

## **CHIEF AUDITOR'S REPORT**

Joris M. Jabouin, CPA  
Chief Auditor  
Office of the Chief Auditor  
School Board of Broward County, Florida  
November 19, 2020

**Office of the Chief Auditor**  
**Chief Auditor's Report**  
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Documented below is a summary of significant activities performed by the Office of the Chief Auditor (OCA) since the last Audit Committee meeting on August 13, 2020.

**GENERAL ACTIVITIES**

1. The Chief Auditor presented the Audit Plan for the 2020-2021 School/Fiscal Year for the Office of the Chief Auditor at the September 1, 2020 School Board meeting.
2. The Chief Auditor presented the Investigation Report on the Championship Academy Charter Schools at the October 6, 2020 School Board meeting.
3. The Chief Auditor also attended various other School Board meetings and workshops and monitored the agenda items and discussions for issues where future audit coverage may be needed.
4. The Chief Auditor participated in the Superintendent's weekly Cabinet meetings.
5. The Chief Auditor participated in various Agenda Planning Group meetings.
6. The Chief Auditor met with Superintendent of Schools, Mr. Robert Runcie, and Audit Committee Chair, Mr. Robert Mayersohn, on October 2, 2020 for the annual Audit Committee Chair meeting with the Superintendent.
7. The OCA continued the recruiting process to hire two of our open positions: Facility Audit Manager and Auditor III.
8. OCA Inventory Audit Specialist, Ms. Ashley Acevedo, was temporarily assigned to work as a Clerk Specialist B on October 20, 2020.
9. OCA team members coordinated the Special School Board Audit Committee meetings on September 14, 2020 and September 30, 2020 as well as the current School Board Audit Committee meeting on November 19, 2020.

**FACILITY AUDITS**

1. OCA Auditor, Mr. Eric Seifer, attended the Facilities Task Force meetings on August 20, 2020 and September 3, 2020 and October 1, 2020 and October 29, 2020 and November 5, 2020. He summarized the meetings for the Chief Auditor.
2. The Chief Auditor, OCA Auditor, Mr. Seifer, RSM Director, Mr. David Luker, and RSM Manager, Mr. Matthew Blondell, met with Program Director of AECOM, Ms. Kathleen

Langan, and Executive Director of Capital Programs, Mr. Frank Girardi, on September 23, 2020 to discuss the process and scope of the District's audits of the Program Manager.

3. The Chief Auditor and OCA Auditor, Mr. Seifer, met with RSM Director, Mr. Luker, and RSM Manager, Mr. Blondell, on October 21, 2020 to discuss the scope of future RSM reports.
4. OCA Auditor, Mr. Eric Seifer, continued his work on the Florida Building Code / SREF Inspections audit. The Chief Auditor contacted Mr. Robert Broline, Carr Riggs Ingham (CRI) Partner, on October 16, 2020 to have CRI complete the managerial portion of the fieldwork. The Chief Auditor and Mr. Seifer then met with Mr. Broline and Ms. Neera Miller, CRI Supervising Senior, on October 20, 2020 to discuss in more detail the audit process used to review inspections required by SREF and the Florida Building Code.
5. OCA Auditor, Mr. Seifer, attended the Bond Oversight Committee meeting on October 26, 2020. He later summarized the meeting for the Chief Auditor.
6. The Chief Auditor and OCA Auditor, Mr. Seifer, met with Program Director of AECOM, Ms. Langan, on October 29, 2020 to discuss e-Builder.

#### **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 and the Business Support Center on October 1, 2020.
2. OCA Internal Funds Audit Manager, Ms. Conway, completed audits of the internal funds of 30 schools and centers. These audits are part of the Committee's November 19, 2020 agenda.

#### **PROPERTY AND INVENTORY AUDITS**

1. OCA Property & Inventory Audit Manager, Ms. Ali Arcese, and OCA System Support Specialist, Mr. Bryan Erhard, continued the documentation of the inventory process and controls as part of the Tangible Personal Property Management Improvement Project. Ms. Arcese re-started the project on October 28, 2020 and contacted SAP on potentially re-designing the SAP asset module.
2. The Chief Auditor and OCA Property & Inventory Audit Manager, Ms. Arcese, and OCA Systems Support Specialist, Mr. Erhard, commenced a project to update the OCA's Property & Inventory risk assessment process on November 6, 2020.
3. OCA Property & Inventory Manager, Ms. Arcese, completed audits of 7 schools and departments. These audits are part of the Committee's November 19, 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.
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 CRI Partner, Mr. Broline, on September 25, 2020 to conclude on the second BECON Follow-up assessment. This audit is part of the Committee's November 19, 2020 agenda.

