

MIAMI-DADE COUNTY PUBLIC SCHOOLS



Internal Audit Report Selected Schools



*The Financial Statements
Were Fairly Stated For All 36 Schools
In This Report And Property
Inventories Did Not Report Any
Significant Losses.
However, At Three Schools,
Controls In Areas Associated With The
Safeguarding of Collections And
Oversight Of Checking Account
Balances, Internal
Funds/Procurement Credit Card
Disbursements, and School Site Data
Security Need Improvement.*

January 2013

THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA

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Ms. Susie V. Castillo

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Mr. Alberto M. Carvalho

Superintendent of Schools

Mr. Jose F. Montes de Oca, CPA

Chief Auditor

Office of Management and Compliance Audits

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Miami-Dade County Public Schools

giving our students the world

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Alberto M. Carvalho

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January 17, 2013

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:

This report includes the audit results of 36 schools currently reporting to School Operations or the Education Transformation Office. This group also includes the last audit results of two alternative education centers that closed activities soon after the end of the 2010-2011 fiscal year. The audit scope of six of the 36 schools is two fiscal years ended June 30, 2012; while the audit scope of the remaining 30 schools is one fiscal year ended June 30, 2012. Additionally, at six schools, there was a change of Principal since the prior audit.

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

Our school audits disclosed that the financial statements of all 36 schools reported herein were fairly stated. At 33 of the 36 schools, we found general compliance with prescribed policies and procedures, and site records were maintained in good order. Property inventory results for all schools reported herein were satisfactory. Consequently, we congratulate the principals and staff whose schools demonstrated sound financial stewardship and compliance with District policy.

At three of the 36 schools, we found that controls over the safeguarding of deposits and oversight over checking account balances, the procedures for disbursing funds, and certain aspects of school site data security needed improvement. Prior to the audit visit, the Principal from one of these three schools had reported to M-DCPS Police that a cash deposit had been stolen from the school premises. Our audit could not identify the individual(s) responsible for the theft because at the time of the incident, controls over deposits under custody of the school site were inadequate to be able to identify the culprit(s). Subsequent to this incident, the Principal implemented corrective action by discussing with staff the proper procedures over the safeguarding of deposits, and strengthening controls over that area.

We discussed the audit findings with school, region and district administrations, and their responses are included in this report. In closing, we would like to thank the schools' staff and administration for the cooperation and consideration provided to the audit staff during the performance of these audits.

Sincerely,

Jose F. Montes de Oca, CPA

Chief Auditor

Office of Management and Compliance Audits

JFM:mtg

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EXECUTIVE SUMMARY

The Office of Management and Compliance Audits has completed the audits of 36 schools. These include five schools that currently report to the North Region Office, four to the Central Region Office, two to the South Region Office, 22 to the Educational Transformation Office (ETO), one adult education center that currently reports to the Adult and Community Education Division within School Operations; as well as two alternative education centers whose activities ceased soon after the closing of the 2010-2011 fiscal year. At six of these schools, there was a change of Principal since the prior audit.

The audit period of six of the 36 schools is a two-fiscal year audit ended June 30, 2012, while the audit period of 30 schools is a one-fiscal year audit period ended June 30, 2012.

The audits disclosed that 33 of the 36 schools reported herein maintained their records in good order and in accordance with prescribed policies and procedures. The three schools with audit findings and the affected areas are summarized in the following table:

School	Region/ District Office	Total	Deposits/ Checking Account	Disbursements (Internal Funds and P-Card)	Data Security
1. South Dade Adult Education Center	Adult and Community Education	1	√ Theft of Funds		
2. Arcola Lake Elementary	Central	1		√	
3. Mandarin Lakes K-8 Academy	ETO	1			√

Audit findings cited control deficiencies over the safeguarding and control over deposits and the management of the internal funds' checking account; the procedures for disbursing funds through the internal funds of the school and the district-issued procurement credit card (otherwise referred to as the P-Card); and certain aspects of school site data security (as a follow-up to a condition noted during a prior audit).

A Summary Schedule of Audit Findings listing audit results of current and prior audit periods for all schools in this report is presented on pages 18-21. Responses are included following the recommendations in the *Findings and Recommendations* section of this report (Pages 30-41); and in the Appendix section in memorandum format (Pages 50-59).

Notwithstanding the conditions and findings reported herein, at all 36 schools, the financial statements present fairly, in all material respects, the changes in fund balances arising from the cash transactions of the schools during the 2010-2011 and/or 2011-2012 fiscal year(s), on the cash basis of accounting, and depending on the school audited.

As of June 30, 2011, for six of the 36 schools reported herein, total combined receipts and disbursements amounted to \$465,068 and \$409,702, respectively; while total combined cash and investments amounted to \$283,020 (Page 8).

As of June 30, 2012, for all 36 schools reported herein, total combined receipts and disbursements amounted to \$3,608,107 and \$3,738,751, respectively; while total combined cash and investments amounted to \$1,075,909 (Pages 9-12).

Except for those conditions and findings reported herein and in the audit reports of the individual schools, as of June 30, 2011 and/or June 30, 2012, the internal control structure at the schools generally functioned as designed by the District and implemented by the school administration.

When conditions came to our attention that were deemed non-reportable, because they were immaterial or inconsequential, they were, nevertheless, discussed with management for their information and follow-up.

INTERNAL FUNDS

Internal funds records and procedures were reviewed at all 36 schools. Of this total, 34 were in general compliance with the procedures established in the *Manual of Internal Fund Accounting*. At the following two schools we found the following:

- At South Dade Adult Education Center, prior to the start of this audit, on August 26, 2011, the Principal contacted M-DCPS Police to report the theft of cash collections totaling \$1,063. Our audit was unable to identify the party or parties responsible for the theft, since several individuals had access to the location where the funds were stored and to the keys needed to access the location. However, we determined that, at the time of the incident, controls over the safeguarding of the collections were inadequate. Although the school administration strengthened most of the safeguards over the deposits, we found that the school had not implemented the use of the “Collections/Deposits Log” form [FM-7249] to maintain control over those deposits stored in the safe location overnight; and removed from the safe location to deliver to the bank. Regarding controls over the checking account, we found that the Principal was not receiving directly the unopened checking account bank statement for review; the school’s checking account balance exceeded \$100,000 on several occasions (which we considered excessive given the size of this operation); and the school was not receiving from the bank the reverse (endorsement side) of cancelled checks since June 2012 (Pages 30-34).
- At Arcola Lake Elementary, our review of expenditures associated with grant funds deposited in the school’s internal funds disclosed that the school did not spend all the funds in accordance with the plan delineated in the grant documents, or within the timelines established by the grantor. During the audit, the grantor provided a memorandum *after-the-fact*, granting approval for the alternate use of the funds; and the school had previously contacted the grantor to extend one of the deadlines. Other discrepancies related to internal funds disbursements included several instances where the school did not obtain the minimum of three written quotations (including one from a certified minority enterprise) to justify vendor selection for individual purchases of \$1,000 or more; instances where the school did not prepare an internal funds purchase orders for individual disbursements of \$100 or more (to encumber the funds); as well as instances where staff did not sign on the invoice supporting a disbursement to indicate receipt of goods and readiness for issuing payment (Pages 35-39).

PAYROLL

We reviewed current payroll records and procedures at the following 12 schools:

School Name	Region	School Name	Region
▪ Arcola Lake Elementary ¹	Central	▪ Miami Park Elementary ¹	ETO
▪ Dr. Rolando Espinosa K-8 Center ¹	Central	▪ Miami Edison Middle	ETO
▪ Horace Mann Middle	Central	▪ North Miami Middle	ETO
▪ Shenandoah Middle ¹	Central	▪ Hialeah-Miami Lakes Senior	ETO
▪ Earlington Heights Elementary	ETO	▪ Miami Jackson Senior ¹	ETO
▪ Gratigny Elementary	ETO	▪ Miami Southridge Senior ¹	ETO

At all 12 schools, there was general compliance with the *Payroll Processing Procedures Manual*.

PROPERTY

The results of physical inventories of property items with an individual cost of \$1,000 or more are reported for 32 schools. This total includes the property results of 31 of the 36 schools in this report; and one school whose results were pending publication since the previous audit report in December 2012. Property audits for three schools could not be finalized in time to include in this report and will be reported at a later date this fiscal year. The remaining two alternative education centers: Corporate Academy North and Miami MacArthur Douglas North are not reporting inventory results, since both centers physically closed their doors in 2011, and this report only includes the audit results related to their financial activity.

At 32 schools, Property Audits staff inventoried a total of 7,962 equipment items with a total approximate cost of \$19.9 million. Property inventory results proved satisfactory for all 32 schools reported herein (refer to Property Schedules on pages 26-28).

Property inventories also include the review of property losses reported by the schools through the Plant Security Report process. Our analysis of Plant Security Report losses reported by four schools from this group disclosed that six items with a depreciated value of approximately \$400 and a total approximate cost of \$6,540 were reported missing (Page 29). Overall, losses were minimal.

¹ Change of Principal since the prior audit at this school (six schools).

PURCHASING CREDIT CARD (P-CARD) PROGRAM

We reviewed the P-Card Program's procedures and records at the following six schools:

School Name	Region Office
▪ Arcola Lake Elementary	▪ Central
▪ Norman S. Edelcup/Sunny Isles Beach K-8 Center	▪ North
▪ Ethel F. Beckford/Richmond Elementary	▪ ETO
▪ Jose de Diego Middle	▪ ETO
▪ North Dade Middle	▪ ETO
▪ Miami Southridge Senior	▪ ETO

Our review disclosed that five of six schools listed above generally complied with the *Purchasing Credit Card Program Policies & Procedures Manual*.

- At Arcola Lake Elementary school, our review of purchases made with the Procurement Credit Card (P-Card) disclosed that that the school split a \$3,500 purchase in two separate charges to circumvent the P-Card's \$3,000 single transaction purchasing threshold; and in several instances, did not prepare and process the P-Card monthly reconciliation in a timely manner (Pages 35-39).

FULL-TIME-EQUIVALENT (FTE) FUNDING

The following eight schools were selected for these audits:

School Name	Region Office	Survey Period (SP)	FTE Funding
▪ James H. Bright/J. W. Johnson Elementary	North	2012-2013 SP2	\$ 1,516,795
▪ Norman S. Edelcup/Sunny Isles Beach K-8 Ctr.	North	2012-2013 SP2	3,459,778
▪ Gratigny Elementary	ETO	2012-2013 SP2	1,293,090
▪ Dr. Henry W. Mack/West Little River K-8 Center	ETO	2012-2013 SP2	820,056
▪ Mandarin Lakes K-8 Academy	ETO	2011-2012 SP3	2,590,842
▪ Jesse J. McCrary, Jr. Elementary	ETO	2012-2013 SP2	1,016,055
▪ Campbell Drive Middle	ETO	2012-2013 SP2	1,022,383
▪ Miami Southridge Senior	ETO	2011-2012 SP3	3,708,859
Total FTE Funding			\$ 15,427,858

The total FTE funding amounted to approximately \$15.4 million for the eight schools combined. FTE records reviewed corresponded to the 2011-2012 Survey Period 3 (February 2012) or 2012-2013 Survey Period 2 (October 2012), depending on the school audited, as reflected in the preceding table for each individual school. Our FTE reviews disclosed that all eight schools were generally compliant with District policy.

Discrepancies in this area were discussed with the school administrations for their information and corrective action.

TITLE I PROGRAM EXPENDITURES AND PROCEDURES

A review of Title I Program expenditures and procedures for the 2011-2012 fiscal year was conducted at the following two schools since our last report in December 2012:

School Name	Region Office	Total Expenditures
▪ Jose de Diego Middle	ETO	\$ 525,921
▪ North Miami Middle	ETO	825,769
Total Title I Program Expenditures		\$ 1,351,690

Total expenditures incurred under various Title I programs amounted to approximately \$1.35 million. Results of our audits disclosed that both schools were generally compliant with the policies and procedures established by the *Title I Administration Handbook*. Discrepancies identified in this area were discussed with the school administrations for their information and corrective action.

