

MIAMI -DADE COUNTY PUBLIC SCHOOLS

Internal Audit Report Selected Adult Education Centers

*The Financial Statements Were Fairly Stated
For All Adult Education Centers In This Report.*

*At Two Adult Education Centers,
Controls Over The Bookkeeping
And Oversight Of The Disbursement
And Payroll Functions
Need Improvement.*

*Property Inventory Results
Were Satisfactory
For Most Centers Reported Herein.*

June 2016

THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA

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Mr. Alberto M. Carvalho
Superintendent of Schools

Mr. Jose F. Montes de Oca, CPA
Chief Auditor
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Miami-Dade County Public Schools

giving our students the world

Superintendent of Schools

Alberto M. Carvalho

Chief Auditor

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Miami-Dade County School Board

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July 8, 2016

The Honorable Chair and Members of The School Board of Miami-Dade County, Florida
Members of The School Board Audit and Budget Advisory Committee
Mr. Alberto M. Carvalho, Superintendent of Schools

Ladies and Gentlemen:

This report includes the audit results of eight adult education centers currently reporting to the Office of Adult and Community Education within School Operations. The audit period corresponding to these centers is two fiscal years ended June 30, 2015. At three of the eight centers, 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 adult education centers, evaluate compliance with District policies and procedures, and ensure that assets were properly safeguarded. The audits included a review of internal funds at all eight adult education centers. We reviewed current payroll procedures at one of the eight centers. The audits also included the results of property inventories.

Our audits disclosed that the financial statements of the eight adult education centers reported herein were fairly stated. At six of the eight adult education centers, we found general compliance with prescribed policies and procedures, and site records were maintained in good order. At two adult education centers, we cited deficiencies regarding certain bookkeeping and reconciliation activities associated with the internal funds of the center, and the oversight of the disbursement and payroll functions (hourly payroll). Property inventory results for most centers reported herein were satisfactory.

We discussed the audit findings with school and district administrations, and their responses are included in this report. In closing, we would like to thank the centers' 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 eight of 21 adult education and community education centers/technical colleges that currently report to the Office of Adult and Community Education within School Operations. For all eight adult education centers, the scope of our audits was the two-fiscal year period ended June 30, 2015. At three centers, there was a change of Principal since the prior audit. Those centers not reported herein will be reported next year as two-year audits.

Our audits disclosed that six of the eight adult education centers maintained their records in good order and in accordance with prescribed policies and procedures. The two adult education centers with audit findings and the affected areas are as follows:

Center Name	No. Of Findings	Area Of Findings		
		Bookkeeping/ Account Reconciliation	Disbursements	Hourly Payroll
1. Miami Jackson Adult Education Center	1	1		
2. North Miami Adult Education Center	3	1	1	1
Totals	4	2	1	1

As depicted in the table above, deficiencies related to certain bookkeeping and reconciliation activities associated with the internal funds of the center, and the oversight of the disbursement and payroll functions (hourly payroll).

A Summary Schedule of Audit Findings listing audit results of current and prior audit periods for the adult education centers included in this report is presented on page 10. Responses are included following the recommendations in the *Findings and Recommendations* section of this report (Pages 15-29); and in the Appendix section in memorandum format (Pages 36-44).

Notwithstanding the conditions and findings reported herein, at all eight adult education centers, the financial statements present fairly, in all material respects, the changes in fund balances arising from the financial transactions of the centers during the 2013-2014 and 2014-2015 fiscal years up to March 31, 2015, on the cash basis of accounting; and from April 1, 2015 to June 30, 2015, on the full accrual basis of accounting.

As of June 30, 2014, for all eight adult education centers reported herein, total combined receipts and disbursements amounted to \$2,347,799.56 and \$2,273,735.89, respectively; while total combined cash and investments amounted to \$1,996,128.50 (Page 6).

As of June 30, 2015, for all eight adult education centers reported herein, total combined receipts and disbursements amounted to \$2,052,210.79 and \$1,907,932.93, respectively; while total combined Fund Balance amounted to \$2,140,406.36 (Page 7).

Notwithstanding the conditions and findings reported herein, as of June 30, 2015, the internal control structure at the adult education centers reported herein generally functioned as designed by the District and implemented by the school administration, except for those conditions reported at the individual adult education centers.

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

The internal funds of adult education centers were accounted for on the cash basis of accounting until March 31, 2015. In early April 2015, the District migrated the bookkeeping of the internal funds of adult education centers from a legacy (bookkeeping) system to a web-based full accrual accounting system¹.

The conversion to the new automated system in April 2015 presented many challenges. These included familiarization with the bookkeeping of the funds on a web-based full-accrual system, sorting through discrepancies with the reports and understanding/resolving technical issues with the system in general. As a result, several reporting tasks and reconciliations associated with the bookkeeping of the internal funds were not always completed by the centers in a timely manner. *We took these matters into consideration when performing and reporting the results of our audits.*

Internal funds records and procedures were reviewed at all eight adult education centers. At six of the eight adult education centers reviewed, we determined there was general compliance with the procedures established in the *Manual of Internal Fund Accounting*. At two adult education centers, we found that:

- At Miami Jackson Adult Education Center, during our visit in April 2016, the checking and Money Market accounts had not been reconciled since November 2015. Initially, we noted that the 2015 year-end (June 2015) checking and investment account reconciliations were prepared late. Reconciliations were performed during the audit visit. Similarly, for the 2015-2016 fiscal year, the transmittal of fees collected during the months of September 2015 to February 2016 did not take place until April 2016. During the audit period, monthly tuition transmittals were not always remitted to the District by the established deadline (Pages 15-18).
- At North Miami Adult Education Center, we assisted the Office of the Inspector General (OIG) with the audit of the internal funds of the center for the 2013-2014 and 2014-2015 fiscal years. In October 2015, the former Principal of this center was arrested. The arrest stemmed from an OIG investigation pursuant to several complaints alleging hiring and employment fraud schemes. During the investigation, which involved an undercover operation, the former Principal accepted a cash payment from an undercover officer in exchange for employment. During our audit of the internal funds of the school for the 2013-2014 and 2014-2015 fiscal years, nothing came to our attention to point to fraudulent activity in the internal funds of the school. However, our audit disclosed delays in the transmittal of tuition fees to the District, which is strictly a timeliness issue. It also disclosed procedural non-compliance with disbursement documentation requirements. Specifically, quotes were not always obtained for purchases of \$1,000 or more. In addition, the school had a charge account with a local supermarket chain and charge cards had been

¹ Refer to *Background Section* on page 33 for additional details.

assigned to four employees. We reviewed the associated purchases that were made during September 2013 to April 2016; and although they appeared proper for a school setting, *charge cards other than the district-issued P-Card are not allowed*. The account was closed and all four charge cards were deactivated at our request (Pages 19-25).

PROPERTY

The results of physical inventories of property items with an individual cost of \$1,000 or more are reported for all eight adult education centers reported herein. We have also included the results of physical inventories of seven centers whose internal funds could not be completed in time for this publication. This amounted to a total of 15 centers. As of June 30, 2016, the results of physical inventories of six centers could not be completed in time to report this year and will be performed and reported in 2016-2017.

At the 15 centers, Property Audits staff inventoried a total of 2,361 equipment items with a total approximate cost of \$6.49 million. Of the 15 inventories, 13 proved satisfactory. Results for the remaining two adult and community education centers disclosed that two (2) equipment items with a total depreciated value of zero and a total acquisition cost of \$4,635 could not be located (refer to Property Schedules on Pages 12-13).

Property inventories also include the review of property losses reported by the centers through the Plant Security Report process. Our analysis of Plant Security Report losses disclosed that three equipment items with a total depreciated value of \$121,290 and total cost of \$203,313 were reported stolen at Miami Lakes Technical College. These items consisted of a lawn mower and two tractor trucks (Page 14). The trucks were stolen from the campus some time during the weekend preceding Monday, October 25, 2015. According to the Principal, the theft was discovered by one of the instructors upon return to work early Monday morning. The trucks were used to train students enrolled in the Truck Driver Training Program.

The school reported the incident to M-DCPS Police; however, the trucks were not recovered. Administration from the Office of Adult and Community Education contacted the District's Office of Risk and Benefits Management regarding possible replacement/loss recovery; however, according to that office, the District's Master Property Program is subject to \$1 million deductible for all perils other than windstorms, and as such, the loss is not covered. Furthermore, according to that office, although the District maintains a self-insured property program to cover losses related to furniture, fixtures and equipment (FF&E), vehicles are not covered. According to the Principal of the center, in light of the theft, the school has implemented additional and more rigorous safety measures to safeguard the vehicles presently in inventory.

