

CHIEF AUDITOR'S REPORT

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Chief Auditor
Office of the Chief Auditor
School Board of Broward County, Florida
March 11, 2021

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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 January 28, 2021.

GENERAL ACTIVITIES

1. The Chief Auditor presented the following reports at the February 17, 2021 School Board Meeting:
 - MSL reports required in accordance with Government Auditing Standards and Rules of the Auditor General of the State of Florida for the year ended June 30, 2020
 - Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters
 - Independent Auditor's Management Letter
 - Independent Accountant Report
 - S. Davis and Associates report required by the Uniform Guidance for the year ended June 30, 2020
 - Single Audit
 - RSM Report – Program Management
 - OCA Report – Internal Funds of Selected Schools
2. 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.
3. The Chief Auditor attended various Agenda Planning Group meetings related to the various School Board meetings and workshops.
4. The Chief Auditor participated in the Superintendent's weekly Cabinet meetings.
5. The OCA continued the recruiting process to hire our open Facility Audit Manager and two open Inventory Audit Specialist positions and our open Clerk Specialist B position.
6. On February 17, 2021 the School Board approved the hire of Ms. Nicole Smith as an Auditor III. She currently works as a Tax Auditor for the Florida Department of Business and Professional Regulations. She commences her employment with the District on March 15, 2021.
7. The Chief Auditor met with School Board Member, Ms. Ann Murray, on February 8, 2021 to discuss the audit program as well as OCA's accomplishments, strategies, issues, and challenges.
8. The Chief Auditor attended the All Principals meeting on February 10, 2021.

9. The Chief Auditor attended the Caliber Awards on February 26, 2021.
10. OCA team members coordinated the current School Board Audit Committee meeting on March 11, 2021.

FACILITY AUDITS

1. OCA Auditor, Mr. Eric Seifer, attended the Facilities Task Force meetings on February 4, 2021 and March 4, 2021. He later summarized the meetings for the Chief Auditor.
2. The Chief Auditor and OCA Auditor, Mr. Seifer, met with RSM Director, Mr. David Luker, and RSM Manager, Mr. Matthew Blondell, on February 5, 2021 and February 16, 2021 to discuss the scope and fieldwork on the RSM reports covering the SMART Bond.
3. OCA Auditor, Mr. Seifer, attended the QSEC meetings for prequalifying architects on February 2, 2021 and February 11, 2021. He later summarized the meetings for the Chief Auditor.
4. OCA Auditor, Mr. Seifer, attended the QSEC meetings for prequalifying mechanical, electrical, and plumbing engineers on February 3, 2021 and February 12, 2021. He later summarized the meetings for the Chief Auditor.
5. 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 departments throughout February. Fieldwork meetings with Mr. Broline and Mr. Seifer and the Chief Auditor occurred on February 1, 2021 and February 16, 2021.
6. OCA Auditor, Mr. Seifer, will attend the Bond Oversight Committee meeting on March 8, 2021. He will later summarize the meeting for the Chief Auditor. [Planned]

INTERNAL FUND AUDITS

1. The Chief Auditor and OCA Audit Manager, Ms. Ann Conway, met with Chief Financial Officer, Ms. Judith Marte, Accounting and Financial Reporting Director, Ms. Erum Motiwala, and MSL Audit Manager, Mr. Eddy Castaneda, regarding the implementation of GASB 84 on February 12, 2021. Other internal meetings were held without Mr. Castaneda on January 27, 2021 and February 5, 2021, and February 26, 2021.
2. OCA Internal Funds Audit Manager, Ms. Conway, completed audits of the internal funds of 26 schools and centers. These audits are part of the Committee's March 11, 2021 agenda.

