

## **INTERNAL AUDIT REPORT**

### **Current Status Review of the Auditor General's Report #2013-160 – Broward County District School Board Financial and Operational Audit for Fiscal Year Ended June 30, 2012**

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**APRIL 2014**



**BROWARD COUNTY  
PUBLIC SCHOOLS**

*The Nation's Sixth Largest School District.*



**To be presented to the:**

**Audit Committee  
On May 1, 2014**

**School Board of Broward County, Florida  
On May 20, 2014**

**by  
The Office of the Chief Auditor**



## **The School Board of Broward County, Florida**

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# THE SCHOOL BOARD OF BROWARD COUNTY, FLORIDA

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Office of the Chief Auditor  
Patrick Reilly, Chief Auditor  
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**SCHOOL BOARD**  
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*Superintendent of Schools*

April 25, 2014

Members of the School Board of Broward County, Florida  
Members of the School Board Audit Committee  
Robert W. Runcie, Superintendent of Schools

Ladies and Gentlemen:

In accordance with the 2013-2014 Audit Plan, the Office of the Chief Auditor (OCA) has performed a second Current Status Review of the Auditor General's Report #2013-160 – Broward County District School Board Financial and Operational Audit for Fiscal Year Ended June 30, 2012.

The objective of this report was to provide a current status on the corrections/implementations by District staff of the audit recommendations that pertained to internal controls and compliance findings reported by the State of Florida Auditor General.

The original State of Florida Auditor General's report (which can be found on the Office of the Chief Auditor's website) contained fourteen detailed audit findings/recommendations and two Federal Award Findings. In October 2013, the OCA performed a Current Status Report, which showed that ten items were completed (items #1, 3, 4, 5, 6, 7, 11, 12, Federal Finding #1 and Federal Finding #2). The remaining six items (#2, 8, 9, 10, 13 and 14) were categorized as ongoing and are updated in this Current Status Report. This Current Status Report showed that two items were completed (items #10 and 13) and four items are ongoing (#2, 8, 9, and 14). In addition, this Current Status Report was used to respond to the request from the Joint Legislative Auditing Committee regarding those findings originally reported in the State of Florida's Auditor General's Report.

We would like to thank all District personnel for their cooperation during this review.

This report will be presented to the Audit Committee at its May 1, 2014 meeting and to the School Board at its May 20, 2014 Regular School Board meeting.

Sincerely,

Patrick Reilly, CPA  
Chief Auditor  
Office of the Chief Auditor

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## **SECTION I**

### **CURRENT STATUS MATRIX**

**THE SCHOOL BOARD OF BROWARD COUNTY, FLORIDA**

**The Office of the Chief Auditor**

**Current Status on the report entitled "Auditor General's Report #2013-160 – Broward County District School Board  
Financial and Operational Audit for Fiscal Year Ended June 30, 2012**

**APRIL 2014**

<b>AUDITOR GENERAL'S ORIGINAL FINDING &amp; RECOMMENDATION</b>	<b>MANAGEMENT RESPONSE AS OF MARCH 31, 2013</b>	<b>CURRENT STATUS AS OF OCTOBER 2013</b>	<b>CURRENT STATUS AS OF APRIL 2014</b>
<p><b><u>Finding No. 2:</u></b> <b><u>Electronic Funds Transfers</u></b></p> <p><b>Controls over electronic funds transfers could be enhanced.</b></p> <p><b><u>Recommendation:</u></b></p> <p>The Board should adopt written policies and procedures related to EFTs, including the use of electronic signatures. In addition, the banking agreement should contain the signatures of employees authorized to initiate EFTs.</p>	<p><b><u>Response from the Office of the Chief Financial Officer:</u></b></p> <p>The District established an "Internal Controls and Operational Procedures Manual" on August 31, 2004. The Manual includes a section that pertains to Electronic Funds Transfers. We will have the Board adopt an Electronic Funds Transfer Policy, which will include the use of electronic signatures.</p> <p>The District's banking agreement delegates authority to persons holding the positions of Chief Financial Officer (CFO) and Treasurer to execute documents pertaining to the use of services, including, but not limited to, designating persons authorized to initiate electronic funds transfers. Persons that have been authorized to initiate wire transfers utilize electronic signatures in the form of passwords and Personal Identification Numbers (PIN). The CFO and Treasurer will sign the Treasury Services Delegation of Authority Form.</p>	<p><b><u>Current Status: Ongoing</u></b></p> <p><b><u>Response from the Office of the Chief Financial Officer:</u></b></p> <p>The Treasurer's Office is currently drafting a policy addressing EFT's and the use of electronic signatures as required in Section 1010.11 and Chapter 668, Florida Statutes. The draft policy will then be reviewed by the Financial Advisory Committee at its scheduled meeting in November, and brought before the Board for approval as soon thereafter as feasible.</p>	<p><b><u>Current Status: Ongoing</u></b></p> <p><b><u>Follow Up from the Office of the Chief Auditor (OCA):</u></b></p> <p>OCA reviewed the draft Electronic Funds Transfer Policy to determine that internal control procedures will be established for EFTs when the policy is approved by the Board.</p> <p><b><u>Response from the Office of the Chief Financial Officer:</u></b></p> <p>The Treasurer's Office has completed the draft of the EFT Policy, including the use of electronic signatures. The Policy is being targeted to be brought before the Board at the May 27, 2014 workshop.</p>

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<p><b><u>Finding #8:</u></b> <b><u>Tangible Personal Property</u></b></p> <p><b>Improvements could be made in controls over tangible personal property.</b></p> <p><b><u>Recommendation:</u></b></p> <p>To improve accountability and safeguarding of the District's assets, the District should strengthen procedures to provide for complete annual physical inventories of tangible personal property, prompt tagging of items upon receipt, timely updating of all necessary fields in the individual property records for acquisitions and dispositions, and proper monitoring of surplus property dispositions.</p>	<p><b><u>Response from the Office of the Chief Auditor:</u></b></p> <p>The Office of the Chief Auditor (OCA) conducts property and inventory audits for all District locations to verify the physical presence of tangible personal property designated on a location's property inventory roster and to ensure appropriate controls are in place to safeguard the location's tangible personal property. Audits include a cursory review of the safeguards associated with high-risk items maintained within the location's secondary database per the requirements set forth in the <u>Business Practice Bulletin O-100 Procedures for Property and Inventory Control</u>. The OCA will continually evaluate the inventory process in an effort to comply with annual inventory requirements despite staff reductions of Property Auditors. It should be noted that staff at all locations are minimally required to conduct semi-annual inventories to ensure the District's property records are accurately maintained and updated. This</p>	<p><b><u>Current Status: Ongoing</u></b></p> <p><b><u>Response from the Office of the Chief Auditor (OCA):</u></b></p> <p><u>Class Codes Excluded</u></p> <p>Beginning in July 2013, OCA verified that programming changes were made to the PROP system to capture all class codes of assets purchased to ensure all assets are included in each location's Property and Inventory Report.</p> <p><u>Tagging/Barcoding</u></p> <p>OCA will continue to barcode, engrave or indelibly mark assets that have been reconciled to Purchasing records. We are monitoring the Supply Management and Logistics and the Accounting and Financial Reporting (AFRD) Departments to ensure that the bundling of assets is being closely monitored. We continue to perform property audits to</p>	<p><b><u>Current Status: Ongoing</u></b></p> <p><b><u>Response from the Office of the Chief Auditor (OCA):</u></b></p> <p><u>Class Codes Excluded</u></p> <p>Currently, the PROP system is capturing all class codes of assets purchased to ensure all assets are included in each location's Property and Inventory Report.</p> <p><u>Tagging/Barcoding</u></p> <p>As part of OCA's Property and Inventory audits, staff barcodes, engraves or indelibly marks assets that have been reconciled to the purchasing records. As part of our audit process, we continue to monitor the Supply Management &amp; Logistics and the Accounting and Financial Reporting (AFRD) Departments. Property and</p>

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<b><u>Finding #8:</u></b> <b><u>Tangible Personal Property, Cont'd.</u></b>	<p><u>Tagging/Barcoding</u></p> <p>We agree. All property items that have been reconciled by OCA staff will be barcoded, engraved or indelibly marked during the subsequent property audit. District staff receives a report of all additions to the Master File of Assets associated with their location (PNI 954A-Optispool). Records should be verified for accuracy to ensure that proper tagging, tracking and distribution are maintained. The Chief Auditor has established the process for tagging new purchases when asset records are confirmed to be accurate. The Accounting and Financial Reporting Department (AFRD) reviews Business Intelligence (BI) reports to ensure that all new purchases are captured and maintained with accuracy.</p> <p>We agree. Bundling assets is prohibited by District policy. The Supply Management &amp; Logistics Department, site administrators, as well as AFRD must provide increased oversight for properly executing the three phases of asset</p>		<p>classification codes excluded from the inventory counts. This data will be sent to each Principal/Director of each location with instructions to research the missing serial numbers and to provide the missing serial numbers. Lastly, the Principal/Director will be required to sign the schedules as acknowledgement that the information they have provided is accurate and further modification is not required.</p> <p>Upon receipt of the schedules from the Principal/Director, AFRD personnel will review the data, follow up with any additional clarification issues and update the fixed assets database accordingly.</p> <p>Finally, to maintain the integrity of the recording and classification of fixed</p>

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<p><b><u>Finding #8:</u></b> <b><u>Tangible Personal Property, Cont'd.</u></b></p>	<p>record development. The creation of an appropriately itemized and segregated requisition, an adequately executed individual goods receipt and subsequent recording of the detailed asset record information are essential to delivering effective property management controls. The Chief School Performance and Accountability Officer formally communicated a follow up memo of expectation regarding the adherence to procedures for executing new purchases as well as monitoring and safeguarding District assets to all school based administrators on February 4, 2013.</p> <p>We agree. Any item that is donated which has a value of \$1,000 or more is considered to be high risk. These items must be reported to AFRD on an Equipment Acquisition Form per the District's Standard Practice Bulletin I-311 <u>Donations</u>.</p> <p>We agree. No assets should be paid for prior to verification by the site's</p>		<p>assets on an ongoing basis, AFRD will review the fixed assets database for missing data and notify the locations to research and correct.</p> <p>AFRD plans on rolling out the project within the coming weeks with anticipation of completion by December 31, 2014.</p> <p><u>Disposal of TPP</u></p> <p><b><u>Response from the Supply Management &amp; Logistics Department</u></b></p> <p>Assets determined to be of no further instructional value or obsolete are disposed of in one of four processes:</p> <ol style="list-style-type: none"> <li>1) Auctioned to the general public</li> <li>2) Recycled via the approved electronics recycling vendor</li> <li>3) Scrapped</li> </ol>



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<p><b><u>Finding #8:</u></b> <b><u>Tangible Personal Property, Cont'd.</u></b></p>	<p><u>Disposal of TPP</u></p> <p>We agree. This issue has been discussed with warehouse management and personnel in the past. More detailed recordkeeping is needed to document the manner of final disposal of assets (sold, donated, cannibalized, scrapped, etc.) The Office of the Chief Auditor will meet with the Supply, Management &amp; Logistics Department in order to ensure compliance with Florida Statutes, Chapter 274 and Department of Financial Services Rule 69I-73, Florida Administrative Code.</p>		<ul style="list-style-type: none"> <li>Once assets are picked up and delivered to B-Stock, the original 3290A and Transfer Ticket are sent to the Capital Assets Department. Items valued over \$1,000 are removed from the District master asset database following approval by the School Board.</li> </ul> <p>AUCTION:</p> <ul style="list-style-type: none"> <li>Prior to posting assets on the auction BPI and/or serial numbers are cross referenced against the master database to ensure items are no longer listed in district inventory.</li> <li>Once removed from the master database the item may be auctioned.</li> <li>All assets auctioned are tracked in an internal</li> </ul>



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<u>Finding #8:</u> <u>Tangible Personal Property, Cont'd.</u>			<p>database. The description, BPI and/or serial number, transfer number, final price and date sold are recorded in the database. If an item does not get bids after repeated attempts, then its final disposition (metal scrap, repurposed, etc.) is recorded in the database.</p> <ul style="list-style-type: none"><li>• District auctions are conducted on the Public Surplus website. Publicsurplus.com is an auction website specifically used by government agencies.</li><li>• Winning bidders pick up and pay for their item, sign an Auction Release form, the data added to the Internal Auction Database with a copy of the payment check, and are given a receipt – attachment C.</li></ul>

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<b><u>Finding #8:</u></b> <b><u>Tangible Personal Property, Cont'd.</u></b>			<ul style="list-style-type: none"><li>• Every item auctioned is recorded on the Public Surplus Invoice report listing auction number, auction end date, and sale dollar amount – attachment D.</li><li>• Funds generated from the auctions are submitted to the Treasurer's Office weekly. An itemized list of items sold and corresponding BPI and/or serial number is included with the remittance transmittal.</li><li>• A copy of the deposit package is send to Financial Reporting and Public Surplus invoices are sent to Capital Budget.</li></ul> <p><b>RECYCLING:</b></p> <ul style="list-style-type: none"><li>• Schools/Departments complete a 3290A</li></ul>

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<b><u>Finding #8:</u></b> <b><u>Tangible Personal Property, Cont'd.</u></b>			<p>Surplus Declaration form which is submitted to the B-Stock (surplus) Warehouse, signed and dated by the Principal or Director – attachment E.</p> <ul style="list-style-type: none"> <li>• It is the responsibility of schools/departments to ensure the accuracy of the 3290A.</li> <li>• B-Stock generated a sequentially numbered Transfer Ticket for pick-up of the assets – attachment F.</li> <li>• Transfer Ticket numbers are listed on the materials picked up (cartons or pallets).</li> <li>• Once assets are picked up and delivered to B-Stock, the original 3290A and Transfer Ticket are sent to the</li> </ul>

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<b><u>Finding #8:</u></b> <b><u>Tangible Personal Property, Cont'd.</u></b>			<p>Capital Assets Department. Items valued over \$1,000 are removed from the District master asset database following approval by the School Board.</p> <ul style="list-style-type: none"> <li>• The contracted recycling vendor, Diversify Asset Recovery, is contacted to pick up electronic assets.</li> <li>• Each carton/pallet holding assets, labeled with the Transfer Ticket numbers, are staged for pick up.</li> <li>• A Record of Disposition of Assets form is completed listing number of cartons, pallets, and related Transfer Ticket number – attachment G. The form is signed and dated by the</li> </ul>

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<p><b><u>Finding #8:</u></b> <b><u>Tangible Personal Property, Cont'd.</u></b></p>			<p>Diversified driver and District employee.</p> <ul style="list-style-type: none"> <li>• The Record of Disposition of Assets serves as a cross reference to the original 3290A form on file for each individual item sent for recycling.</li> <li>• Upon request Diversified provided a report of total units picked up from the District – attachment H.</li> </ul> <p>REPURPOSE:</p> <ul style="list-style-type: none"> <li>• Items received, and removed from the Master Asset list, are held for a period of time, for repurpose at a school/department.</li> <li>• If a school/department requests a specific item being help for repurpose, then a</li> </ul>

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<p><b><u>Finding #9:</u></b> <b><u>Annual Facility Inspections</u></b></p> <p>The District did not always timely correct deficiencies noted in annual facility inspections.</p> <p><b><u>Recommendation:</u></b></p> <p>The District should enhance procedures to ensure that deficiencies noted in inspection reports are timely corrected.</p>	<p><b><u>Response from the Office of Facilities &amp; Construction:</u></b></p> <p>We agree. The District is attempting to enhance its procedures to ensure that deficiencies noted in inspection reports are timely corrected; however, the District continues to operate in a fiscally challenged environment with extremely restricted resources in personnel and funding. Under the current circumstances, progress in addressing deficiencies remains limited.</p> <p>Proposed Corrective Action Plan: Once resources and funding become available, the District will then be able to address the deficiencies more fully and expeditiously.</p> <p>Timeline for Implementation: Due to current funding issues, a specific timeline cannot be determined at this time.</p>	<p><b><u>Current Status: Ongoing</u></b></p> <p><b><u>Follow Up from the Office of the Chief Auditor (OCA):</u></b></p> <p>This item will be reviewed in a subsequent Current Status Report.</p> <p><b><u>Response from the Office of Facilities &amp; Construction:</u></b></p> <p>The status remains unchanged. Funding has not improved; therefore a specific timeline cannot be determined at this time. Additionally, extreme limited staffing continues to be an issue; in fact staff resources have been further drastically reduced.</p>	<p><b><u>Current Status: Ongoing</u></b></p> <p><b><u>Follow Up from the Office of the Chief Auditor</u></b></p> <p>This item will be reviewed in a subsequent Current Status Report.</p> <p><b><u>Response from the Office of Facilities &amp; Construction:</u></b></p> <p>Although staff and funding resources remain limited, the District is pursuing options to be able to execute this work. Staff is actively identifying the most efficient methods to address the deficiencies that have been noted in the annual inspection reports in order to achieve more timely correction. Additionally, staff is continuing to review and enhance its procedures in an effort to expedite the availability of corrective solutions.</p>



**THE SCHOOL BOARD OF BROWARD COUNTY, FLORIDA**

**The Office of the Chief Auditor**

**Current Status on the report entitled "Auditor General's Report #2013-160 – Broward County District School Board  
Financial and Operational Audit for Fiscal Year Ended June 30, 2012"**

