

The School Board of Miami-Dade County, Florida

Report to the Chairperson and Members of
The School Board of Miami-Dade County, Florida
and the Chairperson and Members of the School
Board Audit and Budget Advisory Committee

December 10, 2014



December 10, 2014

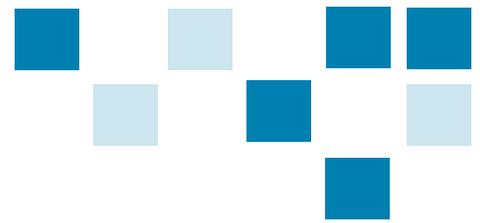
Members of the School Board of Miami-Dade County, Florida
Members of the School Board Audit and Budget Advisory Committee
Mr. Alberto M. Carvalho, Superintendent of Schools
1450 N.E 2nd Avenue
Miami, Florida 33132

Ladies and Gentlemen:

We are pleased to present this report related to our audit of the governmental activities, each major fund, and the aggregate remaining fund information of the School Board of Miami-Dade County, Florida (the School Board or the District), as of and for the year ended June 30, 2014. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the District's financial reporting process.

This report is intended solely for the information and use of the Chairperson and Members of The School Board of Miami-Dade County, Florida, the Chairperson and Members of the School Board Audit and Budget Advisory Committee, and the Superintendent of Schools, and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about this report. We appreciate the opportunity to continue to be of service to District.

McGladrey LLP



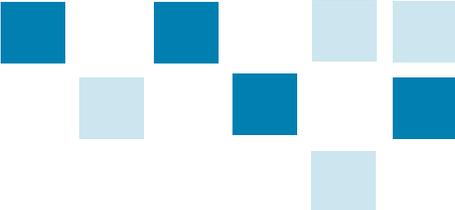
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Exhibit A –Significant Written Communications Between Management and Our Firm:

- Representation Letter
- Management Letter

Required Communications



Generally accepted auditing standards (AU-C 260, The Auditor’s Communication With Those Charged With Governance) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Area	Comments
Our Responsibilities With Regard to the Financial Statement Audit	Our responsibilities under auditing standards generally accepted in the United States of America and Government Auditing Standards is to express an opinion on the School Board's financial statements based on our audit, and is further described to you in our contract dated March 1, 2011.
Overview of the Planned Scope and Timing of the Financial Statement Audits	We have issued separate communication (The Audit Plan) regarding the planned scope and timing of our audit and have discussed with you our identification of and planned audit response to significant risks of material misstatement.
Accounting Policies and Practices	<p>Preferability of Accounting Policies and Practices Under generally accepted accounting principles, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.</p> <p>Adoption of, or Change in, Accounting Policies Management has the ultimate responsibility for the appropriateness of the accounting policies used by the District. The District did adopt Government Accounting Standard Board Statement No. 65 (GASB 65), Items Previously Reported as Assets and Liabilities, during the current period.</p> <p>Significant or Unusual Transactions We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.</p> <p>Management’s Judgments and Accounting Estimates Summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates is in the attached Summary of Significant Accounting Estimates.</p>

Area	Comments
Audit Adjustments	The audit adjustment proposed by us and recorded by management is included in the representation letter provided to us by management, attached as Exhibit A.
Uncorrected Misstatements	We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.
Disagreements With Management	We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the basic financial statements.
Consultations With Other Accountants	We are not aware of any consultations management had with other accountants about accounting or auditing matters.
Significant Issues Discussed With Management	No significant issues arising from the audit were discussed with or the subject of correspondence with management.
Significant Difficulties Encountered in Performing the Audit	We did not encounter any significant difficulties in dealing with management during the audit.
Letter(s) Communicating Significant Deficiencies and Material Weaknesses in Internal Control Over Financial Reporting	<p>We have issued, under separate cover, the following reports in connection with our audit, as required by the Government Auditing Standards and OMB Circular A-133:</p> <ul style="list-style-type: none"> • Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards • Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance in Accordance with OMB Circular A-133; and Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133
Significant Written Communications Between Management and Our Firm	Copies of significant written communications between our firm and the management of the District, including the representation letter provided to us by management, are attached as Exhibit A.

The School Board of Miami-Dade County, Florida

Summary of Significant Accounting Estimates Fiscal Year Ended June 30, 2014

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. You may wish to monitor throughout the year the process used to determine and record these accounting estimates. The following describes the significant accounting estimates reflected in the CRAs' September 30, 2013, financial statements.

