

MIAMI -DADE COUNTY PUBLIC SCHOOLS

***Internal Audit Report
Selected Schools***



The Financial Statements Were Fairly Stated And Property Inventory Results Were Satisfactory For Most Of The Schools In This Report.

At Eight Of 41 Schools, Controls Over The Bookkeeping And Disbursement Functions, Certain Internal Funds Activities/Reports, The Payroll Function, The Utilization Of Title I Program Funds, The Management Of Property, And The Fee Waiver Approval Process (As Part Of Financial Aid In Adult Education) Need Improvement.



March 2014

THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA

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Miami-Dade County Public Schools

giving our students the world

Superintendent of Schools
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February 28, 2014

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 41 schools currently reporting to the Central Region, South Region, and the Office of Adult and Community Education within School Operations. The audit period of four of the 41 school audits is two fiscal years ended June 30, 2013, while the audit period of the remaining 37 school audits is one fiscal year ended June 30, 2013. At three 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, selected aspects of data security and Full-Time-Equivalent (FTE) reporting and student records. The audits also included the results of property inventories.

Our audits disclosed that the financial statements of most of the schools reported herein were fairly stated. At 33 of the 41 schools, we found general compliance with prescribed policies and procedures, and site records were maintained in good order. Property inventory results for most schools reported herein were satisfactory.

At eight schools, we found a need for improvement with the monitoring over the bookkeeping and disbursement functions and the completion of certain financial reports of the school; the supervision over certain fundraising and student activities, including the yearbook; the recording and reporting of payroll; the utilization of Title I Program funds; the management of property; as well as the oversight of the fee waiver approval process and the filing of supporting documentation (as part of the financial aid process in adult education). Particularly at one middle school, disbursement practices were not only questionable but inappropriate to the extent that we discussed our findings with the State Attorney's Office for their advice and determination. However, according to them, the evidence was insufficient for pursuing criminal charges.

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 41 schools. These include 23 schools that report to the Central Region Office and 18 to the South Region Office. One of these 18 schools is Robert Morgan Educational Center, which houses a senior high school and an adult education center. Both locations report to the same Principal but maintain separate records. In this report, we account for them as one school audit. Regarding audit matters, the senior high school reports to the South Region Office, while the adult education center reports to the Adult and Community Education division within School Operations.

The 41 schools comprise the audit results of four schools with a two-fiscal year audit period ended June 30, 2013, and 37 schools with a one-fiscal year audit period ended June 30, 2013. At three of the schools, there was a change of Principal since the prior audit.

The audits disclosed that 33 of the 41 schools reported herein maintained their records in good order and in accordance with prescribed policies and procedures. The eight schools with audit findings and the affected areas are as follows:

School	Region or Dist. Office	Total	Questionable Bookkeeping and/or Disbursements	Fund-raising Activities	Year-books	Pre-K Prog.	Fin. Records Or Fin. Mgt.	Payroll	Pro-erty Mgt.	Title I Prog.	Fee Waivers
1. Jorge Mas Canosa Middle	South	2	✓	✓							
2. Ronald W. Reagan/Doral Sr.	Central	1	✓								
3. Robert Morgan Ed. Center	South/ Ad. Ed.	2			✓						✓
4. Miami Sunset Sr.	South	1			✓						
5. Sunset El.	Central	2				✓	✓				
6. Frank C. Martin K-8 Center	South	2					✓	✓			
7. Horace Mann Md.	Central	2						✓	✓		
8. Hammocks Md.	South	1								✓	
Total Findings		13									

At eight schools, we cited deficiencies in the supervision of the bookkeeping and disbursement functions (involving internal funds and P-Card Program purchases), and in the completion of certain financial records/reports of the school. We also cited deficiencies in the oversight of certain fundraising and student activities, including the sale of yearbooks. Other areas of noted discrepancies encompassed the payroll function, the management of property, the utilization of Title I Program funds, and the process for approving fee waivers and maintaining the associated records (as part of the financial aid process established in adult education).

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 30-83); and in the Appendix section in memorandum format (Pages 92-119).

Notwithstanding the conditions and findings reported herein, at 39 of the 41 schools reported herein, the financial statements present fairly, in all material respects, the changes in fund balances arising from the cash transactions of the schools during the 2011-2012 and/or 2012-2013 fiscal year(s), on the cash basis of accounting, depending on the school audited.

At Jorge Mas Canosa Middle, due to the conditions cited in the report, which include numerous discrepancies and questionable transactions associated with the recordkeeping of the internal funds of the school for the 2011-2012 and 2012-2013 fiscal years, as disclosed in the findings of the individual school audit report and in pages 30-45 of this report, the financial statements of the internal funds of the school do not fairly present the results of its operations, on the cash basis of accounting. At Sunset Elementary School, for the 2011-2012 and 2012-2013 fiscal years, except for the activity recorded in the Community School Fund, which disclosed inadequate controls over the recordkeeping associated with the Pre-Kindergarten Program during the 2012-2013 fiscal year, as disclosed in the finding of the individual school audit report and in pages 65-68 of this report, the financial statements of the internal funds of the school otherwise present fairly, in all material respects, the changes in fund balances arising from cash transactions during the 2011-2012 and 2012-2013 fiscal years, on the cash basis of accounting.

As of June 30, 2012, for 4 of the 41 schools reported herein, total combined receipts and disbursements amounted to \$4,619,472.14 and \$4,497,631.55, respectively; while total combined cash and investments amounted to \$1,585,133.06 (Page 8). As of June 30, 2013, for all 41 schools reported herein, total combined receipts and disbursements amounted to \$16,383,101.26 and \$16,578,473.46, respectively; while total combined cash and investments amounted to \$4,017,326.94 (Pages 9-12).

Notwithstanding the conditions and findings reported herein, as of June 30, 2013, the internal control structure at 39 of 41 schools generally functioned as designed by the District and implemented by the school administration, except for those conditions reported at the individual schools. At Jorge Mas Canosa Middle, for the 2011-2012 and 2013-2013 fiscal years, as disclosed in the findings of the individual school audit report, the internal control structure at the school was not generally functioning as designed by the school administration. At Sunset Elementary, for the 2011-2012 and 2012-2013 fiscal years, except for the activity in the Community School Fund associated with the 2012-2013 fiscal year, as disclosed in the findings of the individual school audit report, the internal control structure was otherwise functioning as designed 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 41 schools. Of this total, 35 were in general compliance with the procedures established in the *Manual of Internal Fund Accounting*. At the following six schools, we found the following:

- At Jorge Mas Canosa Middle, all findings happened under the tenure of the former Principal (who was promoted to Ronald W. Reagan/Doral Senior High School before the completion of the audit) and the former Treasurer (who retired during the audit). During the two-year audit period ended June 30, 2013, we identified excessive as well as inappropriate spending. The documentation on file supporting some of these purchases appeared fictitious, and some disbursements were not documented at all. We contacted the associated vendors; however, some would not provide assistance. The purchases in question were made with internal funds or the school's purchasing credit card (P-Card). In addition, we could not trace to the bank cash collections totaling approximately \$2,500. According to the activity sponsors, collections were handed to the former Treasurer; however, she would not issue receipts. Some of the documentation supporting the fundraisers appeared fictitious and the operating reports disclosed discrepancies. The school had a charge account with a local supermarket chain, and several purchases made with this charge card were not only questionable but inappropriate. The former Treasurer claimed no recollection of the disbursements or the fundraisers in question. *We also discussed these matters with M-DCPS Police and presented the case to the State Attorney's Office for their advice and consideration; however, the State Attorney would not take the case because there was insufficient evidence for pursuing criminal charges (Pages 30-41 and 42-45).*
- At Ronald W. Reagan/Doral Senior, our review of disbursements extended to the 2013-2014 fiscal year activity, as a follow up to the findings of the middle school noted above. Previously, we had discussed with the Principal the audit findings of the middle school and based on those had recommended not to engage certain vendors in the future. Our follow up at the senior high school identified several purchases made from one of the vendors in question. This was not only contrary to our previous recommendation, but suggestive of a split purchase (to circumvent the requirement for obtaining written quotations when making individual purchases of \$1,000 or more). At this school, the P-Card was not used prior to 2013-2014. Our review of recent P-Card activity disclosed that most charges were made to an online vendor (with marked frequency and without obtaining quotes); however, for some of the items purchased (consisting of technology equipment), their custody was not properly documented. Similar to the middle school, we noted that the requester's name on the P-Card's authorization form was not the actual requester of the merchandise. According to the school administration, the error was clerical and unintentional. Several years ago, the school had opened a charge account with the same local supermarket chain. Although nothing came to our attention during our review of the associated expenditures that would indicate misuse of the card, its use should be discontinued since *this type of charge card is not allowed under the procurement guidelines (Pages 46-50).*

- At Robert Morgan Educational Center (senior high school) and Miami Sunset Senior, the yearbook activity disclosed low sales and errors in the various yearbook reports. Furthermore, contrary to School Board policy, the yearbook was being sold to students above cost. At Robert Morgan Educational Center, we cited similar issues regarding low sales and discrepancies in the prior audit report. At Miami Sunset Senior, the Yearbook account did not have sufficient funds to fully cover the invoice at the end of the year, and the liability was not liquidated until the current year (Pages 56-58 and 59-61, respectively).
- At Sunset Elementary, apparent bookkeeping errors, bank charges and account adjustments were not being recorded in the system in a timely manner. In addition, the checkbook did not carry a running balance. The school manages a Pre-Kindergarten (fee based) Program and the student registration cards did not reflect a proper recordkeeping of student payments. Consequently, some students had not paid for services rendered. These issues happened during 2012-2013, under the tenure of a former Treasurer who had no previous bookkeeping experience. She is no longer employed in that capacity. For the current year, we reviewed the student registration cards and although payment information was being recorded, not all payments were up-to-date. This matter was discussed with the Principal for corrective action to take place (Pages 62-64 and 65-68).
- At Frank. C. Martin K-8 Center, a similar issue was discussed with the former and current school administrations during prior audits and the matter remains uncorrected. Specifically, the inventory of prenumbered forms report continued to disclose errors. This required a thorough review of all official forms on hand and the school has a large inventory. In addition, the “Collections/Deposits Log” was not used by staff to provide an accounting of collections placed in the safe area overnight pending delivery to the bank (Pages 69-71).

PAYROLL

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

School Name	Region	School Name	Region
Dr. Rolando Espinosa K-8 Center	Central	Frank C. Martin K-8 Center	South
Horace Mann Middle ¹	Central	Jorge Mas Canosa Middle ¹	South
South Miami Middle	Central	Hammocks Middle	South
Miami Senior	Central	Robert Morgan Ed. Center	South/Ad. Ed.
Ronald W. Reagan/Doral Senior ¹	Central	Southwest Miami Senior	South

At eight of the ten schools, there was general compliance with the *Payroll Processing Procedures Manual*.

¹ Change of Principal at this school (3 schools).

- At both Frank C. Martin K-8 Center and Horace Mann Middle, we found discrepancies with the recording/reporting of time and attendance. Overall issues included hourly employees signing in/out ahead of their schedule, not reflecting their presence on the rosters for days/hours paid, or staff writing the information on the rosters on behalf of other employees (Pages 72-74 and 75-77, respectively).

PROPERTY

The results of physical inventories of property items with an individual cost of \$1,000 or more are reported for 47 schools. This total includes the property results of all 41 schools in this report; and six schools whose inventory results were pending publication since previous audit reports issued earlier this fiscal year.

At 47 schools, Property Audits staff inventoried a total of 12,443 equipment items with a total approximate cost of \$32.8 million. Of the 47 inventories, 45 proved satisfactory. Results for the remaining two schools disclosed that a total of 18 equipment items with a total depreciated value of \$2,613 and a total acquisition cost of \$33,916 could not be located. Most of these losses corresponded to one of these two schools, as noted below (also refer to Property Schedules on Pages 26-28).

- At Horace Mann Middle, our most recent property inventory disclosed that 17 equipment items with a total depreciated value of \$1,864 and a total acquisition cost of \$31,921 could not be located. It appears the equipment may have been stored in a container that was somehow removed from the premises during the transition between Principals this summer (Pages 78-80).

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 disclosed that eight items with a total depreciated value of \$5,026 and a total acquisition cost of \$17,238 were reported missing at six of the 47 schools (Page 29).

PURCHASING CREDIT CARD (P-CARD) PROGRAM

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

School Name	Region	School Name	Region
Hialeah Elementary	Central	Jorge Mas Canosa Middle	South
Ronald W. Reagan/Doral Senior	Central	Miami Palmetto Senior	South
South Miami Senior	Central	Robert Morgan Ed. Center	South/Ad. Ed.

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

- At Jorge Mas Canosa Middle and Ronald W. Reagan/Doral Senior, we identified non-compliance with P-Card disbursement procedures. Refer to page 3 of this report for summary details of P-Card issues noted. Both schools were under the tenure of the same Principal during the corresponding school audit periods (Pages 30-41 and 46-50, respectively).

TITLE I PROGRAM EXPENDITURES AND PROCEDURES

A review of Title I Program expenditures and procedures for the 2012-2013 fiscal year was conducted at the following two schools since our last report in January 2014:

School Name	Region Office	Total Expenditures
Hammocks Middle	South	\$ 60,575
G. Holmes Braddock Senior	South	448,464
Total Title I Program Expenditures		\$ 509,039

Total expenditures incurred under various Title I programs amounted to approximately \$0.51 million. Results of our audits disclosed that one of the two schools selected for Title I Program audits was generally compliant with the policies and procedures established by the *Title I Administration Handbook*.

- At Hammocks Middle, the school did not fully utilize all Title I Program funds budgeted for hourly payroll, teacher supplements, and the procurement of goods and services. We extended our review to the current year, and it appears that the Title I Program funds in question will be fully utilized by year-end. According to the Principal, at the time of the audit, funds not yet spent on the procurement of goods and services by the February 14, 2014 deadline were in the process of being re-budgeted for hourly payroll (Pages 81-83).

FULL-TIME-EQUIVALENT (FTE) FUNDING

The following six schools were selected for these audits:

School Name	Region Office	Survey Period (SP)	FTE Funding
Banyan Elementary	Central	2013-2014 SP 2	\$ 813,826
South Miami Senior	Central	2013-2014 SP 2	5,571,999
Coral Reef Elementary	South	2013-2014 SP 2	1,874,900
Vineland K-8 Center	South	2013-2014 SP 2	1,953,661
Coral Reef Senior	South	2013-2014 SP 2	7,481,826
Felix Varela Senior	South	2013-2014 SP 2	7,756,313
Total FTE Funding			\$ 25,452,525

The total FTE funding amounted to approximately \$25.5 million for the six schools combined. FTE records reviewed corresponded to the 2013-2014 fiscal year Survey Period 2 (October 2013). Our FTE reviews disclosed that all six schools were generally compliant with District policy.

DATA SECURITY

As a follow up to previous audits, we reviewed the report titled “Authorized Applications for Employees by Locations Report” at the following four schools:

School Name	Region	School Name	Region
Frank C. Martin K-8 Center	South	Robert Morgan Ed. Center	South/Ad. Ed.
Miami Sunset Senior	South	Southwest Miami Senior	South

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

INVESTIGATION

- At Robert Morgan Educational Center (adult education center), *the school administration discovered and reported an incident* where it was alleged that the Financial Aid Officer had registered to attend a class on campus and had waived her own tuition fee for personal gain. M-DCPS Police and the Civilian Investigative Unit (CIU) collaborated in the investigation. The CIU investigation substantiated the allegation and M-DCPS Police found probable cause. Our office conducted a follow up review of certain financial aid records and procedures during the school audit. Our review of financial aid records could not determine that additional (similar) instances occurred, because of the disorganized condition of the records in the Financial Aid Office. The school staff/administration spent significant time locating some of the records provided for review and some records could not be located (Pages 51-55).

At the time of this publication, a second Financial Aid Officer has been hired and according to the school administration, is undergoing Financial Aid training.

AUDIT OPINION

The following tables summarize total cash receipts and disbursements, and financial position of cash and investments as of June 30, 2012 and/or June 30, 2013 (depending on the school audited) for the 41 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, 2012**

The Condensed Annual Financial Reports and Total Cash and Investments as of June 30, 2012 for four of the 41 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>Central Region Office School</u>									
5401	Sunset Elementary	\$ 52,316.08	\$ 734,798.38	\$ 724,014.64	\$ 63,099.82	\$48,087.88	\$ 15,011.94	\$ -	\$ 63,099.82
<u>South Region Office Schools</u>									
6771	Jorge Mas Canosa Middle	33,260.10	486,017.71	492,795.83	26,481.98	13,525.01	12,956.97	-	26,481.98
7431	Miami Palmetto Senior	323,822.04	947,288.24	902,502.10	368,608.18	15,465.08	353,143.10	-	368,608.18
7371	Robert Morgan Educational Center (Senior High)*	140,683.21	462,434.20	430,821.72	172,295.69	61,287.46	111,008.23	-	172,295.69
8911	Robert Morgan Educational Center (Adult Ed. Center)*	913,211.04	1,988,933.61	1,947,497.26	954,647.39	121,004.41	833,642.98	-	954,647.39
TOTALS		\$ 1,463,292.47	\$ 4,619,472.14	\$ 4,497,631.55	\$ 1,585,133.06	\$ 259,369.84	\$ 1,325,763.22	\$ -	\$ 1,585,133.06

Note:

* At Robert Morgan Educational Center, the senior high school and adult education center report to the same Principal but maintain separate records. The school is reported as one school audit for the two centers. Regarding audit matters, the adult education center reports to the adult and community education division within School Operations, while the senior high school reports to the South Region Office.

