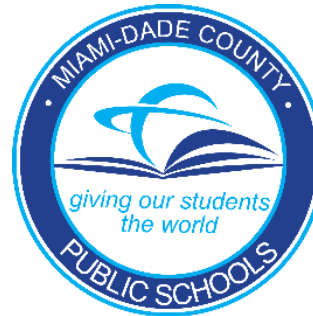




MIAMI-DADE COUNTY PUBLIC SCHOOLS



2017 Annual Report and 2018 Annual Audit Plan and Budget

Office of Management and Compliance Audits

THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA

Ms. Perla Tabares Hantman, Chair
Dr. Martin Karp, Vice Chair
Dr. Dorothy Bendross-Mindingall
Ms. Susie V. Castillo
Dr. Lawrence S. Feldman
Dr. Steve Gallon III
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Ms. Mari Tere Rojas

Mr. Alberto M. Carvalho
Superintendent of Schools

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

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Executive Director, Civilian Investigative Unit

**MIAMI-DADE COUNTY PUBLIC SCHOOLS
OFFICE OF MANAGEMENT AND COMPLIANCE AUDITS**





Miami-Dade County Public Schools

giving our students the world

Superintendent of Schools

Alberto M. Carvalho

Chief Auditor

José F. Montes de Oca, CPA

Miami-Dade County School Board

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Lubby Navarro

Dr. Marta Pérez

Mari Tere Rojas

November 29, 2017

The Honorable Chair and 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

Ladies and Gentlemen:

We are presenting to you the 2017 Annual Report from the Office of Management and Compliance Audits (OMCA), pursuant to School Board Policy 6835.

The District has continuously improved its financial position over the last several years, in spite of funding challenges presented by the State legislature. Although management is vested with the stewardship of the District's finances and operations, our office has contributed to these efforts by performing audits of the schools/centers and the various District offices, reviewing the independent audited financial statements of charter schools, providing our opinions and comments to management to improve efficiencies, acting as audit liaisons between the District and the external audit entities, and participating in non-audit services and support activities that are part of our services and long-term commitment to the District.

During this past year, our school audits focused on the internal funds of the schools and on the review of financial statements of charter schools. On the district side, we conducted examinations of certain security controls related to certain District-issued mobile devices with wireless network connection capabilities; and of the controls over the Program Management Support Services agreement entered into to execute the District's General Obligation Bond facilities program. We also examined relevant provisions of the HIPAA Privacy Rule and IDEA Confidentiality requirements pertaining to the collecting and storing of protected information by various district departments. We also performed our yearly internal audit of inventories for the four departments/units of Miami-Dade County Public Schools that maintain inventories of materials, supplies, equipment, food, and textbooks and conducted audit follow-up work related to our review of the internal controls over the M-DCPS Purchasing Card Program (P-card) for non-school site locations.

At the October 2017 Audit and Budget Advisory Committee (the Audit Committee) meeting, we presented an audit of 65 construction projects that were completed during years one and two of the General Obligation Bond (GOB) program. In addition, in our charter school audit and fiscal oversight capacity, we performed an audit of certain risk elements of the Federal Charter School Program start-up and continuation grants. Finally, we successfully coordinated, as audit liaisons, the activities of external entities auditing the District.

It will be our goal in FY 2017-2018 to continue providing similar value-added auditing services to assist the School Board, the Audit Committee, and the Superintendent and his administration in their governance, advisory, and executive capacities, respectively.

We will endeavor to work in a collaborative, but independent-minded manner, in accordance with applicable auditing standards and School Board Policies, to support the Leadership in guiding and advancing the provision of a high caliber education to our students, while operating the District efficiently and effectively.

As described in the following pages of this 2017 Annual Report and 2018 Audit Plan, the OMCA will continue to focus its resources on the performance of internal audits and allowable non-audit services that will provide the best return to the District in terms of: (1) ensuring sound, cost-effective internal controls; (2) providing recommendations to maximize efficiency and effectiveness; (3) enhancing transparency of tax funded programs; (4) helping to ensure receipt of all available revenues; (5) ascertaining propriety of expenditures; (6) determining compliance with applicable laws, rules, policies, and best practices; and (7) identifying emerging risks.

The Audit Plan for 2018 was drafted by the OMCA and presented to the Audit Committee at its July meeting as a proposal. During the summer, we sought and obtained input from stakeholders and developed the final plan, which was presented to the Audit Committee at its October 10, 2017, meeting. At this meeting, there was extensive discussion related to the additional level of auditing some School Board members thought OMCA should conduct during the 2017-18 fiscal year related to expenditures of the GOB program. At my request, the Audit Committee unanimously voted to table the Audit Plan so it could incorporate these requests. In addition, at the School Board meeting of November 15, 2017, two agenda items were approved by the School Board, one asking for an expanded scope of the internal audit that had been discussed at the above-referenced Audit Committee meeting and the other for an external independent audit, also of the GOB program, to be monitored by the Chief Auditor. In addition, the Superintendent has asked me to conduct an audit of certain payroll expenditures of the Miami-Dade Schools Police Department. I will accept these recommendations and request with the caveat that additional resources would be needed in OMCA in order to perform these audits. To that end, I am asking the Audit Committee to recommend and the School Board to approve the establishment of two auditing positions in the OMCA to perform these additional audits. This plan reflects the input provided by School Board members and the administration.

Respectfully yours,



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

TABLE OF CONTENTS

	Page Number
<i>2017 Annual Report</i>	
About Our Office	1
Role of the Chief Auditor and the Audit and Budget Advisory Committee	2
Audit and Budget Advisory Committee Membership	3
Organizational Chart	5
Audit Reports Presented by the Office of Management and Compliance Audits	6
School Audits Division	7
Property Audits	13
School Investigative Audits	14
District Audits Division	18
Charter School Audits and Fiscal Oversight Division	25
Civilian Investigative Unit	29
External Audits	31
Financial Audits	31
Community Based Organizations Audits	32
Reports Issued by Other Entities	32
Non-Audit Services and Activities	33
Staffing	36
Comparative Budget	37
 <i>2018 Annual Audit Plan and Budget</i>	
Introductory Letter	40
Planning Process	41
School/Property Audits Division	42
District Audits Division	44
Investigations	63
Charter Schools Audits and Fiscal Oversight Division	64
Non-Audit Services	65
Internal Audit/Civilian Investigative Unit Staffing	72

ABOUT OUR OFFICE

- ▶ The Office of Management and Compliance Audits was established by the School Board and operates pursuant to School Board Policy 6835 *Office of Management and Compliance Audits*.
- ▶ We are responsible for providing the School Board, the School Board Audit and Budget Advisory Committee, and the Superintendent of Schools with an independent and objective evaluation of the fiscal and operational activities in the school district.
- ▶ The above task is accomplished through the issuance of various audit reports that are filed as public records 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 issuing various correspondences dealing with fiscal and operational matters.
- ▶ An annual audit plan that governs the activities of the office is prepared, and often includes input from the administration, the School Board and the Audit and Budget Advisory Committee.

OUR MISSION

Our mission is to provide an independent appraisal activity as a service to the School Board through the Audit and Budget Advisory Committee. Through the internal audit process, our office assists the Superintendent and 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, policies 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

- ▶ During the 2016-2017 fiscal year, the Chief Auditor and the Office of Management and Compliance Audits reported to the School Board and submitted all reports through the Audit and Budget Advisory 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, by the Chief Auditor, to the School Board, the Board's Audit and Budget Advisory 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, and independent auditors, and other outside audit entities).

ROLE OF THE AUDIT AND BUDGET ADVISORY COMMITTEE

- ▶ It advises on 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.*
- ▶ *It serves as the committee to select and recommend the hiring of the external auditing firm to conduct the District's annual audit according to Florida statutes and assists in the development of the external audit contract.*
- ▶ It reviews the work of the external auditors, other auditors who provide financial audits on charter schools and other components of the School District; and the reports from the State Auditor General.
- ▶ It also reviews proposed annual budgets, revenues and expense forecasts assumptions, and budget amendments. In addition, it receives periodic reports and consults with the Chief Financial Officer on the adequacy of the District's budget and tracking system. Finally, it makes recommendations to the School Board and the Superintendent on the quality and reliability of the budget, without opining on policies and programmatic implications.
- ▶ Its general purpose is to ensure that the overall audit coverage of Miami-Dade County Public Schools is sufficient and appropriate to protect the interests of 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.

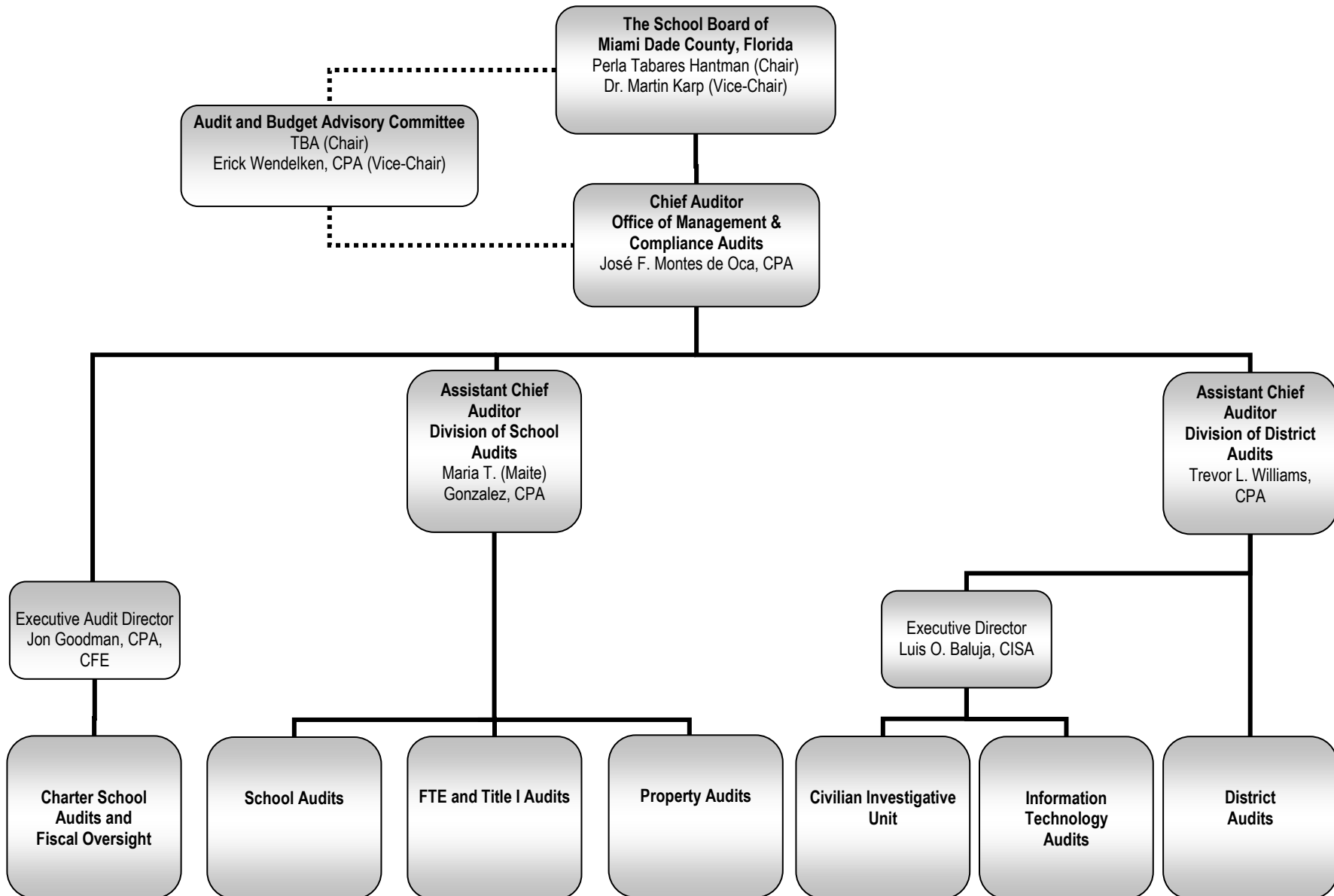
AUDIT AND BUDGET ADVISORY COMMITTEE MEMBERSHIP

- The Office of Management and Compliance Audits (OMCA) is entrusted with the responsibility of providing service and logistical support to the ABAC, including publishing meeting notices, keeping its minutes, establishing the agenda in collaboration with its Chair, gathering the supporting documentation for distribution, and ensuring the smooth operation of the Committee affairs. During 2016-2017 the ABAC was composed as follows:

Audit and Budget Advisory Committee Membership	Title	Professional Affiliation	Appointment Information and School Board Member
Mr. Rayfield M. McGhee, Jr., Esq.	Chair	McGhee & Associates LLP Attorney at Law	Dr. Steve Gallon III
Ms. Mary Lee Snipes	Alternate Member	Former M-DCPS employee (Retired)	
Mr. Erick Wendelken, CPA	Vice-Chair	Tax Principal, Morrison, Brown, Argiz & Farra, LLC	Ms. Perla Tabares Hantman
Mr. Kimrey Newlin	Alternate Member	Head of Credit Management for Florida, TD Bank	
Ms. Mari Tere Rojas	Voting Member	School Board Member Representing the Board	Dr. Lawrence S. Feldman, School Board Chair
Ms. Perla Tabares Hantman	Alternate Member	School Board Member Representing the Board	
Mr. Jeffrey Codallo	Voting Member	Air Force (Retired)	
Ms. Christa Dotson Dean	Alternate Member	PTSA President Coral Reef Senior High School/Parent Volunteer	
Mr. Rudy Rodriguez, CPA	Voting Member	Certified Public Accountant and retired M-DCPS Controller	Ms. Susie V. Castillo
Mr. Juan Carlos (JC) del Valle	Alternate Member	Florida International University Executive Director Development Steven J. Green School of International & Public Affairs	
Mr. Julio C. Miranda, CPA, CFE	Voting Member	Former M-DCPS employee (Retired)	Ms. Mari Tere Rojas

Audit and Budget Advisory Committee Membership	Title	Professional Affiliation	Appointment Information and School Board Member
Mr. Jeff Kaufman	Voting Member	President and CEO A & J Auto Brokers and United Food and Beverage	Dr. Marta Pérez, School Board Vice Chair
Mr. Javier A. Lopez	Alternate Member	Partner of Kozyak Tropin & Throckmorton Law Firm	
Mr. Albert D. Lopez, CPA	Voting Member	Southeast Assurance Regional Managing Partner BDO USA LLP	Ms. Lubby Navarro
Mr. Ernie Saumell, CPA	Alternate Member	Assurance Partner, BDO USA LLP	
Mr. Christopher Norwood, J. D.	Voting Member	Public Affairs Professional The Norwood Consulting Group	Dr. Dorothy Bendross-Mindingall
Mr. Isaac Salver, CPA	Voting Member	Accounting/Business Advisory Professional Isaac Salver CPA Firm	Dr. Martin Karp
Mr. Stephen M. Korn, CPA	Alternate Member	President Stephen M. Korn, CPA	
Mr. Juan del Busto	Voting Member	Chairman and CEO of del Busto Capital Partners, Inc.	Mr. Alberto M. Carvalho, Superintendent of Schools
Mr. Ron Steiger	Non-Voting Member	Chief Financial Officer	N/A
Mr. Alvin Gainey	Voting Member	PTA/PTSA President Miami-Dade County Council	PTA/PTSA President
Dr. Nancy Lawther	Alternate Member	Vice President of Advocacy and Legislation MDCC PTA/PTSA	

ORGANIZATIONAL CHART

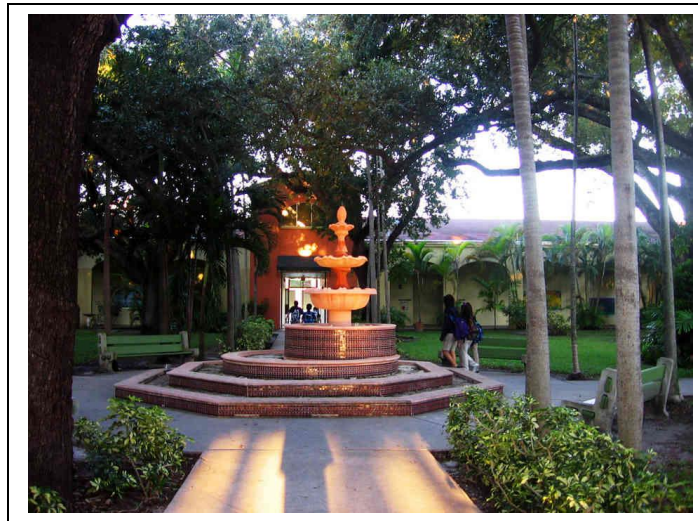


AUDIT REPORTS PRESENTED BY THE OFFICE OF MANAGEMENT AND COMPLIANCE AUDITS

We have classified the audits, services and activities performed and presented by the OMCA into seven categories:

- ▶ School Audits Division
- ▶ Property Audits
- ▶ School Investigative Audits
- ▶ District Audits Division
- ▶ Charter School Audits Division
- ▶ External Audits
- ▶ Non-Audit Services and Activities

We have also included the work performed by the Civilian Investigative Unit (CIU). This Division reports to this office under the Assistant Chief Auditor-Operational and Performance Audits.



SCHOOL AUDITS DIVISION

Section 1011.07, Florida Statutes, and State Board of Education Rule 6A-1.087 *School Board Responsible for Internal Funds*, require school boards to provide for an annual audit of schools' internal funds.

The scope of our school audits was based on individual evaluations at each and every school, considering materiality, past audit findings/experience, size of school student body, principals' tenure, etc. Based on this assessment, we determined the scope of audit work at each school. At all schools, however, we reviewed internal funds and property procedures, and conducted physical inventories of equipment with an individual cost of \$1,000 or more (refer to page 13 of this report for property inventory results).

For the FY 2016-2017 we reviewed the internal funds at 264 of 355 schools (approximately 75%). Of the 264, 122 were two-year audits and 57 represented schools with a change of Principal since the prior audit. At selected schools we reviewed the following areas:

- ▶ **Payroll records and procedures at 19 schools (7%).** This consisted of a review of payroll procedures and documentation related to the preparation of usually the most current payroll records, which include time, attendance, and leave records. This also included a review of the internal controls over the payroll function at the schools, including the reporting of payroll. Most reviews were follow-ups to prior findings or corollary to conditions identified during the school audit.
- ▶ **The Purchasing Credit Card Program (P-Card) at 16 schools (6%).** This consisted of the review of the procurement credit card reconciliations and supporting documentation; and a test of expenditures to ensure they were in compliance with established procedures. Most reviews were follow-ups to prior findings or corollary to conditions identified during the school audit or when reviewing Title I Program disbursement procedures.
- ▶ **Data security management report audit assessment at 10 schools (4%).** At these schools, we reviewed data security management reports to ensure that staff access to computer system applications was appropriate. Most reviews were follow-ups to prior findings or corollary to conditions identified during the school audit.

SCHOOL AUDITS DIVISION (CONTINUED)

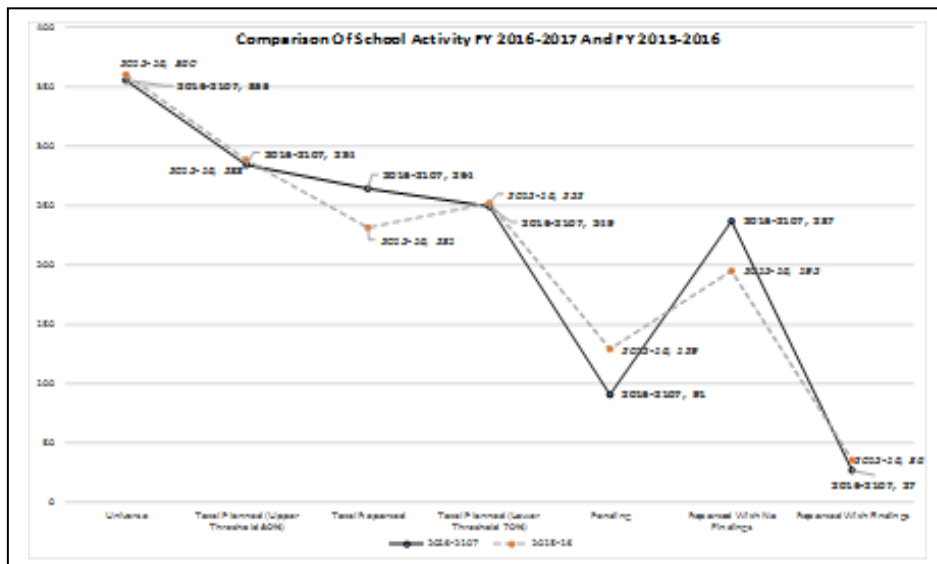
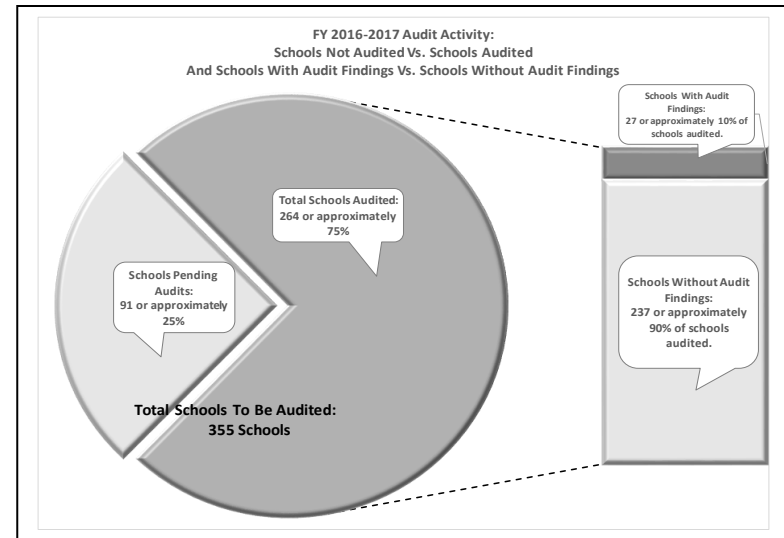
- ▶ **Title I Program audits were selectively conducted at 25 schools (9%).** At schools, principals administer Title I programs with oversight from the Region Offices, and under general direction from the Office of Title I Administration. To promote district and school-wide compliance with Federal, State, and district regulations and guidelines, and to ensure that appropriate evidence sources document compliance, the Office of Management and Compliance Audits incorporated the audit of this program into the school audits.
- ▶ **Full-Time Equivalent (FTE) audits were conducted at 41 schools (16%) 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 examined 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 the FEFP. A review of records was related to student attendance, Special Education, English Language Learners, Cooperative Education and Teacher Certification.



SCHOOL AUDITS DIVISION (CONTINUED)

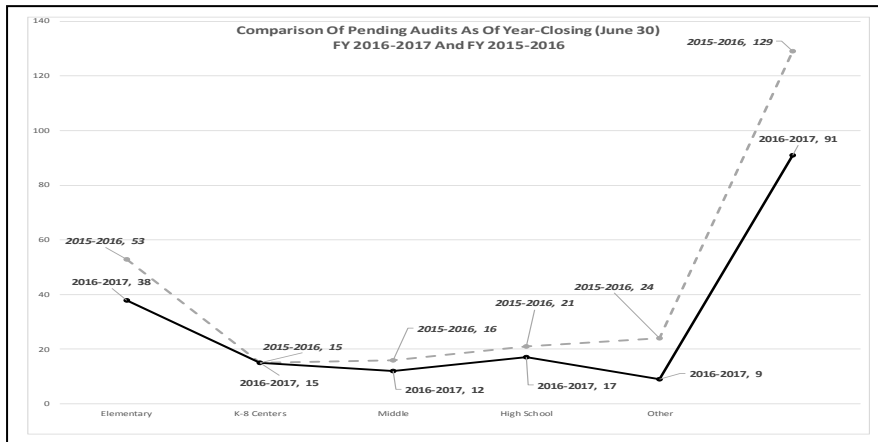
SCHOOL AUDITS DIVISION--SUMMARY OF RESULTS

- We found that of 264 schools audited in FY 2016-2017, 237 schools (90%) conducted their financial affairs in accordance with district policies and maintained good internal controls. However, at 27 schools (10%), there were opportunities for improvement. The percentage of schools with exceptions decreased when compared to prior year's results where, of 231 schools audited, 36 schools (16%) were cited.
- The Audit Plan for the 2016-2017 fiscal year mapped the school audit coverage at 70%-80% of the school sites, which we met by completing a total of 264 of 355 school audits to be performed. These audits were for fiscal years 2014-2015 and/or 2015-2016, depending whether the individual school was scheduled for a one-year or two-year audit.