**APRIL 2014**

<b>AUDITOR GENERAL'S ORIGINAL FINDING &amp; RECOMMENDATION</b>	<b>MANAGEMENT RESPONSE AS OF MARCH 31, 2013</b>	<b>CURRENT STATUS AS OF OCTOBER 2013</b>	<b>CURRENT STATUS AS OF APRIL 2014</b>
<p><b><u>Finding #10:</u></b> <b><u>Background Rescreenings</u></b></p> <p>The District did not timely obtain required background rescreenings for certain District employees.</p> <p><b><u>Recommendation:</u></b></p> <p>The District should ensure that the District employees undergo the background screenings at least every five years as required by law.</p>	<p><b><u>Response from the Office of Human Resources:</u></b></p> <p>We agree with the Auditor General's findings. The Auditor General's findings indicate that the District's reason for the delays in rescreening of employees is as a result of insufficient personnel. While the reduced staffing levels have impacted the timely implementation of the five-year employee fingerprinting process, it is not the only reason rescreenings have not occurred in a timely manner.</p> <p>In a memorandum to the Auditor General dated December 7, 2012, the Security Clearance Division of the Broward District Schools Police Department (BDSPD) explained that deficiencies were identified and compliance issues were being rectified. Additionally, we explained that research had to be conducted in order to identify the actual issues to devise a process for overall compliance. As a result of the research we discovered that some fingerprint records were not</p>	<p><b><u>Current Status: Ongoing</u></b></p> <p><b><u>Follow Up from the Office of the Chief Auditor (OCA):</u></b></p> <p>This item will be reviewed in a subsequent Current Status Report.</p> <p><b><u>Response from the Office of Human Resources:</u></b></p> <p>As of August 2013, the process of re-capturing all fingerprint records of active employees who were no longer being retained by the Florida Department of Law Enforcement has been completed.</p> <p>In July 2013, we transitioned fingerprinting services of charter school personnel to our contracted vendor. This enables us to have one data source for charter school personnel, which allows the current status in the process to be viewed by the responsible charter agency/school.</p>	<p><b><u>Current Status: Completed</u></b></p> <p><b><u>Follow Up from the Office of the Chief Auditor (OCA):</u></b></p> <p>We selected a random sample of 105 active employees from the Security Clearance database. Of these employees, 30 were hired within the last five years; therefore, they were not subject to rescreening (28%). Excluding the 30 employees who were not yet subject to rescreening, 75 employees remained in our sample that were subject to rescreening.</p> <p>Of those 75 employees, 24 employees were timely rescreened (32%) and 51 employees were not timely rescreened within the five years (68%).</p>



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<p><b><u>Finding #10:</u></b> <b><u>Background Rescreenings, Cont'd.</u></b></p>	<p>taken electronically, fingerprint records were illegible, employees were never re-printed during the original re-fingerprinting process years ago due to an employee leave and/or absence, there were data inaccuracies at the time of fingerprinting causing a deletion of the record, two computers "crashed" containing fingerprint data (data could not be recovered) and corrupt fingerprint data could not convert to a newer format required for a future resubmission.</p> <p>To that end, the Security Clearance staff are diligently working on rectifying the issues by May of 2013 by doing the following:</p> <ul style="list-style-type: none"> <li>• Review and modify locally stored electronic fingerprint records for resubmission and retention;</li> <li>• Email notification to employees that physical re-fingerprint is required in compliance with state statute;</li> </ul>	<p>As stated in our response of March 15, 2013, the lack of one data source housing all the necessary information needed to determine if a fingerprint record needs to be resubmitted or deleted continues to be an obstacle. We have requested that the Information and Technology Department review our current process for a suitable solution.</p>	<p>We have determined at this date all employees subject to rescreening have been rescreened and a process has been put in place to ensure that employees are rescreened prior to their five year expiration status.</p> <p>We also reconciled the SAP active employee list with the Security Clearance database used by the District Schools Police Department and noted that 19 employees were not listed on the Security Clearance database. Nine were identified in the March 31, 2013 management response and the additional 10 employees were identified during this Current Status Report. We recommended that these individuals be fingerprinted immediately to comply with Florida Statutes. The HR Department took action to rescreen or terminate</p>

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<b><u>Finding #10:</u></b> <b><u>Background Rescreenings, Cont'd.</u></b>	<ul style="list-style-type: none"> <li>• Provide written notification to substitute teachers regarding fingerprint requirement;</li> <li>• Provide information concerning the fingerprinting requirement to Principals at their respective level meetings;</li> <li>• Provide list of employees to site administrators;</li> <li>• Provide three off-site locations with extended hours to employees for fingerprinting; and</li> <li>• Re-submit approximately 1,236 fingerprint records since July 1, 2012, in compliance with state statute. This is in addition to the 5,657 new fingerprint records created for background screening.</li> </ul> <p>Although our efforts have been successful, we are facing some challenges of employee compliance; specifically, employees electing not to comply with the directive for rescreening. We have provided the employees with a deadline date for rescreening. Employees failing to</p>		<p>employees who were not in compliance.  Note: As of April 2014, the Office of the Chief Auditor verified that the fingerprint records of all active employees have been retained in the FALCON database and have been screened by the FBI at the national level within the last five years.</p> <p><b><u>Response from the Office of Human Resources:</u></b></p> <p>A comprehensive system currently exists to monitor and track fingerprint records. This comprehensive system is regularly compared to data contained in the Florida's Integrated Criminal History System, also known as FALCON, twice a month to ensure retention of fingerprint records in compliance with Section 1012.32, Florida Statutes.</p>

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<b><u>Finding #10:</u></b> <b><u>Background Rescreenings, Cont'd.</u></b>	<p>comply will be notified of possible disciplinary action for violating Florida Statutes.</p> <p>Another issue noted in a previous response to the Auditor General is the continuing challenge of the lack of one data source housing all of the requisite information, including records of non-employees that are not housed in SAP, such as charter school employees, vendors, mentors/volunteers (chaperones), health science students, and pre-professionals (interns), making the process labor intensive. Currently, comprehensive reports from the SAP employee data system are compared against the state fingerprint data in Florida's Integrated Criminal History System. Continued analysis of the reports allows us to determine the required actions for the fingerprint record.</p> <p>We are continuing our process of cross-referencing the various databases for employees fingerprinted within a 5-year cycle; however, we have discovered that</p>		<p>In addition, the semi-monthly review allows the District to identify fingerprint records that require submission to the Florida Department of Law Enforcement (FDLE). FDLE then forwards to the Federal Bureau of Investigation the required fingerprints in order to complete a federal criminal history check.</p> <p>Since December 2010, our responses to the original findings described our efforts to locate an enhanced software solution to accomplish the overall task of monitoring and tracking records in a more automated and efficient manner. However, since July 2013, we have enhanced our software solution and processes to accommodate the overall task of fingerprint retention and compliance.</p>

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<p><b><u>Finding #10:</u></b> <b><u>Background Rescreenings, Cont'd.</u></b></p>	<p>some employees need to be physically re-fingerprinted in order to submit their fingerprints for future re-screenings.</p> <p>Finally, Florida statutes that reference retention of employee fingerprint records also state that if, for any reason following employment, the fingerprints of a person who is employed with the school district are not retained by the Department of Law Enforcement, the person must file a complete set of fingerprints with the district school superintendent of the employing school district. If we determine a record is out of compliance with a five-year resubmission, immediate steps are taken to ensure the resubmission occurs.</p>		

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<p><b><u>Finding #13:</u></b> <b><u>Information Technology</u></b></p> <p>Some inappropriate information technology (IT) access privileges existed.</p> <p><b><u>Recommendation:</u></b></p> <p>The District should re-evaluate the need for the remaining IT employees to continue having update access to the finance and HR applications. If District management determines that there is a legitimate business need for IT employees to have update privileges to provide assistance to end-users, the access should be granted for only the length of time necessary to provide the needed assistance and then deactivated. In addition, update actions within the finance and HR applications performed by IT employees should be reviewed by end-user supervisory employees.</p>	<p><b><u>Response from the Office of the Chief Strategy &amp; Operations Officer:</u></b> We agree.</p> <p><b><u>Proposed Corrective Action:</u></b> Subsequent to the last audit, critical access to financial applications for project employees was delimited. Currently, there are no project employees with access to critical financial data.</p> <p>The District is in the process of evaluating the roles assigned to project employees that contain critical access with HR application. By June 30, 2013, new roles will be created to provide access to those whose job functions mandate such access be granted; access will be delimited for all others.</p> <p>The review process of update actions within the finance and HR applications performed by IT employees and those employees that provide SAP ERP functional support that do not directly report to IT management will be enhanced to include review by the SAP ERP system functional support staff supervisory employee. The timeline is June 30, 2013.</p>	<p><b><u>Current Status: Ongoing</u></b></p> <p><b><u>Follow Up from the Office of the Chief Auditor (OCA):</u></b></p> <p>This item is currently being reviewed by our external audit firm, as part of the District's Comprehensive Annual Financial Report (CAFR).</p> <p><b><u>Response from the Office of the Chief Strategy &amp; Operations Officer:</u></b></p> <p>The review process of update actions within the finance and HR applications performed by IT employees is complete and a new segregation of duties process is in place. The review of roles assigned to project employees is complete; new roles have been created and IT is in the process of migrating users to new roles and this process will be complete by October 31, 2013.</p>	<p><b><u>Current Status: Completed</u></b></p> <p><b><u>Follow Up from the Office of the Chief Auditor (OCA):</u></b></p> <p>OCA verified documentation provided by the IT Department pertaining to strengthening controls over access privileges.</p> <p><b><u>Response from the Office of the Chief Strategy &amp; Operations Officer:</u></b></p> <p>Please find Information &amp; Technology's (IT) response to <i>Finding No. 13: Information Technology – Access Privileges</i> of the Auditor General's Report #2013-160.</p> <p>In response to the Audit Finding #13:</p> <ul style="list-style-type: none"> <li>• Additional security roles were created for Human Resources, Payroll, and Finance modules.</li> </ul>

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<u>Finding #13:</u> <u>Information Technology, Cont'd.</u>			<ul style="list-style-type: none"> <li>• Five IT employees with update access within the Finance module has been reduced to zero.</li> <li>• Procedures are in place to request, approve, and assign temporary access to modules for update purposes.</li> <li>• ERP SAP User Access Form contains an Expiration Date that is consistent with procedures in place for temporary access.</li> <li>• Eight IT employees with update access to Human Resources and Payroll modules has been reduced to seven. (Due to module security role limitations, removal of the remaining roles would be detrimental to daily system/business process validations.)</li> </ul>

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<p><b><u>Finding #14:</u></b>  <b><u>Information Technology – Security Controls – Software Management, User Authentication, and Monitoring of Application Data Changes</u></b></p> <p>District IT security controls related to software management, user authentication, and monitoring of application data changes needed improvement.</p> <p><b><u>Recommendation:</u></b></p> <p>The District should improve its security controls related to software management, user authentication, and monitoring of application data changes to ensure the continued confidentiality, integrity, and availability of District data and IT resources.</p>	<p><b><u>Response from the Office of the Chief Strategy &amp; Operations Officer:</u></b></p> <p>We agree.</p> <p><b><u>Proposed Corrective Action:</u></b> The Information &amp; Technology Department agrees with the findings, and is making forward progress, and remains committed to addressing each of the outstanding items. The Information &amp; Technology Department has a project plan in action with a clear goal of completing all corrective actions before June 30, 2014.</p>	<p><b><u>Current Status: Ongoing</u></b></p> <p><b><u>Response from the Office of the Chief Strategy &amp; Operations Officer:</u></b></p> <p>The Information &amp; Technology Plan is in place with a clear goal of completing all action items by June 30, 2014.</p>	<p><b><u>Current Status: Ongoing</u></b></p> <p><b><u>Follow Up from the Office of the Chief Auditor (OCA):</u></b></p> <p>OCA verified documentation provided by the IT Department pertaining to strengthening procedures related to security access controls and network operating systems.</p> <p><b><u>Response from the Office of the Chief Strategy &amp; Operations Officer:</u></b></p> <p>See Management's Response on the following page.</p>



**Finding #14:****Information Technology – Security Controls – Software Management, User Authentication, and Monitoring of Application Data Changes****Current Status as of April 2014****Status: Ongoing****Response from the Office of the Chief Strategy & Operations Officer:**

Audit finding #14 pertains to two areas of concern

1. The first of these is the District's Active Directory Password Policy. In regard to this matter, the current written password complexity policy has been converted to an automated and mandatory process as agreed to in the management response to the previous audit finding. All tasks related to the District's Active Directory Password Policy are complete.

Task	Status
Establish complexity rules	Completed
Establish password length rules	Completed
Establish password history rules	Completed
Develop password reset website	Completed
Develop password change website	Completed
Develop user level communication letter	Completed
Develop user password reset instructions	Completed
Distribute user password reset instructions	Completed
Set schedule for enabling new password rules	Completed
Enable new password rules	Completed
Script to reset initial password to meet new complexity requirements	Completed
Project Complete	April 2014



**Finding #14:****Information Technology – Security Controls – Software Management, User Authentication, and Monitoring of Application Data Changes, cont'd.****Response from the Office of the Chief Strategy & Operations Officer, cont'd.**

2. The second area of concern is the District's use of Windows NT as a network operating system for the domain controllers supporting the SAP application environment. Information and Technology is currently completing the migration process of all remaining NT domain controllers in the SAP environment to Active Directory. This project is on schedule to be completed by the June 30, 2014 deadline as noted in the management response to the previous audit findings.

<b>Task</b>	<b>Status</b>
Discovery / Research in Q4 2013.	Completed
Establish testing framework	Completed
Preliminary test migrating a single Windows / SAP server to AD	Completed
Findings incorporated into process docs	Completed
Windows Security model (file shares) documentation verified	Completed
Broward schools accounts added in preparation for migration	Completed
Server, domain, and security 'get-ahead' tasks took place	Completed
Expected outcomes verified with Gartner Consulting	Completed
Process documents organized and refined	Completed
Further (verification) testing, to include all SAP servers	In Progress
Notification to affected end-users (for workstation migration)	Pending
Migration of servers, users, and workstations	Pending
Project Complete	June 2014

## **SECTION II**

**AUDITOR GENERAL'S REPORT 2013-160 – SCHEDULE OF FINDINGS AND  
QUESTIONED COSTS FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**BROWARD COUNTY  
DISTRICT SCHOOL BOARD  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**ADDITIONAL MATTERS**

**Finding No. 1: Fraud Policy**

The District has an internal audit division and a special investigative unit whose Web sites have links to a fraud hotline and an anonymous tip program. In addition, Board policies and employee disciplinary guidelines addressed communicating and reporting known or suspected fraud. While these policies and guidelines require a drug-free workplace, self-reporting rules for employee arrest, and a code of conduct for administrators, they do not clearly identify actions constituting fraud, incident reporting procedures, responsibility for fraud investigation, and consequences of fraudulent behavior.

Effective fraud policies are necessary to educate employees about proper conduct, create an environment that deters dishonesty, and maintain internal controls that provide reasonable assurance of achieving management objectives and detecting dishonest acts. In addition, such policies serve to establish the responsibilities for investigating potential incidents of fraud and taking appropriate action, reporting evidence of such action to the appropriate authorities, and avoiding damaging the reputation of persons suspected of fraud but subsequently found innocent. Further, in the absence of adequate policies, the risk increases that a known or suspected fraud may be identified but not reported to the appropriate authorities. District personnel indicated that a fraud policy was drafted, scheduled for review at a Board workshop in April 2013, and anticipated for final approval shortly thereafter. A similar finding was noted in our report No. 2010-183.

**Recommendation:** To aid in the detection and prevention of fraud, the District should continue its efforts to adopt a fraud policy for reporting known or suspected fraud to the appropriate authorities.

**Finding No. 2: Electronic Funds Transfers**

Section 1010.11, Florida Statutes, requires each school board to adopt written policies prescribing the accounting and control procedures under which funds are allowed to be moved by electronic transaction for any purpose including direct deposit, wire transfer, withdrawal, investment, or payment. This law also requires that electronic transactions comply with the provisions of Chapter 668, Florida Statutes, which discusses the use of electronic signatures in electronic transactions between school boards and other entities. In addition, State Board of Education (SBE) Rule 6A-1.0012, Florida Administrative Code (FAC), authorizes the District to make electronic funds transfers (EFTs) provided adequate internal control measures are established and maintained, such as a written agreement with a financial institution that contains manual signatures of employees authorized to initiate EFTs. SBE Rule 6A-1.0012, FAC, also requires the District to maintain documentation signed by the initiator and authorizer of EFTs to confirm the authenticity of EFTs.

During the 2011-12 fiscal year, the District regularly used EFTs for debt service payments, workers' compensation and dental self-insurance payments, purchases and sales of investments, and direct deposit of employee pay.

According to District records, cash and cash equivalents and investments totaling \$345 million were available for electronic transfer at June 30, 2012. The Board established a bank agreement with one bank and four investment agreements with investment institutions to provide various services, such as EFTs. While the District had informal EFT processes, such as use of EFT control documents that identified employees who initiated and authorized EFTs, the Board had not adopted written policies prescribing the accounting and control procedures of EFTs, including the use of electronic signatures, contrary to Section 1010.11 and Chapter 668, Florida Statutes. In addition, the bank agreement dated April 2009 did not include the manual signatures of two finance employees authorized to initiate transactions, contrary to SBE Rule 6A-1.0012, FAC.

While the District had established certain controls over electronic fund transfers, such as separation of initiator and authorizer of EFTs, management review of EFT transactions, and independent bank account reconciliations, and our tests did not disclose any EFTs for unauthorized purposes, the lack of a Board policy establishing policies and procedures governing EFT activities and addressing the use of electronic signatures, and lack of signatures on the bank agreement of employees designated to initiate EFTs, increases the risk of misappropriation of funds without timely detection.

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**Recommendation:** The Board should adopt written policies and procedures related to EFTs, including the use of electronic signatures. In addition, the banking agreement should contain the signatures of employees authorized to initiate EFTs.

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#### **Finding No. 3: Decentralized Collections**

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District personnel collect moneys at various decentralized locations throughout the District and then transfer these moneys, along with a remittance transmittal form to establish responsibility for the collections, to the Treasurer's Office (Office) for deposit in the bank. Effective controls over collections require timely transfers from decentralized locations to the Office, and timely deposit of collections in the bank.