Estimate	Accounting Policy	Management's Estimation Process	Basis for Our Conclusions on Reasonableness of Estimate
Accounting for Other Post Employment Benefits	The annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of Government Accounting Standards Board ("GASB") Statement 45.	Management with input from its OPEB actuary developed the actuarial assumptions based on relevant criteria. Management reviewed and approved the financial statement estimates derived from the OPEB actuarial report.	We have audited the underlying data supporting the estimate and reviewed management's methodology which appears reasonable and was consistently applied, and have deemed the resulting estimate to be reasonable.
Accounting for Supplemental Early Retirement Program	The annual contribution for the supplemental early retirement program is calculated based on the annual required contribution of the employer (ARC) which is an actuarially determined amount.	Management with input from its actuary developed the actuarial assumptions based on relevant criteria. Management reviewed and approved the financial statement estimates derived from the supplemental early retirement program actuarial report.	We have audited the underlying data supporting the estimate and reviewed management's methodology which appears reasonable and was consistently applied, and have deemed the resulting estimate to be reasonable.

Estimate	Accounting Policy	Management's Estimation Process	Basis for Our Conclusions on Reasonableness of Estimate
Actuarial Assumptions Used for the Self-Insurance Program (Risk Management)	<p>The District is self-insured for general and auto liability, property, workers' compensation, and employees' health and dental. The accrued liability for estimated claims represents an estimate of the eventual loss on claims including claims incurred but not yet reported.</p>	<p>Management with input from its Risk actuary developed the actuarial assumptions based on relevant criteria. Management reviewed and approved the financial statement estimates derived from the Risk actuarial report.</p>	<p>We have audited the underlying data supporting the estimate and reviewed management's methodology which appears properly and consistently applied, and have deemed the resulting estimate to be reasonable.</p>
Derivative Instruments	<p>All derivative instruments are recorded at fair value.</p>	<p>Management obtained an analysis of the derivative instruments fair value from a financial expert. The financial expert's fair values were derived from proprietary models based upon well recognized financial principles and reasonable estimates about relevant future market conditions.</p>	<p>We have audited the underlying data supporting the estimate, reviewed the financial experts' valuation, and have deemed the resulting fair value to be reasonable.</p>
Depreciation of Capital Asset	<p>Depreciation on capital assets is provided using the straight-line method. Leasehold improvements are amortized on a straight-line basis over the shorter of the lease term or estimated useful life of the assets.</p>	<p>Capital assets are recorded at historical cost or estimated historical cost and depreciated using the straight-line method over the estimated useful lives of the related assets.</p>	<p>We have audited the underlying data supporting the estimate and reviewed management's methodology which appears properly and consistently applied and have deemed the resulting estimate to be reasonable.</p>

**Exhibit A - Significant written
communications between management
and our firm**



Miami-Dade County Public Schools

giving our students the world

Superintendent of Schools
Alberto M. Carvalho

Miami-Dade County School Board
Perla Tabares Hantman, Chair
Dr. Lawrence S. Feldman, Vice Chair
Dr. Dorothy Bendross-Mindingall
Susie V. Castillo
Carlos L. Curbelo
Dr. Wilbert "Tee" Holloway
Dr. Martin Karp
Dr. Marta Pérez
Raquel A. Regalado

November 21, 2014

McGladrey LLP
801 Brickell Avenue, Suite 1050
Miami, FL 33131

This representation letter is provided in connection with your audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, of The School Board of Miami-Dade County, Florida (the School Board) as of and for the year ended June 30, 2014, for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

We confirm, to the best of our knowledge and belief, as of the date of this letter, the following representations made to you during your audit.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of our professional services contract dated March 1, 2011, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable and reflect our judgment based on our knowledge and experience about past and current events and our assumptions about conditions we expect to exist and courses of action we expect to take.
5. Related party relationships and transactions including interfund transactions, interfund account advances, receivables, and payables, sales and purchase transactions as applicable have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
6. All significant events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
7. The effects of all known actual or possible litigation and claims beyond those accounted for in the School Board's self-insurance fund, have been accounted for and disclosed in accordance with U.S. GAAP.
8. We have no knowledge of any material uncorrected misstatements in the financial statements.
9. There are no unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with GASB Statement No.10 and No. 62 beyond those accounted for in the School Board's risk retention liability estimates.