**CONDENSED ANNUAL FINANCIAL REPORTS
AND TOTAL CASH AND INVESTMENTS AS OF JUNE 30, 2013**

The Condensed Annual Financial Reports and Total Cash and Investments as of June 30, 2013 for the 41 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>Central Region Office Schools</u>									
0201	Banyan Elementary	\$ 6,362.66	\$ 37,753.56	\$ 35,933.51	\$ 8,182.71	\$ 3,785.12	\$ 4,397.59	\$ -	\$ 8,182.71
0401	Van E. Blanton Elementary	16,143.99	121,653.55	88,256.13	49,541.41	1,332.88	48,208.53	-	49,541.41
0801	Citrus Grove Elementary	20,906.76	92,397.45	93,761.45	19,542.76	18,737.84	804.92	-	19,542.76
1001	Coral Park Elementary	27,053.94	516,705.92	515,048.67	28,711.19	11,154.38	17,556.81	-	28,711.19
1761	David Fairchild Elementary	22,769.29	139,672.37	142,868.80	19,572.86	8,363.92	11,208.94	-	19,572.86
2361	Hialeah Elementary	13,274.45	46,867.31	45,581.10	14,560.66	2,833.77	11,726.89	-	14,560.66
2781	Kinloch Park Elementary	43,616.94	130,133.08	130,981.35	42,768.67	2,978.67	39,790.00	-	42,768.67
3061	Ludlam Elementary	31,798.84	204,622.03	208,117.30	28,303.57	1,931.94	26,371.63	-	28,303.57
3181	Melrose Elementary	14,300.80	35,539.88	36,302.39	13,538.29	3,544.58	9,993.71	-	13,538.29
3381	Miami Springs Elementary	16,835.85	196,067.39	200,164.70	12,738.54	7,618.99	5,119.55	-	12,738.54

**CONDENSED ANNUAL FINANCIAL REPORTS
AND TOTAL CASH AND INVESTMENTS AS OF JUNE 30, 2013**

Work Loc. No.	Schools	Beginning Balance	Receipts	Disbursements	End Balance	Cash	Investments		Total Cash and Investments
							Money Market Pool Fund	Other	
3431	Phyllis Ruth Miller Elementary	21,766.05	167,302.08	172,870.94	16,197.19	11,450.77	4,746.42	-	16,197.19
4491	Henry E. S. Reeves Elementary	5,236.80	109,749.25	107,607.35	7,378.70	6,216.61	1,162.09	-	7,378.70
4721	Rockway Elementary	15,611.77	176,449.63	179,858.93	12,202.47	2,417.39	9,785.08	-	12,202.47
5201	South Hialeah Elementary	12,785.92	293,045.01	293,772.36	12,058.57	2,063.85	9,994.72	-	12,058.57
5401	Sunset Elementary	63,099.82	654,895.67	642,737.26	75,258.23	60,180.58	15,077.65	-	75,258.23
5431	Sweetwater Elementary	21,267.00	212,982.52	214,038.94	20,210.58	7,027.21	-	13,183.37	20,210.58
0961	Coral Gables Preparatory Academy (K-8 Center)	18,728.19	64,496.43	60,258.81	22,965.81	10,133.08	12,832.73	-	22,965.81
0122	Dr. Rolando Espinosa K-8 Center	25,592.36	584,600.44	581,181.85	29,010.95	22,885.14	6,125.81	-	29,010.95
6411	Horace Mann Middle	28,832.08	61,003.22	61,518.75	28,316.55	12,223.44	16,093.11	-	28,316.55
6881	South Miami Middle	49,135.65	472,046.55	469,088.90	52,093.30	16,434.21	35,659.09	-	52,093.30
7461	Miami Senior	189,590.48	537,511.84	554,366.50	172,735.82	66,578.16	106,157.66	-	172,735.82
7241	Ronald W. Reagan/Doral Senior	211,605.04	711,348.81	719,671.89	203,281.96	3,166.78	200,115.18	-	203,281.96
7721	South Miami Senior	175,256.10	517,704.69	538,212.25	154,748.54	10,815.29	143,933.25	-	154,748.54

**CONDENSED ANNUAL FINANCIAL REPORTS
AND TOTAL CASH AND INVESTMENTS AS OF JUNE 30, 2013**

Work Loc. No.	Schools	Beginning Balance	Receipts	Disbursements	End Balance	Cash	Investments		Total Cash and Investments
							Money Market Pool Fund	Other	
<u>South Region Office Schools</u>									
0161	Avocado Elementary	12,733.73	53,886.86	55,059.46	11,561.13	1,344.16	10,216.97	-	11,561.13
1041	Coral Reef Elementary	19,360.47	418,716.22	420,351.37	17,725.32	8,729.71	8,995.61	-	17,725.32
4221	Palmetto Elementary	41,243.36	396,656.37	408,606.68	29,293.05	21,049.38	8,243.67	-	29,293.05
5951	Whispering Pines Elementary	22,498.58	222,825.79	225,567.00	19,757.37	2,393.21	17,364.16	-	19,757.37
3101	Frank C. Martin K-8 Center	17,898.56	279,462.77	275,544.62	21,816.71	9,763.16	12,053.55	-	21,816.71
4391	Irving & Beatrice Peskoe K-8 Center	18,108.11	26,993.59	27,283.38	17,818.32	12,896.97	4,921.35	-	17,818.32
5671	Vineland K-8 Center	38,075.33	163,793.50	156,315.44	45,553.39	26,664.88	18,888.51	-	45,553.39
6771	Jorge Mas Canosa Middle	26,481.98	542,073.32	534,081.86	34,473.44	24,418.21	10,055.23	-	34,473.44
6221	Hammocks Middle	62,426.35	189,448.32	181,263.19	70,611.48	16,184.19	54,427.29	-	70,611.48
7051	G. Holmes Braddock Senior	206,955.19	797,628.99	855,115.31	149,468.87	29,335.51	120,133.36	-	149,468.87
7101	Coral Reef Senior	295,435.26	1,022,467.80	990,122.57	327,780.49	45,308.54	282,471.95	-	327,780.49
7361	Miami Killian Senior	248,875.27	523,427.25	544,375.53	227,926.99	21,812.02	206,114.97	-	227,926.99

**CONDENSED ANNUAL FINANCIAL REPORTS
AND TOTAL CASH AND INVESTMENTS AS OF JUNE 30, 2013**

Work Loc. No.	Schools	Beginning Balance	Receipts	Disbursements	End Balance	Cash	Investments		Total Cash and Investments
							Money Market Pool Fund	Other	
7431	Miami Palmetto Senior	368,608.18	1,025,717.22	1,016,687.24	377,638.16	82,932.18	294,705.98	-	377,638.16
7531	Miami Sunset Senior	201,897.73	578,155.04	598,290.02	181,762.75	30,514.22	151,248.53	-	181,762.75
7371	Robert Morgan Educational Center (Senior High)*	172,295.69	446,760.05	468,919.71	150,136.03	13,496.64	136,639.39	-	150,136.03
8911	Robert Morgan Educational Center (Adult Ed. Ctr.)*	954,647.39	1,910,639.91	1,958,156.87	907,130.43	69,837.76	837,292.67	-	907,130.43
7741	Southwest Miami Senior	187,754.87	840,063.13	872,818.89	154,999.11	50,696.84	104,302.27	-	154,999.11
7781	Felix Varela Senior	236,670.09	780,169.81	823,467.70	193,372.20	3,110.39	190,261.81	-	193,372.20
8131	Dorothy M Wallace COPE Center	29,162.22	79,666.64	74,246.49	34,582.37	24,486.82	10,095.55	-	34,582.37
TOTALS		\$4,212,699.14	\$16,383,101.26	\$16,578,473.46	\$4,017,326.94	\$ 788,849.39	\$3,215,294.18	\$13,183.37	\$ 4,017,326.94

Note:

* At Robert Morgan Educational Center, the senior high school and adult education center report to the same Principal but maintain separate records. The school is reported as one school audit for the two centers. Regarding audit matters, the adult education center reports to the adult and community education division within School Operations, while the senior high school reports to the South Region Office.

**CONDENSED ANNUAL FINANCIAL REPORTS
AND TOTAL CASH AND INVESTMENTS AS OF JUNE 30, 2012 AND/OR JUNE 30, 2013**

AUDIT OPINION

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

Notwithstanding the conditions and findings reported herein, at 39 of the 41 schools reported herein, the financial statements present fairly, in all material respects, the changes in fund balances arising from the cash transactions of the schools during the 2011-2012 and/or 2012-2013 fiscal year(s), on the cash basis of accounting, depending on the school audited.

At Jorge Mas Canosa Middle, due to the conditions cited in the report, which include numerous discrepancies and questionable transactions associated with the recordkeeping of the internal funds of the school for the 2011-2012 and 2012-2013 fiscal years, as disclosed in the findings of the individual school audit report and in pages 30-45 of this report, the financial statements of the internal funds of the school do not fairly present the results of its operations, on the cash basis of accounting. At Sunset Elementary School, for the 2011-2012 and 2012-2013 fiscal years, except for the activity recorded in the Community School Fund, which disclosed inadequate controls over the recordkeeping associated with the Pre-Kindergarten Program during the 2012-2013 fiscal year, as disclosed in the finding of the individual school audit report and in pages 65-68 of this report, the financial statements of the internal funds of the school otherwise present fairly, in all material respects, the changes in fund balances arising from cash transactions during the 2011-2012 and 2012-2013 fiscal years, on the cash basis of accounting.

As of June 30, 2012, for 4 of the 41 schools reported herein, total combined receipts and disbursements amounted to \$4,619,472.14 and \$4,497,631.55, respectively; while total combined cash and investments amounted to \$1,585,133.06 (Page 8). As of June 30, 2013, for all 41 schools reported herein, total combined receipts and disbursements amounted to \$16,383,101.26 and \$16,578,473.46, respectively; while total combined cash and investments amounted to \$4,017,326.94 (Pages 9-12).

Notwithstanding the conditions and findings reported herein, as of June 30, 2013, the internal control structure at 39 of 41 schools generally functioned as designed by the District and implemented by the school administration, except for those conditions reported at the individual schools. At Jorge Mas Canosa Middle, for the 2011-2012 and 2013-2013 fiscal years, as disclosed in the findings of the individual school audit report, the internal control structure at the school was not generally functioning as designed by the school administration. At Sunset Elementary, for the 2011-2012 and 2012-2013 fiscal years, except for the activity in the Community School Fund associated with the 2012-2013 fiscal year, as disclosed in the findings of the individual school audit report, the internal control structure was otherwise functioning as designed 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.



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 eight schools reported herein **with audit exceptions** are depicted as follows:

SCHOOLS	PROCESS & IT CONTROLS			POLICY & PROCEDURES COMPLIANCE			EFFECT
	SATISFACTORY	NEEDS IMPROVEMENT	INADEQUATE	SATISFACTORY	NEEDS IMPROVEMENT	INADEQUATE	
<u>Central Region Office Schools</u>							
Sunset Elementary		✓			✓		Likely to impact.
Horace Mann Middle		✓			✓		Likely to impact.
Ronald W. Reagan/Doral Senior		✓			✓		Likely to impact.
<u>South Region Office Schools</u>							
Frank C. Martin K-8 Center		✓			✓		Likely to impact.
Jorge Mas Canosa Middle			✓			✓	Impacted operations.
Hammocks Middle		✓			✓		Likely to impact.
Miami Sunset Senior		✓			✓		Likely to impact.
Robert Morgan Ed. Center (Sr. High and Adult Ed. Center)		✓			✓		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>Central Region Office Schools</u>							
Banyan Elementary	✓			✓			Not Likely to impact.
Van E. Blanton Elementary	✓			✓			Not Likely to impact.
Citrus Grove Elementary	✓			✓			Not Likely to impact.
Coral Park Elementary	✓			✓			Not Likely to impact.
David Fairchild Elementary	✓			✓			Not Likely to impact.
Hialeah Elementary	✓			✓			Not Likely to impact.
Kinloch Park Elementary	✓			✓			Not Likely to impact.
Ludlam Elementary	✓			✓			Not Likely to impact.
Melrose Elementary	✓			✓			Not Likely to impact.
Miami Springs Elementary	✓			✓			Not Likely to impact.
Phyllis Ruth Miller Elementary	✓			✓			Not Likely to impact.
Henry E. S. Reeves Elementary	✓			✓			Not Likely to impact.
Rockway Elementary	✓			✓			Not Likely to impact.
South Hialeah Elementary	✓			✓			Not Likely to impact.

INTERNAL CONTROLS RATING

SCHOOLS	PROCESS & IT CONTROLS			POLICY & PROCEDURES COMPLIANCE			EFFECT
	SATISFACTORY	NEEDS IMPROVEMENT	INADEQUATE	SATISFACTORY	NEEDS IMPROVEMENT	INADEQUATE	
Sweetwater Elementary	✓			✓			Not Likely to impact.
Coral Gables Preparatory Academy (K-8 Center)	✓			✓			Not Likely to impact.
Dr. Rolando Espinosa K-8 Center	✓			✓			Not Likely to impact.
South Miami Middle	✓			✓			Not Likely to impact.
Miami Senior	✓			✓			Not Likely to impact.
South Miami Senior	✓			✓			Not Likely to impact.
<u>South Region Office Schools</u>							
Avocado Elementary	✓			✓			Not Likely to impact.
Coral Reef Elementary	✓			✓			Not Likely to impact.
Palmetto Elementary	✓			✓			Not Likely to impact.
Whispering Pines Elementary	✓			✓			Not Likely to impact.
Irving & Beatrice Peskoe K-8 Center	✓			✓			Not Likely to impact.
Vineland K-8 Center	✓			✓			Not Likely to impact.
G. Holmes Braddock Senior	✓			✓			Not Likely to impact.
Coral Reef Senior	✓			✓			Not Likely to impact.
Miami Killian Senior	✓			✓			Not Likely to impact.

INTERNAL CONTROLS RATING

SCHOOLS	PROCESS & IT CONTROLS			POLICY & PROCEDURES COMPLIANCE			EFFECT
	SATISFACTORY	NEEDS IMPROVEMENT	INADEQUATE	SATISFACTORY	NEEDS IMPROVEMENT	INADEQUATE	
Miami Palmetto Senior	✓			✓			Not Likely to impact.
Southwest Miami Senior	✓			✓			Not Likely to impact.
Felix Varela Senior	✓			✓			Not Likely to impact.
Dorothy M. Wallace COPE Center	✓			✓			Not Likely to impact.

SUMMARY SCHEDULE OF AUDIT FINDINGS CURRENT AND PRIOR AUDIT PERIODS

Summary of findings of the eight 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>Central Region Office Schools</u>					
5401	Sunset Elementary	2	<ul style="list-style-type: none"> ▪ Bookkeeping Function ▪ Pre-Kindergarten Program 	None	
6411	Horace Mann Middle ^(a)	2	<ul style="list-style-type: none"> ▪ Payroll ▪ Property Mgt. 	None	
7241	Ronald W. Reagan/Doral Senior ^(a)	1	<ul style="list-style-type: none"> ▪ Disbursements (Internal Funds/P-Card) 	None	
<u>South Region Office Schools</u>					
3101	Frank C. Martin K-8 Center ^(b)	2	<ul style="list-style-type: none"> ▪ Financial Records ▪ Payroll 	2	<ul style="list-style-type: none"> ▪ Financial Records/Data Security ▪ FTE-ELL
6771	Jorge Mas Canosa Middle ^(c)	2	<ul style="list-style-type: none"> ▪ Questionable Bookkeeping/Disbursements (Int. Funds/P-Card) ▪ Fundraising Activities 	2	<ul style="list-style-type: none"> ▪ Bookkeeping Function ▪ FTE-ELL
6221	Hammocks Middle ^(b)	1	<ul style="list-style-type: none"> ▪ Title I Program 	2	<ul style="list-style-type: none"> ▪ Payroll ▪ FTE-ELL
7531	Miami Sunset Senior ^(b)	1	<ul style="list-style-type: none"> ▪ Yearbook 	2	<ul style="list-style-type: none"> ▪ Property Mgt. ▪ Data Security
7371/8911	Robert Morgan Educational Center ^(b) (Sr. High and Adult Ed. Center)	2	<ul style="list-style-type: none"> ▪ Fee Waivers (Adult Ed.) ▪ Yearbook (Senior High) 	3	<ul style="list-style-type: none"> ▪ Bookkeeping (Sr. High) ▪ Yearbook (Sr. High) ▪ Payroll (Adult Ed.)
TOTAL		13		11	

Notes:

(a) Change of Principal at this school. Findings took place under tenure of current school administration.