- Our audit coverage represented approximately 75% of the total audit population. During the 2015-2016 fiscal year, we audited 231 of 360 schools (64%).
- Compared to the previous year's audit activity (FY 2015-2016), the total number of schools audited increased by 33 schools.

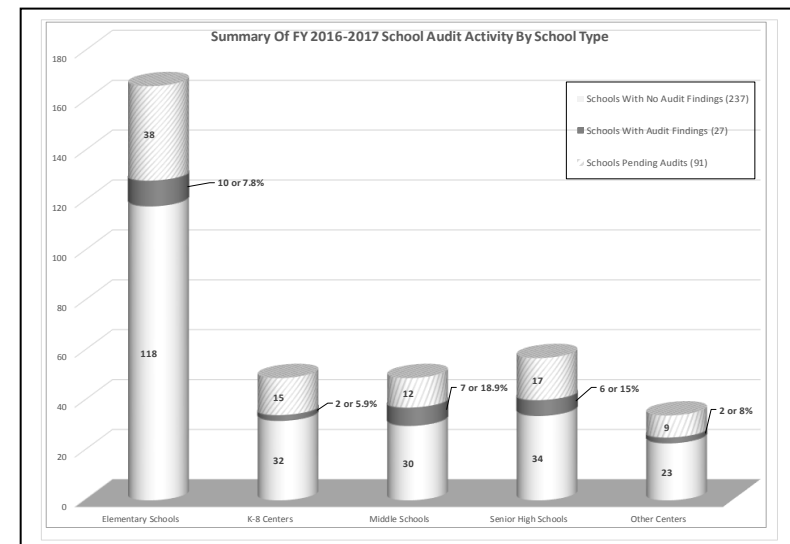
SCHOOL AUDITS DIVISION--SUMMARY OF RESULTS (CONTINUED)



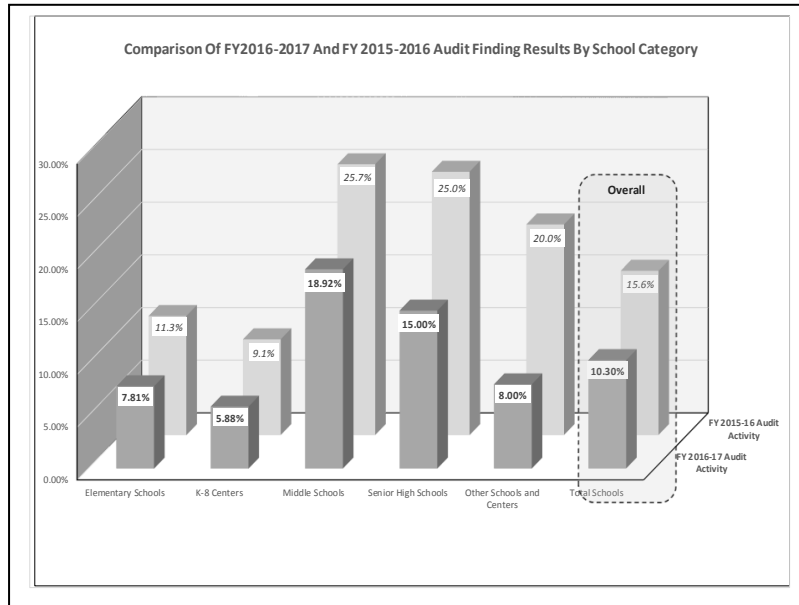
► We closed the 2016-2017 fiscal year with a total of 91 schools pending audits. These consisted of 38 elementary schools, 15 K-8 centers, 12 middle schools, 17 senior high schools and 9 other centers. For the 2015-2016 fiscal year 129 schools were pending audits at the close of the year. These included 53 elementary schools, 15 K-8 centers, 16 middle schools, 21 senior high and 24 other centers. A comparison as illustrated in the adjacent graph shows that for the 2016-2017 fiscal year, there was a decrease of 38 in the number of schools not audited by the close of the year.

► As the graph shows, close to 42 percent of the 91 schools pending an audit consisted of elementary schools; followed by senior high schools at near 19%, and then by K-8 centers, middle schools and other centers (which included adult education centers, alternative education centers and specialized education centers) at percentages ranging from approximately 16 percent (for K-8 centers) to close to 10 percent (for other centers).

► The graph to the right depicts the breakdown of the school audit activity arranged by Primary Learning Center, Elementary, K-8, Middle, Senior High and Other Centers (Adult Education Center, Special Education Centers and Other Centers), depending on 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. This graph also include the 91 schools that were pending audits at year-end.

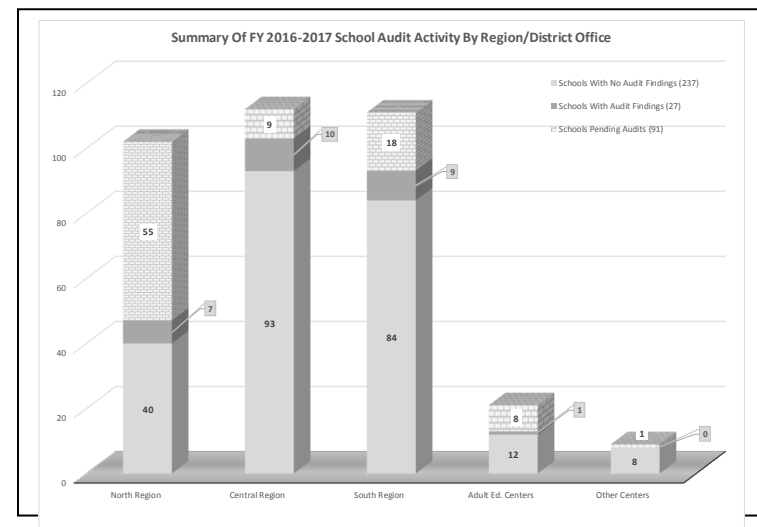


SCHOOL AUDITS DIVISION--SUMMARY OF RESULTS (CONTINUED)

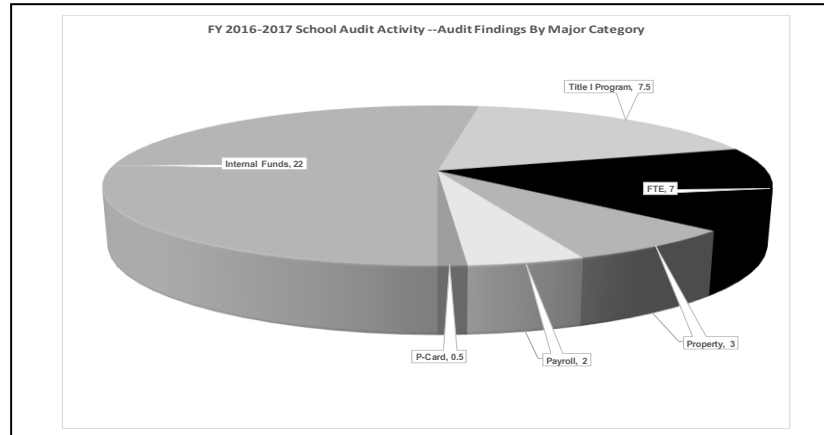


- The graph on the left shows that by comparing last year's and this year's results, there is a significant decrease in the percentages of schools with findings for FY 2016-2017. The upward trend is explicitly illustrated at the far right of the graph, where the overall comparative columns disclose a 5.3% decrease in the schools with findings for each fiscal year.
- Nevertheless, when reviewing the percentages of findings per school category, it is evident that middle schools continue to require greater attention. Going forward, school administration at the schools should ensure that best business practices, sound fiscal management and adherence to procedures is observed to continue with this positive trend.

- The breakdown of school audits reported by region in the graph below shows that, comparatively, the highest percentage of schools with audit findings was in the North Region at close to 15%, followed by Central and South region schools, respectively (each close to 10%).
- Towards the end of the fiscal year, we were in the process of auditing schools in the North Region and still had a few audits to finalize in the Central and South regions. We also had several adult education centers to complete.
- School audits pending publication at year-end (91) will be published next year as two-year audits.



SCHOOL AUDITS DIVISION--SUMMARY OF RESULTS (CONTINUED)

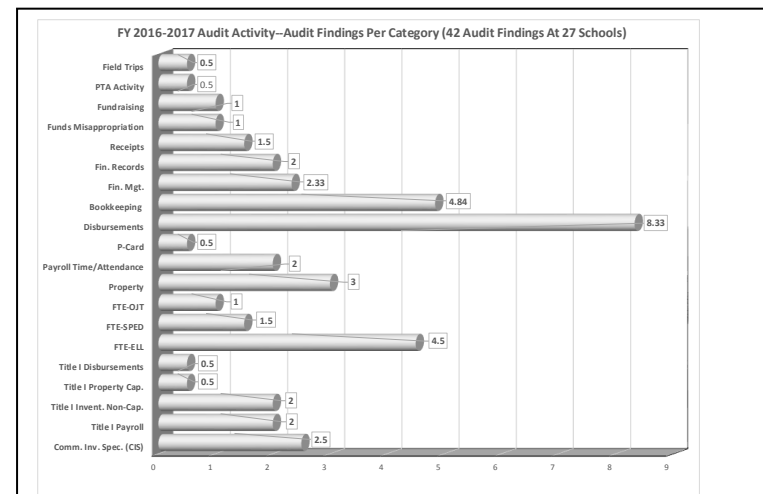


Consequently, the number of audit findings in these areas decreased this year.

- A breakdown of the findings shows that, aside from those related to internal funds, non-compliance with Title I Program and FTE guidelines requires continued attention from school site administration to ensure that going forward, the requirements established by the District are adhered to with fidelity. As both charts illustrate, 22 findings in internal funds, 7.5 findings in the Title I area and 7 findings in FTE were reported this fiscal year (as compared to 24.5, 11, and 4 findings in the previous year for each respective area).

- FTE-related findings decreased from 11 last year to 7 this year. However, this decrease is cautioned by the fact that we performed less FTE audits this year since one of the FTE audit positions remained open until December 2016. Disbursements made with internal funds and the P-Card remain an area that requires management's attention to ensure that bidding procedures and certified minority requirements are observed when making individual purchases of \$1,000 or more. Regarding disbursements made with Title I funds, management must be cognizant of the restrictions placed on these funds to ensure they are spent as allowed by program guidelines.

- During FY 2016-2017, school audit reports included a total of **42** audit findings at **27** schools. In FY 2015-2016, school audit reports included a total of **56** audit findings at **36** schools. During 2016-2017, findings were mostly in the area of *internal funds, followed by Title I and FTE*
- In past years, payroll was one of the areas with the most significant findings. This year, in order to increase the number of internal funds audits and decrease the number of two-year audits, we streamlined the school audits by decreasing the number of payroll, P-Card and data security audits performed at selected schools.



