

CHIEF AUDITOR'S REPORT

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Chief Auditor
Office of the Chief Auditor
School Board of Broward County, Florida
January 28, 2021

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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 November 19, 2020.

GENERAL ACTIVITIES

1. The Chief Auditor presented the following reports at the December 15, 2020 School Board Meeting:
 - RSM Roofing Process Analysis Report;
 - RSM Cost and Programs Control RFP/Agreement Analysis;
 - CRI BECON Assessment Report;
 - OCA Property and Inventory Audit Report; and
 - OCA Internal Funds Audit Report.
2. The Chief Auditor participated in the presentation of the Comprehensive Annual Financial Report at the December 15, 2020 School Board Meeting.
3. The Chief Auditor 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 attended various Agenda Planning Group meetings related to the various School Board meetings and workshops.
5. The Chief Auditor participated in the Superintendent's weekly Cabinet meetings.
6. The Chief Auditor had introductory meetings with the new School Board members. He met with Ms. Debra Hixon on December 14, 2020 and Ms. Sarah Leonardi on December 16, 2020. The Chief Auditor discussed the audit program with the new School Board members and had general discussions on the OCA's accomplishments, strategies, issues, and challenges as well as the Chief Auditor's assessment of the significant audit risks faced by the District.
7. The OCA continued the recruiting process to hire two of our open positions: Facility Audit Manager and Auditor III.
8. The Chief Auditor attended the All Principals meetings on December 9, 2020 and January 5, 2021 and January 13, 2021.
9. OCA team members coordinated the current School Board Audit Committee meeting on January 28, 2021.

FACILITY AUDITS

1. OCA Auditor, Mr. Eric Seifer, attended the Facilities Task Force meetings on December 3, 2020 and January 7, 2021 and January 14, 2021. He later summarized the meetings for the Chief Auditor.
2. The Chief Auditor and OCA Auditor, Mr. Seifer, RSM Program Director, Mr. David Luker, RSM Manager, Mr. Matthew Blondell, met with AECOM Program Director, Ms. Kathleen Langan, and AECOM Programs Controls Director, Ms. Julia Bolte on December 10, 2020 to discuss the process and scope of the District's audits of the SMART Bond Owners Representative and Program Manager.
3. The Chief Auditor and OCA Auditor, Mr. Seifer, met with RSM Director, Mr. Luker, and RSM Manager, Mr. Blondell, on December 11, 2020 and December 29, 2020 to discuss the scope of future RSM reports. They later met again on January 6, 2021 to discuss the draft SMART Bond Program Management report.
4. OCA Auditor, Mr. Seifer, attended the QSEC meeting for prequalifying contractors on December 16, 2020. He later summarized the meeting for the Chief Auditor.
5. The Chief Auditor, OCA Auditor, Mr. Seifer, RSM Director, Mr. Luker, and RSM Manager, Mr. Blondell, met with Program Director of AECOM, Ms. Langan, and Executive Director of Capital Programs, Mr. Frank Girardi, and their respective team members on January 6, 2021 and January 13, 2021 to discuss the fieldwork related to the SMART Bond Program Management report. The report is part of the Committee's January 28, 2021 agenda.
6. OCA Auditor, Mr. Seifer, continued his work on the Florida Building Code / EHPA Inspections audit with Carr Riggs Ingham Partner, Mr. Robert Broline. Various fieldwork meetings were held with members of Physical Plant Operations and Capital Programs and Emergency Management and Environmental Health & Safety throughout December and January. Fieldwork meetings with Mr. Broline and Mr. Seifer with the Chief Auditor occurred on December 4, 2020 and December 11, 2020, January 7, 2021 and January 15, 2021.
7. OCA Auditor, Mr. Seifer, attended the Bond Oversight Committee meeting on January 25, 2021. He later summarized the meeting for the Chief Auditor. [Planned]

