

The School Board of Broward County, Florida
AUDIT COMMITTEE

MINUTES OF AUDIT COMMITTEE MEETING

May 14th, 2020

Mr. Moses Barnes, Audit Committee Chair, called the virtual Audit Committee meeting to Order at 11:30 A.M. The meeting was conducted through Microsoft Teams. 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
Ms. Hagen Disch
Ms. Mary Fertig
Mr. Michael Gauci, CPA
Dr. Nathalie Lynch-Walsh
Mr. Andrew Medvin, CPA
Ms. Connie Pou, CPA
Ms. Phyllis Shaw

District Staff Present:

Mr. Joris Jabouin, Chief Auditor, Office of the Chief Auditor (OCA)
Mr. Maurice Woods, Chief Strategy & Operations Officer, Office of the Chief Strategy
Operations Officer
Mr. Daniel Gohl, Chief Academic Officer, Office of the Chief Academic Officer
Mr. Phillip Dunn, Chief Information Officer, Office of the Chief Information Officer
Mr. Frank Girardi, Executive Director, Office of Chief Facilities & Construction Management
Ms. Gerrilyn Arlotta, Assistant Director, Accounting & Financial Reporting (AFRD)
Ms. Mary Coker, Director, Procurement & Warehousing Services (PWS)
Mr. Oleg Gorokhovskiy, Director, Budget
Ms. Ali Arcese, Manager, Property and Inventory Audits, OCA
Ms. Meredith Arlotta, Manager, Operational Audits, OCA
Ms. Ann Conway, Manager, Internal Funds Audits, OCA
Ms. Jennifer Harpalani, Manager, IT Audits, OCA
Mr. Reynaldo Tunnermann, Manager, Charter School Audits, OCA
Ms. Vivian Pilar, Accountant V, AFRD
Mr. Eric Seifer, Auditor III, OCA

Ms. Kashama Patel, Auditor III, OCA
Ms. Raysa Lugo, Auditor III, OCA
Ms. Marissa Smith, Senior Process Analyst, PWS
Ms. Beatrice Morin, Teacher-ESE Support Facilitator, Flamingo Elementary School
Ms. Elizabeth Kirschner, Teacher Language Arts, J.P. Taravella High School
Ms. Sarah Leonardi, Teacher Language Arts, Nova High School
Mr. Bryan Erhard, System Support Specialist II, OCA
Ms. Michele Marquardt, Executive Secretary, OCA
Mr. Jonathan Tolentino, Confidential Clerk Specialist C, OCA
Ms. Megan Gonzalez, Confidential Clerk Specialist B, OCA
Mr. Arsenio Mobley, Property Inventory Auditor, OCA

Guests Present:

Mr. Roderick Harvey, Managing Member, HCT Certified Public Accountants and Consultants (HCT)
Mr. James Patton, Audit Senior Manager, HCT
Ms. Kimberley Burke, Strategic Executive Administrator/Administrative Operating Officer, HCT
Mr. Andrew Grub, Student
Ms. Deniece Williams, Garth Solutions Inc.
Mr. Scott Travis, Reporter, Sun-Sentinel

Public Guests:

Mr. Jim Simon

Unidentified Attendees:

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JB

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

Mr. Jabouin welcomed the Committee members and participants and wished them the best of health. He then discussed a variety of meeting protocols.

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

New Business

Approval of the Agenda

Mr. Mayersohn asked for a moment of silence for Renee Grutman, a former BCPS employee and a long-time volunteer.

Formal Motion to request the approval of the Agenda was made by Ms. Fertig and seconded by Dr. Lynch-Walsh. The motion passed unanimously.

Minutes

The Committee discussed the Minutes from the meeting of March 12, 2020.

For more information regarding the March 12, 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 Dr. Lynch-Walsh and seconded by Ms. Disch. The motion passed unanimously.

HCT Certified Public Accountants and Consultants Agreed-Upon Procedures Report – Purchases of Recordex SimplicityTouch Interactive Flat Panels

Mr. Jabouin introduced the Agreed-Upon Procedures Report prepared by HCT on the Recordex SimplicityTouch Interactive Flat Panels purchased by the District from 2014 to 2019.

Mr. Jabouin noted that he has already e-mailed the draft report to the Committee. He then e-mailed the full report and spoke to each member about the report. He also e-mailed the report to all of the School Board members and then spoke to several School Board members about the report. He then noted that he had also forwarded an e-mail that was originally sent to the School Board members to the Committee subsequent to his discussions with each member. The e-mail included attachments for Post-Board approval memorandums as well as additional explanations from Mr. Dunn and Mr. Woods.

