



Internal Audit Report



School Improvement Zone Schools



The financial statements were fairly stated and internal controls were mostly satisfactory; however, at one school, controls in selected areas need to improve.

December 2007

THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA

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Miami-Dade County Public Schools

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November 30, 2007

Members of The School Board of Miami-Dade County, Florida

Members of The School Board Audit Committee

Dr. Rudolph F. Crew, Superintendent of Schools

Ladies and Gentlemen:

This report includes the audit results of 24 schools from the School Improvement Zone. The audit period was the fiscal year ended June 30, 2007.

The main objectives of these audits were to express an opinion on the financial statements of the schools, evaluate compliance with District policies and procedures, and ensure that assets are properly safeguarded. The audits included a review of internal funds, property, and payroll records and procedures at all the schools. On a selected basis, we reviewed credit card purchases, aspects of data security and Title I Program expenditures.

Our audits disclosed that the financial statements of the schools reported herein were fairly stated. Of the 24 schools, 23 were generally compliant with prescribed policies and procedures, their records were maintained in good order, and their inventoried property was properly accounted for. Although internal controls were mostly satisfactory, improvements are needed in selected areas of internal funds and property management at one of the schools reported herein.

The audit findings were discussed with school and district administration and responses to the findings are included in this report. In closing, our Schools Audits Division would like to acknowledge the schools' staff and administration for the cooperation and courtesies extended to the audit staff during the conduct of these audits.

Sincerely,

Allen M. Vann, CPA

Chief Auditor

Office of Management and Compliance Audits

AMV:mtg

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Allapattah Middle School

At-a-Glance Audit Results

- ◆ 23 of 24 schools were in compliance with prescribed policies and procedures and their records were in order
- ◆ Schools receipted approximately \$2.9 million during FY 2006-07
- ◆ Total Cash and Investments as of June 30, 2007 amounted to \$1.14 million

EXECUTIVE SUMMARY

The Office of Management and Compliance Audits has completed the audits of 24 schools from the School Improvement Zone. The audit period was for the fiscal year ended June 30, 2007. Additionally, we have reviewed six other Schools Improvement Zone schools as a result of a recent change of principal. Those results have been reported separately, along with the various regional center schools that have undergone similar administrative changes. The remaining nine schools from School Improvement will be reported at a later date.

The audits disclosed that records were maintained in good order and in accordance with prescribed policies and procedures at the 23 of the 24 schools reported herein. At Miami Central Senior High School, we found deficiencies in selected areas of internal funds and property management.

Notwithstanding the conditions and findings reported herein, the financial statements of all 24 schools present fairly, in all material respects, the changes in fund balances arising from cash transactions of the internal funds of these schools during the 2006-07 fiscal year, on the cash basis of accounting.

As of June 30, 2007, total combined receipts and disbursements amounted to \$2.92 million and \$2.99 million, respectively; while total combined cash and investments amounted to \$1.14 million. Also, as of June 30, 2007, the internal control structure at the schools generally functioned as designed by the District and implemented by the school administration, except for those conditions reported at the aforementioned school.

INTERNAL FUNDS

Of 24 schools, 23 were in compliance with the procedures established in the Manual of Internal Fund Accounting.

- ◆ At Miami Central Senior, proper disbursement procedures to process the yearbook invoice were not followed; while the number of yearbooks purchased was excessive considering that demand for the books was low. Also, contrary to procedures, the school transferred to the Special Purpose account vending commissions in excess of 25% of the total received without the requisite approval from School Improvement administration. Most funds were depleted by year-end.

PROPERTY

This report includes the current property inventory results of all 24 schools, as well as the results of one school pending since our last audit report in September. The total amount inventoried at these schools was approximately \$15.2 million. Refer to Property Tables on page 10.

Results disclosed that 24 of the 25 schools were in compliance with property procedures and there were “no unlocated” items.

- ◆ At Miami Central Senior, 22 items at a cost of \$39,738 and a depreciated value of \$13,232 were reported as “unlocated”. These losses, which are very similar to those reported in the prior year’s audit, are indicative that controls over the management and safeguarding of property are weak and in need of immediate attention.

Property losses reported through Plant Security Reports at nine schools consisted of 20 items at a cost of \$26,340 and a depreciated value of \$9,544.

At-a-Glance Audit Results

- ◆ At Miami Central Senior, proper procedures to process yearbook disbursements and vending commissions’ transfers were not followed

- ◆ Also at this school, 22 items at a cost of \$39,738 and a depreciated value of \$13,232 reported missing. Similar condition found in prior year’s inventory audit

At-a-Glance Audit Results

- ◆ Payroll function was generally compliant at all 24 schools
- ◆ P-Card Program procedures at nine schools generally compliant with procedures
- ◆ Data Security Report reviewed at eight schools without exception

PAYROLL

Our review of the payroll preparation and check distribution procedures disclosed that there was generally adequate segregation of the functions of the payroll preparation, authorization, and check distribution at the schools. In addition, the payroll rosters were generally supported by adequately prepared attendance sheets as described by the Payroll Processing Procedures Manual.

PURCHASING CREDIT CARD (P-CARD) PROGRAM

We reviewed the P-Card Program's procedures and transactions at the following nine schools:

- ◆ Thena C. Crowder Elementary
- ◆ Martin L. King Elementary
- ◆ Lakeview Elementary
- ◆ Toussaint L'Ouverture Elementary
- ◆ Norland Elementary
- ◆ Santa Clara Elementary
- ◆ Allapattah Middle
- ◆ Hialeah-Miami Lakes Senior
- ◆ Miami Norland Senior

Our audits disclosed that there was general compliance with the Purchasing Credit Card Program Policies & Procedures Manual.

DATA SECURITY QUARTERLY MANAGEMENT REPORT AND APPROVAL REVIEW

We reviewed the "Authorized Applications for Employees by Locations Report(s)" at the following eight schools:

- ◆ Touissant L'Ouverture El.
- ◆ Phillis Wheatley El.
- ◆ Norland Middle
- ◆ Hialeah-Miami Lakes Sr.
- ◆ Miami Central Sr.
- ◆ Miami Edison Sr.
- ◆ Miami Jackson Sr.
- ◆ Miami Norland Sr.