(b) Same Principal during prior and current audit.

(c) Change of Principal at this school. Findings from prior and current audit happened under tenure of former school administration.

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>Central Region Office Schools</u>					
0201	Banyan Elementary	None		None	
0401	Van E. Blanton Elementary	None		None	
0801	Citrus Grove Elementary	None		1	▪ After School Care Program
1001	Coral Park Elementary	None		None	
1761	David Fairchild Elementary	None		None	
2361	Hialeah Elementary	None		None	
2781	Kinloch Park Elementary	None		None	
3061	Ludlam Elementary	None		None	
3181	Melrose Elementary	None		None	
3381	Miami Springs Elementary	None		None	
3431	Phyllis Ruth Miller Elementary	None		None	
4491	Henry E. S. Reeves Elementary	None		None	
4721	Rockway 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
5201	South Hialeah Elementary	None		None	
5431	Sweetwater Elementary	None		1	▪ Before/After School Care Program
0961	Coral Gables Preparatory Academy (K-8 Center)	None		None	
0122	Dr. Rolando Espinosa K-8 Center	None		None	
6881	South Miami Middle	None		None	
7461	Miami Senior	None		None	
7721	South Miami Senior	None		None	
<u>South Region Office Schools</u>					
0161	Avocado Elementary	None		None	
1041	Coral Reef Elementary	None		None	
4221	Palmetto Elementary	None		1	▪ FTE (SPED & ELL)
5951	Whispering Pines Elementary	None		1	▪ Receipts/Deposits
4391	Irving & Beatrice Peskoe K-8 Center	None		1	▪ FTE-ELL
5671	Vineland K-8 Center	None		None	
7051	G. Holmes Braddock Senior	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
7101	Coral Reef Senior	None		None	
7361	Miami Killian Senior	None		None	
7431	Miami Palmetto Senior	None		None	
7741	Southwest Miami Senior	None		None	
7781	Felix Varela Senior	None		None	
8131	Dorothy M. Wallace COPE Center	None		None	
TOTAL		None		5	

LIST OF SCHOOL PRINCIPALS

Listed below are the names of the former and current principals, as applicable for the eight schools **with audit exceptions**. The highlighted table cell represents the principal(s) in charge of the school during the audit period and/or when audit exception(s) happened. Refer to *Notes* below for additional information:

Work Loc. No.	Schools	Current Principal(s)	Former Principal(s)
<u>Central Region Office Schools</u>			
5401	Sunset Elementary	Dr. Marlene Leyte-Vidal	N/A = No Change of Principal Since Prior Audit.
6411	Horace Mann Middle ^{(a)(b)}	Mr. Leon P. Maycock	Dr. Carmen Jones-Carey (Through June 2013; presently Principal at Coconut Palm K-8 Center).
7241	Ronald W. Reagan/Doral Senior ^{(a)(b)}	Mr. Juan C. Silva	Dr. Jacques Y. Bentolila (Through May 2013; presently Administrative Director, Central Region Office).
<u>South Region Office Schools</u>			
3101	Frank C. Martin K-8 Center	Ms. Felicia K. Joseph	N/A = No Change of Principal Since Prior Audit.
6771	Jorge Mas Canosa Middle ^(a)	Mr. Elio Falcon, Jr.	Mr. Juan C. Silva (Through May 2013; presently Principal at Ronald W. Reagan/Doral Senior High School).
6221	Hammocks Middle	Ms. Deborah Leal	N/A = No Change of Principal Since Prior Audit.
7531	Miami Sunset Senior	Dr. Lucia Cox	N/A = No Change of Principal Since Prior Audit.
7371/8911	Robert Morgan Educational Center (Senior High and Adult Ed. Center)	Ms. Kimberly Y. Davis	N/A = No Change of Principal Since Prior Audit.

Notes:

(a) Change of Principal since prior audit at this school (3 schools).

(b) Dr. Carmen Jones-Carey (Horace Mann Middle) and Dr. Jacques Y. Bentolila (Ronald W. Reagan/Doral Senior) were the principals of record during the audit period 2012-2013; however, the findings reported herein corresponded to current year 2013-2014 conditions (under the tenure of the new school principals).

LIST OF SCHOOL PRINCIPALS

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

Work Loc. No.	Schools	Current Principal(s)	Former Principal(s)
<u>Central Region Office Schools</u>			
0201	Banyan Elementary	Ms. Cheri A. Davis	N/A = No Change of Principal Since Prior Audit.
0401	Van E. Blanton Elementary	Ms. Tangelia D. Goa	N/A = No Change of Principal Since Prior Audit.
0801	Citrus Grove Elementary	Ms. Sharon Johnson	N/A = No Change of Principal Since Prior Audit.
1001	Coral Park Elementary	Ms. Maria F. Nuñez	N/A = No Change of Principal Since Prior Audit.
1761	David Fairchild Elementary	Ms. Lucy Amengual	N/A = No Change of Principal Since Prior Audit.
2361	Hialeah Elementary	Ms. Rosa B. Iglesias	Ms. Carolina F. Naveiras (Through January 2013; retired).
2781	Kinloch Park Elementary	Ms. Martha M. Muñoz	N/A = No Change of Principal Since Prior Audit.
3061	Ludlam Elementary	Dr. Georgette C. Menocal	N/A = No Change of Principal Since Prior Audit.
3181	Melrose Elementary	Mr. Sergio A. Muñoz	N/A = No Change of Principal Since Prior Audit.
3381	Miami Springs Elementary	Ms. Sally M. Hutchings	N/A = No Change of Principal Since Prior Audit.
3431	Phyllis Ruth Miller Elementary	Ms. Carmen A. Boyd	N/A = No Change of Principal Since Prior Audit.
4491	Henry E. S. Reeves Elementary	Mr. Julian E. Gibbs	N/A = No Change of Principal Since Prior Audit.
4721	Rockway Elementary	Ms. Debbie F. Saumell	N/A = No Change of Principal Since Prior Audit.
5201	South Hialeah Elementary	Ms. Haydee Villanueva	N/A = No Change of Principal Since Prior Audit.

LIST OF SCHOOL PRINCIPALS

Work Loc. No.	Schools	Current Principal(s)	Former Principal(s)
5431	Sweetwater Elementary	Ms. Janet P. Olivera	N/A = No Change of Principal Since Prior Audit.
0961	Coral Gables Preparatory Academy (K-8 Center)	Ms. Graciela P. Cerra	N/A = No Change of Principal Since Prior Audit.
0122	Dr. Rolando Espinosa K-8 Center	Ms. Marie P. Caceres	Ms. Reva A. Vangates (Through November 2012; presently Administrative Director, South Region Office).
6881	South Miami Middle	Mr. Juan C. Boue	Ms. Evonne S. Alvarez (Through July 2012; presently Principal at New World School of the Arts Senior High School).
7461	Miami Senior	Mr. Benny Valdes	N/A = No Change of Principal Since Prior Audit.
7721	South Miami Senior	Mr. Gilberto D. Bonce	N/A = No Change of Principal Since Prior Audit.
<u>South Region Office Schools</u>			
0161	Avocado Elementary	Ms. Crystal C. Coffey	N/A = No Change of Principal Since Prior Audit.
1041	Coral Reef Elementary	Ms. Christina L. Guerra	N/A = No Change of Principal Since Prior Audit.
4221	Palmetto Elementary	Mr. Eric Torres	N/A = No Change of Principal Since Prior Audit.
5951	Whispering Pines Elementary	Ms. Tamela L. Brown	N/A = No Change of Principal Since Prior Audit.
4391	Irving & Beatrice Peskoe K-8 Center	Ms. Madelyn Sierra-Hernandez	Ms. Magda R. Pereira (Through July 2012; presently Principal at Southwood Middle School).
5671	Vineland K-8 Center	Ms. Maryann MacLaren	N/A = No Change of Principal Since Prior Audit.
7051	G. Holmes Braddock Senior	Mr. Manuel S. Garcia	N/A = No Change of Principal Since Prior Audit.
7101	Coral Reef Senior	Ms. Adrienne F. Leal	N/A = No Change of Principal Since Prior Audit.
7361	Miami Killian Senior	Mr. Thomas P. Ennis	N/A = No Change of Principal Since Prior Audit.

LIST OF SCHOOL PRINCIPALS

Work Loc. No.	Schools	Current Principal(s)	Former Principal(s)
7431	Miami Palmetto Senior	Dr. Allison Harley	N/A = No Change of Principal Since Prior Audit.
7741	Southwest Miami Senior	Mr. Carlos A. Diaz	N/A = No Change of Principal Since Prior Audit.
7781	Felix Varela Senior	Ms. Nery P. Fins	N/A = No Change of Principal Since Prior Audit.
8131	Dorothy M. Wallace COPE Center	Ms. Annette Y. Burks-Grice	Ms. Karen F. Webb (Through July 2012; retired).

PROPERTY SCHEDULES

The results of the property inventories of the 47 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>North Region Office Schools</u>								
3901	North Hialeah Elementary ^(a)	80	\$ 268,086	-	-	-	-	-
4021	Oak Grove Elementary ^(a)	129	337,901	-	-	-	-	-
<u>Central Region Office Schools</u>								
0201	Banyan Elementary	112	268,300	-	-	-	-	-
0401	Van E. Blanton Elementary	66	177,505	-	-	-	-	-
0801	Citrus Grove Elementary	114	274,609	1	\$ 1,995	\$ 749	1	\$1,095
1001	Coral Park Elementary	77	192,602	-	-	-	-	-
1761	David Fairchild Elementary	92	193,308	-	-	-	-	-
2361	Hialeah Elementary	173	340,490	-	-	-	-	-
2781	Kinloch Park Elementary	105	264,217	-	-	-	-	-
3061	Ludlam Elementary	108	250,187	-	-	-	-	-
3181	Melrose Elementary	119	270,616	-	-	-	-	-
3381	Miami Springs Elementary	104	220,260	-	-	-	-	-
3431	Phyllis Ruth Miller Elementary	232	623,175	-	-	-	-	-
4491	Henry E. S. Reeves Elementary	91	289,436	-	-	-	-	-
4721	Rockway Elementary	85	209,109	-	-	-	-	-
5201	South Hialeah Elementary	271	530,163	-	-	-	-	-
5401	Sunset Elementary	162	323,080	-	-	-	-	-
5431	Sweetwater Elementary	148	395,257	-	-	-	-	-

Note:
 (a) Property inventory results pending since school audit previously reported in 2013-2014 Fiscal Year (6 schools).

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		
0961	Coral Gables Preparatory Academy (K-8 Center)	179	465,339	-	-	-	-	-
0122	Dr. Rolando Espinosa K-8 Center	214	763,957	-	-	-	-	-
6411	Horace Mann Middle	368	823,064	17	31,921	1,864	-	-
6881	South Miami Middle	240	580,737	-	-	-	-	-
7461	Miami Senior	737	2,493,917	-	-	-	-	-
7241	Ronald W. Reagan/Doral Senior	616	1,724,439	-	-	-	-	-
7721	South Miami Senior	596	1,462,035	-	-	-	-	-
<u>South Region Office Schools</u>								
0161	Avocado Elementary	237	442,402	-	-	-	-	-
1041	Coral Reef Elementary	61	160,399	-	-	-	1	6,565
3541	Robert R. Moton Elementary ^(a)	159	384,489	-	-	-	-	-
4221	Palmetto Elementary	97	216,175	-	-	-	-	-
5951	Whispering Pines Elementary	115	278,175	-	-	-	-	-
3101	Frank C. Martin K-8 Center	178	473,785	-	-	-	-	-
4391	Irving & Beatrice Peskoe K-8 Center	98	234,403	-	-	-	-	-
5671	Vineland K-8 Center	206	469,117	-	-	-	-	-
5961	Winston Park K-8 Center ^(a)	164	392,432	-	-	-	-	-
6771	Jorge Mas Canosa Middle	330	737,509	-	-	-	-	-
6221	Hammocks Middle	340	739,607	-	-	-	-	-
7051	G. Holmes Braddock Senior	608	1,753,856	-	-	-	-	-
7101	Coral Reef Senior	872	2,300,471	-	-	-	-	-

Note:
(a) Property inventory results pending since school audit previously reported in 2013-2014 Fiscal Year (6 schools).

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		
7361	Miami Killian Senior	400	1,324,373	-	-	-	-	-
7431	Miami Palmetto Senior	395	1,011,135	-	-	-	-	-
7531	Miami Sunset Senior	553	1,334,218	-	-	-	15	25,386
7371/8911	Robert Morgan Educational Center (Sr. High and Adult Ed. Center)	445	1,255,336	-	-	-	-	-
7741	Southwest Miami Senior	747	2,380,872	-	-	-	-	-
7781	Felix Varela Senior	973	2,435,801	-	-	-	-	-
8131	Dorothy M. Wallace COPE Center	91	205,615	-	-	-	1	1,059
<u>Education Transformation Office School</u>								
4121	Dr. Robert B. Ingram Elementary ^(a)	130	404,234	-	-	-	-	-
<u>Adult Education Center</u>								
7462	Miami Senior Adult Education Center ^(a)	26	75,725	-	-	-	-	-
TOTAL		12,443	\$32,751,918	18	\$ 33,916	\$ 2,613	18	\$34,105

Note:
 (a) Property inventory results pending since school audit previously reported in 2013-2014 Fiscal Year (6 schools).

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	Audio Visual	Other ^(a)	
<u>Central Region Office Schools</u>								
2361	Hialeah Elementary	1	1	\$ 2,146	\$ 2,146	-	-	-
7461	Miami Senior	1	2	2,258	2,258	-	-	-
<u>South Region Office Schools</u>								
1041	Coral Reef Elementary	1	1	1,224	-	-	\$ 1,224	\$ 626
7051	G. Holmes Braddock Senior	1	2	3,616	1,831	\$ 1,785	-	729
7101	Coral Reef Senior	1	1	4,495	-	-	4,495	2,722
7371/8911	Robert Morgan Educational Center (Senior High and Adult Ed. Center)	1	1	3,499	3,499	-	-	949
		6	8	\$ 17,238	\$ 9,734	\$ 1,785	\$ 5,719	\$ 5,026

Note:

(a) "Other" equipment included a lawn mower and a golf cart.

FINDINGS AND RECOMMENDATIONS

1. Bookkeeping Function Not Properly Monitored Resulted In Excessive Disbursements, Questionable Transactions And Misrepresentation Of Account Balances *Jorge Mas Canosa Middle School*

All findings cited herein happened under the tenure of the former Principal and former Treasurer. The former Treasurer retired during the audit at the beginning of the 2013-2014 fiscal year, and the former Principal was promoted to a senior high school prior to the completion of the audit. Our review of financial records and transactions corresponding to the 2011-2012 and 2012-2013 fiscal years disclosed a high level of disbursement activity, some of which is questionable. In addition, our audit disclosed numerous transfers of funds between individual internal funds accounts, which due to the high volume of disbursements made with internal funds or the schools' procurement credit card (P-Card), led us to the conclusion that many were made to prevent individual internal fund accounts from showing a deficit balance. Regardless of this bookkeeping effort, some of the internal funds individual accounts reported negative balances on June 30, 2013.

In reference to the high level of disbursements, our review disclosed that overall, during the audit period, the school spent more funds than were actually available in the individual internal funds accounts at the time the purchases were made. In addition, we found purchases that were unallowable, disbursements that were not properly documented, and disbursement documentation that appeared fictitious. All these issues related to purchases made either with internal funds or the P-Card. Some of the associated vendors were contacted; however, not all the documentation/information related to the purchases was provided. In addition, we identified instances where disbursements intended to be charged to one account were diverted and charged to other accounts with available funds (to prevent a deficit in the initial account). These included, among others, expenditures charged to the EESAC, Fund 9, Title I and Magnet accounts, which directly relate to the school's budgetary accounts placed at the District level.

According to the former Principal, many of these purchases were incentive-related and given to students/potential students as a means to promote the school and boost student enrollment; however, the former Principal acknowledged that there were no complimentary lists on file to support distribution of these items. We contacted the former Treasurer, who declined to meet with us in person; however, during our telephone conversation, she acknowledged that toward the end of her tenure, she no longer cared for the bookkeeping function of the school.

As a result of the overspending and the diverting of expenditures to other accounts, at the closing of the audit fieldwork, some of the internal funds individual accounts had deficit balances. Furthermore, at the closing of the 2012-2013 fiscal year, the school had not reported outstanding liabilities totaling \$7,050, of which \$6,804 represented the purchase of instructional supplies for Science classes. The account where this payment was to be charged did not have sufficient funds to cover the expenditure, partly because unrelated charges had been diverted to the account and the funds were no longer available.

