

# Miami-Dade County Public Schools

*giving our students the world*

## **Superintendent of Schools**

**Alberto M. Carvalho**

## **Miami-Dade County School Board**

*Dr. Solomon C. Stinson, Chair*

*Dr. Marta Pérez, Vice Chair*

*Agustin J. Barrera*

*Renier Diaz de la Portilla*

*Dr. Lawrence S. Feldman*

*Perla Tabares Hantman*

*Dr. Wilbert "Tee" Holloway*

*Dr. Martin Karp*

*Ana Rivas Logan*

September 1, 2009

Members of the School Board of Miami-Dade County  
Members of the School Board Audit Committee  
Mr. Alberto M. Carvalho, Superintendent of Schools

Ladies and Gentlemen:

It is my pleasure to present the Annual Report from the Office of Management and Compliance Audits for the 2009-2010 fiscal year. Pursuant to School Board Rule 6Gx13-2C-1.14, "The Chief Auditor will submit to the Audit Committee, the Superintendent of Schools, and the School Board for review a comprehensive Audit Plan for a year. This plan should identify the overall audit scope of scheduled examinations in both financial and non-financial areas." This report which summarizes the auditing activities for the 2008-2009 fiscal year, also includes the Audit Plan for the 2009-2010 fiscal year that was brought to you for initial review in June 23, 2009.

This was a year of major changes throughout the school system; and of an equally unexpected change within the Office of Management and Compliance Audits, when the former Chief Auditor resigned in April 2009. As the newly appointed Chief Auditor, I am looking forward to future challenges and opportunities to make valuable contributions to the Miami-Dade County Public Schools.

The recently revised School Board rule cited above, has enhanced the ability of our office to maintain an independent internal audit function fostered on best practices. We will continue our commitment to the School Board, the Audit Committee, the Superintendent, and all other stakeholders to pursue effective and efficient controls while identifying opportunities for cost savings and operational efficiencies. The safeguarding of precious and much needed assets, and the presentation of high-quality audit reports to facilitate management's decisions, remain among the core values of the Office of Management and Compliance Audits.

Respectfully yours,

Jose F. Montes de Oca, CPA, Chief Auditor  
Office of Management and Compliance Audits

## Table of Contents

	<b><u>Page Number</u></b>
About Our Office .....	1
Organizational Chart .....	3
Audit Reports Issued .....	4
School Audits.....	4
Property Audits.....	8
Internal Audits.....	10
Investigative Audits.....	15
External Audits	
ERP Implementation Audit by KPMG .....	16
Financial Audits .....	16
Charter School Audits.....	17
Audits of Community Based Organizations .....	21
Non-Audit Services	
Civilian Investigative Unit.....	22
Office of Civil Rights Compliance .....	24
Activities .....	26
2010 Annual Audit Plan and Budget .....	29
Planning Process.....	31
School Audits Division .....	32
District Audits Division .....	34
Other Non-Audit Services .....	50
Investigations/Forensic Audits .....	53
Property Audits .....	54
Internal Audit Staffing .....	55
Comparative Budget For Auditing Activities .....	56

## **ABOUT OUR OFFICE**

- ▶ The Office of Management and Compliance Audits was established by the School Board pursuant to the School Board Rule 6Gx13- 2C-1.14 *Office of Management and Compliance Audits*.
- ▶ We are responsible for providing the School Board, the School Board Audit Committee, and the Superintendent of Schools with an independent and objective evaluation of the fiscal activities in the school district.
- ▶ The above task is accomplished through the issuance of various audit reports that are filed as a public record of the organization.
- ▶ We advise the administration on many issues related to the fiscal operations of the school system by participating in several committees, and also by the issuance of various correspondence on issues dealing with fiscal and operational matters.
- ▶ An annual audit plan is prepared that governs the activities of the office, which includes input from the School Board, the School Board Audit Committee, and the administration.

## **OUR MISSION**

- ▶ To provide an independent appraisal activity as a service to the School Board through the Audit Committee and Superintendent.
- ▶ Through the internal audit process, our office assists management in maintaining an internal control environment that is conducive to safeguarding and preserving the school system's assets and resources, improving the general effectiveness of its operations, and assuring compliance with applicable laws, rules and procedures.

## **AUDIT OBJECTIVES**

- ▶ Perform examinations of the financial records in accordance with generally accepted auditing standards.
- ▶ Ascertain the reliability and adequacy of accounting reporting systems and procedures.
- ▶ Perform an independent appraisal of the adequacy and effectiveness of internal controls.
- ▶ Assure compliance with policies and procedures established by the School Board and the administration, and with state and federal laws and regulations.
- ▶ Improve the efficiency of the school system's operations by providing recommendations in audit reports.
- ▶ Ascertain if school system assets are properly accounted for and safeguarded from loss.

## **ROLE OF THE CHIEF AUDITOR**

- ▶ The Chief Auditor and the Office of Management and Compliance Audits shall report to the Audit Committee, the School Board's designee. To enhance the objectivity and effectiveness of the internal auditing activities, reports, audit findings and recommendations emanating from the Office are submitted to the School Board, the Board's Audit Committee and the Superintendent of Schools at the same time.
- ▶ The Chief Auditor keeps abreast of new developments in the school system by attending the School Board meetings, Superintendent Cabinet meetings, and meetings of school system-wide communities.
- ▶ The Chief Auditor also acts as liaison between the school system and external auditors (federal, state, independent auditors, and other outside audit entities).