10. We have no direct or indirect, legal or moral obligation for any debt of any organization, public or private, or to special assessment bond holders that is not disclosed in the financial statement.
11. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance. In connection therewith, we specifically represent that we are responsible for determining and have determined that we are subject to the requirements of the Single Audit Act and OMB Circular No. A-133, because we have received, expended, or otherwise been the beneficiary of the required amount of federal awards during the period of this audit.
12. We have no plans or intentions that may materially affect the carrying value or classification of assets. In that regard:
 - a. The School Board has no significant amounts of idle property or equipment.
 - b. The School Board has no plans or intentions to discontinue the operations of any activities or programs or to discontinue any significant operations.
 - c. Provision has been made to reduce applicable assets that have permanently declined in value, if any, to their realizable values.
 - d. We have reviewed long-lived assets to be held and used for impairment whenever events or changes in circumstances have indicated that the carrying amount of the assets might not be recoverable and have appropriately recorded the adjustment.
13. We are responsible for making the accounting estimates included in the financial statements. Those estimates reflect our judgment based on our knowledge and experience about past and current events and our assumptions about conditions we expect to exist and courses of action we expect to take. In that regard, adequate provisions have been made, if applicable:
 - a. To reduce receivables to their estimated net collectable amounts.
 - b. To reduce investments, and other assets which have permanently declined in value to their realizable values.
 - c. For risk retention, including uninsured losses or loss retentions (deductibles) attributable to events occurring through June 30, 2014, and/or for expected retroactive insurance premium adjustments applicable to periods through the date of this letter.
 - d. For post-retirement benefits other than pensions, and deferred compensation agreements attributable to employee services rendered through June 30, 2014.
14. No provision is required to reduce obsolete, damaged, or excess inventories to their estimated net realizable values.
15. We have properly determined and reported the major governmental funds based on the required quantitative criteria. The Federal Economic Stimulus Funds, Capital Improvement - Local Optional Millage Levy (LOML) Funds, Certificates of Participation (COPS) Funds and ARRA Economic Stimulus Debt Service Funds did not meet the minimum criteria for major fund determination during fiscal year 2014. However, we will continue to present them as major fund for the purpose of consistency.
16. We have satisfactory title to all owned assets.
17. Net position (net investment in capital assets; restricted; and unrestricted) and fund balances are properly classified and, when applicable, approved.

18. Expenses or expenditures have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
19. Revenues are appropriately classified in the statement of activities within program revenues and general revenues.
20. Capital assets are properly capitalized, reported, and depreciated.
21. We agree with the findings of specialists in evaluating our estimated liability for self insurance, the valuation and effectiveness assessment of our hedged derivatives, the estimated liability for other post employment benefit obligation, and the supplemental early retirement trust net pension liability have adequately considered the qualifications of the specialists in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.

Information Provided

22. We have provided you with:
 - a. Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of the School Board and the Audit and Budget Advisory Committee, or summaries of actions of recent meetings for which minutes have not yet been prepared.
23. All transactions have been recorded in the accounting records and are reflected in the financial statements.
24. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud.
25. We have no knowledge of allegations of fraud or suspected fraud, affecting the entity's financial statements involving:
 - a. Management.
 - b. Employees who have significant roles in the internal control.
 - c. Others where the fraud could have a material effect on the financial statements.
26. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements received in communications from employees, former employees, analysts, regulators, or others.
27. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
28. We have disclosed to you the identity of the entity's related parties and all the related-party relationships and transactions of which we are aware.
29. We are aware of no significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the entity's ability to record, process, summarize, and report financial data.

30. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
31. Management has determined that a one-year availability period is appropriate for revenue recognition for all governmental fund revenues except property taxes which uses 60 days.
32. The School Board has complied with the provisions of Section 218.415, Florida Statutes regarding the investment of public funds.
33. The School Board is not in a state of emergency based upon the conditions described in Section 218.503(1), Florida Statutes.
34. Management has assessed the financial condition of the School Board and noted no deteriorating financial condition.
35. We have evaluated the requirements of GASB No. 14 and 61 and have determined that the Charter Schools do not meet the "fiscal dependency" criteria for inclusion as a component unit in the School Board's financial statements.
36. We have evaluated the requirements of GASB No. 65 and 67 and have properly implemented the requirement of the standards in the financial statements.
37. Management acknowledges our responsibility for the proposed adjusting entry included in Appendix A, and has posted the adjusting entry accordingly.

Supplementary Information

38. With respect to supplementary information presented in relation to the financial statements as a whole:
 - a. We acknowledge our responsibility for the presentation of such information.
 - b. We believe such information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America.
 - c. When supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance of the supplementary information and the auditor's report thereon.
39. With respect to the required supplementary information as required by Governmental Accounting Standards Board to supplement the basic financial statements:
 - a. We acknowledge our responsibility for the presentation of such required supplementary information.
 - b. We believe such required supplementary information is measured and presented in accordance with guidelines prescribed by accounting principles generally accepted in the United States of America.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.