Regarding general internal funds and P-Card documentation procedures, the school did not always follow the proper procedures for completing checks, documenting their endorsement and completing/filing related supporting documentation.

We discussed these matters with M-DCPS Police and presented the case to the State Attorney's Office for their advice and determination. The State Attorney would not take the case because there was insufficient evidence for pursuing criminal charges.

Details of our findings are as follows:

Questionable Purchases, Disbursement Documentation Non-Compliant With District Policy Regarding Purchases Made Via Internal Funds or The P-Card and Purchases Diverted to Other Accounts

Pursuant to Section II, Chapter 4 of the *Manual of Internal Fund Accounting*, only the district issued procurement credit cards may be utilized by the schools to charge purchases. Schools must not obtain or utilize any other vendor-issued cards to make purchases. We found the following activity at the school:

- 1.1. Previous to this audit, and contrary to internal funds guidelines, the school had opened a charge account with a local supermarket chain. Generally, the school would make purchases and charge them to the account. At the end of the month, using the store receipts and the monthly account statement, the school would reconcile the account and pay the vendor via school check. Of four cards initially issued to school staff and administration, the only active card at the time of the audit was that of the former Treasurer. Purchases made with her assigned card during the audit period amounted to approximately \$1,420.
- 1.2. Our review of the associated purchases disclosed that items such as cigarettes, dog food, baby food, small toys, food provisions, produce, cuts of meat, toiletries and cleaning supplies, customarily purchased for household consumption, were improperly purchased. Some of these, including the cigarettes were recurrent purchases. Notations made by the former Treasurer on the store receipts gave the appearance that these were purchases made for school luncheons, meetings or instructional activities such as Home Economics classes.

We personally interviewed several faculty members regarding these purchases and the former Treasurer over the telephone. Those personally interviewed stated that they did not make these purchases. When presented to the former Principal, he admitted that he overlooked reviewing these receipts before signing the check requisitions and the corresponding checks. During a telephone conversation with the former Treasurer, she claimed to have no knowledge of these purchases, and said her card was used by school administrators to make purchases. She also told us that she did not review the receipt contents prior to issuing payment.

At the time of the audit, the supermarket charge card could not be located at the school. According to the former Treasurer, the card had been destroyed. At the closing of the audit, the vendor informed us that the account had been referred to a collections agency because of a \$246 outstanding balance. Copies of the outstanding invoices provided by the vendor disclosed purchases made during the months of July and August 2012, and disclosed the purchase of similar items, including the cigarettes. Two of these receipts were located among the school records by the current Treasurer during the audit.

Our analysis of other questionable purchases for the 2012-2013 fiscal year disclosed that the school had made purchases from three separate vendors totaling approximately \$75,800. Some of the related payments had been made with school checks, while others were made with the school's P-Card. We questioned the propriety of these purchases because some appeared excessive, school staff could not locate or account for the whereabouts of most of the items and some of the invoices were not addressed to the school but to the school's Parent Teacher Association (PTA). Several payments posted to internal funds accounts disclosed that the paperwork and signatures appeared fictitious; while the supporting documentation for others was missing. In all three cases, we contacted the vendors who, after the initial contact, would not return our calls. In addition, several of the P-Card charges made to certain school's budgetary accounts such as Title I, Magnet and the Educational Excellence School Advisory Council (EESAC) accounts were questionable, not allowed for those accounts or documentation was not available to determine their propriety.

- 1.3. Regarding the first vendor, during the 2012-2013 fiscal year, the school made five separate payments totaling \$10,649 as illustrated in the table that follows. Of the five payments, two totaling \$4,355 made with the school's P-Card were not documented at all, and the invoices for the remaining three totaling \$6,294 (representing purchases of student caps, honor roll shirts and *student athletic sets*) were questionable because the invoice did not look authentic, and no one at the school could provide documentation of their distribution or the whereabouts of these items.

No.	Date	Payment Source	Amount	Invoice	Vendor Report	Charged To:
1	10/19/2012	P-Card	\$ 2,044	Student caps	Not listed	Middle School Gen. Instruction
2	1/24/2013	Internal Funds check	2,500	Honor roll shirts	Not listed	Middle School Gen. Instruction
3	2/26/2013	Internal Funds check	1,750	Student Athletic Sets	Applied towards PTA invoice	Middle School Gen. Instruction
4	5/6/2013	P-Card	2,755	No invoice on file	Applied towards PTA invoice	EESAC-not approved by Committee
5	5/14/2013	P-Card	1,600	No invoice on file	Applied towards PTA invoice	Magnet Budgetary account-cannot determine propriety.
Total			\$ 10,649			

We contacted the vendor, and according to its representative, the school still owed them approximately \$9,400. Based on the vendor's account history and supporting documentation provided to us, this outstanding balance stemmed from several invoices including an invoice for physical education uniforms and similar items of clothing supposedly ordered by the school's PTA² for which full payment had not been received. In reviewing the vendor's information, we noted that he had applied three school payments totaling \$6,105 towards the PTA's invoice. Two of these three payments were not supported by an invoice, while the one documented payment showed an invoice for the purchase of athletic sets. The remaining two payments, consisting of a credit card charge for \$2,044 and a check for \$2,500 were not listed in the vendor's history payment; however, their respective supporting invoices listed purchases of student caps and honor roll shirts, respectively. The last two payments made in May 2013 were charged to the school's budgetary EESAC and Magnet accounts³ and there were no invoices on file supporting the expenses.

According to the former Principal, the school did not owe a balance to the vendor since the PTA had made all necessary payments. He further stated that he was going to contact the vendor for clarification regarding the outstanding balance and the account history. We confirmed with the current PTA President that their organization does not have an outstanding balance with this vendor.

² In previous years, the PTA sold physical education uniforms to the students.

³ EESAC expenditures are under the purview and approval of the EESAC Committee. The EESAC Committee had not approved this purchase. There is a Magnet Program at this school, and funds are earmarked *to enhance Math, Science and Language Arts' instruction/learning.*

- 1.4. Regarding the second vendor (who owned two separate local businesses, both of which conducted business with the school), during the 2012-2013 fiscal year, the school made 24 payments totaling approximately \$49,000. Purchases were mostly plaques, ribbons, bags and totes with school logo, shirts, T-shirts and sweatshirts, lanyards, certificates, journals, Florida Comprehensive Assessment Test (FCAT) related materials, and similar items. Of the 24 payments, six totaling approximately \$14,500 were made with the school's P-Card and the remaining payments were made with internal funds. Of the six P-Card purchases, four totaling approximately \$8,700 were not documented. Regarding the other two P-Card charges⁴ and three of the internal funds purchases totaling approximately \$11,800, the apparent requesters of these items (as listed on the P-Card authorization form or check requisitions signed by the former Principal) attested that they never ordered or received the items supposedly purchased. We tried to obtain the missing invoices from the vendor; however, he claims a flood destroyed his records and he consequently could not provide them.
- 1.5. Regarding the third vendor, the school made three separate payments totaling approximately \$6,000, of which one for \$2,187 was made with the school's credit card and charged to the Title I account. Similarly, the credit card charge was not documented. The other two were supposedly made for folders and Chorus T-shirts; however, the sponsors of these activities similarly attested that they had not ordered these items and the signatures on the check requisitions were not theirs. Both invoices were addressed to the school's PTA. We contacted the vendor who was unable to provide additional information or copy of the missing invoice. According to him, he had recently changed his accounting/filing system.

According to the *Purchasing Credit Card Program Policies & Procedures Manual*, P-Card charges must be documented with a Purchase Authorization Form showing the originator of the purchase and approval from the Principal or administrative designee. We found that:

- 1.6. As previously noted, in several instances, P-Card Purchase Authorization forms and/or supporting invoices were not on file. This condition was mostly prevalent during the months of April and May 2013 when the school charged approximately \$15,000 and most of these charges were posted to the school's budgetary EESAC and Magnet accounts. Additionally, in January and February 2013, the school spent approximately \$18,300 in Title I-related purchases. Of this total, we were unable to verify the propriety of approximately \$8,000, which correspond to those Title I purchases made from the last two vendors⁵.

⁴ Two purchases charged to Title I.

⁵ Funds under Title I follow certain criteria for spending. The three questionable Title I charges were incurred in February 2013, before the February 15, 2013 deadline for spending Title I funds.

The Miami-Dade County's *Educational Excellence School Advisory Council (EESAC) Resource Guide* addresses the fiscal responsibility of the EESAC Committee. Specifically, this document refers to the guidelines issued by the Controller for Miami-Dade County Public Schools regarding the use of EESAC funds for making small purchases through the school's internal fund. According to the memorandum from the Office of the Controller issued on October 7, 2011, internal funds purchases made with EESAC funds are limited to *small food purchases and incentives otherwise not allowed through the school's Fund 9⁶ account, the P-Card or the District's purchasing guidelines*. Pursuant to the memorandum, the amount to be accessed through internal funds for these small purchases is a single yearly transaction limited to \$2,999 per fiscal year.

According to general procedure, any purchases made with EESAC funds, whether through internal funds, purchasing credit card (P-Card), or the District's regular procurement channel, *must be properly approved by the school's EESAC Committee*.

For the 2012-2013 fiscal year, EESAC funds identified for this school amounted to \$10,174 plus a prior year carry-over balance of \$6,552 for a total of \$16,726. Of this total, the school spent \$15,501 and closed the year with a balance of only \$1,225. We found that:

- 1.7. Approximately \$13,100 in expenditures incurred and charged to the EESAC account were not approved by the EESAC Committee. Among others, these expenditures included the purchase of game accessories, toner, postage and office supplies, custodial supplies, vocational industry supplies, and club dues. Credit card charges for which invoices could not be located, as previously cited, were also part of the expenditures charged to this account.

According to the Fund 9 guidelines in Chapter III, Section 9 of the *Manual*, the account must be replenished throughout the year once total expenditures reach 25% of the established amount⁷, or \$3,750. All Fund 9 expenditures must be reported by June 30, regardless of the amount spent. We found:

- 1.8. At May 30, 2013 the Fund 9 account listed \$4,068 in expenditures that were pending replenishment due to a lack of funds in the school's budgetary accounts. Most of these expenditures were diverted from the Fund 9 account to several Classes and Club accounts and the Trust Fund-EESAC account to prevent the Fund 9 from closing with expenditures not reported to the District and not cleared

⁶ To increase purchasing flexibility at the schools, the District allows schools to transfer specified amounts of their allocated tax dollar budget funds to internal funds to purchase instructional materials and educational support supplies. Funds are placed in a specific internal funds account customarily referred to as "Fund 9". EESAC funds can be accessed via the Fund 9 mechanism. Once funds are brought into the internal funds of the school, they are placed in a Trust Fund account for spending. Monies not spent by year-end must be transferred back to the District.

⁷ At middle schools, the established amount is \$15,000.

from the account by year-end. Some of the sponsors and the EESAC Committee members who were contacted confirmed that these expenditures should not have been charged to their sponsoring accounts.

During 2011-2012 total Fund 9 disbursements diverted to other accounts amounted to \$619 and the account closed with \$13,603 not reported to the District until the next fiscal year.

- 1.9. Throughout the audit period, the school failed to submit Fund 9 replenishments in a timely manner; and at one point in 2012-2013, the replenishment amounted to \$18,969, which exceeded the established \$15,000 limit by \$3,969.

Questionable Deficit Balances:

Section II, Chapter 4 of the *Manual of Internal Fund Accounting* provides that uncommitted funds must be available before authorizing a purchase; and Section III, Chapters 4 and 9 of the *Manual* prohibit the Instructional Materials (Fund 9) account and the Trust Fund from operating with a negative balance.

- 1.10. During the two-year audit period, the Fund 9 account and the Trust Fund-Special Purpose account operated most of the time with a deficit balance.

Regarding Fund 9, deficit balances ranged from \$(1,078) to \$(16,785). The deficits were cleared when the account was replenished prior to the year-end closing. In the case of the Trust Fund-Special Purpose account, deficit balances ranged from \$(107) to \$(7,087). In both years, the deficits were cleared with monies donated to the school whose intent was either questionable or not intended for this account.

- 1.11. In 2012-2013, the Music Fund closed with a \$(1,309) deficit, while a Trust Fund-Field trip account closed with a \$(745) deficit.

Questionable Funds Transfers:

- 1.12. As part of the bookkeeping process, during the 2011-2012 and 2012-2013 fiscal years, the school transferred monies between internal fund accounts. While some were allowable transfers, others were not. Specifically, during 2012-2013, we noted transfers between accounts in the Music Fund, Classes and Clubs Fund, and Trust Fund accounts ranging between \$25 and approximately \$1,800 that in our opinion were transferred to cover account deficits. We verified with some of the activity sponsors that these transfers had not been approved by them. Further, many of the questionable transfers happened after mid-June, when instructors were out on summer recess.

Supporting Documentation: Questionable Signatures in Check Requisitions and Canceled Checks, Blank Checks issued and Missing Validated Deposit Slips

- 1.13. Our review of canceled checks for the audit period disclosed instances where the signature of the former Treasurer was forged. Specifically, on October 27, 2011, when the former Treasurer was reported absent, 16 checks were supposedly signed by her and the former Principal; however, the signature on the checks' signature line did not match hers.

General Documentation Procedures Not Followed

Pursuant to Section II, Chapter 5 of the *Manual of Internal Fund Accounting* procedures, checks must be issued to a specific person, company or organization, as the practice of issuing blank checks *is prohibited*. In addition, checks must bear the signature of the principal/designated administrator and treasurer/authorized clerical designee. Our review disclosed that:

- 1.14. In many instances during the audit period, the school issued checks without the payees' names and/or amount of the checks. It appears that at the time of the purchase, the faculty/sponsor or payee printed the payee's name and the amount.
- 1.15. In many instances, checks were cashed by the bank; however, one of the two required signatures was missing.

In addition, Section II, Chapter 4 requires the use of purchase orders for all purchases of goods and services costing \$100 or more. We found that:

- 1.16. In many instances, purchase orders were not used to encumber funds prior to making a purchase.

Section II, Chapters 1 and 3 of the *Manual* establish some of the required internal funds documentation. One of the requirements is to maintain on file the front and reverse of the canceled checks. In addition, procedures require obtaining a deposit slip with a validation stamp from the bank or similar documentation evidencing confirmation of receipt of the deposit from the bank. We found that:

- 1.17. The school had not received the reverse side of the canceled checks and validated deposit slips since October 2012. We discussed this matter with the current school administration for their information and follow-up.

RECOMMENDATIONS

- 1.1. Discuss the bookkeeping and recordkeeping procedures with the new treasurer to ensure understanding of the expectations of the job.**
- 1.2. Closely oversee the Treasurer's office and direct him/her to meet frequently with the treasurer to ensure the propriety of the bookkeeping function.**
- 1.3. Ensure that the bookkeeping function is working as designed and discuss the timely implementation of corrective action resulting from any of these reviews.**
- 1.4. Assess the disbursement function to ensure spending is kept within limits and internal funds accounts are not being operated with deficit balances.**
- 1.5. Make plans to liquidate any outstanding liabilities.**
- 1.6. Strengthen the review and oversight over the disbursement function to ensure the propriety of the charges, the posting of charges to the appropriate accounts and the completeness of the documentation.**
- 1.7. Discuss disbursement procedures with staff to make them aware of the requirements.**
- 1.8. Maintain control over expenditures to prevent overspending and immediately discontinue the practice of inappropriately modifying the posting of transactions between accounts as described in the findings.**
- 1.9. Going forward, ensure that funds are available before authorizing a purchase.**
- 1.10. Ensure that EESAC, Title I and Magnet funds are spent appropriately.**
- 1.11. Ensure that EESAC expenditures are properly approved by the EESAC Committee and documented in the official minutes.**
- 1.12. Monitor Fund 9 expenditures to ensure spending is kept within limits and the account is replenished in a timely manner.**
- 1.13. Ensure that the P-Card is used appropriately.**
- 1.14. Contact the bank to ensure that they are sending the reverse of canceled checks and validated deposit slips.**

Person(s) Responsible:

Principal and Treasurer

Management Response:

This Principal hired an experienced Treasurer who has had a clean record of internal funds audit for years. They have discussed the implementation of bookkeeping and record keeping procedures to ensure that there is a clear understanding of the expectations of the job and audit findings.

In order to ensure the bookkeeping function is properly monitored the newly assigned Principal met with the newly assigned Treasurer and directed her to inform the administration of any discrepancies for immediate corrective action. The Principal will review the financial activities bi-weekly to ensure that collections are properly receipted, documented, and deposited in a timely manner.

The Principal and Treasurer will ensure spending is kept within limits and internal funds accounts are not being operated with deficit balances. This review process will ensure all balances are up to date, therefore, ensuring that all postings are made on a timely manner as well as transactions charged to the correct accounts.

All outstanding liabilities were immediately liquidated.