For the 2011-12 fiscal year, the District received total decentralized collections of \$5 million and, for the Instructional Staffing and Material Logistics Departments, decentralized collections totaled \$1.2 million. Our test of 60 collections totaling \$25,588 for these two departments disclosed 56 collections totaling \$24,929 that were not timely transferred to the Office, resulting in untimely deposits. While the deposits were made the same day the collections were received in the Office, the transfers were made from 10 to 26 days after the collection dates and consisted of 8 collections totaling \$13,125 in the Instructional Staffing Departments for teacher certifications and 48 collections totaling \$11,804 in the Material Logistics Department for a surplus auction.

District personnel indicated that the collection transfer procedures allowed transfers to the Office biweekly from the Instructional Staffing Department and monthly from the Material Logistics Department. In April 2012, District personnel indicated that the Instructional Staffing Department began transferring collections more timely to the Office, but the Material Logistics Department transfers remained untimely. Untimely transfers and deposits of decentralized collections increase the risk for collections to be lost or stolen. A similar finding was noted in our report No. 2010-183.

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**Recommendation:** The District should ensure that daily collections from all decentralized collection locations are timely transferred to the Treasurer's Office and deposited.

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**Finding No. 4: Payroll Processing**

For the 2011-12 fiscal year, the District incurred \$1.3 billion in salary expenditures. The Superintendent established Business Practice Bulletin PR-100 that requires documented approval of all payroll data such as time cards, timesheets, vacation and leave request forms, and all related payroll reports. Also, for the 2011-12 fiscal year, salary expenditures included payroll errors associated with employee terminations, leaves of absences, and changes in pay that resulted in salary overpayments totaling \$957,476.

The District recovered \$819,828 of salary overpayments during the 2011-12 fiscal year relating to the current and previous fiscal years; however, the total uncollected balance as of June 30, 2012, was approximately \$1.3 million, of which \$1 million had expired given the two-year statute of limitations established by Section 95.11(4)(c), Florida Statutes. In addition, our tests of October 2011 and May 2012 payroll records supporting 50 salary payments totaling \$138,220 to 25 employees disclosed the following:

- District records did not evidence time sheets, time cards, or other records to establish the basis for 4 salary payments totaling \$9,897 to 3 transportation department employees.
- District records did not evidence supervisory review and approval of work time for 22 salary payments totaling \$57,751 to 13 transportation department employees.
- For 13 salary payments totaling \$34,143 made to 10 transportation department employees, the hours reported in the accounting system and on the time cards did not agree, resulting in 8 employees paid from \$39 to \$853 less than the time cards supported and 2 paid from \$194 to \$535 more than the time cards supported.

Enhancements in controls over salary payments, including a more detailed supervisory review and approval of such payments, may reduce the risk of errors or fraud without timely detection. Similar findings were noted in our report Nos. 2007-164R and 2010-183.

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**Recommendation:** The District should enhance its procedures to ensure payroll payments are accurate, properly documented, and approved. The District should also continue its efforts to remedy previous salary underpayments and overpayments.

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**Finding No. 5: Overtime Payment Monitoring**

During the 2011-12 fiscal year, the District incurred expenditures of \$13.7 million for overtime pay. The District provides for overtime payments to employees for hours worked in excess of the normal day as authorized by Board policy and employee contracts. Also, Board policy defines overtime pay and compensatory time and requires supervisory review for all overtime. In addition, the Superintendent established Business Practice Bulletin PR-100, which requires documented approval of all payroll data such as overtime and compensatory forms, and requires supervisors to preapprove estimated overtime dates, hours, and reasons, and to approve the actual overtime of employees.

Our review of October 2011 and May 2012 payroll records, discussed in Finding No. 4, disclosed 20 employees that received a total of 40 overtime payments totaling \$38,623. Our tests of these overtime payments disclosed District records did not evidence the basis upon which 4 payments totaling \$3,367 were made to 3 transportation department employees. Also, of the remaining 36 overtime payments tested, District records did not evidence supervisory review and approval of 32 payments totaling \$30,479 for 13 transportation department employees and 4 other employees.

In addition, our analytical procedures of overtime payments disclosed that 6 of 20 employees receiving the highest amount of overtime payment in the 2011-12 fiscal year were also among those that earned the highest in the 2010-11 fiscal year. For the 2011-12 fiscal year, the 6 employees were paid from \$19,681 to \$25,890 in overtime pay, representing 58 to 96 percent of the employee's regular wages. While Business Practice Bulletin PR-100 requires supervisors to review and approve overtime reports each pay period, no Board policies or District procedures required analysis of overtime and District records did not evidence that an analysis was performed to determine the reasons for these deviations from typical overtime trends.

When overtime payments are not effectively monitored, there is an increased risk that errors, waste, or fraud may occur and not be timely detected. Properly developed policies or procedures could establish guidance requiring department heads and supervisory staff to review and consider the reasonableness of overtime services and related charges. A similar finding was noted in our report No. 2010-183.

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**Recommendation:** The District should enhance its procedures to ensure overtime payments are properly documented and approved. Also, given the amount of overtime expenditures incurred, the District should enhance management controls to require overtime and staffing analyses to ensure the most cost effective use of human resources. In addition, the District should document the basis for the 4 payments totaling \$3,367 to the 3 transportation department employees or recover these amounts.

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**Finding No. 6: Severance Pay**

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Section 215.425(4)(a), Florida Statutes, provides that, on or after July 1, 2011, a unit of government that enters into a contract or employment agreement, or renewal or renegotiation of an existing contract or employment agreement, that contains a provision for severance pay with an officer, agent, employee, or contractor must include certain provisions, including a requirement that severance pay provided may not exceed an amount greater than 20 weeks of compensation.

On October 4, 2011, the Board approved an employment agreement with the Superintendent. The terms of the agreement provide for a three-year employment period commencing October 5, 2011, through October 4, 2014. Section 10.2 of the employment agreement provides that in the event the Superintendent is terminated without cause, the Superintendent shall be paid a sum equivalent to his salary for a period of 12 months or for the remaining term of the agreement, whichever period of time is less. This provision is contrary to Section 215.425(4)(a), Florida Statutes, in that it allows for the Superintendent to receive severance pay that exceeds 20 weeks of salary.

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**Recommendation:** The District should ensure that future employment agreements contain provisions for severance pay that are in accordance with Section 215.425(4)(a), Florida Statutes. The District should also take appropriate action to amend the Superintendent's employment agreement to be consistent with Section 215.425(4)(a), Florida Statutes.

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**Follow-up to Management's Response:**

*The District indicated in its response that Section 1001.50(2), Florida Statutes (2011), not Section 215.425, Florida Statutes, governed the Superintendent's employment agreement and expressly permitted severance pay up to one year of annual salary. The District's response also refers to amendments to Section 1001.50(2), Florida Statutes, in 2012 to make it consistent with the provisions of Chapter 215, Florida Statutes. However, Section 215.425, Florida Statutes, applies to all units of government, and the 2012 amendment to Section 1001.50(2), Florida Statutes, merely clarified existing law. Accordingly, we remain of the opinion*

*that the severance pay provision in the Superintendent's employment agreement is not consistent with existing law. In determining its actions to resolve this audit finding, the District should seek a legal opinion from the Florida Attorney General regarding its interpretation of the existing and controlling law.*

#### **Finding No. 7: Purchasing Cards**

To expedite the purchase of selected goods and services, the District used purchasing cards in certain situations. Purchases made with purchasing cards are subject to the same rules and regulations that apply to other District purchases and are subject to additional requirements set forth in the purchasing card manual. The District card administrator is responsible for notifying the bank of employee terminations or reassignments to facilitate cancellation of purchasing cards. Occasionally, after terminations or reassignments, department supervisors destroy the card and send it to the administrator or the administrator obtains the card and destroys it later.

As of February 2012, the District had issued 262 purchasing cards to 223 employees and Board members, and the purchasing card administrator retained 50 emergency cards until requested and approved. The District credit limits for 136 cards were \$1 to make the cards inactive, although the limits can be temporarily increased as needed and no annual fee is assessed for these cards. The 176 cards that have limits above \$1 are assigned mainly to teachers for the aftercare programs, school administrators, and the Physical Plant Operations Division responsible for facilities maintenance. For the 2011-12 fiscal year, purchasing card expenditures totaled \$7.1 million.

Our tests of selected purchasing card transactions, and selected card cancellations, disclosed that controls needed improvement, as follows:

- While District personnel indicated that the monthly transaction limits are set by the card holders and their management and that expenditures are monitored on a daily basis, District records did not evidence that the reasonableness of the credit limits are reviewed. For 23 of 31 cardholders reviewed, monthly credit limits appeared excessive based on actual purchases, as follows:

Department	Employee Title	Monthly Limit	Actual Highest Monthly Total	Actual as Percent of Limit
Logistics Stockroom	Stock Clerk	\$250,000	\$115,052	46%
Logistics Stockroom	Stock Clerk (1)	250,000	95,187	38%
Logistics Stockroom	Stock Clerk (2)	250,000	85,590	34%
Logistics Stockroom	Stock Clerk (2)	250,000	82,233	33%
Logistics Stockroom	Stock Clerk (1)	250,000	37,520	15%
Physical Plant Operations	Area Manager	250,000	25,063	10%
Facility Support Services	Supervisor III (3)	250,000	15,047	6%
Central Area Maintenance	Area Manager	250,000	7,612	3%
Central Area Maintenance	Area Manager	250,000	5,322	2%
Facility Support Services	Supervisor III (3)	250,000	2,836	1%
Strategy/ Operations	Chief Operating Officer	50,000	181	0.36%
Broward Education				
Communication Network	Director	15,000	6,260	42%
Transportation	Shift Supervisor	15,000	5,580	37%
Risk Management	Accounting Specialist II	10,000	4,282	43%
Stranahan High	Budgetkeeper II	10,000	3,732	37%
Park Springs Elementary	Child Care Supervisor	10,000	2,957	30%
Safety	Director/ Chief Fire Official	10,000	1,742	17%
Ramblewood Elementary	Teacher	10,000	954	10%
Logistics Stockroom	Supervisor II	10,000	879	9%
Vehicle Maintenance Stockroom	Stockroom Assistant	10,000	795	8%
Chief Finance	Chief Finance Officer (4)	10,000	653	7%
Chief Finance	Chief Finance Officer (4)	10,000	374	4%
Chief Finance	Chief Finance Officer (4)	10,000	33	0.33%
Notes:				
(1) One employee had two cards with one card for the North Area purchases and the other for the Central Area purchases.				
(2) One employee had two cards with one card for the South Area purchases and the other for the Southwest Area purchases.				
(3) One employee had two cards with one card for maintenance and the other for office supplies.				
(4) One employee had three cards with one for travel, one for non-airfare and non-hotel travel, and one for office supplies.				

- The purchasing card manual did not establish procedures to document the dates of card cancellation or destruction for terminating or reassigned employees. Our review of 10 purchasing card cancellations disclosed 7 purchasing cards cancelled by the bank from 17 to 277 days after the employee terminated employment. In addition, District records did not evidence that 8 of the 10 cards were destroyed upon cancellation. While there were no transactions on the accounts subsequent to the termination dates, untimely cancellation of purchasing card accounts, and lack of evidence that the cards for terminated or reassigned employees were destroyed, increases the risk of unauthorized purchasing card use.

A similar finding was noted in our report No. 2010-183.

**Recommendation:** The District should enhance its purchasing card controls to ensure a periodic review of the reasonableness of purchasing card credit limits, and timely cancellation of purchasing card accounts and destruction of purchasing cards for terminated or reassigned employees.

#### Finding No. 8: Tangible Personal Property

Chapter 274, Florida Statutes, and Department of Financial Services Rule 69I-73, Florida Administrative Code, require that the District maintain adequate records of tangible personal property (TPP) in its custody and that the



property be inventoried annually, compared to the property records, and that all discrepancies be reconciled. Any property items found during the inventory meeting the capitalization requirements must be included in the inventory records, and items not located must be promptly reported to the property custodian to cause a thorough investigation to be made. In addition, based on the results of the investigation, the District is required to file a report with the appropriate law enforcement agency of items not located.

At June 30, 2012, the District reported, net of accumulated depreciation, \$3.1 billion in capital assets, of which \$72.9 million was TPP (i.e., furniture, fixtures, and equipment; assets under capital lease; audio visual equipment; and motor vehicles). The Office of the Chief Auditor (OCA) is responsible for performing physical inventories, reconciling physical counts to property records, and permanently marking property items. Property custodians are responsible for reporting theft or vandalism to the Special Investigative Unit and law enforcement authorities.

Our review and tests of TPP disclosed the following:

Inventory and Tagging of TPP:

- During the 2011-12 fiscal year, the OCA physically inventoried only 177 of 231 schools and 74 of 95 departments, representing \$263 million or 48 percent of the District's TPP. In response to our inquiry, OCA personnel indicated that they did not have enough personnel to comply with the annual inventory requirements. Also, there were 13 asset classification codes, such as cabinets, chairs, tables, and other furniture, excluded from the physical inventory counts, and District personnel were unaware of the basis for excluding these items. The cost of the items in the 13 classification codes total \$33.9 million, or 6.2 percent of the total cost of TPP.
- In April 2012, we selected 21 property items with costs totaling \$68,240 from the property records for observation at the designated locations and noted 9 items, with costs totaling \$40,999, that were not tagged, as follows:
  - Four items totaling \$13,022 were assigned property numbers; however, due to the asset classification of these items, the property items were not included as part of the inventory and were not listed on inventory records to be tagged. These items consisted of an ice machine, warming cabinet, cafeteria seating booth, and an executive desk, which are among the 13 asset classifications not included in the inventory audits.
  - Audio visual equipment with costs totaling \$5,207 consisted of two separate items; however, the purchase was erroneously recorded in the property records as one item. As such, only one property number was assigned, resulting in one item recorded in the property records for the wrong amount and the second item not recorded in the property records, tagged, or inventoried.
  - Four items (projector purchased August 2010, golf cart purchased November 2011, computer donated March 2011, and speakers purchased February 2012) with costs totaling \$22,770 were assigned property numbers, but not tagged.

In addition, two items (pole vault pit and laptop computer) with costs totaling \$5,764 could not be located. Further inquiry indicated that the pole vault pit was never delivered to the school by the vendor due to manufacturer defects and would be delivered after the manufacturer completed repairs. The laptop computer was removed from school grounds by a District employee; however, forms authorizing the removal of the computer had not been completed. Similar unaccounted for items were noted by the OCA personnel during their inventory audit.

- Our review of purchasing card transactions disclosed 2 items (air handler and air condensing unit) with costs totaling \$9,520, that were not included in the property records or assigned property tags as they were part of the 13 asset classifications excluded from the physical inventory mentioned above.
- Property records did not always evidence the serial numbers, although the serial number field is a required field for schools and departments to complete when recording receipt of property items into the system. The

OCA typically does not tag property items unless the serial number identified online matches the serial number on the property item to ensure the tag is placed on the correct item. A report generated by OCA personnel on April 5, 2012, indicated that 4,431 property items, acquired from April 1962 through February 2012 with acquisition costs totaling \$20.9 million, did not have serial numbers entered into the system. The report included 393 items that were acquired from July 2009 through February 2012 with acquisition costs totaling \$1.5 million. In addition, considering the 13 classification codes that were excluded from the inventory procedures, the number of items that did not have serial numbers in the property records totaled 5,929, with acquisition costs totaling \$27 million.

#### Disposals of TPP:

- During the 2011-12 fiscal year, the District declared TPP with acquisition costs totaling \$13 million as surplus. District schools and departments complete and provide disposal forms identifying surplus TPP items to warehouse employees and warehouse employees are responsible for completing transfer forms to identify the surplus TPP items removed from the District sites and transported to the warehouse. In addition, the District contracts with a recycling company that guarantees removal of electronic media retained on surplus computers. Our review of District records supporting 15 TPP surplus items with costs totaling \$47,848 disclosed:
  - While the disposal forms identified 9 items, such as a video recorder, laptop computer, and server, with costs totaling \$30,169 for disposal, the transfer forms completed by warehouse employees did not identify the property items removed. As a result, District records did not evidence that these 9 items were properly disposed of.
  - The manner of disposition (sold, donated, recycled, scrapped, etc.) was documented in the property records; however, District records did not identify the equipment numbers for 11 items released to the recycling company. Without identifying the items released to the recycling company, computers may be discarded without removal of the electronic media, increasing the risk of misuse of the information.

Appropriately maintained TPP records, annually reconciled to physical inventories with discrepancies promptly and thoroughly investigated, decrease the risk of loss of TPP. In addition, effective controls over the surplus property process are necessary to ensure lawful disposal and removal of sensitive information stored on surplus computers. Similar findings were noted in our report Nos. 2007-164R and 2010-183.

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**Recommendation:** To improve accountability and safeguarding of the District's assets, the District should strengthen procedures to provide for complete annual physical inventories of tangible personal property, prompt tagging of items upon receipt, timely updating of all necessary fields in the individual property records for acquisitions and dispositions, and proper monitoring of surplus property dispositions.

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#### **Finding No. 9: Annual Facility Inspections**

Section 1013.12, Florida Statutes, requires that the District provide for periodic inspection of each educational and ancillary plant at least once during each fiscal year to determine compliance with standards of sanitation and casualty safety prescribed in the rules of the State Board of Education. In addition, fire-safety inspections are required to be performed annually by persons certified by the Division of State Fire Marshal as being eligible to conduct fire-safety inspections in public and ancillary plants.

The District obtained safety inspection reports for its 218 schools and 19 centers from July 2011 through January 2012. Our review of the inspection reports for 18 schools and 2 centers disclosed 1,347 total deficiencies, with 11 school reports citing 2 to 40 deficiencies that remained uncorrected from 3 to 11 years and 1 school report citing 7 deficiencies remaining uncorrected from 7 to 17 years. The deficiencies included lack of fire sprinklers,

missing or broken smoke detectors, insufficient number of exits, and other deficiencies, with 6 deficiencies relating to secondary exits that have been cited for 17 years.

