS at the time.

#### Recommendation

We recommend for purchases this size related to one technology product that the User departments be involved in the selection process. We also recommend that price and feature comparisons and product reviews of comparable products, as well as the rationale for the final product selection, be required to be performed and formally documented. Examples of product comparisons we suggest being made during the selection process are experience of manufacturer, product functionality, delivery/implementation time, price, warranty, etc.

#### Management Response: Maurice L. Woods, Chief Strategy & Operations Officer

The Office of the Chief Information Officer will review the current corporate governance process for the acquisition of technology assets and work with Office of the Chief Strategy and Operations on the acquisition of technology assets. Evaluation committee will be considered

to encourage vendors to present an oral presentation of their proposal and demonstration of their product.

The Offices of the Chief Information Officer and Strategy and Operations are currently addressing the operational and technological issues of the coronavirus and the serious concerns to the community. Procurement staff will meet with the District’s Chief Auditor’s staff 90 days after the schools are re-opened to provide a timeframe for the process re-evaluation.

**Observation #3-01**

- During the bid process for Bid ID 16-168E, we noted no issue in Dell being selected as the approved vendor based on its bid of 46% discount off of MSRP as no other vendors during the bid process offered a lower discount. There was only one other vendor that bid on Recordex interactive flat panels and their discount was only 16.2%.

**Observation #3-02**

- The majority of the Recordex interactive flat panels purchased by BCPS were the 70-inch interactive flat panel display models at a price per unit of \$4,498 (price for IFP only). We searched for comparable 70-inch Recordex interactive board bid awards/purchases made by other school districts during the same time period and found the following:

Name	Date	Vendor	*Price
Cobb County School District	4/16/2019	Edco	\$3,799
Cartersville City Schools	2/22/2017	Edco	\$4,867
West Irondequoit School District	10/12/2016	Fusion Digital LLC	\$4,085
Bibb County School District	10/28/2015	**Dell (Edco)	\$5,733

\*These prices are for the 70-inch Recordex interactive board display model. However, it does not factor in accessories, warranties, or installation that may have been included/excluded in these prices.

\*\*Recordex and Dell (Edco) were not the awarded product/vendor. Awarded product was ClearTouch for \$4,631 sold by LeCroy Educational Technology.

We also examined interactive board technology selections made by neighboring school districts during the same time period and found the following:

We researched and noted that Miami-Dade County Public Schools (Miami-Dade) selected Promethean ActiveBoard Touch as their interactive board technology. This is an interactive whiteboard technology which utilizes projectors.

We researched and noted that The School District of Palm Beach County (Palm Beach) selected SMART Board as their interactive board technology.

The Promethean interactive boards selected by Miami-Dade utilize interactive whiteboard technology with projectors while the Recordex and SMART interactive boards selected by

BCPS and Palm Beach, respectively, utilize interactive flat panel technology. We were unable to perform a true price comparison between these different products due to the significant differences in features, accessories, specifications, warranties, software, capabilities, etc.

Please see Attachment #2 for a summary comparison of specifications related to these products.

#### **Observation #4-01**

##### Relationship between BCPS former CIO and Edco's owner

We found correspondence noting that the former CIO had communications with Edco's owner as far back as 2015. We also were able to confirm with Edco's attorney that they at least knew each other prior to then. The former CIO is currently a Senior VP at another company owned by the Edco's owner. Additionally, the former CIO purchased a house from Edco's owner at a price well below market value based on the sales prices for similar properties in the area at the time. We were informed by Edco's attorney that the house was sold at a discount due to it being in disrepair at the time of sale and was sold in "as is" condition.

##### Recommendation

BCPS should review this observation to determine appropriate action, if deemed necessary.

##### Management Response: Mr. Robert Runcie, Superintendent of Broward Schools

The District, through its Chief Auditor, has already contacted law enforcement on this observation. The Office of the Chief Auditor is fully aware of the issues noted in this agreed-upon procedure report and will work with law enforcement on all matters related to this observation.

#### **RESULTS:**

As a result of the procedures performed, with the exception of the items listed in the Findings, Observations and Recommendations section above, we did not note any other anomalies or deviations from BCPS's policies and procedures related to the Recordex interactive flat panel purchases during the period of January 1, 2014 to December 31, 2019.