In connection with your audit, conducted in accordance with *Government Auditing Standards*, we confirm that management:

40. Is responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to the auditee.
41. Has identified and disclosed to the auditor all instances, that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance (when applicable).
42. Has identified and disclosed to the auditor all instances, that have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives (when applicable).
43. Has identified and disclosed to the auditor all instances that have occurred or are likely to have occurred of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives (when applicable).
44. Has a process to track the status of audit findings and recommendations.
45. Has identified for the auditor previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
46. Has provided views on the auditor's reported findings, conclusions, and recommendations, as well as management's planned corrective actions, for the report.

In connection with your audit of federal awards conducted in accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, we confirm:

47. Management is responsible for complying, and has complied, with the requirements of Circular A-133.
48. Management is responsible for understanding and complying with the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of its federal programs.
49. Management is responsible for establishing and maintaining, and has established and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that the auditee is managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on its federal programs.
50. Management has prepared the schedule of expenditures of federal awards in accordance with Circular A-133 and has included expenditures made during the period being audited for all awards provided by federal agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance.
51. Management has identified and disclosed to the auditor the requirements of laws, regulations, and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each major program.

52. Management has made available all contracts and grant agreements (including amendments, if any) and any other correspondence relevant to federal programs and related activities that have taken place with federal agencies or pass-through entities.
53. We are not aware of any amounts of questioned costs or known noncompliance with the direct and material compliance requirements of federal awards.
54. Management believes that the auditee has complied with the direct and material compliance requirements.
55. Management has made available all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
56. Management has provided to the auditor its interpretations of any compliance requirements that are subject to varying interpretations.
57. We are not aware of any communications from grantors and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
58. Management has disclosed to the auditor the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
59. Management is responsible for taking corrective action on audit findings of the compliance audit (when applicable).
60. Management has provided the auditor with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
61. There are no subsequent events that provide additional evidence with respect to conditions that existed at the end of the reporting period that affect compliance during the reporting period.
62. There are known noncompliance with direct and material compliance requirements occurring subsequent to the period covered by the auditor's report.
63. There are no changes in internal control over compliance or other factors that might significantly affect internal control that have occurred subsequent to the date as of which compliance is audited.
64. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared.
65. The copies of federal program financial reports provided to the auditor are true copies of the reports submitted, or electronically transmitted, to the federal agency or pass-through entity, as applicable.
66. If applicable, management has monitored subrecipients to determine that they have expended pass-through assistance in accordance with applicable laws and regulations and have met the requirements of Circular A-133.

67. If applicable, management has issued management decisions timely after their receipt of subrecipients' auditor's reports that identified noncompliance with laws, regulations, or the provisions of contracts or grant agreements, and has ensured that subrecipients have taken the appropriate and timely corrective action on findings.
68. If applicable, management has considered the results of subrecipient audits and has made any necessary adjustments to the auditee's own books and records.
69. Management has charged costs to federal awards in accordance with applicable cost principles.
70. Management is responsible for, and has accurately prepared, the summary schedule of prior audit findings to include all findings required to be included by Circular A-133.
71. Management will accurately complete the appropriate sections of the data collection form.
72. If applicable, management has disclosed all contracts or other agreements with service organizations.
73. If applicable, management has disclosed to the auditor all communications from service organizations relating to noncompliance at those organizations.

The School Board of Miami-Dade County, Florida



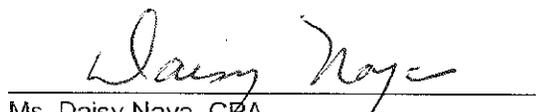
Mr. Alberto M. Carvalho
Superintendent of Schools



Mrs. Judith M. Marte
Chief Financial Officer



Ms. Connie Pou, CPA
Controller



Ms. Daisy Naya, CPA
Assistant Controller

AMC/JMM/CP/DN:mam
L456

Attachment

Government-wide Financial Statements		
Account Name	Debit	Credit
Claims Expense	\$32,835,000	
Claims Payable		\$32,835,000

The School Board of Miami- Dade County, Florida

Management Letter in Accordance
with Chapter 10.800, *Rules of the Auditor
General* of the State of Florida
For the Year Ended June 30, 2014

