

The School Board of Broward County, Florida  
**AUDIT COMMITTEE**

MINUTES OF AUDIT COMMITTEE MEETING

June 18<sup>th</sup>, 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  
Mr. Anthony De Meo, CPA  
Ms. Hagen Disch  
Ms. Mary Fertig  
Dr. Nathalie Lynch-Walsh  
Mr. Andrew Medvin, CPA  
Ms. Connie Pou, CPA  
Ms. Phyllis Shaw

District Staff Present:

Ms. Lori Alhadeff, School Board Member  
Mr. Joris Jabouin, Chief Auditor, Office of the Chief Auditor (OCA)  
Ms. Judith Marte, Chief Financial Officer, Office of the Chief Financial Officer  
Mr. Phillip Dunn, Chief Information Officer, Office of the Chief Information Officer  
Mr. Frank Girardi, Executive Director, Office of Chief Facilities & Construction Management (OFC)  
Ms. Shelley Meloni, Director, Pre-Construction, OFC  
Mr. Dave Archer, Director, Program Controls, OFC  
Ms. Mary Coker, Director, Procurement & Warehousing Services  
Ms. Angela Fulton, Director, School Performance & Accountability  
Dr. Leo Nesmith, Director, Administrative Services  
Ms. Sonja L. Lacourciere, Teacher, Forest Hills Elementary  
Ms. Ali Arcese, Manager, Property and Inventory 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  
Mr. Eric Seifer, Auditor III, OCA

Ms. Kashama Patel, Auditor III, OCA  
Mr. Bryan Erhard, System Support Specialist II, OCA  
Ms. Michele Marquardt, Executive Secretary, OCA  
Mr. Jonathan Tolentino, Confidential Clerk Specialist C, OCA  
Mr. Arsenio Mobley, Property Inventory Auditor, OCA  
Ms. Zayra K. Climes Lenchus, Campus Monitor, Safety & Security Operations

Guests Present:

Mr. David Luker, Director, RSM  
Mr. Matthew Blondell, CPA, Business Risk Consulting, RSM  
Mr. Luckie Kaufman, Risk Consulting Senior Associate, RSM  
Ms. Yvonne Garth, President, Garth Solutions Inc.  
Ms. Deniece Williams, Garth Solutions Inc.  
Ms. LaCheryl Fitzpatrick, Chief Operations Officer, Garth Solutions Inc.  
Mr. Daniel Jardine, Program Director, CBRE|HEERY  
Mr. Michael Bobby, CBRE|HEERY  
Ms. Ashley Carpenter, Atkins  
Mr. Andrew Grub, Student  
Mr. Scott Travis, Reporter, Sun-Sentinel

Public Guests:

Ms. Charlotte Greenbarg  
Mr. Jim Simon  
Ms. Mary Molina-Macfie  
Ms. Anna Marie Pierpont  
Ms. Yaneris Gonzalez

Unidentified Attendees:

(205) 249-4230  
(334) 447-9039  
(904) 993-8126  
(954) 258-2018  
(954) 547-1725

**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. He made mention of an e-mail from Ms. Fertig with suggested edits to the May 14, 2020 meeting minutes.

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.

Mr. Jabouin stated that he will be providing an update regarding the discussion points that the Committee had at their May 14, 2020 meeting including the follow-up points of the Recordex Agreed-Upon Procedures on agenda item 8, Chief Auditor Comments.

Lastly, Mr. Jabouin noted that a special meeting is needed for either July 13<sup>th</sup> or July 14<sup>th</sup> to discuss an upcoming RSM report on the roof inspection process.

## **New Business**

### **Approval of the Agenda**

**Formal Motion** to request the approval of the Agenda was made by Ms. Shaw and seconded by Ms. Disch. The motion passed unanimously.

### **Minutes**

The Committee discussed the Minutes from the meeting of May 14, 2020.

Dr. Lynch-Walsh and Ms. Fertig requested changes to the draft minutes that were noted and made by Mr. Jabouin. Ms. Fertig wished to have the wording for the transmission of the Recordex Agreed-Upon Procedures report revised, and Dr. Lynch-Walsh had a wording change as well as wanting Mr. Jabouin's response to her question on the open Facility Audit Manager position included.