Subsequent to our inquiries, District personnel indicated that re-inspections for the 11 schools were completed prior to fiscal year end. Upon review of the re-inspection reports, we noted that 10 school reports cited 1 to 37 deficiencies that remained uncorrected from 3 to 17 previous years. District personnel indicated that correcting the secondary exit issues outstanding for 17 years has been in the School District's Five Year Plan, but remains uncorrected, in part, due to differing opinions on how to correct the issue, employee turnover in facilities and building departments, and lack of funding. Failure to timely correct deficiencies results in an increased risk that facilities could become unsafe for occupancy and could result in additional costs in the future. Similar findings were noted in our report Nos. 2007-164R and 2010-183.

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**Recommendation:** The District should enhance procedures to ensure that deficiencies noted in inspection reports are timely corrected.

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**Finding No. 10: Background Rescreenings**

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Sections 1012.56(10) and 1012.465, Florida Statutes, require that instructional personnel renewing their teaching certificates and noninstructional personnel that have direct contact with students undergo required background screenings every five years following the initial screening upon employment.

Our review of District records for 25 instructional and noninstructional employees disclosed that 18 were not rescreened within five years, contrary to law. Of the 18 employees, 8 were rescreened from one to three months late and 10 were rescreened from 5 to 21 months late. District personnel indicated that delays in rescreening were due to an insufficient number of District personnel to process the rescreenings. Without timely completion of required background rescreenings, there is an increased risk that staff with unsuitable backgrounds may be allowed access to students. Similar findings were noted in previous audits.

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**Recommendation:** The District should ensure that the District employees undergo the background screenings at least every five years as required by law.

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**Finding No. 11: Expenditure Processing**

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The District's purchase order process provides certain budgetary controls, such as preapproval of vendors and purchase amounts, to ensure that purchases are made from established vendors at a reasonable price within budgetary limits. Board Policy 3320, Section CC, requires that purchases be based on contracts, purchasing card systems, electronic procurements, or purchase orders. Purchasing Department personnel are required to review and approve purchases, and Accounts Payable Department personnel rely on this approval process to ensure the purchases are valid and for a public purpose.

Board policy further provides that District expenditures may be made using check requests or purchasing cards for items that do not require use of purchase orders or are exempt from bidding. Use of the check request system allows emergency type purchases that require shorter delivery times and quick payment, without disrupting the District's critical operations. Check requests forms are completed and attached to invoices that are approved by supervisors and forwarded to the Accounts Payable Department for payment processing. However, the District had not

established policies or procedures to limit the use of the check request system to certain goods, services, or dollar thresholds.

During the 2011-12 fiscal year, the District processed 55,000 check requests totaling \$59 million. Our audit tests included 57 payments totaling \$1.2 million, dated from August 2011 to January 2013, that were made pursuant to check requests rather than through the District's purchase order process. These expenditures ranged from \$47 to \$500,000 and included payments for various goods and services such as school resource officer services, textbooks, food purchases, donations, party supplies, meeting room rentals, and other miscellaneous purchases. Using the check request process bypasses typical controls provided by the purchase order process as these expenditures are not subject to the encumbrance system or budgetary process controls. While all the check requests were eventually reviewed and approved by supervisors, District records did not evidence the basis upon which these purchases, which did not appear to be emergency type purchases, were not processed through the Purchasing Department in accordance with Board policy.

When departments circumvent the purchase order process, there is an increased risk that unauthorized payments could be made to fictitious vendors for goods or services not received by the District, or for purchases that do not serve a public purpose, without timely detection. Also, given the significant number of check requests being processed, limiting check requests to emergency type purchases may reduce processing costs since processing purchases through the Purchasing Department provides an opportunity to consolidate purchases of similar items.

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**Recommendation:** The District should enhance its controls over expenditure processing by establishing policies and procedures that limit the use of the check request system to emergency purchases of certain goods, services, and dollar thresholds.

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#### **Finding No. 12: Journal Entries**

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Good business practice dictates that independent review and approval of journal entries, such as transfers between funds, be performed to decrease the risk of incorrect or unauthorized adjustments to the accounting records. The Financial Reporting Department was responsible for maintaining the District's financial records, including recording account balances and transactions and related financial reporting.

Our review of journal entries disclosed that personnel of the Food and Nutrition Services (FNS) Department, Enterprise Resource Planning (ERP) Department, and Treasury Department had the ability to prepare, approve, and record journal entries that transferred amounts between departments and funds. These personnel were granted this ability due to the volume and nature of the transactions, whereas other journal entries were typically reviewed, approved, and recorded by Financial Reporting Department personnel. During the 2011-2012 fiscal year, the transfers processed by the Treasury, FNS, and ERP departments totaled \$3.4 billion, \$89 million, and \$15 million, respectively.

As discussed in Federal Awards Finding No. 1, FNS Department personnel approved and recorded a \$625,202 transfer from the Special Revenue - Food Service Fund to the General Fund without review and approval by Financial Reporting Department personnel. Absent an independent review of transfers processed by FNS, ERP, and Treasury Department personnel, there is an increased risk that errors or fraud could occur without timely detection.

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**Recommendation:** The District should enhance controls over journal entries that involve transfers between funds to ensure entries are timely reviewed and approved by Financial Reporting Department personnel.

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**Finding No. 13: Information Technology – Access Privileges**

Access controls are intended to protect data and information technology (IT) resources from unauthorized disclosure, modification, or destruction. Effective access controls provide employees access to IT resources based on a demonstrated need to view, change, or delete data and restrict employees from performing incompatible functions or functions outside of their areas of responsibility. For example, access privileges should typically be configured to enforce a separation of IT and application end-user duties whereby only the responsible end-users can originate or correct transactions and initiate changes to data files and IT employees are restricted from performing end-user functions.

Our review of selected access privileges to the District's enterprise resource planning (ERP) finance and human resources (HR) applications disclosed that 7 IT employees within the ERP application project team had update privileges to critical functions within the finance application, including the ability to add and update vendor records and addresses, add and change purchase orders, process payments, and create and post journal entries. In addition, 24 IT employees within the ERP application project team had update privileges to one or more critical functions within the HR application, including the ability to add and update employee records, adjust salary records, create payroll runs, and update direct deposit information. The access privileges granted were contrary to an appropriate separation of end-user duties and the employees' assigned IT duties related to the technical support of the District's ERP applications.

To compensate, in part, for the effect of the above deficiencies, the District had certain controls, such as IT supervisor reviews of finance activity reports and payroll supervisor reviews of HR activity reports for actions performed within the ERP applications by IT employees. However, the absence of effective access controls that enforce an appropriate separation of incompatible duties and restrict employees to only those functions necessary for their assigned job responsibilities increases the risk of unauthorized disclosure, modification, or destruction of District data and IT resources.

In response to our inquiry, District management created new security roles allowing inquiry only access for 5 of the 7 IT employees described above having update access within the finance application and for 8 of the 24 IT employees described above having update access within the HR application. A similar finding was noted in our report No. 2010-183.

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**Recommendation:** The District should re-evaluate the need for the remaining IT employees to continue having update access to the finance and HR applications. If District management determines that there is a legitimate business need for IT employees to have update privileges to provide assistance to end-users, the access should be granted for only the length of time necessary to provide the needed assistance and then deactivated. In addition, update actions within the finance and HR applications performed by IT employees should be reviewed by end-user supervisory employees.

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**Finding No. 14: Information Technology – Security Controls – Software Management, User Authentication, and Monitoring of Application Data Changes**

Security controls are intended to protect the confidentiality, integrity, and availability of data and IT resources. Our audit disclosed certain security controls related to software management, user authentication, and monitoring of application data changes that needed improvement. We are not disclosing specific details of the issues in this report to avoid the possibility of compromising District data and IT resources. However, we have notified appropriate District management of the specific issues.

Without adequate security controls related to software management, user authentication, and monitoring of application data changes, the risk is increased that the confidentiality, integrity, and availability of District data and IT resources may be compromised. Similar findings were noted in previous audits.

**Recommendation:** The District should improve its security controls related to software management, user authentication, and monitoring of application data changes to ensure the continued confidentiality, integrity, and availability of District data and IT resources.

### FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

**Federal Awards Finding No. 1:**

**Federal Agency:** United States Department of Agriculture

**Pass-Through Entity:** Florida Department of Education (FDOE) and Florida Department of Agriculture and Consumer Services (FDACS)

**Program:** Child Nutrition Cluster (CFDA Nos. 10.553, 10.555 and 10.559)

**Finding Type:** Noncompliance and Significant Deficiency

**Questioned Costs:** \$625,202

**Allowable Cost/Cost Principles and Procurement.** United States Office of Management and Budget (OMB) Circular A-87, Attachment A, Section C.1.e, provides that to be allowable, costs should be consistent with policies, regulations, and procedures that apply uniformly to both Federal awards and other activities of the governmental unit. Guidance from the FDOE's 2010 *Florida School Food Service Reference Manual (FSFS Reference Manual)* prohibits the use of food service funds for retroactive loans unless there has been an agreement in place since the occurrence of the obligation. Food service activities are accounted for in the Special Revenue – Food Service Fund.

The District transferred \$625,202 of Special Revenue - Food Service Fund moneys to the General Fund during the 2011-12 fiscal year to reimburse the General Fund for 202 time clocks purchased during the 2004-05 fiscal year for use at District cafeteria and food service locations. The time clocks for the FNS Department had not been activated at June 30, 2012, awaiting activation and use of clocks located in other departments. Although District personnel anticipate that the time clocks, once put into use, will be used solely by FNS Department personnel, District records did not document that the food service program would reimburse the General Fund for these purchases when the clocks were purchased. As such, use of the Special Revenue – Food Services Fund moneys to reimburse the General Fund for the purchase of the clocks was contrary to the *FSFS Reference Manual*. Without preauthorization for this transfer, these program expenditures represent \$625,202 of questioned costs subject to disallowance by the grantors (FDOE and FDACS).

Subsequent to delivery of our preliminary and tentative findings, the District contacted the FDACS and received a letter from the FDACS indicating that the food service funds may be used for the portion of the time clock project that is solely for the use of Food and Nutrition Services employees. However, as the clocks had not been placed into use, District records did not evidence the extent, if any, that these costs represent appropriate charges to the food service program.

In addition, for equipment and real property management, OMB Circular A-133 requires that equipment records be maintained, a physical inventory of equipment be taken at least once every two years and reconciled to the equipment records, an appropriate control system be used to safeguard equipment, and equipment be adequately maintained. Upon audit request, we were provided a list of the 202 time clocks that identified location and serial number of the clocks; however, 165 of the 202 time clocks did not list a property number. District personnel indicated that the time

clocks were among the items in the 13 asset classifications that were not subject to physical inventory procedures as discussed in Finding No. 7 above. Absent appropriate controls over property purchased with Federal funds, the District cannot ensure that these assets are adequately safeguarded or reported in accordance with Federal Regulations.

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**Recommendation:** The District should document to the grantors (FDOE and FDACS) the allowability of the \$625,202 transfer or restore this amount to the Child Nutrition Cluster programs. In addition, the District should enhance its controls over FNS Department equipment to ensure that items are safeguarded and reported in accordance with Federal Regulations.

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District Contact Person: Mary Mulder, Director of Food and Nutrition Services

**Follow-up to Management's Response:**

*The District indicated in its response that the FDACS reconfirmed the transfer of funds for the time clock purchases as an allowable expenditure of the food service program. However, the FDACS only indicated that food service funds may be used for the portion of the time clock project used solely for Food and Nutrition Services employees and did not address the propriety of the transfer of funds to the General Fund for reimbursement of time clocks that had not been placed into use. Therefore, we remain of the opinion that these expenditures totaling \$625,202 represent questioned costs of the Child Nutrition Cluster programs.*

**Federal Awards Finding No. 2:**

**Federal Agency:** United States Department of Agriculture

**Pass-Through Entity:** Florida Department of Education (FDOE) and Florida Department of Agriculture and Consumer Services (FDACS)

**Program:** Child Nutrition Cluster (CFDA Nos. 10.553, 10.555 and 10.559)

**Finding Type:** Noncompliance and Significant Deficiency

**Questioned Costs:** None

**Allowable Costs/Cost Principles.** OMB Circular A-87, Attachment A, Section C.1., provides, in part, that to be allowable under Federal awards, costs must be necessary and reasonable for proper and efficient performance and administration of Federal awards, and be adequately documented. The District's Physical Plant Operations Division (Division) automates certain entries to charge various programs from its work-order system for routine, preventive, and emergency maintenance services. Depending on the nature of the work, District employees or independent contractors perform the services, and Division employees approve the work orders and invoices as the work is completed. For the 2011-12 fiscal year, 5,079 work orders totaling \$2.3 million were charged to the Child Nutrition Cluster (CNC) programs.

Our tests of 40 expenditures charged to CNC programs disclosed 5 work orders totaling \$35,721 that were emergency in nature or preventive maintenance; however, District records did not evidence that the food service program director or authorized designees approved the work orders, before or after-the-fact, to ensure the costs were allowable charges to the programs. Although the work orders and subsequent costs were related to activities of the programs, there is an increased risk that unallowed costs will be charged to the programs absent preapproval of costs by the program director.



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**Recommendation:** The District should establish procedures to ensure that expenditures charged to CNC programs are preapproved by the program director or authorized designees.

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District Contact Person: Mary Mulder, Director of Food and Nutrition Service

#### RELATED INFORMATION

In February 2011, the Nineteenth Statewide Grand Jury issued a report that focused on noninstructional aspects of the District's functions, particularly the construction of schools. The report contained various findings and recommendations related to the Facilities and Construction Management Division. The District responded to the report in March 2011 outlining steps that would be taken to address these findings. The District's Office of the Chief Auditor determined that forty-eight of the fifty-one recommended actions were satisfactorily resolved. The three recommended actions pending, as of November 2012, included implementation of a database to monitor facility permits, inspections, occupancy, and closeout documentation; timely reporting construction contract revisions to the Board; and revision to Board policy with respect to naming facilities.

In February 2012, the District hired an independent accounting firm to conduct an operational review of the Facilities and Construction Management Division. The review focused on identifying opportunities for process and internal controls improvement and identifying and recommending best practice areas. The report was issued in June 2012, and findings included failure to perform a complete review of pay applications before issuing payment; project managers not approving or reviewing support for the transfer of amounts among line categories in the schedule of values/guaranteed maximum price contract; the average cost of the reuse projects had significantly more architectural fees than industry standards (77 percent of original cost vs. 40 percent of original cost); and the contracts did not require the construction manager to disclose any related party relationships with bidding subcontractors. The District's response to those findings included planned implementation dates during the 2012-13 fiscal year, and a copy of the report is available on the District's Office of the Chief Auditor Web site in the External Audits section.

#### PRIOR AUDIT FOLLOW-UP

Except as discussed in the preceding paragraphs, the District had taken corrective actions for findings included in previous audit reports. The following table provides information on recurring District audit findings:



Current Fiscal Year Finding Numbers	Financial and Federal Single Audit		Financial, Operational, and Federal Single Audit	
	2010-11 Fiscal Year Audit Report and Finding Numbers	2009-10 Fiscal Year Audit Report and Finding Numbers	2008-09 Fiscal Year Audit Report and Finding Numbers	2007-06 Fiscal Year Audit Report and Finding Numbers
1	NA	NA	Audit Report No. 2010-183, Finding No. 1	NA
3	NA	NA	Audit Report No. 2010-183, Finding No. 4	NA
4	NA	NA	Audit Report No. 2010-183, Finding No. 7	Audit Report No. 2007-164R, Finding No. 10
5	NA	NA	Audit Report No. 2010-183, Finding No. 6	Audit Report No. 2007-164R, Finding No. 11
7	NA	NA	Audit Report No. 2010-183, Finding No. 9	NA
8	NA	NA	Audit Report No. 2010-183, Finding No. 10	Audit Report No. 2007-164R, Finding No. 2
9	NA	NA	Audit Report No. 2010-183, Finding No. 11	Audit Report No. 2007-164R, Finding No. 6
10	CPA Firm, Finding No. 2010-1	CPA Firm, Finding No. 2010-1	NA	NA
13	NA	NA	Audit Report No. 2010-183, Finding No. 14	NA
14	CPA Firm, Finding No. 07-7	CPA Firm, Finding No. 2010-4	Audit Report No. 2010-183, Finding No. 15	NA

NA – Not Applicable

### MANAGEMENT'S RESPONSE

Management's response is included as Exhibit A.

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - FEDERAL AWARDS**

**BROWARD COUNTY**  
**DISTRICT SCHOOL BOARD**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - FEDERAL AWARDS**  
*For the Fiscal Year Ended June 30, 2012*

Listed below is the District's summary of the status of prior audit findings on Federal programs:

Audit Report No. and Federal Awards Finding No.	Program/Area	Brief Description	Status	Comments
Moore Stephens Lovelace, P.A.		No prior Federal audit findings.		