The Principal, Assistant Principals, and Treasurer facilitated a training session on August 16, 2013 at the Opening of School Meeting, wherein district policies and procedures for the collection of monies were addressed. Proper use of Recap of Collections Form (FM-1004) and Employee (BPI) Receipts (FM-0976) were discussed with staff school wide to ensure their understanding of the receipting process and staff was directed to promptly inform the administration of any instances where the Treasurer fails to follow proper receipting/depositing procedures. Signatures were obtained from each staff member attending this meeting.

New procedures have been established with club sponsors, faculty members and staff wherein they must seek the authorization of the Principal and Treasurer before making any purchases. The Principal and the Treasurer have discussed the vendor selection process to ensure that it is transparent and meets the district's mandates. Any purchase of \$1000.00 or more must include three bids, and one of the bids must be from a certified minority vendor.

Effective immediately, the internal funds function of the school has been strengthened by conducting bi-weekly reviews of all accounts i.e., EESAC, Title I, Magnet, class fees and clubs; fund balances and adjusting spending plans accordingly. Fund 9 and PCard expenditures are similarly monitored. This review process will include plans for the proper utilization of donations, profits from fund raising activities and fees collected from students.

Workshops have been conducted to inform EESAC members of the proper procedures in regards to funds utilization and proper documentation of expenditures. Funds were allocated among various staff members and/or club sponsors to be spent by Friday, March 14, 2014. All EESAC activities are being properly documented in the EESAC minutes, in accordance to EESAC by laws.

The Principal directed all clerical staff members to immediately deliver the unopened bank statements, invoices, and bank correspondence to him for initial review. The Principal will review the statements and initial for verification. The bank statements will then be delivered to the newly appointed Treasurer for final review and processing.

The Principal and Treasurer will assess the checkbook balances on a bi-weekly basis; periodically compare monthly bank statements with on-line banking information to verify authenticity and review accuracy of monthly reconciliation reports before submitting to the district.

This Principal has contacted our banking institution via phone and by Certified Mail, Return Receipt Requested, requesting to have the cancelled checks and validated deposit slips sent to this school. This school, as recommended by the district, has changed banking institutions.

Person(s) Responsible: **South Region Office Administration**

Management Response:

The South Region Center Financial/Business Operations Director instructed the Principal to meet with the newly assigned Treasurer to thoroughly review the *Purchasing Credit Card Program Policies & Procedures Manual*, Miami-Dade County's *Educational Excellence School Advisory Council (EESAC) Resource Guide*, and the *Manual of Internal Fund Accounting* to ensure compliance with the respective policies and procedures.

The Financial/Business Operations Director will monitor compliance with internal funds procedures by reviewing monthly financial reports.

Person(s) Responsible:

School Operations Administration

Management Response:

- Review reports submitted by the Region Office Financial/Business Operations Directors on mini-reviews conducted in selected areas of Property Management, Payroll, Title I Program, Purchasing Credit Card Program, Pre-Kindergarten Programs, and Internal Funds, including: Account Balances, Receipts/Deposits and Disbursements, Fundraising Activities and Yearbooks. This will also include Financial Aid/Fee Waiver process at the adult/vocational schools. Discrepancies with the aforementioned areas will be investigated through the appropriate Region Office;
- Work collaboratively with the Region Offices and Adult Vocational and facilitate appropriate training and assistance from District Offices in all cited areas; and
- Coordinate and provide information to school site administrators and staff on best business practices, including related financial areas of concern through professional development in Money Matters!

2. Improper Receipting And Improper Controls Over Fundraising Activities Resulted In Loss Of Funds
Jorge Mas Canosa Middle School

Pursuant to Section II, Chapter 2 of the *Manual*, all collections must be supported by a Recap of Collections form. This form summarizes collection information regarding the account structure, the source of the collections, the amount tendered, and other pertinent information. Once this information is entered into the automated accounting system, the treasurer must record in the Recap of Collections form the computer generated receipt number of the transaction, as a reference to where it was posted in the system; and return the carbon (yellow) copy of the Recap of Collections form and a computer generated receipt to the depositor. Furthermore, procedures in Section IV, Chapter 2 of the *Manual* require that a Student Activity Operating Report [FM-0996] be prepared upon completion of each activity. Also, the school must maintain a Fundraising Activities Log [FM-6672] to record all fundraising activities approved by the administration and conducted by the school.

All findings cited herein happened under the tenure of both the former Principal and former Treasurer.

Our review of the financial records associated with school activities and fundraisers disclosed that \$2,460 cash, apparently collected during two school fundraisers conducted in 2012-2013, could not be traced to any account postings or to the bank. According to the sponsors of these activities, all monies were given to the former Treasurer for deposit. *We contacted the former Treasurer, who claimed no recollection of the activities in question or the monies collected.* In addition, our review disclosed certain fundraising procedures that were non-compliant with District policy, as well as questionable/fictitious documentation supporting some of the activities reviewed. Details are as follows:

- 2.1. According to activity sponsors, a school dance took place on October 19, 2012. Based on the yellow copies of Recaps of Collections they provided during our inquiries, a total of 444 admissions at \$5 each, or \$2,220 cash was collected; however, we were unable to trace these collections to any account or to the bank. All three sponsors claimed that the monies were counted with the former Treasurer and given to her for deposit; however, they also acknowledged that the former Treasurer did not issue a computer generated receipt at the time that monies were turned in for deposit.

The Activities Log maintained by the former Treasurer indicated that the dance had been canceled; and we could not locate a corresponding Student Activity Operating Report. *However, we did note that the school had made a payment for disc jockey (DJ) services for this dance, and the payment had been posted in the corresponding account.*

Section IV, Chapter 2 of the *Manual of Internal Fund Accounting* establishes that school-sponsored fundraising activities must be accounted for in the school's internal funds. According to the guidelines, the school administration is responsible for ensuring that fundraising activities are conducted in accordance with internal funds' policies and procedures. Specifically, the guidelines require that monies collected and disbursed in connection with fundraising activities be processed through the internal funds of the school; therefore, purchases of fundraising merchandise from sale proceeds is strictly prohibited.

- 2.2. Another activity disclosed a shortfall based on ancillary documentation provided by the sponsor and our review of the corresponding account. This activity consisted of the sale of gourmet sandwiches to faculty and staff throughout the year, and we could not trace to the account \$240 from these sales. The corresponding Student Operating Activity Report on file was reviewed and signed by the former Treasurer; however, the report listed someone else as the sponsor of the activity. We confirmed with this faculty member that she was not the sponsor, had not prepared the report, and the signature on the report was not hers.
- 2.3. We found one other instance where an instructor was conducting a fundraising activity consisting of the sale of sports drinks to students. According to documentation maintained by the activity sponsor, she did not pay the vendor for the fundraising merchandise with school checks. Instead, she purchased the sports drinks from the sale proceeds and turned in the leftover profit for deposit.
- 2.4. In addition to the sports drink sale, the same sponsor handled the sale of track and field sportswear. Regarding this sale of sportswear, the instructor collected from the students anywhere between \$35 and \$220 individually, depending on the item(s) purchased by the students. The sponsor would issue official receipts to document the transaction; and in addition, would request parents to sign a "donation letter" in order to record these sales as "donations". The school had prepared a form letter to record the "donation". According to the sponsor, the former Treasurer had provided the instructions cited above for both sales and had requested obtaining the "donation" letters from the parents. Paperwork related to the sales provided by the sponsor was signed by the former Treasurer, *which evidenced that the former Treasurer was aware of the purchases from the cash proceeds and the matter of the sales and the "donations"*.

Similar to the gourmet sandwich sale, the Student Operating Activity Report for the sports drink was on file and had been reviewed and signed by the former Treasurer; however, the report was inaccurate and the sponsor's signature on the report appeared fictitious. We confirmed with the sponsor that she did not prepare the report, and the signature on the report was not hers.

RECOMMENDATIONS

- 2.1. **Strengthen the review over fundraising activities, including the preparation, review and filing of Student Activity Operating Reports, Inventory and Operating Statements, and Fundraising Activities Log.**
- 2.2. **Review the procedures with sponsors to ensure awareness and compliance of the requirements.**
- 2.3. **Discuss with staff the need to request a receipt when funds are turned in for deposit and enforce the proper receipting procedures.**
- 2.4. **Ensure that sponsors are making purchases using school checks.**

Person(s) Responsible: **Principal, Sponsors, Staff and Treasurer**

Management Response:

The Principal and the Treasurer met with activities sponsors to review policies regarding the procedures for filing Student Operating Reports, Inventory and Operating Statements, and Fundraising Activities. A listing of all sponsors and fundraising taking place are being reviewed bi-weekly to ensure efficiency and accuracy. Bi-weekly meetings are taking place with the Treasurer to establish a fundraising schedule to ensure compliance with all School Board policies.

The Principal has discussed the collection procedures with the staff in order to make them aware of the need for proper collection documentation requirements, and the timely payment of expenditures, as well as directing the staff to pay for fundraising merchandise by only using school checks. Additionally, the Principal directed all sponsors to conduct an inventory count of fundraising merchandise on hand and submit documentation to the Treasurer.

The Principal assigned an administrator to oversee collection functions and the work of the Treasurer and directed that administrator to report to the principal any discrepancies related to the collection, fundraising, and inventory for immediate corrective action.

Person(s) Responsible:

South Region Office Administration

Management Response:

The South Region Office Financial/Business Operations Director instructed the Principal to thoroughly review the District procedures as outlined in Section IV, Chapter 2 of the Manual of Internal Fund Accounting and develop and implement a systematic plan to ensure compliance with District policy.

The Financial/Business Operations Director will monitor compliance with internal funds procedures by reviewing monthly financial reports.

Person(s) Responsible:

School Operations Administration

Management Response:

Refer to page 41 of this report and page 119 in the report's Appendix Section for School Operations administration's comprehensive response addressing the recommendations to the school findings of Jorge Mas Canosa Middle School.

**3. Inadequate Controls
Over P-Card And
Certain Internal Fund
Disbursements
Under Current School
Administration
*Ronald W. Reagan/Doral Senior High School***

In May 2013, there was a change of Principal at this school. At Jorge Mas Canosa Middle School, where the current Principal was previously assigned, our most recent audit covering the 2011-2012 and 2012-2013 fiscal years disclosed a pattern of questionable and/or unsupported purchases⁸ made with internal funds or processed via the school's purchasing credit card (P-card). Due to these conditions, we had contacted several of the vendors associated with the questionable purchases for additional information. Of those we contacted, three vendors did not provide the information and/or documentation that we requested. In October 2013, while at the senior high school, we met with the Principal on several occasions to discuss the findings of the middle school, and recommended not to engage these three vendors in the future.

As a follow up to the findings of the middle school, we extended our review of the 2012-2013 fiscal year audit at the senior high to 2013-2014 fiscal year's disbursement activity (encompassing both internal funds and the district's issued P-Card), to determine whether the present disbursement function is working as designed by the district. This review disclosed discrepancies in some of the purchases made corresponding to the 2013-2014 fiscal year.

We found that some of these purchases were made from the same vendor(s) within a few days of each other, which may be suggestive of split purchases (to circumvent the requirement for obtaining written quotations on purchases of \$1,000 or more⁹). For some others, we questioned the selection of the vendor. This pattern is very similar to what we previously identified at his former school.

We also found that, several years ago, the senior high had established a charge account with a local supermarket chain to facilitate food purchases for the Culinary Arts class. Due to the conditions noted at the middle school regarding the use of a similar charge account, we reviewed the current activity at this school. Although nothing came to our attention during our review to indicate that the purchases were not appropriate

⁸ Refer to disbursement findings of Jorge Mas Canosa Middle School on pages 30-37 of this report.

⁹ 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 bids must be from a certified minority enterprise, according to School Board Policy 6320.02 *Minority/Women Business Enterprise Certification Procedures*. Similar requirement for quotations is established for purchases made with the P-Card for purchases of \$1,000 or more (up to the P-Card threshold of \$3,000 per transaction).

and intended for a school setting, *the guidelines do not allow for this type of charge account/charge card, and its use should be discontinued.*

Details of our findings are as follows:

P-Card Purchases

The *Purchasing Credit Card Program Policies & Procedures Manual* establishes the procedures for documenting credit card (P-Card) purchases. According to the procedures, credit cards are issued to purchase authorized goods and services individually costing less than \$3,000. General P-Card procedures also require that purchases be documented with a properly completed authorization form and an itemized invoice; and all work locations must submit to the District a monthly P-Card reconciliation as soon as possible, but no later than ten (10) days after receipt of the monthly credit card statement.

This school did not participate in the District's P-Card program prior to 2013-2014. The current school administration implemented use of the P-Card effective July 2013.

We reviewed the P-Card monthly reconciliations and subsidiary records on file for the 2013-2014 fiscal year up to October 2013 and noted that during this time, the school made 23 separate purchases and charged approximately \$10,900 to the P-Card. Of that amount, 20 charges or approximately \$9,600 was paid to the same on-line vendor. Of the individual charges, two exceeded \$1,000 each; however three written quotations, including one from a certified minority vendor enterprise, were not obtained.

Upon review of the items purchased, we noted that 11 devices consisting of nine mini iPads, one laptop and one desktop with a total cost of \$5,359 had been procured. We requested to physically verify these items. Of the 11 devices, four disclosed electronic mail addresses and computer applications consistent with personal, rather than district use. In addition, some of these items were located off-campus; however, an *Approval of Off-Site Use of School Property Form* [FM-2380] denoting administrative approval to remove the equipment from the premises and documenting the identity of the staff member with temporary custody of the equipment had not been completed and filed (as required by District guidelines for the use of School Board owned equipment taken off-campus).

Regarding documentation procedures, we noted that in most instances, an on-line order form, instead a formal invoice was used to document the purchases. Furthermore, this form was not signed by the receiver of the merchandise to indicate that goods had been received. In addition, we confirmed that, in most of the purchase authorization forms reviewed, the name listed on the requester section of the form was not the person responsible for the request. According to the Principal and some of the office personnel involved in the process, this was an unintentional error, which resulted when the name

of office personnel involved in the P-Card process was listed as the requestor of the merchandise.

Internal Fund Purchases

During the 2013-2014 fiscal year up to December 2013, we identified four separate disbursements for merchandise procured from a vendor that we had questioned during the audit of the middle school. The following table illustrates the disbursements in question and dates of purchases:

Invoice Date	Date of Purchase Order	Amount	Items Purchased	Purpose	Purchase Originator
10/3/2013	10/3/2013	\$5,216.25	350 T-Shirts and 125 Sweatshirts	Fundraising Merchandise	Activities Director
12/9/2013	12/9/2013	995.00	16 Wrestling Warm-up Suits	Student Athletic Uniforms	Athletic Business Manager
12/10/2013	12/9/2013	950.16	48 Embroidered Polo Shirts	Staff Shirts	Principal
01/17/2014	01/17/2014	900.00	50 Wood Frame Certificates	Student Awards	Activities Director

Most purchases were made subsequent to our meetings with the principal in October 2013; therefore, it is evident he disregarded our recommendations not to procure from this vendor. Regarding the documentation supporting the specific disbursements, the school obtained three quotes for the fundraiser’s disbursement (one of the quotes was from a certified minority business enterprise) to document the selection of the vendor. The other three purchases, however, were for slightly less than \$1,000 individually, thus keeping individual disbursements from reaching the threshold that requires written quotes. *Nevertheless, the two purchases made in December for apparel are not only closely dated, but approved on the same day, thus suggestive of a split purchase.*

We were unable to verify the existence of all the merchandise, since according to the sponsors and sales activity reflected in the system, some had been sold. Other merchandise had given away as complimentary or as awards; however, there was no documentation on file to support its distribution.

Regarding the local supermarket charge card, although nothing came to our attention during review of the invoices to indicate that purchases were not intended for a school setting, the use of this card is not allowed under the guidelines and its use should be discontinued.

RECOMMENDATIONS

- 3.1. Discuss the Purchasing Credit Card Program guidelines with staff for awareness and understanding of the requirements; and strengthen the review over disbursements made with the credit card and internal funds to ensure compliance with District Policy.
- 3.2. Ensure that purchases comply with the requirement for written quotations including requesting quotes from certified minority business enterprises, and ensure the propriety and transparency of the selection of the vendor.
- 3.3. Improve controls over the tracking, safeguarding and utilization of mobile equipment such as I Pads, purchased with school funds, which are issued to school administration and staff for school use.
- 3.4. Discontinue use of the supermarket charge card.

Person(s) Responsible:

**Principal, Assistant Principal,
Micro-System Technician,
Treasurer and Teacher Sponsors**

Management Response:

The Principal and the Treasurer have developed a bi-weekly review process, depending on card usage, to ensure compliance with all recommendations made by the auditing department for compliance with Purchasing Credit Card Program guidelines. These bi-weekly meetings commenced in November 2013. The review will consist of the Treasurer monitoring that requestor information is accurate on P-Card requisition as well as any type of necessary bidding for orders over \$1,000. A minority vendor will be included if bids are needed. Principal was made aware of this situation during an exit interview in November.