DATA SECURITY

We reviewed the report titled “Authorized Applications for Employees by Locations Report” at three schools as a follow up to prior audit results in this area of school site IT function. The schools reviewed were:

School Name	Region Office
▪ Mandarin Lakes K-8 Academy	ETO
▪ Miami Jackson Senior	ETO
▪ Shenandoah Middle	Central

Our review disclosed that two of the three schools generally complied with the review of the report and with the requirements for granting access to system applications.

- At Mandarin Lakes K-8 Academy, during the past audit in September 2011, we discussed with the school administration that the number of school employees with access to the system application for changing students’ grades exceeded the number allowed under the guidelines; and recommended that access be curtailed to comply with such guidelines. This year, we found that the school had not curtailed access to the employees in question until a few days prior to the audit visit in November 2012. In addition, for this year only, we similarly identified two other employees that should not have been granted access to the Grade Book applications for recording students’ grades and/or attendance. These included an administrator from another school and a lunchroom aide of the school (Pages 40-41).

Any minor discrepancies identified during the audits were discussed with the school administrations for corrective action.

AUDIT OPINION

The following tables summarize total cash receipts and disbursements, and financial position of cash and investments as of June 30, 2011 and/or June 30, 2012 (depending on the school audited) for the 36 schools included herein. It also provides the audit opinion regarding the schools' financial statements:

**CONDENSED ANNUAL FINANCIAL REPORTS
AND TOTAL CASH AND INVESTMENTS AS OF JUNE 30, 2011**

The Condensed Annual Financial Reports and Total Cash and Investments as of June 30, 2011 for the six of the 36 schools reported herein are:

Work Loc. No.	Schools	Beginning Balance	Receipts	Disbursements	End Balance	Cash	Investments		Total Cash and Investments
							Money Market Pool Fund	Other	
<u>Adult and Community Education Center</u>									
7702	South Dade Adult Education Center	\$ 104,235.79	\$ 309,715.72	\$ 260,484.71	\$ 153,466.80	\$ 100,434.57	\$ 53,032.23	\$ -	\$ 153,466.80
<u>Central Region Office School</u>									
6411	Horace Mann Middle	27,957.93	59,644.93	60,431.55	27,171.31	11,229.53	15,941.78	-	27,171.31
<u>South Region Office Schools</u>									
8181	Ruth Owens Krusé Educational Center	16,958.73	27,069.73	25,415.12	18,613.34	5,331.33	13,282.01	-	18,613.34
9732	Merrick Educational Center	24,495.77	11,255.47	10,915.94	24,835.30	1,446.14	23,389.16	-	24,835.30
<u>Alternative Education Centers</u>									
8161	Corporate Academy North	9,242.63	17,096.72	16,098.78	10,240.57	6,059.23	4,181.34	-	10,240.57
7254	YMAACD at Miami Douglas MacArthur No. Senior	44,762.45	40,285.74	36,355.87	48,692.32	11,251.58	37,440.74	-	48,692.32
TOTALS		\$ 227,653.30	\$ 465,068.31	\$ 409,701.97	\$ 283,019.64	\$ 135,752.38	\$ 147,267.26	\$ -	\$ 283,019.64

CONDENSED ANNUAL FINANCIAL REPORTS AND TOTAL CASH AND INVESTMENTS AS OF JUNE 30, 2012

The Condensed Annual Financial Reports and Total Cash and Investments as of June 30, 2012 for the 36 schools reported herein are:

Work Loc. No.	Schools	Beginning Balance	Receipts	Disbursements	End Balance	Cash	Investments		Total Cash and Investments
							Money Market Pool Fund	Other	
<u>Adult and Community Education Center</u>									
7702	South Dade Adult Education Center ^(a)	\$ 153,466.80	\$ 380,472.45	\$ 403,582.96	\$ 130,356.29	\$ 77,053.91	\$ 53,302.38	\$ -	\$ 130,356.29
<u>North Region Office Schools</u>									
0481	James H. Bright Elementary/J. W. Johnson Elementary	101,197.76	81,983.53	107,388.48	75,792.81	12,019.82	63,772.99	-	75,792.81
0092	Norman S. Edelcup/Sunny Isles Beach K-8 Center	24,700.39	213,433.14	208,123.09	30,010.44	26,966.66	3,043.78	-	30,010.44
2401	Hibiscus Elementary	19,334.81	35,264.50	43,011.64	11,587.67	5,805.91	5,781.76	-	11,587.67
5021	Ben Sheppard Elementary	12,106.70	264,013.42	264,075.97	12,044.15	6,012.45	6,031.70	-	12,044.15
6541	Nautilus Middle	64,557.12	91,675.33	101,507.59	54,724.86	30,195.65	24,529.21	-	54,724.86
<u>Central Region Office Schools</u>									
0101	Arcola Lake Elementary	15,809.86	56,615.25	58,307.80	14,117.31	8,037.60	6,079.71	-	14,117.31
0122	Dr. Rolando Espinosa K-8 Center	31,407.04	577,441.10	583,255.78	25,592.36	20,002.87	5,589.49	-	25,592.36

Note:

(a) Two-year audit at this school (six schools).

**CONDENSED ANNUAL FINANCIAL REPORTS
AND TOTAL CASH AND INVESTMENTS AS OF JUNE 30, 2012**

Work Loc. No.	Schools	Beginning Balance	Receipts	Disbursements	End Balance	Cash	Investments		Total Cash and Investments
							Money Market Pool Fund	Other	
6411	Horace Mann Middle ^(a)	27,171.31	59,716.22	58,055.45	28,832.08	12,809.11	16,022.97	-	28,832.08
6841	Shenandoah Middle	27,579.47	93,263.98	89,404.91	31,438.54	14,015.92	17,422.62	-	31,438.54
<u>South Region Office Schools</u>									
8181	Ruth Owens Kruse Educational Center ^(a)	18,613.34	23,257.16	24,703.66	17,166.84	3,817.18	13,349.66	-	17,166.84
9732	Merrick Educational Center ^(a)	24,835.30	12,751.77	21,401.62	16,185.45	5,231.38	10,954.07	-	16,185.45
<u>Educational Transformation Office (ETO) Schools</u>									
4651	Ethel F. Beckford/Richmond Elementary	16,389.76	15,302.06	15,928.81	15,763.01	4,910.66	10,852.35	-	15,763.01
0261	Bel-Aire Elementary	5,637.21	17,122.11	17,317.31	5,442.01	2,275.06	3,166.95	-	5,442.01
1561	Earlington Heights Elementary	12,906.01	8,102.44	9,413.69	11,594.76	4,231.94	7,362.82	-	11,594.76
2241	Gratigny Elementary	10,693.37	16,810.08	16,722.95	10,780.50	2,258.88	8,521.62	-	10,780.50
2981	Liberty City Elementary	7,837.74	26,282.66	23,234.09	10,886.31	9,001.69	1,884.62	-	10,886.31
5861	Dr. Henry W. Mack/West Little River K-8 Center	12,395.01	10,383.22	11,127.67	11,650.56	6,425.35	5,225.21	-	11,650.56

Note:

(a) Two-year audit at this school (six schools).

**CONDENSED ANNUAL FINANCIAL REPORTS
AND TOTAL CASH AND INVESTMENTS AS OF JUNE 30, 2012**

Work Loc. No.	Schools	Beginning Balance	Receipts	Disbursements	End Balance	Cash	Investments		Total Cash and Investments
							Money Market Pool Fund	Other	
0073	Mandarin Lakes K-8 Academy	14,074.18	57,956.93	60,135.18	11,895.93	10,887.48	1,008.45	-	11,895.93
3021	Jesse J. McCrary, Jr. Elementary	7,689.25	31,720.36	31,502.71	7,906.90	4,504.35	3,402.55	-	7,906.90
3301	Miami Park Elementary	14,624.37	11,462.60	13,483.05	12,603.92	5,935.40	6,668.52	-	12,603.92
3821	North County K-8 Center	10,817.88	25,387.35	24,765.17	11,440.06	8,513.17	2,926.89	-	11,440.06
4501	Poinciana Park Elementary	5,019.66	10,317.74	10,967.45	4,369.95	2,751.65	1,618.30	-	4,369.95
5931	Phillis Wheatley Elementary	7,649.82	22,920.21	19,283.40	11,286.63	8,308.70	2,977.93	-	11,286.63
5991	Charles D. Wyche, Jr. Elementary	14,413.14	149,742.27	156,143.46	8,011.95	2,205.61	5,806.34	-	8,011.95
6061	Campbell Drive Middle	29,815.48	48,869.38	48,180.84	30,504.02	6,882.43	23,621.59	-	30,504.02
6051	Carol City Middle	31,859.72	53,059.37	54,688.93	30,230.16	19,333.58	10,896.58	-	30,230.16
6361	Jose de Diego Middle	35,352.64	32,351.32	36,370.17	31,333.79	7,061.29	24,272.50	-	31,333.79
6481	Miami Edison Middle	18,250.54	47,354.79	42,006.06	23,599.27	9,351.34	14,247.93	-	23,599.27
6591	North Dade Middle	20,418.59	34,985.04	29,833.99	25,569.64	13,344.18	12,225.46	-	25,569.64
6631	North Miami Middle	25,767.19	24,983.52	24,722.28	26,028.43	13,073.37	12,955.06	-	26,028.43

**CONDENSED ANNUAL FINANCIAL REPORTS
AND TOTAL CASH AND INVESTMENTS AS OF JUNE 30, 2012**

Work Loc. No.	Schools	Beginning Balance	Receipts	Disbursements	End Balance	Cash	Investments		Total Cash and Investments
							Money Market Pool Fund	Other	
7131	Hialeah-Miami Lakes Senior	162,387.98	359,361.75	351,947.21	169,802.52	44,507.41	125,295.11	-	169,802.52
7341	Miami Jackson Senior	54,165.10	273,449.88	279,334.55	48,280.43	14,839.83	33,440.60	-	48,280.43
7731	Miami Southridge Senior	108,675.01	440,255.24	439,850.50	109,079.75	16,148.23	92,931.52	-	109,079.75
<u>Alternative Education Centers</u>									
8161	Corporate Academy North ^{(a)(b)}	10,240.57	3.01	10,243.58	-	-	-	-	-
7254	YMAACD At Miami Douglas MacArthur North Senior ^{(a)(b)}	48,692.32	36.22	48,728.54	-	-	-	-	-
TOTALS		\$ 1,206,552.44	\$ 3,608,107.40	\$ 3,738,750.54	\$ 1,075,909.30	\$ 438,720.06	\$ 637,189.24	\$ -	\$ 1,075,909.30

Note:

- (a) Two-year audit at this school (six schools).
- (b) Center closed its financial activity before the end of June 30, 2012. Corporate Academy North remitted leftover funds (after liquidating any pending financial obligations) to the Academy for Community Education, while Miami Douglas MacArthur North Senior remitted leftover funds to Jan Mann Opportunity School.

AUDIT OPINION

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

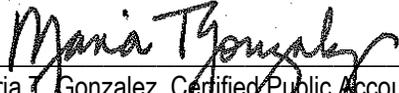
Notwithstanding the conditions and findings reported herein, at all 36 schools, the financial statements present fairly, in all material respects, the changes in fund balances arising from the cash transactions of the schools during the 2010-2011 and/or 2011-2012 fiscal year, on the cash basis of accounting, depending on the school audited.

As of June 30, 2011, for six of the 36 schools reported herein, total combined receipts and disbursements amounted to \$465,068.31 and \$409,701.97, respectively; while total combined cash and investments amounted to \$283,019.64 (Page 8).

As of June 30, 2012, for all 36 schools reported herein, total combined receipts and disbursements amounted to \$3,608,107.40 and \$3,738,750.54, respectively; while total combined cash and investments amounted to \$1,075,909.30 (Pages 9-12).