The audits disclosed that, generally, the report was signed by the principal to indicate that employees were properly authorized to access certain computer applications; and the computer application that allows for academic grade changes was generally limited and restricted to the principal, one assistant principal, and the registrar. Any discrepancies found during the audit were discussed with the administration and corrected during the audit.

TITLE I PROGRAM

We conducted a review of Title I Program expenditures and procedures at Paul Lawrence Dunbar Elementary School. Total expenditures posted to the various Title I program accounts amounted to \$854,651 for the 2006-07 fiscal year. Results disclosed that the school was generally compliant with the policies and procedures established by the Title I Administration Handbook and the Title I School-Based Budget System Manual.

AUDIT OPINION

The following table summarizes total cash receipts and disbursements, and financial position of cash and investments at June 30, 2007 for all 24 schools reported herein. It also provides the audit opinion regarding the schools' financial statements:

At-a-Glance Audit Results

- ◆ Access to student grade changes properly restricted at schools reviewed
- ◆ Title I Program procedures and expenditures reviewed at Paul L. Dunbar Elementary generally compliant

SCHOOL IMPROVEMENT ZONE SCHOOLS
CONDENSED ANNUAL FINANCIAL REPORTS AND TOTAL CASH AND INVESTMENTS AS OF JUNE 30, 2007

| Schools | Beginning Balance | Receipts | Disbursements | End Balance | Cash | Investments | Other | Total Cash and Investments |
|---------------------------|-------------------|--------------|---------------|--------------|-------------|--------------|-------|----------------------------|
| Bunche Park Elementary | \$ 18,781.02 | \$ 20,659.35 | \$ 22,828.34 | \$ 16,612.03 | \$ 5,509.06 | \$ 11,102.97 | - | \$ 16,612.03 |
| Thena C. Crowder El. | 3,911.61 | 10,348.31 | 9,195.55 | 5,064.37 | 2,577.52 | 2,486.85 | - | 5,064.37 |
| Paul L. Dunbar El. | 14,951.59 | 15,271.65 | 13,222.03 | 17,001.21 | 9,158.92 | 7,842.29 | - | 17,001.21 |
| Florida City Elementary | 13,233.25 | 42,699.67 | 40,809.49 | 15,123.43 | 5,498.26 | 9,625.17 | - | 15,123.43 |
| Holmes Elementary | 12,363.55 | 6,675.41 | 6,915.34 | 12,123.62 | 7,689.22 | 4,434.40 | - | 12,123.62 |
| Martin L. King El. | 15,086.56 | 15,717.50 | 18,461.39 | 12,342.67 | 9,501.23 | 2,841.44 | - | 12,342.67 |
| Lakeview Elementary | 11,264.95 | 11,625.66 | 14,596.55 | 8,294.06 | 5,326.91 | 2,967.15 | - | 8,294.06 |
| Little River Elementary | 7,231.44 | 15,683.27 | 13,567.62 | 9,347.09 | 6,240.02 | 3,107.07 | - | 9,347.09 |
| Toussaint L'Ouverture El. | 5,457.88 | 39,597.32 | 40,829.84 | 4,225.36 | 2,760.38 | 1,464.98 | - | 4,225.36 |
| Morningside Elementary | 14,500.90 | 26,168.12 | 25,203.59 | 15,465.43 | 11,092.96 | 4,372.47 | - | 15,465.43 |
| Norland Elementary | 8,818.26 | 48,752.22 | 46,143.09 | 11,427.39 | 5,529.98 | 5,897.41 | - | 11,427.39 |
| Santa Clara Elementary | 7,460.37 | 18,380.75 | 18,875.13 | 6,965.99 | 1,864.20 | 5,101.79 | - | 6,965.99 |
| Shadowlawn Elementary | 19,344.91 | 36,071.53 | 29,847.26 | 25,569.18 | 2,679.77 | 22,889.41 | - | 25,569.18 |
| Phillis Wheatley El. | 15,157.75 | 17,340.71 | 21,075.05 | 11,423.41 | 3,005.04 | 8,418.37 | - | 11,423.41 |
| Allapattah Middle | 30,957.91 | 51,644.31 | 52,712.78 | 29,889.44 | 6,758.96 | 23,130.48 | - | 29,889.44 |
| Horace Mann Middle | 32,719.91 | 71,502.76 | 79,214.14 | 25,008.53 | 945.51 | 24,063.02 | - | 25,008.53 |
| Norland Middle | 77,483.11 | 253,110.78 | 251,316.36 | 79,277.53 | 39,411.27 | 39,866.26 | - | 79,277.53 |
| Parkway Middle | 25,227.61 | 37,623.70 | 32,725.09 | 30,126.22 | 11,849.35 | 18,276.87 | - | 30,126.22 |


SCHOOL IMPROVEMENT ZONE SCHOOLS
CONDENSED ANNUAL FINANCIAL REPORTS AND TOTAL CASH AND INVESTMENTS AS OF JUNE 30, 2007

| Schools | Beginning Balance | Receipts | Disbursements | End Balance | Cash | Investments | Other | Total Cash and Investments |
|-------------------------|-------------------|-----------------|-----------------|-----------------|--------------|--------------|-------|----------------------------|
| Westview Middle | 29,763.48 | 59,397.61 | 57,728.24 | 31,432.85 | 20,530.04 | 10,902.81 | - | 31,432.85 |
| Hialeah-Miami Lakes Sr. | 226,812.50 | 540,611.28 | 564,106.82 | 203,316.96 | 60,634.95 | 142,682.01 | - | 203,316.96 |
| Miami Central Senior | 166,601.04 | 507,160.90 | 498,084.45 | 175,677.49 | 60,025.54 | 115,651.95 | - | 175,677.49 |
| Miami Edison Senior | 181,050.51 | 254,609.56 | 312,502.33 | 123,157.74 | 18,084.37 | 105,073.37 | - | 123,157.74 |
| Miami Jackson Senior | 138,050.56 | 336,624.85 | 360,034.46 | 114,640.95 | 47,005.55 | 67,635.40 | - | 114,640.95 |
| Miami Norland Senior | 138,129.53 | 479,012.81 | 459,637.53 | 157,504.81 | 64,655.90 | 92,848.91 | - | 157,504.81 |
| Total | \$1,214,360.20 | \$ 2,916,290.03 | \$ 2,989,632.47 | \$ 1,141,017.76 | \$408,334.91 | \$732,682.85 | - | \$ 1,141,017.76 |

