

The School Board of Broward County, Florida
AUDIT COMMITTEE

MINUTES OF AUDIT COMMITTEE MEETING

October 10, 2019

Mr. Joris Jabouin, Chief Auditor, called the Audit Committee meeting to Order at 11:33 A.M. at the Kathleen C. Wright Building in the 1st Floor Board Room. 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
Ms. Stacey Kotzen, Esq.
Dr. Nathalie Lynch-Walsh
Mr. Andrew Medvin, CPA
Ms. Phyllis Shaw

Staff Present:

Mr. Robert Runcie, Superintendent of Schools
Mr. Joris Jabouin, Chief Auditor, Office of the Chief Auditor (OCA)
Ms. Judith Marte, Chief Financial Officer, Office of the Chief Financial Officer
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
Dr. Valerie Wanza, Chief Officer, Office of School Performance & Accountability (OSPA)
Ms. Barbara Myrick, General Counsel, Office of the General Counsel
Mr. Robert Vignola, Deputy General Counsel, Office of the General Counsel
Mr. Frank Girardi, Executive Director, Office of Chief Facilities & Construction Management (OFC)
Ms. Sonja Clay, Executive Director, Exceptional Student Learning Support (ESLS)
Ms. Saemone Hollingsworth, Executive Director ESLS
Ms. Mary Coker, Director, Procurement & Warehousing Services (PWS)
Ms. Shelley Meloni, Director, Pre-Construction, (OFC)
Mr. Dave Archer, Director, Program Controls (OFC)
Ms. Susan Cooper, Director, Employee & Labor Relations
Ms. Ali Arcese, Manager, Property and Inventory Audits, OCA
Ms. Ann Conway, Manager, Internal Funds Audits, OCA
Mr. Gerardo Usallan, Manager, Facility Audits, OCA
Ms. Meredith Arlotta, Manager, Operational Audits, OCA
Ms. Danielle Mamede, Assistant Director, PWS

Ms. Teresa Hall, Principal-Task Assigned, (ESLS)
Ms. Jennifer Harpalani, Auditor III, OCA
Mr. Eric Seifer, Auditor III, OCA
Ms. Marissa Smith, Senior Process Analyst, PWS
Ms. Janice Koblick, Curriculum Supervisor, ESLS
Ms. Gwen Lipscomb, Supervisor, ESLS
Ms. Nathalie Neree, Curriculum Supervisor, ESLS
Ms. Felicia Starke, Coordinator, ESLS
Ms. Emily Goldstein, District Coordinator, ESLS
Ms. Beth Williams, Curriculum Supervisor, ESLS
Ms. Sarah Samuels, Coordinator, ESLS
Ms. Rhonda Said, District Coordinator, ESLS
Ms. Christina Reyes, District Coordinator, ESLS
Ms. Terry Spurlock, Curriculum Supervisor, ESLS
Ms. Tara Rodger, Manager, ESLS
Ms. Stacy Wolfe, Supervisor, ESLS
Ms. Deneen Gorassini, Coordinator Medicaid, ESLS
Ms. Andrea Ciotti, Curriculum Supervisor, ESLS
Mr. Brian T. Norris, District Supervisor, ESLS
Mr. Avrilios Moumoutjis, Curriculum Supervisor, ESLS
Mr. Gary Grigull, Curriculum Supervisor, ESLS
Ms. Debra Harrington, Curriculum Supervisor, ESLS
Ms. Tracy De Blasio, Executive Secretary, School Board Member-Ms. Alhadeff
Ms. Michele Marquardt, Confidential Department Secretary, OCA
Ms. Megan Gonzalez, Confidential Clerk Specialist B, OCA

Guests Present:

Mr. Danny Jardine, Program Director, CBRE|HEERY
Mr. Michael Bobby, CBRE|HEERY
Mr. David Luker, Director, RSM
Mr. Matthew Blondell, CPA, Business Risk Consulting, RSM
Ms. Ashley Carpenter, Atkins
Ms. Nathalie Adams, Former ESE Advisory Chair (Speaker #1)
Ms. Jaianna Seaborne, Law Office of JR Seaborne PLLC (Speaker #2)
Mr. Scott Travis, Sun-Sentinel

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 announced that Mr. Brendan Barry, Esq. resigned as Audit Committee member. Mr. Jabouin recognized Mr. Barry's contributions and noted the expansion of Mr. Barry's business activities at his law firm. Mr. Barry served since 2014.