As of June 30, 2011 and/or June 30, 2012, the internal control structure at all schools reported herein generally functioned as designed by the District and implemented by the school administration, except for those conditions reported herein and in the audit reports of the individual schools.

When conditions came to our attention that were deemed non-reportable, because they were immaterial and inconsequential, they were nevertheless, discussed with management for their information and follow-up.



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

INTERNAL CONTROLS RATING

The internal controls rating of the three schools reported herein **with audit exceptions** are listed as follows:

SCHOOLS	PROCESS & IT CONTROLS			POLICY & PROCEDURES COMPLIANCE			EFFECT
	SATISFACTORY	NEEDS IMPROVEMENT	INADEQUATE	SATISFACTORY	NEEDS IMPROVEMENT	INADEQUATE	
<u>Adult and Community Education Center</u>							
South Dade Adult Education Center		✓			✓		Likely to impact
<u>Central Region Office School</u>							
Arcola Lake Elementary		✓			✓		Likely to impact
<u>Education Transformation Office (ETO) School</u>							
Mandarin Lakes K-8 Academy		✓			✓		Likely to impact

INTERNAL CONTROLS RATING

The internal control ratings for the remaining 33 schools reported herein **without audit exceptions** are depicted as follows:

SCHOOLS	PROCESS & IT CONTROLS			POLICY & PROCEDURES COMPLIANCE			EFFECT
	SATISFACTORY	NEEDS IMPROVEMENT	INADEQUATE	SATISFACTORY	NEEDS IMPROVEMENT	INADEQUATE	
<u>North Region Office Schools</u>							
James H. Bright/J. W. Johnson Elementary	✓			✓			Not Likely to impact
Norman S. Edelcup/Sunny Isles Beach K-8 Center	✓			✓			Not Likely to impact
Hibiscus Elementary	✓			✓			Not Likely to impact
Ben Sheppard Elementary	✓			✓			Not Likely to impact
Nautilus Middle	✓			✓			Not Likely to impact
<u>Central Region Office Schools</u>							
Dr. Rolando Espinosa K-8 Center	✓			✓			Not Likely to impact
Horace Mann Middle	✓			✓			Not Likely to impact
Shenandoah Middle	✓			✓			Not Likely to impact
<u>South Region Office Schools</u>							
Ruth Owens Krusé Educational Center	✓			✓			Not Likely to impact
Merrick Educational Center	✓			✓			Not Likely to impact

INTERNAL CONTROLS RATING

SCHOOLS	PROCESS & IT CONTROLS			POLICY & PROCEDURES COMPLIANCE			EFFECT
	SATISFACTORY	NEEDS IMPROVEMENT	INADEQUATE	SATISFACTORY	NEEDS IMPROVEMENT	INADEQUATE	
<u>Educational Transformation Office (ETO) Schools</u>							
Ethel F. Beckford/Richmond Elementary	✓			✓			Not Likely to impact
Bel-Aire Elementary	✓			✓			Not Likely to impact
Earlington Heights Elementary	✓			✓			Not Likely to impact
Gratigny Elementary	✓			✓			Not Likely to impact
Liberty City Elementary	✓			✓			Not Likely to impact
Dr. Henry W. Mack/West Little River K-8 Center	✓			✓			Not Likely to impact
Jesse J. McCrary, Jr. Elementary	✓			✓			Not Likely to impact
Miami Park Elementary	✓			✓			Not Likely to impact
North County K-8 Center	✓			✓			Not Likely to impact
Poinciana Park Elementary	✓			✓			Not Likely to impact
Phillis Wheatley Elementary	✓			✓			Not Likely to impact
Charles D. Wyche, Jr. Elementary	✓			✓			Not Likely to impact
Campbell Drive Middle	✓			✓			Not Likely to impact
Carol City Middle	✓			✓			Not Likely to impact

INTERNAL CONTROLS RATING

SCHOOLS	PROCESS & IT CONTROLS			POLICY & PROCEDURES COMPLIANCE			EFFECT
	SATISFACTORY	NEEDS IMPROVEMENT	INADEQUATE	SATISFACTORY	NEEDS IMPROVEMENT	INADEQUATE	
Jose de Diego Middle	✓			✓			Not Likely to impact
Miami Edison Middle	✓			✓			Not Likely to impact
North Dade Middle	✓			✓			Not Likely to impact
North Miami Middle	✓			✓			Not Likely to impact
Hialeah-Miami Lakes Senior	✓			✓			Not Likely to impact
Miami Jackson Senior	✓			✓			Not Likely to impact
Miami Southridge Senior	✓			✓			Not Likely to impact
<u>Alternative Education Centers</u>							
Corporate Academy North ^(a)	✓			✓			Not Likely to impact
YMAACD At Miami Douglas MacArthur North Senior ^(a)	✓			✓			Not Likely to impact

Note:

(a) Last audit at this location (close-out audit). Financial activities concluded soon after the close of the 2010-2011 fiscal year.

SUMMARY SCHEDULE OF AUDIT FINDINGS CURRENT AND PRIOR AUDIT PERIODS

Summary of findings of the three schools reported herein **with audit exceptions** are as follows:

WORK LOC. NO.	SCHOOLS	CURRENT YEAR FINDINGS		PRIOR YEAR FINDINGS	
		Total per School	Area Of Findings	Total per School	Area Of Findings
<u>Adult and Community Education Center</u>					
7702	South Dade Adult Education Center	1	▪ Deposits/Checking Account (Theft)	None	
<u>Central Region Office School</u>					
0101	Arcola Lake Elementary ^(a)	1	▪ Disbursements (Internal Funds and P-Card)	1	▪ FTE-ELL
<u>Educational Transformation Office (ETO) School</u>					
0073	Mandarin Lakes K-8 Academy	1	▪ Data Security	None	
TOTAL		3		1	

Note:

- (a) Change of Principal at this school since the prior audit. Conditions noted in the findings reported on pages 35-39 encompassed both former and current school administrations.

SUMMARY SCHEDULE OF AUDIT FINDINGS CURRENT AND PRIOR AUDIT PERIODS

Summary of findings of the remaining 33 schools reported herein **without audit exceptions** are as follows:

WORK LOC. NO.	SCHOOLS	CURRENT YEAR FINDINGS		PRIOR YEAR FINDINGS	
		Total per School	Area Of Findings	Total per School	Area Of Findings
<u>North Region Office Schools</u>					
0481	James H. Bright/J. W. Johnson Elementary	None		None	
0092	Norman S. Edelcup/Sunny Isles Beach K-8 Center	None		None	
2401	Hibiscus Elementary	None		None	
5021	Ben Sheppard Elementary	None		None	
6541	Nautilus Middle	None		None	
<u>Central Region Office Schools</u>					
0122	Dr. Rolando Espinosa K-8 Center	None		None	
6411	Horace Mann Middle	None		None	
6841	Shenandoah Middle	None		None	
<u>South Region Office Schools</u>					
8181	Ruth Owens Krusé Educational Center	None		None	
9732	Merrick Educational Center	None		None	
<u>Educational Transformation Office (ETO) Schools</u>					
4651	Ethel F. Beckford/Richmond Elementary	None		None	
0261	Bel-Aire Elementary	None		None	
1561	Earlington Heights Elementary	None		None	

**SUMMARY SCHEDULE OF AUDIT FINDINGS
CURRENT AND PRIOR AUDIT PERIODS**

WORK LOC. NO.	SCHOOLS	CURRENT YEAR FINDINGS		PRIOR YEAR FINDINGS	
		Total per School	Area Of Findings	Total per School	Area Of Findings
2241	Gratigny Elementary	None		None	
2981	Liberty City Elementary	None		None	
5861	Dr. Henry W. Mack/West Little River K-8 Center	None		None	
3021	Jesse J. McCrary, Jr. Elementary	None		None	
3301	Miami Park Elementary	None		None	
3821	North County K-8 Center	None		None	
4501	Poinciana Park Elementary	None		None	
5931	Phillis Wheatley Elementary	None		None	
5991	Charles D. Wyche, Jr. Elementary	None		None	
6061	Campbell Drive Middle	None		None	
6051	Carol City Middle	None		None	
6361	Jose de Diego Middle	None		None	
6481	Miami Edison Middle	None		1	▪ Payroll
6591	North Dade Middle	None		None	
6631	North Miami Middle	None		None	
7131	Hialeah-Miami Lakes Senior	None		None	
7341	Miami Jackson Senior	None		2	▪ Disbursements ▪ Payroll
7731	Miami Southridge Senior	None		2	▪ Athletic Tickets ▪ Payroll

**SUMMARY SCHEDULE OF AUDIT FINDINGS
CURRENT AND PRIOR AUDIT PERIODS**

WORK LOC. NO.	SCHOOLS	CURRENT YEAR FINDINGS		PRIOR YEAR FINDINGS	
		Total per School	Area Of Findings	Total per School	Area Of Findings
<u>Alternative Education Centers</u>					
8161	Corporate Academy North ^(b)	None		None	
7254	YMAACD At Miami Douglas MacArthur North Senior ^(b)	None		None	
TOTAL		None		5	

Note:

(b) Last audit at this location. Financial activities concluded after the close of the 2010-2011 fiscal year.

LIST OF SCHOOL PRINCIPALS/ADMINISTRATORS

Listed below are the names of the former and current principals, as applicable for the three schools **with audit exceptions**. The **highlighted name(s)** represents the principal(s)/administrator(s) in charge of the school during the audit period:

Work Loc. No.	Schools	Current Principal/Administrator	Former Principal/Administrator
<u>Adult and Community Education Center</u>			
7702	South Dade Adult Education Center	Mr. Rene Mantilla	N/A = No Change of Principal Since Prior Audit.
<u>Central Region Office School</u>			
0101	Arcola Lake Elementary ^{(a)(b)}	Dr. Cynthia C. Williams	Ms. Vanady A. Daniels (Through June 2012; presently Principal at Lake Stevens Elementary).
<u>Education Transformation Office (ETO) School</u>			
0073	Mandarin Lakes K-8 Academy	Ms. Angeles Fleites	N/A = No Change of Principal Since Prior Audit.

Notes:

- (b) Change of Principal since prior audit at this school (six schools).
- (c) Conditions noted in the findings reported on pages 35-39 encompassed both former and current school administrations.

LIST OF SCHOOL PRINCIPALS/ADMINISTRATORS

Listed below are the names of the former and current principals, as applicable for the remaining 33 schools **without audit exceptions**. The **highlighted name(s)** represents the **principal(s)/administrator(s)** in charge of the school during the audit period:

Work Loc. No.	Schools	Current Principal/Administrator	Former Principal/Administrator
<u>North Region Office Schools</u>			
0481	James H. Bright/J. W. Johnson Elementary	Ms. Maritza M. Garcia	N/A = No Change of Principal Since Prior Audit.
0092	Norman S. Edelcup/Sunny Isles Beach K-8 Center	Dr. Annette H. Weissman	N/A = No Change of Principal Since Prior Audit.
2401	Hibiscus Elementary	Ms. Kim W. Cox	N/A = No Change of Principal Since Prior Audit.
5021	Ben Sheppard Elementary	Dr. Eduardo J. Tagle	N/A = No Change of Principal Since Prior Audit.
6541	Nautilus Middle	Dr. Allyn Bernstein	N/A = No Change of Principal Since Prior Audit.
<u>Central Region Office Schools</u>			
0122	Dr. Rolando Espinosa K-8 Center ^(a)	Ms. Marie P. Caceres	Ms. Reva A. Vangates (Through November 2012; presently Region Administrative Director, South Region Office).
6411	Horace Mann Middle	Ms. Carmen Jones-Carey	N/A = No Change of Principal Since Prior Audit.
6841	Shenandoah Middle ^(a)	Mr. Humberto J. Miret	Ms. Lourdes F. Delgado (Through September 2012; retired).
<u>South Region Office Schools</u>			
8181	Ruth Owens Krusé Educational Center	Dr. Angel L. Rodriguez	N/A = No Change of Principal Since Prior Audit.
9732	Merrick Educational Center	Ms. Deborah C. Wehking	N/A = No Change of Principal Since Prior Audit.

