

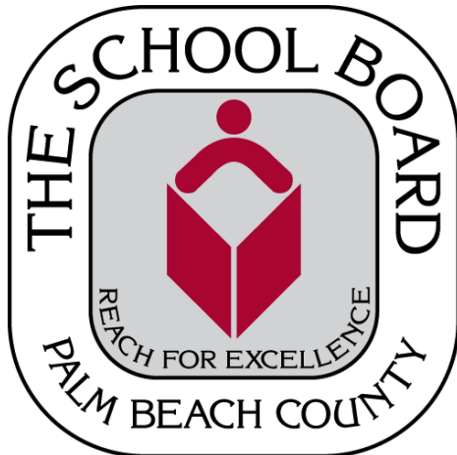
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Overview of OIG Activities Since FY2012-13

Audit Committee Meeting
July 18, 2019

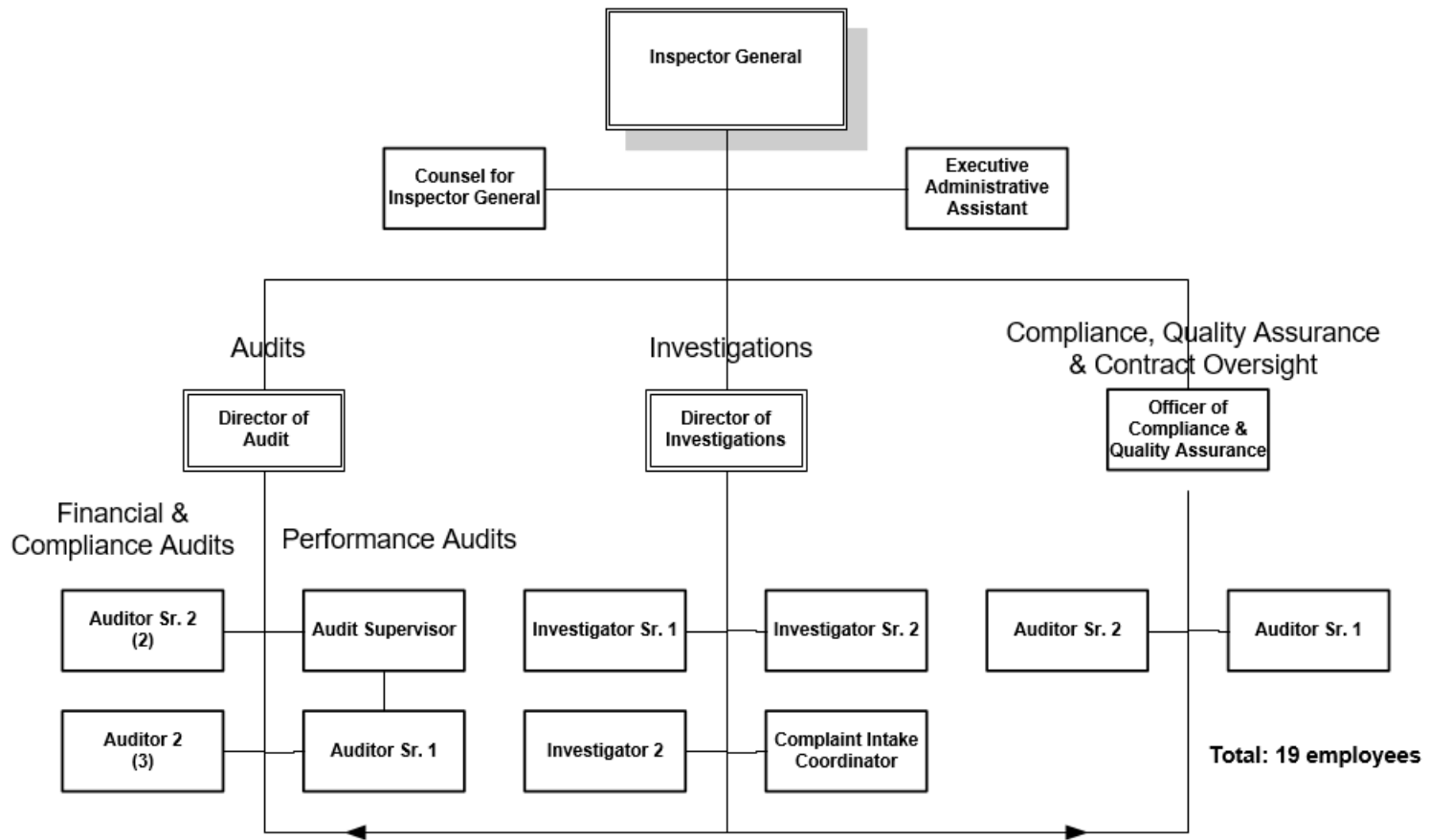


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OIG Current Organization Chart