Audit Opinion on Financial Statements and Overall Assessment of Internal Controls Over Financial Reporting

The financial statements of the schools in this audit report present fairly, in all material respects, the changes in fund balances arising from cash transactions of the internal funds of the schools during the 2006-07 fiscal year, on the cash basis of accounting. As of June 30, 2007, total combined receipts and disbursements amounted to \$2,916,290 and \$2,989,632 respectively; while total combined cash and investments amounted to \$1,141,018.

As of June 30, 2007, the internal control structure at the schools generally functioned as designed by the District and implemented by the school administration. When conditions came to our attention that were deemed non-reportable, because they were immaterial and inconsequential, they were nevertheless, discussed with management for their information and follow-up.


 Maria T. Gonzalez, Certified Public Accountant
 Assistant Chief Auditor, School Audits Division
 Office of Management and Compliance Audits

SCHOOL IMPROVEMENT ZONE SCHOOLS INTERNAL CONTROLS' RATING

Internal controls' ratings of the schools reported herein are depicted as follows:

| SCHOOLS | PROCESS & IT CONTROLS | | | POLICY & PROCEDURES COMPLIANCE | | | EFFECT |
|----------------------------|-----------------------|-------------------|------------|--------------------------------|-------------------|------------|-------------------------|
| | SATISFACTORY | NEEDS IMPROVEMENT | INADEQUATE | SATISFACTORY | NEEDS IMPROVEMENT | INADEQUATE | |
| Bunche Park El. | ✓ | | | ✓ | | | Not Likely to impact |
| Thena C. Crowder El. | ✓ | | | ✓ | | | Not Likely to impact |
| Paul L. Dunbar El. | ✓ | | | ✓ | | | Not Likely to impact |
| Florida City El. | ✓ | | | ✓ | | | Not Likely to impact |
| Holmes El. | ✓ | | | ✓ | | | Not Likely to impact |
| Martin L. King El. | ✓ | | | ✓ | | | Not Likely to impact |
| Lakeview El. | ✓ | | | ✓ | | | Not Likely to impact |
| Little River El. | ✓ | | | ✓ | | | Not Likely to impact |
| Toussaint L'Ouverture El. | ✓ | | | ✓ | | | Not Likely to impact |
| Morningside El. | ✓ | | | ✓ | | | Not Likely to impact |
| Norland El. | ✓ | | | ✓ | | | Not Likely to impact |
| Santa Clara El. | ✓ | | | ✓ | | | Not Likely to impact |
| Shadowlawn El. | ✓ | | | ✓ | | | Not Likely to impact |
| Phillis Wheatley El. | ✓ | | | ✓ | | | Not Likely to impact |
| Allapattah Middle | ✓ | | | ✓ | | | Not Likely to impact |
| Horace Mann Middle | ✓ | | | ✓ | | | Not Likely to impact |
| Norland Middle | ✓ | | | ✓ | | | Not Likely to impact |
| Parkway Middle | ✓ | | | ✓ | | | Not Likely to impact |
| Westview Middle | ✓ | | | ✓ | | | Not Likely to impact |
| Hialeah-Miami Lakes Senior | ✓ | | | ✓ | | | Not Likely to impact |
| Miami Central Sr. | | ✓ | | | ✓ | | Likely to impact |
| Miami Edison Sr. | ✓ | | | ✓ | | | Not Likely to impact |
| Miami Jackson Sr. | ✓ | | | ✓ | | | Not Likely to impact |
| Miami Norland Sr. | ✓ | | | ✓ | | | Not Likely to impact |

SCHOOL IMPROVEMENT ZONE SCHOOLS SUMMARY SCHEDULE OF AUDIT FINDINGS

The following schedule sums up current and prior audit findings per school:

| Work Loc. No. | Schools | CURRENT YEAR AUDIT FINDINGS | | PRIOR YEAR AUDIT FINDINGS | |
|------------------|-----------------------------|--------------------------------|---|------------------------------|--|
| | | Total per School | AREA OF FINDINGS | Total per School | AREA OF FINDINGS |
| 0641 | Bunche Park Elementary | None | | None | |
| 2531 | Thena C. Crowder Elementary | None | | None | |
| 1441 | Paul L. Dunbar Elementary | None | | None | |
| 2001 | Florida City Elementary | None | | None | |
| 2501 | Holmes Elementary | None | | None | |
| 2761 | Martin L. King Elementary | None | | None | |
| 2821 | Lakeview Elementary | None | | None | |
| 3021 | Little River Elementary | None | | None | |
| 3051 | Toussaint L'Ouverture El. | None | | 1 | ▪ Payroll |
| 3501 | Morningside Elementary | None | | None | |
| 3701 | Norland Elementary | None | | None | |
| 4841 | Santa Clara Elementary | None | | None | |
| 4961 | Shadowlawn Elementary | None | | None | |
| 5931 | Phillis Wheatley Elementary | None | | None | |
| 6011 | Allapattah Middle | None | | None | |
| 6411 | Horace Mann Middle | None | | None | |
| 6571 | Norland Middle | None | | 1 | ▪ Fund-raising |
| 6721 | Parkway Middle | None | | None | |
| 6981 | Westview Middle | None | | 1 | ▪ Yearbook |
| 7131 | Hialeah-Miami Lakes Senior | None | | None | |
| 7251 | Miami Central Senior | 3 | ▪ Yearbook ▪ Transfers ▪ Property | 3 | ▪ Fin. Mgt. ▪ Food Prod. Shop ▪ Payroll |
| 7301 | Miami Edison Senior | None | | None | |
| 7341 | Miami Jackson Senior | None | | None | |
| 7381 | Miami Norland Senior | None | | 1 | ▪ Payroll |
| TOTAL | | 3 | | 7 | |