The Principal will conduct a meeting with all current Teacher/Club Sponsors on February 18, 2014, in order to review all District policies relating to the District requirement for written quotations. Clarification will be given that orders that were unrelated and from different departments would still be considered as a split order per District policy. Copies of the *Manual of Internal Fund Accounting* and the *Purchasing Credit Card Policies & Procedures Manual* will be made available for appropriate personnel. Treasurer will ensure, by monitoring purchase order requests, that orders coming in from various clubs or departments not be from same vendor avoiding any appearances of a split order. In addition, based on the recommendations given by the auditor on the report, the school will not use the identified three vendors.

The Principal reviewed and discussed tracking of mobile equipment with Assistant Principal and Micro-System Technician. In addition to the current log showing staff usage of mobile devices valued under the district threshold, the Approval of Off-Site

Use of School Property Form [FM-2380] will be used. Micro-System Technician will also keep a log showing any mobile devices taken to South Campus that will indicate the staff member who is utilizing the equipment. No off campus form will be filled for those devices as they are still under the same work location.

The Principal will meet with the Treasurer and the Assistant Principal to ensure that Complimentary Items-Recipient(s) List FM-6679 is used for any items that will be given out to staff. This will be identified when orders are placed that are designated as complimentary items.

The Principal has collected the only supermarket store card that had been issued to the Culinary Arts teacher prior to his arrival at the school site. Card was destroyed and there will be no further usage of this type of account/charge card.

Person(s) Responsible: **Central Region Office Administration**

Management Response:

- The Central Region Office Financial/Business Operations Administrative Director will direct the Principal to attend financial training workshops to help successfully monitor funds.
- The affected Principal will be required to address specific fiscal management job targets on the 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 Central Region Office Financial/Business Operations Administrative Director will review internal funds records periodically throughout the school year to ensure compliance with the Manual of Internal Fund Accounting.
- The Central Region Office Financial/Business Operations Administrative Director in collaboration with the appropriate district office will coordinate a support system for the Principal and designee to ensure that all after school records are properly maintained.

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

Management Response:

Refer to page 41 of this report and page 119 in the report's Appendix Section for School Operations administration's comprehensive response addressing the recommendations to the school findings of Ronald W. Reagan/Doral Senior High School.

4. Inadequate Controls Over Fee Waiver Process And Disorganized/Incomplete Financial Aid Folders/Records (Robert Morgan Educational Center-Adult Education Center)

Pursuant to School Board Policy 2450, Audit, *Post-Secondary Career Technical and Community Education*, fee/tuition waivers may be granted by the Principal or designee when necessary to assure an education opportunity for students who have financial needs which cannot be met by existing sources of student financial aid. The Policy also states that fee waivers are not allowed for students taking adult vocational classes for strictly personal or hobby use; and each vocational center receiving a fee waiver allocation is required to maintain complete documentation as required for each fee waiver issued.

The school administration discovered and reported an incident at the school regarding certain actions of the Financial Aid Officer. The following provides key details of the incident and the results of the investigation:

At the request of M-DCPS Police General Investigative Unit (GIU), on October 29, 2013, staff from the Civilian Investigative Unit (CIU)¹⁰ reported the results of an investigation¹¹ conducted at this school, where it substantiated the allegation that the Financial Aid Officer had registered for a class and had fraudulently waived her own tuition (\$164)¹². Based on class attendance records, the CIU's investigative report corroborated that the Financial Aid Officer not only had waived her own fee for personal gain and without providing information that she met eligibility criteria, but had attended some of the class sessions during a portion of her working hours¹³. The CIU report also pointed out that the individual had complete and unsupervised authority to approve the waiving of fees for students seeking financial aid assistance. Since no other administrator was involved in the approval process, this condition could lead to additional fraudulent financial aid activity. Consequently, internal audit staff was requested to follow up on these matters during the school audit. Ultimately, the GIU investigation found probable cause and this case is currently at the Office of Professional Standards for further determination.

¹⁰CIU reports to the Office of Management and Compliance Audits.

¹¹CIU transmitted the results of their investigation to M-DCPS Police (as a criminal allegation) and M-DCPS Police found probable cause. Based on these results, this case is currently being handled by the Office of Professional Standards for further action.

¹²Pursuant to Board Policy, the waiver of fees for employees is allowed when classes are initiated by the District (as part of the job). The class attended by this individual was a class on Real Estate.

¹³ On Wednesdays, the individual worked up to 7:20 p.m.; however, signed for the class at 7:00 p.m. for a 20-minute overlap on three separate class sessions. No changes to her working schedule had been discussed or approved previous to enrolling for this class.

During the school audit, we conducted a review of a sample of Financial Aid Program records to determine whether the Financial Aid Officer had fraudulently approved financial assistance/waived fees for any of the participants in the District's Financial Aid (DFAP) or Fee Waiver programs¹⁴ during the 2013-2014 Term 1 (first school trimester from late August 2013 to December 2013). We extended our review of Fee Waivers back to the 2012-2013 Term 3 (third school trimester from late April 2013 to July 2013)¹⁵.

According to documentation procedures, any student applying for financial aid must have a financial aid folder at the school. Part of the documentation in the folder must include a properly completed Financial Aid Application [FM-5467], signed by the student. Students seeking District financial aid must also complete a Free Application for Federal Student Aid (FAFSA); and evidence of such (copy of the *Institutional Student Information Record (ISIR)* or the federal *Student Aid Report (SAR)*) must be included in the folder. In case of fee waivers, the student folder must also include a DFAP/Fee Waiver Application [FM-6498] listing the course and fee amount associated with the request. This form must be signed by the student, the Financial Aid Officer and the administration or designee.

During our review we could not determine that additional instances of fraudulent activity occurred, because of the condition of the financial records in the Financial Aid Office. Specifically, the records were disorganized; folders were incomplete; some of the documentation was not filed in the folders and was provided after-the-fact; and some of the student folders requested could not be located. The school administration spent a large amount of time locating some of the student folders that we requested.

Details follow:

- 4.1. Our review of a sample of student folders associated with DFAP for the 2013-2014 Term 1 disclosed that the DFAP/Fee Waiver Application form was not filed in the student folder; however, the documentation/information in the student's file supported the granting of District's financial aid.

¹⁴ These are District need-based grant programs. Regarding source of DFAP funds, pursuant to Section 1009.22(5), F.S., School Boards may collect an additional 10 percent for financial aid purposes and requires School board districts to increase the established workforce education resident and non-resident tuition fees. Regarding source of fee waivers, School board districts are allowed to waive 8 percent of tuition as per the General Appropriations Act and Section 1009.26(1), F.S.

¹⁵ DFAP Financial Aid Billings for 2013-2014 Term 1 amounted to approximately \$57,000. Fee Waivers due to Economic Hardship amounted to approximately \$43,800 and \$25,700 for 2012-2013 Term 3 and 2013-2014 Term 1, respectively.

- 4.2. In all instances sampled corresponding to the 2013-2014 Term 1 (associated with fee waivers), the DFAP/Fee Waiver applications presented for audit were not properly completed. Specifically, these forms provide two spaces at the bottom for signatures. One corresponds to the Financial Aid Officer reviewing the form for completeness and for ensuring the propriety of the documentation presented for meeting the eligibility criteria for granting the fee waiver¹⁶. The second signature, intended for denoting approval/disapproval of the request and reason, was missing from all of the applications reviewed for Term 1. According to the school administration, the Financial Aid Officer was responsible for processing the waivers. An administrator had not signed any of these forms to indicate they had been approved¹⁷. The matter of fee waiver approval is a key control that was missing from this process.

Contrary to the 2013-2014 fiscal year, our sample of DFAP/Fee Waiver applications corresponding to the 2012-2013 Term 3 were signed by the Business Manager as the approver of these forms.

- 4.3. Of the 35 students whose fees had been waived for economic hardship (according to reports filed by the school during the first trimester in 2013-2014, 15 student financial aid folders *could not be located*; however, the DFAP/Fee Waiver Application form [FM-6498] for the 15 students in question was later provided at our request.
- 4.4. The Financial Aid Officer was not consistently using the current/official version of certain financial aid forms. Specifically, the office was utilizing old and new versions of the DFAP/Fee Waiver Application form [FM-6498] (which were slightly different), and in some instances, using *an in-house form in lieu of the Financial Aid Application* [FM-5467].

RECOMMENDATIONS:

- 4.1. Take immediate administrative action to address the matter of the fraudulent fee waiver.**

¹⁶ The DFAP/Fee Waiver Application states that eligibility for DFAP is determined by the Free Application for Federal Student Aid (FAFSA) with an expected Family Contribution (EFC) of less than 7001; and a DFAP eligible student is automatically eligible for a fee waiver. Additionally, the form lists a number of documents, any of which can be used for fee waiver eligibility. These include: 1) a signed tax return, 2) W-2 forms, 3) notarized statement of income from the student, 4) food stamp authorization, 5) evidence of consistent student attendance and satisfactory progress for one full trimester as determined by school administration, or 6) an existing M-DCPS employee in an approved program (applicable for fee waivers only).

¹⁷ At the time of the fraudulent incident, which happened during the 2013-2014 Term 1, the Financial Aid Officer was the only person involved in the fee waiver process, and her own fee waiver was not signed or approved by an administrator.

- 4.2. Assign staff to conduct an immediate review of financial aid records; ensure that all documents are properly executed and filed in the folders; and all folders are properly secured and accounted for.
- 4.3. Designate an administrator to review and approve all DFAP/Fee Waiver applications and supervise the Financial Aid Office.
- 4.4. Ensure that staff assigned to the financial aid process understands and consistently adheres to financial aid policies and procedures established by the District.
- 4.5. Direct the assigned administrator to periodically meet with the Financial Aid Officer to review the financial aid activity/documents and update/report to the Principal/designee any discrepancies for immediate corrective action.
- 4.6. Implement a consistent procedure for filing forms/documentation and maintaining student financial aid folders and records up-to-date.
- 4.7. Use up-to-date official forms to ensure consistency in the folder documentation and completeness of information.

Person(s) Responsible:

**Principal, Vice Principal and
Financial Aid Officer**

Management Response:

In order to address the matter of the fraudulent fee waiver, the Principal reported the incident to the proper authorities. An investigation has been conducted and further administrative action is pending. A new staff member has been hired as Financial Aid Officer and is currently being trained. Additionally, the Vice Principal has been assigned to review and authorize all fee waiver applications as well as supervise the Financial Aid Officer. The Principal, Vice Principal, Financial Aid Officer and the Business Manager will meet with district administrators to review all financial aid/fee waiver processes. The Vice Principal will meet with the Financial Aid Officer monthly to review activity for the month and report to the Principal. A checklist will be created to ensure all required documentation is proper and included in the students' folders. A new filing procedure will also be implemented in order to ensure that all student folders are readily available and accessible.

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

Management Response:

- The Principal will consult with District staff to ensure compliance with all guidelines found in the Financial Aid Handbook. Site reviews will be conducted by the District Director each trimester to prevent recurrence of the audit exception.
- An investigation has been conducted and further administrative is still pending.
- A new staff member has been hired as Financial Aid Officer and is undergoing training.
- The Vice Principal will meet with the Financial Aid Officer(s) on a monthly basis to ensure that all documentation is appropriate.

It is expected that the corrective actions will address internal control of the Financial Aid office and will prevent the recurrence of the exceptions. School Operations' staff will continue to monitor and provide assistance to make certain that all guidelines are being observed.

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

Management Response:

Refer to page 41 of this report and page 119 in the report's Appendix Section for School Operations administration's comprehensive response addressing the recommendations to the school findings of Robert Morgan Educational Center (adult education center).

**5. Inadequate Controls
Over Yearbook Sales
(Robert Morgan Educational Center- Senior High School)**

Section IV, Chapter 6 of the *Manual of Internal Fund Accounting* establishes the procedures over the yearbook activity. According to these procedures, the responsibility for maintaining the yearbook documents rests with the yearbook sponsor. At year-end, the sponsor must submit to the treasurer all related yearbook records, which must be maintained on file at the school for audit purposes. Yearbooks given as complimentary must be documented via the Complimentary Items-Recipient(s) [FM-6679] by affixing the signatures of the recipients. Also, pursuant to Board Policy, the yearbook should be sold as close to cost as possible.

A similar condition was reported in the prior audit regarding the yearbook activity for the 2010-2011 fiscal year.

This audit covered the two-year period ended June 30, 2013. For the 2012-2013 fiscal year, although some of the conditions noted in the previous audit were corrected, the following requires the attention of the school administration:

- 5.1. The school ordered 500 yearbooks; however, only sold 336 for a leftover balance of 164 books or 33% of total books ordered. Of this total, 134 remained unsold at year-end with a cost of approximately \$6,800. The remaining 30 books were given away as complimentary.

We analyzed the sales activity for the two-year audit period to determine the reason for the significant decrease in sales in 2012-2013. Results are summarized in the following table:

Fiscal Year	No. Ordered	Unsold	Complimentary	On-Campus Sales	On-Line Sales
2011-2012	470	20	28	198	224
2012-2013	500	134	30	241	95
Increase/(Decrease) in On-Line and On-Campus Yearbook Sales				43	(129)

We noted that in 2012-2013, on-lines sales decreased significantly by almost 130 books. Regarding on-campus sales, although they increased by 43 books, we noted there were no sales on-campus between October 2012 and January 2013 period. We discussed this issue with the yearbook sponsor and school administration to apprise them of the situation and for them to take corrective action.

- 5.2. During both fiscal years, yearbooks were offered to students at \$60. Based on the final yearbook invoice, we found that the sales price in 2012-2013 continued to exceed the cost of the book by approximately \$10.

- 5.3. The distribution of complimentary yearbooks was not properly documented in that not all signatures were affixed.

For the 2013-2014 fiscal year, the school had lowered the yearbook order to 400. As of January 31, 2014, according to the school, they plan to further reduce the order to 350; and as of this specific date, they have sold 313 yearbooks (178 books on-line and 135 books on-campus).

RECOMMENDATIONS

- 5.1. **Periodically meet with the yearbook sponsor to monitor the health and well-being of the activity and to make adjustments, as needed.**
- 5.2. **Discuss on-line sales expectations with the yearbook vendor and monitor the activity to ensure that the vendor is actively selling books throughout the year.**
- 5.3. **Ensure that books given away as complimentary are properly signed for and documented.**
- 5.4. **Going forward, revisit the selling price of the yearbook to ensure that it is close to cost as possible.**

Person(s) Responsible:

**Principal, Assistant Principal,
Treasurer and Yearbook Sponsor**

Management Response:

On August 20, 2013, the Principal in cooperation with the Assistant Principal, Activities Director and Treasurer met with the Yearbook Sponsor to review yearbook procedures with specific focus on overall sales, documentation and distribution of complimentary yearbooks, as well as sales price, to review previously completed yearbook documents and come up with an overall strategy. The Treasurer also met with the yearbook vendor in September 2013 to discuss possible marketing promotions and reduction of the bid in view of Robert Morgan's sales history.

As a result of these efforts, the Principal and Assistant Principal meet monthly with the Yearbook Sponsor and Treasurer to review sales, marketing efforts, and deadlines. As part of our sales efforts, yearbooks have been advertised and available for sale at all school events.

Adjustments in the total number of yearbooks have been made. Follow up communications with the vendor in December 2013 and January 2014 resulted in further lowering our original bid.

Procedures have been reviewed regarding complimentary documentation and tighter controls on distribution have been implemented. To this end, the sales price will be closer to our final cost than in previous years.

A multifaceted system of controls has been implemented at the school going forward to monitor the health and well-being this activity.

Person(s) Responsible: **South Region Office Administration**

Management Response:

The South Region Office Financial/Business Operations Director instructed the Principal to thoroughly review Section IV, Chapter 6 of the Manual of Internal Fund Accounting.

The Financial/Business Operations Director instructed the Principal to closely monitor yearbook sales. Additionally, based on the 2011-2012 and 2012-2013 yearbook sales, the Principal and the Administrative Director will confer and discuss yearbook bid stipulations and procedures prior to making and signing the contract for the 2014-2015 school year.

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

Management Response:

Refer to page 41 of this report and page 119 in the report's Appendix Section for School Operations administration's comprehensive response addressing the recommendations to the school findings of Robert Morgan Educational Center (senior high school).

**6. Yearbook Activity
Not In Compliance
Miami Sunset Senior**

Section IV, Chapter 6 of the *Manual of Internal Fund Accounting*, establishes that the purchase of yearbooks by students is entirely optional. School Board Policy 6152 *Student Fees* establishes the guidelines regarding the fees to be charged to students for yearbooks. In senior high schools, the sales price should be as near the average cost of the yearbook as possible. The yearbook activity must be sponsored by the school with a faculty adviser/sponsor designated to oversee the production and sales activity, and ascertain that it is conducted in accordance with prescribed policies and procedures. The publishing costs for the yearbook are mainly financed by the sale of the yearbooks and advertising. In addition, regarding the number of books to be ordered, guidelines state that the yearbook sponsor is to review the yearbook order from the prior year and number of books sold before specifying the number of copies to order in the next year's bid.