## **INFORMATION TECHNOLOGY AUDITS**

1. The Chief Auditor and OCA IT Audit Manager, Ms. Jennifer Harpalani, met with HCT Certified Public Accountants and Consultants (HCT) Partner, Mr. Rodrick Harvey, on August 27, 2020 regarding IT Technology Devices Bid 16-059E and established the framework for the agreed-upon procedures engagement related to the District's technology purchases. Although the primary assets purchased were Lenovo laptops, the engagement will cover all aspects of the transaction. The Chief Auditor met with HCT again on September 10, 2020 and October 23, 2020 and November 10, 2020 and November 13, 2020 and noted that fieldwork was proceeding.
2. The Chief Auditor met with Chief Information Officer, Mr. Phillip Dunn, and Chief Officer of School Performance and Accountability (OSPA), Dr. Valarie Wanza, to discuss the status of the distribution of technology assets to students on October 30, 2020.
3. The Chief Auditor and OCA Property & Inventory Audit Manager, Ms. Arcese, met with representatives of IT, OSPA, and Accounting and Financial Reporting to discuss required controls over the distribution of technology assets to students to provide for distance learning on October 23, 2020 and November 2, 2020.
4. The Chief Auditor and OCA Property & Inventory Audit Manager, Ms. Arcese, attended the All Principals Operational Meeting on October 30, 2020 to discuss the proper controls and accounting and reporting for technology assets that were distributed to students for distance learning.

## **CHARTER SCHOOLS AUDIT WORK**

1. OCA Charter Schools Audit Manager, Mr. Reynaldo Tunnermann, presented the OCA's audit expectations to the charter school principals on August 17, 2020. Mr. Tunnermann attended a charter schools principals meeting on September 16, 2020.
2. The Chief Auditor and OCA Charter Schools Audit Manager, Mr. Tunnermann, met with representatives of Championship Academy for an exit meeting on August 27, 2020 for the

charter school investigation report that was eventually presented to the Audit Committee during its September 14, 2020 meeting and later presented to the School Board at its October 6, 2020 meeting.

3. OCA Charter Schools Audit Manager, Mr. Tunnermann, attended the Charter Schools Monitoring and Oversight Committee (COSMO) meeting on September 24, 2020 where he presented on charter school financial management controls. Mr. Tunnermann will also attend another COSMO meeting on November 19, 2020.
4. OCA Charter Schools Audit Manager, Mr. Tunnermann, and OCA Auditor, Mr. Luis Castano, completed the annual review of charter school financial statements on October 6, 2020. The purpose of this review is to determine if there were adequate standards of fiscal management as required by the terms of the charter schools' agreements, Florida Statutes, and Florida Administrative Code.
5. Based on the results of the annual review of charter school financial statements, the Chief Auditor, OCA Charter Schools Audit Manager, Mr. Tunnermann, and other District personnel from the Charter School Management / Support Department and the Accounting and Financial Department will conduct review meetings with the following charter schools:
  - The Charter School of Excellence, Inc. (November 16, 2020)
  - Summit Academy Charter School (November 16, 2020)
  - Greentree Preparatory Charter School (November 16, 2020)
  - Academic Solutions Academy (November 16, 2020)
  - Bridgeprep Academy (November 16, 2020)
  - International School of Broward, Inc. (November 16, 2020)
  - Championship Academy of Distinction, Inc. (November 20, 2020)
6. OCA Charter Schools Audit Manager, Mr. Tunnermann, attended meetings chaired by the Charter School Management / Support Department to review charter school renewal applications on October 21, 2020.
7. The Chief Auditor and OCA Charter Schools Audit Manager, Mr. Tunnermann, and OCA Auditor, Mr. 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.

#### **WORK WITH REGULATORS / OTHER AUDITORS**

1. The Chief Auditor and OCA Internal Funds Audit Manager, Ms. Conway, worked with District management on the strategy for the issues noted in the prior 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. OCA Internal Funds Audit Manager, Ms. Conway, facilitated the annual financial statement audit of the Comprehensive Annual Financial Report (CAFR) with MSL and S. Davis and Associates. The CAFR will be presented to the Committee at its November 19, 2020 meeting.