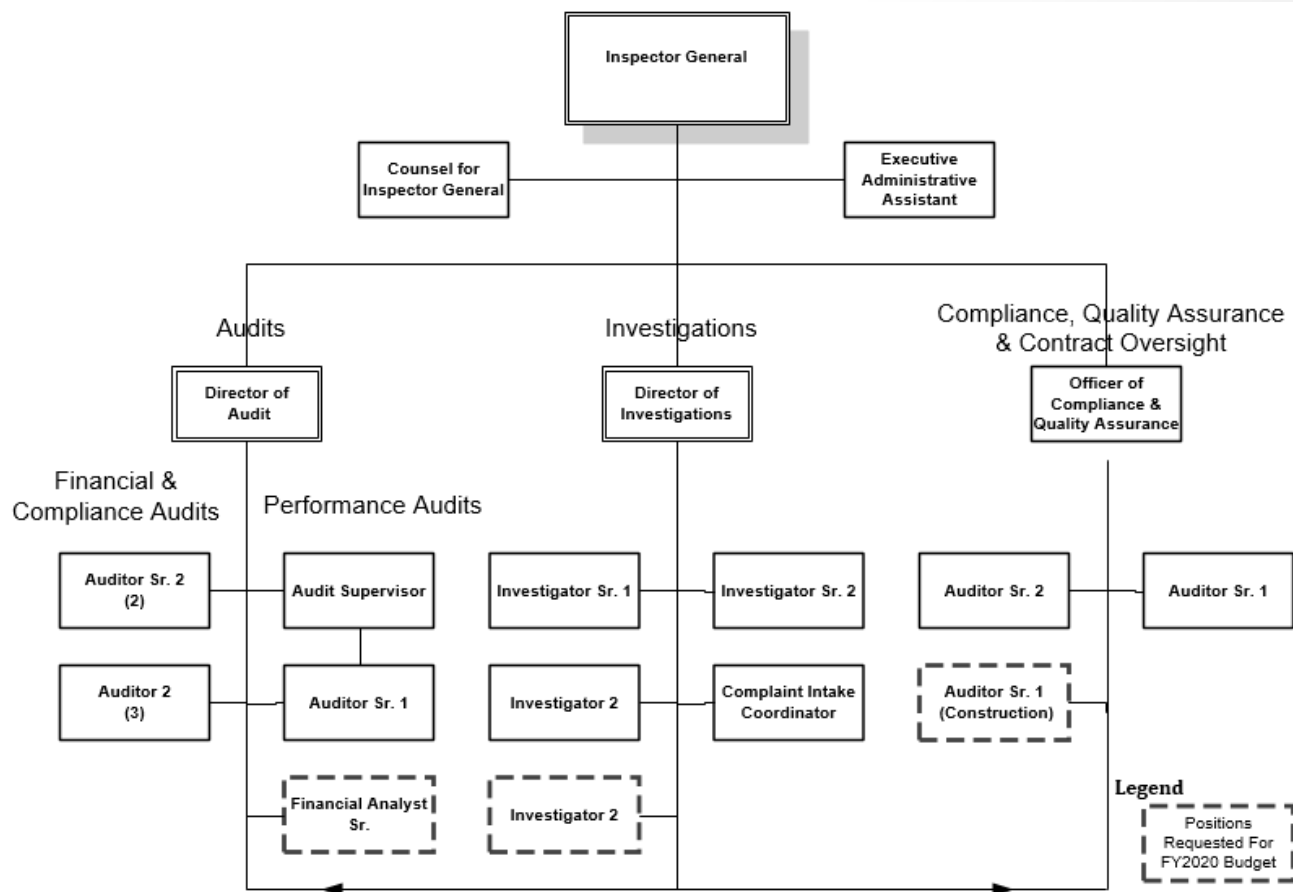
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OIG

FY2020 Proposed Organization Chart



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School Board Policies

OIG was established in FY2012-13 by the School Board through Policy 1.092.

- 1.091** Audit Committee's Role for Ensuring OIG's Independence & Objectivity
- 1.092** Conducts Audits & Investigations to:
 - (a) Promote fiscal responsibility and accountability, and
 - (b) Prevent and detect fraud, waste, and abuses
- 2.61** Conducts Investigations of Allegations of Fraud
- 2.62** Follow-ups on Audits & Investigations for Corrective Actions
- 3.02** Code of Ethics – Conducts Investigations of Fraudulent Conducts, including Misappropriation or Misuse of District Funds
- 3.28** Conducts Whistle Blower Determinations and Investigations

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Benefits of Audits and Investigations

- Promotes Transparency, Fiscal Responsibility & Accountability
- Adds Value to the Learning & Teaching Environments
- Ascertains Program Oversight, Effectiveness, Efficiency, Results, & Compliance

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OIG Human & Fiscal Resources

	2012	2013	2014	2015	2016	2017	2018	2019
# of Administrators	1	3	4	4	4	4	4	4
# of Audit Staff	11	10	10	10	10	10	10	10
# of Investigative Staff	-	3	4	4	4	5	5	5
Total # of Staff	12	16	18	18	18	19	19	19
Actual Expenses	\$0.97M	\$1.68M	\$1.72M	\$1.80M	\$1.79M	\$1.90M	\$2.05M	*

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Audit

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Internal Audit Requirements

➤ Florida Statute 1001.42(12)(I), Internal Auditor:

“... a school district receiving annual federal, state, and local funds in excess of \$500 million, shall employ an internal auditor.”

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Internal Auditor Requirements

Statutory Responsibilities	OIG's Audit
Perform a comprehensive risk assessment of the District every 5 year	To be performed
Perform audits to determine:	Yes
✓ Adequacy of internal controls designed to prevent and detect fraud, waste, and abuse	Yes
✓ Compliance with applicable laws, rules, contracts, grant agreements, board policies, and best practices	Yes
✓ Efficiency of operations	Yes
✓ Reliability of financial records and reports	Yes
✓ Safeguarding of assets	Yes
✓ Financial solvency	External CPA
✓ Projected revenues and expenditures	*
✓ Rate of change in the general fund balance	*

* Information to be provided by the Budget Department

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Audits Completed During Fiscal Years 2013 Thru 2019

	Total	Average/Year
# of Audits Completed		
School Audits	1,225	175
Performance Audits	53	8
Special Requests	23	3
Total # of Audits/Special Requests	1,301	186
Special Requests from Staff, State Attorney, etc., that do not result in a report	35 (estimated)	5
# of Findings	4,769	681
# of Recommendations	5,873	839
Fiscal Impacts		
Increase in Revenues/Decrease in Costs	\$2,411,445	\$344,492
Questioned Costs/Expenses	\$11,350,139	\$1,621,448
Total Fiscal Impacts	\$13,761,584	\$1,965,941

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School Audits (175 Schools/Year)

Florida Administrative Code 6A-1.001 and Florida Department of Education Rules (Financial and Program Cost Accounting and Reporting for Florida Schools):

“The district school board shall ... provide for an annual audit of internal funds.”