PROPERTY AUDITS

- ▶ The Office of Management and Compliance Audits is responsible for ensuring that the School District is accounting for all of its tangible property. At M-DCPS, the management of tangible property must comply with the guidelines established in the *Manual of Property Control Procedures*.
- ▶ Pursuant 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. Furthermore, the Florida Department of Financial Services, Rule Chapter 69I-73 establishes that "all property with a value or cost of \$1,000 or more and a projected useful life of one year or more shall be recorded in the local government's financial system as property for inventory purposes". Accordingly, our office conducts yearly inventories at each school of all tangible property with an individual cost of \$1,000 or more, the results of which are reported as part of the school audits.
- ▶ During FY 2016-2017, our Property Auditors visited approximately 400 work locations (which included approximately 360 school sites) and accounted for approximately 90,700 items with a combined cost of almost \$458.8 million. Close to \$137,700 was reported as "unlocated" and approximately \$169,700 was reported missing through the Plant Security Report process. The combined loss rate was 0.07%. This loss rate represents a decrease from prior year results. In FY 2015-2016, we similarly visited close to 380 locations and reported almost \$470.2 million in property cost with a combined loss rate of 0.14%. For the prior year, losses amounted to approximately \$332,200 from the physical inventories and close to \$316,600 from Plant Security Reports. *The favorable variance in the property losses reported in FY 2016-2017 should encourage school site administrators to continue strengthening the safeguarding of equipment; and to maintain their inventories efficiently to prevent losses in the future.*

PHYSICAL INVENTORY RESULTS 2016-2017 FISCAL YEAR					
Region Schools/ Department	Total Property Cost	Total Property That Could Not Be Accounted For			Percentage Unaccounted For
		Per Physical Inventory	Per Plant Security Reports	Total Property Losses	
North Region Schools	\$ 68,746,367	\$ 49,314	\$ 75,006	\$ 124,320	0.18%
Central Region Schools	64,982,979	38,830	57,297	\$96,127	0.15%
South Region Schools	66,464,427	31,290	11,952	\$43,242	0.07%
Other Centers	18,347,602	6,769	10,164	\$16,933	0.09%
District Dpt./Offices	240,254,616	11,444	15,232	\$26,676	0.01%
Totals	\$ 458,795,991	\$ 137,647	\$ 169,651	\$ 307,298	0.07%

SCHOOL INVESTIGATIVE AUDITS

- ▶ Regarding investigative cases involving school audits this year, the Assistant Chief Auditor-School Audits Division and her staff conducted the majority of the audit fieldwork in collaboration with the Assistant Chief Auditor-Investigative Division and his staff.
- ▶ The Office of Management and Compliance Audits' Investigative Division assisted with cases of fraud and/or malfeasance discovered by our auditors in the course of their duties, as well as when requests for investigations were made by the Principals or other Administrators. In addition, our Investigative Division assisted the investigative unit of the Miami-Dade Schools Police Department when requested.
- ▶ In similar fashion, school investigative audits will continue to be performed by the School Audits Division, and the Division plans to continue its assistance/collaboration with the investigative unit of the Miami-Dade Schools Police Department and with pertinent outside entities (such as the Office of the Inspector General).
- ▶ Similarly, the other divisions within the office (District and Charter) will be responsible for handling any investigative issues that may surface during the performance of their district and charter school audits, or from referrals submitted to our office by District Administration or other pertinent outside entities (such as the U.S. Department of Education Office of Inspector General).



SCHOOL INVESTIGATIVE AUDITS-SUMMARY OF RESULTS

- During FY 2016-2017, a total of five schools were involved in audit investigations and audit follow-up work that resulted from investigations, some of which involved M-DCPS Police, the Office of the Inspector General or the Civilian Investigative Unit. All results were reported as part of the audit findings. A summary of these cases is as follows:

School Sites:

- **Cutler Bay Senior** - The Office of the Inspector General (OIG) contacted our office to request our assistance with the audit of the internal funds of the school. The OIG had received an anonymous complaint alleging that the school's Athletic Director¹ had collected cash from the student-athletes to cover athletic insurance and an additional "athletic" fee; however, did not issue official receipts to the students, and did not deposit the collections in the internal funds of the school. During our audit, we substantiated that in 2015-2016 the Athletic Director received monies from the students for athletic insurance and the "athletic fee" and did not issue official receipts to document the collections. The Athletic Director admitted to internal audit staff that he collected monies from the students and deposited the collections in his personal checking account. We also reviewed the activity for the 2014-2015 school year, and although collections related to athletic insurance were posted to the account, we identified a shortfall based on the number of participating student-athletes. Additional discrepancies involving the former Athletic Director included purchases of athletic sportswear merchandise that were made without the authorization of the school administration, and monetary shortfalls related to some of the fundraisers sponsored by him. During discussion of these additional discrepancies, he decided to retire from the school system. The results of our findings were reported to the OIG for their consideration and follow-up. Subsequently, upon completion of the OIG investigation, in October 2016, the former Athletic Director was arrested and charged with Grand Theft, 3rd Degree. We reviewed the athletic insurance activity for the 2016-2017 fiscal year up to the time of our visit (under the new Athletic Director) and our review did not identify any monetary discrepancies (December 2016)

¹ This refers to the school's Athletic Director during the 2014-2015 and 2015-2016 fiscal years up to March 11, 2016 when he retired from the school system.

SCHOOL AUDITS-INVESTIGATIVE AUDITS-SUMMARY OF RESULTS (CONTINUED)

- **Scott Lake Elementary** - The Principal contacted our office upon discovery that certain collections could not be traced to the bank account. Between May 2016 and September 2016, the former Treasurer consistently altered the checking account's bank statement information to conceal two deposits that were recorded in the accounting system but could not be traced to the bank. We concluded that these monies were not misappropriated, but the result of accounting errors and deposit delays. The Treasurer retired from the school system before the start of the audit. In addition, several sponsors collected monies from students in relation to several school-sponsored field trips and student activities; however, the collections were not deposited in the internal funds of the school. Instead they were turned over to the school-allied organization, who in turn issued a check to the school to deposit in the internal funds of the school as "donations" (May 2017).
- **North Dade Middle** - School staff shared concerns regarding two former school staff members (one teacher and one part-time paraprofessional) who worked at the school during 2015-2016 and whose salaries were paid with Title I Program funds. Based on our inquiries, interviews, review of job descriptions, payroll records, and ancillary documentation, we substantiated the allegation that the staff members performed duties that did not comply with Title I Program policy. The teacher in question performed various duties (including administrative) that were not in alignment with the duties and responsibilities of the job. Similarly, the part-time paraprofessional performed clerical duties that were not directly related to classroom instruction; therefore, not allowed under *Article XVII-Paraprofessional/Associate Educator/School Support Personnel* of the contract between Miami-Dade County Public Schools and the *United Teachers of Dade (UTD)*(May 2017).

SCHOOL AUDITS-INVESTIGATIVE AUDITS-SUMMARY OF RESULTS (CONTINUED)

- **Robert Morgan Educational Center** (Senior High School) - Our review of a large school fundraiser during the 2014-2015 and 2015-2016 fiscal years², which consisted of the (almost) daily sale of bagels and cream cheese on campus disclosed significant monetary shortfalls. We were unable to determine the exact amount of the shortfall, because key information related to sales price and quantities sold was not clearly delineated in the records. However, we substantiated overall mismanagement of the fundraiser which led to loss of revenue during both fiscal years and overspending. The Activities Director, who was the sponsor of this activity, resigned from the school system in October 2016. Our review of other activities sponsored by this former employee disclosed monetary discrepancies (although smaller) and incomplete/missing records. We extended our review of school fundraisers to the current school year up to the date of our visit, and it appears that the new Principal has instituted proper controls over fundraisers. A new Activities Director was hired in January 2017. Prior to our audit visit, the Office of the Inspector General (OIG) had investigated the bagel fundraiser. A report on the results of the OIG investigation is pending at this time (June 2017).
- **George T. Baker Aviation College** - Our review of the internal funds' financial activity disclosed the purchase of technology equipment; however, our physical verification of the equipment disclosed that some could not be located at the school. We extended our review of all technology equipment purchases made during the two-year audit period with internal funds or the District-issued Purchasing Card (P-Card) and found that several of these items could not be accounted for on campus at the time of our review. While some of the items had been removed from campus without the appropriate forms and were brought to the school at our request, some remained unaccounted for. Upon our inquiries with one of the instructors, he acknowledged that on occasion, he had used some of the school-owned equipment for his personal use. Based on the instructor's statement, at our recommendation, the new Principal requested a personnel investigation regarding this employee. An investigation was conducted by the Civilian Investigative Unit. This investigative matter is ongoing at the time of this publication (June 2017).

² The 2014-2015 and 2015-2016 fiscal years' financial activity/conditions reported herein happened under the tenure of the former Principal. A new Principal was assigned to this school on June 22, 2016.

DISTRICT AUDITS DIVISION

The District Audits Division performs non-school audits, reviews, investigations, and non-audit services. The areas of services covered by this division include the District support units and operations, such as Financial Services, Construction, Maintenance, Procurement, Transportation, Grants Administration, School Operations, Food Services, Instructional Support, Human Resources, Information Technology Services, Risk Benefits, District Security and Safety. The scope and objective of the audits and reviews performed by the District Audits Division usually necessitates the concurrent interaction of multiple support units/operations.

Nature of Work

- ▶ The engagements performed by this division are primarily performance audits and reviews, which assess a unit's or program's performance, operational effectiveness and efficiency, and compliance with established guidelines and statutes. Each audit and review conducted includes an assessment of the system of internal controls of the unit's or program's operations.
- ▶ From time to time, the administration will request an audit, review, or investigation of a specific area of concern, such as a program, process, service, or contract. Where these areas of concern fall within the division's area of audit coverage, we will perform the requested service as time and resources allow.



DISTRICT AUDITS DIVISION—SUMMARY OF RESULTS

Audit of Instructional Support Services Contracts and Agreements – (July 2016)

This report presented the results of our audit of the internal controls over the use and management of contracts entered into to provide instructional support services to M-DCPS' students and instructional staff.

The audit concluded that, in general, the District's use of contracted services accomplished its goal of delivering needed instructional content and services as well as supporting grant funded programs for the period audited. The audit also identified specific areas in the operations where enhancements to the contracting process could be achieved. These areas included the following:

- ▶ The need to complete the contract development, review, and approval process in a timely manner.
- ▶ Developing procedures to safeguard M-DCPS' business partners personally identifiable information.
- ▶ Implementing a process for conducting searches of the state and national sexual predator/offender registries to ensure persons in the registries are identified prior to being permitted to visit school sites.
- ▶ Clearly developing contract scope of work, deliverable, and payment terms that align with deliverables.
- ▶ Improving internal controls over the payment process.

DISTRICT AUDITS DIVISION—SUMMARY OF RESULTS (CONTINUED)

Audit of Security Controls – Certain District-Issued Mobile Devices – (September 2016)

This audit entailed an examination of security controls related to District-issued mobile devices (student and staff tablets) with wireless network connection capabilities.

The audit concluded that, overall, the District's Mobile Device and BYOD Initiative has been deployed throughout the District and is delivering digital educational benefits safely to students in a controlled manner. Our audit reported findings which mostly dealt with compliance, procedural, and documentation matters.

The report offered two recommendations, which we believe will further solidify the successful deployment of mobile devices and wireless technology by strengthening the associated policies and procedures governing this initiative. The specific recommendations are for the District to *update its Network Security Standards document, and incorporate a wireless communications section into the appropriate School Board Policies to comply with recommended Florida Department of Education's (FDOE's) Wireless Technology Guidelines.*

DISTRICT AUDITS DIVISION—SUMMARY OF RESULTS (CONTINUED)

Audit of Construction Program Management Support Services Contract – (December 2016)

This audit entailed an examination of the Program Management Support Services agreement entered into by the School Board to execute the District's General Obligation Bond facilities program. The audit's primary objective was to determine whether an adequate system of internal control was in place for managing the performance of the contract, including ensuring contractual provisions were adhered to and accountability.

We found that generally, contracted services were delivered pursuant to the contract terms; contract labor rates and multipliers were reasonable; a system for reviewing and approving the Program Manager's invoices was in place, with some exceptions noted; and procedures to manage the services provided through the agreement have been established, albeit in some cases, not in writing.

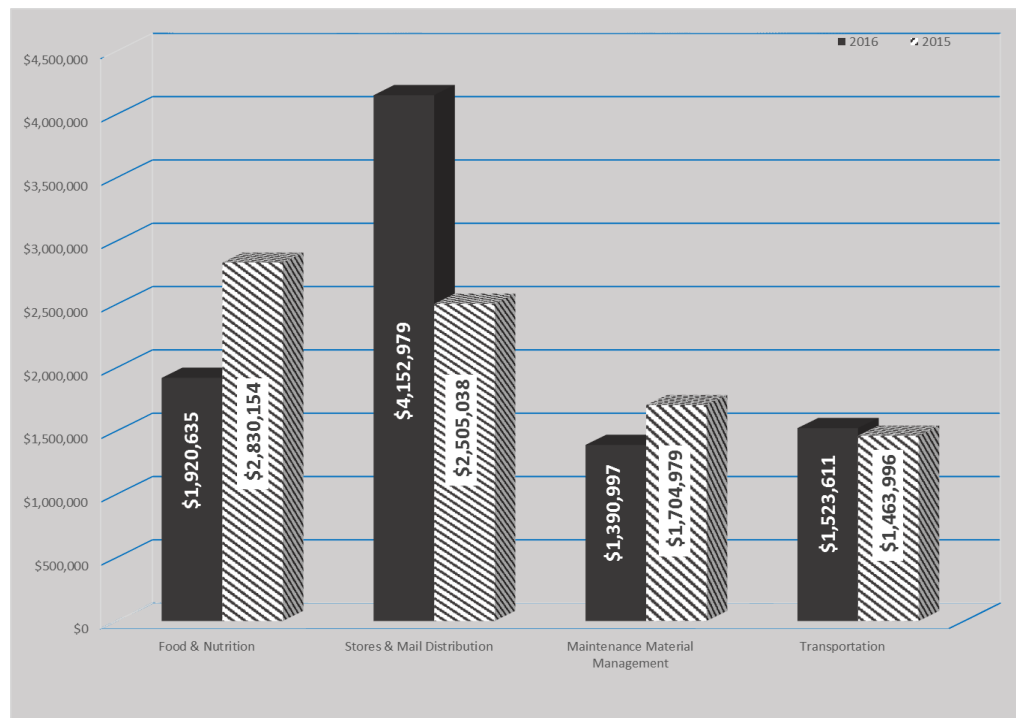
Our audit also found some instances of inconsistencies in the processed for reviewing, authorizing, and approving the services procured under the agreement, as well as some instances of overpayments for a total of \$16,000. Additionally, the report concluded that the management of the agreement could be improved by having written procedures in place, detailing tasks for authorizing, approving, and monitoring services under the agreement.