PAYROLL

Of the eight adult education centers, we reviewed current payroll records and procedures at North Miami Adult Education Center.

Regarding this center, as agreed upon by our office and the OIG, the part of the investigation involving the former Principal's alleged payroll fraud will be exclusively investigated by the OIG. Consequently, the scope of our payroll audit was limited to current payroll practices under the current Principal.

Our review disclosed general compliance with the *Payroll Processing Procedures Manual*, except for the following discrepancies regarding the payroll of hourly paid employees:

- At North Miami Adult Education Center, a review of current payrolls disclosed some discrepancies, which included errors in the calculation of payroll hours. We also noted inconsistencies in the application of hourly payroll sign-in procedures, as well as inconsistencies in the updating of work schedules of hourly-paid staff (Pages 26-29).

AUDIT OPINION

The following tables summarize total cash receipts and disbursements, and financial position of cash and investments as of June 30, 2014; as well as total receipts, disbursements and Fund Balance as of June 30, 2015 for the eight adult education centers included herein. It also provides the audit opinion regarding the adult education centers' financial statements:

CONDENSED ANNUAL FINANCIAL REPORTS AND TOTAL CASH AND INVESTMENTS AS OF JUNE 30, 2014

The Condensed Annual Financial Reports and Total Cash and Investments as of June 30, 2014 for the eight adult education centers are as follows:

Work Loc. No.	Centers	Beginning Balance	Receipts	Disbursements	End Balance	Cash	Investments		Total Cash and Investments
							Money Market Fund	Other	
7012	American Adult and Community Education Center	\$ 379,815.87	\$ 211,043.22	\$ (235,285.79)	\$ 355,573.30	\$ 59,413.22	\$ 296,160.08	\$ -	\$ 355,573.30
7112	Hialeah Adult Education Center	236,940.91	423,087.58	(427,449.60)	232,578.89	121,945.83	100,633.06	10,000.00	232,578.89
7132	Hialeah-Miami Lakes Adult and Community Education Center	360,841.65	331,220.23	(309,591.66)	382,470.22	52,331.31	330,138.91	-	382,470.22
7342	Miami Jackson Adult Education Center	33,321.16	132,317.69	(128,151.26)	37,487.59	27,829.16	9,658.43	-	37,487.59
7462	Miami Senior Adult Education Center	179,700.07	339,049.91	(328,396.03)	190,353.95	38,268.00	152,085.95	-	190,353.95
7592	North Miami Adult Education Center	536,422.60	322,195.02	(323,493.05)	535,124.57	32,824.96	502,299.61	-	535,124.57
7742	Southwest Miami Adult Education Center	159,411.02	208,627.86	(209,343.29)	158,695.59	45,388.54	113,307.05	-	158,695.59
7602	William H. Turner Technical Arts Adult Education Center	35,611.55	380,258.05	(312,025.21)	103,844.39	80,663.04	23,181.35	-	103,844.39
TOTALS		\$ 1,922,064.83	\$ 2,347,799.56	\$ (2,273,735.89)	\$ 1,996,128.50	\$ 458,664.06	\$ 1,527,464.44	\$ 10,000.00	\$ 1,996,128.50

CONDENSED ANNUAL FINANCIAL REPORTS AND FUND BALANCE AS OF JUNE 30, 2015

The Condensed Annual Financial Reports and Fund Balance as of June 30, 2015 for the eight adult education centers reported herein are:

Work Loc. No.	Centers	Annual Financial Report				Fund Balance					
		Beginning Balance	Receipts	Disbursements	End Balance	Checking	Money Market Pool Fund	Other Investments	Accounts Receivable ^(a)	Accounts Payable ^(b)	Total Fund Balance
7012	American Adult and Community Education Center	\$ 355,573.30	\$ 294,432.18	\$ (260,572.00)	\$ 389,433.48	\$ 82,660.42	\$ 298,153.13	\$ -	\$ 21,225.41	\$(12,605.48)	\$ 389,433.48
7112	Hialeah Adult Education Center	232,578.89	344,175.25	(277,367.47)	299,386.67	101,598.77	121,350.78	10,000.00 ^(c)	68,679.68	(2,242.56)	299,386.67
7132	Hialeah-Miami Lakes Adult and Community Education Center	382,470.22	304,613.13	(334,382.26)	352,701.09	37,388.29	307,099.53	-	9,966.27	(1,753.00)	352,701.09
7342	Miami Jackson Adult Education Center	37,487.59	107,799.55	(105,067.94)	40,219.20	37,836.01	9,728.19	-	35.00	(7,380.00)	40,219.20
7462	Miami Senior Adult Education Center	190,353.95	336,268.83	(300,821.57)	225,801.21	65,132.69	153,037.36	-	16,594.89	(8,963.73)	225,801.21
7592	North Miami Adult Education Center	535,124.57	233,974.71	(189,778.09)	579,321.19	72,578.29	505,673.28	-	22,742.98	(21,673.36)	579,321.19
7742	Southwest Miami Adult Education Center	158,695.59	204,493.92	(204,146.63)	159,042.88	75,321.32	114,016.80	-	2,417.04	(32,712.28)	159,042.88
7602	William H. Turner Technical Arts Adult Education Center	103,844.39	226,453.22	(235,796.97)	94,500.64	44,479.02	23,337.37	-	28,380.40	(1,696.15)	94,500.64
TOTALS		\$ 1,996,128.50	\$ 2,052,210.79	\$ (1,907,932.93)	\$ 2,140,406.36	\$ 516,994.81	\$ 1,532,396.44	\$ 10,000.00	\$ 170,041.67	\$(89,026.56)	\$ 2,140,406.36

Notes:

- (a) Account balance mainly consists of billings to third parties (agencies) for tuition fees and book receivables that were outstanding as of June 30, 2015.
(b) Account balance mainly consists of tuition fees collected at the centers during April-June 2015 and not transmitted to the District until after June 30, 2015.
(c) Monies invested in a Certificate of Deposit. Investment account closed after June 30, 2015.

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 eight adult education centers, the financial statements present fairly, in all material respects, the changes in fund balances arising from the financial transactions of the centers during the 2013-2014 and 2014-2015 fiscal years up to March 31, 2015, on the cash basis of accounting; and from April 1, 2015 to June 30, 2015, on the full accrual basis of accounting.

As of June 30, 2014, for all eight adult education centers reported herein, total combined receipts and disbursements amounted to \$2,347,799.56 and \$2,273,735.89, respectively; while total combined cash and investments amounted to \$1,996,128.50 (Page 6).

As of June 30, 2015, for all eight adult education centers reported herein, total combined receipts and disbursements amounted to \$2,052,210.79 and \$1,907,932.93, respectively; while total combined Fund Balance amounted to \$2,140,406.36 (Page 7).

Notwithstanding the conditions and findings reported herein, as of June 30, 2015, the internal control structure at the adult education centers reported herein generally functioned as designed by the District and implemented by the school administration, except for those conditions reported at the individual adult education centers.

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.


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 two adult education centers reported herein **with audit exceptions** are depicted as follows:

CENTERS	PROCESS & IT CONTROLS			POLICY & PROCEDURES COMPLIANCE			EFFECT
	SATISFACTORY	NEEDS IMPROVEMENT	INADEQUATE	SATISFACTORY	NEEDS IMPROVEMENT	INADEQUATE	
Miami Jackson Adult Education Center		✓			✓		Likely to impact.
North Miami Adult Education Center		✓			✓		Likely to impact.

The internal control ratings for the remaining six adult education centers reported herein **without audit exceptions** are depicted as follows:

CENTERS	PROCESS & IT CONTROLS			POLICY & PROCEDURES COMPLIANCE			EFFECT
	SATISFACTORY	NEEDS IMPROVEMENT	INADEQUATE	SATISFACTORY	NEEDS IMPROVEMENT	INADEQUATE	
American Adult and Community Education Center	✓			✓			Not Likely to impact.
Hialeah Adult Education Center	✓			✓			Not Likely to impact.
Hialeah-Miami Lakes Adult and Community Education Center	✓			✓			Not Likely to impact.
Miami Senior Adult Education Center	✓			✓			Not Likely to impact.
Southwest Miami Adult Education Center	✓			✓			Not Likely to impact.
William H. Turner Technical Arts Adult Education Center	✓			✓			Not Likely to impact.