Areas of Focus

- **Financial**
 - ✓ Money Collections
 - ✓ Disbursements & P-Cards
 - ✓ Fundraisers

- **Student Safety**
 - ✓ Consultants/Vendors – Background Checks
 - ✓ Student Registration and Dismissal Procedures
 - ❖ Afterschool Program (Elementary)
 - ❖ Safe School Program (Middle)
 - ✓ Field Trips - Charter Buses & Chaperones

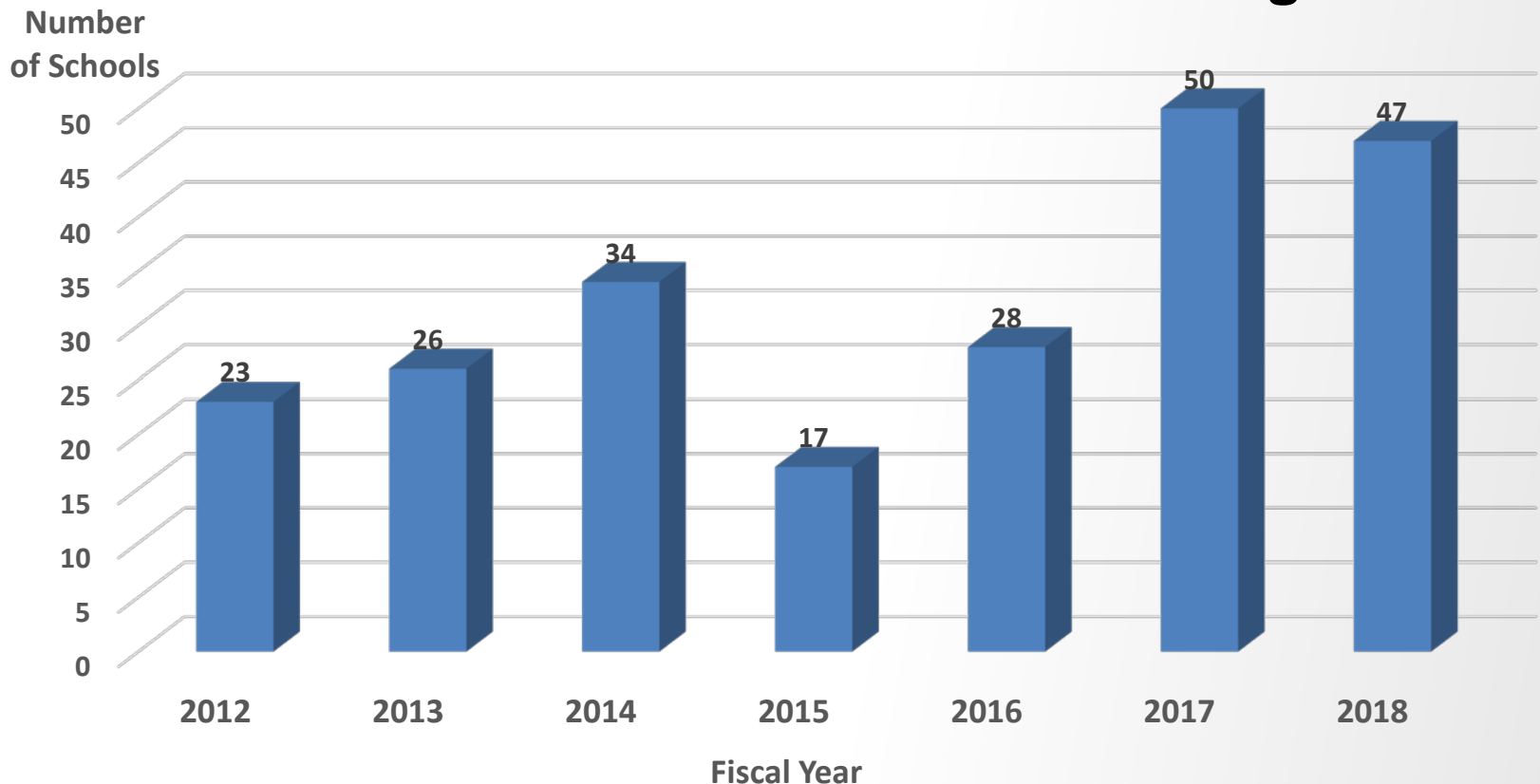
- **Insurance Requirements**
 - ✓ Leasing of School Facilities
 - ✓ Consultants/Vendors

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School Audits Number of Schools With No Findings



Decrease in findings can be attributed to improvement in staff compliance with applicable laws, rules, regulations, & Board policies.