PROPERTY AND INVENTORY AUDITS

1. OCA Property & Inventory Audit Manager, Ms. Ali Arcese, attended the OSPA Senior Staff meeting on February 1, 2021 to discuss student technology devices.
2. The Chief Auditor and OCA Property & Inventory Audit Manager, Ms. Arcese met with Director of Classroom Technology, Mr. Max Rosario, and Director of Business, Mr. Ed Hineline to discuss the databases that maintain information on student technology devices on February 2, 2021 and February 5, 2021. The group then met again on February 8, 2021 and March 1, 2021 to discuss questions raised by school personnel on performing the semi-annual inventories. Several members met again on March 2, 2021 to discuss the student and employee property passes.
3. The Chief Auditor and OCA Property and Inventory Manager, Ms. Arcese, met with Chief Financial Officer, Ms. Marte, and Director of Financial Reporting, Ms. Motiwala, to discuss updates to Business Practice Bulletin 0-100, Procedure for Property & Inventory Control on February 8, 2021.
4. OCA Property & Inventory Audit Manager, Ms. Arcese, completed property and inventory audits of 8 locations (5 schools and 3 departments). These audits are part of the Committee's March 11, 2021 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 Operational Audit Manager, Ms. Arlotta, and OCA Auditor, Ms. Pritykina, commenced the planning for the school and department payroll-specific audits.
3. The Chief Auditor and OCA Property & Inventory Audit Manager, Ms. Arcese, and OCA Auditor, Mr. Seifer, commenced the planning for an audit of the B Stock Warehouse.

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 January 29, 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 Director of School Applications Infrastructure, Mr. Jeff Stanley, and Director of Information security, Ms. Teresa Macri, and Director of Business Applications, Mr. Hineline, to discuss the status of information technology controls on February 8, 2021.

3. The Chief Auditor and OCA IT audit Manager, Ms. Harpalani commenced a current status / follow up to the agreed-upon procedures report on the Recordex SimplicityTouch Interactive Flat Panels and Accessories.

CHARTER SCHOOLS AUDIT WORK

1. OCA Charter Schools Audit Manager, Mr. Reynaldo Tunnermann, attended the Charter School Virtual Kick Off Application Review meeting on February 2, 2021.
2. OCA Charter Schools Audit Manager, Mr. Tunnermann, attended the Charter Schools Principals meeting on February 10, 2021.
3. OCA Charter Schools Audit Manager, Mr. Tunnermann, attended the Charter Schools Monitoring and Oversight Committee meeting on February 25, 2021 where he presented on charter school financial management controls.
4. OCA Charter Schools Audit Manager, Mr. Tunnermann, then attended the Charter Schools Application Committee Review meeting on March 2, 2021.

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 and OCA Internal Funds Audit Manager, Ms. Conway, formally submitted the Comprehensive Annual Financial Report, the Single Audit, and the Compliance Reports (Independent Accountant Report, Management Letter, Report on Compliance With Other Matters) on February 25, 2020 to the following regulators:
 - United States Department of Education
 - Florida Department of Education
 - Federal Audit Clearing House
 - Florida Attorney General Office

TRAINING / DISTRICT INITIATIVES

1. OCA managers and staff attended various online Continuing Professional Education (CPE) courses for compliance with governmental auditing standards as follows:
 - CPE Network -Accounting and Reporting – Mr. Tunnermann on January 28, 2021
 - CPE Network – Governmental Accounting and Reporting – Mr. Tunnermann on January 29, 2021
 - My CPE – New Audit Report Standards – Mr. Patrick Beauvoir on February 1, 2021
 - My CPE – Finance – Ms. Kathleen Watson-Wilkin on February 1, 2021
 - My CPE – Revenue Recognition – Mr. Beauvoir on February 2, 2021