Mr. Jabouin noted that the District purchased 2,900 interactive boards, but the auditors noted that only 5 had exceptions to policy. However, the auditors also noted findings that called for improvements to the District's policies, procedures, and practices. The auditors could not find

documentation on the Recordex selection and had comments on the supporting financial analysis and bid structure.

Mr. Jabouin noted that the auditors reviewed similar Recordex purchases and found that the District's purchases were within the market of the rates paid by other school districts at the time of their purchases.

Mr. Jabouin noted that information from technology manuals are in the exhibits to the report and he pointed out the different features of the interactive board products purchased by Miami-Dade and Palm Beach counties versus the product purchase by the District.

With respect to the observation on the relationship between the District's former CIO and Edco's owner, Mr. Jabouin noted the dollar amounts with the transactions involving the house sale. He noted that he spoke to the State Attorney's office during the course of the fieldwork and also provided the draft and final report to the State Attorney's office.

Mr. Jabouin then introduced Mr. Rodrick Harvey of HCT to discuss the report.

Mr. Harvey provided background of HCT and introduced his staff that worked on this engagement. He reviewed the engagement and turned it over to Mr. Patton who reviewed the findings in more detail.

Ms. Dahl asked procurement how they go into looking at this with the cost of Recordex to other boards. Ms. Coker explained that at the time of a need of a department, they would work collaboratively with user departments to provide a scope of work and technical specification in identifying existing products in the market. Ms. Coker also stated that in 2014-15, unfortunately she had not been in the District, and the purchasing agent at that time no longer works in the District, and she could only give specifics and reassure what happens currently. She discussed that currently, there is a combination of different types smart boards, and it is not limited to just one vendor.

Mr. Jabouin directed the Committee to page 15, Finding 3-02 which relates to Ms. Dahl's question. Ms. Dahl followed up by saying her concern is that she didn't understand why the procedures were not followed as this was a large purchase.

Ms. Disch began with stating that she thought the audit was good considering it went back to 2014. Her first question was in regard to the cost of the AUP. Mr. Harvey answered that the purchase order for the AUP was \$35,000. Her next question asked if there was a reason why an annual AUP wasn't being done for this process, and why now we are going back to 2014.

Mr. Jabouin discussed how the OCA determines the risk assessment and creates the audit plan and how based on the number of hours, what audits can be performed. He further explained that the OCA has historically been far behind on regulatory-required audits that needed to be completed before audits that were assessed as needed. Such an audit would have been selected eventually after the required audits were performed. In this particular case, they would have looked at this subject at some point, but it did not make the audit plan for this year. When we became aware of this situation, the Superintendent reached out, and we then engaged HCT.

Ms. Disch responded that regular audits of these type of areas would be helpful. Her recommendation would to have an ongoing look at very material purchases yearly and to have an AUP done annually. Ms. Disch also asked how they found the house purchase. Mr. Patton answered that it came to their attention in an article as they performed their research. After they were aware, they went to public records, and confirmed through the attorney at Edco.

Ms. Disch asked if there was any update regarding the State Attorney. Mr. Jabouin answer that he heard from the State Attorney's office. They informed him that they forwarded the information to another attorney in a more statewide State Attorney office.

Ms. Fertig asked for clarification and background on Mr. Hunter. She stated that Mr. Hunter worked for the School Board on two occasions, February 2013 through February 2014, then went to work for the Atlanta school board, and he return to the District from May 2015 until the fall of 2018. Ms Fertig indicated that both times he worked for the District there were contracts with Recordex and asked if that was accurate.

Mr. Jabouin pointed out a chart on page 6 of the report that goes over some of the different parties involved and that may give some clarity. He also stated that the contract was with Dell, not Recordex. Ms. Fertig followed up by asking if the product, Recordex, was first purchased in 2014 during Mr. Hunter's first tenure at the School Board, and then again when he came back. Mr. Jabouin referred to a timeline on page 18 of the report, and it does appear that when the purchase occurred in 2014, Mr. Hunter had left the District. Ms. Fertig then made the comment that the purchase would have been in process prior to May.

Ms. Fertig next asked what product did Broward County Schools use prior to the Recordex. Mr. Gohl answered that he arrived in the District in June of 2015 and is not sure what product, if any, was used at that time. He also added that the technology has drastically changed for this product in the last decade and has made it more feasible to put them in the classrooms and not just in specialized presentation centers.

Ms. Fertig asked when the initial purchase was made, and Ms. Harpalani responded that the first purchase was made on October 20, 2015. She continued that the timeline shows 2014 because the first initial 5 Recordex purchases were made under bid 14-046E, and Mr. Hunter made the purchases during his second term of employment.