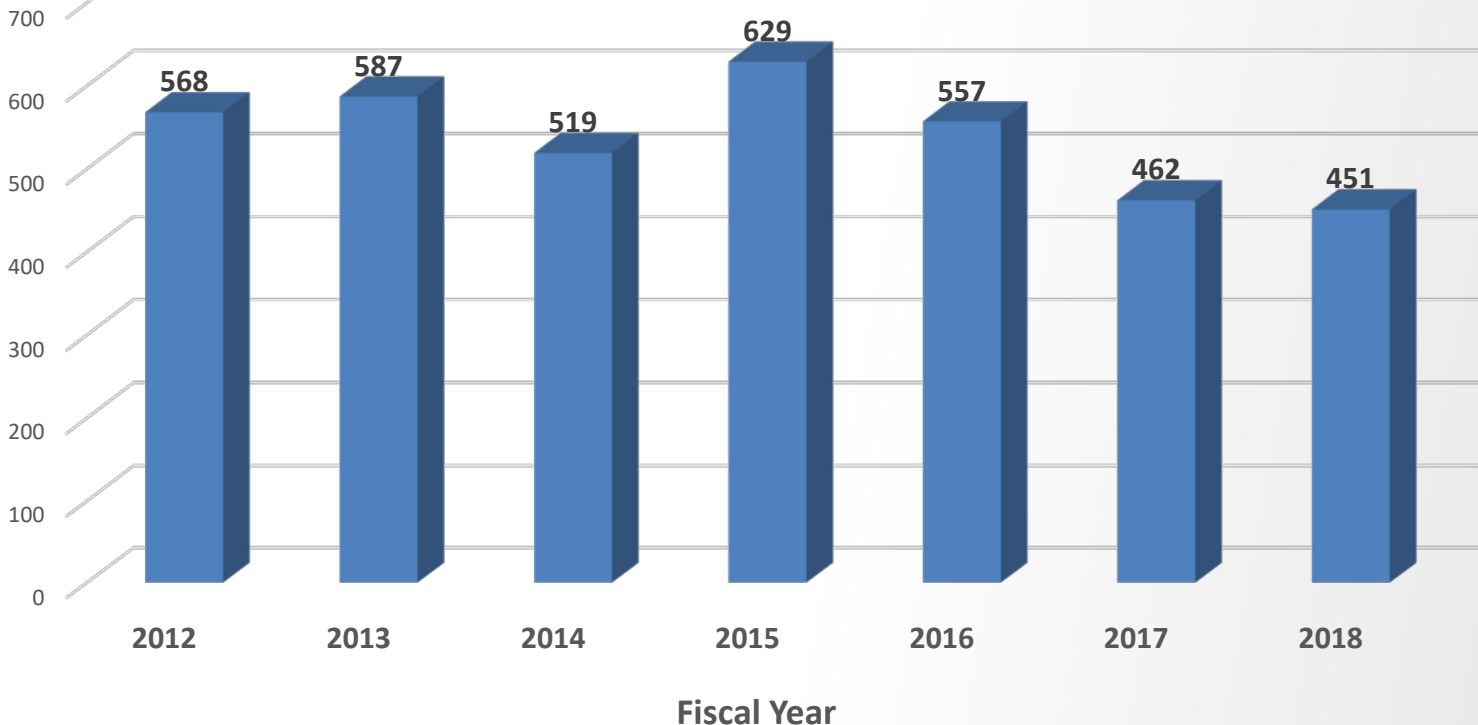
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School Audits Total Number of Findings

Total Number
of Findings



Decrease in findings can be attributed to improvement in staff compliance with applicable laws, rules, regulations, & Board policies.

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Areas of Focus for Performance Audits * During Fiscal Years 2013 Through 2019

Student Learning	# of Audits
District Schools Related	36
Student Services & Academic Programs	8
Safety & Welfare of Students & Employees	7
Charter Schools Related	7
Student FTE Reporting	5

Operational	# of Audits
Financial Management	61
Operational Efficiency	24
IT Security	3
Construction	2

Fraud / Money Missing	# of Audits
Money Missing	11
Referral to School Police & Professional Standards	14
Referral to State Attorney thru School Police	4

Notes:

- (1) OIG's Audit Unit also provides assistance to others, including: school principals, District administrators, School Police, Office of Professional Standards, & State Attorney.
- (2) Each performance audit usually covers multiple areas/objectives.

* Audits focused on compliance, program results, controls, effectiveness, and efficiency.

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INVESTIGATIONS

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Investigative Activities During FY 2014 Thru 2019

	Total	Average/Year
Complaints Received	874	146
Inquiries/ Investigations Opened	255	43
Complaints Referred and Monitored	619	103
Reports Issued	88	15
Financial Impact*	\$1,582,522	\$263,754

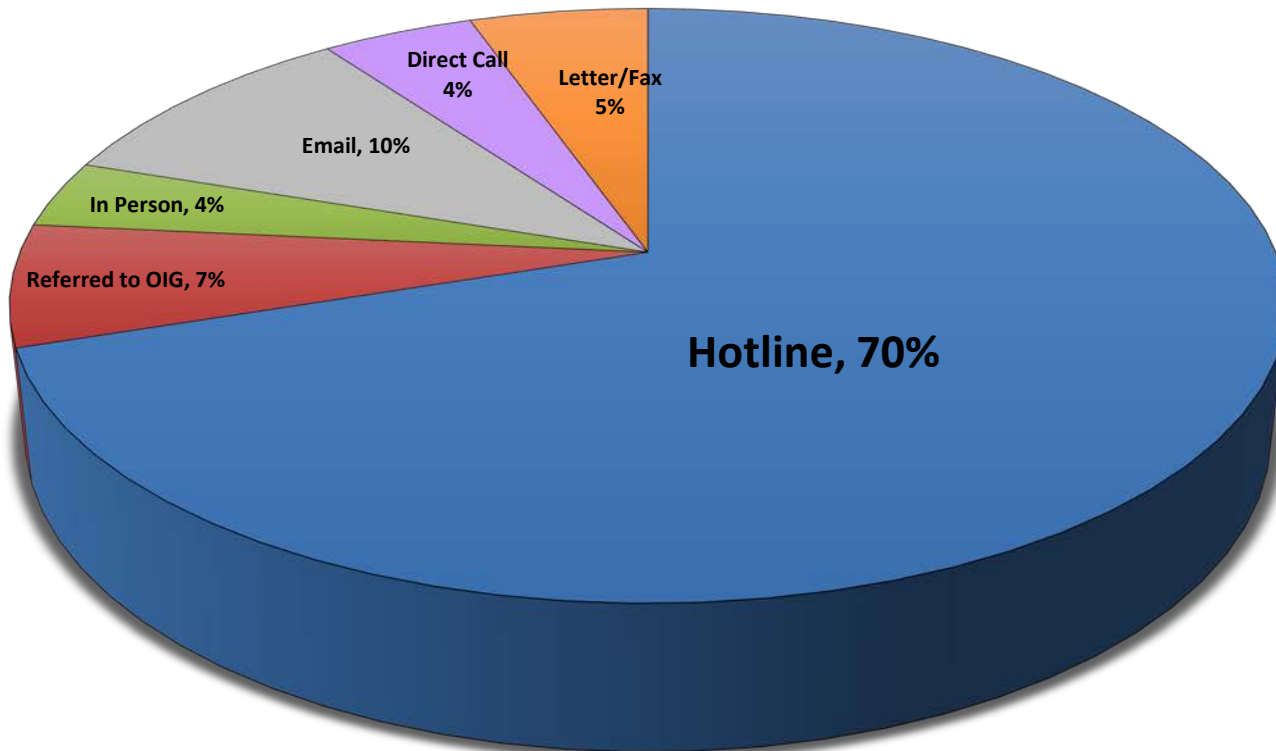
**Costs incurred as a result of violation of law, policy, and regulation. Cost avoidance will recur in future years if OIG recommendations are implemented*