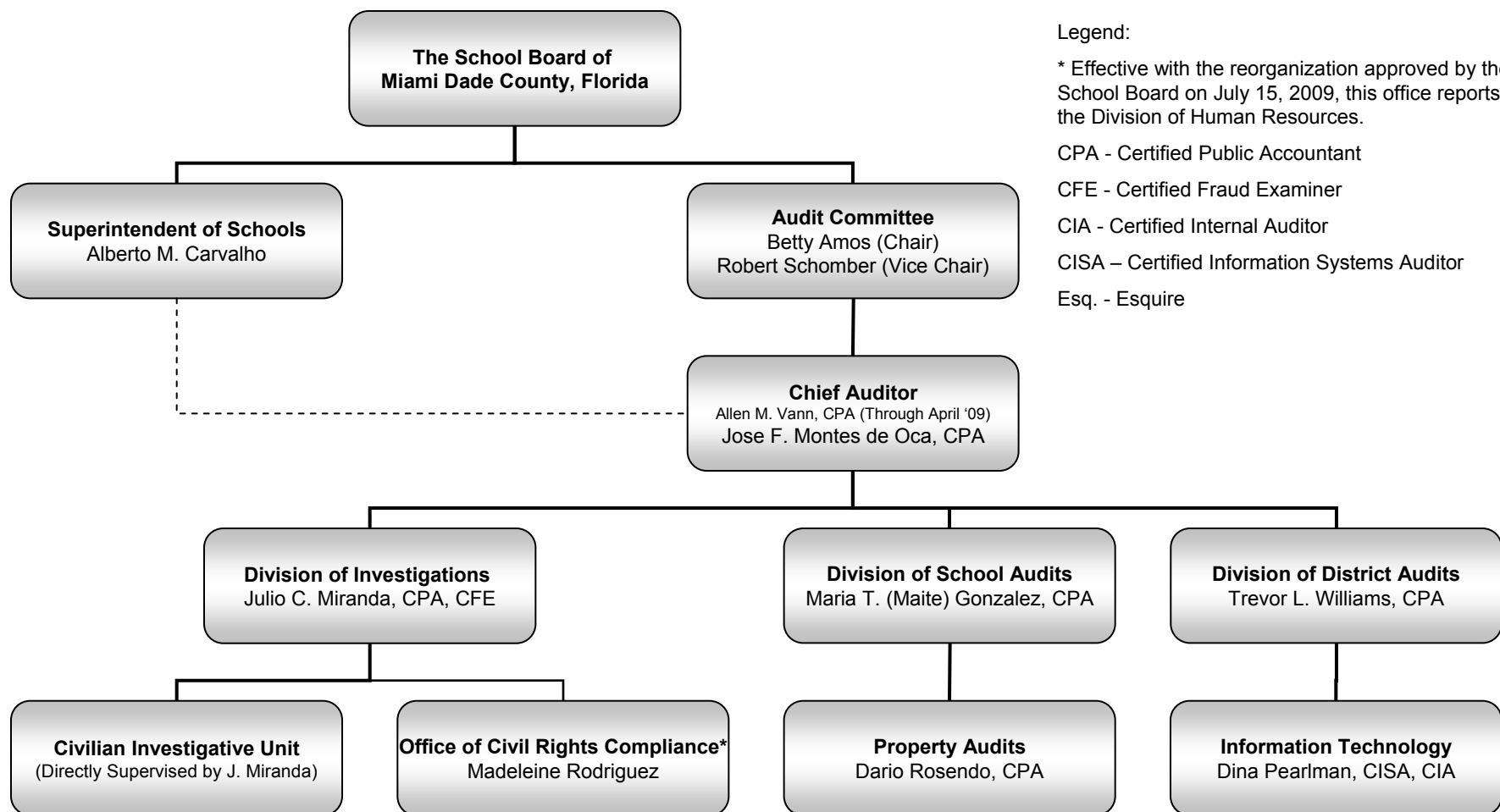
## **ROLE OF THE AUDIT COMMITTEE**

- ▶ The School Board Audit Committee supervises auditing activities at the school district. ***This includes the work and the activities of the internal auditors from the Office of Management and Compliance Audits.***
- ▶ The Audit Committee reviews the work of the external auditors, the work of other auditors who provide financial audits on charter schools and other components of the School District; and the work of the State Auditor General.
- ▶ Its general purpose is to ensure that the overall audit coverage of Miami-Dade County Public Schools is sufficient and appropriate to protect the citizens of Miami-Dade County Florida; to ensure that an adequate system of internal control has been implemented in Miami-Dade County Public Schools and is being effectively followed; and to assist and advise The School Board of Miami-Dade County, Florida, and the Superintendent of Schools in fiscal matters pertaining to the district.

## **OUR RELATIONSHIP WITH THE AUDIT COMMITTEE**

- ▶ The Office of Management and Compliance Audits is entrusted with the responsibility of providing service and support to the Audit Committee, including publishing meeting notices, keeping its minutes, establishing the agenda in collaboration with the Chair of the Audit Committee, and gathering the supporting documentation for distribution, and ensuring the smooth operation of the Committee affairs.

# ORGANIZATIONAL CHART



Legend:

\* Effective with the reorganization approved by the School Board on July 15, 2009, this office reports to the Division of Human Resources.

CPA - Certified Public Accountant

CFE - Certified Fraud Examiner

CIA - Certified Internal Auditor

CISA – Certified Information Systems Auditor

Esq. - Esquire

## AUDIT REPORTS ISSUED BY THE OFFICE OF MANAGEMENT AND COMPLIANCE AUDITS

- ▶ We have classified the audits prepared and presented by the Office of Management and Compliance Audits into five categories:
  - 1) School audits;
  - 2) Property audits;
  - 3) Internal audits (including the Year-End Inventory audit);
  - 4) Investigative audits; and
  - 5) External Audits.
- ▶ A summary of the work performed by the Civilian Investigative Unit (CIU) and the Office of Civil Rights Compliance (CRC)\* is included in the *Non-Audit Services and Activities Section* of this report, since their work is not required to comply with government auditing standards.

\*CRC no longer reports to us. See *Legend* on Organizational Chart (Pg. 3) for explanation.

---

## SCHOOL AUDITS

- ▶ **Florida Department of Education Rule 6A-1087 entitled *School Board Responsible for Internal Funds*, requires school boards to provide for an annual audit of internal funds.**
- ▶ **The scope of our school audits is based on individual evaluations at each and every school, considering materiality, past audit findings/experience, size of school staff, principals' tenure, etc. Based on this assessment, we determined the scope of audit work at each school. At all the schools, we reviewed internal funds and property procedures. At selected schools we reviewed the following:**
  - ▶ **Payroll records and procedures at 251 schools (75%).** This consisted of a review of payroll procedures and documentation related to the preparation of the most current payroll records, which include time and attendance and leave records. This review also include the reporting of payroll at the schools, and the controls over the payroll function.
  - ▶ **The Purchasing Credit Card Program (P-Card) at 63 schools (18%).** This consisted of the review of the procurement credit card reconciliations and supporting documentation; and a test of expenditures to ensure they are in compliance with established procedures.

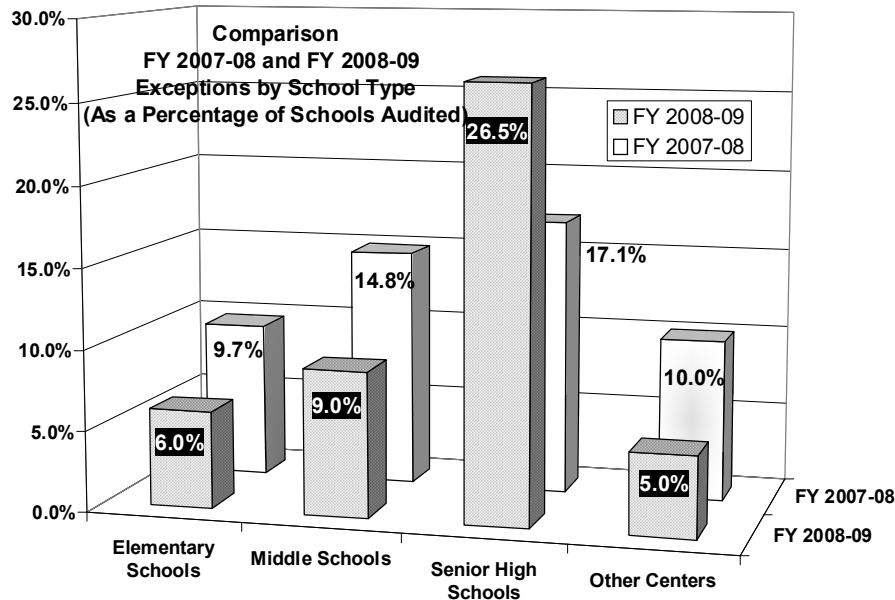
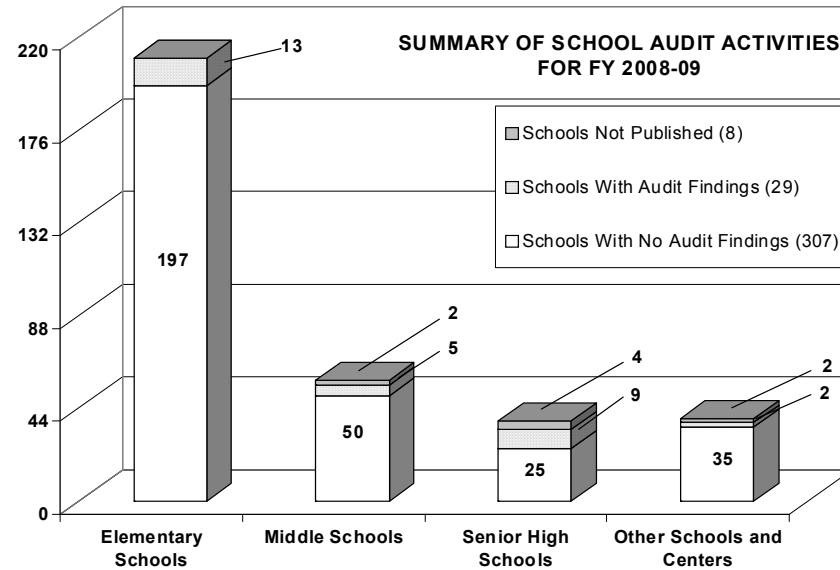


## SCHOOL AUDITS (Continued)

- ▶ **Data security management report and school site IT security audit assessment at 98 schools (29%).** At these schools, we reviewed data security management reports to ensure that staff access to computer system applications was appropriate. Of the 98 schools, IT audit staff also reviewed the School Site IT Security Audit Assessment at 17 schools.
- ▶ This self-assessment tool was developed by our office, in collaboration with Information Technology Services (ITS). It is used by the schools to evaluate their compliance with Network Security Standards and all other related district security policies. Once completed, it is submitted to our office for review. As part of the school audit process, IT audit staff visited schools to verify the accuracy of the information provided on the assessment, and made recommendations for improving network security as needed.
- ▶ **Title I Program audits were selectively conducted at 9 schools (3%).** At these schools, principals administer Title I programs with oversight from the Regional Centers, and under general direction from the Title I Administration Office. To promote district and school-wide compliance with Federal, State, and District regulations and guidelines, and ensure that appropriate evidence sources document compliance, the Office of Management and Compliance Audits incorporated the audit of this program into the school audits.
- ▶ **FTE audits were conducted at 23 schools (7%) based on audit criteria developed by this office.** FTE audits were incorporated as part of the school audits routinely performed by this office. Miami-Dade County Public Schools receives a significant portion of its State funding through the Florida Education Finance Program (FEFP). During our FTE audits, we examine student records to determine compliance with State law and State Board of Education rules relating to the classification, assignment, and verification of full-time equivalent student enrollment under FEFP. Records reviewed related to student attendance, Special Education, English Language Learners, Cooperative Education and Teacher Certification.
- ▶ **We found that of 336 schools audited this year, 307 schools (91%) conducted their financial affairs in accordance with District policies and maintained good internal controls. However, at 29 schools (9%) there were opportunities for improvement. Nevertheless, the number of schools with exceptions decreased when compared to last year's results where, of 331 schools audited, 38 schools (11%) were cited.**