SUMMARY SCHEDULE OF AUDIT FINDINGS CURRENT AND PRIOR AUDIT PERIODS

Summary of findings of the two adult education centers reported herein **with audit exceptions** are as follows:

WORK LOC. NO.	CENTERS	AUDIT PERIOD	CURRENT AUDIT PERIOD FINDINGS		PRIOR AUDIT PERIOD FINDINGS	
		Fiscal Year(s)	Total Per Center	Area Of Findings	Total Per Center	Area Of Findings
7342	Miami Jackson Adult Education Center	2013-2014 2014-2015	1	▪ Bookkeeping	None	
7592	North Miami Adult Education Center ^(a)	2013-2014 2014-2015 Current FY Payrolls	3	▪ Bookkeeping ▪ Disbursements ▪ Payroll	None	
TOTAL			4		None	

Summary of findings of the six adult education centers reported herein **without audit exceptions** are as follows:

WORK LOC. NO.	CENTERS	AUDIT PERIOD	CURRENT AUDIT PERIOD FINDINGS		PRIOR AUDIT PERIOD FINDINGS	
		Fiscal Year(s)	Total Per Center	Area Of Findings	Total Per Center	Area Of Findings
7012	American Adult and Community Education Center	2013-2014 2014-2015	None		None	
7112	Hialeah Adult Education Center	2013-2014 2014-2015	None		None	
7132	Hialeah-Miami Lakes Adult and Community Education Center	2013-2014 2014-2015	None		None	
7462	Miami Senior Adult Education Center	2013-2014 2014-2015	None		None	
7742	Southwest Miami Adult Education Center	2013-2014 2014-2015	None		None	
7602	William H. Turner Technical Arts Adult Education Center	2013-2014 2014-2015	None		None	
TOTAL			None		None	

Note:

(a) Change of Principal at this center since prior audit. Bookkeeping and disbursement findings was identified during tenure of the former and current Principals. The payroll finding was identified during current payrolls approved by current Principal.

LIST OF SCHOOL PRINCIPALS/ADMINISTRATORS

Listed below are the names of the former and current principals/administrators, as applicable for the two adult education centers **with audit exceptions**. The highlighted table cell represents the principal(s)/administrator(s) in charge of the center during the audit period and/or when audit exception(s) happened.

Work Loc. No.	Centers	Current Principal(s)/Administrator(s)	Former Principal(s)/Administrator(s)
7342	Miami Jackson Adult Education Center	Mr. Joey Bautista	N/A = No Change of Principal Since Prior Audit.
7592	North Miami Adult Education Center ^(a)	Mr. Franklyn J. Glasford	Mr. Jean C. Ridore (Through October 2015; resigned).

Listed below are the names of the former and current principals/administrators, as applicable for the remaining six adult education centers **without audit exceptions**. The highlighted table cell represents the principal(s)/administrator(s) in charge of the center during the audit period:

Work Loc. No.	Centers	Current Principal(s)/Administrator(s)	Former Principal(s)/Administrator(s)
7012	American Adult and Community Education Center	Mr. Alexis Cazañas	N/A = No Change of Principal Since Prior Audit.
7112	Hialeah Adult Education Center	Mr. Manuel Gonzalez	N/A = No Change of Principal Since Prior Audit
7132	Hialeah-Miami Lakes Adult and Community Education Center ^(b)	Mr. Alexis Cazañas	Mr. Manuel Gonzalez (Through June 2014; presently Principal at Hialeah Adult Education Center).
7462	Miami Senior Adult Education Center	Mr. Alan J. Bashaw	N/A = No Change of Principal Since Prior Audit.
7742	Southwest Miami Adult Education Center ^(b)	Mr. Robert D. Novak	Mr. Steve Rummel (Through November 2014; retired).
7602	William H. Turner Technical Arts Adult Education Center ^(c)	Ms. LaVette S. Hunter	N/A = No Change of Principal Since Prior Audit.

Notes:

- (a) Change of Principal/Administrator at this school/center since prior audit (1 center).
- (b) Change of Principal/Administration at this center during audit period. Both Principals had tenure for a portion of the audit period (2 centers).
- (c) Principal of record at the time of the audit. Change of Principal subsequent to audit, pursuant to approval of School Board Agenda SP-1 on July 6, 2016 (1 center).

PROPERTY SCHEDULES

The results of the property inventories of 15 centers are as follows:

Work Location No.	Centers	CURRENT INVENTORY					PRIOR INVENTORY	
		Total Items	Dollar Value	Unlocated Items			No. Of Unloc. Items	Dollar Value
				No. Of Items	At Cost	At Deprec. Value		
Adult and Community Education Centers and Technical Colleges								
7012	American Adult and Community Education Center ^(a)	44	\$ 104,470	1	\$ 3,464	\$ -	1	\$ 2,945
7801	George T. Baker Aviation Technical College ^(b)							
7072	Coral Gables Adult Education Center ^(c)	18	47,000	-	-	-	-	-
8139	D. A. Dorsey Technical Center ^(b)							
7841	The English Center ^(b)							
7112	Hialeah Adult Education Center ^(a)	30	100,171	-	-	-	-	-
7132	Hialeah-Miami Lakes Adult and Community Education Center ^(a)	41	83,163	-	-	-	-	-
8005	Lindsey Hopkins Technical College ^(b)							
7202	Miami Beach Adult and Community Education Center ^(b)							
7272	Miami Coral Park Adult Education Center ^(c)	41	90,346	-	-	-	-	-

Notes:

(a) School audit results included in this report (eight adult education centers).

(b) Property audit not performed this year. To be performed in 2016-2017 (six adult education centers).

(c) Property audit completed by year-end. School audit to be performed in 2016-2017 (seven adult education centers).

PROPERTY SCHEDULES

Work Location No.	Centers	CURRENT INVENTORY					PRIOR INVENTORY	
		Total Items	Dollar Value	Unlocated Items			No. Of Unloc. Items	Dollar Value
				No. Of Items	At Cost	At Deprec. Value		
7342	Miami Jackson Adult Education Center ^(a)	9	18,108	-	-	-	-	-
8901	Miami Lakes Technical College ^(c)	1,098	5,364,693	-	-	-	-	-
7432	Miami Palmetto Adult and Community Education Center ^(c)	14	34,817	-	-	-	-	-
7462	Miami Senior Adult Education Center ^(a)	15	49,479	-	-	-	-	-
7512	Miami Springs Adult Education Center ^(c)	9	29,548	-	-	-	-	-
7532	Miami Sunset Adult Educational Center ^(c)	15	45,356	-	-	-	-	-
8911	Robert Morgan Technical College ^(c)	962	321,846	1	1,171	-	-	-
7592	North Miami Adult Education Center ^(a)	34	105,657	-	-	-	-	-
7702	South Dade Technical College ^(b)							
7742	Southwest Miami Adult Education Center ^(a)	12	29,978	-	-	-	-	-
7602	William H. Turner Technical Arts Adult Education Center ^(a)	19	63,666	-	-	-	-	-
TOTAL		2,361	\$ 6,488,298	2	\$ 4,635	\$ -	1	\$ 2,945

Notes:

(a) School and property audit results included in this report (eight adult education centers).

(b) Property audit not performed this year. To be performed in 2016-2017 (six adult education centers).

(c) Property audit completed by year-end. School audit to be performed in 2016-2017 (seven adult education centers).

PROPERTY SCHEDULES

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

Work Location No.	Adult education centers	No. Of Plant Security Reports	Total Items	Total Amount At Cost	CATEGORY (AT COST)	Total Depreciated Value
					Other ^(a)	
8901	Miami Lakes Technical College	2	3	\$ 203,313	\$ 203,313	\$ 121,290
TOTAL		2	3	\$ 203,313	\$ 203,313	\$ 121,290

Note:

(a) "Other Equipment" includes two trucks and a lawn mower.

FINDINGS AND RECOMMENDATIONS

1. Checking And Money Market Accounts Not Reconciled In A Timely Manner And Delays In The Transmittal Of Tuition Fees *Miami Jackson Adult Education Center*

The internal funds of the school were accounted for on the cash basis of accounting until March 2015. In April 2015, the school district migrated the bookkeeping of the internal funds of adult education centers from a legacy system to a web-based full-accrual accounting system.

The conversion to the new automated system in April 2015 presented many challenges. These included familiarization with the bookkeeping of the funds on a web-based full-accrual system, sorting through discrepancies with the reports and understanding/resolving technical issues with the system in general. As a result, several reporting tasks and reconciliations associated with the bookkeeping of the internal funds were not always completed by the schools in a timely manner.

Part of our audit at adult education centers involves reviewing the timeliness and accuracy of monthly bank account reconciliations, and the transmittal of tuition fees collected at the schools and submitted to the District. According to Section V, Chapter 1 of the *Manual of Internal Fund Accounting* and the Monthly Financial Reports Cover Sheet form (FM-6303), monthly bank reconciliations must be submitted to the District by the 20th day of the next month. For the 2014-2015 fiscal year, the year-end procedures published by the Office of the Controller clearly indicated that year-end checking and investment accounts reconciliations were to be submitted to the District *no later than July 8, 2015*.