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Sources of Complaints Between FY 2014 Thru 2019



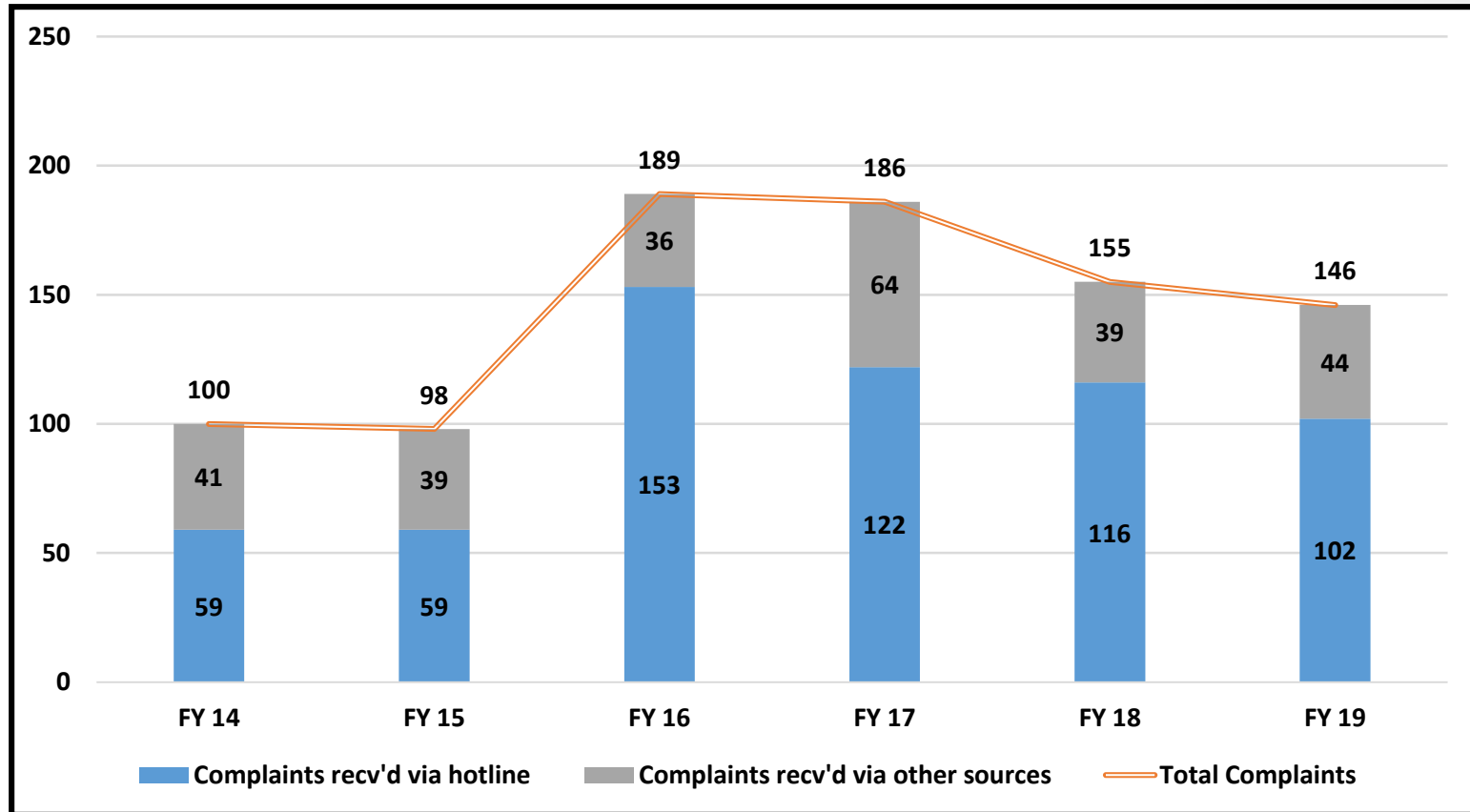
Hotlines have been proven to be an exceptional tool as reported by the Association of Certified Fraud Examiners in its 2018 Report to the Nations on Occupational Fraud and Abuse

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Total Complaint Intakes Through Hotline and Other Sources