## SCHOOL AUDITS (Continued)

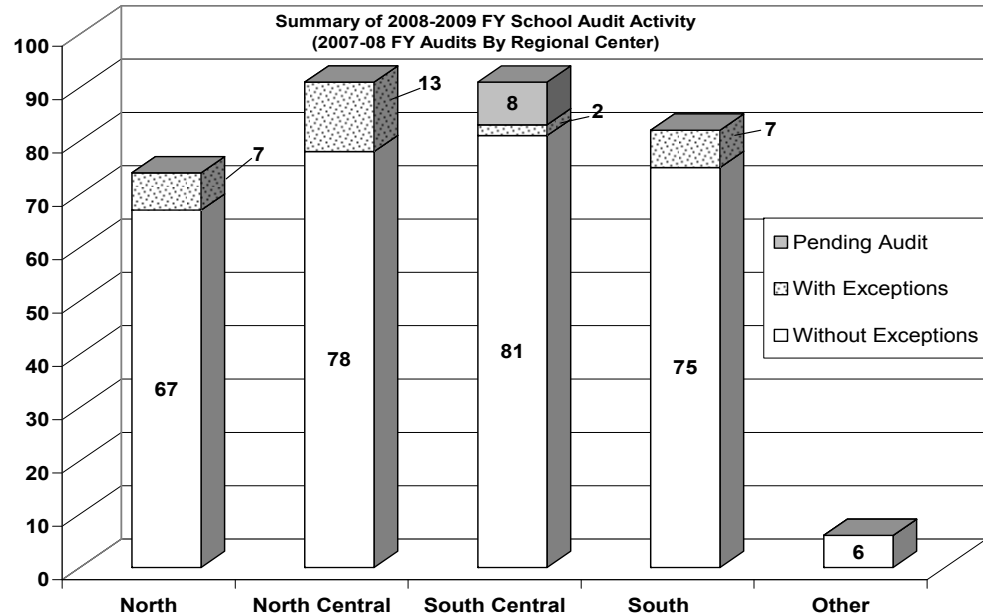
► The following graph to the right depicts the breakdown of district schools arranged by Elementary, Middle, Senior High and other schools (Alternative, Vocational, etc.), depending whether the school had audit findings/no audit findings published, or the school audit was pending publication as of the end of the fiscal year.



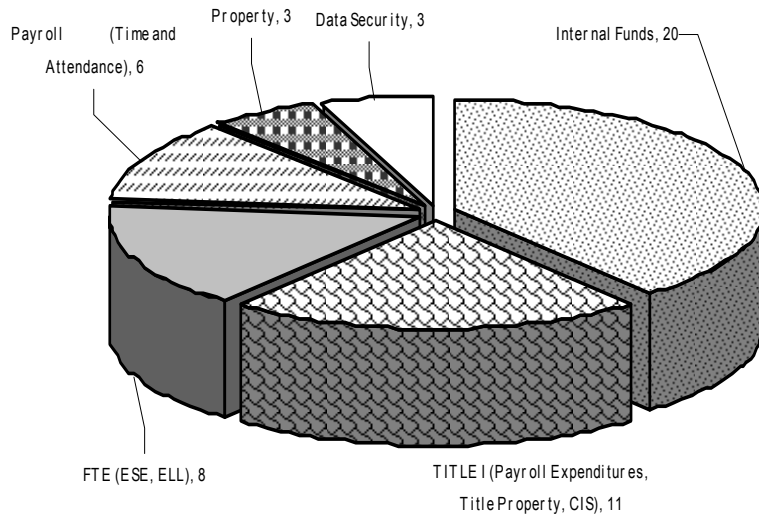
◀ When compared to last year's school audit results, we noted an overall decrease in the number of schools with audit exceptions this year. The graph to the left shows that by comparison, senior high schools require greater attention.

## SCHOOL AUDITS (Continued)

- ▶ The breakdown of school audits reported by regional center shows the heaviest concentration of schools with audit exceptions in the North Central Regional Center (14.3%), followed by the South and North Regional Centers (at 9.5% and 8.5%, respectively). Last year, findings were mostly concentrated in schools from the former School Improvement Zone.
- ▶ Going forward, those schools whose audits contained exceptions should strengthen their fiscal accountability and management of the various programs reviewed.



Audit Exceptions By Major Category



- ▶ As the pie chart depicts, audit findings at the schools were mostly in the area of Internal Funds, followed by Title I and FTE.

## **SCHOOL AUDITS (Continued)**

### **Audit Of Hospitality Services (January '09)**

- ▶ This report contains the audit results of Hospitality Services for the three-year audit period ended June 30, 2008. We concluded that, apart from the exceptions noted, the internal funds' financial statements present fairly, in all material respects, the changes in fund balances during the three years audited.
- ▶ Since Hospitality Services is not self-sufficient, management should evaluate the pricing and cost structure of the operation. Other issues include: purchases made from vendors without preexisting contracts with M-DCPS, or without obtaining the bids/quotes required by the *Manual of Internal Fund Accounting*; better contract management over the outsourcing of vending machines; and the implementation of formal procedures for providing hospitality services.

### **The Dade County Athletic Equalization Fund (June '09)**

- ▶ This Fund was established by the district to aid the athletic programs at senior high schools in financial distress. Our review of the Fund's activity disclosed that it was properly administered and its activity was compliant with established requirements. At June 30, 2008, the fund balance was \$17,119, while the unpaid loan balance was \$12,000. All outstanding loans due were paid according to schedule.
- 

## **PROPERTY AUDITS**

- ▶ The Office of Management and Compliance Audits is responsible for ensuring that the School District is accounting for all of its personal property. At M-DCPS, the management of property items must comply with the guidelines established in the *Manual of Property Control Procedures*.
- ▶ In compliance with the Rules of the Auditor General, Chapter 10.400, and Chapter 274.02 of the Florida Statutes, a complete physical inventory of all property shall be taken annually, be compared with the property record, and discrepancies must be identified and reconciled.

## PROPERTY AUDITS (Continued)

- ▶ Accordingly, our office conducts yearly inventories at each school of all property items with an individual value of \$1,000 or more, the results of which are reported as part of the school audits.
- ▶ **During FY 2008-09 our Property Auditors visited over 500 work locations and accounted for approximately 103,000 items with an approximate cost of \$362 million; of which approximately \$144,000 (0.039%) was reported as “unlocated”, and \$262,000 (0.072%) was reported missing through the Plant Security Report process. The combined loss rate was only 0.11%. The following table analyzes the physical inventory results for the district:**

PHYSICAL INVENTORY RESULTS 2008-2009 FISCAL YEAR					
School/Department	Total Property Cost	Total Property That Could Not Be Accounted For			Percentage Unaccounted For
		Per Physical Inventory	Per Plant Security Reports	Total	
North Regional Center	\$ 46,008,795	\$ 5,047	\$ 84,044	\$ 89,091	0.19%
North Central Regional Center	51,268,173	75,534	88,884	164,418	0.32%
South Central Regional Center	51,334,521	41,019	42,006	83,025	0.16%
South Regional Center	50,800,030	16,234	46,808	63,042	0.12%
Other Centers	1,658,696	-	-	-	0.00%
Transportation	113,183,538	-	-	-	0.00%
Maintenance	24,806,631	-	-	-	0.00%
Administration	23,353,384	6,499	-	6,499	0.03%
<b>Total</b>	<b>\$ 362,413,768</b>	<b>\$ 144,333</b>	<b>\$ 261,742</b>	<b>\$ 406,075</b>	<b>0.11%</b>

## INTERNAL AUDITS

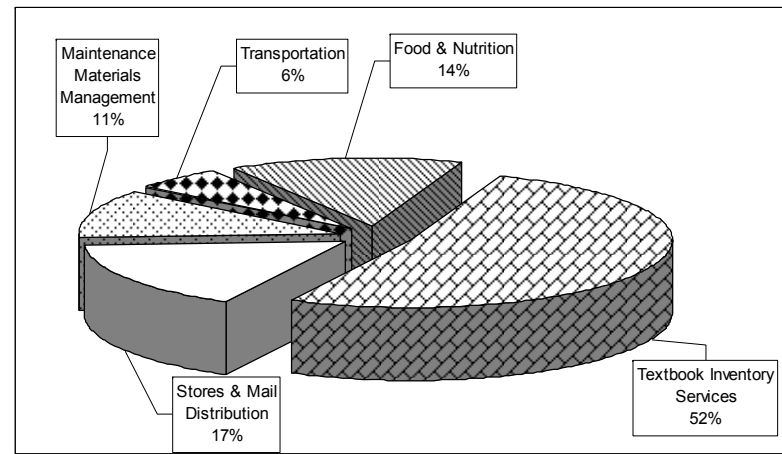
### Audit Of Inventories As Of June 30, 2008 (December '08)

The Office of Management and Compliance Audits audited the inventories of the following departments as of June 30, 2008:

Department/Unit	Perpetual Inventory	Adjustments to Perpetual	General Ledger 6/30/08
Textbook Inventory Services	*	\$ 10,189,453	\$ 10,189,453
Food and Nutrition	2,818,145	-	2,818,145
Stores and Mail Distribution	3,089,728	183,838	3,273,566
Maintenance Materials Management	2,159,095	20,087	2,179,182
Transportation	1,125,687	546	1,126,233
<b>Total Inventory</b>	<b>\$ 9,192,542</b>	<b>\$ 10,393,924</b>	<b>\$ 19,586,579</b>

\* A perpetual inventory is not maintained, since textbooks are ordered in advance of the subsequent year's budget, as allowed by Florida Statutes.