Notes:

(a) Change of Principal since prior audit at this school (six schools).

LIST OF SCHOOL PRINCIPALS/ADMINISTRATORS

Work Loc. No.	Schools	Current Principal/Administrator	Former Principal/Administrator
<u>Educational Transformation Office (ETO) Schools</u>			
4651	Ethel F. Beckford/Richmond Elementary	Ms. Jacqua J. Little	N/A = No Change of Principal Since Prior Audit.
0261	Bel-Aire Elementary	Ms. Prudence Mingo	N/A = No Change of Principal Since Prior Audit.
1561	Earlington Heights Elementary	Dr. Thalya Watkins	N/A = No Change of Principal Since Prior Audit.
2241	Gratigny Elementary	Dr. Aaron L. Enteen	N/A = No Change of Principal Since Prior Audit.
2981	Liberty City Elementary	Ms. Tamme Y. Williams	N/A = No Change of Principal Since Prior Audit.
5861	Dr. Henry W. Mack/West Little River K-8 Center	Ms. Martha Z. Harris	N/A = No Change of Principal Since Prior Audit.
3021	Jesse J. McCrary, Jr. Elementary	Ms. Maria E. Calvet-Cuba	N/A = No Change of Principal Since Prior Audit.
3301	Miami Park Elementary ^(a)	Ms. Stephanie D. Goree	Ms. Sandra V. Banky (Through June 2012; presently Principal at Lakeview Elementary).
3821	North County K-8 Center	Ms. Melissa M. Mesa	N/A = No Change of Principal Since Prior Audit.
4501	Poinciana Park Elementary	Ms. Kimberley F. Emmanuel	N/A = No Change of Principal Since Prior Audit.
5931	Phillis Wheatley Elementary	Ms. Catalina Flor	N/A = No Change of Principal Since Prior Audit.
5991	Charles David Wyche, Jr. Elementary	Dr. Barbara L. Johnson	N/A = No Change of Principal Since Prior Audit.
6061	Campbell Drive Middle	Mr. Paul A. Pfeiffer	N/A = No Change of Principal Since Prior Audit.
6051	Carol City Middle	Ms. Joyce R. Jones	N/A = No Change of Principal Since Prior Audit.
6361	Jose de Diego Middle	Mr. Yaset Fernandez	N/A = No Change of Principal Since Prior Audit.

Note:

(a) Change of Principal since prior audit at this school (six schools).

LIST OF SCHOOL PRINCIPALS/ADMINISTRATORS

Work Loc. No.	Schools	Current Principal/Administrator	Former Principal/Administrator
6481	Miami Edison Middle	Mr. Keith A. Anderson	N/A = No Change of Administrator Since Prior Audit.
6591	North Dade Middle	Dr. Tonya S. Dillard	N/A = No Change of Administrator Since Prior Audit.
6631	North Miami Middle	Mr. Alberto Iber	N/A = No Change of Administrator Since Prior Audit.
7131	Hialeah-Miami Lakes Senior	Mr. Jose Bueno	N/A = No Change of Administrator Since Prior Audit.
7341	Miami Jackson Senior ^(a)	Mr. Carlos Rios, Jr.	Mr. Julian Cazañas, Jr. (Through June 2012; presently Principal at Miami Sunset Adult Education Center).
7731	Miami Southridge Senior ^(a)	Ms. Bianca M. Calzadilla	Dr. David K. Moore (Through July 2012; presently Region Administrative Director, Education Transformation Office).
<u>Alternative Education Centers</u>			
8161	Corporate Academy North ^(b)	Dr. Doyle N. Tarver (Through July 2011; presently Principal at Gertrude K. Edelman/Sabal Palm Elementary).	N/A = No Change of Administrator Since Prior Audit.
7254	YMAACD at Miami Douglas MacArthur North Senior ^(b)	Mr. Marion L. Rogers, Sr. (Through early August 2011; presently Senior Assistant Principal at American Senior).	N/A = No Change of Administrator Since Prior Audit.

Notes:

- (a) Change of Principal since prior audit at this school (six schools).
- (b) Centers closed before June 30, 2012 (2 centers).

PROPERTY SCHEDULES

The results of the property inventories of the 32 schools reported herein are as follows:

WORK LOCATION NO.	SCHOOLS	CURRENT INVENTORY					PRIOR INVENTORY	
		Total Items	Dollar Value	Unlocated Items			No. Of Unloc. Items	Dollar Value
				No. Of Items	At Cost	At Deprec. Value		
<u>Adult and Community Education Center</u>								
7702	South Dade Adult Education Center	248	\$ 776,029	-	-	-	-	-
<u>North Region Office Schools</u>								
0481	James H. Bright/J. W. Johnson Elementary	150	327,085	-	-	-	2	\$ 3,863
0092	Norman S. Edelcup/Sunny Isles Beach K-8 Center	186	558,729	-	-	-	-	-
2401	Hibiscus Elementary	132	259,601	-	-	-	-	-
5021	Ben Sheppard Elementary	172	376,079	-	-	-	-	-
6541	Nautilus Middle	265	714,212	-	-	-	-	-
<u>Central Region Office Schools</u>								
0101	Arcola Lake Elementary ^(a)							
0122	Dr. Rolando Espinosa K-8 Center	183	756,523	-	-	-	-	-
6411	Horace Mann Middle	436	922,378	-	-	-	-	-
6841	Shenandoah Middle ^(a)							

Notes:

(a) Latest property inventory reported in 2012. To be performed later this fiscal year (three schools).

(b) Property inventory results pending since school audit reported in December 2012 (one school).

PROPERTY SCHEDULES

WORK LOCATION NO.	SCHOOLS	CURRENT INVENTORY					PRIOR INVENTORY	
		Total Items	Dollar Value	Unlocated Items			No. Of Unloc. Items	Dollar Value
				No. Of Items	At Cost	At Deprec. Value		
<u>South Region Office Schools</u>								
8181	Ruth Owens Krusé Educational Center	183	399,020	-	-	-	-	-
9732	Merrick Educational Center	126	275,262	-	-	-	-	-
<u>Education Transformation Office (ETO) Schools</u>								
4651	Ethel F. Beckford/Richmond Elementary	100	222,932	-	-	-	-	-
0261	Bel- Aire Elementary	116	298,291	-	-	-	-	-
1561	Earlington Heights Elementary	137	265,509	-	-	-	-	-
2241	Gratigny Elementary	134	364,886	-	-	-	-	-
2981	Liberty City Elementary	140	327,154	-	-	-	-	-
5861	Dr. Henry W. Mack/West Little River K-8 Center	139	286,816	-	-	-	-	-
0073	Mandarin Lakes K-8 Academy	191	641,785	-	-	-	-	-
3021	Jesse J. McCrary, Jr. Elementary	188	348,599	-	-	-	-	-
3301	Miami Park Elementary	115	279,802	-	-	-	-	-
3821	North County K-8 Center	114	189,755	-	-	-	-	-
4501	Poinciana Park Elementary	153	344,010	-	-	-	-	-

PROPERTY SCHEDULES

WORK LOCATION NO.	SCHOOLS	CURRENT INVENTORY					PRIOR INVENTORY	
		Total Items	Dollar Value	Unlocated Items			No. Of Unloc. Items	Dollar Value
				No. Of Items	At Cost	At Deprec. Value		
5931	Phillis Wheatley Elementary	119	309,461	-	-	-	-	-
5991	Charles David Wyche, Jr. Elementary	108	206,061	-	-	-	-	-
6061	Campbell Drive Middle	595	1,085,495	-	-	-	-	-
6051	Carol City Middle	266	655,274	-	-	-	-	-
6361	Jose de Diego Middle	310	815,416	-	-	-	7	9,114
6481	Miami Edison Middle	211	608,923	-	-	-	2	2,370
6591	North Dade Middle ^(a)							
6631	North Miami Middle	224	500,781	-	-	-	-	-
7131	Hialeah-Miami Lakes Senior	782	1,968,929	-	-	-	-	-
7341	Miami Jackson Senior	482	1,855,332	-	-	-	-	-
7731	Miami Southridge Senior	722	1,615,793	-	-	-	-	-
7541	North Miami Beach Senior ^(b)	535	1,358,947	-	-	-	-	-
Alternative Education Centers								
8161	Corporate Academy North ^(c)							
7254	YMAACD at Miami Douglas MacArthur North Senior ^(c)							
TOTAL		7,962	\$19,914,869	-	-	-	11	\$ 15,347

Notes:

(a) Latest property inventory reported in 2012. To be performed later this fiscal year (three schools).

(b) Property inventory results pending since school audit reported in December 2012 (one school).

(c) Center physically closed its doors in FY 2010-2011. Only internal audit of financial records. No property inventory to report (two centers).

PROPERTY SCHEDULES

The following table is an analysis of Plant Security Reports. **Those schools reported herein that have not filed Plant Security Reports are excluded from this schedule:**

Work Location No.	Schools	No. of Plant Security Reports	Total Items	Total Amount at Cost	CATEGORY (AT COST)		Total Depreciated Value
					Computers	Other ^(a)	
<u>Central Region Office School</u>							
6411	Horace Mann Middle	1	1	\$ 1,249	\$ 1,249	\$ -	\$ 396
<u>South Region Office School</u>							
9732	Merrick Educational Center	1	2	2,098	2,098	-	-
<u>Education Transformation Office (ETO) Schools</u>							
6051	Carol City Middle	1	1	1,069	1,069	-	-
7731	Miami Southridge Senior	1	2	2,126	1,080	1,046	-
TOTAL		4	6	\$ 6,542	\$ 5,496	\$ 1,046	\$ 396

Note:

(a) "Other" equipment included a band saw.

FINDINGS AND RECOMMENDATIONS

1. Inadequate Controls Over The Safeguarding Of Deposits And Oversight Of Checking Account Balances *South Dade Adult Education Center*

According to Section II, Chapter 3 of the *Manual of Internal Fund Accounting*, money collected must be verified by at least two designated persons authorized by the Principal, and placed in a safe or other secure area pending deposit when substantial afternoon or evening collections are made subsequent to the regular daily deposit. These procedures are further delineated in M-DCPS Weekly Briefing No. 5164, dated November 6, 2008 in reference to the safeguarding of schools' funds. The procedures in the Briefing include the implementation and utilization of the Collections/Deposits Log form [FM-7249] to ensure that the school maintains and documents proper custody and control over monies left overnight at the school awaiting deposit.

Prior to the start of this audit, on August 26, 2011, the Principal of South Dade Adult Education Center contacted M-DCPS Police to report the theft of cash collections totaling \$1,063. Our audit was unable to identify the party or parties responsible for the theft of the cash collections since several individuals had access to the location where the funds were stored, and to the keys to access the location. However, based on our review of the process for safeguarding collections at the time of the incident, and interviews of several of the parties involved, we determined that, at the time of the incident, controls over the safeguarding of the collections were inadequate.

Immediately after the incident, the Principal discussed the issues with staff and implemented several corrective measures to strengthen controls and oversight over the process for safeguarding of collections. Details follow:

- 1.1. According to the incident report filed with M-DCPS Police, in the evening of August 25, 2011, the Treasurer of the South Dade Skills Center Campus² had prepared the day's deposit which consisted of \$963 from the collection of student/tuition fees, as well as the \$100 change bank from the cash register. All funds were cash. She stored the deposit bag and the change bank in a locked filing cabinet in the former Vice-Principal's office. Also according to an accounting

² The main campus is located at the South Dade Adult Education Center. In addition, the school oversees the operations of three off-site campuses: 1) South Dade Skills Center (all day), 2) Homestead Senior (evenings), and 3) South Dade Senior (evenings). In addition, the school oversees the activities of an Auto Body Shop located at the Job Corps location in Homestead, Florida.

of the events corresponding to the date of the incident and statements from staff, other faculty and staff members were in a nearby area and were aware that monies were being stored in the office.