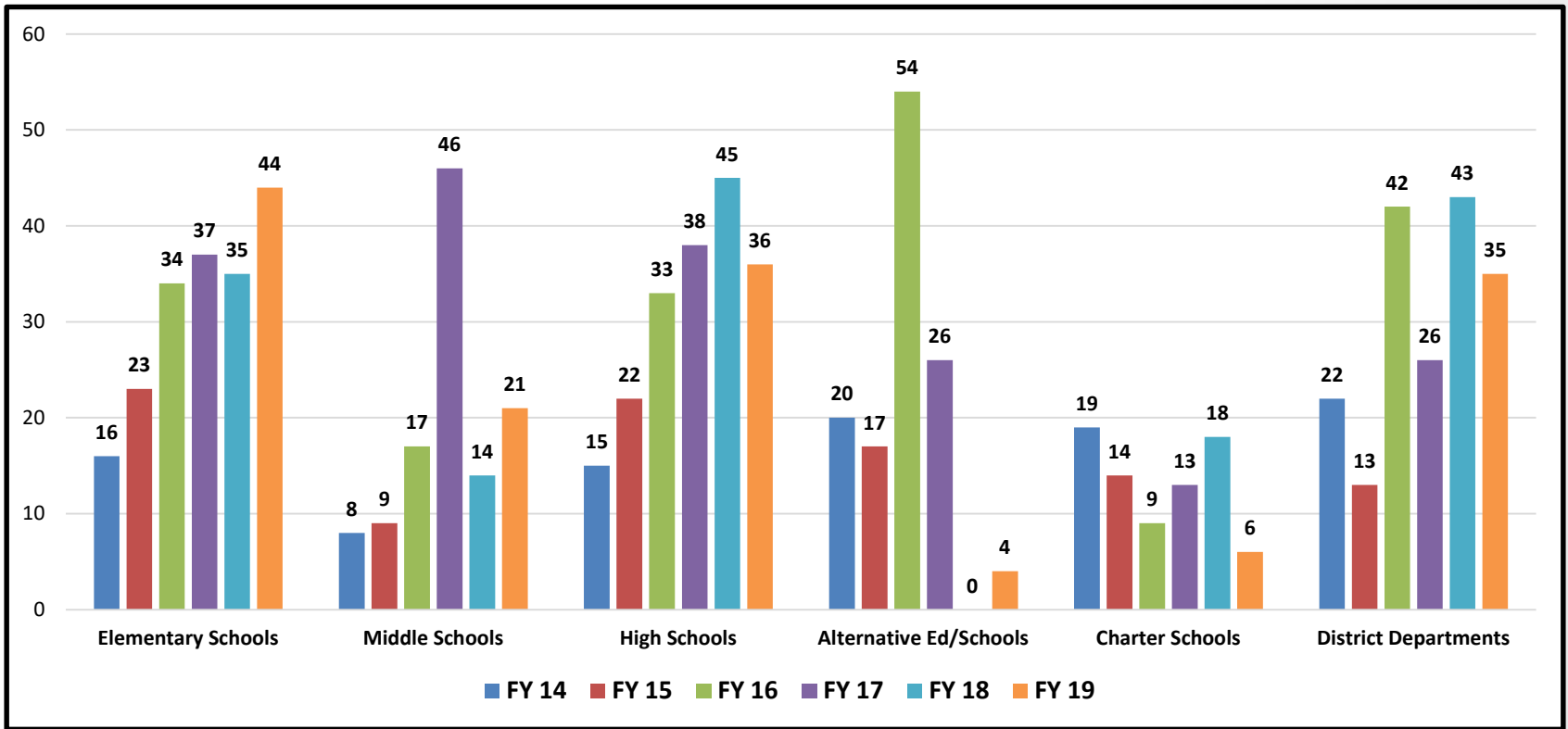


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Complaint Intakes By Fiscal Year/Location



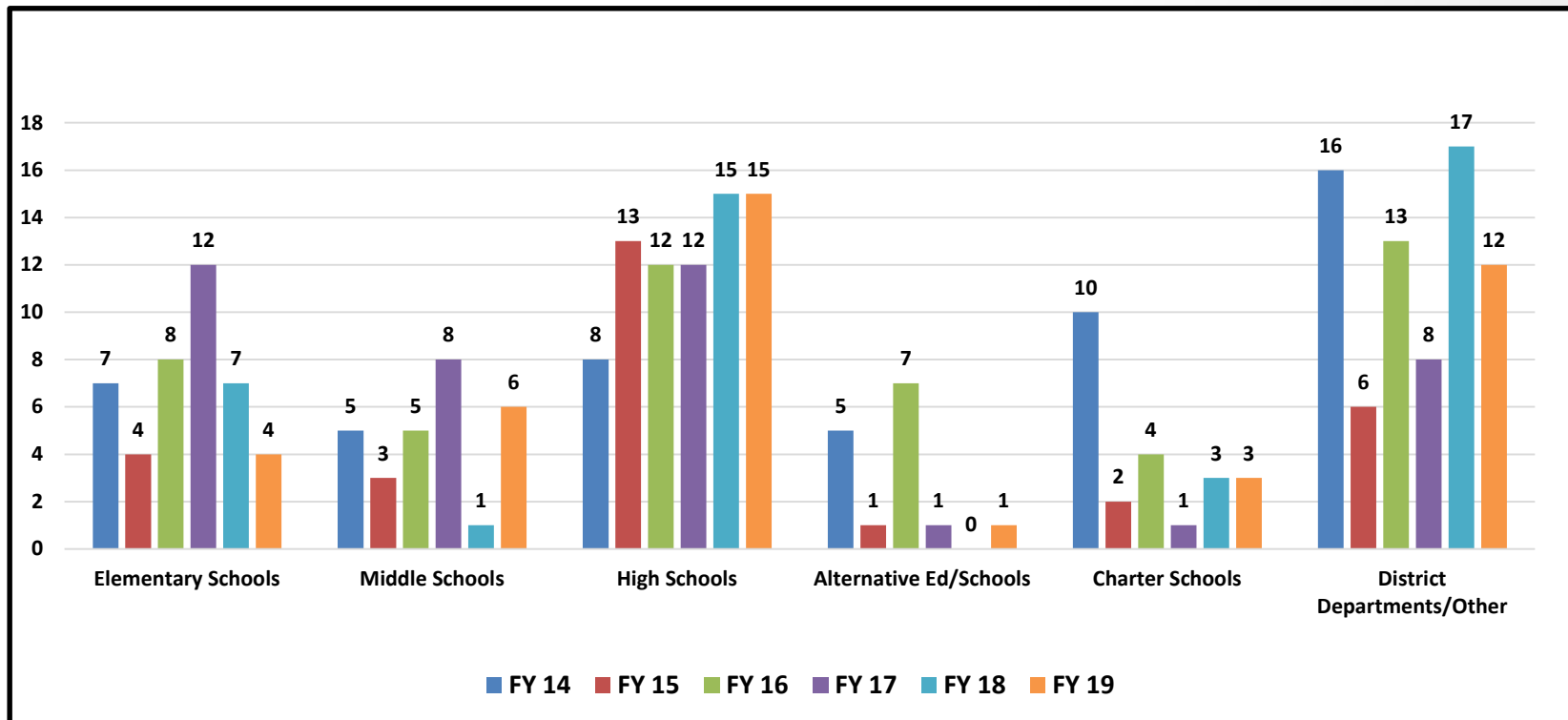
693 (79.3%) complaints were directly related to Schools
181 (20.7%) complaints were related to other District Departments