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**Management Letter in Accordance with
Chapter 10.800 of the Rules of the
Auditor General of the State of Florida**

Chairperson and Members of
the School Board of Miami-Dade County, Florida

Report on the Financial Statements

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of The School Board of Miami-Dade County, Florida (thereafter District), as of and for the fiscal year ended June 30, 2014, and have issued our report thereon dated November 21, 2014.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.800, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditor's Report on Compliance For Each Major Federal Program and Report on Internal Control over Compliance in Accordance with OMB Circular A-133, and Schedule of Findings and Questioned Costs; and our Independent Accountant's Report in accordance with Chapter 10.800, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated November 2, 2014, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.804(1)(f)l., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report which are reported in *Appendix B – Status of Prior Year's Recommendations to Improve Financial Management, Accounting Procedures and Internal Controls*.

Financial Condition

Section 10.804(1)(1)2., Rules of the Auditor General, requires a statement be included as to whether or not the District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.804(1)(f)5.a. and 10.805(6), Rules of the Auditor General, we applied financial condition assessment procedures for the District. It is management's responsibility to monitor the District's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Transparency

Section 10.804(l)(f)6., Rules of the Auditor General, requires the auditor to state whether or not the District complied with transparency requirements (Section 1011.035, Florida Statutes, provides that district school boards include a plain language version of each proposed, tentative, and official budget that describes each budget item in terms that are easily understandable to the public). In connection with our audit, we determined that the District complied with transparency requirements.

Other Matters

Section 10.804(1)(f)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. These recommendations are included in *Appendix A – Current Year's Recommendations to Improve Financial Management, Accounting Procedures and Internal Controls*.

Section 10.804(1)(f)4., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Members of the School Board, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.



Miami, Florida
November 21, 2014

The School Board of Miami-Dade County, Florida

Appendix A – Current Year’s Recommendations to Improve Financial Management, Accounting Procedures and Internal Controls

No.	Current Year's Observations
CD 2014-01	Information Technology Provisioning of Access
CD 2014-02	Information Technology User Access Reviews
CD 2014-03	Self-Insurance

The School Board of Miami-Dade County, Florida

Appendix A – Current Year’s Recommendations to Improve Financial Management, Accounting Procedures and Internal Controls (Continued)

CD 2014-01 – Information Technology Provisioning of Access

Criteria: General information technology (IT) controls require that organizations establish formal policies and procedures for determining and granting employees access to relevant financial applications and systems based on their assigned roles within an organization.

Condition: Certain new hires and employees transferred between departments selected for testing had been assigned inappropriate access to the SAP resource management system, based on their assigned roles.

Cause: Lack of a formal process for granting access to the SAP resource management system at each location and inadequate supervisory review and oversight when granting IT access to employees.

Effect: Risks include unauthorized use, disclosure of proprietary information, modification, damage, or loss of data.

Recommendation: We recommend that management implement a formal process for granting access to the SAP resource management system at each location. This process should include the use of a standard access request form and/or IT ticket which list the approved access rights for specified employee based on their assigned role and function.

Views of Responsible Officials and Planned Corrective Actions: Miami-Dade County Public Schools (M-DCPS) currently uses a decentralized form of computer security called AAAA (or Quad-A). The Quad-A system allows organization chiefs to manage the authorizations of their respective locations. A chief can quickly respond to the changing needs of their organization by adding or removing roles from an employee. Furthermore, it is the organization chief who knows what are an employee’s roles and responsibilities.

The recommendation being proposed has a user creating an access request form and/or ticket that must be approved before access is provided. The recommendation works well in a centralized form of computer security, but is incompatible with the decentralized form of security that M-DCPS currently has in place. In addition, under the current methodology, the responsibility of reviewing access rights lies in the hands of the organization chiefs. The chiefs currently have a transaction called ZDISACCESS that can be used to review access.

ITS will be implementing a new role assignment report. The new report will have the look and feel of the RACF report that we use on the mainframe. M-DCPS administrators are used to the RACF report and should have little problem reviewing the new ERP role assignment report. In addition, users will be following established M-DCPS policies that dictate the timely review and adherence to school board policies as dictated in Paragraph 13 of section 5.0 (Staff Security Responsibilities) of the M-DCPS Network Security Standards.

“Site supervisors are also responsible for informing authorized staff and users of these policies and staff security responsibilities. In addition, site supervisors are required to review and retain a signed copy of the most recent RACF report showing that the authorizations held by site staff are appropriate, especially in regard to high risk authorizations like grade change (See Section 4.1.4 Authorizations and Access).”