Regarding the transmittal of tuition fees collected at adult education centers, Section III, Chapter 10 of the *Manual of Internal Fund Accounting* and the Tuition Cash Transmittal Report form (FM-0778) establish that schools must transmit to the District those tuition fees collected from the students *no later than the 10th day of the following month*.

At this school, for the audit period up to the current year, we noted delays in the reconciliations and the transmittal of fees. We also noted that this school has a part-time treasurer. This may have contributed to the lapses in the preparation/submission of reconciliations and fee transmittals since no other justification for the delays was provided. Details follow:

- 1.1. During our visit in early April 2016, we noted that the checking and Money Market accounts had not been reconciled since November 2015. Reconciliations for the months of December 2015, January 2016 and February 2016 were performed during the audit visit. Similarly, interest earned by the Money Market Pool Fund account was not timely posted in the system. Also, the June 30, 2015 checking and investment account reconciliations were not prepared until July 15, 2015 (after the July 8, 2015 deadline).
- 1.2. During the 2013-2014 and 2014-2015 fiscal years we similarly noted that monthly tuition transmittals (processed before, during and after the transition to the new system) were not always remitted to the District by the established deadline. In addition, for the 2015-2016 fiscal year, the transmittal of fees collected during the months of September 2015 to February 2016 totaling approximately \$23,000 did not take place until April 2016.

RECOMMENDATION

- 1.1. **Going forward, it is critical that account reconciliations be completed and submitted to the District in a timely manner and on a monthly basis. Untimely reconciliations could delay the detecting of any potential suspicious/fraudulent checking account activity, which may result in monetary losses if these discrepancies are not timely identified and reported to the bank. We also recommend that fee transmittals be processed according to the scheduled timelines to prevent unnecessary delays and potential discrepancies with the bookkeeping of these funds.**

Person(s) Responsible:

Principal and Treasurer

Management Response:

The Principal held a meeting with the part-time Treasurer and Assistant Principal to discuss and review the guidelines stated in Section V, Chapter 1; as well as, Section III, Chapter 10 of the *Manual of internal Fund Accounting* to ensure their understanding and responsibilities of District procedures, as it pertains to tuition transmittals and the month-end processes. The Principal has instructed the Assistant Principal to monitor the reconciliation and transmittal processes on a monthly basis. The Assistant Principal will meet with the treasurer on a bi-weekly basis to ensure transactional posting is completed in a timely manner. Any anomalies will be reported to the Principal for corrective actions to be taken, immediately. The Principal, Assistant Principal, and Treasurer will contact the Vocational Fiscal Services Supervisor when assistance is needed.

The Principal will participate in the Districts' Money DOES Matter Support Program for the 2016-2017 school year.

Person(s) Responsible: **Adult and Community Education Administration**

Management Response:

The Administrative Director of Adult and Community Education and the Principal have established a plan that will strengthen the processes affected. The plan encompasses thoroughly reviewing the *Manual of Internal Fund Accounting* and all ancillary documentation needed to ensure the timeliness of posting transmittals and processing bank reconciliations in compliance with District policy.

The Administrative Director of Adult and Community Education is aware that the principal is actively seeking a full-time Treasurer. The Principal has been instructed to meet with the part-time Treasurer on a regular basis to review transactional posting to ensure timely completion.

Furthermore, the Principal has been instructed to assign an Assistant Principal to monitor the Treasurer's activities to ensure timely completion of transmittals and bank reconciliations. The Principal has also been instructed to request assistance from the Vocational Fiscal Services Supervisor, if additional training or assistance is needed in the affected areas.

Person(s) Responsible:

School Operations Administration

Management Response:

School Operations has reviewed the audit exceptions cited in the 2013-2014 and 2014-2015 fiscal year(s) audit reports of the following two centers that report to the Office of Adult and Community Education: Miami Jackson Adult Education Center and North Miami Adult Education Center. The following preventive actions will be taken through School Operations:

- School Operations will assist by providing additional support to the center by assigning the Vocational Fiscal Services Supervisor to work alongside of the part-time treasurer until a full-time position is filled.
- School Operations, in collaboration with the Region Office, will continue to provide support to the center by assigning a support team, consisting of the Vocational Fiscal Services Supervisor and others, to the newly hired treasurer.
- School Operations will provide technical assistance in the areas of Internal Fund Account Reconciliation and Recordkeeping, Disbursements, and Payroll through the district's Money DOES Matter Support Program for the 2016-2017 school year.

School Operations will continue to work with Principals to promote efficient and effective fiscal practices.

**2. Transmittal Of Funds
And Account Reconciliations
Not Processed In
A Timely Manner
*North Miami Adult Education Center***

The internal funds of the school were accounted for on the cash basis of accounting until the end of March 2015. In April 2015, the school district migrated the bookkeeping of the internal funds of adult education centers from a legacy system to a web-based full-accrual accounting system.

The conversion to the new automated system in April 2015 presented many challenges. These included familiarization with the bookkeeping of the funds on a web-based full-accrual system, in addition to discrepancies with the reports and technical issues with the system in general. As a result, several reports and reconciliations were not always processed in a timely manner.

Part of our audit at adult education centers involves reviewing the timeliness and accuracy of fee transmittals and monthly bank/account reconciliations. Pursuant to Section III, Chapter 10 of the *Manual of Internal Fund Accounting* and the Tuition Cash Transmittal Report form (FM-0778), the schools must transmit to the District those tuition fees collected from the students no later than the 10th day of the following month. In addition, according to Section V, Chapter 1 of the *Manual*, and the Monthly Financial Reports Cover Sheet form (FM-6303), monthly bank reconciliations must be submitted to the Internal Fund Accounting Section by the 20th day of the next month.

During our review we noted that:

- 2.1. Fee transmittal totals for April and May 2015 disclosed errors in that amounts remitted to the District were either overstated or understated. The school was not aware of these discrepancies until they were brought to their attention during the audit. Amounts overstated and understated were similar.
- 2.2. We extended our review to the 2015-2016 fiscal year up to March 2016 and noted that fee transmittals for the period encompassing October 2015 to January 2016 were not processed until March 2016. In addition, some of the Monthly Revenue Reports supporting the transmittals were not on file and were printed during the audit. Furthermore, the transmittal for the month of March 2016 was incorrect due to the school using the wrong report, which caused an overstatement of \$27,395. Partial adjustments were made in April and May 2016 transmittals to correct the overage. Additional adjustments are pending at this time and should be made accordingly.

- 2.3. During the 2013-2014 and 2014-2015 fiscal years (prior to the conversion), we similarly noted that monthly tuition transmittals corresponding to December 2013 and August 2014 fees were remitted to the District five to seven days late.
- 2.4. The internal funds monthly checking account and Money Market reconciliations were not prepared in a timely manner subsequent to the conversion in April 2015. Although there was documentation on file indicating that some of the delays were due to technical issues with the new system, others were the results of posting errors pending resolution.

RECOMMENDATIONS

- 2.1. **Going forward, ensure that reconciliations and fee transmittals are completed and processed in a timely manner.**
- 2.2. **Ensure that the correct report is used to calculate the tuition fees to be remitted to the District.**

Person(s) Responsible:

Principal and Treasurer

Management Response:

The Principal has scheduled a meeting with the Treasurer to review the guidelines stated in Section V, Chapter 1 and Section III, Chapter 10 of the *Manual of Internal Fund Accounting* and to ensure her understanding and responsibilities regarding procedures as it pertains to transmittals and the month-end processes. The Adult Education Monthly Financial Reports Cover Sheet (FM-6303) and the Tuition Transmittal form (FM-0778) will also be reviewed.

The Principal has assigned an Assistant Principal the job of monitoring the reconciliation and transmittal processes. The Assistant Principal will meet with the Treasurer on a bi-weekly basis to ensure transactional posting is completed in a timely manner. If posting or processing delays are noted during the bi-weekly review, the Assistant Principal will discuss them with the Treasurer immediately for a timely resolution. In addition, the Assistant Principal will meet with the Principal bi-weekly to report any concerns.

Regarding the \$27,395 overstatement of the March 2016 tuition transmittal amount, the Principal has submitted a request to the District's Treasury department to refund the amount of the overage after the June 2016 transmittal has been processed.

The Principal, Assistant Principal, and Treasurer will contact the Vocational Fiscal Services Supervisor when assistance is needed.

Person(s) Responsible: **Adult and Community Education Administration**

Management Response:

The Administrative Director of Adult and Community Education and the Principal have established a plan that will strengthen the processes affected. The plan encompasses thoroughly reviewing the *Manual of Internal Fund Accounting* and all ancillary documentation needed to ensure the timeliness of posting transmittals and processing bank reconciliations in compliance with District policy.