Mr. Jabouin asked the Committee members to be sure to turn in their Acknowledgement of School Board Advisory Committee Members Responsibilities form and reminded the Committee members to complete the on-line Ethics training.

Audit Committee Elections

Nominating Committee Report

Mr. Medvin, who served as the Chair of the Audit Committee Nominating Committee, reported that the Audit Committee Nominating Committee nominates Mr. Barnes as Audit Committee Chair, and Mr. Mayersohn as Audit Committee Vice Chair. No additional nominations from the Committee were announced.

Election of the Audit Committee Chair and Vice Chair

Formal Motion to nominate Mr. Barnes as Chair and Mr. Mayersohn as Vice Chair was made by Mr. Medvin, Nominating Committee member and seconded by Ms. Shaw. The motion passed with the following votes: Barnes (Y), Dahl (Y), De Meo (Y), Disch (Y), Fertig (Y), Kotzen (Y), Lynch-Walsh (Y), Mayersohn (Y), Medvin (Y), Shaw (Y).

At this time, the meeting was turned over to Mr. Barnes to chair.

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

Old Business

Follow Up – Management Update Evergreen Audit Report of May 30, 2014

Mr. Jabouin stated that this is a follow-up discussion and is for informational purposes only and a vote will not be needed.

Mr. Gohl, Ms. Hollingsworth, and Ms. Clay discussed the follow-up to the various Evergreen report documents that occurred at the School Board level. Mr. Gohl and Ms. Clay gave a background of the initial report that was an independent review of the ESE Services that was called by the Superintendent. The report is in excess of 450 pages, and there are a number of subsequent documents and links that were provided to the School Board as updates and links to Board discussions on this matter. Also included are other requests related to this ESE matter.

A number of management documents to track each of the recommendations made in the report was created. A committee of approximately 60 stakeholders chaired by an advocate within the community who oversaw the implementation and addressing of the concerns that were in the report was formed. Many single items in the report were able to be closed. Noted at the last update to the Board, there were 90 completed recommendations and 20 partially completed recommendations. Many of the open items represent ongoing changes to the process that need to be tracked.

It was discussed to have an annual update to the document provided showing the dashboard of items being tracked. During discussions, it was stated that in the last four years for third grade, the percentage of level one has gone from 24% to 18%, and it reduced each year. There are many reasons why children are at level

one, but progress is being made and will continue as the goal is to continue to reduce that number. During questions, Dr. Wanza discussed the process of the ESE children and the three sections of administration that work together for the child.

Questions were raised regarding the documentation provided in the Audit Committee package regarding how to read it. Mr. Gohl's area provided clarification of the information.

Dr. Lynch-Walsh had several specific questions regarding the implementation of the recommendations. It was asked that she provide a list to Mr. Gohl of her copious notes to compare and have more specific notes on the responses to the recommendations the next time they do a follow up. Dr. Lynch-Walsh also had questions on the Collaborative Educational Network report. Mr. Gohl responded to her questions as well as questions from other members of the Committee.

It was recommended by the Committee to put everything that has been done in one place to be able to see it more clearly. In summary, a timeline of responses, an archive of the documentation that is time stamped to see what changed when, Policies brought before the Board, and a number of procedures and standard operating procedures that have changed. The Committee requested another update in four months, and then an annual update going forward.

Ms. Marte discussed and explained the procedure for vendors to submit an invoice for payment to accounts payable, so all invoices are paid timely.

For more details regarding this report, please refer to the Management Update Evergreen Audit Report, posted at <https://www.browardschools.com/Page/34791>.

New Business

Minutes

The Committee discussed the Minutes from the meeting of August 8th, 2019. No questions were noted.

For more information regarding the October 10, 2019 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 Ms. Fertig and seconded by Mr. Mayersohn. The motion passed unanimously.