My CPE – GAAS: The New Yellow Book – Mr. Beauvoir on February 3, 2021
 My CPE – Fraud and Internal Controls – Ms. Hermine James on February 8, 2021
 CPE Network – Accounting & Auditing Reporting – Mr. Tunnermann on February 9, 2021
 CPE Network – Accounting Reporting – Mr. Tunnermann on February 10, 2021
 ISACA – Secure Access For 3rd Parties – Ms. Raysa Lugo on February 9, 2021
 My CPE – Finance Forecasting – Ms. Watson-Wilkin on February 10, 2021
 My CPE – Tips and Tricks For Every Auditor – Ms. James on February 11, 2021
 My CPE – Excel for PPAs, Auditors & Professionals – Ms. Watson-Wilkin on February 11, 2021
 Checkpoint Learning – Governmental Accounting Reporting – Ms. Lugo on February 17, 2021
 Checkpoint Learning – Accounting – Ms. Watson-Wilkin on February 17, 2021
 RSM - Public Sector CPE – Ms. Arcese on February 18, 2021
 ISACA – Five Easy Steps To A Smoother Cyber Security Audit – Ms. Lugo on February 23, 2021

2. OCA Property & Inventory Audit Manager, Ms. Arcese, provided property and inventory training to first year principals at the First Year Principals Training on February 17, 2021.
3. OCA Property & Inventory Audit Manager, Ms. Arcese, to provide training to the school property and inventory team at Hollywood Hills High School at the request of the principal on March 9, 2021. [Planned]
4. The Chief Auditor met with Assistant General Counsel, Ms. Kathelyn Jacques-Adams, on January 29, 2021 and February 1, 2021 and February 3, 2021 and February 5, 2021 to go over audit language in the proposed SBBC contract with BrainPOP.
5. OCA IT Audit Manager, Ms. Harpalani, completed the District Leadership Program.
6. OCA Auditor, Ms. Cecelia Guerrero, served on the FGFOA conference hosting committee.

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 (03/02/20): The OCA follow-up database has now been populated for most audits from fiscal 2017, 2018, 2019, 2020 and some of 2021. 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 presented to the Committee on March 12, 2020, the reviewer noted the need for a director-level position within the OCA.

Status (03/02/21): 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. With the appointment of OCA Auditor, Ms. Smith, on February 17, 2021, the hire of all four positions would be complete.

On March 12, 2020 a Peer Review of the OCA revealed a need to hire a director-level position within the OCA. Based on the Peer Review and the workload within the OCA, the Chief Auditor intends to submit an organizational addition to the OCA at the District’s Organization meeting in the Spring 2021. 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 03/11/21): The Chief Auditor met with OCA Operational Audit Manager, Ms. Arlotta, and OCA Auditor, Ms. Pritykina, and crafted an audit program for these procedures.

- **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 (03/11/21): 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 (3/11/21): Based on an Attorney General Opinion (AGO) received by the District on January 28, 2021 advisory committees are part of the district school board organization. The statutory requirement of an in-person quorum at a physical meeting location that applies to the School Board in conducting its business also applies to a school board advisory committee. Regarding the Audit Committee question on Home Rule authority, the School Board of Palm Beach County received a response on a similar question, dated February 3, 2021 which simply referred them to the AGO that Broward received.

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

Motion: The Chief Auditor to have a conversation with RSM to figure out how they can provide the information that is needed and if it will change the scope (and cost) of the audit and to see if it can be sorted to satisfy Ms. Mary Fertig's request. Note: Ms. Fertig's request was to include diversity/demographics as a component of future SMART Bond audits where appropriate.

Response: The Chief Auditor discussed this motion with RSM Director, Mr. Luker, on February 5, 2021. On future audit work for the Chief Auditor regarding the SMART Bond, RSM will provide information on the applicable testing samples of schools and will present data based on the schools' SBBC-assigned demographic description.

The audit strategy will continue to be risk-focused and the scope of the audit work will not change. Any potential costs in aggregating the data will be discussed by RSM with the Chief Auditor based on the circumstances encountered.

- **Audit Committee Motion – Presenting to Diversity Committee**

Motion: The Chief Auditor to make a presentation to the Diversity Committee regarding the findings (in the RSM Roof Inspection Analysis).

Response: The Chief Auditor discussed this motion with the Diversity Committee liaisons and intends to make this presentation with RSM Director, Mr. Luker, at the Diversity Committee's meeting on April 1, 2021.

OFFICE OF THE CHIEF AUDITOR ORGANIZATION CHART

Office of the Chief Auditor Organization Chart

(March 2021)