DISTRICT AUDITS DIVISION—SUMMARY OF RESULTS (CONTINUED)

Audit of Inventories as of June 30, 2016 (March 2017)

Our audit consisted of observing the physical inventory counts, testing the 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 balances, and to the amounts reported in the unaudited Annual Financial Report. Our audit concluded that the inventories were fairly stated, in all material respects, in the unaudited Annual Financial Report. Moreover, we found the internal controls over the inventory counting and reconciling processes for the four inventories to be satisfactory.

- Notwithstanding our stated opinion, through the year-end reconciliation process, we noted adjustments of \$103,042 and \$(82,212) were made to the parts and diesel fuel inventory account balances in the general ledger, respectively. Also, our audit test of Food and Nutrition school cafeteria inventory disclosed that the unit cost of some items in the inventory system was inaccurate as a result of Food and Nutrition not fully updating the required field in the MESS system.
- The total year-end inventories increased six percent from \$8.5 million at June 30, 2015, to \$9 million at June 30, 2016.



DISTRICT AUDITS DIVISION—SUMMARY OF RESULTS (CONTINUED)

Audit of ESE & Risk Benefits (IDEA & HIPAA) Compliance - (March 2017)

The focus of this audit was to assess the extent of compliance with relevant provisions of the Health Insurance Portability and Accountability Act (HIPAA) Privacy Rule and the Individuals with Disability Education Act (IDEA) Confidentiality requirements pertaining to the collecting and storing of protected information (i.e., Protected Health Information–PHI and Personally Identifiable Information–PII) by various district departments.

Our audit found that the Miami-Dade County Public School District is keenly interested in protecting sensitive personal health and identifying information. The School Board has approved a Comprehensive Identity Protection Plan and various policies aimed at reducing the risk of identity theft and protecting sensitive information. We found that both sets of documents established a good foundational framework for achieving their intended goals, but concluded that enhancements to the documents are needed to address certain areas of risk and compliance.

In addition, we found that, generally, physical controls over sensitive information collected and maintained, in the context of the scope of this audit, are adequate. Nevertheless, there were otherwise identified areas of exposure sensitive information and non-compliance with HIPAA and IDEA rules and requirements that the administration will need to address.

Of particular concern to us was the risk of exposure to sensitive personal and health information maintained in students' cumulative files, on healthcare service providers' computer screen during Open Enrollment, and in Risks and Benefits staff's work area. For example, copies of student and/or parent's social security cards are maintained in students' cumulative file.

DISTRICT AUDITS DIVISION—SUMMARY OF RESULTS (CONTINUED)

Follow-up Audit of Internal Controls Over M-DCPS Purchasing Card Program (P-card) for Non-School Site Locations – (May 2017)

This follow-up audit reported on the current status of the actions taken by management to implement the recommendations included in our prior internal audit report, Internal Controls Over M-DCPS Purchasing Card Program (P-card) for Non-School Site Locations, issued June 2012. Our audit also reported on the actions taken by management to implement the prior audit recommendations made by the Florida Auditor General (AG) related to the District's Purchasing Card Program.

We were pleased to report that management has taken corrective actions in addressing most of the audit recommendations presented by the Office of Management and Compliance Audits and the AG with only two of the 21 recommendations not being fully implemented. The corrective actions implemented by management strengthen internal control over the P-card program. However, to further strengthen internal control over the program, we recommended that management completes actions to implement any outstanding prior audit recommendations not fully implemented. We also informed management that we will continue to monitor their actions to ensure that all recommendations are fully implemented.

CHARTER SCHOOL AUDITS AND FISCAL OVERSIGHT DIVISION

Charter schools in Miami-Dade County represent a substantial and growing segment of public schools under the sponsorship and oversight of the School Board.

During FY 2016-2017, 128 charter schools operated in Miami-Dade County with student enrollment of approximately 63,000 and combined annual budgets approximating \$500 million.

The OMCA worked diligently during the year toward the provision of adequate controls over public funds flowing to and through the charter school sector.

Review Of 126 Charter School Certified Financial Statements

During FY 2016-2017, we reviewed and analyzed the audited financial statements of the District's 126 charter schools for the fiscal year ended June 30, 2016.

The review of said audits is one of the primary mechanisms used by the District for fiscal oversight of its charter schools pursuant to *Section 1002.33, Florida Statutes*. This process includes reviewing year-end financial statements and associated documents for charter schools that have been audited by their own contracted external audit firms. During these reviews our office corresponds, when necessary, with the schools' management and external auditors to better understand or clarify any germane fiscal issues.

CHARTER SCHOOL AUDITS AND FISCAL OVERSIGHT DIVISION (CONTINUED)

Highlights of our review process during FY 2015-2016 included:

- ▶ Working with a charter school's management and its external auditors to ensure the proper accounting delineation between the non-profit charter school and its for-profit pre-school and aftercare vendor.
- ▶ Working collaboratively with the District's Charter School and Legal departments, and with the charter schools' representatives to identify and correct any non-compliance with applicable laws and charter contracts.
- ▶ Identifying cases of apparent or perceived conflicts of interest involving charter school governance, and/or management and vendors, and working with the schools' representative to correct it.

Audit of Certain Risk Elements of the Federal Charter School Program Start-Up and Continuation Grants

We performed an audit of certain risk elements of the Federal Charter School Program (CSP) start-up and continuation grants in accordance with our FY 2016-17 Annual Audit Plan. The audit objectives were:

- 1) to ensure controls are in place and functioning to prevent inappropriate duplicative disbursements of CSP grants to co-located, related party charter schools under the School Board's sponsorship, and
- 2) to determine the adequacy of the District's controls and procedures to monitor its charter schools' expenditures of the CSP grant in accordance with applicable federal and state rules and regulations.

For the two year period ended June 30, 2016, the District made approximately \$3.2 million of CSP grant disbursements to 14 sponsored charter schools.

The CSP was originally authorized in 1994 and its purpose is to increase national understanding of the charter school model and to expand the number of high-quality charter schools available to students across the nation by providing financial assistance or start-up funding to eligible entities for the planning, program design, and initial implementation of charter schools.

In recent years, potential weaknesses in controls over the awarding, disbursement and monitoring of the CSP grant have been identified nationally, including in the State of Florida. One such concern was that the award process in Florida allowed co-located, related party charter schools with the same grade configuration (sometimes referred to as "nested" schools) and often with the same school principal or administrator, to receive a full CSP grant award for each of the two schools.

We examined the current processes for the award and disbursement of the CSP grants to charter schools, and found that additional controls have now been put in place at the state and local levels to guard against inappropriate duplicative or otherwise abusive disbursements of CSP start-up grants to co-located, related party charter schools.

For CSP grants beginning in the 2013-14 fiscal year, the Florida Department of Education (FDOE) added criteria and requirements to its CSP grant request for proposal to address minimum enrollment and to ensure schools are separate and distinct. These include:

- Termination or disallowance of the grant for schools that report enrollment of fewer than 50 students,
- Restrictions for schools co-located with a charter school that is a current or past recipient of the CSP grant, in which the schools have the same grade configuration or the same administrator.

The FDOE now requires a co-location questionnaire to be completed by the charter school applying for a grant, and has enhanced the grant application process to include additional questions applicable to co-location. Also, the FDOE and District conduct site visits of recipient schools which include a metric to ensure the recipient school operates independently from other co-located charter schools.

Regarding the second audit objective, FDOE rules and guidance require the local school board, as the sub-grantee and fiscal agent for the CSP grant, to ensure appropriate use of and accounting for CSP grant funds expended by its sponsored charter schools. Our review determined that M-DCPS has written procedures in place to monitor its CSP grant sub-recipients. However, we found opportunities for increased efficiency and effectiveness in the monitoring process, and we made two recommendations toward clarification, enhancement and formalization of associated procedures and internal controls.

Charter School Out of County Fund Transfers

OMCA's Charter School Division continued to work with the District administration, Board Attorney's Office, and the Florida Department of Education (FDOE) during the last fiscal year to obtain guidance regarding non-gratuitous, interest bearing loans to affiliated charter schools out of the county. The guidance obtained from the FDOE in October 2016 stated that said loans were not allowable. As OMCA had previously identified two charter schools in Miami-Dade County that had made such loans to affiliates across county lines, following this FDOE guidance, it was ensured that the situation was cured and that these two charter schools received full repayment.

CHARTER SCHOOL AUDITS AND FISCAL OVERSIGHT DIVISION--SUMMARY OF RESULTS (CONTINUED)

Other Charter School And Community Based Organizations (CBO's) Fiscal Oversight

During FY 2016-2017, OMCA staff served in a non-voting capacity on the District's Charter School Application Review Committee and the Charter School Contract Review Committee. In that role, OMCA staff selectively attended committees meetings, and offered recommendations to staff to protect the District, School Board and Taxpayers in the charter school approval and contract processes.

In FY 2016-17, OMCA reviewed the audited financial statements of three CBO's and presented them to the ABAC for discussion and transmittal to the School Board.



CIVILIAN INVESTIGATIVE UNIT (CIU)

The CIU investigates serious, non-criminal, and non-Civil Rights related complaints against M-DCPS personnel. Cases are reviewed by the District's Incident Review Team (IRT), composed of members from the CIU, Civil Rights and Diversity Compliance, School Operations, School Police, Human Resources, and the Office of Professional Standards (OPS) to collectively determine which entity is most appropriate to conduct the investigation. To ensure independence and objectivity, the CIU reports to the Office of Management and Compliance Audits under the Assistant Chief Auditor, Operational and Performance Audits.

Mission:

- ▶ Ensure equitable, effective, and efficient processing of allegations made against school personnel
- ▶ Provide due process to all personnel subject to investigations regardless of gender, race, or ethnicity
- ▶ Maintain the integrity and quality of personnel investigations

Nature of Work:

The CIU has been delegated the authority to investigate allegations of violations including, but not limited to the following categories:

▶ Rules of the State of Florida Board of Education

- Principles of Professional Conduct for the Education Profession in Florida 6A-10.081, Florida Administrative Code (FAC), regarding categories that reflect the obligation to the student, obligation to the public, and obligation to the profession of education
- Criteria for suspension and dismissal 6A-5.056 in regards to subparts 1 through 6 involving immorality, misconduct in office, incompetency, incapacity, gross insubordination, willful neglect of duty, and drunkenness

▶ School Board Policies and Procedures

CIVILIAN INVESTIGATIVE UNIT (CIU) (CONTINUED)

Personnel Investigative Model (PIM)

- ▶ The CIU follows the PIM as a model for conducting investigations of allegations made against employees of M-DCPS. This model was initially approved by the School Board on November 17, 2004. Updates and revisions to the model were approved by the School Board at its May 12, 2010, meeting in order to increase effectiveness and streamline processes.
- ▶ Completed cases are submitted to OPS for administrative disposition.
- ▶ Two investigators and the Executive Director processed a total of 125 cases during FY 2016-2017. A third investigator was hired in the second half of the fiscal year.
- ▶ The table below provides a summary of the CIU's work during the FY 2016-2017. FY 2015-2016 is also included for comparison.

		Disposition					
	CIU Cases Total	Probable Cause	No Probable Cause	Unfounded	Supplement	Returned	Pending
2016-2017	125	83	34	3	27	5	2
2015-2016	182	114	35	4	23	6	0

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** – Closed cases may be re-examined upon receiving supplemental information.
- ▶ **Returned** – Cases may be returned to OPS for reassignment upon determining that it would be more appropriately investigated by another unit.
- ▶ **Pending** – Cases that remained open at the end of the fiscal year, to be completed during the next fiscal year.