In the morning of the following day, a clerical employee opened the filing cabinet to access the change bank. The employee then discovered that all the cash was missing from the filing cabinet.

A few weeks before the incident, the school had installed a safe and the Principal had instructed the Treasurer to store the funds in the safe; however, she had not complied with these instructions. According to the former Vice-Principal's statement, he asked her why she had not used the safe as instructed, and she could not provide an answer.

- 1.2. The keys to open the filing cabinet and to open the former Vice-Principal's office were maintained in a location that was accessible to many of the employees.

As a result of this incident, the Principal discussed procedures with appropriate staff members to ensure that monies are properly secured, collections exceeding a certain threshold amount are promptly taken to the bank for deposit; and Friday collections are taken to the bank regardless of the amount.

Although our review of the process confirmed that the school administration had improved the controls over the safeguarding of collections, we noted that:

- 1.3. As of our audit visit, the school had not implemented the use of the "Collections/Deposits Log" form [FM-7249]. In the main campus, the school utilized a log to record and to verify the cash register's count at closing time; however, FM-7249 was not being utilized to document the custody and control over monies left overnight at the school awaiting deposit.

The Principal implemented use of the form immediately after we brought this matter to his attention. Other issues related to the checking account that we discussed with the school administration for corrective action consisted of the following:

- 1.4. The Principal was not receiving directly the unopened checking account bank statement for review as repeatedly recommended by this office.
- 1.5. During both fiscal years, we noted several instances where checking account balances exceeded \$100,000. We considered this balance excessive given that disbursement activity for the 2010-2011 and 2011-2012 fiscal years was approximately \$260,485 and \$403,583, respectively.

- 1.6. The school has not received from the bank the reverse (endorsement side) of cancelled checks since June 2012. This is part of the internal fund documentation required to be on file at the school.

RECOMMENDATIONS

- 1.1. **Continue oversight over the safeguarding of deposits and ensure that FM-7249 is properly used.**
- 1.2. **Direct school staff to deliver the unopened checking account bank statement to the Principal for initial review.**
- 1.3. **Based on yearly expenditures, establish a reasonable amount in the operational checking account that will cover the disbursement activity of the school.**
- 1.4. **Periodically review the checking account activity with the Treasurer to ensure the appropriateness of bank balances (in light of upcoming disbursement activity), and authorize the transfers of funds to/from the Pool Fund-Money Market account as needed.**

Person(s) Responsible: Principal, Treasurer, Designated Administrator(s),
Clerk(s)

Management Response:

The Principal implemented the use of FM-7249 immediately. All parties are required to complete FM-7249 upon placing or removing monies from the school's safe. Moreover, the Principal directed the designated administrator(s) at the Main Campus and the Skills Center Campus to monitor the collections/deposits process daily. Night deposit money bags that are opened only with keys were purchased to ensure the security of monies. The Principal issued keys to the designated administrator at each school site. The clerk, along with the administrator designee, will count the monies and record the amount on FM-7249. The administrator will physically place the locked money bags into the safe. When the bags are removed from the safe, the administrator will re-count the money in front of the clerk to ensure that all monies are accurately accounted and recorded prior to deposit being made.

The Principal directed the Office Manager to give the unopened bank statement to the Principal. After reviewing the statement, the Principal will meet with the Treasurer to review expenditures. After reviewing the bank statements, the Principal will sign and date each page of the bank statement and give statement to the Treasurer.

The Principal met with the Treasurer and the administrative team to review operational costs to date and projected potential expenditures. A reasonable amount required to ensure the effective operations and cover the current disbursements and projected expenditures of the school was established.

The Principal directed the Treasurer to monitor the school's checking account and to transfer any monies that exceed the established amount into the school's Pool Fund-Money Market account. The Principal also directed the Treasurer to provide bi-weekly updates via email that indicate the school's current checking balance. Moreover, the Principal will monitor the checking account bank statement on a monthly basis to ensure that transfers are taking place in a timely fashion.

Person(s) Responsible: **Division of School Operations-Adult and Community Education Administration**

Management Response:

- The Principal will consult with School Operations-Adult and Community Education staff to make sure that they are in compliance with all guidelines found in the Manual of Internal Fund Accounting. Site reviews will be conducted each trimester to prevent recurrence of the audit exceptions.
- Effective immediately, the Principal has implemented the use of the Collections/Deposits Log (FM-7249) upon placing or removing monies from the school's safe. The collections/deposits process will be monitored by designated administrators at both the main campus and the Skills Center.
- The Principal met with the Treasurer and it was determined that the Principal will receive and review the unopened bank statements and meet with the Treasurer on a monthly basis to ensure that the bank statement ending balance is appropriate.

It is expected that the corrective actions will address the internal control of the Treasurer's office and will prevent the recurrence of the exceptions. School Operations-Adult and Community Education staff will continue to provide assistance to the Principal to review records and ensure that all guidelines are being observed; therefore, promoting efficient fiscal practices.

Person(s) Responsible:

School Operations Administration

Management Response:

- School Operations will quarterly review results of the Region and Adult Vocational/Community Education Business Directors' reviews of selected areas of Internal Funds, including Bank Reconciliations and Recordkeeping, Grants, Receipts/Deposits and Disbursements. Similarly, School Operations will review results quarterly of the Business Directors' reviews in the area of the Purchasing Credit Card (P-Card).
- Discrepancies in the areas cited above will be investigated through the appropriate Region Office and/or District Office.
- School Operations will work collaboratively with Region/District Offices and facilitate appropriate training and assistance in the areas of Internal Fund Accounting and P-Card procurement, respectively.
- Furthermore, School Operations will keep on file Region and District results of the mini-reviews held with principals in selected areas noted in these schools' audit findings/responses.
- Through the established Leadership Development Platform, operational efficiencies training will provide information to school site administration and staff on best business practices, including proper implementation of Internal Funds procedures, P-Card program procedures and related financial areas of concern.
- Additionally, School Operations will continue to facilitate a Face-to-Face Money Matters Support Program at the beginning of the school year for newly appointed principals to provide guidance in these areas.

School Operations will continue to work with principals to promote efficient fiscal practices.

2. School Non-Compliant With Grant And Disbursements Guidelines
Arcola Lake Elementary

According to Section III, Chapter 4 of the *Manual of Internal Fund Accounting*, monies placed in Trust Fund accounts (such as designated grants and donations) shall be expended only for the purpose for which they are collected and received, unless the donor/grantor designates an alternative purpose *in writing*. In addition, grants and donations earmarked for specific purposes must be placed in separate Trust Fund accounts to prevent the commingling of funds and provide a clear accountability of their use.

This school received two grants totaling \$7,000 to assist with the implementation of physical activities and dissemination of information for a healthier environment at the school. The first grant for \$2,000 received in April 2011 was not spent during the 2010-2011 fiscal year and the balance was carried over to 2011-2012. The second grant for \$5,000 was received in February 2012. Both were posted to the same account (even though budgeted amounts established for the different spending categories differed between grants). The deadline to spend the grant funds was one year.

Our review of the expenditures associated with both grants disclosed that not all the funds were utilized as initially delineated in the grant documents found at the school or spent in a timely manner. After several requests from the auditor, the grantor provided a memorandum *after-the-fact*, granting approval to use the funds for the purchase of the equipment and healthy snacks. Previously, in the case of the \$2,000 grant, the grantor had extended the grant period to December 1, 2012 (to allow the school to spend all the funds past the initial deadline).

Some of the details follow:

Between March and June 30, 2012, the school had spent \$6,878 of the total amount received. According to the \$5,000 grant application, the purpose of the grant was to create a mini-fitness room for staff and parents, provide healthy foods *for the student body*, and a healthy eating seminar. Although the grant application on file for the \$2,000 grant did not provide similar details, it appears that the intent *was to purchase items geared mostly toward students' physical education, after school care activities and the purchase of healthy snacks*.

- 2.1. According to the grant documents, \$1,200 was initially budgeted for purchases of healthy snacks, taste testing and food preparation demonstrations for students and teachers participating in the Wellness Program. However, our review of the expenditures disclosed that the school spent \$1,433 in several breakfasts and luncheons, most of which were for appreciation of staff.

- 2.2. The initial plan budgeted \$1,200 for the purchase of exercise equipment and supplies (such as yoga mats and/or dumbbells) for the use of staff. Instead, the school purchased personal fitness equipment with a total cost of \$4,910 which exceeded the initial plan's budget. The equipment included two treadmills, weight lifting/exercise equipment and accessories, mats and several dumbbells. In addition, the initial plan allowed for the purchase of materials to create various forms of communication to inform staff, students and families about the implementation of a wellness policy at the school totaling \$1,800. From these funds, the school contracted and paid \$535 to an individual who designed, drew and painted fitness figures, theme words and graphics in the walls of the fitness room.

Section II, Chapters 4 and 5 of the *Manual of Internal Fund Accounting* establish the policies and procedures for making disbursements. According to the procedures, invoices must be signed by the receiver of the goods or services to indicate that they are in receipt of the purchase and the corresponding invoice is ready for payment. Additionally, a purchase order is required for individual purchases costing \$100 or more. Regarding internal funds disbursements made during 2011-2012, in those instances where an individual purchase exceeds \$1,000, but is less than \$50,000, a minimum of three written quotations must be included as part of the ancillary documentation to show that the lowest bid was selected. One of these bids must be from a certified minority enterprise, according to School Board Policy 6320.02 *Minority/Women Business Enterprise Certification Procedures*. This requirement is the same for purchases made with internal funds or via the P-Card.

Our review of 11 internal funds disbursements made during the 2011-2012 fiscal year up to October 2012 disclosed that:

- 2.3. In four instances, three documented quotations (including one from a certified minority enterprise) for purchases over \$1,000 or more (but less than \$50,000) were not on file. One of these purchases consisted of the fitness equipment previously cited.
- 2.4. Other discrepancies included six instances where the invoices did not have signatures to indicate that goods or services, as specified, had been received and payments were in order; and seven instances where a purchase order was not prepared for individual purchases of \$100 or more.

According to the Purchasing Credit Card Program Policies & Procedures Manual, the schools must process the monthly credit card statement reconciliation and generate the transaction to settle the statement with the District by the 15th day of the following month. In addition, policies and procedures establish a \$3,000 single transaction threshold for credit card purchases. They also prohibit the splitting of orders to circumvent this transaction limit.

- 2.5. In the September 2012 P-Card reconciliation approved by the current school administration, we noted that a \$3,500 charge for the purchase of reading books was split in two separate charges of \$2,999.99 or less in order to be able to process the charges through the credit card without exceeding the threshold.
- 2.6. Based on our inquiries, it appears that the purchase was processed through the credit card as an oversight of the school, since a grantor entity assisting with the purchase of the reading material should have paid the vendor directly, instead of the school paying the vendor for these books. Apparently, the charge was split in order to process through the credit card and satisfy the vendor payment that was due. Subsequent to the audit visit, the grantor entity reimbursed the school for the expense. However, the check remained in the school vault pending instruction from the District as to where to deposit the funds. As of the date of this report, the school remitted the funds to the District to reimburse the district account where the P-card charge was posted.
- 2.7. Our further review of P-Card monthly reconciliations and subsidiary records corresponding to the 2011-2012 fiscal year up to September 2012 disclosed several instances where the monthly reconciliation was not prepared and submitted to the District in a timely manner. In addition, for one month, the reconciliation was not presented for audit. We contacted the District to ensure that all reconciliations were submitted and processed.