INTERNAL FUND AUDITS

1. OCA Internal Funds Audit Manager, Ms. Ann Conway, completed audits of the internal funds of 33 schools and centers. These audits are part of the Committee's January 28, 2021 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 met with Mr. Jose Montes de Oca, Former Chief Auditor for Miami-Dade County Public Schools, on November 24, 2020 to discuss Mr. Montes de Oca assistance on the Tangible Personal Property Management Improvement Project.
3. The Chief Auditor and OCA Property and Inventory Manager, Ms. Arcese participated in the Inventory Process/Database Q&A with representatives of the Information Technology Division and various school principals on December 16, 2020.
4. The Chief Auditor and OCA Property and Inventory Manager, Ms. Arcese, met with Chief Information Officer, Mr. Phillip Dunn, and Director of Financial Reporting, Ms. Erum Motiwala, and Director of Business Applications, Mr. Ed Highline, and Former Miami Dade Chief Auditor, Mr. Montes de Oca, and representatives of Meridian December 17, 2020 to discuss the better use of SAP for inventory management.
5. The Chief Auditor met with Chief Financial Officer, Ms. Judith Marte, OSPA Chief Dr. Valerie Wanza, Chief Information Officer, Mr. Dunn and their team members to discuss the accounting for student computers on January 19, 2021.
6. The Chief Auditor and OCA Property & Inventory Audit Manager, Ms. Arcese, and OCA Systems Support Specialist, Mr. Erhard, continued with their work on a project to update the OCA's Property & Inventory risk assessment process.

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 Operational Audit Manager, Ms. Arlotta, and OCA Auditor, Ms. Pritykina, commenced the planning for the school and department payroll-specific audits.

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 November 20, 2020, November 23, 2020, December 18, 2020, and January 22, 2021 regarding the IT Technology Devices Bid 16-059E Agreed-Upon Procedures project.
2. The Chief Auditor and OCA IT Audit Manager, Ms. Harpalani, met with Chief Information Officer, Mr. Dunn, and Information Security Director, Ms. Theresa Macri to discuss information security controls on December 1, 2020.

CHARTER SCHOOLS AUDIT WORK

1. OCA Charter Schools Audit Manager, Mr. Reynaldo Tunnermann, and OCA Auditor, Mr. Luis Castano participated in the charter school renewal meetings on December 2, 2020 and December 3, 2020.
2. OCA Charter Schools Audit Manager, Mr. Tunnermann, and OCA Auditor, Mr. Castano, presented at the charter school principals meeting on December 9, 2020.
3. 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 conducted review meetings with the following charter schools:
 - Championship Academy of Distinction - Davie on November 20, 2020
 - Championship Academy of Distinction - Hollywood on November 20, 2020
 - Championship Academy of Distinction Middle School on November 20, 2020
 - Championship Academy of Distinction - West Broward on November 20, 2020
 - Championship Academy of Distinction High School on November 20, 2020
 - Bridgeprep Academy on December 4, 2020

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. The Chief Auditor and OCA Internal Funds Audit Manager, Ms. Conway, submitted the Comprehensive Annual Financial Report to the Office of the Florida Attorney General and the Florida Department of Education.
4. The Chief Auditor met with Audit Supervisor – Auditor General's Office, Ms. Diana Garza on January 19, 2021 to discuss the timing of the upcoming Auditor General Operational and Financial audits.

TRAINING / DISTRICT INIATIVES

1. OCA managers and staff attended various online Continuing Professional Education (CPE) courses for compliance with governmental auditing standards as follows:

ACFE – Fight Against Bribery & Corruption – Ms. Cecelia Guerrero on November 30, 2020
FGFOA – Prepared Leaders Make Effective Policy – Ms. Arcese on December 1, 2020
Webinar: Adapting Practices In A Remote Environment – Ms. Arcese on December 8, 2020

MyCPE – Regulatory Ethics – Ms. Kathleen Watson-Wilkin on December 11, 2020
 MyCPE – Regulatory Ethics – Mr. David Sabra and Ms. Joy Hipolito on December 11, 2020
 RSM – Public Sector Virtual CPE – Various staff members on December 17, 2020
 FGFOA – Using Data To Drive Change – Ms. Conway on December 17, 2020
 MyCPE – Automation Techniques – Mr. Patrick Beauvoir on January 8, 2021
 Webinar: Emerging Fraud Risks – Ms. Arcese on January 13, 2021
 Protiviti Audit Perspectives on IT Risks -Ms. Harpalani and Ms. Raysa Lugo on January 13, 2021
 FGFOA – How To Develop A Long Range Financial Plan – Ms. Arcese on January 21, 2020
 RSM – 2020 Annual Government Sector Webcast – Ms. Arcese on January 21, 2020