SCHOOL IMPROVEMENT ZONE SCHOOLS PRINCIPALS

The following table lists the name(s) of the principal(s) at each school reported herein during the audit period:

| Work Loc. No. | School | Principal |
|---------------|----------------------------------|--|
| 0641 | Bunche Park Elementary | Ms. Beryl James |
| 2531 | Thena C. Crowder Elementary | Ms. Elisa L. Perez |
| 1441 | Paul L. Dunbar Elementary | Ms. Marie L. Destin |
| 2001 | Florida City Elementary | Ms. Gloria M. Arazoza |
| 2501 | Holmes Elementary | Ms. Dahlia M. Gonzalez |
| 2761 | Martin L. King Elementary | Ms. Tamme Y. Williams |
| 2821 | Lakeview Elementary | Dr. Sharon R. Lewis |
| 3021 | Little River Elementary | Mr. Fernando P. Diaz |
| 3051 | Toussaint L'Ouverture Elementary | Dr. Liliane A. Delbor |
| 3501 | Morningside Elementary | Ms. Kathleen John-Louissaint |
| 3701 | Norland Elementary | Ms. Karen S. Powers |
| 4841 | Santa Clara Elementary | Ms. Marie Caceres |
| 4961 | Shadowlawn Elementary | Ms. Gladys G. Gimenez |
| 5931 | Phillis Wheatley Elementary | Ms. Deloise B. Brown |
| 6011 | Allapattah Middle | Mr. Adolfo L. Costa |
| 6411 | Horace Mann Middle | Ms. Pamela J. Johnson |
| 6571 | Norland Middle | Ms. Cheryl W. Nelson |
| 6721 | Parkway Middle | Ms. Paulette Covin-Fredrik |
| 6981 | Westview Middle | Ms. Lavette S. Hunter |
| 7131 | Hialeah-Miami Lakes Senior | Ms. Karen L. Robinson |
| 7251 | Miami Central Senior | Dr. Jerry Clay, Jr. (Co-Principal) Ms. Robin Y. Atkins (Co-Principal) |
| 7301 | Miami Edison Senior | Dr. Jean E. Teal |
| 7341 | Miami Jackson Senior | Ms. Deborah Love |
| 7381 | Miami Norland Senior | Dr. Mark Soffian |

SCHOOL IMPROVEMENT ZONE SCHOOLS PROPERTY SCHEDULES

Results of property inventories and an analysis of Plant Security Reports filed by school are:

| Work Loc. No. | SCHOOLS | CURRENT INVENTORY | | | | | PRIOR INVENTORY | |
|------------------|--------------------------------|-------------------|---------------------|-----------------|-----------------|------------------------|---------------------------|------------------|
| | | Total | Dollar | Unlocated Items | | | No. of Unloc. Items | Dollar Value |
| | | | | No. Of Items | At Cost | At Deprec. Value | | |
| 0641 | Bunche Park El | 78 | \$ 194,940 | None | | | None | |
| 2531 | Thena C. Crowder El. | 96 | 213,964 | None | | | 1 | \$ 1,695 |
| 1441 | Paul L. Dunbar El. | 131 | 273,038 | None | | | None | |
| 2001 | Florida City Elementary | 201 | 408,442 | None | | | None | |
| 2501 | Holmes Elementary | 57 | 122,453 | None | | | None | |
| 2761 | Dr. Martin L. King El. | 83 | 201,738 | None | | | None | |
| 2821 | Lakeview Elementary | 141 | 345,946 | None | | | None | |
| 3021 | Little River Elementary | 188 | 338,005 | None | | | 1 | 1,739 |
| 3051 | Toussaint L'Ouverture El. | 109 | 220,702 | None | | | None | |
| 5861 | Dr.H.R. Mack/W. Lit River El.* | 132 | 277,880 | None | | | None | |
| 3501 | Morningside Elementary | 126 | 310,242 | None | | | None | |
| 3701 | Norland Elementary | 390 | 590,340 | None | | | None | |
| 4841 | Santa Clara Elementary | 84 | 239,693 | None | | | None | |
| 4961 | Shadowlawn El. | 154 | 295,381 | None | | | None | |
| 5931 | Phillis Wheatley El. | 149 | 368,436 | None | | | None | |
| 6011 | Allapattah Middle | 320 | 791,545 | None | | | None | |
| 6411 | Horace Mann Middle | 441 | 832,112 | None | | | 18 | 26,455 |
| 6571 | Norland Middle | 277 | 564,059 | None | | | None | |
| 6721 | Parkway Middle | 155 | 425,242 | None | | | None | |
| 6981 | Westview Middle | 218 | 463,766 | None | | | 2 | 3,434 |
| 7131 | Hialeah-Miami Lakes Sr. | 800 | 1,724,375 | None | | | None | |
| 7251 | Miami Central Senior | 1,367 | 2,646,374 | 22 | \$39,738 | \$13,232 | 23 | 37,746 |
| 7301 | Miami Edison Senior | 764 | 1,360,752 | None | | | None | |
| 7341 | Miami Jackson Senior | 502 | 1,213,679 | None | | | None | |
| 7381 | Miami Norland Senior | 347 | 745,270 | None | | | None | |
| TOTAL | | 7,310 | \$15,168,374 | 22 | \$39,738 | \$13,232 | 45 | \$ 71,069 |

* Inventory results pending since September 2007.