In response to general questions about the minutes, Mr. Jabouin noted that the minutes utilize a significant amount of staff hours and are usually started after he and the OCA staff have addressed fieldwork and administrative matters that accumulate during the time of staging the Committee meetings as well as the time of the meeting itself. Mr. Jabouin noted that the resignation of the former Confidential Clerk Specialist B also impacts the OCA's ability to generate the minutes sooner.

Mr. Jabouin stated that he would provide the updated minutes with the attached policies that the Committee requested to the School Board members.

Ms. Fertig offered to speak to Mr. Jabouin about assisting the OCA on the compilation of the minutes.

Ms. Dahl asked why the Audit Committee does not report to the Board at every meeting. Mr. Jabouin responded that the practices of the Committee are governed by School Board Policy 1.7. Ms. Fertig added that it has never been the practice of the Audit Committee to give monthly reports. However, it has been the practice of the Committee, when there are issues that they want the Board to understand, they give a fuller motion to be taken verbatim to the Board with the documents that they request.

Ms. Fertig asked for the minutes to reflect the actual verbiage from the May 14, 2020 Audit Committee meeting and made a formal motion.

**Formal Motion** was made by Ms. Fertig to amend the draft minutes to reflect that the HCT audit was transmitted to the Board with the District Educational Technology Plan, Policy 5306, 5306.1, the ethics policy and policy 3320, with a further recommendation to review the \$81 million purchase of the bond dollars and any significant purchases between 2015 to 2019 under the technology department under the former Chief Information Officer, and the motion was seconded by Ms. Pou. The motion passed unanimously.

**Formal Motion** to request the approval of the amended minutes was made by Ms. Shaw and seconded by Ms. Fertig. The motion passed unanimously.

For more information regarding the May 14, 2020 Minutes, please refer to the Minutes posted at <https://www.browardschools.com/Page/34791>.

### **Appointment – Audit Committee Nominating Committee**

Mr. Barnes nominated Mr. De Meo, Ms. Pou, and Ms. Shaw for the Audit Committee Nominating Committee that will convene prior to the Committee's scheduled August meeting.

Mr. Jabouin told the Committee that at the Nominating Committee meeting he would lead that meeting until a Nominating Committee Chair is elected. The Nominating Committee will select a candidate for Audit Committee Chair and Vice-Chair for the entire Committee to vote on at the Audit Committee meeting that would meet afterwards. At that Audit Committee meeting, Mr. Jabouin will initially chair the meeting. The Nominating Committee Chair would present the candidates to the full Audit Committee. Mr. Jabouin would then open the meeting for any floor nominations for Chair and Vice-Chair. A vote would then occur for Chair and then Vice-Chair. The new Chair will lead the meeting.

The Committee discussed how the members would be able to determine interest in joining the Committee. Mr. Jabouin stated that he was unsure how this can be done given the requirements that limit communication among the members. He would meet with Deputy General Counsel, Robert Vignola, and communicate further about the appropriate process at the Committee's special meeting on either July 13<sup>th</sup> or July 14<sup>th</sup>.

**Formal Motion** to request the approval of the Nominating Committee was made by Ms. Fertig and seconded by Ms. Shaw. The motion passed unanimously.

### **Public Comments**

Mr. Jabouin reported that no public comments were received.

### **RSM – Internal Audit of Program Management FY 20 Q3**

Mr. Jabouin noted that effective January 2019, the OCA has taken responsibility for managing the audits of the SMART program manager and owner representative. He noted that he has prepared a strategy for RSM on various areas that would be reviewed and that the report provided to the Committee is the fourth report that RSM has prepared for the OCA.

Mr. Jabouin reported that the scope is done within a strategy with RSM that calls for the review of various areas based on the requirements of the Request for Proposal, District policies and procedures, follow up, and other risk factors.

Mr. Jabouin noted that the report had two new observations and provided an update on some of the prior exceptions as a follow up. Regarding seven prior issues from previous RSM reports, two of the seven are now closed. Regarding three remaining issues from the second RSM report, two are now closed, and one is partially closed.