# **ATTACHMENTS**

# #1. Timeline of Recordex Purchases

Recordex Timeline								
RECORDEX PURCHASES TIMELINE		Purchased 5 Recordex Bid Number 14-046E	Purchased 83 Recordex Bid Number 56-063	Purchased 92 Recordex Bid Number 56-083	Purchased 1187 Recordex Bid Number 16-168E	Purchased 1258 Recordex Bid Number 16-168E	Purchased 183 Recordex Bid Number 16-168E	Purchased 87 Recordex Bid Number 16-168E
		2014	2015	2016	2017	2018	2019	
BID TIMELINE	Bid Number 14-046E Dell Marketing L.P. & SB8C March 18 2014 - December 31, 2018 ** Recordex Purchase DOC 4516011581 dated 10/20/2015  Computer and Servers \$1,000,000	Bid Number 56-063 Awarded to Dell Marketing 84 schools December 17, 2015 - March 31, 2017 Contract No. MNWNC-112 Utilized of state contracts or piggyback of other governmental agency contracts less than \$500,000  Simplicity Touch Screen \$498,732	Bid Number 56-083 Awarded to Dell Marketing March 16, 2016 - March 31, 2017 Contract No. MNWNC-112 Utilized of state contracts or piggyback of other governmental agency contracts less than \$500,000  Simplicity Touch Screen \$415,310	Bid Number 16-168E Recommendation of \$500,000 or greater Contract term July 27, 2016 - December 31, 2019 Vendor Dell Marketing  Audio Visual (catalog) \$32,000,000				ITB FY20-016 Recommendation of \$500,000 or Greater Audiovisual Equipment Purchases include interactive boards  Audio Visual Equip Install, Products & Computer Peripherals \$8,200,000
FORMER CIO EMPLOYMENT TIMELINE	Former CIO Initial Employment 3/18/2013 - 2/21/2014	Former CIO, Separation of Employment 2/22/2014 - 5/25/2015		Former CIO Re-Hire 5/26/2015 - 1/12/2019				

## #2. Summary Comparison of Interactive Board Products

<b>Features*</b>	<b>Miami-Dade County Public Schools**</b>	<b>Broward County Public Schools</b>	<b>Palm Beach County Public Schools</b>
<b>Technology (Display Boards)</b>	Interactive Whiteboard	Interactive Flat Panel	Interactive Flat Panel (High Grade)
<b>Vendor</b>	Promethean	Recordex	Smart Technology
<b>Model</b>	Promethean ActiveBoard 6Touch 88"	Recordex ST-700 Simplicity Touch 70" HD IFP	Smart Smartboard Technology (Smart Board 6000)
<b>Size</b>	88" Nominal Size	70"	65" and 75"
<b>Resolution</b>	32768 x 32768	3840 x 2160 Quad HD 4K	3840 x 2160 4K UHD (Ultra High Definition)
<b>Surface</b>	Dry Erase Surface	LCD TV Led Backlight	LCD TV Led Backlight
<b>Warranty</b>	5 years	5 years	3 years
<b>Continuous Touch Points</b>	6 for drawing and gestures	True Multi-Touch detects up to 32 points simultaneous - 10-point operation	Digital Vision Touch technology, 8 touches, Pen ID two people can write independently and simultaneously, using different colored ink
<b>USB HID Multitouch &amp; Pen</b>	Yes – USB "B" 2.0	Yes	Yes
<b>Technology</b>	Infrared / Projector	LCD TV	LED
<b>Output Rate</b>	90Hz	60hz	60hz
<b>Touch Response Time (First Click and Continuous Writing)</b>	<= 10 ms	10 ms	8 ms
<b>Sound</b>	optional	2 x 15 W Stereo Sound + 15W Subwoofer (45W Total)	20w

<b>Computer Needed</b>	Needs a Computer	Built in Android (No Computer Needed)	Not known
<b>Wi-Fi</b>	Needs a Computer	Built in Wi-Fi or Ethernet Cable Connect to network through LAN Ethernet port (RJ45) or Wireless 2.4 GHz and 5GHz	802.11 a/b/g/n Dual-band 2.4/5 Ghz
<b>Android Smart TV Inputs</b>	Not known	Built in web browser, media player and android version of Xpress annotation software. Android Version 5.0.1 - ARM Cortex A53 - 2GB RAM - 16GB Internal Storage	Smart Smartboard Technology (Smart Board 6000)
<b>Accessories</b>	Digital Pen 1 (optional upgrade)	Power cable, stylus, Remote, VGA Cable, USB Cable, HDMI Cable, AV Adapter Cable	Not known
<b>RS-232 Control</b>	No	Yes	No
<b>People Can Write Simultaneously</b>	Yes (depends on markers)	Yes (up to 10)	Yes (2)
<b>General Features</b>	Lower scale monitor that can serve as a dry erase board. It needs a computer to power and to use digital features. No sound is standard.	Not a dry erase board (has the technology to substitute) Can serve as its own computer, no other input needed with internet. Has a clear screen with HD. Comes with a sound system.	Not a dry erase board (has the technology to substitute). Requires a yearly subscription for technology. Has mini computers as optional. Has the capability to use internet. Has a clear screen with 4K HD. Comes with a sound system.

\* Summary chart of features obtained from internet for informational purposes only

\*\* Miami-Dade product selection specifications are based model from a sales quote obtained for this product