| Work Loc. No. | Schools | No. Of Plant Security Reports | Total Items | Total Amount At Cost | CATEGORIES AT COST | | Total Depreciated Value |
|---------------------|------------------------|--|----------------|----------------------------|--------------------|-----------------|-------------------------------|
| | | | | | Computers | Other | |
| 2501 | Holmes Elementary | 1 | 1 | \$ 1,049 | \$ 1,049 | - | \$ 629 |
| 3501 | Morningside Elementary | 1 | 3 | 3,774 | 3,774 | - | - |
| 4841 | Santa Clara Elementary | 1 | 1 | 1,038 | 1,038 | - | 796 |
| 4961 | Shadowlawn Elementary | 1 | 3 | 3,764 | 3,764 | - | - |
| 6571 | Norland Middle | 1 | 1 | 1,564 | - | \$ 1,564 | 982 |
| 6981 | Westview Middle | 1 | 1 | 1,995 | - | 1,995 | 1,596 |
| 7251 | Miami Central Senior | 4 | 5 | 6,056 | 3,307 | 2,749 | 3,339 |
| 7301 | Miami Edison Senior | 3 | 3 | 4,010 | 2,998 | 1,012 | 777 |
| 7341 | Miami Jackson Senior | 1 | 2 | 3,090 | 3,090 | - | 1,425 |
| TOTAL | | 14 | 20 | \$ 26,340 | \$ 19,020 | \$ 7,320 | \$ 9,544 |

FINDINGS AND RECOMMENDATIONS

1. Improve Controls Over Yearbook Activities *MIAMI CENTRAL SENIOR*

Section IV, Chapter 6 of the Manual of Internal Fund Accounting establishes the procedures over the yearbook activity. Pursuant to the guidelines, disbursement policies and procedures set forth in Section II, Chapter 5 of this manual must be adhered to as well.

According to internal fund disbursement procedures, advanced payment in full to commercial vendors is not permitted unless the items/services procured are essential to support curriculum instruction. Furthermore, Section IV, Chapter 6 addresses certain charges that should not be included in the yearbook invoice. Because the production of the yearbook is the result of an educational school project offered as part of the academic curriculum, no sales taxes are applicable.

For fiscal year 2007, the school solicited the services of a yearbook publisher to publish 200 yearbooks. Our review of the yearbook activity and related disbursements disclosed the following:

- 1.1. Yearbooks were delivered in mid October even though the publisher had been paid in full \$15,241 as of the end of June. The yearbook sponsor claimed that printing was delayed due to design setbacks, lack of commitment from the student body to purchase the yearbook, and generally very low yearbook sales throughout the year. However, payment made prior to receiving goods/services is not only contrary to procurement guidelines, but a poor business practice.
- 1.2. Of the 200 books purchased, only 91 were sold. Total sales amounted to \$5,135, which only covered about 36% of the total cost of the yearbooks. Because the individual cost of the books was slightly higher than the individual sales price and 109 books were left unsold at year-end, the school faced a shortfall in yearbook revenues of approximately \$9,100. To cover the difference and be able to pay the vendor in full, the school used the balance left over from last year's activity and held additional fund-raisers during the 2006-07 fiscal year.
- 1.3. Although the yearbook is exempt from sales taxes, \$997 were included in the invoice and paid by the school.

RECOMMENDATIONS

- 1.1. Ensure that staff understands and adheres to disbursement procedures.
- 1.2. Revisit 2008 yearbook activity plans to align purchased quantities with a more realistic estimate of demand.
- 1.3. Obtain a refund for \$997 for the sales taxes paid.

Person(s) Responsible: *Principal, Business Manager, Yearbook Sponsor*

Management Response: *We concur with these recommendations. On November 16, 2007, the Co-Principals discussed the audit findings with the Business Manager and the Yearbook Sponsor. To ensure that staff understands and adheres to disbursement procedures, the Co-Principals reviewed Section IV, Chapter 6 of the Manual of internal Fund Accounting, specifically focusing on the areas of deficiency found by the auditor.*

On November 19, 2007, the Co-Principals reviewed the 2008 Yearbook activity plans and aligned the quantities to be purchased with a more realistic estimate of the demand.

Immediately following the audit, the vendor was contacted and a request for a refund of the \$997 that was paid for sales tax was made.

The following preventive strategies will be implemented to avoid exceptions with the Yearbook in the future:

The Business Manager will monitor the yearbook activity plans. She will meet with the yearbook Sponsor on a regular basis to review activities and ensure that guidelines, disbursement policies and procedures set forth in Section II, Chapter 5 of the Manual of Internal Funds Accounting are adhered to.

A cut-off date will be established to review yearbook pre-sales to determine if the planned purchase quantities were sold. If the quantity is less than planned, then the yearbook activity will be cancelled and alternative options will be explored.

The Co-Principal in charge of Business Operations will meet with the Business Manager and assigned Assistant Principal periodically to make sure that these operations are on track and any needed adjustments are expediently handled.

**2. Adhere To Limits Over Transfers
Of Vending Machine Commissions
To The Special Purpose Account
MIAMI CENTRAL SENIOR**

At a senior high school, revenues generated from school-sponsored vending machine operations earmarked for student use must be accounted through the internal funds. Section IV, Chapter 11 of the Manual of Internal Fund Accounting provides the guidelines for operating vending machines and accounting for vending machine revenues (commissions) generated from student patronage.

According to the guidelines, principals are authorized to transfer up to 25% of commissions received to the Special Purpose account. In cases where there is a special or a financial need, principals are allowed to transfer additional funds, provided he/she has requested and received authorization, in writing, from the Regional Center Superintendent to do so.

- 2.1. At this school, vending machine commissions generated from student patronage amounted to \$29,518 for fiscal year 2006-07. Our analysis of the account activity revealed that the school transferred from the Vending Machine account to the Special Purpose account a total of \$18,424, which exceeded the established 25% limit (\$7,380) by \$11,044 without written approval. All funds transferred had been spent by year-end.