EXTERNAL AUDITS

Financial Audits

The following financial audits of the School Board and its component units were conducted by independent certified public accounting firms and presented to the ABAC on the parenthetical dates.

Audit	Audit Firm
Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2016 (December 2016)	RSM US LLP
Single Audit Report FYE June 30, 2016 (May 2017)	State of Florida Auditor General
Annual Financial Statements, Educational Impact Fee Fund FYE 6/30/2016 (December 2016)	C. Borders – Byrd, CPA LLC
Financial Statements for the Foundation for New Education Initiatives FYE 6/30/16 (May 2017)	Verdeja, DeArmas, CPA's
Audit of the Magnet Education Choice Association, Inc. (MECA) for FYE June 30, 2016 (December 2016)	C. Borders – Byrd, CPA LLC
Financial Statements on Annual Educational Facilities Impact Fees Agency Funds of Miami-Dade County as of September 30, 2016 (May 2017)	RSM US LLP
126 Charter School Financial Statement Audits FYE June 30, 2016 (Presented to ABAC from December 2016 to May 2017)	Various Firms

EXTERNAL AUDITS (CONTINUED)

COMMUNITY BASED ORGANIZATIONS (CBOs)

Providers of alternative education services are required to submit audited financial statements each year. Our office reviewed and presented these audit reports to the ABAC for discussion at its May 2017 meeting and transmittal to the School Board. The following audits were received during the 2016-2017 fiscal year:

Community-Based Organizations	Audit Firm
AMIkids Miami-Dade, Inc.	Carr, Riggs, & Ingram CPAs and Advisors
Pace for Girls, Inc.	LBA Certified Public Accountants, P.A.
Richmond-Perrine Optimist Club, Inc.	Nzeribe & Co., P.A.

REPORTS ISSUED BY OTHER ENTITIES:

OFFICE OF THE INSPECTOR GENERAL REPORTS (OIG)

The following reports, prepared by the Inspector General, were presented to the ABAC:

OIG Final Report of Investigation: High School Baseball Recruiting Violations, Ref. SB-1213-1005 (September 2016)
Miami-Dade County Office of the Inspector General - Annual Report 2015-2016 (December 2016)
Report on an Arrest at Cutler Bay Senior High School – Grand Theft, Ref. SB1516-1002 (December 2016)

NON-AUDIT SERVICES AND ACTIVITIES

Training Sessions to Principals, Asst. Principals and School Staff

- ▶ During various sessions offered throughout the year to principals, assistant principals and school staff, the Assistant Chief Auditor for the School Audits Division participated in the presentations. Topics related to the school audit process, Title I Programs, and included tips/best practices for sound fiscal management, compliance with applicable procedures, oversight over payroll, and the proper safeguarding of school assets.

Participation in the Implementation of New Accounting Software To Account For The Internal Funds Of K-12 Schools and Adult Education Centers

- ▶ In 2013, Miami-Dade County Public Schools needed to upgrade the centralized accounting system applicable for the bookkeeping of the internal funds of the schools and centers districtwide. According to Information Technology Services (ITS), the existing internal funds' centralized accounting system software platform was outdated and difficult to sustain going forward. In addition, the District aimed at an accounting solution that would be capable of accepting credit card payments as well as on-line payments at all schools to mirror current advances in marketing technology and reduce the volume of cash handled at the sites.
- ▶ After undergoing all district-mandated processes for seeking vendor proposals, selecting a vendor, engaging a vendor, testing the product, training staff and creating the support infrastructure, the solution was the implementation of *Microsoft Dynamics GP*, an accounting (ERP) software package, which the District deployed on a full-scale for the internal funds of all 21 adult and community education centers/technical colleges effective at the beginning of April 2015 and for the K-12 Centers in groups(cohorts) between September 2015 and February 2016. The District named it the *Electronic Student Accounting System* (otherwise referred to as the eSAS system). Unlike the legacy bookkeeping software where the financial activity was reflected on the cash basis of accounting, this new system records the financial transactions under the full accrual basis of accounting.
- ▶ The District held an extensive number of teleconferences and meetings with the software vendor, administration and staff in order to implement the system and train the users. The Assistant Chief Auditor for the School Audits Division actively participated in many these sessions and provided input on control issues and processes.

NON-AUDIT SERVICES AND ACTIVITIES (CONTINUED)

Liaison to State Auditors in Regards to the State of Florida's FEFP/FTE Audit of M-DCPS and Student Transportation FYE June 30, 2015

The State of Florida Auditor General performed the FEFP/FTE Audit of FEFP/FTE Audit of M-DCPS and Student Transportation FYE June 30, 2015. The FTE Audits Division and the Assistant Chief Auditor for the School Audits Division actively participated as liaison between school sites, district offices and the State Auditor. It included coordinating meetings, receiving and transmitting findings and documentations between the sites and the State Auditor, etc. This engagement started at the beginning of the school year until the end of January 2016.

Procurement and Business Development Services Support

- ▶ Throughout the year, the School Board lets and/or awards bids and contracts for various goods and services. Each solicitation for goods or services is vetted before the District's Goal-setting Committee to determine whether aspirational goals should be designated for the solicitation, and the extent thereof, if so determined. Generally, this Committee convenes weekly and staff from the District Audits Division attends the meeting to provide advisory support as a non-voting member of the Committee.
- ▶ Throughout the year, staff from the District Audits Division receive and review contractors' application for prequalification and supporting documentation received by the Office of Economic Opportunity and provide feedback regarding the completeness and adequacy of the application packet. They also attend the District's Contractor Prequalification Committee meeting to provide advisory support as a non-voting member of the Committee.

Facilities and Construction Support

- ▶ During the year, the district performed a number of different activities that are necessary to execute is building facilities needs. These activities included evaluating architects', engineers', construction managers' and contractors' responses to request for qualifications issued by the district; interviewing these entities; orienting these entities on the district's processes and guidelines; and negotiating with these entities for the purpose of executing a contract with the district. The activities also include holding various committee meetings for the purpose of prequalifying contractors and establishing participation goals for providers of contracted goods and services. Staff from the District Audits Division routinely provided support as non-voting members/advisors in these activities.

NON-AUDIT SERVICES AND ACTIVITIES (CONTINUED)

Training Conducted by Civilian Investigative Unit

- ▶ The Civilian Investigative Unit delivered training to approximately 90 District administrators during the 2016-2017 fiscal year. Topics covered during the training generally included School Board policies and procedures.

Peer Review Coordination and Participation

- ▶ As a member of the Association of Local Government Auditors (ALGA), the Office of Management and Compliance Audits is committed to providing professional audit staff to perform ALGA-sponsored peer reviews of other local governments' audit function. This is a requirement for each member organization who seeks an ALGA-sponsored peer review. Staff from the OMCA have participated in conducting peer reviews of other local governments' audit function at various times during the year. In addition, an OMCA's staff member, in his role as an ALGA Peer Review Region Coordinator, coordinates various peer reviews, using the nationwide list of approved peer reviewers. This staff member is also a member of the ALGA Peer Review Committee, which develops and manages ALGA's guidelines for determining whether local governments whose audit function is reviewed comply with professional standards.

INTERNAL AUDIT/CIVILIAN INVESTIGATIVE UNIT STAFFING

Resource Allocation	As of June 30, 2017	As of September 2017	Δ	Comments
Chief Auditor & Administrative Support Staff	3	3	No Change	Administrative Assistant retired at end of May 2016. Position filled in June 2016. No loss/gain of personnel.
School Audits Division	15	15 ⁽²⁾	No Change	One Staff Auditor Position open since prior year filled in late April 2016. One full-time FTE audit position currently open (due to retirement of incumbent in November 2015). Position to be filled in 2016-2017. See Note (2).
Property Audits Division	5	5 ⁽³⁾	No Change	One full-time position left open at end of May 2016 due to retirement of incumbent was filled in August 2016.
Non-School - Operational & Performance Audits Division	5	5	No Change	
Information Technology (IT) Audits Division	1	0 ⁽⁵⁾	No Change	Upon retirement of the CIU Executive Director at end of June 2016, the Audit Director of the IT Division was promoted and placed in charge of both CIU and IT Audits in July 2016.
Charter Schools	3	3	No Change	
Civilian Investigative Unit (CIU)/ Investigative Division	4	4	No Change	The Audit Director of the IT Division was promoted and placed in charge of both CIU and IT Audits in July 2016. One new investigator position was filled in the second half of fiscal year 2016-2017.
Totals	36	37⁽⁴⁾		See Note 4.

Notes:

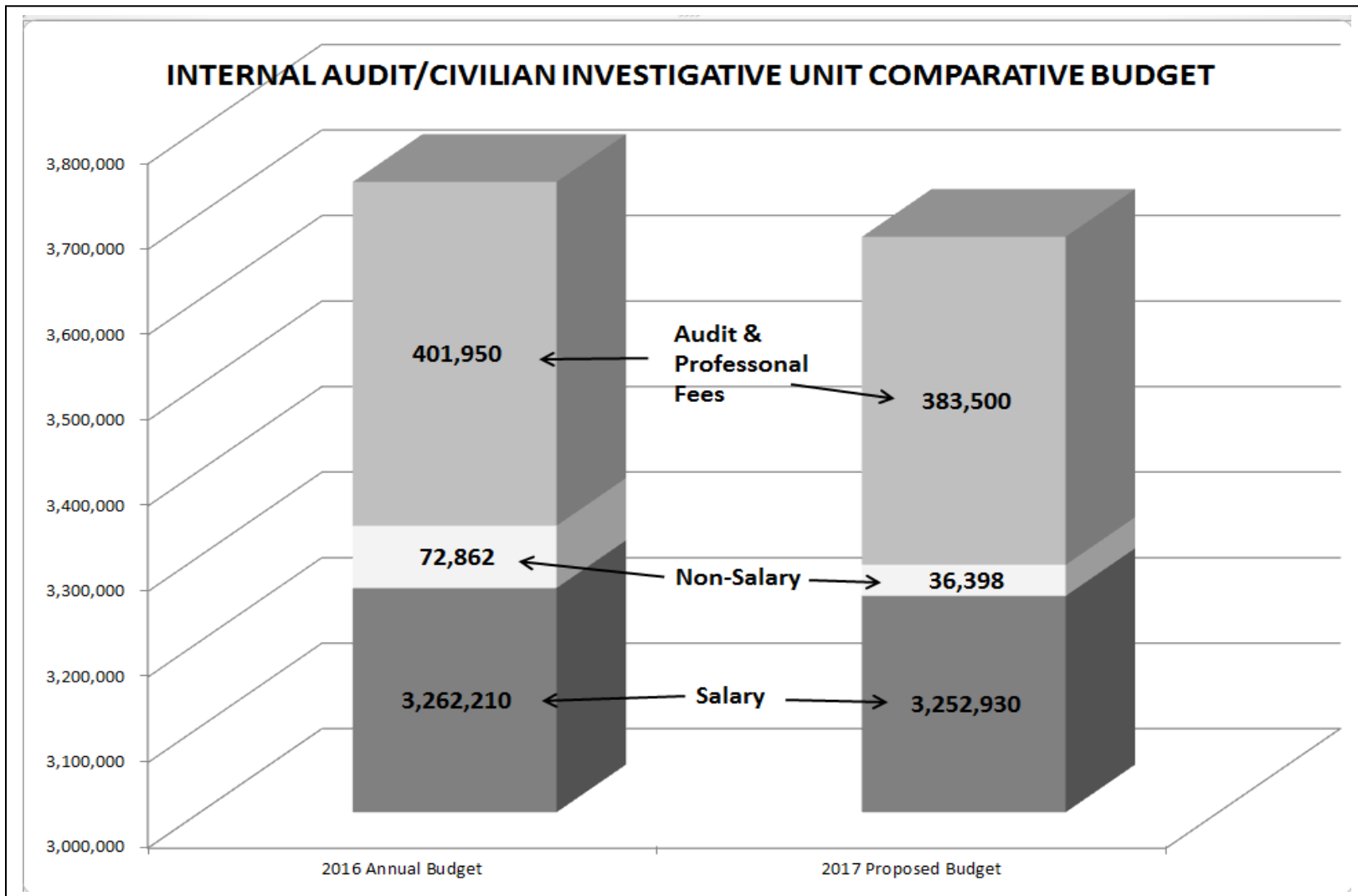
(1) Office staffing at the end of 2016 based on 33 filled Full-Time (F/T) positions, three (3) open F/T position and 2 Part-Time (P/T) filled positions.