► Our audit consisted of observing the physical inventory counts, testing those counts, and verifying the prices at which the inventories were valued. In addition, we compared the physical inventory results to the perpetual inventory records, to the general ledger and to the amounts reported in the Annual Financial Report. **Based on our audits, we concluded that year-end inventories were fairly stated in the Annual Financial Report. While controls were mostly good, some of the processes involved in the inventory reconciliations of the Department of Transportation could be improved.**



## **INTERNAL AUDITS (Continued)**

### **Audit Of Award And Administration Of Construction Projects (September '08)**

- ▶ This audit concluded that the Office of School Facilities (OSF) met its aggressive goal of delivering an increased number of student stations.
- ▶ However, the process of negotiating, awarding and administering construction projects requires targeted improvements; and substantial deviations from established policies and procedures, as well as rules were observed.
- ▶ Potential cost savings could also be achieved with increased and enhanced monitoring and analyzing project activity and cost.
- ▶ Also, there should be more adherence to State Requirements for Educational Facilities contracting requirements and established internal controls.

### **Audit of Construction Claims, Contingencies and Allowances (January '09)**

- ▶ This audit disclosed that although specifically disallowed by contract and/or procedures, the District still paid \$320,000 in change orders and contingency adjustments, which directly resulted from conflicts between project drawings and existing conditions. Change orders totaling \$542,382, resulting from architect and engineer (A/E) errors and omissions were paid, contrary to OSF's procedures. In addition, the District, in our opinion, was overcharged \$36,650 for project bonding cost included in change order calculations. Also, the Office of School Facilities policies and procedures that govern the approval and management of change orders, contingency adjustments and allowances need improvement.

### **Audit of Supplemental Educational Services (December '08)**

- ▶ We concluded that the Title I Administration Office successfully promotes Supplemental Educational Services to eligible students.
- ▶ Adequate controls were in place over the expenditures of Supplemental Educational Services (SES) funds, with the exception of some instances where payments to the SES providers were made despite inconsistencies in documentation. In addition, there should be more compliance with regulations and contractual provisions.

## **INTERNAL AUDITS (Continued)**

### **Audit of the District Summer Services (March '09)**

- ▶ We audited the District's Summer Services for Summer 2007 and Summer 2008. The summer school budgets shrunk severely from \$30 million in Summer 2007 to \$6.8 million in Summer 2008, due to funding cutbacks.
- ▶ Our audit concluded that the District's mandatory summer school programs appear to be effective and funds were properly spent. However, the effectiveness of most non-mandatory (district priority) programs could not be determined. We also noticed some control deficiencies in the budgeting process.

### **Audit of Geotechnical, Materials Testing, and Environmental Assessment Service Contracts (June '09)**

- ▶ The audit found overbillings/overpayments of \$81,712 (3.70% of value sampled) for Geotechnical Services. The overpayments were caused by weaknesses in internal controls.
- ▶ When projected over to the \$6.7 million of geotechnical services expenditures incurred during the audit period, total overpayments could approximate \$186,000 (2.77%).

### **Audit of Graphics and Materials Production Department (June '09)**

- ▶ Our audit concluded that users of the Graphics department are satisfied with the products and services received. However, the department should focus on potential customers that were not aware of Graphics' products and services. Although products and services were offered at competitive prices, they were priced inconsistently.
- ▶ Monthly lease and maintenance payments complied with contract terms. However, poor recordkeeping prevents staff from accurately determining the copier rebate amounts due to M-DCPS.



## **INTERNAL AUDITS (Continued)**

### **Follow-up Review On The Audit Of District's Fuel Inventory Controls (December '08)**

- ▶ The Transportation Department has largely overcome its past difficulty in managing the District's fuel inventory by strengthening various controls.
- ▶ Management successfully implemented 10 of the twelve recommendations in our previous audit and two were partially implemented.

### **Follow-up Review on the Audit of Custodial Services – Payroll, Timekeeping Related Issues (December '08)**

- ▶ Plant Operations has, in general, improved its payroll recordkeeping and documentation practices.
- ▶ We reviewed the actions taken by management to implement the seven (7) recommendations included in our prior internal audit report. We concluded that of the seven (7) recommendations, five (5) were fully implemented and two (2) were not implemented.

### **Follow-up Review On The Audit Of Payroll And Timekeeping Practices At Maintenance And Facilities Construction (January '09/March '09)**

- ▶ We reviewed the actions taken by management to implement the recommendations in our prior internal audit report. Of the 11 prior audit recommendations, only two (2) were fully implemented, six (6) were partially implemented, and three (3) were not implemented.
- ▶ We found that the department needed to improve the documentation of employees' attendance. Inconsistencies resulted in \$117,000 in questioned payroll costs. An additional \$92,600 related to compensatory time that was erroneously accrued, taken, and/or paid was not recovered, as previously recommended. However, management began the process of identifying actual lost wages after we began our follow-up.
- ▶ In our opinion, the internal control weaknesses previously reported still remain. Given the nature of some audit findings, this matter was referred to the Office of the Inspector General.

## **INTERNAL AUDITS (Continued)**

### **Follow-up Review of the Audit Report Opportunities To Improve The Exceptional Student Education Program (June '09)**

- ▶ In our prior audit report, we concluded that staffing and related expenditures were adequate and complied with program requirements. However, we found that the ESE program could be conducted more efficiently.
- ▶ We made 11 recommendations to improve the conditions noted. Our follow-up review concluded that of the 11 recommendations, management fully implemented 10 and partially implemented one (1).

### **Follow-up Review of the Audit of Miami-Dade Schools Police Department Overtime Payroll (June '09)**

- ▶ Our prior audit report disclosed that the Miami-Dade Schools Police Department (M-DSPD) needed to better monitor overtime to ensure that the annual overtime budget was not exceeded.
- ▶ We made 25 recommendations to improve the process. Our follow-up concluded that of the 25 audit recommendations, 18 were fully implemented, five were partially implemented, and only two were not implemented.

## **INVESTIGATIVE AUDITS**

- ▶ The Office of Management and Compliance Audits' Investigative Division handles cases of fraud and/or malfeasance discovered by our auditors in the course of their duties, as well as when requests for investigations are made by the principals or other administrators. In addition, the Investigative Division assists the investigative unit of the Miami-Dade Schools Police Department when requested.
- ▶ The Director of Investigations is responsible for overseeing these cases. In cases involving school audits, he is assisted by staff from the School Audits Division and works in collaboration with the Assistant Chief-School Audits Division.
- ▶ This year, this division completed nine separate investigations at the school sites, two of which were reported in the school audits. Regarding the other cases, the allegations could not be substantiated because of poor records or insufficient evidence to identify the wrongdoer. Two of the seven cases involved the activity of Booster Clubs. The two cases reported in the school audits were as follows:

### **Charles R. Drew Middle School**

- ▶ The former principal reported two separate incidents regarding staff members that collected monies and solicited funds from the students and the community without her knowledge or approval. These incidents were investigated by the Civilian Investigative Unit under the supervision of the Director of Investigations. Both incidents were reported in the school's audit report, and referred to the Office of Professional Standards for further administrative action.

### **North Miami Adult Education Center**

- ▶ Prior to the start of the school audit, the administration reported the loss of a \$2,500 cash deposit. Our investigation could not identify the parties responsible for the theft, but determined that procedures for safeguarding deposits were not followed. This matter was reported in the school's audit report.