Introduction

New Audit Committee member, Ms. Disch was introduced. She described her background and professional work experience and stated that her most recent work has been in corporate doing general accounting, reporting, compliance, and internal audit.

Internal Audit Report – Property and Inventory Audits of Selected Locations

Mr. Jabouin briefly mentioned the property and inventory process improvement initiative that he and Ms. Arcese from the OCA have been working on with the strategic initiative management team. They are looking at the inventory process from beginning to end and meet every two weeks. Currently, they are mapping out the process to make some changes with the process that have had previous issues. Mr. Jabouin stated that for the Property and Inventory audits, 34 schools and locations are reported in the current report. Thirty-two of the 34 schools did not have an exception.

The question was asked if the Principal changes schools, will the exceptions follow the Principal. Dr. Wanza stated that the exceptions do follow the Principal to the new school, and she has a follow-up procedure she utilizes.

Mr. De Meo discussed the material weakness paragraph and the meaning of it. Mr. Jabouin stated he would take a look at the verbiage to avoid confusion in the future. The 1% threshold was also discussed and noted that the 1% was set by the District and is not statutory.

For more details regarding the Property and Inventory Audit, please refer to the Internal Audit Report – Property and Inventory Audits posted at <https://www.browardschools.com/Page/34791>.

Formal Motion to transmit the Property and Inventory Audits of Selected Locations was made by Mr. Mayersohn and seconded by Mr. Medvin. The motion passed unanimously.

Internal Audit Report – Audit of the Internal Funds of Selected Schools

It was reported that ten of the eleven schools reported did not have an exception. Mr. Jabouin spoke about Millennium 6-12 Collegiate Academy audit which is currently being investigated by the State Attorney. He stated that the investigation by the State Attorney was out of the control of the Chief Auditor, and he wanted to be sure he had permission to finalize the report as to not impact their investigation. Mr. Jabouin was given the authorization to proceed through the Special Investigation Unit (SIU).

Through the audit, the internal funds were looked at for suspicious activity, and none was found. When OSPA became aware of the issues being investigated, they took immediate action, and started their own investigation and took action. OSPA fully cooperated with the Chief Auditor office, but ultimately, there were not any of those activities that ran through the internal funds.

Mr. Jabouin stated that he and Dr. Wanza spoke to the Principals recently regarding all audits that are done through the Chief Auditor's area. He also discussed some preliminary discussions with Ms. Marte and with the Treasury department as to getting some blanket confirmations which may provide information regarding other bank accounts that may have been opened and could lead to knowledge of unauthorized accounts being opened.

Dr. Wanza stated that OSPA has completed their investigation and have reported to the State and are complying with whatever is needed. The employee in question no longer works in the District.

Ms. Disch asked about the fraud hotline, and it was discussed that the hotline goes to the Chief Auditor's office. Dr. Wanza stated that there was an anonymous hotline (or online) to report fraud or suspicious activity that go to SIU. There is a process in which parents and community members can call the Office of Service Quality.

For more details regarding the Audit of Internal Funds, please refer to the Internal Audit Report – Audit of the Internal Funds of Selected Schools posted at <https://www.browardschools.com/Page/34791>.

Formal Motion to transmit the Internal Funds Audit of Selected Schools was made by Ms. Fertig and seconded by Ms. Shaw. The motion passed unanimously.

RSM Report – SMART Bond Program Management

Mr. Jabouin discussed that the reporting line of the SMART Bond Program Manager / Owner Representative auditing changed in January when it began to report to the Chief Auditor instead of the

Chief Facility Officer. Although RSM has previously presented audit reports to the Audit Committee, this is the second report under the current structure and audit process.

The Chief Auditor determines the scope of the work and is updated on the always updated status of the work and makes the final decision regarding the auditing. He mentioned that due to not being able to audit every area, he has a scope document that looks over the various areas and is able to cover portions of it for each report.

Mr. Jabouin reported that given the significance of reports covering the SMART Bond, he has already forwarded a copy of the report to the School Board members prior to the Audit Committee meeting. He also plans to present the report at the Bond Oversight Committee meeting on December 16, 2019.