(2) Two (2) F/T audit positions fully dedicated to FTE audits, of which one (1) F/T position is currently open to be filled in 2016-2017. One F/T audit position dedicated to Title I audits. One P/T clerical position added in September 2015 to support division.

(3) Five (5) F/T positions, one of which was filled in August 2016-2017. One P/T audit position to conduct property audits of equipment purchased with Title I funds.

(4) Office staffing as of September 2016 based on 34 filled Full-Time (F/T) positions, three (3) open F/T position and 2 Part-Time (P/T) filled positions.

(5) One open IT audit position to be filled in 2017-2018.





MIAMI-DADE COUNTY PUBLIC SCHOOLS

2017-2018 Annual Audit Plan

AUDIT

**Office of
Management
and
Compliance
Audits**

THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA

Dr. Lawrence S. Feldman, Chair
Dr. Marta Pérez, Vice Chair
Dr. Dorothy Bendross-Mindingall
Ms. Susie V. Castillo
Dr. Steve Gallon III
Ms. Perla Tabares Hantman
Dr. Martin Karp
Ms. Lubby Navarro
Ms. Mari Tere Rojas

Mr. Alberto M. Carvalho
Superintendent of Schools

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

Contributors to this Report:

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Mr. Jon Goodman, CPA, CPE
Executive Audit Director, Charter School Audits

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Executive Director, Civilian Investigative Unit





Miami-Dade County Public Schools

giving our students the world

Superintendent of Schools

Alberto M. Carvalho

Chief Auditor

José F. Montes de Oca, CPA

Miami-Dade County School Board

Dr. Lawrence S. Feldman, Chair

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July 12, 2017

The Honorable Chair and 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

Ladies and Gentlemen:

The proposed audit plan for fiscal year 2017-2018 was initially developed by supervisory personnel from the Office of Management and Compliance Audits. We based our plan on a systematic risk assessment that assists us in deciding the audits that should be conducted this coming year, as well as the priority for performing these audits. Nevertheless, issues, events and requests from the administration that transpire during the year and that are of critical importance to the District may require that we adjust the audit plan, and when substantive, seek the recommendation of the Audit and Budget Advisory Committee and the approval of the School Board to include as part of the Plan.

As in the past, school audits with high audit risk will be given top priority; however, the audits of the internal funds of the schools continue as the primary audit focus at the school sites. District-wide audits will encompass financial, construction (including the 21st Century General Obligation Bond program) and informational technology areas as scheduled in the Plan and when audit resources become available. The review of charter school financial statements, including the performance of internal audits of charter schools that are usually generated from those reviews, will also be part of our audit work. In addition, we continue our commitment to assist and provide advice to the administration in ways to improve controls and recommend efficiencies of operation.

Although the primary responsibility for the audit plan rests with the Chief Auditor and the Office of Management and Compliance Audits, we welcome and encourage input from the School Board and Audit and Budget Advisory Committee members, the Superintendent, and Senior management, to make this plan complete and successful. Any changes or additions to the plan will be incorporated into its final version and brought to the September 2017 Audit and Budget Advisory Committee meeting for the Committee's consideration and recommendation. This plan will then be transmitted to the School Board for approval.

Respectfully yours,

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

Planning Process

- **Based on:**
 - **Budget Analysis**
- **Risk Based:**
 - **Materiality**
 - **Past Audit Coverage**
 - **Audit Risk**
- **Input from:**
 - **School Board**
 - **Audit and Budget Advisory 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/Property Audits Division

Universe Comprised Of 355 Schools And Centers

- Areas of Audit Coverage at all schools:
 - Financial statements of internal funds
 - Controlled Property items.
- On a selected basis--This is based on available resources (two FTE auditors and one Title I Program auditor)
 - Federal funds/Title I Programs
 - Florida Education Finance Program (FEFP/FTE).
- On a very limited basis—only as follow up to prior audit findings in these areas:
 - Payroll
 - Credit Card purchases
 - Selected aspects of school site IT.

School/Property Audits Division

Changes To Audit Coverage To Maximize Resource Allocation:

- Internal Funds to be audited at **75-85%** of schools. Audit priority will be as follows:
 - Schools/centers with two-year audits, schools/centers with prior year's audit exceptions and schools/centers with a change of Principal
 - Selection based on audit risk
 - Selected group of low-risk schools to be audited every two years.
- Audits of payroll, credit card and selected aspects of school site IT will be limited when compared to prior years. These will only be conducted at those schools where follow up to prior audit findings in these areas is required.
- Title I and FTE audit coverage will be based on available audit resources
- Property audits will be conducted at approximately 400 locations, to account for all items with an individual acquisition cost of \$1,000 or more.

District Audits Division

➤ Areas of Audit Coverage

➤ Various district support functions including:

- ✓ Facilities and construction
- ✓ Financial operations
- ✓ Instructional support operations
- ✓ Risk benefits operations
- ✓ Food and nutrition operations
- ✓ IT security and support
- ✓ Other district priorities and special projects

District Audits Division

CURRENT YEAR DISTRICT AUDITS:

- Audit of Inventories as of June 30, 2017
- Audit of Designated Elements of Selected Construction Projects (In Progress)
- Audit of Internal Controls Over the District's Self-Insurance Program (On Hold)
- Audit of District Procurement Operations (Not Started)
- Annual Financial and Operational Audits of Targeted Categories of GOB Expenditures (Not Started)
- Audit of Certain Payroll Activity Within the Miami-Dade Schools Police Department (Not Started)

LONG RANGE DISTRICT AUDITS:

- Review of Facilities Impact Fees Collection Compliance
- Analysis of Response Rate to Satisfy Safety Violations
- Office of Economic Opportunity Compliance Review
- Audit of Miami-Dade Tax Collector's Commissions
- Survey of Food Service Operations

District Audits Division

Audit of Inventories as of June 30, 2017

- Annually, as an augmentation to the work of the external auditors in their audit of the district's financial statements, we perform an audit of the inventories, which includes observing and test-counting the inventories held at the four inventory-holding units (Food and Nutrition, Transportation, Maintenance Materials and Stores and Mail Distribution) at the end of the fiscal year. The total inventory reported as of June 30, 2016, the last complete year of operations, was \$9 million.
- We will review each department's physical inventory counting procedures, observe the departments' personnel performance of the count, test count the departments' inventory quantities, verify the cost of the inventories, and determine whether adequate internal controls and safeguards are in place over the management of the departments' inventories.

District Audits Division

Audit of Designated Elements of Selected Construction Projects (In Progress)

- The FY 2013-14 to 2017-18 Five Year Plan contains approximately 260 construction projects totaling approximately \$849 million for FY 2012-13 to 2015-16 and 57 additional projects totaling \$263 million, for FY 2016-17, all of which are funded from GOB monies.
- Our audit objective is to review various selected elements of the award, design and construction processes for selected projects to determine whether adequate internal and management controls are being implemented.
- During the course of performing this audit, the Administration provided contracting information for 65 financially-closed GOB projects, including amounts awarded and paid, and requested that OMCA review this information, to keep the administration's commitment to the Board and public, as stated during the April 5, 2017, School Board meeting. Given that the services requested by the Administration were similar in scope to work being performed in this audit, coupled with our responsibility to the School Board and public interest, we expanded the scope of this audit to include a review of the said 65 GOB projects.

District Audits Division

Audit of Internal Controls Over the District's Self-Insurance Program (On Hold)

- The District's self-insurance program is in its eighth year of operation. For the self-insurance fund, the District reported total operating expenses of \$347 million and operating income of \$17 million in its audited financial statements for the fiscal year ended June 30, 2016.
- The audit will focus on determining whether adequate internal controls and safeguards are in place over the program's operations, including its oversight of the third-party administrator, cost-control strategies, and plan information reporting. We will prioritize this audit during the 2017-2018 fiscal year.

District Audits Division

Audit of District Procurement Operations (Not Started)

- During FY 2015-16, Procurement Management Services processed over 25,000 purchase orders valued at over \$830 million in purchases of goods and services. In addition, the department is responsible for letting numerous Requests for Information (RFI), Request for Proposals (RFP), Request for Qualifications (RFQ), bids and contracts.
- We will evaluate the procurement processes to ensure that internal controls are adequate, that the necessary safeguards are in place and ascertain the effectiveness of the processes.

District Audits Division

Annual Financial and Operational Audits of Targeted Categories of GOB Expenditures (Not Started)

- District Administration has reported expending approximately \$516 million of General Obligations Bond (GOB) proceeds as of September 30, 2017. The expenditures were among various categories of services and products, including \$265 million for construction and preconstruction services, \$85 million for technology, and \$5 million for GOB financial services. The OMCA has already audited some of the reported \$22 million of program management and \$265 million of construction services expenditures. Nevertheless, School Board members and the Board as a whole have expressed their desire for more targeted, in-depth audits of the use of GOB funds. Consequently, the School Board has requested that the Chief Auditor perform annual audits of the GOB expenditures.
- We will perform a series of audits of the expenditures charged to the GOB fund (0351). The expense categories selected for audit will be determined based on a risk assessment. The objectives of the audits will be to determine whether adequate internal controls, including financial controls, are in place for managing GOB expenditures. We will determine whether GOB expenditures are correctly categorized in the districts' records, properly supported by documentary evidence, competitively procured pursuant to applicable Board policies and the legal requirements of the GOB, and correctly charged to the right project, where applicable. Our analyses of the processes and procedures used in managing GOB expenditures will also seek to identify opportunities to improve efficiency, accountability, and reporting.
- The OMCA will need to augment its current human capital resources to successfully fulfill the current and anticipated near-term plans for intensive audit coverage of the GOB program.

District Audits Division

Audit of Certain Payroll Activity Within the Miami-Dade Schools Police Department (Not Started)

- Being concerned about honoring and maintaining public trust and the Administration's commitment to fiscal accountability and adequate internal controls, the Superintendent requested that the Chief Auditor perform an audit of certain payroll expenditures associated with the participation of members of the Miami-Dade Schools Police Department (M-DSPD) in the National Association of School Safety and Law Enforcement Officials Conference.
- The objective of the audit will be to evaluate the internal controls over the payroll process associated with this matter for adequacy in their design and function. Our audit will also determine whether the noted practices violate School Board policy or law. Our audit will also determine whether the noted payroll practices prevent waste and abuse and adhere to best practices.

District Audits Division Long Range

Review of Facilities Impact Fees Collection Compliance

- Through an Interlocal Agreement, Miami-Dade County is responsible for imposing and collecting educational facilities impact fees on new residential developments and additions. During the County's fiscal year which ended on September 30, 2016, the County reported additions of approximately \$26 million to the impact fund, which the District's administration believes is considerably less than it should be, when taking into account the increased pace of construction throughout the county and collection trends over the last few years.
- Pursuant to a request from the administration, we will review impact fees assessment and collection data to ensure that M-DCPS is receiving the amount it should, in accordance with the Interlocal Agreement, and will report any findings at the conclusion of our audit.

District Audits Division Long Range

Analysis of Response Rate to Satisfy Safety Violations

- Student and employee safety is paramount to the Districts' operations. At various times during the year, district staff and inspectors from various agencies perform inspections of district facilities. When violations are cited, the District has the responsibility of remedying the conditions noted in a timely manner.
- We will perform an analysis to determine, on a sample basis, the timeliness at which cited safety violations are addressed. We will endeavor to note any discernable pattern in the response rate.

District Audits Division Long Range

Office of Economic Opportunity Compliance Review

- The District's Office of Economic Opportunity (OEO) oversees the important function of monitoring vendors and contractors' compliance with established participation goals. The department uses various processes and systems to achieve its mission.
- We will review the various processes and systems used by OEO to execute its mission to determine whether they are adequate for achieving the objectives of the District's vendor/contractor participation program. We will also determine the actual level of compliance for selected vendors and contractors, on a sample basis.

District Audits Division Long Range

Audit of Miami-Dade Tax Collector's Commissions

- Pursuant to Florida Statute 192.091, tax collectors are entitled to receive commissions upon the amount of all real and tangible personal property taxes and special assessments collected and remitted on behalf of each taxing district and special assessment district. The commissions are equivalent to a) three percent on the amount of taxes collected and remitted on an assessed valuation of \$50 million, and b) two percent on the balance, and c) actual costs of collection, not to exceed two percent, on the amount of special assessments collected and remitted. The amount of taxes collected and remitted to Miami-Dade County Public Schools for the 2015-16 and 2016-17 fiscal years were approximately \$1.9 billion and \$2.0 billion, respectively.
- Our audit objective is to determine the accuracy of the commissions charged/held back by the Miami-Dade Tax Collector, ensuring that the calculations used conform to Section 192.091 F.S.