## EXTERNAL AUDITS

The following audit was performed by KPMG, regarding ERP and dated October 24, 2008:

Oversight Services for ERP Implementation (BOSS)	<p>► Final Assessment Report includes observations, recommended actions for key risks and issues from the beginning of fieldwork on August 25, 2008 through October 17, 2008.</p>
--	---

### Financial Audits

The following financial audits of the School Board and its component units were conducted by independent certified public accounting firms:

Audit of the Dade Schools Athletic Foundations, Inc. for FYE June 30, 2008	Sharpton, Brunson & Co., P. A.
Audit of the Magnet Education Choice Association, Inc. (MECA) for FYE June 30, 2008	Sharpton, Brunson & Co., P. A.
Audit of the Miami-Dade Coalition Community Education, Inc. for FYE June 30, 2008	Sharpton, Brunson & Co., P. A.
Audit of WLRN Television and Radio Stations for FYE June 30, 2008	Sharpton, Brunson & Co., P. A.

## EXTERNAL AUDITS (CONTINUED)

Audit Report	Audit Firm
Financial Statement on Annual Educational Facilities Impact Fees Agency Funds of Miami-Dade County as of June 30, 2008	C. Borders-Byrd, CPA LLC
Annual Educational Facilities Impact Fee Audit Report For Fiscal Year 2007-08 Submitted By Miami-Dade County	KPMG LLP
External Auditor's Management Letter	Ernst & Young, LLP
Single Audit Report FYE June 30, 2008	Ernst & Young, LLP

## Charter Schools

Charter schools are required to submit independently audited financial statements each year. Our office reviews and presents these audit reports to the Audit Committee for discussion and forwards them to the School Board. The following audits were presented during the 2008-2009 fiscal year:

Charter School	Audit Firm
Academy of Arts and Minds	Jordan, Castellon, Ricardo PL
Archimedian Academy	Keefe, McCullough & Co, LLP
Archimedian Middle Conservatory	Keefe, McCullough & Co, LLP
Aspira North Youth Leadership	Alberni, Caballero & Castellanos, LLP

## EXTERNAL AUDITS (CONTINUED)

Charter School	Audit Firm
Aspira South Youth Leadership	Alberni, Caballero & Castellanos, LLP
Aventura City of Excellence	McGladrey & Pullen, LLP
Balere Language Academy	King & Walker, CPAs, PL
Charter School on the Beach	Gravier & Assoc, CPA
The Charter School at Waterstone	Keefe, McCullough & Co, LLP
Coral Reef Montessori Academy	Verdeja & De Armas, LLP
Doctors Charter School of Miami Shores	Gravier & Assoc, CPA
Doral Academy	Gravier & Assoc, CPA
Doral Academy Charter Middle	Gravier & Assoc, CPA
Doral Academy High	Gravier & Assoc, CPA
Doral Performing Arts & Entertainment Academy	Gravier & Assoc, CPA
Downtown Miami	GLSC & Company, PLLC
Early Beginnings – Civic Center	Thomas J. Sims, PA
Florida International Academy	Keefe, McCullough & Co, LLP
Florida School for Integrated Academics and Technologies Miami-Dade (SIATECH)	James Moore & Co, PL

## EXTERNAL AUDITS (CONTINUED)

Charter School	Audit Firm
Theodore R. and Thelma Gibson Charter	Gravier & Assoc, CPA
Eugenio Maria de Hostos	Alberni, Caballero & Castellanos, LLP
International Studies Charter High	Gravier & Assoc, CPA
Keys Gate	Keefe, McCullough & Co, LLP
Lawrence Academy	James Accounting & Tax Practice, PA
Lawrence Academy Senior High	James Accounting & Tax Practice, PA
Life Skills Center-Liberty City	BKHM, CPA
Life Skills Center Miami-Dade County	BKHM, CPA
Like Skills Center Opa-Locka	BKHM, CPA
Mater Academy	Gravier & Assoc, CPA
Mater Academy Charter Middle	Berman, Hopkins, Wright & Laham CPAs & Assoc, LLP
Mater Academy High	Berman, Hopkins, Wright & Laham CPAs & Assoc, LLP
Mater Academy Lakes Middle	Gravier & Assoc, CPA
Mater Academy Lakes High	Gravier & Assoc, CPA

## EXTERNAL AUDITS (CONTINUED)

Charter School	Audit Firm
Mater East Charter School	Berman, Hopkins, Wright & Laham CPAs & Assoc, LLP
Mater East Academy Middle School	Gravier & Assoc, CPA
Mater Academy East Charter High	Gravier & Assoc, CPA
Mater Gardens Academy	Gravier & Assoc, CPA
Mater Gardens Academy Middle	Gravier & Assoc, CPA
Mater Performing Arts & Entertainment Academy	Berman, Hopkins, Wright & Laham CPAs & Assoc, LLP
Miami Children's Museum Charter School	Gravier & Assoc, CPA
Miami Community Charter	O'Sullivan Creel, LLP
Miami Community Charter Middle	King & Walker, CPAs, PL
Oxford Academy	Stuart Sutta & Co., PA
Pinecrest Academy (South Campus)	Gravier & Assoc, CPA
Pinecrest Academy Charter Middle	Gravier & Assoc, CPA
Pinecrest Prep Academy	Gravier & Assoc, CPA
Renaissance Elementary	Keefe, McCullough & Co, LLP
Renaissance Middle Charter School	Keefe, McCullough & Co, LLP



## EXTERNAL AUDITS (Continued)

Charter School	Audit Firm
Somerset Academy	Gravier & Assoc, CPA
Somerset Academy Charter Middle	Gravier & Assoc, CPA
Somerset Academy Charter High	Gravier & Assoc, CPA
Somerset Silver Palms K-8 Center	Gravier & Assoc, CPA
Summerville Advantage Academy	King & Walker, CPAs, PL
Sandor Weiner School of Opportunity-North	Keefe, McCullough & Co, LLP
Sandor Weiner School of Opportunity-South	Keefe, McCullough & Co, LLP
Youth Co-Op	GLSC & Company, PLLC

## Community-Based Organizations (CBOs)

Providers of alternative education services are required to submit audited financial statements each year. Our office reviews and presents these audit reports to the Audit Committee for discussion and forwards them to the School Board. The following audits were received during the 2008-2009 fiscal year:

Community-Based Organization	Audit Firm
Dade Marine Institute	Cross, Fernandez & Riley, LLP
Lincoln Marti Community Agency, Inc.	GLSC & Company, PLLC
Richmond-Perrine Optimist Club, Inc.	Nzeribe & Co., PA

## **NON-AUDIT SERVICES**

### **CIVILIAN INVESTIGATIVE UNIT (CIU)**

#### **Mission**

- ▶ To ensure equitable, effective, and efficient processing of complaints made against school personnel.
- ▶ To provide due process to all personnel subject to investigations regardless of gender, race, or ethnicity.
- ▶ To maintain the integrity and quality of personnel investigations in the District.

#### **Duties**

- ▶ Investigate ***all serious non-criminal complaints*** made against Miami-Dade County Public School personnel relating to School Board Rules violations that could result in disciplinary action.
- ▶ Maintain the confidentiality of all investigations and records under the provisions of applicable state laws and School Board rules.

#### **Nature Of Work**

- ▶ Complaints that may be referred to CIU include but are not limited to: violations of the Code of Ethics, professional duties and responsibilities, inappropriate employee-student relationships, violence in the workplace (non-criminal), corporal punishment (non-criminal), and unacceptable use of the internet. CIU does not investigate allegations of violation of civil rights.

#### **Personnel Investigative Model (PIM)**

- ▶ The model for conducting investigations of allegations made against employees of M-DCPS. This model was approved by the School Board of Miami-Dade County on November 17, 2004, including time-sensitive parameters for processing and completing cases.

## NON-AUDIT SERVICES CIVILIAN INVESTIGATIVE UNIT (Continued)

- ▶ Listed below is the information pertaining to cases located within CIU that were either closed in 2008-2009, or pending at June 30, 2009.
- ▶ Four investigators processed a total of 253 cases during the year, of which 184 were closed by the end of the year. One case was re-assigned to the General Investigative Unit (GIU) since we determined it was criminal in nature.

	Totals	Probable Cause	No Probable Cause	Unfounded	Supplement-no changes	Withdrawn	No Findings	Reassigned to GIU
Prior Year Cases Closed in 2008-09FY	26	12	13	0	0	1	0	0
Cases Opened and Closed in 2008-09FY	158	42	83	21	6	4	1	1
Cases Pending at Year End*	69							
<b>Totals</b>	<b>253</b>	<b>54</b>	<b>96</b>	<b>21</b>	<b>6</b>	<b>5</b>	<b>1</b>	<b>1</b>

\*19 cases already closed by the time of this report.