Ms. Fertig also made some additional comments and did not feel they could be answered based on no one currently being employed during this time. She questioned if there was training, a teacher satisfaction survey, and how the product was selected. She mentioned how disturbing it was that there was no real documentation as to what went into this product selection and refers to policy 3320.

Ms. Fertig then asked if this was presented to the Board in the monthly report that is required per policy 3320. Mr. Woods responded that all post-memo board items that are submitted through the Superintendent are required to be put into a monthly document and shared with the Board. Based on normal protocol, the items would go in front of the Board. Ms. Coker stated that her staff verified

that this information did go out in a summary report from the Superintendent to the Board members as they used to go out monthly as a post-board memo.

Ms. Fertig followed up by asking if they are still going out monthly. Mr. Woods responded the amount of post-board memos has been significantly reduced, and there are months where there are no post-board memo items, and in those months, there would be no update to the Board. Ms. Fertig then stated that her recommendation would be to look at the policy as it has not been updated since 2014 and to make changes if needed.

Ms. Fertig made a comment pertaining to page 16 and items are compared as equal products. Although this is an excellent audit, she doesn't think you can conclude that you paid the same price as you do not know what they got. She then referred to page 17 and asked if there were any indications that Mr. Hunter also purchased a car or cars previously owned by the owner of Edco. Mr. Jabouin answered that Mr. Hunter did not return calls to answer questions. He continued that he and HCT were able to speak to the attorney for Edco. There was also some correspondence that Ms. Brinkworth forwarded where Mr. Hunter denied the purchase of a car; however, they were unable to speak to him during this process.

Ms. Fertig then asked if Mr. Hunter had filed the ethics forms required by a School Board employee during years that he worked for the Broward County School Board. Mr. Jabouin did not have that information but would follow up.

Ms. Fertig then asked that the large technology purchase of 2016 made with bond money be looked at as far as looking at every step of the purchasing process to be sure it was followed and that the purchase was done correctly as it is the same department and same timeframe. Ms. Fertig concluded that if policy has been followed, they would not be seeing these types of remarks.

Mr. Gauci thanked HCT for their report. He stated that the most concerning was that throughout this report there is the suggestion of a lack of objectivity. Then he stated that it was noted that there was not a requirement for selection committees. Mr. Patton answered that there was mention of a selection committee but not that it was required on all purchases.

Mr. Gauci also asked the auditors about procurement's best practices and if they saw a requirement to evaluate supplier performance at later dates after the purchase had been made. Mr. Patton answered that he did not see anything specifically about that during his audit. Mr. Gauci followed up by stating he thinks the policy and procedures need to be updated.

Dr. Lynch-Walsh asked if there were written procedures now and if they could be forwarded to the Committee. She asked to see the procedures that flow from the policy that is in place.

Dr. Lynch-Walsh also inquired as to Policy 3320 as it relates to 2S. She asked about consistency on how things were identified on the memo to the Board because someone may miss that these two are more or less the same thing being purchased. Mr. Woods responded that there should be consistency, and at that time, consistency didn't exist and may have contributed to the two memos being processed and not being caught. Since that time and upon the arrival of Ms. Coker, they worked to continually improve operations and have gone to an automated database that would allow them to pull up any

past post- memos to verify and confirm that they are not the same or similar products. He stated that this will allow them to minimize this from happening again.

Dr. Lynch-Walsh discussed Policy 3320 as it relates to both splitting orders to avoid the threshold and how Recordex was deemed to be the product to be used in the best interest of the District as no evidence was found supporting that issue, and she stated that both of the requirements were violated and were not identified or mentioned in the audit. Mr. Harvey explained that HCT had performed interviews with various departments, and the prevailing thought was that no one was available, and people had left the District and were unable to include that in the finding. Mr. Patton added that they were separate initiatives. Dr. Lynch-Walsh followed up by stating she finds this to be problematic and should have been noted.

Dr. Lynch-Walsh then discussed Objective 2 under Finding 2.01 recommendation of having a committee. She referred to Policy 5306 that is the Technology Advisory Committee (TAC) and should be actively involved in technology initiatives and stated it is another policy that is being violated and should be noted in the audit. Mr. Jabouin acknowledged this issue and noted that during the exit interviews with HCT and management, it was brought up to look at TAC minutes which were then provided. HCT was unable to find that documentation within the minutes. Mr. Jabouin added that Policy 5306 was provided to HCT. He continued that it is important for the District to strengthen the internal control processes on these types of purchases. The CIO and the Chief of Strategy and Operations committed to ensure this happens. Dr. Lynch-Walsh further commented that Policy 5306.1 relates to TAC and Policy 5306 is Technology Usage.