Furthermore, the Principal has been instructed to assign an Assistant Principal to monitor the Treasurer's activity to ensure timely completion of transmittals and bank reconciliations. The Principal has also been instructed to request assistance from the Vocational Fiscal Services Supervisor, if additional training or assistance is needed in the affected areas.

Person(s) Responsible: **School Operations Administration**

Management Response:

Refer to page 18 of this report and page 44 in the report's Appendix Section for School Operations administration's comprehensive response addressing the recommendations to the school findings of North Miami Adult Education Center.

**3. Inadequate Controls
Over Disbursements
Led To Non-Compliance
With Internal Funds
Policy
*North Miami Adult Education Center***

Our sample of disbursements during the two-year audit period up to September 2015 disclosed that the school had made purchases that were not compliant with internal funds guidelines. These included instances where three written quotations were not obtained and/or certified minority requirements were not met in those instances where individual purchases totaled \$1,000 or more; as well as some instances where payments were late or where invoices were not signed for receipt of goods. We also noted where an equipment purchase for more than \$1,000 was not reported to the District for equipment inventory control purposes. In addition, the school had a charge account with a local supermarket chain to facilitate the purchases of provisions and supplies; however, this charge account is not allowed by District policy. Details follow:

Pursuant to School Board Policy 6610 *Internal Accounts*, for purchases of \$1,000 or more but less than \$50,000, at least three (3) written quotations must be solicited. One of these quotations **must** be from a certified minority enterprise. In addition, the *Manual of Property Control Procedures* and Section 3, Chapter 8 of the *Manual of Internal Fund Accounting* require that an Incoming Controlled Equipment form (FM-1699) (to request the tagging of the equipment for inventory control purposes) be completed and submitted to Property Accounting on equipment purchases of \$1,000 or more.

- 3.1. During the 2013-2014 and 2014-2015 fiscal years we noted a few instances where the school did not include as part of the disbursements' supporting documentation three written telephone quotations for those individual purchases of \$1,000 or more. In one of these instances, it appears that the purchases were split to circumvent the requirement for obtaining quotations. In one other instance, the purchase consisted of a laptop; however, it was not tagged for property control inventory purposes.

Section II, Chapter 4 of the *Manual of Internal Fund Accounting* establishes that payments should be made within 30 days of satisfactory receipt of goods/services, unless discrepancies result. Regarding the timing of issuing of payments to vendors, the *Manual* also requires that any arrangements with the vendors to make payment past 30 days of receipt of goods/services must be included in the records as support.

- 3.2. A review of disbursements in both 2013-2014 and 2014-2015 fiscal years disclosed several instances where invoices were not paid in a timely manner, and there were no written agreements with vendors on file regarding these delays. A delay of up to five months was noted in one of these instances. We

also noted that a few of these invoices were not signed to reflect acknowledgement of receipt of goods or services.

Section II, Chapter 4 of the *Manual of Internal Fund Accounting* states that schools must not obtain or utilize vendor-issued credit cards to make purchases (i.e. gas cards, retail stores, etc.). The district-issued credit card under the P-Card Program is the only credit card allowed to be used by the schools. However, we noted that:

- 3.3. The school had an active charge account with a local supermarket chain and the school had issued four charge cards to staff. For the 2013-2014, 2014-2015 and 2015-2016 fiscal years up to April 2016, supermarket charges amounted to approximately \$2,000. All purchases reviewed appeared proper for a school setting. At our request, the school contacted the vendor who in turn closed the account and deactivated the charge cards.

RECOMMENDATIONS

- 3.1. **The new school administration should discuss the Internal Funds guidelines and requirements with faculty and staff for awareness and understanding of the requirements; and should strengthen review over disbursements.**
- 3.2. **Regarding the matter of the written quotations, the school administration should direct staff to solicit quotations, including one from a certified minority as required by the guidelines; and ensure that the lowest quotation is selected. Furthermore, the school administration should ensure that purchases are not split.**
- 3.3. **The school administration should discuss with staff procedures regarding the purchase of furniture, fixtures and equipment (FF&E) costing \$1,000 or more that require the tagging of the equipment for inventory control purposes. In similar cases of FF&E purchases costing \$1,000 or more, we strongly recommend the use of a shopping cart through the regular procurement district channels for these purchases.**

Person(s) Responsible:**Principal, Purchasing Clerk and Treasurer****Management Response:**

The Principal along with the Treasurer and Assistant Principal will review School Board Policy 6610 *Internal Accounts*, the *Manual of Property Control Procedures* and the *Manual of Internal Fund Accounting*. Specifically, policies and procedures related to purchases over \$1,000; timeliness of vendor payments; vendor issued credit cards; and property controls.

The Principal has assigned an Assistant Principal to assist with the oversight of internal funds. The Assistant Principal will meet with Treasurer bi-weekly to ensure vendor payments are made on time; invoices are signed upon receipt of goods; and that purchases over \$1,000 are accompanied with three written quotations, including a minority vendor. The Assistant Principal will immediately report any concerns noted to the Principal.

The Principal will carefully review disbursement documentation prior to signing to ensure that the established policies and procedures are adhered to. The Principal has prohibited the use of any vendor-issued credit cards with the exception of the District issued card.

The Principal, Assistant Principal, and Treasurer will contact the Vocational Fiscal Services Supervisor when assistance is needed.

Person(s) Responsible:**Adult and Community Education Administration****Management Response:**

The Administrative Director of Adult and Community Education and the Principal have established a plan that will strengthen the disbursements process. The plan encompasses thoroughly reviewing the *Manual of Internal Fund Accounting*, the *Manual of Property Controls*, and School Board Policy *Internal Accounts*.

The Principal has been instructed to meet with the Treasurer to review the policies and procedures for making timely payment; acknowledgment of receipt of goods; purchases over \$1,000; equipment purchases; and the disallowance of vendor-issued credit cards. Furthermore, the Principal has been instructed to assign an Assistant Principal to monitor the Treasurer's activity and report non-compliant activity immediately. The Principal, Assistant Principal and Treasurer have been instructed to request assistance from the Vocational Fiscal Services Supervisor, if additional training or assistance is needed.

Person(s) Responsible:

School Operations Administration

Management Response:

Refer to page 18 of this report and page 44 in the report's Appendix Section for School Operations administration's comprehensive response addressing the recommendations to the school findings of North Miami Adult Education Center.

4. Inadequate Recordkeeping, Documenting, And Reporting Of Hourly Payroll *North Miami Adult Education Center*

The *Payroll Processing Procedures Manual* establishes the procedures for documenting, recording and reporting the payroll. According to the *Manual*, appropriate payroll documentation consists of, but is not limited to, a record of daily hours worked by individual employees (where hours are stated and routinely verified), time sheets, time cards, summary sheets of daily working hours and all related documents involved in the reporting of time worked including personnel schedules. Accordingly, the accuracy and completeness of the supporting documentation are of paramount importance to school site administration that would customarily rely on these documents to certify that the payroll information being reported is correct.

In reference to our review of the payroll, the scope of our payroll audit was limited to *current* timelines in 2015-2016. Our selection consisted of three current payroll periods processed under the tenure of the current school administration. We reviewed time and attendance procedures *currently* implemented at the school to ensure compliance with guidelines established in the *Payroll Procedures Manual* for recording, reporting and maintaining payroll records.

This school has a large part-time payroll (approximately 120 part-time employees). There is a Payroll Clerk and a backup staff member assigned to the input and payroll preparation. The Principal is the final approver.

The hourly attendance for all part-time employees is recorded using a biometric time clock system. The time clock has a number keypad which allows employees to either manually input their employee number or a surface scan where employees can place the palm of their hands to record the “time in”, “time out” and number of actual hours recorded in the system. Full-time employees record their attendance manually on the Daily Payroll Attendance Sheets.

Given the size of the payroll and our initial review of the records where a number of discrepancies were identified, we sampled approximately 50 employee records from each pay period for further analysis. From our review we found that many corrections to hourly calculations had been made prior to the audit. Subsequent to our review, additional errors, although small, required correction. Of the sample selected from each pay period, 15 employees were either overpaid or underpaid a few hours. The payroll reporting errors discovered during the audit that required payroll corrections were processed by the school at the request of the auditor.

- 4.1. Based on our review of these records, it came to our attention that many errors resulted during the conversion of minutes to tenths of an hour. According to the Payroll Clerk, the conversions were conducted not on a daily basis, but at the end of each week.
- 4.2. Hourly paid employees were not consistently recording their time-in and time-out on the time clock system, and the Payroll Clerk was not provided with updated personnel work schedules throughout the school year. This required additional effort from the Payroll Clerk to make payroll adjustments when discrepancies were noted, and also required that we verify selected personnel schedules during the audit.