### **TRAINING / DISTRICT INITIATIVES**

1. OCA Operational Audit Manager, Ms. Arlotta, attended the student Support Services strategies workgroup meeting on September 16, 2020.
2. OCA IT Audit Manager, Ms. Harpalani, attended the District Leadership Training Program DDI course on “Working as a High-Performance Team” on September 24, 2020. She also attended the “Interaction Management – Resolving Conflict” course on October 8, 2020. She will attend the “Effective Leadership Strategies” course on November 19, 2020.
3. OCA managers and staff attended various online Continuing Professional Education (CPE) courses for compliance with governmental auditing standards as follows:

MSL Cares Act Update - August 26, 2020, November 2, 2020, and November 9, 2020  
ACFE Online Seminar - August 31, 2020  
RSM Governmental Sector CPE Session - September 17, 2020 and October 22, 2020  
Assessing Risk in the Public Sector - October 8, 2020  
School District Roundtable-COVID and Financial Related Impacts - October 13, 2020  
Marcum Government Symposium - October 6, 2020, October 22, 2020, & October 27, 2020  
How to Account for Capital Assets - October 14, 2020  
Impact of COVID on Financial Reporting - October 15, 2020  
GASB 87 Leasing Standards - October 21, 2020  
Weaver Grant Administration and Compliance - October 28, 2020  
Single Audit as It Relates to COVID - November 3, 2020  
Best Practices for Remote Working - November 12, 2020  
Forecasting the Future of Audits in the 2020s - November 12, 2020

4. OCA Property & Inventory Audit Manager, Ms. Arcese, conducted an in-house training with the OCA Inventory Audit Specialists on internal controls and audit fieldwork expectations for the re-opening of schools on October 16, 2020 and October 23, 2020.

### **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 (11/19/20):** The OCA follow-up database has now been populated for most audits from fiscal 2017, 2018, 2019, and 2020. Based on School Board and Committee requests,

certain other audits were also added. The next step is to complete the District-wide Follow-up Audit Report that commenced in September 2020 and is described on the OCA audit plan as project 10.

- **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.

During the OCA Peer Review on presented to the Committee on March 12, 2020, the reviewer noted the need for a director level position within the OCA.

**Status (11/19/20):** The Chief Auditor prepared an “Assessment of Responsibilities and Headcount” presentation to the School Board at a workshop on October 30, 2018. That called for four additions to the OCA team. Three of the four positions were eventually hired. The OCA continues to recruit for the remaining position.

Regarding the Peer Review comment, the Chief Auditor intends to submit an organizational addition to the OCA at the District’s Organization meeting in the Spring. The Chief Auditor will commence the creation of the job description for the director level position.

- **Audit Committee By-Laws**

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

**Status (11/19/20):** The By-Laws are required to be re-approved every two years. The Chief Auditor intends to re-present the Audit Committee By-Laws for discussion at either or both the March or May 2021 Audit Committee meetings while also monitoring potential changes to School Board Policy 1.7. The approximate timeframe for re-approval of the updated By-Laws would occur at the August 2021 Audit Committee meeting.

- **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.

**Status (11/19/20):** The OCA's audit plan includes this initiative within projects 2 and 7.

- **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 (11/19/20):** A review of the HEERY and Atkins sub-consultants was performed as part of the scope of the program review that was presented to the Audit Committee at its meeting on March 12, 2020. This follow-up item is considered closed and will not be re-presented.

- **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 interactive boards.

**Status (03/12/20):** HCT completed a review of the Recordex purchases and presented their report to the Committee and the School Board. This follow-up item is considered closed and will not be re-presented. The Committee's requests on the evaluation of other transactions involving the District's former Chief Information Officer is being addressed through the Technology Computer Devices audit, which is project 6 on the OCA audit plan. Additional transactions involving the District's former Chief Information Officer will be evaluated after the Technology Computer Devices audit.

- **Evergreen Report**

**Background:** At its October 10, 2019 meeting, the Committee received an update on the Evergreen Report of May 2014. The Committee requested another update in 6 months.

**Status (11/19/20):** A second update was planned but was impacted by District staff priorities during the ongoing COVID-19 pandemic. Since the Committee's January 2021 agenda will include required regulatory reports, the next Evergreen update will be re-scheduled for the Committee's meetings in either the March or May 2021.

- **Separate Evaluation of Discipline Data**

**Background:** At the August 13, 2020 meeting, the Committee requested that the discipline audit work include a separate evaluation of discipline with respect to grade levels and race.

**Status (11/19/20):** This analysis will be included as part of the discipline audit strategy but will be performed by an outside firm.

- **Roofing Best Practices**

**Background:** At the September 30, 2020 meeting, the Committee requested a roofing best practices review.

**Status (11/19/20):** A follow up to the Roof Inspection Process Analyses is included in the OCA audit plan as project 16. However, this initiative will include more specific industry experts. Nevertheless, it will commence after the Roof Inspection Process Analysis Follow-up report.

**OFFICE OF THE CHIEF AUDITOR ORGANIZATION CHART**

# Office of the Chief Auditor Organization Chart

(November 2020)