Mr. Jabouin then introduced Mr. Luker of RSM to discuss the report. Mr. Luker stated that two issues were identified and needed to be brought to the attention of the Committee, in addition to the status update on any uncompleted or unclosed follow-up items from prior reports.

Mr. Luker introduced the first issue in which relates to the testing of CBRE series invoices. They identified an employee that had been the approver of their timesheet for the period of August 2019 through December 2019 that total approximately \$86,000 worth of billings to the District which has been corrected as of the beginning of 2020. Someone is currently reviewing the employee's timesheet.

Mr. Jardine stated they went back and reviewed the timesheets. Mr. Jardine mentioned that the employee was a safety manager who was reviewing all the employee's timesheets as well as his own. Mr. Jardine went back and verified that the manager was working on-site during those days. When Mr. Jardine was made aware of the reporting violation, they immediately made a change. Since January, Mr. Jardine has been reviewing and approving the internal timesheets.

Mr. Mayersohn asked for clarification on if the timesheet is a card that is punched in by somebody or a sheet where somebody just signs in, and he stated, "I got here at eight and left at five".

Mr. Jardine clarified that an electronic timekeeping system is used. Every week Mr. Jardine receives an electronic version of the weekly hours charged in which is approved by Mr. Jardine.

Ms. Disch stated that when you see someone approving their timesheet for \$85,860, it's a red flag, fraud. Ms. Disch stated that according to the report, it states that Mr. Jardine did subsequent testing for January and February and found that it was signed off. Ms. Disch also asked what the hours were that were signed off.

Mr. Jardine replied he can pull the information and will be glad to indicate the hours that the safety manager charged by month for January and February.

Ms. Disch asked if there is a budget that the safety manager works towards. Mr. Jardine stated that there is a limited amount to no more than 40 hours a week. The employee can work 60 hours and only charges 40 hours.

Ms. Shaw stated that she would like to see it compared to the previous two years, if in fact that they correspond to what was said by Mr. Jardine. Ms. Shaw stated that she understands that we looked into January and February, but the audit was not until June. She asked what occurred in March and April and how was it corrected by Mr. Jardine in January.

Mr. Jardine stated that they were made aware of the potential issue, and Mr. Jardine started reviewing all electronic timesheets in January and has been doing so every week since then.

Ms. Shaw asked what internal control procedure is in place if Mr. Jardine was unavailable to review the timecard.

Mr. Jardine responded stating he has the ability to review and approve the timecards remotely. Mr. Jardine was unsure if he had a backup for approving the timesheets. Mr. Jardine stated that he cannot have the same person approve their timesheet.

Mr. Luker introduced the second issue in which relates to a sub-consultant. During the testing, they met with several sub-consultants to understand more about the work they do in a category of billings to the District entitled Communication. The observation was that the timesheets presented for approval through CBRE|HEERY for the sub-consultant did not provide its efficient level of detail to understand what the employee was performing during the period.

Mr. Luker and his team recommended that going forward there would be an increase in the specificity of what these employees are doing because the nature of their work is not so much tied to construction or design efforts but to a broader category of communications.

Ms. Garth, President of Garth Solutions, stated that an electronic time system is used for the payroll. Ms. Garth stated that the time system does not provide a lot of detail but has since then gone back and modified it so moving forward, starting with the June billing cycle, they will be providing a detailed time card for each of the communications employees that outlines all the activities that they performed for that month. Ms. Garth stated that they will also provide a copy of their monthly status report that provides the detail of the activities that were performed and the deliverables that were performed for that particular month.

Ms. Garth stated that prior to receiving the report from RSM, they had already started collecting daily logs from the employees when everything switched to a virtual work environment as a result to COVID. Ms. Garth stated that they are formalizing it now and ensuring that the information will be included in the monthly pay applications.

Ms. Fertig stated that nearly \$70,000 a month was spent on communications related solely to the SMART program. Ms. Fertig asked how many hours are being spent monthly on communications for the SMART program.