### Case Terminology

- ▶ **Probable Cause** – It is more likely than not that the alleged incident occurred.
- ▶ **No Probable Cause** – The absence of probable cause.
- ▶ **Unfounded** – A baseless, unsupported accusation, not based on fact or sound evidence.
- ▶ **Supplement**—following consideration of the written exception, if filed, OPS will request a **supplemental investigative report**, if appropriate. In instances where additional information is provided, via a supplemental investigative report, OPS will review the information and render a final determination.
- ▶ **Withdrawn** – Complainant recanted or refused to cooperate and withdrew complaint; or employee retired/resigned and no further action deemed necessary.

## **NON-AUDIT SERVICES OFFICE OF CIVIL RIGHTS COMPLIANCE**

### **Mission**

- ▶ To deter and investigate harassment and discrimination based on the following protected categories: race, color, religion, ethnic or national origin, gender, sexual harassment, sexual orientation, political beliefs, marital status, age, social and family background, linguistic preference, pregnancy, disability, and/or retaliation, and the Family Medical Leave Act (FMLA).

### **Objectives**

- ▶ Attempt to deter discrimination/harassment by disseminating information regarding the importance of providing equal opportunity, and equal access in employment and educational services and programs.
- ▶ Ensure that employees work in an environment that is free of illegal discrimination and harassment, including sexual harassment.

### **Duties and Responsibilities**

- ▶ Provide technical assistance to Miami-Dade County Public Schools personnel on compliance with various federal laws, state and local statutes and regulations, and School Board rules regarding equal opportunity, and equal access in employment and educational services and programs.
- ▶ Investigate complaints of civil rights violations filed by employees, students and their parents, applicants, or former employees in an objective, thorough and timely manner.
- ▶ Respond to charges of discrimination and harassment, including sexual harassment, filed by employees or students with federal or state enforcement agencies such as, the Equal Employment Opportunity Commission (EEOC), the Department of Labor (DOL), the Florida Commission on Human Rights (FCHR), and the Office for Civil Rights (OCR).

## NON-AUDIT SERVICES OFFICE OF CIVIL RIGHTS COMPLIANCE (Continued)

### Status Of Work Performed During the 2008-2009 Fiscal Year

- ▶ Received 276 calls from M-DCPS employees, students, and parents seeking direction as to whether or not they have a complaint based on a protected category and/or the appropriate place to voice their concerns.
- ▶ Conducted 188 training sessions at individual schools and other departments; reaching over 12,418 employees throughout the District.
- ▶ Investigated 110 internal complaints of harassment/discrimination filed by students and employees. Of the 110 cases, 107 were closed by the end of the fiscal year.
- ▶ Responded to 26 charges of discrimination filed by M-DCPS employees or students/parents with federal or state enforcement agencies. Of these, 11 cases were closed and 15 remained open at the end of the fiscal year, pending disposition by the respective federal or state agency.

▼ The following table provides information on the status of complaints and disposition of the cases filed during fiscal year 2008-2009:

Case Status	Internal Complaints		Federal/ State Agencies	Total
	Employees	Students		
<b>Filed</b>	<b>94</b>	<b>16</b>	<b>26</b>	<b>136</b>
Probable Cause	6	1	0	7
<b>Open/Pending</b>	<b>3</b>	<b>0</b>	<b>15</b>	<b>18</b>

▶ Complaints may allege discrimination/harassment based on multiple protected categories. For example, an employee may claim discrimination based on race and gender; or age, national origin and gender. ***The table to the right reveals that retaliation was the most frequently cited category, followed by sexual harassment and race.***

Protected Category	Complaint Per Category	Rank
Retaliation	46	1
Sexual Harassment	41	2
Race	34	3
Ethnic/National Origin	32	4
Age	20	5
Gender	16	6
Color	14	7
Disability	12	8
Linguistic Preference	7	9
Religion	7	9
FMLA	6	10
Pregnancy	4	11
Sexual Orientation	4	11
Social and Family Background	4	11
Political Beliefs	2	12
Marital Status	0	13
<b>Total</b>	<b>249</b>	

## **ACTIVITIES**

### **District Liaison To Florida Auditor General's FTE Examination**

- ▶ During this year, our office was actively engaged as the audit liaison to the State of Florida Auditor General's team of examiners who reviewed the District's reported number of full-time equivalent (FTE) students under the Florida Education Finance Program (FEFP) and number of students transported for the fiscal year ended June 30, 2008. Throughout the audit process, which started in the summer of 2008 and concluded in April 2009, we facilitated communications between the District and Auditor General staffs; and coordinated with senior management the drafting of audit responses. We expect to present the final report at the Audit Committee in September 2009.

### **Money Matters Support Program**

- ▶ This office continues to actively participate in the Money Matters Support Program that School Operations offers to Principals. This program focuses on improving accountability and the implementation of best business practices at the school sites. During the various sessions offered this year, the Assistant Chief Auditor for the School Audits Division and other audit staff members presented and discussed topics related to school audits.

### **Title I Audit Presentations To Principals**

- ▶ At the beginning of the fiscal year, the Assistant Chief Auditor for the School Audits Division participated as presenter during the Title I Administration training sessions offered to principals of Title I schools. Topics discussed related to the Title I audits conducted at the schools.

### **Team Member Of Council Of Great City Schools' Review**

- ▶ The Assistant Chief Auditor for District Audits participated as a strategic support team member of the Council of the Great City Schools in its review of the Atlanta Public Schools' Facilities, Maintenance and Operations function.

### **Staff Participation In Various Committees**

- ▶ Pursuant to Board Rule, internal audit staff has been actively participating as non-voting members.

## **ACTIVITIES**

### **The Ethics Advisory Committee**

- ▶ The Ethics Advisory Committee (EAC) was created in 2002 by the School Board to restore the public confidence in our public schools and educate all stakeholders as to the required standards of ethical conduct. The Committee is composed of seven (7) independent volunteer members.
- ▶ The School Board has adopted enhancements to ethics rules recommended by the EAC, resulting in corrective actions to restore the public trust.
- ▶ The Chief Auditor serves as the official liaison to the EAC, charged with facilitating all administrative tasks needed to support the Committee as it strives to discharge its responsibilities.
- ▶ Accordingly, staff from the Office of Management and Compliance Audits prepare the agendas and minutes for the EAC meetings, assist with research, correspondence, and preparation of the annual report; and coordinate presentations by appropriate District staff when their support is required.

### **Staff Development**

- ▶ The audit staff participated in a two-day seminar held at the District by a private provider on auditing for fraud and interviewing techniques.
- ▶ On May 20, 2009 and June 18, 2009 the audit staff also participated in one-day seminars provided by Ernst & Young, LLP. Topics discussed related to governmental auditing and other accounting issues.
- ▶ These informative training sessions qualify for continuing professional education required under the Government Auditing Standards.

### **Staffing Issues**

- ▶ The reduction in force in the District and a strict District-wide hiring freeze resulted in a severe staff shortage in the Controller's office. Also, that office required shifting of resources to support the development of the ERP Financial reporting module. Our office agreed to transfer an Audit Director position to the Controller's Office in order to support the District's ongoing financial recording and reporting system needs.

## **ACTIVITIES**

### **Hiring of Audit Firm to Perform Construction Audits**

- ▶ In accord with our recommendation in our audit of construction projects, and in collaboration with the Office of School Facilities and Procurement Management, we contracted the services of an independent certified public accountant to perform construction audits on selected completed construction projects.
- ▶ The services were contracted under an existing bid in place at another school district. The CPA firm, Carr, Riggs & Ingram, LLC, which has successfully performed these audits under contract with several Florida school districts, was retained.
- ▶ The audit consists of two phases: 1) completing a reconciliation of three construction projects; and 2) validating the cost of the projects, which include three change orders valued at more than \$1.5 million each. It was agreed that Phase 2 of the project would be performed prior to Phase 1.
- ▶ The Office of Management and Compliance Audits coordinates the work. As of August 2009, The CPA firm completed Phase 2 and was in the process of completing Phase 1.
- ▶ The results of this audit will be presented to the Audit Committee once the last phase of the audit is completed, and the final report is discussed with management.



# **FY 2009-10 Annual Audit Plan and Tentative Budget**

---

Office of Management and  
Compliance Audits





# Miami-Dade County Public Schools

*giving our students the world*

**Superintendent of Schools**  
**Alberto M. Carvalho**

**Miami-Dade County School Board**  
**Dr. Solomon C. Stinson, Chair**  
**Dr. Maria Pérez, Vice Chair**  
**Agustín J. Barrera**  
**Renier Díaz de la Portilla**  
**Dr. Lawrence S. Feldman**  
**Perla Tabares Hartman**  
**Dr. Wilbert "Tee" Holloway**  
**Dr. Martin Karp**  
**Ana Rivas Logan**

June 16, 2009

The proposed audit plan for fiscal year 2009-2010 was developed in concert with supervisory personnel from the Office of Management and Compliance Audits, applying a systematic risk assessment and using traditional time-proven techniques that assist us in deciding the audits that should be conducted this coming year.