The School Board of Miami-Dade County, Florida

Appendix A – Current Year’s Recommendations to Improve Financial Management, Accounting Procedures and Internal Controls (Continued)

CD 2014-02 – Information Technology User Access Reviews

Criteria: General information technology (IT) controls require that an organization establish formal policies and procedures for reviewing IT access rights to relevant financial applications and systems.

Condition: The IT department is charged with the responsibility of performing user access reviews. This function is designed to evaluate employees IT application access privileges. We noted the user access reviews for the SAP resource management system is not performed in a standardized manner for each location/department. We also noted that reviews are not being formally documented to provide written evidence.

Cause: Formal policies and procedures have not been established to standardize the review process at each District location/department and to require formal documentation of such reviews.

Effect: Risks include unauthorized use, disclosure of proprietary information, modification, damage, or loss of data.

Recommendation: We recommend that management establish formal policies and procedures to standardize the user access review process at each District location/department, and to require formal documentation of such reviews. The formal documentation should include who performed the review, date of review, any access changes that are required, and any other relevant findings.

Views of Responsible Officials and Planned Corrective Actions: As stated in our response in section CD 2014-01 of this document, Miami-Dade County Public Schools (M-DCPS) is in the process of creating a role assignment report that will be reviewed on a timely basis by all locations/departments within M-DCPS. ITS and other high risk departments will be required to follow the same policy that other units are obligated to follow. We believe that a consistent policy that is equally enforced throughout the District provides greatest safeguards against unauthorized use, disclosure of proprietary information, modification, damage, or loss of data. Furthermore, by following this policy, all locations/departments in M-DCPS will be in compliance with Paragraph 13 of section 5.0 (Staff Security Responsibilities) of the M-DCPS Network Security Standards. We are of the understanding that ITS and other high risk departments may be required to retain additional supporting documentation as to attest why actions were taken.

The School Board of Miami-Dade County, Florida

Appendix A – Current Year’s Recommendations to Improve Financial Management, Accounting Procedures and Internal Controls (Continued)

CD 2014-03 – Self-Insurance

Criteria: An Organization should monitor its self-insurance claims experience on an ongoing basis to identify adverse trends, address the causes of such trends, and proactively implement changes to manage cost.

Condition: Management has formalized a plan to take proactive steps to manage its self-insurance claims, more specifically those affecting workers compensation. In our review of the current fiscal year’s actuarial data we noted adverse trends (increase in ultimate losses for settling claims) in the self-insurance claims experience for the past two fiscal years which could result in a significant increase in the District’s self-insurance liability, should these trends continue.

Cause: The adverse trends are attributed to a number of factors, including an aging workforce and increased costs for medical care in a high-cost medical community.

Effect: This could result in a significant increase in the District’s self-insurance liability in future periods, should these adverse trends continue.

Recommendation: We recommend that management take the steps necessary to implement its multi-year strategic plan aimed at reducing District expenditures. Also, the amount recorded as the self-insurance liability should be evaluated and adjusted to reflect the trending increases.

Views of Responsible Officials and Planned Corrective Actions: As part of the District’s Strategic Planning process, selected Millennial Access Platforms (MAP’s) are identified. Among the MAP’s for 2014-2015 is one which is entitled Workers’ Compensation Program and contains the following objectives:

1. Utilize upper management support and endorsement to achieve initiatives and activities.
2. Adoption and integration of Loss Prevention Program and targeted initiatives on a district wide basis with specific attention to high volume areas including Maintenance, Custodial and Transportation.
3. Targeted education for school based personnel through the district with an emphasis on timely reporting of injuries and compliance with all aspects of the injured employee’s claim management with the ultimate goal of returning the injured employee back to their pre-injury position.
4. Timely resolution of the issues that result in an actual claim or potential claim resulting in savings to the District which consist of both direct claim costs as well as lost productivity.

This approach (MAP) is designed to be a multi-year approach to stem the tide of new claims, as well as better managing the exposure of existing claims by controlling the costs associated with workers’ compensation claims. The by-product of this strategy will not only save the District money with regard to its self-funded Workers’ Compensation Program, but will provide an improved educational experience for students by not having substitutes provide the teaching and learning experience.

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Appendix B – Status of Prior Year’s Recommendations to Improve Financial Management, Procedures and Internal Control

No.	Prior Year's Observations	Observation is Still Relevant	Observation No Longer Relevant
CD 2013-01	Information Technology Periodic Review of User Access Rights	X	
CD 2013-02	Information Technology Data Restoration Process		X