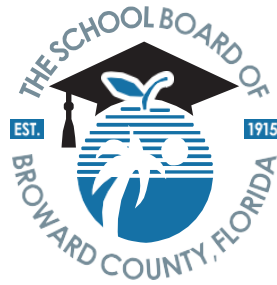


INTERNAL AUDIT REPORT

**Information Technology Auditing and Controls
of the Applicant Recruitment Application: AppliTrack Software**



To be presented to:
Audit Committee Meeting
August 3, 2023
By
The Office of the Chief Auditor



Lori Alhadeff, Chair
Debra Hixon, Vice-Chair
Torey Alston
Brenda Fam, Esq.
Daniel P. Foganholi
Dr. Jeff Holness
Sarah Leonardi
Nora Rupert
Dr. Allen Zeman

Dr. Peter B. Licata,
Superintendent

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Vendor – Applitrack Purchases

5. **Multiple orders or split invoice transactions for AppliTrack purchases made in 2013 do not comply with procurement policy**

Observations:

Internal Audit noted \$140,750 paid to Aspex Solutions dba General ASP Inc. were split into three (3) purchase orders, each under \$50,000. These purchase orders were also split among fiscal years and were paid within two months (June 2013 to August 2013)

Details of the 2013 AppliTrack purchase transactions are as follows:

- PO # 7513009063 (Amount \$46,550): Invoice # 40863 approved on 6/3/2013 for 2013-2014
- PO # 7514003483 (Amount \$46,650): Invoice # 42293 approved on 8/6/2013 for Renewal 2014-2015
- PO # 7514003940 (Amount \$47,550): Invoice # 42294 approved on 8/13/2013 for Renewal 2015-2016

Chief Talent Development Officer submitted Requisition Number 10308301 dated April 30, 2013, to waive written quotation requirements for AppliTrack software per school board policy 3320. The following supporting documentation was submitted along with the Requisition Number 10308301 request:

- Waiver approval documentation per policy from “Ex - Superintendent of Schools” dated March 28, 2013 - The designated representatives waived the written quotation requirements per school board policy 3320, Section II, C
- IT approval to purchase AppliTrack and assist with the implementation from “Ex-Chief Information Officer” dated April 29, 2013

The waiver approval only applied to the initial purchase in June 2013. However, In August 2013, two additional invoices from Aspex Solutions invoices were submitted for AppliTrack contract renewal, one for fiscal year 2014-2015 for \$46,650 and the other for 2015-2016 for \$47,550.

School board policy 3320 section II, C also states "All contract renewals require Board approval. Before the contract expenditures reach the approved award amount, the contract will be brought back for Board approval to increase the award amount." No contract renewal board approval for year 2014-2015 and 2015-2016 was noted.

Furthermore, per Purchasing Policy 3320 section V states that "Whenever possible, like purchases should be combined and bid by the Supply Management & Logistics Department. Multiple orders or split invoicing shall not be used to circumvent the rules established herein." Multiple AppliTrack purchases were made from June 2013 – August 2013 which amounted to more than \$50,000 and is in violation of the policy.

On inquiry with accounts payable, even though the services on the invoices were for future year, per procedure, all payments are processed as long as Purchase Orders (PO) are issued, and invoices are approved to be paid by the Department head.

The AppliTrack Purchase timeline can be viewed here:

AppliTrack Purchase Timeline										
VENDOR	Aspek Solutions (formerly General ASP Inc)			Frontline Technologies acquires Aspek Solutions on 8/14/2014	Frontline Technologies Group, LLC					
TOTAL PURCHASE AMOUNT BY YEAR	\$140,750			-	\$48,501	-	\$48,501	\$49,999	\$49,999	\$49,999
	2013			2014	2015	2016	2017	2018	2019	2020
APPLITRACK PURCHASES	PO# 7513009063 Invoice 40863 6/3/2013 \$46,550 Order form 2013-2014	PO# 7514003483 Invoice 42293 8/6/2013 \$46,850 Renewal 2014-2015	PO# 7514003940 Invoice 42294 8/13/2013 \$47,550 Renewal 2015-2016		PO# 7516008638 Invoice INVUS44422 10/22/2015 \$48,501 Annual Renewal 2016-2017		PO# 7518006196 Invoice INVUS 6731124593187 7/1/2017 \$48,501 Annual Renewal 2017-2018	PO# 7519004210 Invoice INVUS89142 7/1/2018 \$49,999 Annual Renewal 2018-2019	PO# 7520003861 Invoice INVUS101225 7/1/2019 \$49,999 Annual Renewal 2019-2020	PO# 7521003007 Invoice INVUS121410 7/1/2020 \$49,999 Annual Renewal 2020-2021
										2021
										Bid FY22-035 Type: Agreement Board Approved 6/15/2021 Spending Authority \$192,327 \$62,014 Year 1 (2021-2022) \$64,085 Year 2 (2022-2023) \$66,228 Year 3 (2023-2024)

A waiver for competitive solicitations was approved; However, the contract renewal purchase transactions did not comply with the procurement policy and should have required board approval. Additionally, like purchases made in August 2013 should have been combined as per policy.

Risk:

Failure to follow policy may result in financial risk

Recommendation:

We understand the finding is related to previous procurement management practices. However, we recommend Operating Procedures should implement controls to verify "like" purchases do not circumvent the rules established in the policy.

Management Response (Responsive Departments include Procurement and Warehousing Services):

The Procurement & Warehousing Services department (PWS) agrees with the recommendation to ensure controls are in place that cross check Purchase Requisitions (PR) are compliant prior to processing of Purchase Orders (PO) with Purchasing Policy 3320. I wanted to include a disclaimer considering that these findings were identified, and purchases made under the previous management. Since my arrival to PWS in March 2016, we have created both work instructions / Standard Operating Procedures (SOP) as well as conduct annual trainings to the Requisitioners across the district to ensure they fully understand the interpretation of our purchasing policy. The Purchasing Specialists are assigned by commodity and specialize in each particular area providing guidance and purchasing support to the departments that need products or services. The checking of "Like" purchases are identified through the new commodity codes that the Purchasing Specialist oversee and can go back to review any previous purchases, bids and or vendors for validation that any previously made purchase would impact in resulting in a non-compliant dollar threshold, overspend of a bids board approved spend authority or the breaking up of orders/purchases to be under approved dollar thresholds. Today the Purchasing Specialists perform more than transactions, rather they are responsible for the review of all PR that come into their queue for accuracy and compliance prior to conversion to PO. If the documents / back-ups are not compliant, the PR is blocked and sent back to the requisitioner. At this point the PO will not be processed and the purchase should not be made.