Dr. Lynch-Walsh commented on page 13, Issue 1-02 regarding the difference between the amount paid was in excess of the original estimate and no reason was given and stated she would have liked to have seen that in the report. Ms. Burke commented that 92 units were purchased versus the 70 that were proposed. Dr. Lynch-Walsh noted that she found it unacceptable for management to respond that nothing could be done for 90-days after schools reopen after COVID 19.

Dr. Lynch-Walsh then asked why the correspondence between Mr. Hunter and the owner of Edco was not included and asked about the nature of the correspondence. Mr. Patton stated that there was no incriminating content in the emails and didn't find it necessary that they be included.

Dr. Lynch Walsh asked if Edco has similar arrangements or relationships with other IT chiefs, or just Broward. Mr. Patton responded that they did not come across any indication of that happening; however, he stated that was beyond the scope of their engagement.

Dr. Lynch-Walsh asked if a reasonable person could conclude that Mr. Hunter was the reason that Recordex was chosen. Mr. Jabouin responded that it is difficult to make that assumption. The auditors relied on the information as best as they could and researched as much as they could with information, and their recommendations are valid.

Dr. Lynch-Walsh follow up on the comments of Ms. Fertig and Ms. Disch regarding Mr. Hunter being involved in any other single-source contracts which he may have initiated. She referred to Lenovo and Streamvu as two that may need to be reviewed and asked that they be reviewed. Mr. Jabouin stated that all audit functions are going to be driven by the audit plan. A new plan will be

created for the new fiscal year, and he has noted this comment which can be discussed when the audit plan is brought to the Committee. Dr. Lynch-Walsh then commended HCT for their audit.

Mr. Mayersohn commented on Finding 1-02 and questioned if someone doesn't turn in a full bid, is that total bid considered non-responsive or just that portion of the missing pages. Mr. Woods responded that the entire bid is considered non-responsive if pages are missing and would be considered disqualified. Mr. Mayersohn disagreed regarding the recommendation of HCT to go back and ask vendors to submit missing pages, especially after a bid is open. He further added that he would like to see something in policy that would identify how missing pages were to be handled.

Next, Mr. Mayersohn discussed Policy 3320 as it relates to the Florida Administrative Code of dividing monetary thresholds. He added that he feels whether or not there were any findings or if it was undetermined, it should be stated even if it was inadvertently, and he believes it is an egregious violation and needs to be documented.

Regarding Finding 2-01 and how Recordex was chosen, Mr. Mayersohn discussed and read from the Policy 3320. Mr. Mayersohn referred to the District Educational Technology Plan 2013-2016. He further added that it is his opinion that this audit should reflect that regardless if there were minutes to support it. He would like the auditor to include that in this audit to reflect that they could not find any information that would confirm or deny that this was followed.

Mr. Medvin continued with some clarification questions and comments. On pages 7 and 8 of the report, specifically bids 5683 and 5663, reference a department contact as the former CIO. The other bids do not make reference of a department contact. Mr. Medvin asked if under normal practices and procedures, is there a point person on the different bids. Ms. Coker responded that when a bid has been sent out for solicitation via the purchasing agent, the contact should be the purchasing agent and is current practice.

Mr. Medvin then asked about piggybacking on other government agreements. He asked if this was a standard practice. Ms. Coker answered that it is common practice and allowed by policy for the School Board to piggyback off state contracts. She continued that this is a process by which the School Board is able to piggyback, and the contract has to allow for other local agencies or governmental agencies to piggyback.

Ms. Pou stated that most of her questions have been answered through other Committee members comments and would reiterate some comments. Ms. Pou continued that it appears that during the entire purchase, controls were not in place, procedures were not followed, and there was a total lack of controls. Ms. Pou would like to recommend that the policies and procedures be enhanced. It appears to her that this was a split purchase, and she would like to see the policies and procedures prohibit split purchases with everything, not only technology.

Ms. Pou also commented on the interview conducted and that it appears that there was no evaluation committee because there was no mention to the results on how the Recordex' were purchased. She would like the policies and procedures enhanced to require all RFP's, not only technology, to have an evaluation committee that would include the originating department, outside the department,

procurement, and someone from the audit department. Mr. Jabouin indicated that he noted her comments.

Ms. Coker clarified that currently through the RFP process and per policy and their solicitation, procurement does have evaluation committees as required for RFP's. She further explained that on an Invitation to Bid, it is not a requirement for evaluation committees as pricing is the driving factor for choosing the pool of vendors.