Mr. Luker discussed the report presented and gave a quick overview and their approach. He stated that there are procedures listed under their approach that are cyclical that are performed each quarter, and then there are unique procedures that are applied each quarter. The unique procedures performed this quarter were to focus sampling and testing efforts in areas of construction procurement and construction invoicing.

Mr. Luker reported that audit noted three new findings and a follow up on four findings from the first report. Two of the previous four findings are now closed. One of the previous four findings is partially closed. Mr. Luker continued to explain and responded to questions from the Committee on the specific details/ findings of the report which is located on the <https://www.browardschools.com/Page/34791>.

Formal Motion to transmit the RSM Report – SMART Bond Program Management was made by Dr. Lynch-Walsh and seconded by Ms. Fertig. The motion passed unanimously.

OCA Audit Report – Purchase Cards

Due to time constraints, this audit was moved to the next meeting.

Formal Motion to move the Purchase Card audit to the next meeting was made by Ms. Fertig and seconded by Dr. Lynch-Walsh. The motion passed unanimously.

Chief Auditor's Report

Mr. Jabouin discussed the work of the Office of the Chief Auditor since the last Audit Committee meeting. He discussed that the bulk of the OCA's time has been taken up with the Auditor General and the follow up from the Operational audit that was due in September. There were eight findings, and they have asked for an update of those findings. Mr. Jabouin stated they can confirm that three of the findings have closed. Another area of concentration has been on the Charter School financial statements. The review of their financial statements utilized a significant amount of time.

The audit plan was provided to the School Board. Mr. Jabouin explained the circumstances with the timing of the delivery of the audit plan to the Committee versus the timing of the prior Audit Committee Meeting. The School Board requested that an Information Security audit be added to the plan. Discussion of the PPO audit also occurred, and such an audit could potentially be added too. Mr. Jabouin would need to seek funding for both audits as the OCA does not have the resources for such an audit. For the Information Security Audit, Mr. Jabouin will be meeting with some firms to source that audit out. Any PPO audit work would occur after an upcoming Board Workshop.

Mr. Jabouin stated that the OCA still has open positions. The Board has requested a Job Study be completed by Compensation in order to attract qualified candidates to fill the open positions.

For more details regarding Mr. Jabouin's Chief Auditor's Report, please refer to the Chief Auditor's report posted at <https://www.browardschools.com/Page/34791>.

Public Comments

Speaker #1 Ms. Nathalie Adams, Former ESE Advisory Chair 6215 NW 80th Terrace, Parkland, FL. Ms. Adams discussed the Evergreen report. She wants accountability for the items on the report. She wants the items to be checked for completeness and closure.

Speaker #2 Ms. Jaianna Seaborne, Law Office of JR Seaborne PLLC 7777 Davie Road Extension, Davie, FL. Ms. Seaborne represents Dr. Cheryl Cendan and stated they object to the audit being presented today and want it on the record. Ms. Seaborne stated the following, "The audit was conducted in June of 2018 and initially presented to the Committee in January of 2019 with no exceptions. Due to the publicity in the summer of 2018, the Committee requested the audit be reviewed again. Now there is a controlled environment exception. We believe that this is an attempt to justify the false accusations of the school district via the OSPA office. The audit is based on the allegations and innuendos, not substantial facts. Additionally, there were flaws in the inquiry conducted over the summer of 2019 to determine the finding of the exceptions of the controlled environment. However, most notably from the audit is the fact that the auditor found yet again, and I quote, 'there was no specific evidence of mishandling money to the internal accounts.' Again, we object on the record any comments in regard to allegations, innuendos, and would ofs. It appears as if there is plenty of posturing on the part of the Chief Auditor in this audit. There are no detailed facts presented at all regarding a lack of control environment for any type of inquiry, observation or investigation

Audit Committee Member Comments

Dr. Lynch-Walsh requested the minutes from the previous P Card audit from 2016 be sent to the Audit Committee.

Ms. Kotzen requested that the public comments be aligned with the agenda topics. Mr. Jabouin agreed to review the way the timing of the public comments.

Mr. Mayersohn would like to add the Pledge of Allegiance at the beginning of the meeting, and the Committee members agreed. Mr. Jabouin responded that he would look into this.

Adjournment

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

Meeting Adjourned: 2:36 P.M.

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