RECOMMENDATIONS

- 2.1. Obtain written approval to transfer vending commissions to the Special Purpose account that exceed established limits.**

Person(s) Responsible: *Principal, Business Manager, Treasurer*

Management Response: *We concur with this recommendation. On November 16, 2007, the Co-Principals reviewed the audit finding with the Business Manager and the Treasurer. In order to avoid future audit exceptions, the Co-Principals reviewed Section II, Chapter 7 of the Manual of Internal Funds Accounting, in particular the section pertaining to the transfer of vending commissions.*

The following preventive strategies will be implemented to avoid exceptions with the Special Purpose Account in the future:

The Business Manager will review transfers of vending commissions to the Special Purpose account on a quarterly basis, in order to ensure that they do not exceed the established 25% limit.

The Co-Principal in charge of Business Operations will also review transfers to the Special Purpose account, before signing, to ensure that the established limit is adhered to.

Written approval will be obtained to transfer vending commissions that exceed the established limit to the Special Purpose account.

3. Improve Controls Over Property Inventory **MIAMI CENTRAL SENIOR**

The Manual of Property Control Procedures establishes the guidelines for recording and managing property. According to Section 4 and pursuant to Chapter 10.400 of the Auditor General, an inventory of all property shall be taken once every fiscal year. Items on record which cannot be found will be listed as “unlocated” and reported accordingly.

- 3.1. Current property audit results disclosed that 22 items at a cost of \$39,738 and a depreciated value of \$13,232 were reported as “unlocated”. In the prior year’s audit, a similar finding was reported. The school administration had previously provided an action plan to improve property management at the school.

RECOMMENDATION

- 3.1. Revisit plan of action previously submitted to address property control procedures with staff and administration, and ensure that the school properly monitors property.**

Person(s) Responsible: Principal, Assistant Principal, Business Manager

Management Response: We concur with this recommendation. On November 16, 2007, the plan of action previously submitted to address property control issues was reviewed and discussed with the Assistant Principal in charge of property and the Business Manager.

The following preventive strategies will be implemented to avoid an exception with Property Control:

The Assistant Principal in charge of property and the Business Manager will conduct property audits on a bi-monthly instead of a quarterly basis.

Property audits will also be conducted at the beginning of the school year as well as prior to and after any extended break.

The Co-Principal in charge of Business Operations will meet with the Business Manager and assigned Assistant Principal periodically to discuss operations and ensure that any needed adjustments are expediently handled.

OBJECTIVES, SCOPE AND METHODOLOGY

The objectives of our audits were to:

- ◆ express an opinion on the internal fund financial statements of the schools for the fiscal year ended June 30, 2007;
- ◆ evaluate compliance by the schools with the policies and procedures prescribed in the Manual of Internal Fund Accounting;
- ◆ provide assurances regarding compliance with current payroll procedures, as well as compliance with the current purchasing credit card program procedures; and certain information technology controls;
- ◆ verify compliance by the schools with the policies and procedures prescribed by the Manual of Property Control Procedures, and determine the adequacy of controls over the safeguarding of property items with an individual cost of \$1,000 or more;
- ◆ evaluate compliance with the policies and procedures set forth by the Title I Administration Handbook and the Title I School-Based Budget System Manual;

While the scope of our audits generally covered operations during the period of July 1, 2006 through June 30, 2007, payroll, property inventory, purchasing credit card transactions, and information technology controls included current periods.

Our procedures were as follows:

- ◆ reviewed written policies, procedures, and School Board Rules;
- ◆ interviewed school staff and performed analytical analysis of account balances;
- ◆ examined, on a sample basis, transactions, processes, supporting documentation and records;
- ◆ performed physical inventories of property items with an individual cost of \$1,000 or more;
- ◆ follow-up on prior audit recommendations; and
- ◆ performed various other audit procedures as deemed necessary.

Our audits were conducted in accordance with generally accepted governmental auditing standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States of America.

We planned and performed the audits to obtain reasonable assurance for our opinions and conclusions regarding the functions under audit. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures herein. An audit also includes assessing the accounting principles used and significant estimates made by the administration, if any. We believe that our audits provide reasonable basis for our opinion.

These audits also included an assessment of applicable internal controls and compliance with the requirements of School Board rules and related policies and procedures that would satisfy our audit objectives.

BACKGROUND

INTERNAL FUNDS

Section 1011.07, Florida Statutes, and State Board of Education Rule 6A-1.087, require annual audits of internal funds.

Internal funds are monies collected and expended within a school which are used for financing activities not otherwise financed by the School Board. These monies are collected in connection with school athletic events, fund-raising activities, various student activities and class field trips, after school care and Community School programs, gifts and contributions made by the band or athletic booster clubs, civic organizations, parent-teacher organizations, commercial agencies and all other similar monies, properties or benefits.

Prior to spending internal funds, schools invest their cash in designated depositories. Funds not used in the daily operations may be invested in the MDCPS-Money Market Pool Fund. The Fund's interest rate as of June 30, 2007 was 5.08%.

Various fund-raising activities are conducted by independent, school-related organizations such as booster clubs, parent-teacher associations, etc. If these fund-raising activities are conducted entirely by these organizations and no board employee handles or keeps custody of the funds or merchandise, these activities are not recorded in the schools' internal funds and consequently are not audited by us.

- ◆ Annual audits of internal funds are required by Section 1011.07, Florida Statutes, and State Board of Education Rule 6A-1.087
- ◆ Internal Funds are revenues generated from student activities at the school level which are not part of the school's budget process
- ◆ Each school administers their internal funds separately through an operational checking account
- ◆ Banks for school funds must be approved by the School Board and certified by the State Treasurer
- ◆ Idle funds in the operational account may be invested to yield interest revenue in a savings account, certificate of deposit or in the MDCPS-Money Market Pool Fund
- ◆ At June 30, 2007, the MDCPS-Money Market Pool Fund's interest rate was 5.08%.

PAYROLL

All payroll transactions must be processed following the Payroll Processing Procedures Manual, which establishes the guidelines for the recordkeeping, reporting, and maintenance of payroll and payroll records.