The following discrepancies were noted during the review of the 2012-2013 yearbook activity:

- 6.1. The school ordered 550 yearbooks during the 2012-2013 fiscal year; however, the school only sold 365 including on-line yearbook sales. Of the total ordered, the school set aside 15 books to give away as complimentary for yearbook staff's use as well as for judging purposes; thus lowering the leftover balance of unsold books to 170, or 31% of total books ordered. The cost of the unsold books was approximately \$9,500. We physically verified that 149 yearbooks were on hand. According to the school, 21 yearbooks were given to staff members after the closing of the fiscal year; however, a complimentary list was not evident at the time of the audit. A complimentary list was prepared at the request of the auditor.

We reviewed the 2013-2014 yearbook bid and noted that the school had ordered 500 yearbooks; however, as of January 2014, only 164 yearbooks had been sold. During the audit, the school reduced the number of yearbooks ordered to 350.

- 6.2. The final payment for the yearbook invoice totaling \$13,326 was made in October 2013. We noted at the end of the 2012-2013 fiscal year, the yearbook account carried a balance of only \$6,927. Had the invoice been paid in June 2013, the yearbook account would have closed with a negative balance of \$6,399. According to the yearbook sponsor, payment was delayed because a credit for yearbooks that the school had returned to vendor was pending.
- 6.3. The June 2013 Monthly Operating Reports and Distribution Report contained errors.

The school had on-line sales using the yearbook publisher's website and only 13 were sold. Contrary to the procedures listed in the Addendum to the Yearbook Contract for on-line sales, these sales were not reported in the Monthly Operating Reports.

- 6.4. Yearbooks were offered to students at different prices during the year. Prices ranged between \$50 and \$75. We compared average unit sales prices against unit cost and noted that the book's average sales price of \$62.50 was above cost, which we calculated at approximately \$56.

RECOMMENDATIONS

- 6.1. **Ensure that staff understands and adheres to the procedures for completing yearbook reports, and for maintaining on file complete documentation related to the activity.**
- 6.2. **Order yearbooks in quantities which are commensurate with student demand. We also recommend the principal to periodically monitor the yearbook sales campaign to ensure that efforts are being made throughout the year to promote the yearbook to the students.**
- 6.3. **Yearbook invoice should be paid within the school year and in a timely basis. Funds should be available.**
- 6.4. **Ensure that the yearbooks' per unit cost is properly estimated to charge students as close to cost as possible.**

Person(s) Responsible:

**Principal, Assistant Principal,
Yearbook Sponsor and Treasurer**

Management Response:

On February 12, 2014, the Principal met with the Assistant Principal, Treasurer, and Yearbook Sponsor to review Section IV, Chapter 6 of the *Manual of Internal Fund Accounting*. The Principal, Assistant Principal, and Yearbook Sponsor, reviewed previously completed yearbook documents in reference to sales, prices, and changes made regarding the reduction in the number of yearbooks to be sold in order to ensure future compliance with District policies and procedures relative to the yearbook activity. Announcements, Connect Ed messages, and additional campaigning opportunities are being sought to promote yearbook sales of the 2013-2014 yearbook.

The Principal and Assistant Principal will monitor the Monthly Operating Reports and Distribution Reports closer to ensure that no errors are present. The actual sale price of the yearbook, at any given time, will not be lower than the price of the bid. Any on-line sales will be noted on the monthly operating report. The final payment for the yearbook

invoice will be made at the closing of the fiscal year and not be delayed. The balance of the yearbook account will not reflect a negative balance.

Person(s) Responsible:

South Region Office Administration

Management Response:

The South Region Center Financial/Business Operations Director instructed the Principal to closely monitor yearbook activity. Additionally, based on the 2012-2013 and current yearbook sales, the Principal and the Administrative Director will confer and discuss yearbook bid stipulations and procedures prior to making and signing the contract for the 2014-2015 school year.

The Principal has been directed to meet monthly with the Yearbook Sponsor to review that Monthly Operating Reports are prepared accurately and timely.

The Principal has been directed to ensure that the Yearbook invoice is paid in a timely basis.

Person(s) Responsible:

School Operations Administration

Management Response:

Refer to page 41 of this report and page 119 in the report's Appendix Section for School Operations administration's comprehensive response addressing the recommendations to the school findings of Miami Sunset Senior High School.

**7. Inadequate Controls
Over The Bookkeeping Function
Disclosed Posting Delays
And Other Discrepancies
*Sunset Elementary***

Section II and Section V of the *Manual of Internal Fund Accounting* establish the guidelines for the posting of transactions to the automated system related to the checking account and any savings or investment account(s) of the school. These transactions relate to the recording of interest, bank charges/credits, and similar transactions associated with the checking account. The guidelines also require that a checkbook running balance, reflected on the checkbook stubs, be maintained. The *Manual* also delineates timelines that must be observed when processing school checks that remain outstanding in the bank reconciliations for a period of time (three months or more), as well as checks collected from parent/guardians and returned by the bank due to insufficient funds (otherwise referred to as NSF checks).

Our review of financial records, which included all of the bank reconciliations corresponding to the 2012-2013 fiscal year disclosed delays in the posting of transactions and errors in the bookkeeping of the funds. These discrepancies happened during the former treasurer's tenure between August 2012 and June 2013. This individual worked for several years in the school system; however, this was the first time that she had performed the duties of a bookkeeper. Although transaction discrepancies and posting delays were evident, it appears they were the result of a lack of bookkeeping experience, since nothing came to our attention to indicate misappropriation of funds. At the present time, this individual continues working at the school in a clerical capacity; however, she no longer handles the bookkeeping function of the internal funds of the school.

Our review of the monthly bank reconciliations disclosed a variety of adjusting entries, some of which resulted from bookkeeping errors, while others represented bank charges, bank credits, or checks issued by the school that were not posted in a timely manner. Posting delays ranged between one and five months. Some of the adjustments carried in the bank reconciliations for several months corresponded to NSF checks received from parents/guardians as well as the associated bank service fees that were not timely processed in the system, or not properly documented in the log of NSF checks on file at the school. In addition, we noted that school checks listed as outstanding in the monthly bank reconciliations were not being cleared in a timely manner. We also noted that the former treasurer did not maintain a running checkbook balance from November 2012 to June 2013.

Regarding NSF checks, the school was unable to collect approximately \$600 from parents/guardians. This amount included the associated bank fees charged to the school for the handling NSF checks.

We extended our review to the most current bank reconciliation in 2013-2014 fiscal year, under the tenure of a new bookkeeper, and noted that adjustments were posted in a timely manner, and those listed were not the result of posting errors or adjustment carry-overs from prior periods.

RECOMMENDATIONS

- 7.1. Review the monthly reconciliations with the Treasurer to discuss any adjustments in the reconciliation for understanding, and to ensure they are processed and cleared from the reconciliation in a timely manner.**
- 7.2. Direct the new Treasurer to maintain a running checkbook balance and periodically review the checkbook to ensure it is done.**
- 7.3. Regarding NSF checks, review the guidelines with appropriate staff to ensure understanding and awareness of the process and the timelines to collect these funds; thus preventing similar losses of revenue in the future.**

Person(s) Responsible: **Principal, Designated Assistant Principal, Treasurer, Community School Manager and Specialist**

Management Response:

All responsible personnel were instructed to conform to the recommendations provided by the Office of Management and Compliance Audits. The following corrective actions have been implemented immediately in order to ensure compliance with the *Manual of Internal Fund Accounting*.

Principal will meet with the bookkeeper periodically once he meets with the school's Business Manager and completes the end of month reconciliation. Additionally, to further assist the new Treasurer, the Principal has established a weekly Wednesday meeting to discuss all financial matters.

The Principal directed the new Treasurer to maintain a running checkbook balance since his September 15, 2013 start date. Principal periodically reviews the checkbook to ensure a running balance is being maintained.

Principal will continue to review the NSF guidelines with appropriate staff, primarily the bookkeeper. Upon receipt of an NSF bank notice, the Treasurer will continue to initiate a Notice of Returned Checks, FM-5536. In addition, the Principal has directed the Treasurer and/or Community School Specialist, as may apply, to complete a weekly follow-up courtesy call until the NSF payment and related bank charges are received, effective January 8, 2014. A log of these follow up phone calls is maintained on file. Principal designated an Assistant Principal to assist and work with the new Treasurer to

continue to monitor and process NSF checks in a timely manner, effective February 13, 2014. Principal advised all related staff at the opening of the 2013-2014 school year that payment methods would begin to transition to cash and money order payments only at the end of the school year. Effective April 1, 2014, payment methods will include cash and money orders, only. Parents will receive written notification of change beginning March 3, 2014.

Person(s) Responsible: **Central Region Office Administration**

Management Response:

- The Central Region Office Financial/Business Operations Administrative Director will review internal funds records periodically throughout the school year to ensure compliance with the Manual of Internal Fund Accounting.
- The Central Region Office Financial/Business Operations Administrative Director will direct the Principal to attend financial training workshops to help successfully monitor funds.

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

Management Response:

Refer to page 41 of this report and page 119 in the report's Appendix Section for School Operations administration's comprehensive response addressing the recommendations to the school findings of Sunset Elementary School.

**8. Inadequate Recordkeeping And Deficiencies In Pre-Kindergarten Program's Collection Process
*Sunset Elementary***

A Memorandum from the Division of Early Childhood Programs and the *Early Childhood Education Policies and Procedures Manual* establish the guidelines and procedures to follow when implementing Enrichment (fee-paying) Pre-Kindergarten (Pre-K) programs. Pursuant to established policy, school staff in charge of the fee collection process must receipt and deposit all fees, as well as maintain records of payments in the registration cards, following the guidelines in Section II, Chapters 2 and 3 of the *Manual of Internal Fund Accounting* (since the collections are processed through the internal funds of the school).

The program operates based on a fee schedule approved by the District detailing the daily, bi-weekly and monthly charges for providing services. All fees collected for services rendered must be properly receipted in an official teacher receipt; and the receipt number and date, service period, total amount due and paid, and any applicable comments must be recorded in the student registration card which must be maintained and filed as part of the documentation of the program.

Additionally, staff in charge of managing the program is responsible for periodically reviewing the payments and student registration cards to ensure that fees are paid according to schedule and postings are up-to-date in the student registration cards.

During the 2012-2013 fiscal year the Pre-Kindergarten Fee-Paying Program generated total revenues of approximately \$38,000. During 2013-2014 fiscal year up until November 2013, the school had collected close to \$18,000. This is a relatively small fee-paying program since only 21 students were enrolled in the Pre-K program during 2012-2013 fiscal year. For the 2013-2014 fiscal year, as of November 2013, only 20 students participated in the program. *During the 2012-2013 fiscal year, the former treasurer was the individual responsible for the collection of Pre-K fees and recordkeeping of the student payments on the student registration cards.*

Our review of the Pre-K program records for the 2012-2013 fiscal year and the 2013-2014 fiscal year up until November 2013 disclosed various discrepancies in the recordkeeping and documentation supporting the collection of fees. For the 2012-2013 fiscal year, we found that records were missing or incomplete and the transmittal of fees to the District was not conducted in a timely manner. Based on student participation, we calculated the level of revenues generated by this program and identified unfavorable shortfalls of approximately \$5,400 and \$700 during the 2012-2013 and 2013-2014 fiscal years, respectively. Based on our review of the student registration cards and inquiries with school staff and administration, it appears that the shortfall resulted from school staff not enforcing the payment schedule, since nothing came to our attention during our review to indicate that the shortfall was due to misappropriation of funds.

For the 2012-2013 fiscal year, our review of student registration cards disclosed that they were not properly completed or not signed by the Principal/Designee, and one registration card was not on file at the school during our visit. Upon our inquiries, the former bookkeeper stated that for the 2012-2013 fiscal year, she was responsible for accepting payments from the parents/guardians; however, was not aware that she had to record the payment information on the registration cards or enforce the payment schedule. We also noted that there was no administrator assigned to oversee the collection of funds; and no documentation on file to indicate efforts from the school to collect unpaid fees. Regarding the operation of the program, 100% of the monthly fees collected by the school were submitted to the District as required by program procedures. However, our review disclosed that during 2012-2013 fiscal year the school did not submit those to the District in a timely manner. Similarly, the former bookkeeper claimed that she was not aware that she was required to submit the funds pursuant to a set timetable.

For the 2013-2014 fiscal year records (up to November 2013), we scanned through the registration cards and noted that, contrary to the prior year, the cards listed payment information. At the time of the visit, we selected a sample of collections receipted between August 2013 and November 2013 and compared it to the information recorded in the registration cards. We found that, for the sample selected, the payment information recorded in the cards *was not up-to-date*.

Once we brought these matters to the attention of the school administration, fees totaling approximately \$4,000 for both years combined were collected from the parents/guardians of the associated program participants, leaving an outstanding balance of approximately \$1,900. Similar analysis of the cards and payment information for the program corresponding to the 2011-2012 fiscal year did not disclose monetary discrepancies.

RECOMMENDATIONS

- 8.1. Assign an administrator to oversee the program.**
- 8.2. Discuss payment recordkeeping procedures with appropriate staff to ensure awareness and understanding of the records that must be maintained and how they should be maintained.**
- 8.3. Enforce the schedule for collecting payments and timely follow up in those instances where parents are not making payments in a timely manner. Document instances of non-payment.**
- 8.4. Going forward, ensure that the Treasurer processes monthly transmittal of fees to the District in a timely manner.**

8.5. Direct the administrator overseeing the program to conduct periodic reviews of the cards to ensure that payments and related information are being posted on a regular basis.

Person(s) Responsible: Principal, Designated Assistant Principal and Treasurer

Management Response:

All responsible personnel were instructed to conform to the recommendations provided by the Office of Management and Compliance Audits. The following corrective actions have been implemented immediately in order to ensure compliance with all Fee-Supported Prekindergarten Enrichment Program Fiscal Responsibility Procedures and Guidelines.

On January 31, 2014, Principal assigned an Assistant Principal to oversee the program. Principal discusses and reviews recordkeeping procedures regularly with appropriate staff to ensure awareness and understanding of the records that must be maintained and how they should be maintained. On November 26, 2013, the Principal directed the new Treasurer to record all payment due dates in his calendar and contact parents immediately when/if a payment is not made on time. A log of these parent contacts is maintained on file. On December 2, 2014, the Treasurer met with staff from the Office of Early Childhood Programs to review all financial procedures for the Fee-Supported Prekindergarten Enrichment Program. On February 7, 2014, the Principal again provided all appropriate staff Registration Procedures/Guidelines for the VPK Program in Fee-Supported Non-Title I Schools documents with related Weekly Bulletin #15243. The new Treasurer has maintained accurate and timely records, as well as collected payments in a timely manner for the 2013-2014 school year.

The new Treasurer has processed and forwarded all monthly transmittal of fees to the District in a timely manner for the 2013-2014 school year. He maintains PK records and payment documentation in an organized manner.

The Principal has directed the designated Assistant Principal to conduct periodic reviews of the cards to ensure that payments continue to be collected, posted and recorded on a daily basis. The Principal is scheduled to meet with the designated Assistant Principal and the Treasurer on Wednesday, February 19, 2014, to review all required procedures and set a timeline for the designated Assistant Principal to periodically meet with the Treasurer to review cards and the status of all related financial procedures.

Person(s) Responsible:

Central Region Office Administration

Management Response:

- The Central Region Office Financial/Business Operations Administrative Director will request mini-reviews to ensure compliance with Pre-Kindergarten Program.

Person(s) Responsible:

School Operations Administration

Management Response:

Refer to page 41 of this report and page 119 in the report's Appendix Section for School Operations administration's comprehensive response addressing the recommendations to the school findings of Sunset Elementary School.

**9. Follow-Up To Prior Audit
Continued To Disclose Non-Compliance
With Certain Recordkeeping
Procedures
*Frank C. Martin K-8 Center***

According to Section V, Chapter 1 of the *Manual of Internal Fund Accounting*, at the end of each fiscal year, the school must complete an accurate inventory of prenumbered forms and file the report with the internal funds records of the school. Prenumbered forms comprise all official forms used by the school to receipt collections.

*A situation similar to what follows was discussed with the former and current school administration during the prior **three** audits and the matter remains uncorrected.* This year, our review found that the inventory of prenumbered Forms report continued to disclose errors. This required the auditor to conduct a verification of 100 percent of the forms listed in the report. At present, the school has in inventory over 100 official teacher receipt books, as well as a number of fee receipts and school checks. At schools such as this, where there is significant collection activity, teacher official receipt books, which are the receipt books used to receipt collections at the school site, comprise the majority of the official forms in inventory.