This year, selected school audits will include a budget component. This component will be in addition to the areas regularly audited in the past; and in anticipation of the Audit Committee's new expanded role, which will include monitoring the budgeting process. District-wide audits will consist of a mixture of carryover audits and new audits in the areas of construction, procurement and IT, among others.

Although the primary responsibility for the audit plan rests with the Chief Auditor and this office, we welcome input from the School Board and Audit Committee members, the Superintendent, and senior management staff, to make this plan successful and complete. Any changes or additions to the plan will be incorporated into the final audit plan and brought to the September 2009 Audit Committee meeting for your consideration and approval.

Respectfully yours,

Jose F. Montes de Oca, CPA, Interim Chief Auditor  
Office of Management and Compliance Audits

# Planning Process

## Based on:

- **Budget Analysis**
- **Risk Based:**
  - Materiality
  - Past Audit Coverage
  - Internal Risk
  - External Risk
  - Information Risk
- **Input from:**
  - School Board
  - Audit Committee
  - Superintendent of Schools
  - Senior Management



### STEPS:

1. PROGRAMMATIC BUDGET ANALYSIS
2. PROGRAMMATIC RISK ASSESSMENT
3. MANAGEMENT INPUT FOR AUDIT PLAN
4. DEVELOP AUDIT PLAN
5. AUDIT PLAN APPROVAL

# School Audits Division

- **Universe Comprised of 357 Schools and Centers**
  - Financial statements of internal funds;
  - Payroll;
  - Purchasing Credit Card Program;
  - I.T. controls;
  - Federal Funds/Title I;
  - Florida Education Finance Program/FTE; and
  - **School Budgets**



# School Audits Division

Changes to Audit Coverage/Resource Allocation:

- Internal Funds to be audited at 70-80% of schools to increase number of:
  - Title I Audits
  - **Budget Audits (new audit component)**
- Payroll, Credit Card, IT, FEFP to be conducted at selected schools
- Property Audits at all schools

# District Audits Division

## Internal Audits

- Four Carryover Audits from FY 2008-09
  - Audit of Social Studies/Life Skills Programs and Activities (In Progress)
  - Audit of Fringe Benefits Administration (In Progress)
  - Audit of TOKLA Charter School FTE Funding (Completed)
  - Audit of Schools Police Department's Credit Card and Other Purchases (Report Drafted as of September 1, 2009)

## IT Audits

- Two Carryover Audits from FY 2008-09
  - Audit of Instructional Technology Purchases (Report Drafted as of September 1, 2009)
  - School Site IT Security - IT Audits performed by IT staff year-round are reported as part of school audits.

# Internal Audits Carryover

## **Audit of Social Studies/Life Skills Programs and Activities**

- The Division of Life Skills and Special Projects supports and drives the curriculum for a diverse range of school-based programs, including visual arts, JROTC, drivers education, music, dance, speech and debate. The division also manages approximately 20 contracts with various service providers.
- The objective of the audit will be to evaluate the delivery of services and the propriety and effectiveness of related expenditures.

## **Audit of Fringe Benefits Administration**

- Certain fringe benefit administrative functions are managed through a third party administrator (TPA). In FY 2008, contracted expenditures were \$3.4 million, based upon a fixed rate per employee per month.
- This audit will evaluate the delivery of services, for effectiveness, pricing and the propriety of related expenditures.

# Internal Audits Carryover

## **Audit of TOKLA Charter School FTE Funding**

- The Tree of Knowledge Learning Academy, Inc. (TOKLA) is a Miami-Dade County charter school. The School began operating on the first day of the 2008-09 school year and serves at-risk students and students with disabilities in grades K-12 that are home and hospital based. Jackson Health System (Jackson) provides the School limited office and classroom space at the hospital.
- This audit was requested by the District's School Operations office and authorized by the previous Chief Auditor and the approved FY 2008-09 Audit Plan. The objective of this audit is to determine the adequacy of controls over FTE funding provided to the Tree of Knowledge Learning Academy, Inc., (TOKLA) charter school (the School) for the 2008-09 fiscal year and propriety of its use.



# Internal Audits Carryover

## Audit of Schools Police Department's Credit Card and Other Purchases

- Upon the request of the Interim Chief of Police, we initiated an audit of the Miami-Dade Schools Police Department's credit card and other purchases. The Chief was concerned about whether adequate internal controls were in place over the department's procurement practices. The department's operating budgets over the last two fiscal years ended June 30, 2008 and June 30, 2009, were \$23 million and \$18 million, respectively.
- The audit focused on evaluating the internal controls and procurement practices over the department's use of the district-provided purchasing credit cards. We also evaluated purchases made by the department through the conventional purchase order route. Both types of purchases were evaluated for accuracy and propriety and recommendations will be made where deemed appropriate.

# IT Audits Carryover

## **Audit of Instructional Technology Purchases**

- Significant resources are dedicated to information technology. During FY 2008, more than \$24 million, exclusive of Title I dollars was expended for instructional technology. The department responsible for administering these purchases and the distribution of purchased technologies operates with a budget of more than \$4.5 million.
- We need to address whether adequate planning and controls are in place to assure that hardware and software is being purchased in the most appropriate and cost effective manner. We also need to evaluate whether purchases made by the District are placed in locations with adequate infrastructure necessary to support it.

# IT Audits Carryover

## **School Site IT Security**

- Schools store and manipulate vast amounts of data, including student, personnel, business and accounting records.
- Our objective will focus on providing reasonable assurance that the risk of unauthorized access, modification, disclosure, loss, theft, disposal or removal of data is minimized. The audit will also assess the level of technological support provided by ITS.

# District Audits Division

## Four New Internal Audits Planned

- Audit of Financial Operations and Budgeting Practices
- Review of Controls and Accountability and Transparency Mechanism Over The America Recovery and Reinvestment Act (ARRA) Disbursements
- Audit of Selected Construction Projects
- Audit of the School Board Attorney's Office Operating Practices and Procedures

# District Audits Division

## **Audit of Financial Operations and Budgeting Practices**

- Financial operations and budgeting are critical functions of the district. The budget of M-DCPS is prepared, reviewed, and approved in accordance with applicable statutes, which set forth specific requirements for this process. In this process, certain estimates and assumptions are made. The last time any controls and processes of this function were audited was December 2003.
- We will review the budget development, approval, amendment and monitoring processes to determine whether adequate controls are in place and in compliance with statutes. The audit will also review and evaluate the reasonableness of estimates and assumptions made.

# District Audits Division

## **Review of Controls/Accountability/Transparency Mechanism Over ARRA Disbursements**

- The America Recovery and Reinvestment Act (ARRA) has extremely rigorous accountability and transparency requirements. The district has received ARRA provided funds and would need to ensure that sufficient and adequate internal controls are in place over the use of these funds to comport with these requirements and prevent fraud, waste, and abuse.
- The objective of the audit will be to evaluate the internal controls in place over the use of ARRA funds to ensure the risk of fraud, waste, and abuse is minimized.

# District Audits Division

## Audit of Selected Construction Projects

- The School District's Proposed Five-Year Capital Plan has identified almost \$603 million of estimated facilities needs over the next five years. Our last internal audit of selected capital construction projects valued at \$87 million and awarded between January 2004 and December 2007 identified potential cost savings of \$2.3 million. According to Facilities, another \$382 million of capital projects were awarded in FY 2007-08, and \$343 million in FY 2008-09. Projected capital projects awards for the FY 2009-10 are \$95 million.
- We will sample new construction and renovation projects and evaluate the propriety of the award process, project management and internal controls.

# District Audits Division

## **Audit of the School Board Attorney's Office Operating Practices and Procedures**

- The School Board Attorney's Office renders a vital service to the school district by providing the Board and staff legal opinions and guidance in a number of different legal areas. The School Board Attorney is also charged with identifying, selecting and contracting with outside firms and individuals that provide augmented legal opinions and guidance on behalf of the district.
- We will evaluate that office's operating practices and procedures to ensure that adequate internal controls are in place; that those practices and procedures comport with established rules and regulations; and that the office functions in an efficient and effective manner. We will also review and evaluate the process in place to identify, select, and contract outside legal counsel and examine their billing for propriety.



# District Audits Division

## **Four Long Range Audits:**

- Audit of Energy Management
- Audit of Roofing Replacement Program
- Instructional/Non-Instructional Training
- Audit of Capital Construction Direct Purchases

# District Audits Division (Long Range)

## **Audit of Energy Management**

- The District Inspections, Operations and Emergency Management (DIOEM) Department is responsible for monitoring and programming the District's energy management system. Energy services costs for FY 2008-09 are projected at \$96 million. DIOEM also manages approximately \$4.3 million in contracts for systems performance monitoring and verification and equipment maintenance and services.
- The audit will focus on identifying efficiencies and cost savings opportunities that may be achieved by having good systems in place, as well as establishing energy conservation programs at schools and district offices.