Each school processes its own biweekly payrolls. Timekeeping personnel enter the employees' time and attendance data, on a centralized information system. After the information is entered into the system, it is approved by the principal on-line.

Subsequently, the payroll department reviews the information and processes the payroll. Once the checks/advices are printed, they are distributed throughout the District by Treasury Management.

PROPERTY

At M-DCPS, the management of property items must comply with the guidelines established in the Manual of Property Control Procedures. According to 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. 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 herein.

PURCHASING CREDIT CARD (P-CARD) PROGRAM

At the schools, principals administer the purchasing credit card program, which must comply with the guidelines established in the Purchasing Credit Card Program Policies & Procedures Manual.

The P-card program was designed to streamline the acquisition process by enabling employees at the schools to make small dollar purchases (less than \$1,000 per individual transaction) for materials and supplies. The program is managed by the Office of the Controller.

- The P-Card Program enables schools to make small purchases of less than \$1,000 per individual transaction for materials and supplies
- It expedites the procurement process at the schools

DATA SECURITY QUARTERLY MANAGEMENT REPORT AND APPROVAL REVIEW

Control Point:

School staff allowed to make changes to students' grades is limited to:

- principal
- assistant principal
- registrar

Principals are responsible to ensure that only authorized school staff has access to designated computer applications. Information Technology Services (ITS) produces a quarterly report for each school location titled "Authorized Applications for Employees by Locations Report". Principals are responsible for reviewing this quarterly report to determine the appropriateness of computer applications approved for each school employee, as to whether they are required for his or her assigned duties; and to ensure that access to the computer application that allows for changes to students' academic grades is limited to a specific and restricted number of authorized personnel at their schools.

TITLE I PROGRAM

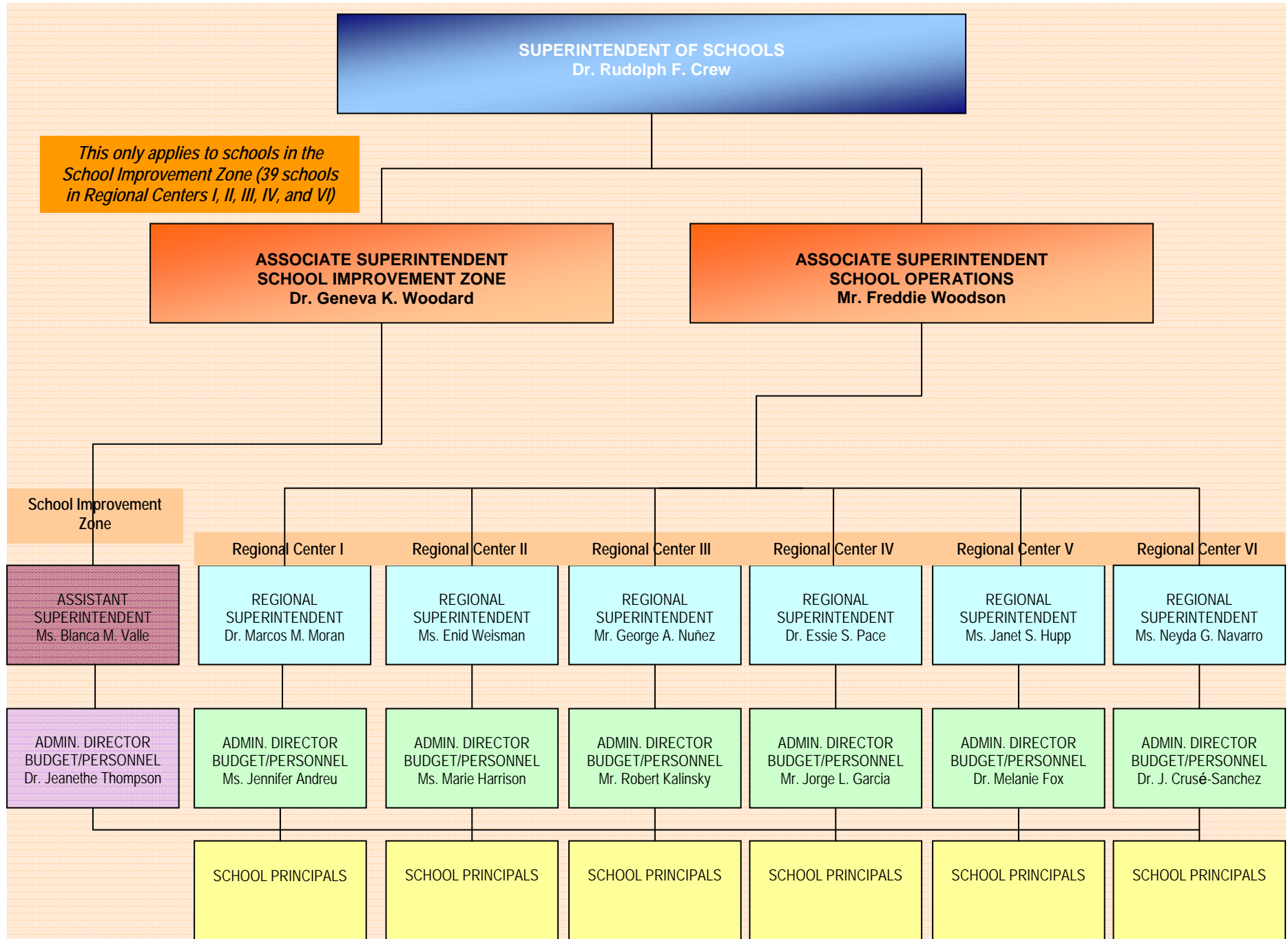
Schools implementing Title I Programs are required to meet the requirements of the *No Child Left Behind Act of 2001*. Each year, an *Economic Survey* is conducted by the District to rank schools from highest to lowest, based on the percentage of participating students from low income families, and to allocate Title I funds to those eligible schools in rank order. The cut-off point for eligibility is based on the Title I allocation received from the State and other program components.