RECOMMENDATIONS

- 2.1. **Discuss the procedures with staff and strengthen controls over disbursements made from grants/donated funds to ensure that disbursements are made according to the specific grantor/donor specifications; and that the supporting grant documentation is complete and filed with the records.**
- 2.2. **Ensure that the final grant report is submitted to the grantor by the deadline in December 2012.**
- 2.3. **Ensure that disbursements over \$1,000 or more but less than \$50,000 are documented with written quotations including one from a minority certified enterprise.**
- 2.4. **Discuss the disbursement documentation requirements with appropriate staff to ensure that invoices are signed for receipt of goods, the use of purchase orders is implemented and orders are filed, and written quotations are obtained as needed and applicable and filed.**

2.5. Plan purchases accordingly to prevent the splitting of charges to circumvent purchasing thresholds.

Person(s) Responsible: Principal, Treasurer, Assistant Principals

Management Response:

The Principal met with the Secretary/Treasurer to review Section III, Chapter 4 of the *Manual of Internal Fund Accounting* and explained that monies placed in designated accounts shall be expended only for the purpose for which they are collected and received, unless the donor/grantor designates an alternate purpose in writing. In addition, it was also discussed that grants and donations earmarked for specific purposes must be placed in separate Trust Fund accounts to prevent the commingling of funds and provide a clear accountability of their use. The final grant report was submitted to the grantor on December 21, 2012.

The Principal and the Secretary/Treasurer have also reviewed and discussed Section II, Chapters 4 and 5 of the *Manual of Internal Fund Accounting* which establishes the policies and procedures for making disbursements. All invoices will be signed by the receiver of the goods or services to indicate that they are in receipt of the purchase and the corresponding invoice is ready for payment. Purchase orders will be drafted for individual purchases costing \$100 or more utilizing the Internal Fund Purchase Order (FM-1012). The Principal implemented a plan for instances where an individual purchase exceeds \$1,000, but less than \$50,000 a minimum of three written quotations must be included as part of the ancillary documentation to show that the lowest bid was selected. One of these bids will be from a certified minority enterprise, according to School Board Policy 6320.02 Minority/Women Business Enterprise Certification Procedures. This requirement is the same for purchases made via internal funds and the p-card.

The Principal and the Secretary/Treasurer reviewed the *Purchasing Credit Card Program Policies & Procedures Manual*. The Secretary/Treasurer will process the monthly credit card statement reconciliation and generate the transaction to settle the statement with the District by the 15th day of the following month. In addition, policies and procedures are now established by the Principal to adhere to the \$3,000 single transaction threshold for credit card purchases, and splitting orders to circumvent this transaction will be strictly prohibited.

Person(s) Responsible:

Central Region Office Administration

Management Response:

- The affected Principal has been required to address specific fiscal management job targets on her Performance Planning and Assessment System Planning Form and provide progress points and evidence of progress to improve business and professional standards for effectiveness and efficiency.
- The Administrative Director will review internal funds records in January to ensure compliance with the **Manual of Internal Fund Accounting**.
- The Administrative Director has held financial training workshops to assist the Principal on successfully monitoring internal funds on October 9, 2012 and on November 15, 2012.
- The Administrative Director will assist the Principal in monitoring the professional responsibilities of the Secretary/Treasurer.

Person(s) Responsible:

School Operations Administration

Management Response:

Refer to page 34 of this report and page 59 in the report's Appendix Section for School Operations administration's comprehensive response addressing the recommendations to the school findings of Arcola Lake Elementary School.

**3. Follow-Up To Prior Year Audit
Disclosed Non-Compliance
With Certain School Site
Informational Technology (IT)
Data Security Controls
*Mandarin Lakes K-8 Academy***

Every month, ITS prints and electronically distributes to the schools a report titled *Authorized Applications For Employees By Locations*. This report provides a listing of employees with access to certain computer applications. According to the guidelines, principals are required to review this monthly report to ensure that access to the system is restricted and limited to staff as required by their job duties and as delineated by District policy.

Pursuant to memoranda from School Operations and our office, and Weekly Briefing No. 1120 (issued in October 2006), current access to the system application for changing grades is limited to *three staff approvers* (namely, the Principal, an Assistant Principal, and the Registrar). This was designed to protect the system from unauthorized access to students' grades. Additionally, and pursuant to Weekly Briefings No. 4483 (issued in July 2008) and No. 7784 (issued in April 2010), access to Grade Book applications such as the WGBM-Electronic Grade Book Manager and WGBA-Electronic Grade Book Attendance is currently restricted to five staff approvers (namely, the Principal, Assistant Principal, Registrar or staff performing duties of the Registrar, one staff member assigned by the Principal as the primary Manager, and one clerical staff assigned by the Principal).

During the past audit, which concluded in September 2011, our review of the most current "*Authorized Applications for Employees by Locations*" report disclosed that *five employees in excess of those allowed under the guidelines were given access to the system application for changing students' grades*. We discussed the matter with the school administration for their information and corrective action.

Part of the current audit included a follow-up to the prior year audit's results and corrective measures implemented by the school administration. We found that:

- 3.1. Contrary to our previous audit recommendation, *all five employees in excess of those allowed under the guidelines remained in the system with access to the application for changing grades. Additionally the school had issued access to another employee after the previous audit visit.*

- 3.2. Regarding the Grade Book applications for recording students' grades and attendance, we found that one employee listed as having access to both Grade Book applications was the Principal at another school. We also found that another employee who worked at the school as a lunchroom aide had access to the application for recording student attendance.

This year, follow-up to prior audit results started on November 8, 2012. Prior to our follow-up, on November 5, 2012, the school administration revoked access to these applications for the employees in question. Access granted to the lunchroom aide was revoked after it was brought to the attention of the school administration.

RECOMMENDATION

3. **Review the monthly “Authorized Applications for Employee by Locations” report to ensure that employee access to computer system applications is restricted, and access is granted in compliance with current District guidelines.**

Responsible Person(s): Principal, Assistant Principal, Principal’s Secretary

Management Response:

A review of the monthly “Authorized Applications for Employee by Locations” report will occur by the Principal, Assistant Principal, and Principal’s Secretary to ensure access to computer system applications is restricted, and access remains in compliance with current District guidelines. Reports will be printed and reviewed by the Principal and Assistant Principal. The Principal will sign and date the document. The Principal’s Secretary will file as recommended.

Responsible Person(s): ETO Office Administration

Management Response:

- The Principal will review with the Assistant Principal and the Principal’s Secretary Weekly Briefings No. 1120, No. 4483, and No. 7784.
- The Principal will print and review the “Authorized Computer Applications for Employees” Report on a monthly basis. The Principal will verify and identify on the document the employees that are permitted/authorized to update students’ grades, not to exceed District number of allowable approvers. The Principal will sign, date and submit a blue ink signature copy to the Education Transformation Office Administrative Director on the 20th day of each month.

OBJECTIVES, SCOPE AND METHODOLOGY

The objectives of our audits were to:

- express an opinion on the internal fund financial statements of the schools for the fiscal year ended June 30, 2011 and/or June 30, 2012, depending on the school audited, on the cash basis of accounting;
- evaluate compliance by the schools with the policies and procedures prescribed in the *Manual of Internal Fund Accounting*;
- provide assurances regarding compliance with *current payroll procedures*, as well as compliance with *current purchasing credit card program procedures*; and *certain information technology controls*;
- verify compliance by the schools with the policies and procedures prescribed by the *Manual of Property Control Procedures*, and determine the adequacy of controls over the safeguarding of property items with an individual cost of \$1,000 or more;
- evaluate compliance with the policies and procedures set forth by the *No Child Left Behind Act of 2001, Title I Program*, and the *Title I Administration Handbook*; and
- ascertain compliance with State law, State Board of Education Rules, School Board Rules, manuals, directives and FTE reporting documentation procedures as they relate to student attendance, Special Education, English Language Learners, Cooperative Education and Teacher Certification.

While the scope of our audits generally covered operations during the period of July 1, 2010 through June 30, 2011 and/or July 1, 2011 through June 30, 2012 (depending on whether the audit scope was one or two-year audit at the individual school being audited), payroll, purchasing credit card transactions, and information technology controls included current periods. Title I program covered the 2011-2012 fiscal year only. FTE audits covered the February 2012 or October 2012 survey periods, depending on the school audited.

Our procedures were as follows:

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

We conducted our audits in accordance with generally accepted government auditing standards (GAGAS) issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures herein. An audit also includes assessing the accounting principles used and significant estimates made by the administration, if any. We believe that our audits provide reasonable basis for our opinion. The results of the property audits reported herein were in all material respects similarly conducted in accordance with GAGAS, with the exception of the continuing professional education requirement not followed by our property auditors.

Internal Control Matters

Our audits also included an assessment of applicable internal controls and compliance with the requirements of School Board rules and related policies and procedures that would satisfy our audit objectives. In accordance with GAGAS, we are required to disclose and communicate to management control deficiencies identified during our audits. Other matters found not significant within the context of the audit objectives were communicated orally and/or in writing to management.

BACKGROUND

INTERNAL FUNDS

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

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

Each school administers their internal funds separately through an operational checking account, following District guidelines as established in the *Manual of Internal Fund Accounting*.

Prior to spending internal funds, schools invest their cash in designated depositories. Funds not used in the daily operations may be invested in the MDCPS-Money Market Pool Fund. The Fund's interest rate as of June 30, 2011 and June 30, 2012 was 0.57% and 0.54%, respectively.

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

- ◆ Annual audits of internal funds are required by Section 1011.07, Florida Statutes, and State Board of Education Rule 6A-1.087
- ◆ Internal Funds are revenues generated from student activities at the school level which are not part of the school's budget process
- ◆ Each school administers its internal funds separately through an operational checking account, following District guidelines as established in the *Manual of Internal Fund Accounting*
- ◆ Banks for school funds must be approved by the School Board and certified by the State Treasurer
- ◆ Idle funds in the operational account may be invested to yield interest revenue in a savings account, certificate of deposit or in the MDCPS-Money Market Pool Fund
- ◆ At June 30, 2011 and June 30, 2012, the MDCPS-Money Market Pool Fund's interest rate was 0.57% and 0.54%, respectively.

PAYROLL

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

At M-DCPS, the Systems Applications and Products in Data Processing (SAP) Time, Payroll and Benefits module replaced the mainframe Payroll Absence Reporting System previously used by the school system to process the payroll. The changeover to the SAP module became effective on October 28, 2011 and the first pay date under SAP Time, Payroll and Benefits was November 18, 2011. At present, although the 'behind-the-scenes' system processes are significantly different and updated, the payroll procedures for documenting employees' time and attendance at the school sites have not changed when compared to the former system.

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

The process for distributing payroll checks and checks advices at the sites changed in 2009 in an effort to eliminate paper checks and paper advices. Employees who received paper checks at the sites were requested to enroll in direct deposit for all payroll-related payments, and were directed to the Employee Portal located in the District's website to access their payroll information and print the payroll check advices. Although payroll check distribution at the sites has been greatly minimized, sites are still required to maintain controls over the distribution of payroll checks for those employees who have not signed for direct deposit at this time.

PROPERTY

At M-DCPS, the management of property items must comply with the guidelines established in the *Manual of Property Control Procedures*. According to Chapter 274.02 of the Florida Statutes, a complete physical inventory of all property shall be taken annually, be compared with the property record, and discrepancies must be identified and reconciled.

Our office conducts yearly inventories at each school of all property items with an original cost of \$1,000 or more. These inventories are customarily scheduled and performed at the sites after the first day of school and before the end of the school year. Consequently, the property inventories of schools audited during the summer months of July and August are customarily conducted at a later date, unless staff is available at the schools and time permits. Inventories pending at year-end will be conducted and reported for the next fiscal year.

PURCHASING CREDIT CARD (P-CARD) PROGRAM

At the schools, principals administer the purchasing credit card program, which must comply with the guidelines established in the *Purchasing Credit Card Program Policies & Procedures Manual*. The P-card program was designed to streamline the acquisition process by enabling employees at the schools to make small dollar purchases (less than \$3,000 per individual transaction) for materials and supplies. The program is currently managed by the Accounts Payable Department.