Ms. Garth stated that the number of hours per month fluctuates between the seven people. In the unique nature of communications, Ms. Garth stated that the seven employees do not do the same thing. Ms. Garth stated that she has a couple of full-time communication liaisons that coordinate the deliverables and make sure they get done. In addition, Ms. Garth mentioned that they do have staff that does the photography and photo documentation which is a big part of what is done because a lot of the work is not visible from the roadside. She stated it is more behind the scenes that is on the roofs. Ms. Garth stated that they have a photographer in house who is a licensed drone pilot and who goes out and captures photos for documentation. Ms. Garth mentioned that they have graphic design and content developers that write and create graphics. Ms. Garth stated that the employee's time in creative services may fluctuate depending on the deliverables.

Ms. Fertig asked if there was an explanation for why we are not using some of our in-house staff to do the tasks that are done by Ms. Garth's team.

Mr. Girardi stated that knowing what the PIO staff has in regard to the employed staff of that department, he does not think that they have enough staff there to do what Ms. Garth and staff do on the communication side.

Ms. Fertig asked if there's a better way to track these expenditures that might be more favorable to the District.

Mr. Girardi stated that everyone has a billable rate throughout the whole program and that's submitted at the beginning of every year.

Ms. Garth then clarified that the staff that works on this program are identified in the staffing plan ahead of time. Ms. Garth stated that the people who are billed are people who were approved towards communications and the rates were submitted with the staffing plan when the amendment is renewed every year. Ms. Garth stated that she would list the person with the hourly rate, and Ms. Garth would typically provide approximately how much time would be spent on the program. Checks and balances are completed when the staffing plan occurs.

Mr. Barnes asked how long the contract was good for and what was the bottom-line dollar amount.

Mr. Girardi stated that at the beginning of the renewal year when it is taken to the Board, there is a staffing chart with every single person with their estimated hours. Their monthly hours are 160 with the yearly hours of 1,920. Not everyone gets billed the full time. Mr. Girardi stated that the total cost for the year is figured out and that it is not to exceed. If they do go over that amount, it would

be on them. They would have to pay for it. Mr. Girardi stated if they go under the amount, which has happened almost every year, it would roll over into the next year.

**Formal Motion** to transmit the RSM – Internal Audit of Program Management FY 20 Q3 report was made by Ms. Fertig and seconded by Ms. Shaw. The motion passed unanimously.

### **Audit Committee Meeting Times**

Mr. Jabouin noted that the Committee previously approved the meeting dates for School Year 2021 but had not yet approved the meeting times. Mr. Jabouin noted that he continued with the 11:30 timeframes but would need to start the August 13 meeting at 11:00 am because he anticipates that he will need additional time because of the likely agenda items and because the Committee meetings historically run late. He encouraged efficiency given his and the other Cabinet members' ability to attend the meetings and provide responses. Although he recommends keeping the time at 11:30, he will need an additional 30 minutes for the August 13<sup>th</sup> meeting.

### **Chief Auditor Comments and Updates**

Mr. Jabouin requested that the Committee members indicate their preference for a July special meeting. Mr. Jabouin noted the purpose of that meeting was to review an upcoming RSM report on the District's Roof Inspection process. The report was not yet available for this meeting. Presenting the report at the August meeting would likely impact the timing of any School Board reporting on the process. Dr. Lynch-Walsh questioned the selection of the audit subject and the timing of its presentation to the Committee. Mr. Jabouin responded that the Roof Inspection process was appropriately selected.

Committee members discussed various times and finally chose Monday, July 13, 2020 as the date for the Special Audit Committee meeting.

Mr. Jabouin updated the Committee on the HCT Agreed-Upon Procedures report on the Recordex Purchases that was presented at the May 14, 2020 meeting.

Mr. Jabouin noted that he had retrieved the Statement of Financial Interest Forms (SFI) for former Chief Information Officer, Tony Hunter. SFI Forms for 2013 and 2015 through 2018 were provided by the Committee of Ethics. Although Mr. Hunter worked for the District in 2014, an SFI Form was not provided for that year. The SFI Form for 2018 was due on June 30, 2019 but is dated in September 2019, thus filed late. Since Mr. Hunter worked for the District until January 2019, an SFI Form should be completed for 2019 and filed by June 30, 2019. The OCA will seek a copy of that form when it is filed. At that time, Mr. Hunter's employment with Alert Point should be noted on the form. The property purchase discussed in the Agreed-Upon Procedures report does not need to be included in the filing because the SFI instructions require reporting of Florida properties, and the property purchased was in Georgia.