RECOMMENDATIONS

- 4.1. **The school administration should meet with faculty and staff to ensure understanding and awareness of the procedures for recording their attendance. Specifically, the consistent recording of time-in and time-out using the time clock should be addressed.**
- 4.2. **The school administration should emphasize to staff that any changes to personnel schedules must be cleared with the school administration for approval and before any work is performed.**
- 4.3. **The school administration should meet with the Payroll Clerk before the start of a pay period to discuss/update employee assignments and changes to their schedule.**
- 4.4. **The school administration should direct the payroll clerk to convert hours daily to expedite the process and minimize the conversion errors.**
- 4.5. **The Payroll Clerk should be directed to report to the school administration any deviation in the personnel schedules or instances where staff is not following payroll sign-in recording procedures for discussion with the employee and corrective action.**
- 4.6. **Periodically, the school administration should observe the staff's payroll sign-in procedures and should discuss any non-compliant matters for immediate corrective action.**
- 4.7. **An administrator other than the Principal should be assigned to oversee/review the payroll prior to the Principal to ensure that any errors/omissions are corrected prior to the final approval.**

Person(s) Responsible:

Principal and Payroll Clerk

Management Response:

The Principal met with staff to discuss District policy and procedure for recording attendance. More specifically, for recording time-in and time-out on the time clock and the process for approving changes in work schedules.

The Principal and Assistant Principal met with the Payroll Clerk to review guidelines established in the *Payroll Processing Procedures Manual*. Additionally, employee assignments, personnel schedules, and the conversion of hours to minutes will be discussed. The Payroll Clerk has strengthened her review of the Daily Payroll Attendance Sheets and time clock reports to ensure accuracy and completeness when processing payroll.

The Assistant Principal was assigned the task of monitoring the Daily Attendance Sheets as well as the time clock reports to ensure that employees are consistently recording their attendance and time. The Principal and Assistant Principal will approve all schedule changes and meet with the Payroll Clerk to discuss schedule changes prior to the start of the payroll period. The Assistant Principal will report any non-compliance activity to the Principal immediately for corrective action.

A payroll clerk, from another adult education center that uses a time clock, will provide additional training and support to the payroll clerk. This additional level of support will facilitate programming and scheduling of the time clock.

The Principal, Assistant Principal, and Payroll Clerk will contact the Vocational Fiscal Services Supervisor when assistance is needed.

Person(s) Responsible:

Adult and Community Education Administration

Management Response:

The Administrative Director of Adult and Community Education and the Principal have established a plan that will strengthen the payroll process. The plan encompasses thoroughly reviewing the *Payroll Processing Procedures Manual* with the Payroll Clerk and all faculty and staff. The Principal has been instructed to assign an Assistant Principal to monitor Daily Payroll Attendance Sheets and time clock reports. The Payroll Clerk has been instructed that schedule changes must be approved by the Principal.

The Principal has coordinated assistance from an experienced payroll clerk that uses a time clock, to provide additional training and support to the payroll clerk. This additional level of support will facilitate programming and scheduling of the time clock. Due to the ongoing investigation by the Office of Inspector General, the school is extremely limited in the roles that can be assigned to existing full-time staff. The Principal, Assistant

Principal, and Payroll Clerk will contact the Office of Adult and Community Education when assistance is needed.

Lastly, the affected Principals will register and participate in the District's Money DOES Matter Support Program for the 2016-2017 school year.

Person(s) Responsible:

School Operations Administration

Management Response:

Refer to page 18 of this report and page 44 in the report's Appendix Section for School Operations administration's comprehensive response addressing the recommendations to the school findings of North Miami Adult Education Center.

OBJECTIVES, SCOPE AND METHODOLOGY

The objectives of our audits were to:

- express an opinion on the internal fund financial statements of the adult education centers for the two fiscal years ended June 30, 2014 and June 30, 2015;
- evaluate compliance by the centers with the policies and procedures prescribed in the *Manual of Internal Fund Accounting*;
- provide assurances regarding compliance with *current payroll procedures*; and
- verify compliance by the centers 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.

While the scope of our audits generally covered operations during the period of July 1, 2013 through June 30, 2014 and July 1, 2014 through June 30, 2015, payroll transactions were reviewed for current pay periods in 2015-2016.

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 its 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, adult education centers 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, 2014 and June 30, 2015 was 0.62% and 0.64%, 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 adult education centers' 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, 2014 and June 30, 2015, the MDCPS-Money Market Pool Fund's interest rate was 0.62% and 0.64%, respectively.

New Accounting Software To Account For The Internal Funds Of The Adult Education Centers

In 2013, Miami-Dade County Public Schools needed to upgrade the centralized accounting system applicable for the bookkeeping of the internal funds of the schools and centers districtwide. According to Information Technology Services (ITS), the existing internal funds' centralized accounting system software platform was outdated and difficult to sustain going forward. In addition, the District aimed at an accounting solution that would be capable of accepting credit card payments as well as on-line payments at all schools to mirror current advances in marketing technology and reduce the volume of cash handled at the sites.

After undergoing all district-mandated processes for seeking vendor proposals, selecting a vendor, engaging a vendor, testing the product, training staff and creating the support infrastructure, the solution was the implementation of *Microsoft Dynamics GP*, an accounting (ERP) software package, which the District deployed on a full-scale for the internal funds of all 21 adult and community education centers/technical colleges effective at the beginning of April 2015. The District named it the *Electronic Student Accounting System* (otherwise referred to as the eSAS system). Unlike the legacy bookkeeping software where the financial activity was reflected on the cash basis of accounting, this new system records the financial transactions under the full accrual basis of accounting.

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/center 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.

At several locations, the hourly attendance for all part-time employees is recorded using a biometric time clock system. The time clock has a number keypad which allows

employees to either manually input their employee number or a surface scan where employees can place the palm of their hands to record the “time in”, “time out” and number of actual hours recorded in the system. Full-time employees record their attendance manually on the Daily Payroll Attendance Sheets

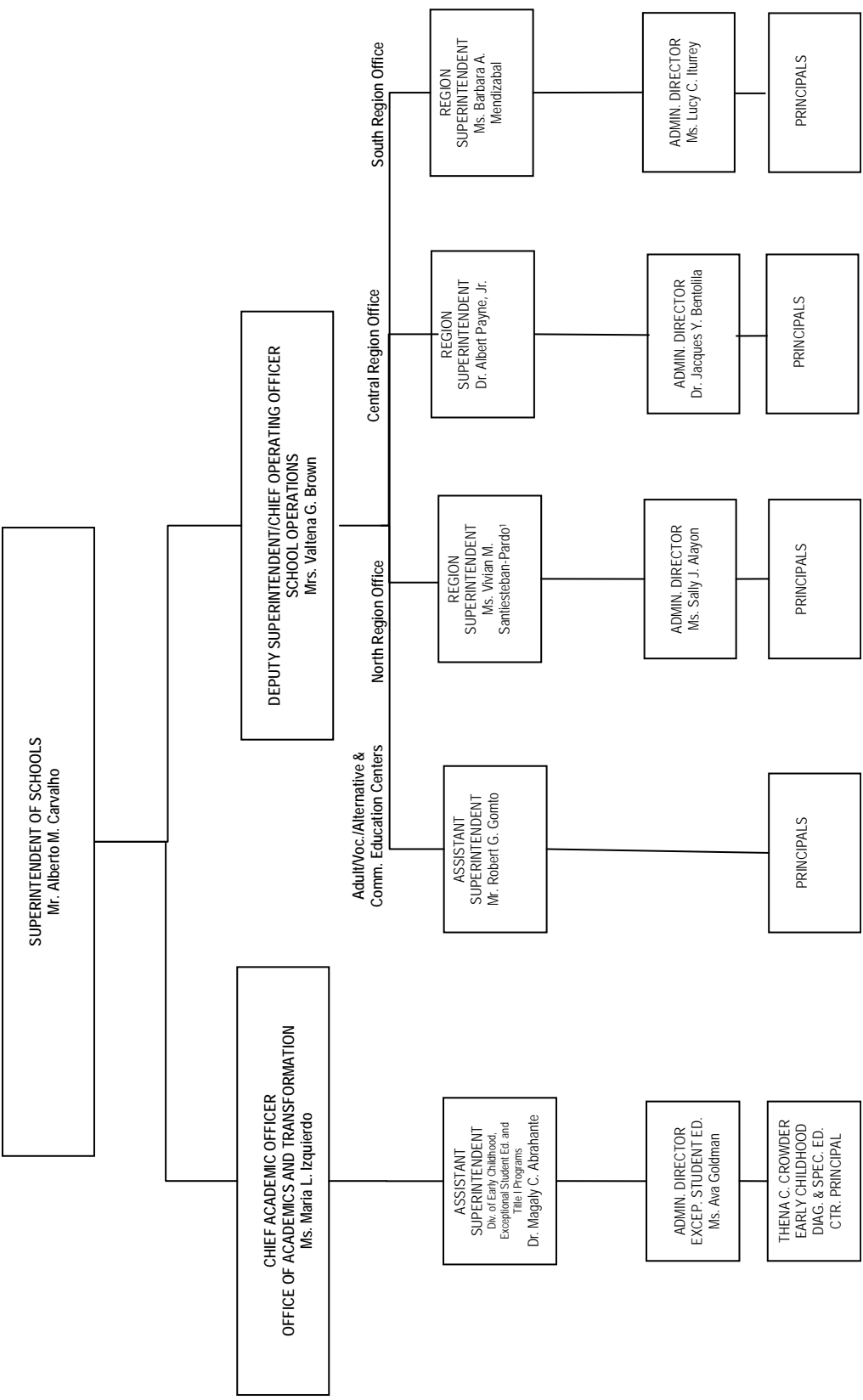
The process for distributing payroll checks and checks advices at the sites changed in 2009 in an effort to eliminate paper checks and paper advices. Employees who received paper checks at the sites were requested to enroll in direct deposit for all payroll-related payments, and were directed to the 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. Furthermore, the Florida Department of Financial Services, Rule Chapter 69I-73 establishes that “all property with a value or cost of \$1,000 or more and a projected useful life of one year or more shall be recorded in the local government’s financial system as property for inventory purposes”.