**EXHIBIT A  
MANAGEMENT'S RESPONSE**



**THE SCHOOL BOARD OF BROWARD COUNTY, FLORIDA**  
600 SOUTHEAST THIRD AVENUE • FORT LAUDERDALE, FLORIDA 33301-3125 • TEL. 754-321-2600 • FAX 754-321-2701

**ROBERT W. KUNCIE**  
*Superintendent of Schools*

**SCHOOL BOARD**

<i>Chair</i>	LAURIE RICH LEVINSON
<i>Vice Chair</i>	PATRICIA GOOD
	ROBIN BARTLEMAN
	ABBY M. FREEMAN
	DONNA P. KORN
	KATHERINE M. LEACH
	ANN MURRAY
	DR. ROSALIND OSGOOD
	KORA RUPERT

March 22, 2013

Mr. David W. Martin, CPA  
Auditor General  
Room 412C  
G74 Claude Pepper Building  
111 West Madison Street  
Tallahassee, Florida 32399-1456

Dear Mr. Martin:

Please find our responses below to the preliminary and tentative findings and recommendations from the following Financial, Operational and Federal Single audit of the:

Broward County District School Board  
For the Fiscal Year Ended June 30, 2012

**Finding No. 1: Fraud Policy**

**Management Response:**

**Response from the Office of Human Resources** – We agree. In response to the Auditor General's report, an Anti-Fraud Policy has been drafted and reviewed by the Chief Auditor and the General Counsel. The policy is scheduled for review by the School Board at the April 16, 2013 School Board Workshop. Following the workshop presentation, Human Resources will adhere to the established policy processes and timeline for School Board adoption. The anticipated policy adoption will be completed by July 2013.

**Finding No. 2: Electronic Funds Transfers**

**Management Response:**

**Response from the Office of the Chief Financial Officer** - The District established an "Internal Controls and Operational Procedures Manual" on August 31, 2004. The Manual includes a section that pertains to Electronic Funds Transfers. We will have the Board adopt an Electronic Funds Transfer Policy, which will include the use of electronic signatures.

**EXHIBIT A (CONTINUED)**  
**MANAGEMENT'S RESPONSE**

The District's banking agreement delegates authority to persons holding the positions of Chief Financial Officer (CFO) and Treasurer to execute documents pertaining to the use of services, including, but not limited to, designating persons authorized to initiate electronic funds transfers. Persons that have been authorized to initiate wire transfers utilize electronic signatures in the form of passwords and Personal Identification Numbers (PIN). The CFO and Treasurer will sign the Treasury Services Delegation of Authority Form.

**Finding No. 3: Decentralized Collections**

**Management Response:**

**Response from the Office of the Chief Strategy & Operations Officer** - We agree. The Supply Management & Logistics Department will meet with the Office of the Chief Financial Officer to create a Business Practice Bulletin that will clearly outline procedures for receiving collections and timely remitting of all monies collected to the Treasurer's Office. The Business Practice Bulletin will specify strict timeframes for making deposits to the Treasurer's Office, in order to safeguard assets and expedite timely bank deposits. This Bulletin will be provided to all locations that handle decentralized collections throughout the District. The timeline for the initiation of this Business Practice Bulletin is April 30, 2013.

**Finding No. 4: Payroll Processing**

**Management Response:**

**Response from the Office of the Chief Financial Officer** - The \$1.3 million of uncollected funds dates back to 2001 when the SAP payroll system (first implementation) was implemented. At the time of the system implementation, a large amount of overpayments were generated. Dedicated efforts were made to recover the overpayments, however, due to the two year statute of limitations; the entire balance was not collected. In subsequent years, several processes were implemented to reduce the occurrence and frequency of overpayments resulting in higher recovery and lower overpayment balances. We continue to analyze data, provide appropriate training and implement accountability measures to perpetually lower the occurrence of overpayments. Of the \$957,476 overpayments that occurred in 2011-12, \$819,828 was recovered.

**Response from the Office of the Chief Strategy & Operations Officer** - Management agrees with the audit recommendation to "enhance its procedures to ensure payroll payments are accurate, properly documented, and approved."

**Corrective Action:** Since the audit findings the Transportation Department has fully migrated to the KRONOS Time & Attendance system. In conjunction with the implementation of the new system additional procedures and guidelines are being put in place to minimize the risk to the District in the areas of overpayments and inaccurate payrolls. The Department has also discontinued the use of the antiquated WRK215 COMPASS report for payroll reporting.

**EXHIBIT A (CONTINUED)**  
**MANAGEMENT'S RESPONSE**

Additionally, all administrative staff located at the bus terminals has been trained on the new system. They will be responsible for reviewing and approving all payrolls. They will also be required to keep all appropriate records on file such as the Zearnings, ZTIM, and Overtime Reports.

**Finding No. 5: Overtime Payment Monitoring**

**Management Response:**

**Response from the Office of the Chief Strategy & Operations Officer -** Management agrees with the audit recommendation to "enhance its procedures to ensure overtime payments are properly documented and approved and enhance management controls to require overtime and staffing analyses."

**Corrective Action:** The implementation of KRONOS will greatly enhance the transportation department's ability to monitor overtime. The system allows for a unique schedule to be placed in KRONOS for each employee. When there is a deviation from this schedule an alert occurs on the same day of the exception. The new system also provides a variety of reports that can be run to help monitor employee work hours.

Additionally, at the request of Student Transportation & Fleet Services, a unique payroll report has been created that allows the department to see all REG, OTS and OTP hours along with Gross, Net, and Retro pay, all in one report for all employees within the Department.

**Finding No. 6: Severance Pay**

**Management Response:**

**Response from the Office of General Counsel -** The "severance" provisions in the Superintendent's contract, as approved in 2011, were governed by sec. 1001.50(2), F.S., not Section 215.425(4)(a). At that time, Section 1001.50(2) provided:

(2) The district school board of each of such districts shall enter into contracts of employment with the district school superintendent and shall adopt rules relating to his or her appointment; however, the district school board may not enter into an employment contract that requires the district to pay from state funds a superintendent an amount in excess of 1 year of the superintendent's annual salary for termination, buyout, or any other type of contract settlement. This subsection does not prohibit the payment of earned leave and benefits in accordance with the district's leave and benefits policies which were accrued by the superintendent before the contract terminates.

This section expressly permitted severance payment of up to one year of annual salary. This section was subsequently revised to be in line with the provisions of Chapter 215 in 2012. As such, if the Superintendent negotiates a new contract with the School Board *after the termination of the current agreement in 2014*, said new contract would then be subject to the provisions of 1001.50(2), as it currently reads, which requires inclusion of the provisions of Section 215.425.

**EXHIBIT A (CONTINUED)**  
**MANAGEMENT'S RESPONSE**

**Finding No. 7: Purchasing Cards**

**Management Response:**

**Response from the Supply Management & Logistics Department** – We agree. The expenditures have been analyzed as compared to the monthly credit limits. There is no consistent process in place to verify that a Purchasing Card (P Card) has been destroyed or cancelled by the Bank. Notifications are not sent in a timely manner by the employees' management.

**Corrective Action:** The credit limits will be reduced to an appropriate level consistent with the spending history. Cardholders will be notified of the changes prior to the reduction of the limit. We will update the P Card manual to provide a process for notification and return of the P Card, by management, when an employee is transferred, terminated, resigns, retires, etc. A form will be created for that communication and will be maintained by the P Card Coordinator and provided to the P Card end using management to inform the P Card Coordinator of a change in employee status and the return of the P Card. Notifications will be sent to all users by March 20, 2013, and implementation of the change will be March 20, 2013.

**Proposed Corrective Action Plan:** Proposed Change to Process: All District equipment, issued to employees, should be maintained in the employees' personnel record. This record should be updated to contain items such as cell phones, lap-tops, keys, badges, and P Cards, etc. When an employee leaves the District, the individual's department should retrieve these items before the employee receives his/her final check. In addition, the individual's department should contact the Supply Management & Logistics Department to cancel any P Cards that was issued to the individual. A new process will need to be developed to address the reporting of District-owned property, as well as communicating a change of an employee's status to the P Card Coordinator when an employee is reassigned, laid off, terminated, retired, etc., to cancel a P Card. Staff will work with HR to consider the proposed plan of action. The proposed timeline is June 30, 2013.

**Finding No. 8: Tangible Personal Property**

**Management Response:**

**Response from the Office of the Chief Auditor** - The Office of the Chief Auditor (OCA) conducts property and inventory audits for all District locations to verify the physical presence of tangible personal property designated on a location's property inventory roster and to ensure appropriate controls are in place to safeguard the location's tangible personal property. Audits include a cursory review of the safeguards associated with high-risk items maintained within the location's secondary database per the requirements set forth in the Business Practice Bulletin O-100 Procedures for Property and Inventory Control. The OCA will continually evaluate the inventory process in an

**EXHIBIT A (CONTINUED)**  
**MANAGEMENT'S RESPONSE**

effort to comply with annual inventory requirements despite staff reductions of Property Auditors. It should be noted that staff at all locations are minimally required to conduct semi-annual inventories to ensure the District's property records are accurately maintained and updated. This includes the high-risk property items maintained within the secondary database established by the location. Appropriate staff must physically verify that each property item listed on the PNI 811 (Modification-PENDING) report is accounted for on premises. As required by Business Practice Bulletin O-100, the property custodians shall complete the semi-annual inventory and forward a copy of the results to their respective senior administrator.

Class Codes Excluded

We agree. All assets captured since the current fiscal year by Accounting and Financial Reporting Department (AFRD) will be included in future property audits conducted by the Office of the Chief Auditor. Information and Technology's production division is currently modifying the asset report to ensure all assets are included for evaluation as recommended.

Tagging/Barcoding

We agree. All property items that have been reconciled by OCA staff will be barcoded, engraved or indelibly marked during the subsequent property audit. District staff receives a report of all additions to the Master File of Assets associated with their location (PNI 954A-Optispool). Records should be verified for accuracy to ensure that proper tagging, tracking and distribution are maintained. The Chief Auditor has established the process for tagging new purchases when asset records are confirmed to be accurate. The Accounting and Financial Reporting Department (AFRD) reviews Business Intelligence (BI) reports to ensure that all new purchases are captured and maintained with accuracy.

We agree. Bundling assets is prohibited by District policy. The Supply Management & Logistics Department, site administrators, as well as AFRD must provide increased oversight for properly executing the three phases of asset record development. The creation of an appropriately itemized and segregated requisition, an adequately executed individual goods receipt and subsequent recording of the detailed asset record information are essential to delivering effective property management controls. The Chief School Performance and Accountability Officer formally communicated a follow up memo of expectation regarding the adherence to procedures for executing new purchases as well as monitoring and safeguarding District assets to all school based administrators on February 4, 2013.

We agree. Any item that is donated which has a value of \$1,000 or more is considered to be high risk. These items must be reported to AFRD on an Equipment Acquisition Form per the District's Standard Practice Bulletin I-311 Donations.

**EXHIBIT A (CONTINUED)**  
**MANAGEMENT'S RESPONSE**

We agree. No assets should be paid for prior to verification by the site's administration. The delivery of the returned/damaged item, *12-02403 Pole Vault Pit*, included in the sample, has been verified as received by the location's inventory liaison.

We agree. A comprehensive review of legacy asset data is being performed by District personnel. Specifically, AFRD is working to correct the records identified during this evaluation that were incomplete or possibly unprocessed by the designated department staff. Class code 13, cafeteria equipment items are being evaluated by Food and Nutrition Services. A comprehensive capital equipment database has been developed and implemented in order to improve property management efficiency. Information has been compiled and submitted to the Information and Technology Department as well as AFRD for updating in the Master File of Assets.

**Disposal of TPP**

We agree. This issue has been discussed with warehouse management and personnel in the past. More detailed recordkeeping is needed to document the manner of final disposal of assets (sold, donated, cannibalized, scrapped, etc.) The Office of the Chief Auditor will meet with the Supply, Management & Logistics Department in order to ensure compliance with Florida Statutes, Chapter 274 and Department of Financial Services Rule 69I-73, Florida Administrative Code.

**Finding No. 9: Annual Facility Inspections**

**Management Response:**

**Response from the Office of Facilities & Construction** – We agree. The District is attempting to enhance its procedures to ensure that deficiencies noted in inspection reports are timely corrected; however, the District continues to operate in a fiscally challenged environment with extremely restricted resources in personnel and funding. Under the current circumstances, progress in addressing deficiencies remains limited.

**Proposed Corrective Action Plan:** Once resources and funding become available, the District will then be able to address the deficiencies more fully and expeditiously.

**Timeline for Implementation:** Due to current funding issues, a specific timeline cannot be determined at this time.

**Finding No. 10: Background Rescreenings**

**Management Response:**

**Response from the Office of Human Resources** – We agree with the Auditor General's findings. The Auditor General's findings indicate that the District's reason for the delays in rescreening of employees is as a result of insufficient personnel. While the reduced staffing levels have impacted the timely implementation of the five-year employee fingerprinting process, it is not the only reason rescreenings have not occurred in a timely manner.



**EXHIBIT A (CONTINUED)**  
**MANAGEMENT'S RESPONSE**

In a memorandum to the Auditor General dated December 7, 2012, the Security Clearance Division of the Broward District Schools Police Department (BDSPD) explained that deficiencies were identified and compliance issues were being rectified. Additionally, we explained that research had to be conducted in order to identify the actual issues to devise a process for overall compliance. As a result of the research we discovered that some fingerprint records were not taken electronically, fingerprint records were illegible, employees were never re-printed during the original re-fingerprinting process years ago due to an employee leave and/or absence, there were data inaccuracies at the time of fingerprinting causing a deletion of the record, two computers "crashed" containing fingerprint data (data could not be recovered) and corrupt fingerprint data could not convert to a newer format required for a future resubmission.

To that end, the Security Clearance staff are diligently working on rectifying the issues by May of 2013 by doing the following:

- Review and modify locally stored electronic fingerprint records for resubmission and retention;
- Email notification to employees that physical re-fingerprint is required in compliance with state statute;
- Provide written notification to substitute teachers regarding fingerprint requirement;
- Provide information concerning the fingerprinting requirement to Principals at their respective level meetings;
- Provide list of employees to site administrators;
- Provide three off-site locations with extended hours to employees for fingerprinting; and
- Re-submit approximately 1,236 fingerprint records since July 1, 2012, in compliance with state statute. This is in addition to the 5,657 new fingerprint records created for background screening.

Although our efforts have been successful, we are facing some challenges of employee compliance; specifically, employees electing not to comply with the directive for rescreening. We have provided the employees with a deadline date for rescreening. Employees failing to comply will be notified of possible disciplinary action for violating Florida Statutes.

Another issue noted in a previous response to the Auditor General is the continuing challenge of the lack of one data source housing all of the requisite information, including records of non-employees that are not housed in SAP, such as charter school employees, vendors, mentors/volunteers (chaperones), health science students, and pre-professionals (interns), making the process labor intensive. Currently, comprehensive reports from the SAP employee data system are compared against the state fingerprint data in Florida's Integrated Criminal History System. Continued analysis of the reports allows us to determine the required actions for the fingerprint record.

**EXHIBIT A (CONTINUED)**  
**MANAGEMENT'S RESPONSE**

We are continuing our process of cross-referencing the various databases for employees fingerprinted within a 5-year cycle; however, we have discovered that some employees need to be physically re-fingerprinted in order to submit their fingerprints for future re-screenings.

Finally, Florida statutes that reference retention of employee fingerprint records also state that if, for any reason following employment, the fingerprints of a person who is employed with the school district are not retained by the Department of Law Enforcement, the person must file a complete set of fingerprints with the district school superintendent of the employing school district. If we determine a record is out of compliance with a five-year resubmission, immediate steps are taken to ensure the resubmission occurs.

**Finding #11: Expenditure Processing**

**Management Response:**

**Response from the Office of the Chief Financial Officer** - In order to resolve the issue and limit the use of check requests in accordance with the School Board Purchasing Policy 3320, effective July 1, 2013, the Accounting and Financial Reporting Department (AFRD) will discontinue processing any check requests that are not permitted in the policy. AFRD will return the check request to the requester, copying responsible Senior Leadership Team Manager, and the Purchasing Department.

**Response from the Office of the Chief Strategy & Operations Officer** - We agree. Check requests bypass the Purchasing processes and should be avoided. These are considered to be unencumbered obligations and unrealized liabilities. These requests impact the District's budgets negatively when the funds are not available. There are provisions for the use of the Check Requests. These are under emergency situations or when a Purchase Order is not the appropriate or acceptable instrument. The P Card provides some relief in this process.

**Corrective Action:** Enforce Purchasing Policy 3320, Rule V, which specifies when a check request can be used. Notification regarding the use of the check request process can be communicated to the principals and department heads through our e-mail system. Excerpts of Policy 3320, Rule V can be attached. We will address any changes in Account Assignments, forms, etc., and release information to all involved. The timeline is March 2013 to notify principals and department heads on the check request process.

**Finding No. 12: Journal Entries**

**Management Response:**

**Response from the Office of the Chief Financial Officer** - The District concurs with your recommendation that journal entries that involve transfers between funds to ensure entries are timely reviewed and approved by the Accounting and Financial Reporting Department (AFRD). The District will change its process to ensure that journal entries that involve transfers between funds are timely reviewed and approved by the AFRD.

**EXHIBIT A (CONTINUED)**  
**MANAGEMENT'S RESPONSE**

**Finding No. 13: Information Technology – Access Privileges**

**Management Response: Management Response:**

**Response from the Office of the Chief Strategy & Operations Officer –** We agree.

**Proposed Corrective Action:** Subsequent to the last audit, critical access to financial applications for project employees was delimited. Currently, there are no project employees with access to critical financial data.

The District is in the process of evaluating the roles assigned to project employees that contain critical access with HR application. By June 30, 2013, new roles will be created to provide access to those whose job functions mandate such access be granted; access will be delimited for all others.

The review process of update actions within the finance and HR applications performed by IT employees and those employees that provide SAP ERP functional support that do not directly report to IT management will be enhanced to include review by the SAP ERP system functional support staff supervisory employee. The timeline is June 30, 2013.

**Finding No. 14: Information Technology – Security Controls – Software Management, User Authentication, and Monitoring of Application Data Changes**

**Management Response:**

**Response from the Office of the Chief Strategy & Operations Officer –** We agree.

**Proposed Corrective Action:** The Information & Technology Department agrees with the findings, and is making forward progress, and remains committed to addressing each of the outstanding items. The Information & Technology Department has a project plan in action with a clear goal of completing all corrective actions before June 30, 2014.

**FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

**Federal Awards Finding No. 1:**

**Federal Agency:** United States Department of Agriculture

**Pass-Through Entity:** Florida Department of Education (FDOE) and Florida

**Department of Agriculture and Consumer Services (FDACS)**

**Program:** Child Nutrition Cluster (CFDA Nos. 10.553, 10.555, 10.559)

**Finding Type:** Noncompliance and Significant Deficiency

**Questioned Costs:** \$625,202

**EXHIBIT A (CONTINUED)**  
**MANAGEMENT'S RESPONSE**

**Management Response:**

**Response from the Chief Strategy & Operations Officer** - The FDACS reconfirms the transfer of funds for KRONOS time clocks and installation as an allowable expense. A copy of the FDACS letter was forwarded to the Auditor General on March 20, 2013 by the Office of the Chief Auditor.

The Food and Nutrition Services Department maintains a departmental inventory of clocks and locations.

**Federal Awards Finding No. 2:**

**Federal Agency:** United States Department of Agriculture

**Pass-Through Entity:** Florida Department of Education (FDOE) and Florida Department of Agriculture and Consumer Services (FDACS)

**Program:** Child Nutrition Cluster (CFDA Nos. 10.553, 10.555, 10.559)

**Finding Type:** Noncompliance and Significant Deficiency

**Questioned Costs:** None

**Management Response:**

**Response from the Chief Strategy & Operations Officer** - Food & Nutrition Services will receive a listing for all emergency work orders from Physical Plant Operations (PPO) at month end for review and posted for approval by the director and/or designees; beginning April 1, 2013.

Food & Nutrition Services will receive a Preventative Maintenance (PM) schedule for the upcoming school year by June 30, annually. The director and/or designees will review and approve and/or adjust the schedule accordingly.

If you have any questions or concerns regarding any of the findings, please contact Patrick Reilly, Chief Auditor, at (754) 321-2400.

Sincerely,




Robert W. Runcie  
Superintendent of Schools

RWR/PR:pm

**SECTION III**

**FULL TEXT OF  
ADMINISTRATIVE RESPONSES**

From:  **Ivan Perrone**

Tuesday, April 15, 2014 1:56:00 PM 

Subject: Re: Current Status - Auditor General's Report #2013-160

To:  **Patrick O. Reilly**

Cc:  **Benjamin Leong**  **Dana T. Panisch**  **Pat M.**  **Pam Tomlinson**

Here is the current status as of today for Finding #2.

**Current Status:** Ongoing

**Response from the Office of the Chief Financial Officer:**

The Treasurer's Office has completed the draft of the EFT Policy, including the use of electronic signatures. The Policy is being targeted to be brought before the Board at the May 27, 2014 workshop.

Ivan Perrone  
Acting Treasurer  
Treasurer's Office  
School Board of Broward County, FL  
600 SE 3rd Avenue, 2nd Floor  
Ft. Lauderdale, FL 33301  
Phone# 754-321-1980  
Fax# 754-321-1981

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Under Florida law, e-mail addresses, and all communications, including e-mail communications, made or received in connection with the transaction of School Board business are public records, which must be retained as required by law and must be disclosed upon receipt of a public records request, except as may be excluded by federal or state laws. If you do not want your e-mail address released in response to a public records request, do not send electronic mail to this entity. Instead, contact this office by phone or in writing.

**Patrick O. Reilly on Monday, April 14, 2014 at 4:59 PM -0400 wrote:**

In accordance with School Board Policy 1002.1 and the 2013-14 Audit Plan, we are performing a second Current Status Report of the Auditor General's June 30, 2012 Report #2013-160. I have attached the original audit finding #2, along with your responses to the original finding and the October 2013 Current Status Report. Please provide the status of the policy addressing electronic funds transfers, as stated in your October 2013 response to the Current Status Report.






We are requesting this response to Finding #2 Electronic Funds Transfers no later than Wednesday, April 16, 2014.


Please call if you have any questions.

PR/pm

Patrick Reilly, Chief Auditor  
Office of the Chief Auditor  
Office (754) 321-2400  
Fax (754) 321-2719  
[patreilly@browardschools.com](mailto:patreilly@browardschools.com)

Under Florida law, email addresses are public records. Your email address and the contents of any email sent to the sender of this communication will be released in response to any request for public records, except as excluded by F.S. 119.071, 1002.22(3) (d) [student records], or any other law of the State of Florida. If you do not want your email address to be released as part of any public records request, do not send email to this address, rather contact this office by phone or in writing.

From:  Scott Krutchik  
Subject: Re: Response Requested  
To:  Patrick O. Reilly  
Cc:  Dana T. Panisch  Benjamin Leong  Cynthia R. Allen

Friday, April 11, 2014 12:11:37 PM 

Attachments:  Internal Response - OCA vrs 2.docx / Microsoft Word Document (22K)

Pat,

Attached is the response to the below.

Thank you,

Scott Krutchik  
Director  
Accounting & Financial Reporting Department  
Phone: 754-321-2270  
Fax: 754-321-2289  
[scott.krutchik@browardschools.com](mailto:scott.krutchik@browardschools.com)

Under Florida law, e-mail addresses, and all communications, including e-mail communications, made or received in connection with the transaction of School Board business are public records, which must be retained as required by law and must be disclosed upon receipt of a public records request, except as may be excluded by federal or state laws. If you do not want your e-mail address released in response to a public records request, do not send electronic mail to this entity. Instead, contact this office by phone or in writing.

The School Board of Broward County, Florida expressly prohibits bullying, including cyberbullying, by or towards any student or employee. See Policy 5.9: Anti-Bullying for additional information.

**Patrick O. Reilly on Monday, April 07, 2014 at 3:50 PM -0400 wrote:**

I have attached a letter from the Joint Legislative Auditing Committee. The are requiring that School Districts that have failed to correct audit findings that have been reported in three successive State of Florida Auditor General reports provide a written explanation of the status of corrective action that has been taken. If the explanation is not provided or determined to be not sufficient, the Committee may require the Chair of the District



School Board to appear before the Committee.

We are requesting a written response to Finding #8 Tangible Personal Property. Our office performed a Current Status of the Auditor General's Report in October, 2013. At that time, we determined that the current status for Finding #8 was "Ongoing" (see attached).

Please provide a response to include what corrective action has been taken relating to the AFRD's progress in working to correct the records identified in the Auditor General's Report.

If corrective action has not yet been implemented, please provide a date for implementation. We would like this response no later than Friday, April 11, 2014.

Thank you,

PR/pm

Patrick Reilly, Chief Auditor  
Office of the Chief Auditor  
Office (754) 321-2400  
Fax (754) 321-2719  
[patreilly@browardschools.com](mailto:patreilly@browardschools.com)

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Accounting and Financial Reporting Department (AFRD) is in the process of analyzing the Legacy asset data for missing serial numbers and the thirteen classification codes excluded from the inventory counts. This data will be sent to each Principal/Director of each location with instructions to research the missing serial numbers and to provide the missing serial number. Lastly, the Principal/Director will be required to sign the schedules as acknowledgement that the information they have provided is accurate and further modification is not required.

Upon receipt of the schedules from the Principal/Director, AFRD personnel will review the data, follow up with any additional clarification issues and update the fixed assets database accordingly.

Finally, to maintain the integrity of the recording and classification of fixed assets on an ongoing basis, AFRD will review the fixed assets database for missing data and notify the locations to research and correct.



AFRD plans on rolling out the project within the coming weeks with anticipation of completion by December 31, 2014.












From:  Ruby Crenshaw  
Brian Little

Monday, April 21, 2014 12:21:36 PM 

Subject: Fwd: Re: Fwd(4): Response Requested

To:  **Patrick O. Reilly**

Cc:  Donna S. Clarke  Brian Little

Attachments:  Asset Memo 2014.doc / Microsoft Office Word 97 - 2003 Document (40K)  
 Attachment A 3209A\_20101022\_133343\_001.jpg / JPEG Image (64K)  
 Attachment B Transfer Ticket\_20101022\_133445\_001.jpg / JPEG Image (63K)  
 Attachment C Auction Release\_20101022\_133722\_001.jpg / JPEG Image (6...  
 Attachment D Public Surplus Invoice Report.docx / Microsoft Office Word D...  
 Attachment E 3290A Recycle\_20101022\_134219\_001.jpg / JPEG Image (75K)  
 Attachment F Transfer Ticket Recycle\_20101022\_134438\_001.jpg / JPEG I...  
 Attachment G Record of disposition\_20101022\_134517\_001.jpg / JPEG Ima...  
 Attachment H Diversified Asset Report\_20101022\_134720\_001.jpg / JPEG I...  
 Attachment I Property Acquisition\_20101022\_135017.pdf / Adobe Acrobat Do...  
 Attachment J Scrap Recycle\_20101022\_135823.pdf / Adobe Acrobat Docum...

Pat

I hope this is what your looking for

In regards for the bid for scrap metal.. Staff is working on re-bidding the contract and should have it completed soon



**Ruby Crenshaw, Director**  
Supply Management & Logistics Dept.  
7720 West Oakland Park Blvd - Suite 323  
Sunrise, FL 33351  
Ph: 754.321.0501 | Fax: 754.321.0936  
[ruby.crenshaw@browardschools.com](mailto:ruby.crenshaw@browardschools.com)  
[www.broward.k12.fl.us/supply](http://www.broward.k12.fl.us/supply)

Under Florida law, e-mail addresses, and all communications, including e-mail communications, made or received in connection with the transaction of School Board business are public records, which must be retained as required by law and must be disclosed upon receipt of a public records request, except as may be excluded by federal or state laws. If you do not want your e-mail address released in response to a public records request, do not send electronic mail to this entity. Instead, contact this office by phone or in writing.

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Printed by: **Patrick O Reilly**

----- Original Message -----

From: Brian Little Friday, April 18, 2014 2:48:07 PM  
Subject: Re: Fwd(4): Response Requested  
To: Patricia D. Green  
Cc: Ruby Crenshaw Kent M. Jerding Samael Martinez  
Attachments: Asset Memo 2014.doc Microsoft Office Word 97 - 2003 Document 40K  
Attachment A 3209A\_20101022\_133343\_001.jpg JPEG Image 64K  
Attachment B Transfer Ticket\_20101022\_133445\_001.jpg JPEG Image 63K  
Attachment C Auction Release\_20101022\_133722\_001.jpg JPEG Image 67K  
Attachment D Public Surplus Invoice Report.docx Microsoft Office Word Document 205K  
Attachment E 3290A Recycle\_20101022\_134219\_001.jpg JPEG Image 75K  
Attachment F Transfer Ticket Recycle\_20101022\_134438\_001.jpg JPEG Image 65K  
Attachment G Record of disposition\_20101022\_134517\_001.jpg JPEG Image 62K  
Attachment H Diversified Asset Report\_20101022\_134720\_001.jpg JPEG Image 44K  
Attachment I Property Acquisition\_20101022\_135017.pdf Adobe Acrobat Document 104K  
Attachment J Scrap Recycle\_20101022\_135823.pdf Adobe Acrobat Document 93K

Hello Pat:

Attached is a memo detailing the process Mr. Reilly requested and supporting documentation attached.

Thank you,

Patricia D. Green on Friday, April 18, 2014 at 8:45 AM -0400 wrote:

Brian,

My explanation was not sufficient. Please advise.

Thank you.

Patricia Green  
Business Affairs Specialist  
School Board of Broward County  
Supply Management & Logistics Department  
Phone: 754-321-0515  
Fax: 754-321-0936

Under Florida law, e-mail addresses, and all communications, including e-mail communications, made or received in connection with the transaction of School Board business are public records.

which must be retained as required by law and must be disclosed upon receipt of a public records request, except as may be excluded by federal or state laws. If you do not want your e-mail address released in response to a public records request, do not send electronic mail to this entity. Instead, contact this office by phone or in writing.

The School Board of Broward County, Florida expressly prohibits bullying, including cyberbullying, by or towards any student or employee. See Policy 5.9: Anti-Bullying for additional information.

----- Original Message -----

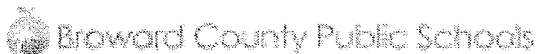
From: Ruby Crenshaw  
Patrick O. Reilly  
Thursday, April 17, 2014 5:05:40 PM  
Subject: Fwd(3): Response Requested  
To: Patricia D. Green  
Attachments: JLAC Letter dated 032514.pdf PDF File 111K  
AG Finding #8.pdf PDF File 1.6M  
69l.73.pdf PDF File 93K

Pat

who assisted you with the response

See comments

Lets discuss



Ruby Crenshaw, Director  
Supply Management & Logistics Dept.  
7720 West Oakland Park Blvd - Suite 323  
Sunrise, FL 33351  
Ph: 754.321.0501 | Fax: 754.321.0936  
[ruby.crenshaw@browardschools.com](mailto:ruby.crenshaw@browardschools.com)  
[www.broward.k12.fl.us/supply](http://www.broward.k12.fl.us/supply)

Under Florida law, e-mail addresses, and all communications, including e-mail communications, made or received in connection with the transaction of School Board business are public records, which must be retained as required by law and must be disclosed upon receipt of a public records request, except as may be



excluded by federal or state laws. If you do not want your e-mail address released in response to a public records request, do not send electronic mail to this entity. Instead, contact this office by phone or in writing.

----- Original Message -----

From: Patrick O. Reilly Thursday, April 17, 2014 11:10:52 AM  
Subject: Fwd(2): Response Requested  
To: Ruby Crenshaw  
Cc: Maurice L. Woods Donna S. Clarke Mark R. Magli Pat M.  
Attachments: JLAC Letter dated 032514.pdf PDF File 111K AG Finding #8.pdf PDF File 1.6M  
69I.73.pdf PDF File 93K

I am requesting a response for Finding #8 (see below), specifically, regarding the disposal of tangible personal property. We need a current status as to how the Supply Management & Logistics Department is complying with the Department of Financial Services Rule 69I-73, Florida Administrative Code (see attached). Please provide the procedures that you are using in order to properly dispose of tangible personal property. The manner of disposition (sold, donated, transferred, cannibalized, scrapped, destroyed, traded) must be identified for all property certified as surplus.

On September 19, 2013, I met with Maurice Woods, Brian Little, Ted Skopinski, Kent Jerding, Mark Magli and Carol Barker to discuss the audit finding and the need to keep detailed documented records for items valued at over \$1,000 that were surplus and the manner of disposal by the Supply Management & Logistics Department. Mr. Jerding supplied a flowchart for handling sale/auction items and the process for physically removing surplus items from schools and departments; however, it does not show the process for recording final disposal (sold, donated, transferred, cannibalized, scrapped, destroyed, traded) by the Supply Management & Logistics Department.

Please send a written response in word format by Friday, April 18, 2014, so that we can provide a response to the Joint Legislative Auditing Committee and finalize our Current Status Review.

On another matter, we discussed the use of an expired contract for scrap metal pick up. I am not requesting a response for this right now, however,

would like the status on getting a new contract in place.

PR/pm

Patrick Reilly, Chief Auditor  
Office of the Chief Auditor  
Office (754) 321-2400  
Fax (754) 321-2719  
[patreilly@browardschools.com](mailto:patreilly@browardschools.com)

Under Florida law, email addresses are public records. Your email address and the contents of any email sent to the sender of this communication will be released in response to any request for public records, except as excluded by F.S. 119.071, 1002.22(3) (d) [student records], or any other law of the State of Florida. If you do not want your email address to be released as part of any public records request, do not send email to this address, rather contact this office by phone or in writing.

----- Original Message -----

From: Patrick O. Reilly Monday, April 14, 2014 2:13:59 PM  
Subject: Fwd: Response Requested  
To: Maurice L. Woods  
Cc: Donna S. Clarke Pat M.  
Attachments: JLAC Letter dated 032514.pdf PDF File 111K AG Finding #8.pdf PDF File  
1.6M

This is a reminder that we need responses for this finding (please see below), in order to provide a response to the Joint Legislative Auditing Committee.

PR/pm

Patrick Reilly, Chief Auditor  
Office of the Chief Auditor  
Office (754) 321-2400  
Fax (754) 321-2719  
[patreilly@browardschools.com](mailto:patreilly@browardschools.com)

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----- Original Message -----

From: Patrick O. Reilly Monday, April 07, 2014 3:42:38 PM  
Subject: Response Requested  
To: Maurice L. Woods  
Cc: Donna S. Clarke Pat M.  
Attachments: JLAC Letter dated 032514.pdf PDF File 111K AG Finding #8.pdf PDF File 1.6M

I have attached a letter from the Joint Legislative Auditing Committee. They are requiring that School Districts that have failed to correct audit findings that have been reported in three successive State of Florida Auditor General reports provide a written explanation of the status of corrective action that has been taken. If the explanation is not provided or determined to be not sufficient, the Committee may require the Chair of the District School Board to appear before the Committee.

We are requesting a written response to Finding #8 Tangible Personal Property. Our office performed a Current Status of the Auditor General's Report in October, 2013. At that time, we determined that the current status for Finding #8 was "Ongoing" (see attached).

Please provide a response to include what corrective action has been taken relating to the **disposal of tangible personal property** section.

If corrective action has not yet been implemented, please provide a date for implementation. We would like this response no later than Friday, April 11, 2014.