- *The P-Card Program enables schools to make small purchases of less than \$3,000 per individual transaction for materials and supplies*
- *It expedites the procurement process at the schools.*

TITLE I PROGRAM

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

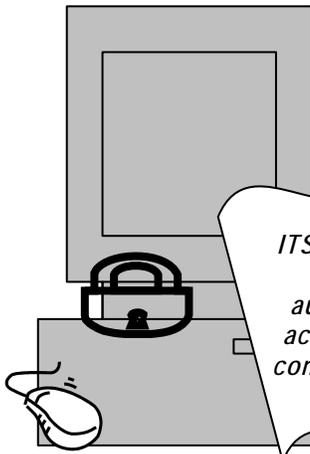


Schools follow specific criteria for the use of Title I funds as delineated in the *Title I Administration Handbook*. Purchases of supplies and equipment are processed through regular district channels or via use of the P-Card Program, depending on the amount. Salary expenditures must comply with budgetary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

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

To promote schoolwide compliance with Federal, State, and District regulations and guidelines, and ensure that appropriate evidence sources document compliance, the Office of Management and Compliance Audits incorporated the audit of this program into the school audits at selected schools effective February 2007.

DATA SECURITY MANAGEMENT REPORT AND SCHOOL SITE IT SECURITY ASSESSMENT



ITS report reviewed to ensure that only authorized staff has access to designated computer applications.

Principals are responsible for ensuring that network security standards and related security procedures are being observed at the school sites. Part of their responsibility includes ensuring that only authorized staff has access to designated applications. Information Technology Services (ITS) produces a monthly report for each location titled "Authorized Applications for Employees by Locations Report". Principals are responsible for reviewing this report to determine the appropriateness of applications approved for each employee, as to whether they are required for his or her assigned duties; and to ensure that access to the computer application that allows for changes to students' academic grades is limited to a specific and restricted number of authorized personnel. In addition, our school audits will selectively review information technology matters related to the proper safeguarding and location of servers and switches, software licensing documentation, proper authorization of Electronic Gradebook applications, and similar controls over data security.

FULL-TIME EQUIVALENT (FTE)

Miami-Dade County Public Schools receives a significant portion of its revenue from State funding through the Florida Education Finance Program (FEFP).

The funding provided by FEFP is based upon the number of individual students participating in particular educational programs. A numerical value is assigned to each student according to the student's hours and days of attendance in those programs. The individual student thus becomes equated to a numerical value known as an unweighted FTE. FEFP funds are primarily generated by multiplying the number of FTE students in each of the funded educational programs by a cost factor to obtain weighted FTEs.

Section 1010.305, Florida Statutes vests the Auditor General with the authority to periodically examine the records of school districts, determine compliance with State law and State Board of Education rules relating to the classification, assignment, and verification of full-time equivalent student enrollment and student transportation reported under FEFP. These audits are conducted every three years.

Schools are responsible for verifying student membership data submitted to the Florida Department of Education (FDOE) for funding purposes. This is accomplished through the FTE survey process. The results of these surveys are FTE reports which allow schools to verify the data and make corrections as needed. Once this process is completed, the district transmits the information to the FDOE. During each fiscal year, months selected by the FDOE for these surveys are as follows:

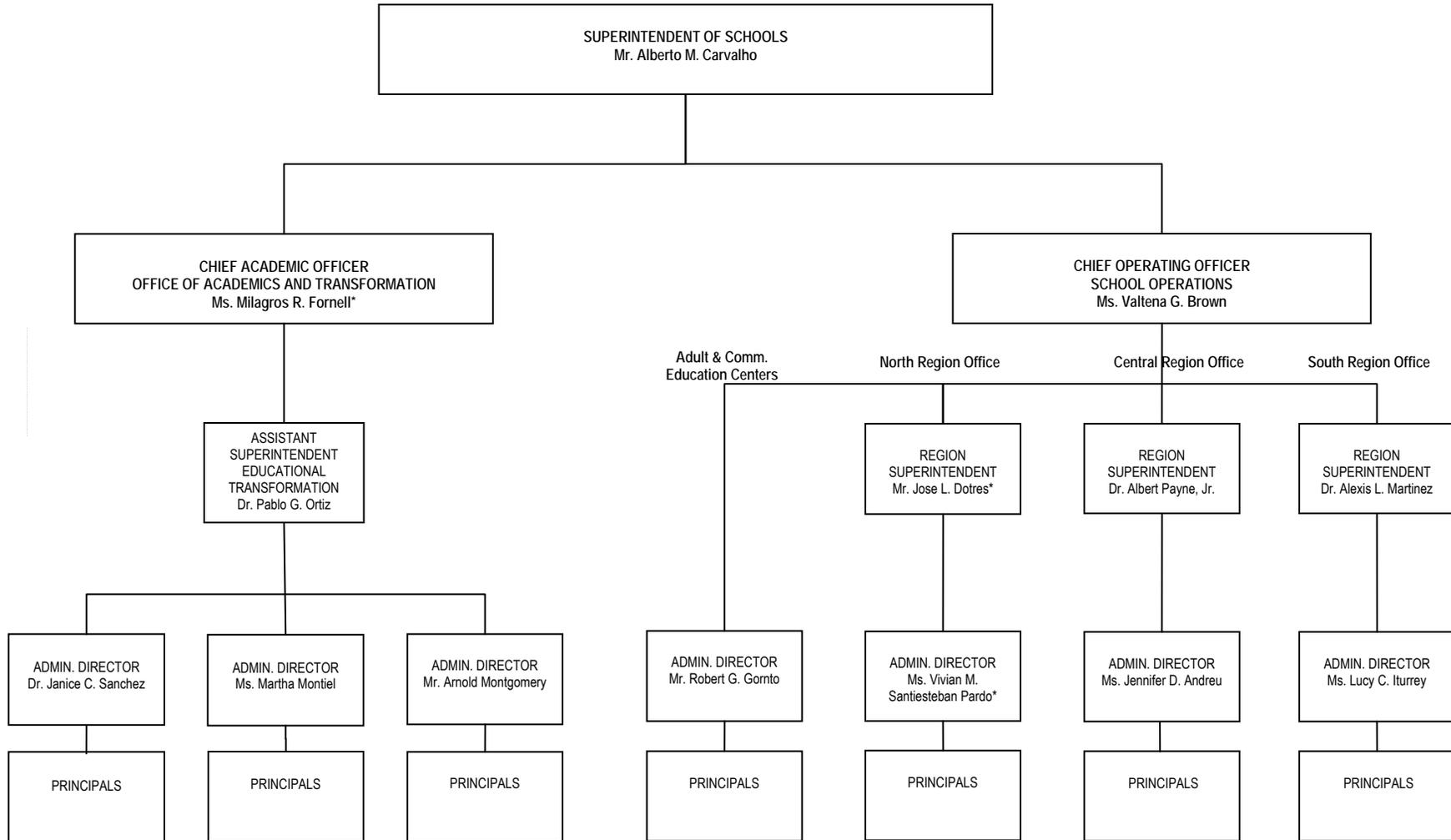
Survey Period No.	Time Period of Survey
1	July (Summer School only)
2	October
3	February
4	June (Summer School only)

Schools are also responsible for maintaining an audit trail to ascertain compliance with State law, State Board of Education and School Board Rules as they relate to student attendance, Special Education, English Language Learners, Cooperative Education and Teacher Certification.

Incomplete/inaccurate student records which do not adequately support/justify funding levels may give rise to losses in funding. Similarly, teacher certification is closely linked to FTE funding and must be monitored on an ongoing basis to prevent similar losses in funding to the District. Aside from the monetary losses, non-compliance issues are closely reviewed by the Auditor General and included in their reports.

As of the 2007-2008 fiscal year, FTE audits have been incorporated as part of the school audits routinely performed by the Office of Management and Compliance Audits. FTE audits are conducted at selected schools based on audit criteria developed by this office.

PARTIAL ORGANIZATIONAL CHART (SCHOOLS)



* Pursuant to School Board Meeting of November 21, 2012, Ms. Milagros R. Fornell was re-assigned to the position of Chief Academic Officer, Office of Academics and Transformation. Mr. Jose L. Dotres was re-assigned to the position of Assistant Superintendent, Human Capital, Office of Human Capital Management; Ms. Vivian M. Santiesteban Pardo was promoted to the position of Regional Superintendent, North Region Center; and Ms. Sally J. Alayon, Principal at Alonzo and Tracy Mourning Senior High School, was promoted to Administrative Director, North Region Office to fill the Business Director position that will be vacated by Ms. Santiesteban Pardo; however, these changes will not transition until April 2013.

**APPENDIX
MANAGEMENT'S RESPONSES**

MEMORANDUM

January 8, 2013

TO: Mr. Robert G. Gornto, Administrative Director
School Operations

FROM: René Mantilla, Principal 
South Dade Adult Education Center – 7702

**SUBJECT: ADMINISTRATIVE RESPONSE OF INTERNAL AUDIT REPORT OF SOUTH
DADE ADULT EDUCATION CENTER FOR 2010-2011 AND 2011-2012**

The following is in response to the findings and recommendations made in the Internal Audit Report of South Dade Adult Education Center. This memorandum provides corrective actions taken at the school to address the findings and recommendations.

RECOMMENDATIONS

- 1.1 **Continue oversight over the safeguarding of deposits and ensure that the Collections/Deposits Log (FM-7249) is properly used.**
- 1.2 **Direct school staff to deliver the unopened checking account bank statement to the Principal for initial review.**
- 1.3 **Based on yearly expenditures, establish a reasonable amount in the operational checking account that will cover the disbursement activity of the school.**
- 1.4 **Periodically review the checking account activity with the Treasurer to ensure the appropriateness of bank balances (in light of upcoming disbursement activity), and authorize the transfers of funds to/from the Pool Fund-Money Market account as needed.**

Responsible Person(s): Principal, Treasurer, Designated Administrator(s), Clerk(s)

Management Response:

The Principal implemented the use of FM-7249 immediately. All parties are required to complete FM-7249 upon placing or removing monies from the school's safe. Moreover, the Principal directed the designated administrator(s) at the Main Campus and the Skills Center Campus to monitor the collections/deposits process daily. Night deposit money bags that are opened only with keys were purchased to ensure the security of monies. The Principal issued keys to the designated administrator at each school site. The clerk, along with the administrator designee, will count the monies and record the amount on FM-7249. The administrator will physically place the locked money bags into the safe. When the bags are removed from the safe, the administrator will recount the money in front of the clerk to ensure that all monies are accurately accounted and recorded prior to deposit being made.

The Principal directed the Office Manager to give the unopened bank statement to the Principal. After reviewing the statement, the Principal will meet with the Treasurer to review expenditures. After reviewing the bank statements, the Principal will sign and date each page of the bank statement and give statement to the Treasurer.

The Principal met with the Treasurer and the administrative team to review operational costs to date and projected potential expenditures. A reasonable amount required to ensure the effective operations and cover the current disbursements and projected expenditures of the school was established.

The Principal directed the Treasurer to monitor the school's checking account and to transfer any monies that exceed the established amount into the school's Pool Fund-Money Market account. The Principal also directed the Treasurer to provide bi-weekly updates via email that indicate the school's current checking balance. Moreover, the Principal will monitor the checking account bank statement on a monthly basis to ensure that transfers are taking place in a timely fashion.

If additional information is required, please contact me at 305 248-5723.

RM#100

cc: Ms. Cynthia Gracia
Mr. Antonio Martinez

MEMORANDUM

January 8, 2013

TO: Dr. Albert Payne, Region Superintendent
Central Region Office

FROM: Dr. Cynthia C. Williams, Principal
Arcola Lake Elementary School 

**SUBJECT: ADMINISTRATIVE RESPONSE OF INTERNAL AUDIT REPORT OF
ARCOLA LAKE ELEMENTARY SCHOOL FOR 2011-2012**

The following is in response to the findings and recommendations made in the Internal Audit Report of Arcola Lake Elementary School. The memorandum provides corrective actions taken at the school to address the findings and recommendations.