Our office conducts yearly inventories at each school/center 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 adult education centers audited during the summer months of July and August are customarily conducted at a later date, unless staff is available at the sites and time permits. Inventories pending at year-end will be conducted and reported for the next fiscal year.

ORGANIZATIONAL CHART (SCHOOLS/CENTERS)



Notes:
Effective June 15, 2015, ETO schools/centers are operationally realigned into the three existing geographic regions under School Operations (North, Central and South) based on feeder patterns; and to the Office of Academics and Transformation for educational support and wraparound services.
(1) Ms. Vivian Santiesteban-Pardo was the Region Superintendent, North Region Office, at the time that the audits were completed and discussed. As of the date of this publication, she was appointed Assistant Superintendent, Office of Labor Relations (pursuant to School Board Agenda SP-1 approved on July 6, 2016).

APPENDIX MANAGEMENT'S RESPONSES

MEMORANDUM

June 28, 2016

TO: Mr. Robert G. Gornto, Assistant Superintendent
School Operations

FROM: Joey Bautista, Principal 
Miami Jackson Adult Education

SUBJECT: **ADMINISTRATIVE RESPONSE TO INTERNAL AUDIT REPORT OF
MIAMI JACKSON ADULT EDUCATION CENTER**

The following is submitted in response to the Audit Report of Miami Jackson Adult Education for the 2013-2014 and 2014-2015 fiscal years.

The audit findings have been carefully reviewed by the Principal. As a result, the Principal has implemented the following corrective measures in order to prevent the recurrence of similar conditions and ensure strict compliance is maintained with District policies and procedures.

FINIDINGS

1. **Checking and Money Market Accounts Not Reconciled In a Timely Manner and Delays In the Transmittal of Tuition Fees**

RECOMMENDATION

- 1.1. **Going forward, it is critical that account reconciliations be completed and submitted to the District in a timely manner and on a monthly basis. Untimely reconciliations could delay the detecting of any potential suspicious/fraudulent checking account activity, which may result in monetary losses if these discrepancies are not timely identified and reported to the bank. We also recommend that fee transmittals be processed according to the scheduled timelines to prevent unnecessary delays and potential discrepancies with the bookkeeping of these funds.**

Person(s) Responsible: Principal and Treasurer

Management Response:

The Principal held a meeting with the part-time Treasurer and Assistant Principal to discuss and review the guidelines stated in Section V, Chapter 1; as well as, Section III Chapter 10 of the *Manual of internal Fund Accounting* to ensure their understanding and

responsibilities of District procedures, as it pertains to tuition transmittals and the month-end processes. The Principal has instructed the Assistant Principal to monitor the reconciliation and transmittal processes on a monthly basis. The Assistant Principal will meet with the treasurer on a bi-weekly basis to ensure transactional posting is completed in a timely manner. Any anomalies will be reported to the Principal for corrective actions to be taken, immediately. The Principal, Assistant Principal, and Treasurer will contact the Vocational Fiscal Services Supervisor when assistance is needed.

The Principals will participate in the Districts' Money DOES Matter Support Program for the 2016-2017 school year. Should you need additional information, please contact me at (305) 634-2621.


JB:

cc: Dr. Reginald Johnson
Ms. Cynthia Gracia

MEMORANDUM

June 28, 2016

TO: Mr. Robert G. Gornto, Assistant Superintendent
School Operations

FROM: Franklyn J. Glasford, Principal 
North Miami Adult Education

SUBJECT: **ADMINISTRATIVE RESPONSE TO INTERNAL AUDIT REPORT OF NORTH
MIAMI ADULT EDUCATION CENTER**

The following is submitted in response to the Audit Report of North Miami Adult Education for the 2013-2014 and 2014-2015 fiscal years.

The audit findings have been carefully reviewed by the Principal. As a result, the Principal has implemented the following corrective measures in order to prevent the recurrence of similar conditions and ensure strict compliance is maintained with Board policies and procedures.

FINIDINGS

1. **Transmittal of Funds and Account Reconciliations not Processed in a Timely Manner**

RECOMMENDATIONS

- 1.1. **Going forward, ensure that reconciliations and fee transmittals are completed and processed in a timely manner.**
- 1.2. **Ensure that the correct report is used to calculate the tuition fees to be remitted to the District.**

Person(s) Responsible: Principal and Treasurer

Management Response:

The Principal has scheduled a meeting with the Treasurer to review the guidelines stated in Section V, Chapter 1 and Section III, Chapter 10 of the *Manual of Internal Fund Accounting* and to ensure her understanding and responsibilities regarding procedures as it pertains to transmittals and the month-end processes. The Adult Education Monthly Financial Reports Cover Sheet (FM-6303) and the Tuition Transmittal form (FM-0778) will also be reviewed.

The Principal has assigned an Assistant Principal the job of monitoring the reconciliation and transmittal processes. The Assistant Principal will meet with the Treasurer on a bi-weekly basis to ensure transactional posting is completed in a timely manner. If posting or processing delays are noted during the bi-weekly review, the Assistant Principal will discuss them with the Treasurer immediately for a timely resolution. In addition, the Assistant Principal will meet with the Principal bi-weekly to report any concerns.

Regarding the \$27,395 overstatement of the March 2016 tuition transmittal amount, the Principal has submitted a request to the District's Treasury department to refund the amount of the overage after the June 2016 transmittal has been processed.

The Principal, Assistant Principal, and Treasurer will contact the Vocational Fiscal Services Supervisor when assistance is needed.

2. Inadequate Controls Over Disbursements Led to Non-Compliance With Internal Funds Policy

RECOMMENDATIONS

- 2.1. The new school administration should discuss the Internal Funds guidelines and requirements with faculty and staff for awareness and understanding of the requirements; and should strengthen review over disbursements.
- 2.2. Regarding the matter of the written quotations, the school administration should direct staff to solicit quotations, including one from a certified minority as required by the guidelines; and ensure that the lowest quotation is selected. Furthermore, the school administration should ensure that purchases are not split.
- 2.3. The school administration should discuss with staff procedures regarding the purchase of furniture, fixtures, and equipment (FF&E) costing \$1,000 or more that require the tagging of the equipment for inventory control purposes. In similar cases FF&E purchases costing \$1,000 or more, we strongly recommend use of a shopping cart through the regular procurement district channels for these purchases.

Person(s) Responsible: Principal, Purchasing Clerk and Treasurer

Management Response:

The Principal along with the Treasurer and Assistant Principal will review School Board Policy 6610 *Internal Accounts*, the *Manual of Property Control Procedures* and the *Manual of internal Fund Accounting*. Specifically, policies and procedures related to purchases over \$1,000; timeliness of vendor payments; vendor issued credit cards; and property controls.

The Principal has assigned an Assistant Principal to assist with the oversight of internal funds. The Assistant Principal will meet with Treasurer bi-weekly to ensure vendor payments are made on time; invoices are signed upon receipt of goods; and that purchases over \$1,000 are accompanied with three written quotations, including a minority vendor. The Assistant Principal will immediately report any concerns noted to the Principal.