Thank you,

PR/pm

Patrick Reilly, Chief Auditor  
Office of the Chief Auditor  
Office (754) 321-2400  
Fax (754) 321-2719  
[patreilly@browardschools.com](mailto:patreilly@browardschools.com)

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**Materials Logistics**

3800 N. W. 10<sup>th</sup> Avenue, Oakland Park, FL 33309

Central Warehouse, Textbooks, B-Stock, Pony Room, Central Processing Lab, Stockroom, Surplus Auction

April 18, 2014

TO: OFFICE OF THE CHIEF AUDITOR

FROM: BRIAN LITTLE, MANAGER

SUBJECT: DISPOSAL OF TANGIBLE PERSONAL PROPERTY

Assets determined to be of no further instructional value or obsolete are disposed of in one of four processes:

- 1) Auctioned to the general public
- 2) Recycled via the approved electronics recycling vendor
- 3) Scrapped
- 4) Repurposed

**TRACKING PROCESS:**

- Schools/Departments complete a 3290A Surplus Declaration form which is submitted to the B-Stock (surplus) Warehouse, signed and dated by the Principal or Director – attachment A.
- It is the responsibility of schools and departments to ensure the accuracy of the 3290A.
- B-Stock generates a sequentially numbered Transfer Ticket for pick-up of the assets – attachment B.
- Transfer ticket numbers are listed on the materials picked up (cartons or pallets).
- Once assets are picked up and delivered to B-Stock, the original 3290A and Transfer Ticket are sent to the Capital Assets Department. Items valued over \$1,000 are removed from the District master asset database following approval by the School Board.

**AUCTION:**

- Prior to posting assets on the auction BPI and/or serial numbers are cross referenced against the master database to ensure items are no longer listed in district inventory.
- Once removed from the master database the item may be auctioned.

Brian E. Little, Manager, Materials Logistics  
Phone: 754-321-4724 Fax: 754-321-4773

**Materials Logistics**

3800 N. W. 10<sup>th</sup> Avenue, Oakland Park, FL 33309

Central Warehouse, Textbooks, B-Stock, Pony Room, Central Processing Lab, Stockroom, Surplus Auction

- All assets auctioned are tracked in an internal database. The description, BPI and/or serial number, transfer number, final price and date sold are recorded in the database. If an item does not get bids after repeated attempts, then its final disposition (metal scrap, repurposed, etc.) is recorded in the database.
- District auctions are conducted on the Public Surplus website. Publicsurplus.com is an auction website specifically used by government agencies.
- Winning bidders pick up and pay for their item, sign an Auction Release form, the data added to the Internal Auction Database with a copy of the payment check, and are given a receipt – attachment C.
- Every item auctioned is recorded on the Public Surplus Invoice report listing auction number, auction end date, and sale dollar amount – attachment D.
- Funds generated from the auctions are submitted to the Treasurer's Office weekly. An itemized list of items sold and corresponding BPI and/or serial number is included with the remittance transmittal.
- A copy of the deposit package is sent to Financial Reporting and Public Surplus invoices are sent to Capital Budget.

**RECYCLING:**

- Schools/Departments complete a 3290A Surplus Declaration form which is submitted to the B-Stock (surplus) Warehouse, signed and dated by the Principal or Director – attachment E.
- It is the responsibility of schools/departments to ensure the accuracy of the 3290A.
- B-Stock generated a sequentially numbered Transfer Ticket for pick-up of the assets – attachment F.
- Transfer Ticket numbers are listed on the materials picked up (cartons or pallets).
- Once assets are picked up and delivered to B-Stock, the original 3290A and Transfer Ticket are sent to the Capital Assets Department. Items valued over \$1,000 are removed from the District master asset database following approval by the School Board.
- The contracted recycling vendor, Diversify Asset Recovery, is contacted to pick up electronic assets.

**Brian E. Little, Manager, Materials Logistics**  
Phone: 754-321-4724 Fax: 754-321-4775

**Materials Logistics**

3800 N. W. 10<sup>th</sup> Avenue, Oakland Park, FL 33309

Central Warehouse, Textbooks, B-Stock, Pony Room, Central Processing Lab, Stockroom, Surplus Auction

- Each carton/pallet holding assets, labeled with the Transfer Ticket numbers, are staged for pick up.
- A Record of Disposition of Assets form is completed listing number of cartons, pallets, and related Transfer Ticket number – attachment G. The form is signed and dated by the Diversified driver and District employee.
- The Record of Disposition of Assets serves as a cross reference to the original 3290A form on file for each individual item sent for recycling.
- Upon request Diversified provided a report of total units picked up from the District – attachment H.

**REPURPOSE:**

- Items received, and removed from the Master Asset list, are held for a period of time, for repurpose at a school/department.
- If a school/department requests a specific item being help for repurpose, then a Property Acquisition Form, and Transfer Ticket are generated – attachment I.
- The asset is delivered to the site, Principal/Department Head signatures obtained, documentation is processed to Capital Assets, and the item re-entered onto the District Master Asset List.

**SCRAP:**

- Assets removed from the District Master Asset list, which do not receive auction bids or request from District sites for repurpose, are sent to a scrap dealer, and the funds remitted to the District General fund – attachment J.

**Brian E. Little, Manager, Materials Logistics**

**Phone: 754-321-4724 Fax: 754-321-4775**

1. of 1 pages  
Submit Surplus Transfer Form to B-StockThe School Board of Broward County, Florida  
Capital Assets Activity Form  
Surplus Declaration Transfer☒ YES RPL is Principal / Director authorization required.☐ NO RPL is Principal / Director authorization required.Regional Assistant Required ☒

Issuing Location: 1241

Location Name: NORTHEAST HIGH SCHOOL

Contact Name: ALLAN C. THOMPSON

Phone #: 754-322-1530

Receiving Location:

Location Name: B-Stock

Contact Name:

Phone #:

BPI Number <i>Refer to Asset Record download at needed</i>	Serial Number	Model Number	Equipment Description	Quantity	Revised pp
N/A	12410053		BRETTORD LAPTOP STORAGE CART	X	
N/A	12410047		BRETTORD LAPTOP STORAGE CART	X	
N/A	12410037		BRETTORD LAPTOP STORAGE CART	X	
N/A	12410048		BRETTORD LAPTOP STORAGE CART	X	
N/A	12410047		BRETTORD LAPTOP STORAGE CART	X	
N/A	12410036		BRETTORD LAPTOP STORAGE CART	X	
N/A	12410026		BRETTORD LAPTOP STORAGE CART	X	

Equipment Transfer  
Surplus Approved By:

Principal/ Director per Policy 324a

Date: 4/24/14 Released By: Jonathan E. Williams, Principal/Due

Please Print Name Title

Transfer Received By:

Principal/ Director per Policy 324a

Date:

Transfer Delivered By:

Please Print Name Title

Date:

Form 3229a  
Rev. 4/7/05

**B-Stock Transfer**

Date Created: 4/1/2014

Date Closed:

Transfer # 21736

Number of 3290A Attachments: 19

Number of Other Attachments:

Cafeteria #

Issuing Location 1241

Receiving Location 96138

Northeast High

B-Stock Warehouse

700 NE 56 Street

6501 NW 15th Ave

Oakland Park, FL 33334

Fort Lauderdale, FL 33309

Phone/Fax: (754)322-1550 / (754)322-1680

Phone/Fax: (754)321-2850 / (754)321-2886

Contact: Rafael Rivera

Contact: B-Stock

Check if unable to complete Reason:

Sencel will deliver computers to B-Stock.

Line #	BPE #	Serial #	Qty	Item Description	Status
1			7	Lap Top Computer Cart	Inc
2			32	Refresh Non-Working Computers-See Attached 3290A Forms	Inc
3			133	Refresh Working Computers-See Attached 3290A Forms	Inc

SURPLUS TO RECYCLE  
VENDOR.

\* CANNOT CHANGE DATE CREATED OR DATE CLOSED  
IN DATA BASE.

Completed By Surplus Warehouse  
Date: 4/2/14  
Initial: [Signature]

Requested By: Rafael Rivera

Released By: [Signature]

Date:

Received By: Kent Jerding

Date: 4/2/14

Delivered By:

Originator: Kent Jerding

Written changes to this form MUST be initiated by school administrator

Top Copy to B-Stock --- Second Copy to Financial Reporting --- Third Copy to School/Department

Page 1 of 1

## Auction Release

BCS Receipt # 5359675

Auctions: Num.	Tag	End Date	Winning Bid	Tax	Total
1000641	A0776 Minors Two Door Refrigerator	4/17/2014	\$38.00	\$3.16	\$41.16
	RPI # 76-18504		Serial # RD72550472	Transfer # 20704	
1000643	A0772 HP LaserJet 4730nfp Copier, etc, Photo	4/17/2014	\$405.00	\$24.30	\$429.30
	RPI # 07-00806		Serial # J10C1104069	Transfer # 21072	
Totals:			\$441.00	\$27.46	\$467.46

Winning Bidder: Linda Byrd

Tax Exempt #

Transaction Date 4/17/2014

Amount Paid \$467.46

Method of Payment: Money Order

Terms and Conditions: The Property is sold and conveyed "AS IS, WHERE IS," and without representation or warranty. The Broward County School Board, its Seller hereby disclaims all warranties, either express or implied, including any implied warranty of merchantability or fitness for a purpose, and neither assumes nor authorizes other person to assume for it, any liability in connection with the sale of these goods. The description of surplus property offered for sale has been compiled from available data, but there is no guarantee or warranty on the part of the Broward County School Board as to condition or quality of surplus property. Buyer agrees to indemnify and hold harmless seller for any and all damages, claims, or liability for injuries to persons or property caused during the sale, removal or use of any equipment or hardware purchased.

PAYMENT TERMS: Upon receipt of amount by Cashiers, Certified Check, or USPS Money Order made payable to Broward County Schools, NOT CASH. TRANSACTIONS: No refunds or adjustments will be made on any completed sale. TAXES: Florida State sales tax of 6% shall be added to all purchases made. The buyer shall also send the sales tax amount when making payment. Lot Sales: "Clearing parking" of lot items is not allowed. All items included in lot sales MUST be picked up and removed by winning bidder.

Released By

Released To

<b>WESTERN UNION</b>		<b>MONEY ORDER</b>		WESTERN UNION FINANCIAL SERVICES INC. - ISSUED Englewood, Colorado	
14-799048899					
A 243025 D 041714		1 0023 01		\$ 467.46	
FOR HUNDRED SIXTY-SEVEN DOLLARS AND FIFTY-SEVEN CENTS					
PAY EXACTLY		PAYMENT FOR CASH			
PAY TO THE ORDER OF		BROWARD COUNTY SCHOOLS			
PURCHASER'S ADDRESS		PURCHASER'S ADDRESS			
⑆102100400⑆ 10147990488990⑆					





70

Invoice Item #	Invoice Item Description	Invoice Item Code	Invoice Date	Invoice Amount	Invoice Tax	Invoice Total
1090187	Public Surplus: Invoice Mar 2014	AQ70	Mar 28, 2014	\$129.50	\$8.42	\$137.92
1090196	Public Surplus: Invoice Mar 2014	AQ76	Mar 28, 2014	\$101.50	\$6.73	\$108.23
1090207	Public Surplus: Invoice Mar 2014	AQ77	Mar 28, 2014	\$155.50	\$10.37	\$165.87
1090308	Public Surplus: Invoice Mar 2014	AQ87	Mar 28, 2014	\$53.00	\$3.58	\$56.58
1090320	Public Surplus: Invoice Mar 2014	AQ89	Mar 28, 2014	\$55.00	\$3.64	\$58.64
1090311	Public Surplus: Invoice Mar 2014	AQ91	Mar 28, 2014	\$30.00	\$1.95	\$31.95
1090420	Public Surplus: Invoice Mar 2014	AQ88	Mar 28, 2014	\$7.50	\$0.49	\$7.99
1090815	Public Surplus: Invoice Mar 2014	AQ44	Mar 28, 2014	\$39.00	\$2.59	\$41.59
1090825	Public Surplus: Invoice Mar 2014	AQ63	Mar 28, 2014	\$280.00	\$18.20	\$298.20
1090827	Public Surplus: Invoice Mar 2014	AQ43	Mar 28, 2014	\$150.00	\$9.75	\$159.75
Total				\$1,000.00	\$64.66	\$1,064.66

The School Board of Broward County, Florida  
Capital Assets Activity Form  
Surplus Declaration Transfer

Submit Surplus Transfer Form to B-stock

☒ SCHOOL USE/Principal: Director authorization required

☐ TRANSFER: Both Issuing and Receiving Principals' Director authorization signature required

Removal Assistance Required ☐ YES ☒ NO

Issuing Location: 1222  
Location Name: NORTHEAST HIGH SCHOOL  
Contact Name: ALAN C. THOMPSON  
Phone #: 754-322-1550  
Receiving Location: B-Stock  
Location Name:  
Contact Name:  
Phone #:

BPI Number <i>Refer to Asset Record download as needed</i>	Serial Number	Model Number	Equipment Description	Asset Class Code	Asset Status Code
04-11193	UV3056QDFCZ		APPLE IBOOK G4 WCD-RW DVD-ROM 12.1"		X
04-83228	UV41002VPGW		APPLE IBOOK 12.1"		X
04-83253	UV41005NPGW		APPLE IBOOK 12.1"		X
04-83254	UV410073PGW		APPLE IBOOK 12.1"		X
05-21214	UV4215K1QJP		APPLE IBOOK G4 WCD-RW DVD-ROM 12.1"		X
05-21422	UV421555QJP		APPLE IBOOK G4 WCD-RW DVD-ROM 12.1"		X
05-42732	UV44712RSX7		APPLE IBOOK G4 WCD-RW DVD 12.1" DISPLAY		X
05-53056	4H51363VSCZ		APPLE IBOOK G4 WCD-RW DVD 12.1" (B&W) AY		X
06-01089	4H523009SCZ		APPLE IBOOK G4 WCD-RW DVD 12.1"		X
06-42473	4H5231P0S87		APPLE IBOOK G4 WCD-RW DVD 12.1"		X

Equipment Transfer  
Surplus Approved By: *[Signature]* Date: 8/1/14 Released By: Jonathan E. Williams, Principal Date:   
Principal Signature per Policy 1212 Please Print Name, Title

Transfer Received By: *[Signature]* Date:   
Principal Signature per Policy 1214

Transfer Delivered By: *[Signature]* Date:   
Please Print Name, Title

**B-Stock Transfer**

Date Created: 4/1/2014

Date Closed

Transfer # 21736

Number of 3290A Attachments: 19

Number of Other Attachments:

Cafeteria #

Issuing Location: 1241

Northeast High

700 NE 56 Street

Oakland Park, FL 33334

Phone/Fax: (754)322-1550 / (754)322-1660

Contact: Rafael Rivera

Receiving Location: 9613B

B-Stock Warehouse

6501 NW 15th Ave

Fort Lauderdale, FL 33309

Phone/Fax: (754)321-2850 / (754)321-2886

Contact: B-Stock

Check if unable to complete Reason:

School will deliver computers to B-Stock.

Line #	BPR #	Serial #	Qty	Item Description	Status
1			7	Lap Top Computer Cart	Inc
2			32	Refresh Non-Working Computers-See Attached 3290A Forms	Inc
3			133	Refresh Working Computers-See Attached 3290A Forms	Inc

SURPLUS TO RECYCLE  
VENDOR.

\* CANNOT CHANGE DATE CLOSED IF DATE CLOSED  
IN DATA BASE.

Completed By: Surplus Warehouse  
Date: 4/2/14  
Initials: [Signature]

Requested By: Rafael Rivera

Released By:

Date:

Received By:

Date: 4/2/14

Delivered By:

Originator: Kent Jerding

Written changes to this form MUST be initialed by school administrator

Top Copy to B-Stock --- Second Copy to Financial Reporting --- Third Copy to School/Department

Page 1 of 1

ATTACHMENT G

Broward County School District  
B-Stock Surplus Transfer Disposition Log  
6501 NW 15<sup>th</sup> Ave, Ft. Lauderdale, FL 33309

TO: Diversified Asset Recovery, LLC  
2700 HAZARD STREET AVENUE  
ORLANDO, FL 32834  
407-509-3580, fax 407-704-1949  
EPA ID# FLR000182485

## Record of Disposition of Assets

# of Boxes Picked Up \_\_\_\_\_

# of Pallets Picked Up \_\_\_\_\_

# of Boxes Dropped Off 100 ~~100~~

LARGE CANS

Transfer # 21736 ☐ B ☐ P 7Transfer # \_\_\_\_\_ ☐ B ☐ P \_\_\_\_\_Transfer # 21682 ☐ B ☐ P 5 <sup>NE</sup>Transfer # \_\_\_\_\_ ☐ B ☐ P \_\_\_\_\_Transfer # 21629 ☐ B ☐ P 7Transfer # \_\_\_\_\_ ☐ B ☐ P \_\_\_\_\_Transfer # 21624 ☐ B ☐ P 2 <sup>LO</sup>Transfer # \_\_\_\_\_ ☐ B ☐ P \_\_\_\_\_Transfer # 21640 ☐ B ☐ P 3Transfer # \_\_\_\_\_ ☐ B ☐ P \_\_\_\_\_Transfer # \_\_\_\_\_ ☐ B ☐ P \_\_\_\_\_Transfer # \_\_\_\_\_ ☐ B ☐ P \_\_\_\_\_Transfer # \_\_\_\_\_ ☐ B ☐ P \_\_\_\_\_Transfer # \_\_\_\_\_ ☐ B ☐ P \_\_\_\_\_Transfer # \_\_\_\_\_ ☐ B ☐ P \_\_\_\_\_Transfer # \_\_\_\_\_ ☐ B ☐ P \_\_\_\_\_Transfer # \_\_\_\_\_ ☐ B ☐ P \_\_\_\_\_Transfer # \_\_\_\_\_ ☐ B ☐ P \_\_\_\_\_Transfer # \_\_\_\_\_ ☐ B ☐ P \_\_\_\_\_Transfer # \_\_\_\_\_ ☐ B ☐ P \_\_\_\_\_Transfer # \_\_\_\_\_ ☐ B ☐ P \_\_\_\_\_Transfer # \_\_\_\_\_ ☐ B ☐ P \_\_\_\_\_

We acknowledge the Surplus Pickup/Pallet Count listed above

Seal # \_\_\_\_\_

DRIVER SIGNATURE: [Signature] Print: Phillip Anderson Date: 4/24/14B-Stock Employee: [Signature] Print: SAMUEL MARTINEZ Date: 4-24-14

Broward County School District Asset Management Report																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																										
Items identified on the Assets and Facilities Survey - Items listed are needed by 2024																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																										
Inventory 2023 - The amount of items with no decommission date specified is 23,301 items																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																										
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Category	Subcategory	Inventory		2023 Count		2024 Count		2025 Count		2026 Count		2027 Count		2028 Count		2029 Count		2030 Count		2031 Count		2032 Count		2033 Count		2034 Count		2035 Count		2036 Count		2037 Count		2038 Count		2039 Count		2040 Count																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																				
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The School Board of Broward County, Florida  
Capital Assets Activity Form  
Tangible Property Loss/Equipment Acquisition

Location Name and Number ATLANTIC WEST EL / 2511

☐ Tangible Property Loss

☒ Equipment Acquisition  
for equipment valued at \$1,000 or more that is  
acquired with internal funds or by donations

Date of Loss: \_\_\_\_\_

Acquisition Date (for acquisition only)	BPI Number If applicable	Serial Number	Model Number	Equipment Description	Cost/Estim. Value	Room/ Bldg
	99-11450	7069920693		WASHER PRESSURE	3122.50	
	90-22978	211127		LANDA MVP4-35325E		
	91-10324	210834		CARPET EXTRACTOR		

Loss Acknowledged By: \_\_\_\_\_  
Principal, Director (per Policy 3204)

Name of Donor: \_\_\_\_\_  
Donor Address: \_\_\_\_\_

Acquisition Approved By: X [Signature]  
Principal, Director (per Policy 3204)

Loss: Submit to Capital Assets Accounting  
NOTE: Attach copies of Police and SIU Immediate Notification Report

Acquisition: Submit to Capital Assets Accounting  
NOTE: Attach copy of Invoice(s)

Retain a copy for your records

**B-Stock Transfer**

Date Created: 1/13/2014

Date Closed:

Transfer # 21286

Number of 3290A Attachments:

Cafeteria #

Number of Other Attachments: 1

Issuing Location 9613B

B-Stock Warehouse

6501 NW 15th Ave

Fort Lauderdale, FL 33309

Phone/Fax: (754)321-2850 / (754)321-2886

Contact: Kent Jerding

Receiving Location 2511

Atlantic West Elementary

301 NW 69 Terrace

Margate, FL 33063

Phone/Fax: (754)322-5300 / (754)322-5340

Contact: Ronald McClure

Check if unable to complete ☐ Reason:

Ron: Please have Principal sign 03290 Material Acquisition Form. Submit to Capital Assets w/copy of B-Stock Transfer Ticket.