RECOMMENDATIONS

- 1.1 **Discuss the procedures with staff and strengthen controls over disbursements made from grants/donated funds to ensure that disbursements are made according to the specific grantor/donor specifications and that the supporting grant documentation is complete and filed with the records.**
- 1.2 **Ensure that the final grant report is submitted to the grantor by the deadline in December 2012.**
- 1.3 **Ensure that disbursements over \$1,000 or more but less than \$50,000 are documented with written quotations including one from a minority certified enterprise.**
- 1.4 **Discuss the disbursement documentation requirements with appropriate staff to ensure that invoices are signed for receipt of goods, purchase orders are implemented and filed, and written quotes are obtained as needed and applicable.**
- 1.5 **Plan purchases accordingly to prevent the splitting of charges to circumvent purchasing thresholds.**

Responsible Person(s):

Principal, Treasurer, Assistant Principals

Management Response:

The Principal met with the Secretary/Treasurer to review Section III, Chapter 4 of the *Manual of Internal Fund Accounting* and explained that monies placed in designated accounts shall be expended only for the purpose for which they are collected and received, unless the donor/grantor designates an alternate purpose in writing. In addition, it was also discussed that grants and donations earmarked for specific purposes must be placed in separate Trust Fund accounts to prevent the commingling of funds and provide a clear accountability of their use. The final grant report was submitted to the grantor on December 21, 2012.

The Principal and the Secretary/Treasurer have also reviewed and discussed Section II, Chapters 4 and 5 of the *Manual of Internal Fund Accounting* which establishes the policies and procedures for making disbursements. All invoices will be signed by the receiver of the goods or services to indicate that they are in receipt of the purchase and the corresponding invoice is ready for payment. Purchase orders will be drafted for individual purchases costing \$100 or more utilizing the Internal Fund Purchase Order (FM-1012). The Principal implemented a plan for instances where an individual purchase exceeds \$1,000, but less than \$50,000 a minimum of three written quotations must be included as part of the ancillary documentation to show that the lowest bid was selected. One of these bids will be from a certified minority enterprise, according to School Board Policy 6320.02 Minority/Women Business Enterprise Certification Procedures. This requirement is the same for purchases made via internal funds and the p-card.

The Principal and the Secretary/Treasurer reviewed the *Purchasing Credit Card Program Policies & Procedures Manual*. The Secretary/Treasurer will process the monthly credit card statement reconciliation and generate the transaction to settle the statement with the District by the 15th day of the following month. In addition, policies and procedures are now established by the Principal to adhere to the \$3,000 single transaction threshold for credit card purchases, and splitting orders to circumvent this transaction will be strictly prohibited.

If any additional information is required, please contact me at (305) 836-2820.

cc: Ms. Jennifer D. Andreu
Ms. Cynthia Gracia

MEMORANDUM

December 13, 2012

TO: Dr. Pablo G. Ortiz, Assistant Superintendent
Education Transformation Office

FROM: Angeles Fleites, Principal *RF*
Mandarin Lakes K-8 Academy

**SUBJECT: ADMINISTRATIVE RESPONSE OF INTERNAL AUDIT REPORT OF
MANDARIN LAKES K-8 ACADEMY FOR JULY 1, 2011 THROUGH
JUNE 30, 2012**

The following corrective action is being submitted in response to the audit exception found during the school audit conducted in November, 2012:

Finding:

Non-Compliance with Certain School Site Information Technology (IT) Data Security Controls

Recommendation:

Review the monthly "Authorized Applications for Employee by Locations" report to ensure that employee access to computer system applications is restricted, and access granted in compliance with current District guidelines.

Responsible Person: Principal, Assistant Principal, Principal's Secretary

Management Response:

A review of the monthly "Authorized Applications for Employee by Locations" report will occur by the Principal, Assistant Principal, and Principal's Secretary to ensure access to computer system applications is restricted, and access remains in compliance with current District guidelines. Reports will be printed and reviewed by the Principal and Assistant Principal. The Principal will sign and date the document. The Principal's Secretary will file as recommended.

If further information is needed, please contact me.

cc: Dr. Janice Cruse Sanchez

MEMORANDUM

January 9, 2013

TO: Mrs. Valtena G. Brown, Chief Operating Officer
School Operations

FROM: Robert G. Gornto, Administrative Director
School Operations

**SUBJECT: SCHOOL OPERATIONS-ADULT AND COMMUNITY EDUCATION'S
RESPONSE TO SOUTH DADE ADULT EDUCATION CENTER'S AUDIT
EXCEPTIONS FOR SCHOOL YEARS 2010-2011 AND 2011-2012**

Attached is the response to the internal funds audit for the 2010-2011 and 2011-2012 fiscal years for South Dade Adult Education Center. School Operations' staff has reviewed the exceptions cited in the audit report. The following actions will be implemented:

- The Principal will consult with School Operations-Adult and Community Education staff to make sure that they are in compliance with all guidelines found in the Manual of Internal Fund Accounting. Site reviews will be conducted each trimester to prevent recurrence of the audit exceptions.
- Effective immediately, the Principal has implemented the use of the Collections/Deposits Log (FM-7249) upon placing or removing monies from the school's safe. The collections/deposits process will be monitored by designated administrators at both the main campus and the Skills Center.
- The Principal met with the Treasurer and it was determined that the Principal will receive and review the unopened bank statements and meet with the Treasurer on a monthly basis to ensure that the bank statement ending balance is appropriate.

It is expected that the corrective actions will address the internal control of the Treasurer's office and will prevent the recurrence of the exceptions. School Operations-Adult and Community Education staff will continue to provide assistance to the Principal to review records and ensure that all guidelines are being observed; therefore, promoting efficient fiscal practices.

If additional information is needed, please feel free to contact me at 995-7425.

RGG:dlv
M039

cc: Mr. Antonio Martinez
Mr. Rene Mantilla

MEMORANDUM

January 8, 2013

TO: Ms. Valtena Brown, Chief Operating Officer
School Operations

FROM: Albert Payne, Region Superintendent
Central Region Office

**SUBJECT: CENTRAL REGION OFFICE RESPONSE TO INTERNAL AUDIT
REPORT FOR ARCOLA LAKE ELEMENTARY**

The following is a response to relevant findings in the school audit report.

Central Region Office has reviewed the audit response for the above-mentioned school.

**ARCOLA LAKE ELEMENTARY
RECOMMENDATIONS:**

- 1.1 Discuss the procedures with staff and strengthen controls over disbursements made from grants/donated funds to ensure that disbursements are made according to the specific grantor/donor specifications and that the supporting grant documentation is complete and filed with the records.**
- 1.2 Ensure that the final grant report is submitted to the grantor by the deadline in December 2012.**
- 1.3 Ensure that disbursements over \$1,000 or more but less than \$50,000 are documented with written quotations including one from a minority certified enterprise.**
- 1.4 Discuss the disbursement documentation requirements with appropriate staff to ensure that invoices are signed for receipt of goods, purchase orders are implemented and filed, and written quotes are obtained as needed and applicable.**
- 1.5 Plan purchases accordingly to prevent the splitting of charges to circumvent purchasing thresholds.**

As a result of the audit findings, the following support activities will be implemented at the Region level:

- The affected Principal has been required to address specific fiscal management job targets on her Performance Planning and Assessment System Planning Form and provide progress points and evidence of progress to improve business and professional standards for effectiveness and efficiency.
- The Administrative Director will review internal funds records in January to ensure compliance with the **Manual of Internal Fund Accounting**.
- The Administrative Director has held financial training workshops to assist the Principal on successfully monitoring internal funds on October 9, 2012 and on November 15, 2012.
- The Administrative Director will assist the Principal in monitoring the professional responsibilities of the Secretary/Treasurer.

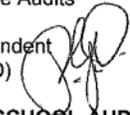
If there are any additional questions, please contact me. Thank you for your assistance and cooperation.

cc: Ms. Jennifer D. Andreu
Ms. Cynthia Gracia

MEMORANDUM

December 14, 2012
PGO#34/2012/2013
305-995-3091

TO: Mr. Jose Montes de Oca, Chief Auditor
Office of Management and Compliance Audits

FROM: Dr. Pablo G Ortiz, Assistant Superintendent
Education Transformation Office (ETO) 

SUBJECT: ADMINISTRATIVE RESPONSE TO SCHOOL AUDIT REPORT OF MANDARIN LAKES K-8 ACADEMY

Please find attached the response to the internal funds audit for the 2011-2012 fiscal year for Mandarin Lakes K-8 Academy. The Education Transformation Office (ETO) has reviewed the audit exception cited. The following support activities will be implemented.

Non-Compliance With Certain School Site Informational Technology (IT) Data Security Controls

1.1 Review the monthly "Authorized Applications for Employee by Locations" report to ensure that employee access to computer system applications is restricted, and access is granted in compliance with current District guidelines.

- The Principal will review with Assistant Principal and Principal's Secretary Weekly Briefings No. 1120, No. 4483, and No. 7784.
- The Principal will print and review the "Authorized Computer Applications for Employees" Report on a monthly basis. The Principal will verify and identify on the document the employees that are permitted/authorized to update students' grades, not to exceed District number of allowable approvers. The Principal will sign, date and submit a blue ink signature copy to the Education Transformation Office Administrative Director on the 20th day of each month.

If you need additional information, please contact me at (305) 995-3091. Thank you for your support and assistance.

PGO/jcs

cc Dr. Janice Cruse-Sanchez
Ms. Maria T. Gonzalez
Ms. Cynthia Gracia

MEMORANDUM

January 11, 2013

TO: Mr. Jose Montes de Oca, Chief Auditor
Office of Management and Compliance Audits

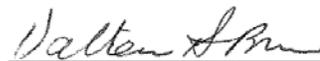
FROM: Valtena G. Brown, Chief Operating Officer
School Operations

**SUBJECT: SCHOOL OPERATIONS' RESPONSE TO SCHOOL AUDITS OF SELECTED SCHOOLS
IN ADULT VOCATIONAL AND COMMUNITY EDUCATION OFFICE AND CENTRAL
REGION OFFICE**

School Operations has reviewed the audit exceptions cited in the 2010-2011 and/or 2011-2012 fiscal year(s) audit reports of South Dade Adult Education Center and Arcola Lake Elementary School, which report to the Adult Vocational and Community Education Office and Central Region Office.

- School Operations will quarterly review results of the Region and Adult Vocational/Community Education Business Directors' reviews of selected areas of Internal Funds, including Bank Reconciliations and Recordkeeping, Grants, Receipts/Deposits, and Disbursements. Similarly, School Operations will review results quarterly of the Business Directors' reviews in the area of the Purchasing Credit Card (P-Card).
- Discrepancies in the areas cited above will be investigated through the appropriate Region Office and/or District Office.
- School Operations will work collaboratively with Region/District Offices and facilitate appropriate training and assistance in the areas of Internal Fund Accounting and P-Card procurement, respectively.
- Furthermore, School Operations will keep on file Region and District results of the mini-reviews held with principals in selected areas noted in these schools' audit findings/responses.
- Through the established Leadership Development Platform, operational efficiencies training will provide information to school site administration and staff on best business practices, including proper implementation of Internal Funds procedures, P-Card program procedures, and related financial areas of concern.
- Additionally, School Operations will continue to facilitate a Face-to-Face Money Matters Support Program at the beginning of the school year for newly appointed principals to provide guidance in these areas.

School Operations will continue to work with principals to promote efficient fiscal practices. If you have any questions, please contact me at 305 995-2938.

 VGB

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M063

cc: Dr. Daniel Tosado
Region Superintendents
Region Business Directors

MIAMI-DADE COUNTY PUBLIC SCHOOLS 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.

Veterans are provided re-employment rights in accordance with P.L. 93-508 (Federal Law) and Section 205.07 (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, and any other legally prohibited basis. Retaliation for engaging in a protected activity is also prohibited.

Revised: (07-11)

MIAMI-DADE COUNTY PUBLIC SCHOOLS



INTERNAL AUDIT REPORT SELECTED SCHOOLS JANUARY 2013



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