The Principal will carefully review disbursement documentation prior to signing to ensure that the established policies and procedures are adhered to. The Principal has prohibited the use of any vendor-issued credit cards with the exception of the District issued card.

The Principal, Assistant Principal, and Treasurer will contact the Vocational Fiscal Services Supervisor when assistance is needed.

3. Inadequate Recordkeeping, Documentation, and Reporting of Hourly Payroll

RECOMMENDATIONS

- 3.1. The school administration should meet with faculty and staff to ensure understanding and awareness of the procedures for recording their attendance. Specifically, the consistent recording of time-in and time-out using the time clock should be addressed.
- 3.2. The school administration should emphasize to staff that any changes to personnel schedules must be cleared with the school administration for approval and before any work is performed.
- 3.3. The school administration should meet with the Payroll Clerk before the start of a pay period to discuss/update employee assignments and changes to their schedule.
- 3.4. The school administration should direct the payroll clerk to convert hours daily to expedite the process and minimize the conversion errors.
- 3.5. The Payroll Clerk should be directed to report to the school administration any deviation in the personnel schedules or instances where staff is not following payroll sign-in recording procedures for discussion with the employee and corrective action.
- 3.6. Periodically, the school administration should observe the staff's payroll sign-in procedures and should discuss any non-compliant matters for immediate corrective action.
- 3.7. An administrator other than the Principal should be assigned to oversee/review the payroll prior to the Principal to ensure that any errors/omissions are corrected prior to the final approval.

Person(s) Responsible: Principal and Payroll Clerk

Management Response:

The Principal met with staff to discuss District policy and procedure for recording attendance. More specifically, for recording time-in and time-out on the time clock and the process for approving changes in work schedules.

The Principal and Assistant Principal met with the Payroll Clerk to review guidelines established in the *Payroll Processing Procedures Manual*. Additionally, employee assignments, personnel schedules, and the conversion of hours to minutes will be discussed. The Payroll Clerk has

strengthen her review of the Daily Payroll Attendance Sheets and time clock reports to ensure accuracy and completeness when processing payroll.

The Assistant Principal was assigned the task of monitoring the Daily Attendance Sheets as well as the time clock reports to ensure that employees are consistently recording their attendance and time. The Principal and Assistant Principal will approve all schedule changes and meet with the Payroll Clerk to discuss schedule changes prior to the start of the payroll period. The Assistant Principal will report any non-compliance activity to the Principal immediately for corrective action.

A payroll clerk, from another adult education center that uses a time clock, will provide additional training and support to the payroll clerk. This additional level of support will facilitate programming and scheduling of the time clock.

The Principal, Assistant Principal, and Payroll Clerk will contact the Vocational Fiscal Services Supervisor when assistance is needed. If additional information is needed, please feel free to contact me at 305 981-6774.

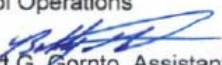
FJG:

cc: Dr. Reginald H. Johnson
Ms. Cynthia Gracia

MEMORANDUM

June 28, 2016

TO: Mr. Valtena G. Brown, Deputy Superintendent/Chief Operating Officer
School Operations

FROM: 
Robert G. Gornito, Assistant Superintendent
School Operations

SUBJECT: **RESPONSE TO AUDIT REPORT OF ADULT EDUCATION CENTERS**

The following is submitted in response to the Audit Report of Miami Jackson Adult Education Center and North Miami Adult Education Center for the 2013-2014 and 2014-2015 fiscal years. The Adult and Community Education Office plans to implement the following as support on the administrative level.

Miami Jackson Adult Education Center

1. Checking and Money Market Accounts Not Reconciled In a Timely Manner and Delays In the Transmittal of Tuition Fees

The Administrative Director of Adult and Community Education and the Principal have established a plan that will strengthen the processes affected. The plan encompasses thoroughly reviewing the *Manual of Internal Fund Accounting* and all ancillary documentation needed to ensure the timeliness of posting transmittals and processing bank reconciliations in compliance with District policy.

The Administrative Director of Adult and Community Education is aware that the principal is actively seeking a full-time Treasurer. The Principal has been instructed to meet with the part-time Treasurer on a regular basis to review transactional posting to ensure timely completion.

Furthermore, the Principal has been instructed to assign an Assistant Principal to monitor the Treasurer's activities to ensure timely completion of transmittals and bank reconciliations. The Principal has also been instructed to request assistance from the Vocational Fiscal Services Supervisor, if additional training or assistance is needed in the affected areas.

North Miami Adult Education

1. Transmittal of Funds and Account Reconciliations not Processed in a Timely Manner

The Administrative Director of Adult and Community Education and the Principal have established a plan that will strengthen the processes affected. The plan encompasses thoroughly reviewing the *Manual of Internal Fund Accounting* and all ancillary documentation needed to ensure the timeliness of posting transmittals and processing bank reconciliations in compliance with District policy.

Furthermore, the Principal has been instructed to assign an Assistant Principal to monitor the Treasurer's activity to ensure timely completion of transmittals and bank reconciliations. The Principal has also been instructed to request assistance from the Vocational Fiscal Services Supervisor, if additional training or assistance is needed in the affected areas.

2. Inadequate Controls Over Disbursements led to Non-Compliance with Internal Funds Policy

The Administrative Director of Adult and Community Education and the Principal have established a plan that will strengthen the disbursements process. The plan encompasses thoroughly reviewing the *Manual of Internal Fund Accounting*, the *Manual of Property Controls*, and School Board Policy *Internal Accounts*.

The Principal has been instructed to meet with the Treasurer to review the policies and procedures for making timely payment; acknowledgment of receipt of goods; purchases over \$1,000; equipment purchases; and the disallowance of vendor-issued credit cards. Furthermore, the Principal has been instructed to assign an Assistant Principal to monitor the Treasurer's activity and report non-compliant activity immediately. The Principal, Assistant Principal and Treasurer have been instructed to request assistance from the Vocational Fiscal Services Supervisor, if additional training or assistance is needed.

3. Inadequate Recordkeeping, Documentation, and Reporting of Hourly Payroll

The Administrative Director of Adult and Community Education and the Principal have established a plan that will strengthen the payroll process. The plan encompasses thoroughly reviewing the *Payroll Processing Procedures Manual* with the Payroll Clerk and all faculty and staff. The Principal has been instructed to assign an Assistant Principal to monitor Daily Payroll Attendance Sheets and time clock reports. The Payroll Clerk has been instructed that schedule changes must be approved by the Principal.

The Principal has coordinated assistance from an experienced payroll clerk that uses a time clock, to provide additional training and support to the payroll clerk. This additional level of support will facilitate programming and scheduling of the time clock. Due to the ongoing investigation by the Office of Inspector General, the school is extremely limited in the roles that can be assigned to existing full-time staff. The Principal, Assistant Principal, and Payroll Clerk will contact the Office of Adult and Community Education when assistance is needed.

Lastly, the affected Principals will register and participate in the District's Money DOES Matter Support Program for the 2016-2017 school year. Should you need additional information, please feel free to contact me at 305 995-7662.

RGG:dlv
M065

cc: Dr. Reginald H. Johnson
Ms. Cynthia Gracia

MEMORANDUM

July 1, 2016

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

FROM: Valtena G. Brown, Deputy Superintendent/Chief Operating Officer *VB/*
School Operations

**SUBJECT: SCHOOL OPERATIONS RESPONSE TO SCHOOL AUDITS OF
SELECTED SCHOOLS IN ADULT/VOCATIONAL CENTERS**

School Operations has reviewed the audit exceptions cited in the 2013-2014 and 2014-2015 fiscal year(s) audit reports of the following two centers that report to the Office of Adult and Community Education: Miami Jackson Adult Education Center and North Miami Adult Education Center. The following preventive actions will be taken through School Operations:

- School Operations will assist by providing additional support to the center by assigning the Vocational Fiscal Services Supervisor to work alongside of the part-time treasurer until a full-time position is filled.
- School Operations, in collaboration with the Region Office, will continue to provide support to the center by assigning a support team, consisting of the Vocational Fiscal Services Supervisor and others, to the newly hired treasurer.
- School Operations will provide technical assistance in the areas of Internal Fund Account Reconciliation and Recordkeeping, Disbursements, and Payroll through the district's Money DOES Matter Support Program for the 2016-2017 school year.

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

VGB:cg
M002

cc: Mr. Robert G. Gornito
Dr. Reginald Johnson
Ms. Cynthia Gracia

Anti-Discrimination Policy

Federal and State Laws

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

In Addition:

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

MIAMI-DADE COUNTY PUBLIC SCHOOLS



INTERNAL AUDIT REPORT SELECTED ADULT EDUCATION CENTERS JUNE 2016



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