District Audits Division Long Range

Survey of Food Service Operations

- During the fiscal year ended June 30, 2016, the Food Service Fund grossed \$169 million in total revenues, which included \$16 million of local food service sales. Menu choices and food quality are factors which tend to impact utilization by maximizing sales and minimizing waste, which are matters some stakeholders have expressed interest in determining.
- We will conduct observations and survey students and employees, as well as parents to obtain feedback on their utilization of school cafeteria, menu choices, food quality, and food waste. Our objectives will be to identify apparent trends or indicators of factors that could impact the district's ability to maximize food sales revenues and minimize waste.

District Audits Division

Information Technology Audits

In June 2016, personnel reorganization in this area resulted in the vacancy of the position that performs these audits which we have not been able to fill due to lack of qualified applicants and non-competitive salary. We, however, continue our efforts to fill the position by reassessing the position's requirements and salary schedule with assistance from the Office of Human Capital Management. Our ability to perform the audits listed below will depend on our success in filling this position.

- SAP/Legacy Systems – District-wide Security Controls, Roles and Access Management
- Security Controls – Bring Your Own Device (BYOD) – Personally Owned Devices (Not Started)
- Audit of Instructional Devices Loss Rate (Not Started)

LONG RANGE INFORMATION TECHNOLOGY AUDITS

- Monitoring District's Compliance with ADA requirements related to website accessibility

District Audits Division

Information Technology Audits

SAP/Legacy Systems – District-wide Security Controls, Roles and Access Management

- The District's successful implementation of SAP brings with it a new set of risks, including appropriate management of systems access and security controls. In addition, some legacy systems continue to handle critical functions. Until those systems are retired, continued monitoring of appropriate access is required.
- We will review the procedures and methods used to grant systems access to ensure that only authorized employees are able to review and/or modify data. Procedures for periodic monitoring and reconciliation of access based on need and roles will also be examined for both SAP and legacy. The fieldwork on this audit is on hold due to other audit priorities, but will be resumed when those priorities are completed.

District Audits Division

Information Technology Audits

Security Controls – Bring Your Own Device (BYOD) – Personally Owned Devices(On Hold)

- In addition to District-owned and issued devices, smart phones, tablets, and other network-capable mobile devices personally owned by students, staff and guests may gain access points through M-DCPS managed infrastructure. These devices also introduce new risks to the organization. This audit will focus on the potential risks these personally-owned devices pose to the District's information systems and network.
- Our objective will be to evaluate existing mechanisms for mitigating risk, including network segregation strategies, device protection (virus/malware), managing loss/theft of devices, privacy controls/filtering, over-the-air (OTA) device management and compliance with standards, policies, and best practices. We will commence this audit when other ongoing audits are complete.

District Audits Division

Information Technology Audits

Audit of Instructional Devices Loss Rate (Not Started)

- Since the launch of the District's Digital Convergence initiative, approximately 140,000 portable digital devices have been distributed to M-DCPS' students. It is anticipated that several thousand additional devices will be distributed to students. Students are permitted to take these devices home. The risk of lost or damage is borne by the student and his/her parent/guardian.
- Our audit will review the policies, procedures, and internal controls over this process to evaluate their effectiveness. We will endeavor to determine the rate of loss/damage and the extent of indemnification to the District.

District Audits Division

Information Technology Audits

Long Range

Monitoring of the District's Compliance With ADA Requirements Related to Website Accessibility

- As a result of a complaint in 2016 related to website accessibility, the District is currently working towards ensuring that its websites and pages are in compliance with the governing provisions and regulations of the Americans with Disabilities Act (ADA).

Our objective will be to monitor the District's compliance with this effort and periodically provide a status on the progress of this activity to the ABAC.

INVESTIGATIONS

Areas of Investigations

➤ **Forensic Audits:**

- Misappropriation of funds
- Missing inventory/equipment
- Payroll fraud and other fraudulent activity
- Charter school misfeasance/malfeasance
- Attestation services or similar audit services related to charter schools, as requested by the School Board, Audit and Budget Advisory Committee and/or District administration

➤ **Civilian Investigative Unit:**

- Conduct non-criminal personnel investigations as assigned by the Incident Review Team (IRT)
- Assist in criminal investigations resulting from audits or as a result of other activities

➤ **Support And Collaborate With:**

- School Board Attorney's Office
- Miami-Dade School Police
- Office of Professional Standards – OPS
- Other district offices
- State Attorney's Office
- Office of Inspector General – OIG

Charter Schools Audits and Fiscal Oversight Division

Charter School Fiscal Reviews

- During FY 2016-2017, the District sponsored 128 charter schools with student enrollment of approximately 63,000 and estimated revenue in excess of \$500 million. As the sponsoring school district, M-DCPS is statutorily responsible for substantial monitoring and oversight, including fiscal, operational, health/safety, and academic performance of these charter schools. We will review independent financial audit reports submitted by these charter schools and present them to the Audit and Budget Advisory Committee (ABAC) for its review, input, and transmittal to the School Board.
- These reviews usually require extensive communications with the charter school management and their external financial statement auditors.

Non-Audit Services

Community Based Organization Fiscal Reviews

- During FY 2016-2017 the District contracted with three (3) community-based organizations primarily for alternative education. We will review audits submitted by these entities and present them to the Audit and Budget Advisory Committee for its review, input, and transmittal to the School Board.
- We will also facilitate the District's process for addressing charter schools which meet one or more conditions of the financial emergency statute, or are deemed to be in a state of deteriorating financial position.

Non-Audit Services

Review of the Office of Economic Opportunity (OEO) Annual Report

- School Board Policy 6320.02 – Small/Micro and Minority/Women-Owned Business Enterprise Programs, requires the OEO to annually report to the Superintendent and School Board on the progress of achieving the goals and objectives established for awards to certified Small and Micro Business Enterprises (S/MBE) and Minority/Women-Owned Business Enterprises (M/WBE) firms, reporting both dollars awarded and expended. In addition, the OEO shall annually report on the progress in achieving the stated program objectives, including, but not limited to, enhancing competition, establishing and building new business capacity, and removing barriers to and eliminating disparities in the utilization of available minority business enterprises and women business enterprises on Board contracts.
- Historically, the District administrator in charge of managing these programs has requested that the OMCA review the annual report to be submitted to the Superintendent and School Board. We intend to provide this review service upon request from the Administration. Safeguards will be applied to ensure that we do not impair our independence in relation to any future audits in this area.

Non-Audit Services

Participation On Various Committees (As Non-voting Member):

- Charter School Technical Assistance Team
 - Conduct initial technical review of charter school applications
- Charter School Application Review Committee
 - Evaluate charter school applicants to recommend approval/denial to Superintendent of Schools
- Charter School Contract Review Committee
 - Negotiate contract terms of approved charter school applications and amendment to charter school contracts
- Consulting Contract Review Committee
 - Evaluate contract terms
- Construction Services Selection Committee
 - Evaluation of architects, engineers, construction managers, and consultants proposals to recommend approval to Superintendent of Schools
- Construction Contractor Pre-qualification Committee
 - Evaluation of contractor applicants to recommend approval/denial for pre-qualification to Superintendent of Schools

Non-Audit Services

Participation on Various Committees (As Non-voting Member) – continued:

- Small/Micro Business Enterprise (S/MBE) Program Goal setting Committee
 - Establish goals for participation in the SBE program.
- 21st Century Schools Bond Advisory Committee
 - Provide oversight and guidance in executing the 21st Century Schools GOB Capital Program.

Non-Audit Services

Coordinate and Oversee External Audit Reports

- Certified financial statements are provided by other agencies per contract and School Board policies such as District financial statements, Single Audit, Impact Fees, WLRN, Magnet Education Choice Association, Inc., and The Foundation for New Education Initiatives, Inc. We will coordinate the selection of external auditors, review their audits and submit them to the Audit and Budget Advisory Committee for its review, input and transmittal to the School Board.
- At its November 15, 2017, regular meeting, the School Board authorized the development of a process consistent with Board Policy 6320 for engaging an external auditor to perform an independent mid-point audit/review and economic impact of the GOB School Improvement Program. The Chief Auditor will manage the engagement, as authorized, and will present both the final agreed-upon proposed scope of work and the selection of firm for the School Board's approval. He will also facilitate the engaged firms quarterly progress reports to the School Board through the Audit and Budget Advisory Committee.

Non-Audit Services

Prior Audit Recommendations Follow-Up

- Audit follow-up is a function of the internal audit process and is required by School Board Policy 6835 *Procedures-Performance of Auditing Activities and Communication of Results*.
- Implementation of prior audit recommendations will continue to be monitored and reported to the Audit and Budget Advisory Committee.

Non-Audit Services

Advisory Role to M-DCPS Management

- Assist 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, policies and procedures. Particularly, the School Audits Division provides recommendations to principals on best practices and financial procedures.

INTERNAL AUDIT/CIVILIAN INVESTIGATIVE UNIT STAFFING

Resource Allocation	As of June 30, 2016	As of June 30, 2017 ⁽¹⁾	Δ	Comments
Chief Auditor & Administrative Support Staff	3	3	No Change	
School Audits Division	15	15 ⁽²⁾	No Change	One full-time FTE audit position open from prior year filled in December 2016. See Note (2).
Non-School - Operational & Performance Audits Division	5	5	No Change	
Information Technology Audits Division	1	2 ⁽³⁾	100%	The Executive Director of the Civilian Investigative Unit (CIU) oversees both IT Audits and CIU. One (1) new full-time IT Audit position opened and was filled in October 2017.
Property Audits Division	5	5 ⁽⁴⁾	No Change	See Note (4).
Charter School Audits Division	3	3 ⁽⁵⁾	No Change	See Note (5).
Civilian Investigative Unit	4	4 ⁽⁶⁾	No Change	See Note (6).
Totals	36	37	3%	Total resource allocation increased by one in 2017-2018. See Note (1).

Notes:

(1) Office staffing at the end of 2016-2017 based on 36 filled Full-Time (F/T) positions, one (1) open F/T position and 3 Part-Time (P/T) filled positions.

(2) Two (2) F/T audit positions fully dedicated to FTE audits, of which one (1) F/T position filled in December 2016. One F/T audit position dedicated to Title I audits. Two P/T clerical position to support School Audits division (1) and office in general (1).

(3) One (1) F/T IT Audit Position filled in October 2017.

(4) Five (5) F/T positions, of which one (1) F/T position will be open due to the incumbent's upcoming retirement in July 2017. Position to be filled in 2017-2018. One (1) P/T audit position to conduct property audits of equipment purchased with Title I funds at non-public schools.

(5) Two (2) full-time audit positions overseen by Executive Audit Director over charter school audits.

(6) Three (3) full-time investigative positions and one (1) full-time support staff position overseen by Director of IT Audits and CIU Investigative Unit.

Anti-Discrimination Policy

Federal and State Laws

The School Board of Miami-Dade County, Florida adheres to a policy of nondiscrimination in employment and educational programs/activities 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 gender 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.

Title II of the Genetic Information Nondiscrimination Act of 2008 (GINA) - prohibits discrimination against employees or applicants because of genetic information.

Boy Scouts of America Equal Access Act of 2002 – no public school shall deny equal access to, or a fair opportunity for groups to meet on school premises or in school facilities before or after school hours, or discriminate against any group officially affiliated with Boy Scouts of America or any other youth or community group listed in Title 36 (as a patriotic society).

***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.*

In Addition:

School Board Policies 1362, 3362, 4362, and 5517 - Prohibit harassment and/or discrimination against students, employees, or applicants on the basis of sex, race, color, ethnic or national origin, religion, marital status, disability, genetic information, age, political beliefs, sexual orientation, gender, gender identification, social and family background, linguistic preference, pregnancy, citizenship status, and any other legally prohibited basis. Retaliation for engaging in a protected activity is also prohibited.

For additional information contact:

Office of Civil Rights Compliance (CRC)
Executive Director/Title IX Coordinator
155 N.E. 15th Street, Suite P104E
Miami, Florida 33132
Phone: (305) 995-1580 TDD: (305) 995-2400
Email: crc@dadeschools.net Website: <http://crc.dadeschools.net>

**2017 Annual Report
and
2018 Annual Audit Plan and Budget**



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