# District Audits Division (Long Range)

## **Audit of Roofing Replacement Program**

- Maintenance Operations is responsible for replacing and repairing roofs that are in need of repair. During the FY 2008-09 Maintenance Operations spent \$7.4 million in providing these services on 46 projects.
- This audit will evaluate contracting methodology, pricing and administration to ensure that there is effective and efficient pricing and cost control procedures in place.

# District Audits Division (Long Range)

## **Instructional/Non-Instructional Training**

- Through the Department of Professional Development, the District delivers rigorous research-based, field-tested learning experiences, programs and resources for teachers, principals, administrators and support personnel to increase student achievement.
- The objective of the audit will be to evaluate the effectiveness of the delivery of services and the propriety of related expenditures.

# District Audits Division (Long Range)

## **Audit of Capital Construction Direct Purchases**

- The School District's Proposed Five-Year Capital Plan has identified almost \$603 million of estimated facilities needs. Projected capital project awards for FY 2009-10 are \$95 million. According to Facilities, more than \$186 million were allocated for direct purchases during the last four fiscal years. The costs of materials used in the underlying projects could range between 40-50% of the facilities costs, and are normally subject to 7% sales tax unless purchased directly by the District.
- We will sample new construction and renovation projects and evaluate the propriety of the amount of direct purchases received and the internal controls over managing these purchases.

# Other Non-Audit Services

## **Charter School Fiscal Review**

- During FY 2008-09, the District sponsored as many as 77 charter schools with student enrollment of approximately 23,000 and at estimated cost in excess of \$173 million. As the sponsoring school district, M-DCPS is statutorily responsible for substantial monitoring and oversight, including fiscal, operational, health/safety and academic performance. We will review the required audits submitted by these schools and present them to the Audit Committee for its review and input to the School Board.

## **Community Based Organization Fiscal Review**

- During FY 2008-09, the District contracted with three community-based organizations primarily for alternative education. Activities were conducted at 5 campuses serving up to 742 students at a cost of approximately \$3.3 million. We will review the required audits submitted by these organizations and present them to the Audit Committee for its review and input to the School Board.

# Other Non-Audit Services

## **Review of External Audit Reports**

- Certified financial statements are provided by other agencies per contract and Board rules.

## **Coordinate And Provide Contract Oversight Of External Auditors**

- District financial statements, Single Audit, Impact Fees, WLRN, Magnet Education Choice Association, Inc., Miami-Dade Coalition for Community Education, Inc., and Dade Schools Athletic Foundation, Inc.; all require audits from external CPAs. We will review these audits and submit them to the Audit Committee for its review and input to the School Board.

# Other Non-Audit Services

## **Audit Recommendations Follow-Up**

- Audit Follow-Up is a function of the internal audit process and is required by School Board Rule 6Gx13- 2C-1.14, Article IV.B.  
Implementation of *Prior Audit Recommendations* will continue to be monitored.



# Investigations/Forensic Audits

## **Performing Forensic Audits In The Following Areas:**

- Misappropriation Of Funds
- Missing Inventory/Equipment
- Payroll Fraud and Other Fraudulent Activity
- Charter School Misfeasance

## **Overseeing Investigations Conducted By:**

- Civilian Investigative Unit – CIU

## **Supporting And Collaborating With:**

- Miami-Dade School Police
- Office Of Professional Standards – OPS
- State Attorney's Office
- Inspector General – IG
- District Offices
- Office of Civil Rights Compliance - CRC

# Property Audits

## Property Inventories

- Perform physical inventory counts of all property with a cost of \$1,000 or more, at **over 500 work locations. Results of school property audits are reported as part of school audits.**
- During FY 2008-09 our Property Auditors accounted for approximately **103,000 items with an approximate cost of \$370 million.**

## Audit of Year-End Inventories & Cycle Counts

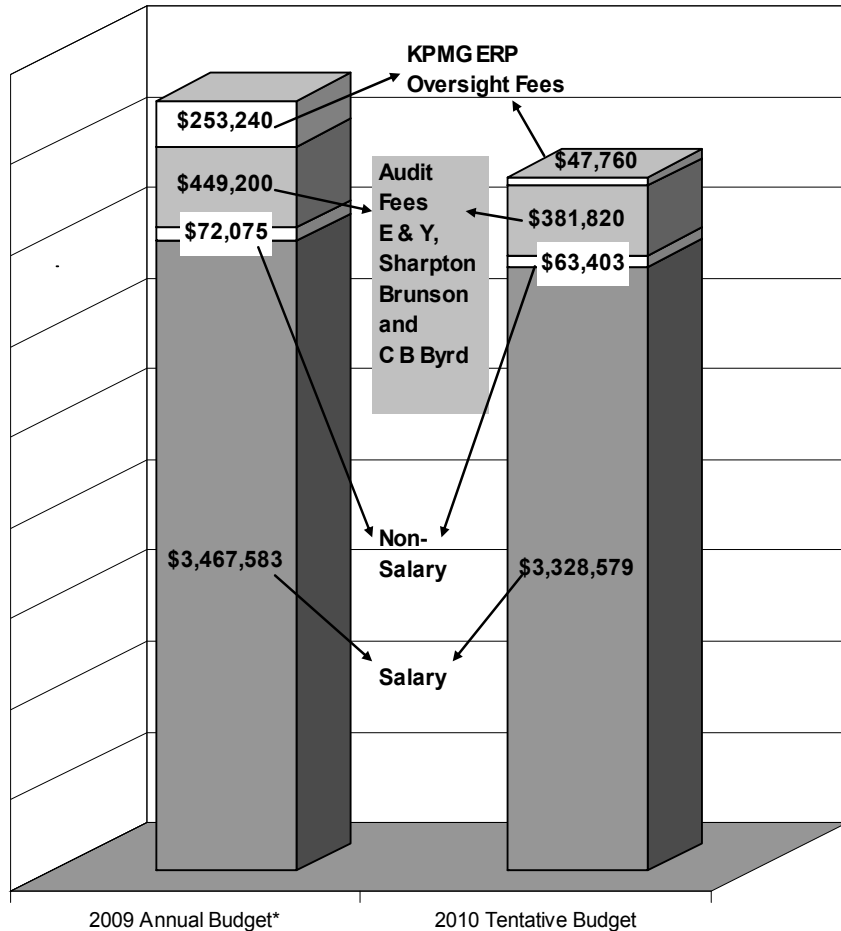
We conducted year-end physical inventories at the following locations in support of the financial/external audit:

- **Food and Nutrition**
- **Transportation**
- **Maintenance and Materials Management**
- **Stores and Mail Distribution**
- **Textbook Inventory Services**

# Internal Audit Staffing

Resource Allocation	2009	2010	Δ	Comments
Chief Auditor & Administrative Support Staff	4	4	No Change	
School Audits	16	14	-13%	One person is on medical leave and PAC no longer available; and another promoted to another department.
Non-School - Operational & Performance Audits	8	8	0	One person transferred to another department; however, auditor previously assigned to ERP oversight re-assigned to this division.
Information Technology	3	2	-33%	Auditor no longer assigned to monitor ERP. Re-assigned to Non-School Audits.
Property Audits	6	6	No Change	
Investigations	2	2	No Change	
<b>Totals</b>	<b>39</b>	<b>36</b>	<b>-8%</b>	

# Comparative Budget for Auditing Activities



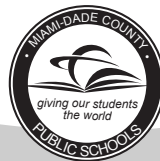
- The budgeted amount of \$381,820 is to pay for external audit services to be provided by Ernst & Young (E&Y), Sharpton, Brunson & CO., and C Borders-Byrd, CPA LLC.
- Although audit fees were *tentatively* budgeted at the prior year's level for FY 2009-10, E&Y has decreased its fees by 15%, or \$64,860. The budget has been adjusted and the fee payments will be adjusted, accordingly.

\* \$253,240 in FY 2008-09 was budgeted at a later date. This covers the contract with KPMG's ERP Oversight Services for \$300,000, of which \$262,220 has been paid as of June 30, 2009.

MIAMI-DADE COUNTY PUBLIC SCHOOLS

# 2009 Annual Report

**MIAMI-DADE COUNTY PUBLIC SCHOOLS**  
**Office of Management and Compliance Audits**  
**1450 N.E. 2nd Avenue, Room 415**  
**Miami, Florida 33132**  
**Tel: (305) 995-1318 • Fax: (305) 995-1331**  
**<http://mca.dadeschools.net>**



OFFICE OF MANAGEMENT AND COMPLIANCE AUDITS