Overview of OIG Activities Since FY2012-13

Audit Committee Meeting
July 18, 2019
OIG
Current Organization Chart

Inspector General

Counsel for Inspector General

Executive Administrative Assistant

Audits

Director of Audit

Financial & Compliance Audits

Auditor Sr. 2 (2)

Auditor 2 (3)

Performance Audits

Audit Supervisor

Investigator Sr. 1

Investigator 2

Investigator Sr. 2

Complaint Intake Coordinator

Investigator Sr. 2

Compliance, Quality Assurance & Contract Oversight

Officer of Compliance & Quality Assurance

Auditor Sr. 2

Auditor Sr. 1

Total: 19 employees
OIG
FY2020 Proposed Organization Chart

Inspector General

Counsel for Inspector General

Executive Administrative Assistant

Audits

Director of Audit

Financial & Compliance Audits

Auditor Sr. 2 (2)

Auditor 2 (3)

Performance Audits

Audit Supervisor

Investigator Sr. 1

Investigator Sr. 2

Investigator 2

Investigator 2

Financial Analyst Sr.

Investigator 2

Investigator Sr. 2

Complaint Intake Coordinator

Investigator Sr. 2

Investigator Sr. 2

Investigator Sr. 1

Audit Sr. 1

Audit Sr. 1 (Construction)

Compliance, Quality Assurance & Contract Oversight

Officer of Compliance & Quality Assurance

Legend

Positions Requested For FY2020 Budget
Audit Committee’s Role for Ensuring OIG’s Independence & Objectivity

Conducts Audits & Investigations to:
(a) Promote fiscal responsibility and accountability, and
(b) Prevent and detect fraud, waste, and abuses

Conducts Investigations of Allegations of Fraud

Follow-ups on Audits & Investigations for Corrective Actions

Code of Ethics – Conducts Investigations of Fraudulent Conducts, including Misappropriation or Misuse of District Funds

Conducts Whistle Blower Determinations and Investigations

OIG was established in FY2012-13 by the School Board through Policy 1.092.
Benefits of Audits and Investigations

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

<table>
<thead>
<tr>
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<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td># of Administrators</td>
<td>1</td>
<td>3</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
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<tr>
<td># of Audit Staff</td>
<td>11</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td># of Investigative Staff</td>
<td>-</td>
<td>3</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>5</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td><strong>Total # of Staff</strong></td>
<td><strong>12</strong></td>
<td><strong>16</strong></td>
<td><strong>18</strong></td>
<td><strong>18</strong></td>
<td><strong>18</strong></td>
<td><strong>19</strong></td>
<td><strong>19</strong></td>
<td><strong>19</strong></td>
</tr>
<tr>
<td>Actual Expenses</td>
<td>$0.97M</td>
<td>$1.68M</td>
<td>$1.72M</td>
<td>$1.80M</td>
<td>$1.79M</td>
<td>$1.90M</td>
<td>$2.05M</td>
<td>*</td>
</tr>
</tbody>
</table>
Audit
Internal Audit Requirements

- Florida Statute 1001.42(12)(l), Internal Auditor:

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

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

* Information to be provided by the Budget Department
Audits Completed During Fiscal Years 2013 Thru 2019

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

Decrease in findings can be attributed to improvement in staff compliance with applicable laws, rules, regulations, & Board policies.
## Areas of Focus for Performance Audits *

During Fiscal Years 2013 Through 2019

<table>
<thead>
<tr>
<th>Student Learning</th>
<th># of Audits</th>
</tr>
</thead>
<tbody>
<tr>
<td>District Schools Related</td>
<td>36</td>
</tr>
<tr>
<td>Student Services &amp; Academic Programs</td>
<td>8</td>
</tr>
<tr>
<td>Safety &amp; Welfare of Students &amp; Employees</td>
<td>7</td>
</tr>
<tr>
<td>Charter Schools Related</td>
<td>7</td>
</tr>
<tr>
<td>Student FTE Reporting</td>
<td>5</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Operational</th>
<th># of Audits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Management</td>
<td>61</td>
</tr>
<tr>
<td>Operational Efficiency</td>
<td>24</td>
</tr>
<tr>
<td>IT Security</td>
<td>3</td>
</tr>
<tr>
<td>Construction</td>
<td>2</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Fraud / Money Missing</th>
<th># of Audits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Money Missing</td>
<td>11</td>
</tr>
<tr>
<td>Referral to School Police &amp; Professional Standards</td>
<td>14</td>
</tr>
<tr>
<td>Referral to State Attorney thru School Police</td>
<td>4</td>
</tr>
</tbody>
</table>

**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.
INVESTIGATIONS
# Investigative Activities During FY 2014 Thru 2019

<table>
<thead>
<tr>
<th>Category</th>
<th>Total</th>
<th>Average/Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Complaints Received</td>
<td>874</td>
<td>146</td>
</tr>
<tr>
<td>Inquiries/ Investigations Opened</td>
<td>255</td>
<td>43</td>
</tr>
<tr>
<td>Complaints Referred and Monitored</td>
<td>619</td>
<td>103</td>
</tr>
<tr>
<td>Reports Issued</td>
<td>88</td>
<td>15</td>
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<tr>
<td>Financial Impact*</td>
<td>$1,582,522</td>
<td>$263,754</td>
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</tbody>
</table>

*Costs incurred as a result of violation of law, policy, and regulation. Cost avoidance will recur in future years if OIG recommendations are implemented.
Sources of Complaints Between FY 2014 Thru 2019

- Hotline, 70%
- Referred to OIG, 7%
- In Person, 4%
- Email, 10%
- Direct Call, 4%
- Letter/Fax, 5%

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
Total Complaint Intakes
Through Hotline and Other Sources

<table>
<thead>
<tr>
<th>Year</th>
<th>Complaints recv'd via hotline</th>
<th>Complaints recv'd via other sources</th>
<th>Total Complaints</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 14</td>
<td>59</td>
<td>41</td>
<td>100</td>
</tr>
<tr>
<td>FY 15</td>
<td>59</td>
<td>39</td>
<td>98</td>
</tr>
<tr>
<td>FY 16</td>
<td>153</td>
<td>36</td>
<td>189</td>
</tr>
<tr>
<td>FY 17</td>
<td>122</td>
<td>64</td>
<td>186</td>
</tr>
<tr>
<td>FY 18</td>
<td>116</td>
<td>39</td>
<td>155</td>
</tr>
<tr>
<td>FY 19</td>
<td>102</td>
<td>44</td>
<td>146</td>
</tr>
</tbody>
</table>
693 (79.3%) complaints were directly related to Schools
181 (20.7%) complaints were related to other District Departments
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
Allegations Investigated and Reported During FY 2014 Thru 2019

269 allegations investigated and concluded in 88 reports
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.
Compliance & Quality Assurance
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
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
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
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
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
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)
Appendix for Audit Function
## Appendix

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

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

* 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.
Appendix
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)
Appendix
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
Appendix

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
Appendix
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
Appendix

Significant Focus and Coverage

Charter Schools

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

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