Ms. Shaw stated that most of her questions have also been addressed. However, Ms. Shaw had a question as it relates to the sole source versus piggyback, and she asked if in terms of a sole source or piggyback, does that need to go to the School Board or does the director of purchasing make that final decision. Ms. Coker explained that she wasn't sure where the wording came from that said this was a sole source. She stated that this was a piggyback that was chosen that had Dell as a vendor, and the vendor provided products that were Recordex. There is a different procedure for that type of procurement. This was a piggyback by which the Superintendent has the authority to purchase up to \$500,000 of commodities from an existing piggyback, which he did. The post-memo award letter is the approval for such action. She further explained that the director of procurement does not approve anything of that nature. Mr. Runcie has the authority to bring it to the Board as a post memo because the policy allows him to do so.

Ms. Shaw asked if there was an additional approval over and above the \$415,000. She further stated that if you have a contract for one amount, and then it changes, that needed to go through an approval process and asked if that was done. Mr. Woods answered that item is one that he would like to further evaluate, and he did not have an answer at this point. He continued that he does plan on doing a deeper analysis on some of these findings and work with the auditor to update the management responses.

Ms. Shaw stated that she disagreed with the recommendation under Finding 1-02. She feels that each bidder is responsible for making sure their package is complete, and if they don't, it should be an automatic disqualification. Mr. Harvey clarified that this was a catalog bid and most vendors did not bid on all items. He further explained that the vendors had the option to bid on whatever they offer out of the items being put forth to be purchases at some future time. Mr. Harvey continued that based on this case and unique circumstance, the recommendation was based on not knowing if the vendor did not offer the goods, purposefully left it blank, or if they should have put N/A. Mr. Patton further explained that the missing pages were not provided, and therefore, it was noted.

Ms. Shaw replied that she would recommend the District look at the policies and procedure to tighten up language regarding the instructions on the bids. She believes the system was circumvented because of the dollar amount and the District needs to look at this and update policies and procedures. She would also like to see Policy 5306 updated. Ms. Shaw further recommended an annual audit of this until they can be sure all areas are covered, then do an audit every few years. She also conveyed that she would like to see any other purchase Mr. Hunter made during his tenure. Ms. Shaw commended the auditors for their great work.

Mr. Barnes asked the title of Mr. Hunter. Mr. Woods responded that Mr. Hunter was Chief Information Officer. Mr. Barnes followed up to ask to whom did Mr. Hunter report. Mr. Woods

replied that during Mr. Hunter's second tenure, he reported to the Superintendent. Mr. Barnes then asked if the assumption that the Superintendent would make would be that all protocols were followed, and Mr. Woods agreed. Mr. Barnes stated that there needs to be accountability for lack of control to be sure proper protocols are followed.

After all committee members had a chance to ask their questions and comment on the audit, Ms. Fertig added that especially during these times, she feels the District needs to make sure they are getting the best price for items. She also asked that the \$281 million-dollar technology purchase from 2016 be looked at to make sure that anything outstanding from that be taken care of correctly.

Many Committee members discussed and agreed that this audit should be done more regularly. Mr. Jabouin discussed the balance of required audits and audits like this that need to be done. He stated that this will be discussed with the Committee during the audit plan meeting. The Committee discussed adding to the motion to include additional items so the Board could get this report for discussion and see how the Committee felt the scope needed to be increased.

Formal Motion made by Ms. Fertig and seconded by Ms. Shaw that the report be transmitted and that certain transactions including significant purchases from 2013-2016 within the District Educational Technology Plan and significant purchases made by the technology department under the former Chief Information Officer be reviewed as well as policies 5306, 5306.1, and 3320 as well as the retrieval of ethics forms signed by the former Chief Information Officer. The motion passed unanimously.

Public Comments

No public comments.

Audit Committee Member Comments

Dr. Lynch-Walsh discussed how public comments were addressed similarly to the Board meeting. She stated that she believes that if the public tunes into this meeting and have comments, they should be allowed to express them as most members of the public would not know the requirement to submit their comments prior to the meeting.

Dr. Lynch-Walsh also discussed the timing of the audit plan and is concerned about not discussing it until the August meeting. She would like the Board to be aware of the Committee's concerns as it relates to budget considerations.

Dr. Lynch-Walsh asked if there was an update on the Facilities Audit Manager position given the current hiring freeze and the status of the bond program. Mr. Jabouin replied that the OCA is complying with the District's hiring freeze at this time and mentioned he would discuss it with the Superintendent at his next one-on-one meeting.

Adjournment

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

Meeting Adjourned: 1:55 P.M.

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>.