Schools follow specific criteria for the use of Title I funds as delineated in the Title I Administration Handbook. Purchases of supplies and equipment are processed through regular district channels or via use of the P-card Program, depending on the amount. Salary expenditures must comply with budgetary requirements and must be directly related to activities associated with the grant.

To promote schoolwide 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 effective February 2007.

At the schools, principals administer Title I programs with oversight from the Regional Centers or the School Improvement Zone, under the overall direction of the Title I Administration Office.

SCHOOL IMPROVEMENT ZONE SCHOOLS ORGANIZATIONAL CHART



APPENDIX MANAGEMENT'S RESPONSES

MEMORANDUM

November 26, 2007

TO: Mr. Allen M. Vann, Chief Auditor
Office of Management and Compliance Audits

FROM: Mrs. Robin Atkins, Principal
Miami Central Senior High School
Dr. Jerry J. Clay, Jr, Principal
Miami Central Senior High School

THROUGH: Ms. Blanca M. Valle, Assistant Superintendent
School Improvement Zone

SUBJECT: ADMINISTRATIVE RESPONSE TO INTERNAL AUDIT
REPORT OF MIAMI CENTRAL SENIOR HIGH SCHOOL

The following is a response to relevant findings in the school audit report of Miami Central Senior High School.

RECOMMENDATIONS

Yearbook

- 1.1. Ensure that staff understands and adheres to disbursement procedures.
- 1.2. Revisit 2008 yearbook activity plans to align purchased quantities with a more realistic estimate of demand.
- 1.3. Obtain a refund for \$997 for the sales taxes paid.

Person(s) Responsible: Principal, Business Manager, Yearbook Sponsor

Management Response:

We concur with these recommendations. On November 16, 2007, the Co-Principals discussed the audit findings with the Business Manager and the Yearbook Sponsor. To ensure that staff understands and adheres to disbursement procedures, the Co-Principals reviewed Section IV, Chapter 6 of the Manual of internal Fund Accounting, specifically focusing on the areas of deficiency found by the auditor.

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and aligned the quantities to be purchased with a more realistic estimate of the demand.

Immediately following the audit, the vendor was contacted and a request for a refund of the \$997 that was paid for sales tax was made.

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The Co-Principal in charge of Business Operations will meet with the Business Manager and assigned Assistant Principal periodically to make sure that these operations are on track and any needed adjustments are expediently handled.

Vending Commissions

2.1. Obtain written approval to transfer vending commissions to the Special Purpose account that exceed established limits.

Person(s) Responsible: Principal, Business Manager, Treasurer

Management Response:

We concur with this recommendation. On November 16, 2007, the Co-Principals reviewed the audit finding with the Business Manager and the Treasurer. In order to avoid future audit exceptions, the Co-Principals reviewed Section II, Chapter 7 of the Manual of Internal Funds Accounting, in particular the section pertaining to the transfer of vending commissions.

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Written approval will be obtained to transfer vending commissions that exceed the established limit to the Special Purpose account.

Property Management

- 3.1. Revisit plan of action previously submitted to address property control procedures with staff and administration, and ensure that the school properly monitors property.**

Person(s) Responsible: Principal, Assistant Principal, Business Manager

Management Response:

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The Co-Principal in charge of Business Operations will meet with the Business Manager and assigned Assistant Principal periodically to discuss operations and ensure that any needed adjustments are expediently handled.

Thank you for your attention to this matter. Should you require any further information, please contact me at (305) 836-6171.

cc: Dr. Geneva K. Woodard
Dr. Jeanethe Thompson

The School Board of Miami-Dade County, Florida, adheres to a policy of nondiscrimination in employment and educational programs/activities and programs/activities receiving Federal financial assistance from the Department of Education, and strives affirmatively to provide equal opportunity for all as required by:

Title VI of the Civil Rights Act of 1964 - prohibits discrimination on the basis of race, color, religion, or national origin.

Title VII of the Civil Rights Act of 1964, as amended - prohibits discrimination in employment on the basis of race, color, religion, gender, or national origin.

Title IX of the Education Amendments of 1972 - prohibits discrimination on the basis of gender.

Age Discrimination in Employment Act of 1967 (ADEA), as amended - prohibits discrimination on the basis of age with respect to individuals who are at least 40.

The Equal Pay Act of 1963, as amended - prohibits sex discrimination in payment of wages to women and men performing substantially equal work in the same establishment.

Section 504 of the Rehabilitation Act of 1973 - prohibits discrimination against the disabled.

Americans with Disabilities Act of 1990 (ADA) - prohibits discrimination against individuals with disabilities in employment, public service, public accommodations and telecommunications.

The Family and Medical Leave Act of 1993 (FMLA) - requires covered employers to provide up to 12 weeks of unpaid, job-protected leave to "eligible" employees for certain family and medical reasons.

The Pregnancy Discrimination Act of 1978 - prohibits discrimination in employment on the basis of pregnancy, childbirth, or related medical conditions.

Florida Educational Equity Act (FEEA) - prohibits discrimination on the basis of race, gender, national origin, marital status, or handicap against a student or employee.

Florida Civil Rights Act of 1992 - secures for all individuals within the state freedom from discrimination because of race, color, religion, sex, national origin, age, handicap, or marital status.

School Board Rules 6Gx13- 4A-1.01, 6Gx13- 4A-1.32, and 6Gx13- 5D-1.10 - prohibit harassment and/or discrimination against a student or employee on the basis of gender, race, color, religion, ethnic or national origin, political beliefs, marital status, age, sexual orientation, social and family background, linguistic preference, pregnancy, or disability.

Veterans are provided re-employment rights in accordance with P.L. 93-508 (Federal Law) and Section 295.07 (Florida Statutes), which stipulate categorical preferences for employment.

***INTERNAL AUDIT REPORT
SCHOOL IMPROVEMENT ZONE SCHOOLS
DECEMBER 2007***



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