Line #	BPI #	Serial #	Qty	Item Description	Status
1	99-11450	P069920693	1	Landa Power Washer-MVP4-35325E	Inc
2		991900017	1	Wet Vac-Kent	Inc
3			1	Wet Vac-Kent	Inc
4			2	Pullman Holt Burnisher-Electric	Inc
5			3	Miscellaneous Equipment-Royal Carpet Vacuums	Inc
6	91-10326	210834	1	Carpet Extractor-Admiral	Inc
7	90-22978	211127	1	Carpet Extractor-Admiral	Inc

\* STAGED AT B-STOCK. READY FOR DELIVERY. ALL  
ON 3 PALLETS.

USE OF 03290 FORM

Completed By Surplus Warehouse

Date: 1/24/14

Initials: [Signature]

Requested By: Ronald McClure

Released By: [Signature]

Date: 1/14/14

Received By: [Signature]

Date: 1/14/14

Delivered By: [Signature]

Originator: Kent Jerding

Written changes to this form MUST be initialed by school administrator

Top Copy to B-Stock ---- Second Copy to Financial Reporting ---- Third Copy to School/Department

Page 1 of 1



**CAPITAL**  
**SCRAP METAL LLC**  
*We Make Recycling Easy™*  
 capitalscrapmetal.com  
 1610 North Powerline Road  
 Pompano Beach, FL 33069  
 Phone (954) 972-1111

Attachment J

**Material Purchase Ticket**

Ticket # **47895**

Date: 4/3/2014 10:11:46AM  
 Scale: Truck Scale #1  
 Weighmaster Issac

Customer ID - 2216  
**BROWARD DISTRICT SCHOOLS**

Page 1 of 1

Driver's License Number: 8  
 Vehicle Tag:

Item	Gross	Tare	Net	Price	Total
Shreddable Steel	34,280.0 s <sup>1</sup>	28,940.0 s <sup>2</sup>	5,340.0 LB	\$185.0000 NTon	\$493.95

Ticket Total - \$493.95

Please Sign Here:  
 Por Favor Firme Aqui:

*Kent J. J. J.*

The undersigned covenantes with the Buyer that he/she is the lawful owner of the above described. And that the same is free from all encumbrantes, that the undersigned will warrant and defend the state of the said property.

**PAID APR 03 2014**

**CAPITAL SCRAP METAL LLC**

RESTRICTED PURCHASES  
 1126 S. FEDERAL HWY STE 393  
 FORT LAUDERDALE, FL 33316

**Bank of America.**

ACH R/T 063100277

63-4-630

4/3/2014

6893

PAY TO THE  
 ORDER OF **Broward School Board**

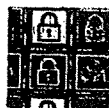
\$ \*\*493.95

Four Hundred Ninety-Three and 95/100\*\*\*\*\*

DOLLARS

Broward School Board  
 3810 NW 10th Ave  
 Oakland Park, FL 33309

VOID AFTER 60 DAYS



AUTHORIZED SIGNATURE

Security features. Details on back

⑈006893⑈ ⑆063000047⑆ 898049204545⑈

# B-Stock Transfer

Date Created: 3/15/2013

Attachment J  
Date Closed: 1/13/2014

Transfer # 19668

Number of 3290A Attachments: 1

Cafeteria #

Number of Other Attachments:

Issuing Location 9725

Food &amp; Nutrition Services

7720 West Oakland Pk. Blvd.

Sunrise, FL 33313

Phone/Fax: (754)321-0224 / ( ) -

Contact: Mary Mulder

Receiving Location 9613B

B-Stock Warehouse

6501 NW 15th Ave

Fort Lauderdale, FL 33309

Phone/Fax: (754)321-2850 / (754)321-2886

Contact: B-STOCK/AUCTION

Check if unable to complete ☐ Reason:

Driver: take BPI# 81-16314 &amp; 92-31053, 2-Door &amp; # Door Refrigerator/Freezer to Capital Scrap. Deliver check directly to Ruth Sternberg at B-Stock.

Line #	BPI #	Serial #	Qty	Item Description	Status
1	76-10609	HV4074V54	1	2 Door Refrigerator-VICTORY	comp
2	82-16314	B8107V70	1	2 Door Refrigerator-VICTORY	comp
3	92-31053	V983170-6N	1	3 Door Freezer-TRAULSEN	comp
4	02-03777	BASS67335	1	3 Door Refrigerator-DELFIELD 6076-S	comp
5	03-16326	010103038	1	Milk Box	comp
6	05-39509	04100361003	1	2 Door Refrigerator-DELFIELD 6000XL	comp

Completed By Surplus Warehouse

Date: 1/13/14  
Initials: KJ

Requested By: Mary Mulder

Released By: Mary Mulder

Date:

Received By: Kent Jerding

Date:

Delivered By:


Originator: Kent Jerding

Written changes to this form MUST be initialed by school administrator

Top Copy to B-Stock ---- Second Copy to Financial Reporting ---- Third Copy to School/Department



Page 1 of 1


From:  Mickey Aviles

Thursday, April 17, 2014 12:56:12 PM 

Subject: Management Response to Auditor's General Report

To:  **Patrick O. Reilly**

Cc:  Shelley N. Meloni  **Patricia McLaughlin**

Attachments:  Mgmt Response 04-17-14.pdf / Adobe Acrobat 7.0 Document (23K)

---

Please see attached memo.

Thanks!

Mickey Aviles  
Office of Facilities & Construction  
Sunset Center  
754-321-1512

THE SCHOOL BOARD OF BROWARD COUNTY, FLORIDA  
OFFICE OF FACILITIES & CONSTRUCTION

SHELLEY N. MELONI, R.A., NCARB, LEED® AP  
TASK ASSIGNED CHIEF FACILITIES & CONSTRUCTION OFFICER

Telephone: (754) 321-1500

Facsimile: (754) 321-1501

April 17, 2014

TO: Patrick O. Reilly, Chief Auditor  
Office of the Chief Auditor

FROM: Shelley N. Meloni, R.A., NCARB, LEED® AP *SM*  
Task Assigned Chief Facilities & Construction Officer

SUBJECT: MANAGEMENT RESPONSE TO  
AUDITOR'S GENERAL REPORT

Although staff and funding resources remain limited, the District is pursuing options to be able to execute this work. Staff is actively identifying the most efficient methods to address the deficiencies that have been noted in the annual inspection reports in order to achieve more timely correction. Additionally, staff is continuing to review and enhance its procedures in an effort to expedite the availability of corrective solutions.

SNM:ma

c: Audit Response File, Office of Facilities & Construction








From:  **Diane M. Plesher**

Tuesday, April 15, 2014 7:49:50 AM



Subject: Response #10 - Background Rescreenings

To:  **Patrick O. Reilly**

Cc:  **Patricia McLaughlin**  **David Golt**  **Craig W. Kowalski**  
 **Amanda Bailey**  **Jeffrey S. Moquin**  **Terry P. Openden**  
 **Camille S. Reich**

Attachments:  Response #10 Background Rescreenings 041014.pdf / Adobe Acrobat Docu...

---

Good Morning - Enclosed please find our response to a letter from the Joint Legislative Auditing Committee regarding Finding #10 - Background Rescreenings.

Thank you,

Diane Plesher, Executive Confidential Secretary  
Human Resources  
Office: 754-321-1840  
Fax: 754-321-2704

Under Florida law, e-mail addresses, and all communications, including e-mail communications, made or received in connection with the transaction of School Board business are public records, which must be retained as required by law and must be disclosed upon receipt of a public records request, except as may be excluded by federal or state laws. If you do not want your e-mail address released in response to a public records request, do not send electronic mail to this entity. Instead, contact this office by phone or in writing.

---

Printed by: **Patrick O Reilly**

**THE SCHOOL BOARD OF BROWARD COUNTY, FLORIDA**

**AMANDA BAILEY  
ACTING CHIEF HUMAN RESOURCES OFFICER  
HUMAN RESOURCES**

**Telephone: 754-321-1840**

**Facsimile: 754-321-2704**

April 10, 2014

TO: Patrick O. Reilly, Chief Auditor  
Office of the Chief Auditor

FROM: David Golt, Chief of Police *DG*  
Broward District Schools Police Department

VIA: Amanda Bailey, *AB* Acting Chief Human Resources Officer  
Human Resources

**SUBJECT: TRACKING FINGERPRINT RECORDS**


A comprehensive system currently exists to monitor and track fingerprint records. This comprehensive system is regularly compared to data contained in the Florida's Integrated Criminal History System, also known as FALCON, twice a month to ensure retention of fingerprint records in compliance with Section 1012.32, Florida Statutes. In addition, the semi-monthly review allows the District to identify fingerprint records that require submission to the Florida Department of Law Enforcement (FDLE). FDLE then forwards to the Federal Bureau of Investigation the required fingerprints in order to complete a federal criminal history check.

Since December 2010, our responses to the original findings described our efforts to locate an enhanced software solution to accomplish the overall task of monitoring and tracking records in a more automated and efficient manner. However, since July 2013, we have enhanced our software solution and processes to accommodate the overall task of fingerprint retention and compliance.

AB/DG/CK:cr

c: Jeffrey Moquin, Chief of Staff

From:  **Donna S. Clarke**

Thursday, April 24, 2014 10:10:53 AM 

Subject: Finding No. 13

To:  **Patrick O. Reilly**

Cc:  **Maurice L. Woods**  **Nathan Balasubramanian**  **Jackie Primeau**  
 **Raquel Suarez**  **Patricia McLaughlin**  **Ed J. Hineline**  **Donna A. Flores**

Attachments:  **Memo Finding 13 Auditor General's Report.docx / Microsoft Word document (31K)**

Pat,

The memo is Information & Technology's response to Finding No. 13: Information & Technology-Access Privileges of the Auditor General's Report #2013-160. Management concurs with the response.

Please contact me if you require additional information.

Thank you.

Donna S. Clarke, Executive Secretary to:  
Chief Strategy & Operations Officer  
Telephone: 754-321-2610  
Facsimile: 754-321-1999

Under Florida law, e-mail addresses, and all communications, including e-mail communications, made or received in connection with the transaction of School Board business are public records, which must be retained as required by law and must be disclosed upon receipt of a public records request, except as may be excluded by federal or state laws. If you do not want your e-mail address released in response to a public records request, do not send electronic mail to this entity. Instead, contact this office by phone or in writing.

THE SCHOOL BOARD OF BROWARD COUNTY, FLORIDA  
INFORMATION & TECHNOLOGY

Edward J. Hineline, Jr.  
Director, Business Applications

Telephone: 754-321-0400

Facsimile: 754-321-0902

Signature on File

April 23, 2014

TO: Maurice L. Woods  
Chief Strategy & Operations Officer

FROM: Edward J. Hineline, Jr.  
Director, Business Applications

SUBJECT: **STATE OF FLORIDA AUDITOR GENERAL REPORT  
FINDING NO. 13: INFORMATION TECHNOLOGY – ACCESS  
PRIVILEGES**

Please find Information & Technology's (IT) response to *Finding No. 13: Information Technology – Access Privileges* of the Auditor General's Report #2013-160.




In response to the Audit Finding #13:


- Additional security roles were created for Human Resources, Payroll, and Finance modules.
- Five IT employees with update access within the Finance module has been reduced to zero.
- Procedures are in place to request, approve, and assign temporary access to modules for update purposes.
- ERP SAP User Access Form contains an Expiration Date that is consistent with procedures in place for temporary access.
- Eight IT employees with update access to Human Resources and Payroll modules has been reduced to seven. (Due to module security role limitations, removal of the remaining roles would be detrimental to daily system/business process validations.)



If you have any questions, or if I can be of further assistance, **please contact me at (754) 321-0400.**

EJH:df



From:  Donna S. Clarke  
Subject: Finding #14 Update  
To:  Patrick O. Reilly  Patricia McLaughlin

Thursday, April 24, 2014 9:49:19 AM 

Attachments:  Update Memo Auditor General's Report MW.docx / Microsoft Word document (30K)  
 Attachment\_Update Memo #14.pdf / Adobe PDF document (89K)

Good morning. As requested.

Donna S. Clarke, Executive Secretary to:  
Chief Strategy & Operations Officer  
Telephone: 754-321-2610  
Facsimile: 754-321-1999

Under Florida law, e-mail addresses, and all communications, including e-mail communications, made or received in connection with the transaction of School Board business are public records, which must be retained as required by law and must be disclosed upon receipt of a public records request, except as may be excluded by federal or state laws. If you do not want your e-mail address released in response to a public records request, do not send electronic mail to this entity. Instead, contact this office by phone or in writing.

**THE SCHOOL BOARD OF BROWARD COUNTY, FLORIDA  
OFFICE OF THE CHIEF STRATEGY & OPERATIONS OFFICER**

**Maurice L. Woods  
Chief Strategy & Operations Officer**

**Telephone: 754-321-2610**

**Facsimile: 754-321-1999**

**SIGNATURE ON FILE**

April 23, 2014

**REVISED**

**TO: Patrick O. Reilly  
Chief Auditor**

**FROM: Maurice L. Woods  
Chief Strategy & Operations Officer**

**SUBJECT: UPDATE TO TASKS RELATED TO FINDING #14 OF THE AUDITOR  
GENERAL'S REPORT #2013-160-BROWARD COUNTY DISTRICT SCHOOL  
BOARD FINANCIAL AND OPERATIONAL AUDIT FOR FISCAL YEAR ENDED  
JUNE 30, 2012**

This correspondence provides an update to tasks listed in the April 14, 2014, memorandum responding to Finding #14: Information Technology - Security Controls - Software Management, User Authentication, and Monitoring of Application Data Changes of the Auditor General's Report #2013-160. All tasks related to the District's Active Directory Password Policy are complete.

1. The first of these is the District's Active Directory Password Policy. In regard to this matter, the current written password complexity policy has been converted to an automated and mandatory process as agreed to in the management response to the previous audit finding.

<b>Task</b>	<b>Status</b>
Establish complexity rules	completed
Establish password length rules	completed
Establish password history rules	completed
Develop password reset website	completed
Develop password change website	completed
Develop user level communication letter	completed
Develop user password reset instructions	completed
Distribute user password reset instructions	completed
Set schedule for enabling new password rules	completed
Enable new password rules	completed
Script to reset initial password to meet new complexity requirements	completed
Project Complete	April 2014

2. The second area of concern is the District's use of Windows NT as a network operating system for the domain controllers supporting the SAP application environment. Information & Technology is currently completing the migration process of all remaining NT domain controllers in the SAP environment to Active Directory. This project is on schedule to be completed by the June 30, 2014, deadline as noted in the management response to the previous audit findings.

Task	Status
Discovery/Research in Q4 2013.	completed
Establish testing framework	completed
Preliminary test migrating a single Windows/SAP server to AD	completed
Findings incorporated into process docs	completed
Windows Security model (file shares) documentation verified	completed
Broward schools accounts added in preparation for migration.	completed
Server, domain, and security 'get-ahead' tasks took place	completed
Expected outcomes verified with Gartner Consulting	completed
Process documents organized and refined	completed
Further (verification) testing, to include all SAP servers	In Progress
Notification to affected end-users (for workstation migration)	Pending
Migration of servers, users, and workstations	Pending
Project Complete	June 2014

If you have any questions, or if I can be of further assistance, **please contact me at (754) 321-2610.**

MLW:dsc  
 Attachment

cc: Edward J. Hinline Jr., Director, Business Applications, Information & Technology Department