Regarding the review of the District policies, Mr. Jabouin re-reviewed School Board Policy 3320 – Purchasing Policy. With respect to the two Post Board-Approval Memorandums, Mr. Jabouin concluded that the second memorandum should have been a finding against paragraph V of the policy. The report noted five findings, but the OCA will add another finding to a total of six findings. Ms. Fertig requested that Mr. Jabouin communicate this to the School Board, and he agreed to do so. On Policy 5306 - School and District Technology Usage, Mr. Jabouin noted that HCT’s existing findings are adequate and that the District will be having a future workshop to review the applicable policies. On Policy 5306.1, Mr. Jabouin reviewed the Technology Advisory Committee minutes and did not note the discussion of the Recordex devices until after the first purchases occurred.

Mr. Jabouin analyzed IT transactions where Mr. Hunter may have been involved and noted that there were 47 transactions over \$1 million or 70 transactions over \$500,000. Consistent with the Committee’s discussions, Mr. Jabouin thinks it makes sense to look at the largest transaction, the Invitation To Bid for \$81.4 million for technology computer devices. That transaction will be the next reviewed and any further transactions would be evaluated after that review.

Mr. Jabouin reminded the Committee that the Recordex transaction was less than the technology computer device transaction. Given that it took HCT 328 hours for that review, the technology computer device transaction review would take longer. Thus, a report on that review was unlikely for the next Committee meeting.

Mr. Jabouin noted that the District was informed by the Auditor General that they would be conducting their audit of School Year 2021. He anticipates that they will arrive in March 2021 to commence this audit. He anticipates that they will review the school audits. Given that the OCA was recently provided access to the schools and is now able to perform fieldwork, this will be challenging.

The OCA has three open positions: Facility Audit Manager, Auditor III, and Clerk Specialist B. The OCA is subject to the District’s hiring freeze. Ms. Fertig asked whether outsourced auditors can be used. Dr. Lynch-Walsh noted that the Facility Audit Manager is a capital position. Mr. Jabouin thanked them for their comments and responded that those factors are part of an approach that he has in process but has not yet obtained the approval.

Mr. Jabouin noted that he has populated his follow-up database for his follow-up audit but has not yet had time to read the information compiled by his team. His main focus over the next few months is the risk assessment and the audit plan.

### **Audit Committee Member Comments**

Dr. Lynch-Walsh stated that at the last meeting, she asked about the Facilities Audit Manager position. Dr. Lynch-Walsh stated that she was told that there were no qualified applicants, and there was a hiring freeze, and this position is critical, and Mr. Jabouin had not received any qualified applicants.

Dr. Lynch-Walsh then stated that Ms. Rupert's office has asked for a follow up to determine whether Mr. Jabouin did in fact receive all of the resumes and applications for the position.

Dr. Lynch-Walsh stated that she would like Mr. Jabouin to forward everybody the job description for the Facility Audits Manager position. She feels that the Facility Audit Manager position is a critical position that you would fill, freeze or no freeze.

Ms. Fertig asked if it is possible that Mr. Jabouin could pick one or two outside auditors to assist. Ms. Fertig inquired that if Mr. Jabouin cannot hire someone, Mr. Jabouin has the flexibility to hire an outside audit firm until the position is filled.

Mr. Mayersohn stated that he would like to find out what procedures schools are going to do to ensure that they will get an accurate count of their inventory.

Mr. Barnes stated that going forward, as a Committee, they will need to figure out how to streamline the meetings and get the job done efficiently. Mr. Barnes stated that there was only one item on the agenda which was the RSM report.

### **Adjournment**

**Formal Motion** to adjourn was made by Ms. Fertig and seconded by Dr. Lynch-Walsh. The motion passed unanimously.

Meeting Adjourned: 2:00 P.M.

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