2. OCA Property & Inventory Audit Manager, Ms. Arcese met with representatives of the Accounting & Financial Reporting, IT, Warehouse, and Procurement on the recycling vendor controls, contract, and paperwork on December 1, 2020 and December 9, 2020 and January 11, 2021.
3. OCA Property & Inventory Audit Manager, Ms. Arcese, presented on the semi-annual inventory process at the middle school principals meeting on December 17, 2020.
4. OCA Property & Inventory Audit Manager, Ms. Arcese presented at the training of new assistant principals on January 13, 2021.
5. The Chief Auditor met with Assistant General Counsel, Ms. Kathelyn Jacques-Adams, on January 12, 2021 and January 15, 2021 to go over audit language in the proposed SBBC contract with BrainPOP.
6. OCA Property & Inventory Audit Manager, Ms. Arcese presented at the elementary school assistant principals meeting on January 21, 2021.

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 (01/28/20): 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 and 01/28/21): The Chief Auditor prepared an “Assessment of Responsibilities and Headcount” presentation to the School Board at a workshop on October 30, 2018. That presentation 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, the Chief Auditor intends to submit an organizational addition to the OCA at the District’s Organization meeting in the Spring. If approved by the School Board, the Chief Auditor will commence the process to add to our headcount. 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 and 01/28/21): 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.
Status 01/28/21): The Chief Auditor met with internal staff to develop the audit program for these procedures.

- **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 (11/28/21): An update to the Evergreen report is scheduled for the current Audit Committee meeting.

- **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 (01/19/20 and 01/28/21): 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 and 01/28/21): 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.

- **Audit Committee Motion – Home Rule Authority**

Motion: Under emergency rule, the school board should adopt under their home rule authority an emergency policy that would allow all advisory boards that make nonbinding recommendations to the school board to meet through telecommunications, i.e., Microsoft Teams, as long as a quorum is established and keeping within the framework of Sunshine

Law and allowing open access to the public. And this would be under Rule Number 4, Emergency Rules and Policies, 4a and b. So, they could do that for 90 days.

Response: (1.) The School Board of Broward County has requested an Attorney General Opinion whether or not School Board Advisory Committees' requirement to adhere to the Sunshine Law includes the requirement for physical quorum be in-person. (2). Specially to the Audit Committee's question, The School Board of Palm Beach County has requested an Attorney General Opinion regarding the ability for a School Board to use their Home Rule authority to establish a policy to allow School Board Advisory Committees to meet virtually, without a quorum being physically present.

Status (1/28/21): Pending response from Attorney General.

- **Audit Committee Motion – SMART Bond Diversity/Equity Prioritization**

Motion: Analyze other aspects from a diversity standpoint of equitable prioritization and delivery of SMART Bond projects.

Response: The equitable prioritization of projects is a focus of the SMART Program management team and it is our mission to ensure that all schools are provided with the resources necessary for successful implementation of SMART Program enhancements.

With regard to roofing project timelines, any associated delays that may occur during the process have no relation to a school's demographics or racial makeup but are determined by the ability of the roofing contractor to submit fully compliant and acceptable documentation to the Building Department.

As we continue to analyze the delivery of the SMART bond, any steps that can be taken to ensure that schools receive equitable treatment and prioritization from a demographic standpoint will be made a priority moving forward.

Status (1/28/21): The response is noted and the projects will be re-analyzed during the follow up to the Roof Inspection Analysis. The issue is forwarded to the files OCS for the future Roof Inspection report and will not be included in future Chief Auditor reports.

OFFICE OF THE CHIEF AUDITOR ORGANIZATION CHART

Office of the Chief Auditor Organization Chart

(January 2021)