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INQUIRIES/INVESTIGATIONS OPENED BY SCHOOLS & DEPARTMENTS BY FISCAL YEAR



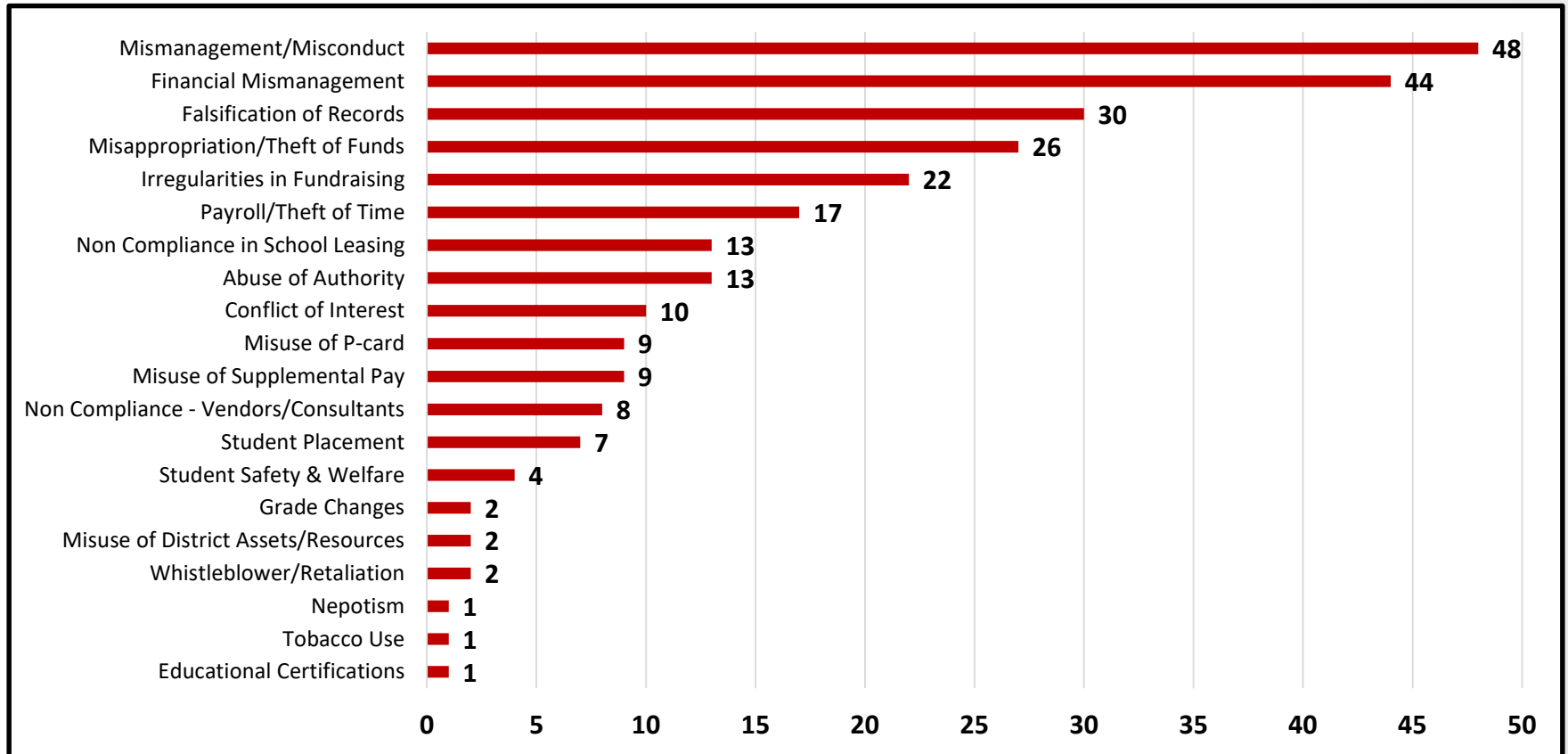
183 (71.8%) of the inquiries/investigations opened were directly related to Schools
72 (28.2%) of the inquiries/investigations opened were related to other District Departments

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Allegations Investigated and Reported During FY 2014 Thru 2019



269 allegations investigated and concluded in 88 reports

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The Investigations Unit is one of 35 Offices of Inspector General in Florida that has earned Law Enforcement Accreditation through the Florida Commission for Law Enforcement Accreditation.

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Compliance & Quality Assurance

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Key Responsibilities

- Ensure audits and investigations comply with Professional Standards
 - *Government Auditing Standards*
 - *Principles & Standards for Offices of Inspector General*
- *School Board Policy 2.62, Audit Recommendations & Follow-Up*
- Pre-Award Contract Oversight
- Special Projects/ Assistance to other Departments

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Ensuring Compliance with Professional Standards

- Annually review audit workpapers and investigative case files
 - Report results to the Inspector General
 - Make recommendations for improvement
- Review all audit and investigative reports prior to release
 - Helps ensure accurate, objective, clear, concise, constructive reporting
- Develop and update internal operating procedures
- Monitor and facilitate continuing professional education for all OIG staff
- Monitor implementation of Peer Review recommendations
- ✓ Successfully passed all Peer Reviews since 2013

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Follow-up on Recommendations

- More than 5,000 recommendations since FY 2013
- Request status reports from Department Directors
- Auditors follow-up at school sites
- Monitor if corrective actions were implemented
- Strengthens accountability
- Improves efficiency & effectiveness of operations

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Pre-Award Contract Oversight

- Regularly attend contract selection committee meetings
 - Since FY 2016, attended over 50 selection/negotiation meetings (total contract value more than \$500 million).
 - Ongoing interaction with staff in addressing compliance concerns
- Attend monthly Construction Oversight Review Committee (CORC) meetings
 - Assisted staff in improving Board policies related to construction
- Attend Independent Sales Surtax Oversight Committee meetings

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Special Projects/ Assistance to Departments

- Projects that assist staff and benefit the District, but are not audits or investigations. For example,
 - Researched School Impact Fee calculations and rates
 - Monitored recurring HVAC failures at a high school
 - Conduct a Comprehensive District-wide Risk Assessment

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Notable Peer Review Comments

“This (Compliance & Quality Assurance position) is considered a leading edge practice and will help to ensure the OIG’s work product meets the highest level of quality and compliance to standards.”

(Association of Local Government Auditors, 2013)

“The OIG completed their first peer review with a commendably high level of compliance” *(Association of Local Government Auditors, 2013)*

“It is the unanimous conclusion of the Peer Review Team members that the reviewed areas of the PBCSB-OIG met all relevant AIG and GAO standards ...” *(Association of Inspectors General, 2019)*

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Appendix for Audit Function

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Appendix

Audits Completed, # of Findings, # of Recommendations, & Fiscal Impacts During Fiscal Years 2013 thru 2019

	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	Total	Average/Year
# of Audits Completed									
School Audits	175	175	175	175	175	175	175	1,225	175
Performance Audits	11	4	4	10	8	4	12	53	8
Special Requests	5	2	5	2	1	3	5	23	3
Total # of Audits/Special Requests	191	181	184	187	184	182	192	1,301	186
# of Findings	954	914	846	456	601	477	521	4,769	681
# of Recommendations	1,003	914	846	985	661	793	671	5,873	839
Fiscal Impacts									
Increase in Revenues/Decrease in Costs	\$495,346	\$387,785	\$42,057	\$434,493	\$66,211	\$179,410	\$806,143	\$2,411,445	\$344,492
Questioned Costs/Expenses	\$2,212,711	\$573,937	\$711,366	\$1,071,696	\$5,582,253	\$568,188	\$629,988	\$11,350,139	\$1,621,448
Total Fiscal Impacts	\$2,708,057	\$961,722	\$753,423	\$1,506,189	\$5,648,464	\$747,598	\$1,436,131	\$13,761,584	\$1,965,941

* Special assistance (average 5/year) provided to principals, staff, School Police, and State Attorney's Office.
This assistance did not result in a written report

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Significant Focus and Coverage

Safety & Welfare of Students & Employees

- School Crisis Response Plans
- School Bus Safety Inspections
- District Vehicle Drivers' License/Driving History Verification
- Educational Facilities Safety Inspections

Student Services / Academic Program Operations

- Afterschool Programs
- Adult Education Program
- National Institute of Justice Grants for Educational Alternative
- Alternative Education Programs
- Title 1 Supplemental Educational Services (SES Tutoring)

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Significant Focus and Coverage

Financial and Operational Management

- Payroll Processing
- Community School ActiveNet Fee Collections
- District's Take-Home Vehicles
- Purchase Orders
- Accounts Payable
- Technology System Acquisition Procedures
- Inventory Controls at Transportation
- NAPA Auto Parts Supply Agreement
- Workers' Compensation
- Non-Construction Major Purchases
- District's Cellular Phones
- Time Collection Device Expenditures

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Significant Focus and Coverage

Construction Audits

- Glade View Elementary Modernization
- Fees Paid to Construction Managers

Information System Security

- Tririga Work Order System
- PeopleSoft System
- Information Technology Disaster Recovery

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Significant Focus and Coverage

Money Missing & Referral to Law Enforcement

- 11 Monies Missing Cases
- 14 Cases - Referred to School Police/Professional Standards
- 4 Cases - Referred to State Attorney thru School Police

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Significant Focus and Coverage

Charter Schools

- Eagle Arts Academy
- Charter Schools of Boynton Beach
- Maverick High at Palm Springs
- My Choice Academy

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Significant Focus and Coverage

Assistance to Others

- Assists Principals and staff in addressing their financial and compliance concerns
- Assists OIG's Investigations Unit with financial analysis (part of investigative reports)
- Assists School Police with financial analysis
- Responds to requests from the State Attorney's Office