M-DCPS Weekly Briefing No. 5164, dated November 6, 2008 delineates the current procedures for safeguarding schools' funds. These procedures include utilization of the Collections/Deposits form [FM-7249] to ensure that the school maintains proper custody and control over monies left overnight at the school awaiting deposit.

We reviewed a limited sample of deposits and continued to identify some instances in our sample where the "Collections/Deposits Log" was not used by staff to report collections placed in the safe area waiting to be deposited the next day.

RECOMMENDATIONS

- 9.1. Review the prenumbered forms inventory with staff before filing to ensure its accuracy.**
- 9.2. Enforce proper utilization of the Collections/Deposits Log and ensure that all collections are properly safeguarded.**

Person(s) Responsible: **Principal, Treasurer, Assistant Principal,
After School Care Clerk and Principal's Secretary**

Management Response:

In review of the findings and recommendations reported, the current administration has taken immediate action to enforce proper procedures and ensure compliance with the expectations of the District.

On January 21, 2014 the principal met with the Treasurer and After School Care clerk to review the current use of prenumbered forms and to determine appropriate corrective action. Future collections for dues/fees will be strictly handled by the Treasurer. This practice will minimize the number of official teacher receipt books in circulation throughout the school year. Designated receipt books will be signed in and out daily with teachers, on an as needed basis, for the purpose of collection for fieldtrips. This practice will allow for the daily review of receipt books and accuracy in recording used receipt numbers. The Treasurer will be responsible for the proper recording of used receipts daily to better manage correct record keeping. Annual review of the prenumbered inventory forms will take place with the administrator and treasurer over a course of three days. The items will be reviewed by each individual separately and then together, in a side by side review of the inventory form versus the receipt books to ensure accuracy. Additionally, the items will be thoroughly reviewed by the team of an administrator and treasurer of an alternate school location to ensure accuracy prior to filing.

On January 17, 2014 the principal reviewed the proper utilization of the Collections/Deposits Log with the responsible persons and provided the procedures in writing to ensure future compliance. Logs will be maintained in a designated binder, organized by month, to provide immediate accessibility so that signatures of required personnel may be secured. These procedures will be monitored daily by the principal and/or designee. On the day of armored car service, all funds will remain locked in a safe place under proper supervision awaiting delivery to the bank. Funds will be received directly from the treasurer or After School Care clerk, depending upon availability. Additionally, the Principal Secretary has been identified as the alternate person responsible for the proper collection and securing of funds in the absence of the Treasurer.

Person(s) Responsible:

South Region Office Administration

Management Response:

The South Region Office Financial/Business Operations Director instructed the Principal to thoroughly review M-DCPS Weekly Briefing No. 5164 and establish a systematic plan to follow to ensure the proper safeguarding of the schools' funds.

The Financial/Business Director will meet with the Principal each semester to review the Collections/Deposits form (FM-7249) and ensure the proper utilization of the form.

Person(s) Responsible:

School Operations Administration

Management Response:

Refer to page 41 of this report and page 119 in the report's Appendix Section for School Operations administration's comprehensive response addressing the recommendations to the school findings of Frank C. Martin K-8 Center.

**10. Inadequate Recordkeeping
And Documenting Of Payroll
Attendance
*Frank C. Martin K-8 Center***

The *Payroll Processing Procedures Manual* and *Payroll Highlights* published by the Payroll Department establish the procedures for documenting, recording and reporting the payroll. According to the *Manual*, the Daily Payroll Attendance Sheet is one of the most important documents in the payroll process. Accordingly, its accuracy and completeness are of paramount importance to school site administration that would customarily rely on this document to certify that the payroll information being reported is correct.

Procedures require that part-time and full-time employees reflect their attendance in the attendance rosters by noting their initials (full-time) or the time in/out (part-time).

Similar payroll issues were discussed in the prior audit report. These issues regarding the condition of hourly payroll require attention of the school administration.

At this school, the Principal supervises and approves the payroll. As a follow up to prior audit results, we reviewed the Daily Payroll Attendance Sheets for three pay periods from November 2013 to January 2014 and the pay period in effect at the time of the audit visit in January 2014. We noted deficiencies, specifically in the payroll records of part-time employees. They are as follows:

- 10.1. During our initial observations of payroll sign-in procedures, we noticed that several part-time employees who were at work or had worked, had not signed in or out on the Daily Payroll Attendance Sheets. We observed this condition for the payroll in effect during the visit (a total of 17 instances for 12 employees).

We similarly observed instances where part-time *employees had signed in/out on the rosters ahead of their scheduled time* (a total of 7 instances for 6 employees that signed ahead of time).

- 10.2. The payroll clerk signed ahead of time on behalf of some of the part-time employees during the process of preparing an 'anticipated' payroll¹⁸. Also, Daily Payroll Attendance Sheets were filed away by the payroll clerk during the last day of the pay period; therefore, the employees working the afternoon shift were not always able to sign in and/or out.

¹⁸ An anticipated payroll takes place when, due to an upcoming holiday/event/deadline of the District, the payroll information must be entered in the system and reported before the completion of the pay period.

RECOMMENDATIONS

- 10.1. Review with staff and administration payroll procedures and the proper documentation of payroll hours, especially part-time employees.
- 10.2. Strengthen the overall review of payroll to ensure the accuracy, completeness and propriety of the payroll reported.
- 10.3. Periodically review the sign in sheets of staff and hourly paid employees to ensure that employees are signing in/out in a timely manner. The payroll clerk should not be signing in/out on behalf of other employees.
- 10.4. The original Payroll Attendance Sheets should not be used to project employee hours; instead, a working copy should be used while the original is placed back on for the employees to sign.

Person(s) Responsible: Principal, Assistant Principal and Payroll Clerk

Management Response:

In review of the findings and recommendations reported, the current administration will take immediate action to enforce proper procedures and ensure compliance with the expectations of the District.

Specifically, the Principal established a procedure of reviewing the Daily Payroll Attendance Sheets in order to ensure the accuracy, completeness and propriety of the payroll reported. All payroll sheets will be randomly reviewed by an Assistant Principal and/or the Payroll Clerk after the start of the regular work day and at various times throughout the day. Employees will be notified immediately via email should a discrepancy in procedure be found. Additionally, employees will be notified via memorandum in the event that discrepancies are noted during biweekly payroll processing. A Payroll Discrepancy binder is being maintained to determine and record the frequency of repeated discrepancies.

The Principal met with the Payroll Clerk on January 17, 2014 and directed her to use a working copy of the Payroll Attendance Sheets when processing anticipated payroll, allowing for the original sheets to be returned to their designated areas.

On January 21, 2014 the Principal met with the Cafeteria Manager, Payroll Clerk and Principal Secretary, in order to ensure the adequate recordkeeping, documenting, and reporting of payroll. On the same date, during a scheduled faculty meeting, the principal reviewed and addressed proper payroll procedures regarding daily attendance signing in/out.

On January 23, 2014 a school-wide email was issued to all faculty and staff explicitly describing the expected procedures for signing in/out.

Person(s) Responsible:

South Region Office Administration

Management Response:

The South Region Office Financial/Business Operations Director instructed the Principal to thoroughly review the Payroll Processing Procedures Manual and develop a systematic approach for properly maintaining payroll procedures. This will include a plan for reviewing the Payroll Sign-in Rosters and the monitoring of the hourly sign-in on the Daily Payroll Attendance Sheet.

The Financial/Business Operations Director will conduct quarterly site-reviews to ensure compliance with all the guidelines found in the Payroll Processing Procedures Manual to make sure that the daily and hourly payrolls are accurate.

Person(s) Responsible:

School Operations Administration

Management Response:

Refer to page 41 of this report and page 119 in the report's Appendix Section for School Operations administration's comprehensive response addressing the recommendations to the school findings of Frank C. Martin K-8 Center.

**11. Inadequate Recordkeeping,
Documenting And
Reporting Of Payroll
*Horace Mann Middle***

The *Payroll Processing Procedures Manual* and *Payroll Highlights* published by the Payroll Department establish the procedures for documenting, recording and reporting the payroll. According to the *Manual*, the Daily Payroll Attendance Sheet is one of the most important documents in the payroll process. Accordingly, its accuracy and completeness are of paramount importance to school site administration that would customarily rely on this document to certify that the payroll information being reported is correct.

General payroll procedures require that part-time and full-time employees reflect their attendance in the attendance rosters by noting their initials (full-time) or the time in/out (part-time).

Regarding leave, full-time employees must complete leave cards to support the leave taken; and the leave cards must be signed by the employee and an administrator. In the event of temporary duty leave, a leave card must be filed if a full-time teacher requires substitute coverage. In those instances where a full-time teacher is present at the school and substitute coverage is required, a memorandum of explanation justifying the reason for the substitute coverage is required.

At this school, the Principal supervises and approves the payroll. We reviewed three payrolls reported in September, October and November 2013 and noted the following discrepancies:

- 11.1. In 49 instances, full-time and part-time employees did not indicate their attendance on the Daily Payroll Attendance Sheets and were paid. Most of these instances occurred on the last day of the pay period. According to the Principal, the employees were present on the days in question.
- 11.2. Our review of the Daily Payroll Attendance Sheets in effect at the time of the audit visit disclosed some instances where *hourly-paid employees had signed in/out on the rosters ahead of their scheduled time or for days in advance.*
- 11.3. One hourly-paid cafeteria employee was erroneously overpaid 27 hours over three pay periods. *At the request of the internal auditor, the school contacted the Payroll Department and payroll deductions were made to return the overpayment to the District. In addition, another employee was reported present while on leave and a payroll correction was made during the audit.*
- 11.4. Pencil was used to complete the absent employee's name and number on the *Temporary Instructors and Paraprofessional Substitutes' Daily Payroll Attendance Sheets.* Furthermore, their attendance box was not always

completed to indicate the employee's presence, and the payroll's funding structure was not always indicated .

- 11.5. In four instances, leave cards were not signed by the administrator in charge of approving the payroll or the leave card was not evident.

RECOMMENDATIONS

To ensure that payroll is properly recorded, reported and documented, we make the following recommendations to the new Principal:

- 11.1. Review with staff the recording of attendance on the Daily Payroll Attendance Sheets, the proper documentation of payroll hours and completion of leave cards.**
- 11.2. Strengthen the overall review of payroll to ensure the accuracy, completeness and propriety of the payroll reported.**
- 11.3. Periodically review the sign in sheets of staff and hourly paid employees to ensure that employees are signing in/out in a timely manner.**

Person(s) Responsible:

Principal and Payroll Clerk

Management Response:

The faculty and staff were reminded of all payroll policies and procedures at our faculty meetings on January 26, 2014, and February 12, 2014. A memo was sent to staff members on February 12, 2014 addressing these payroll procedures. All payroll approvals will be done by the Principal, with the Payroll Clerk present. To approve payroll, the sign in sheet, printed roster, and leave cards will be simultaneously reviewed line by line to ensure accuracy. This process will validate the type of leave and correct any discrepancies with the leave cards and/or hourly employees hours rendered. The Payroll Clerk will register for additional training, as well as visit veteran Payroll Clerk with exceptional experience to serve as a mentor. The verification and approval process will be conducted by the Principal and Payroll Clerk to certify accuracy, and completeness. The sign in sheet will be periodically check the ensure all staff members are signing at the appropriate time, and all hourly employees are signing in when they arrive, and signing out when they leave. Employees that fail to comply with the corrective strategies will be documented for recording keeping.

Person(s) Responsible:

Central Region Office Administration

Management Response:

- The Central Region Office Financial/Business Operations Administrative Director will review the payroll process and procedure to ensure compliance with the payroll procedures.
- The Central Region Office Financial/Business Operations Administrative Director will assign a mentor principal to assist in ensuring compliance with payroll procedures.

Person(s) Responsible:

School Operations Administration

Management Response:

Refer to page 41 of this report and page 119 in the report's Appendix Section for School Operations administration's comprehensive response addressing the recommendations to the school findings of Horace Mann Middle School.

**12. Inadequate Controls Over Property Inventory Resulted In Loss Of Equipment
Horace Mann Middle**

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

At this school, the latest property inventory, which we conducted in October 2013, consisted of the physical verification of 368 property items with an individual cost of \$1,000 or more, for a total acquisition cost of \$823,064. Our physical verification of the property disclosed that of the 368 inventoried items, 17 items with an aggregate depreciated value of \$1,864 and an acquisition cost of \$31,921 could not be accounted for and are reported as “unlocated”. The breakdown of the “unlocated” equipment is as follows:

Type of Equipment	Qty.	Year Acquired	Acquisition Cost	Depreciated Value
Computers and peripherals	8	1988 - 2004	\$ 11,390	\$ 84
Other ¹⁹	9	1998 - 2006	20,531	1,780
Total	17		\$ 31,921	\$ 1,864

Based on our inquiries, it appears that most of the items in question were placed in a container that was inappropriately removed from the premises. The incident may have happened at the time the school was transitioning between principals during the summer.

RECOMMENDATIONS

- 12.1. Devise and implement an effective action plan for the safeguarding of assets and the management of property, and designate staff to carry out the plan.**

¹⁹ “Other” includes custodial equipment.

12.2. Ensure that the entire school staff, especially those in charge of property management, understand and are fully aware of the procedures for safeguarding and maintaining control over property.

12.3. Strengthen the monitoring and accounting of property, and conduct in-house property inventories periodically to identify discrepancies and resolve them in a timely manner.

Person(s) Responsible: **Principal, Assistant Principal and Media Specialist**

Management Response:

The property inventory and the safeguarding of items at Horace Mann Middle will be reviewed quarterly by the newly appointed Technology Manager (Media Specialist). The Technology Manager will conduct Mini Internal Property Audits every quarter to ensure the accurate locations of all listed items. The results of our mini-pre-audits will be sent to Dr. Jacques Bentolila, Administrative Director, three times a year. A memorandum will be sent to staff members on February 12, 2014 clarifying policies and procedures as it relates to school property and the removal of any item without prior approval. This concern has been addressed at faculty meetings and will be on the agendas regularly. Obsolete items that are listed on the Property Inventory List will be properly discarded, using the approved documentation with signatures from all parties involved. The request has been submitted to upgrade the security camera system at Horace Mann Middle, which will assist in monitoring the facility. There is a scheduled custodial Staff meeting on February 14, 2014 to review the procedures for discarding property and how they will assist the Technology Manager ensure complete accuracy.

Person(s) Responsible: **Central Region Office Administration**

Management Response:

- The Central Region Office Financial/Business Operations Administrative Director will require scheduled mini-pre-property reviews to ensure compliance with monitoring property.
- The Central Region Office Financial/Business Operations Administrative Director will assign a mentor principal to assist in ensuring compliance with property management.

Person(s) Responsible:

School Operations Administration

Management Response:

Refer to page 41 of this report and page 119 in the report's Appendix Section for School Operations administration's comprehensive response addressing the recommendations to the school findings of Horace Mann Middle School.

13. Ineffective Monitoring Of Title I Program Accounts Resulted In Payroll, Hourly And Non-Salary Accounts' Under-Utilization Of Funds
Hammocks Middle

Schools that received Title I funds were generally those where a significant percentage of the student population originated from low-income families. The Title I Administration Office distributes Title I funds according to a formula based on student participation in the free and reduced meals program at the school sites which varies every year, depending on available funding.

The school should make every effort to plan expenditures accordingly, in a timely fashion and within established budgeted amounts. Obligations made with Title I program funds not liquidated and the corresponding disbursement not made by the grant's liquidation date cannot be re-budgeted the following year. *Similarly, resources not utilized by the end of the year cannot be recaptured for future use, as these cannot be rolled over and re-budgeted for the following year. While funds should not be spent unnecessarily as identified in Section B of the Title I Administration Handbook, good budget planning and continuous monitoring of account balances are essential to ensure that precious funding resources are used to their maximum intended purpose.*

For the 2012-2013 fiscal year, this school received a total of \$230,611 in Title I Schoolwide program funds (Program 3545). Of this total, \$177,449 was budgeted for the procurement of goods and services, \$34,704 for Teacher Supplements, \$10,080 for Hourly Employees and \$1,387 for the Community Involvement Specialist (CIS) Overtime account. The remainder or \$6,991 was budgeted to cover expenditures associated with employee fringe benefits.

Our review of expenditures posted to the Schoolwide program disclosed that of the \$230,611 budgeted for the Title I expenditures cited above, the school only spent \$60,575 (26%), thus leaving a total of \$170,036 (74%) in the Schoolwide Title I program fund account unspent and unable to carry forward for the next fiscal year. Details follow:

- 13.1. The school had budgeted \$34,704 for six Teacher Supplements. As of June 30, the total budgeted amount remained unspent. Similarly, of the \$11,467 budgeted for Hourly Employees and the CIS overtime account, \$5,616 (48%) remained unspent at year end.
- 13.2. The school had budgeted \$177,449 for the procurement of goods and services. However, as of June 30, 2013, only \$53,815 of this total was spent by the school for a leftover balance of \$123,634.

During the audit, we found that the school administration had attempted to purchase 57 projectors with the leftover funds; however, this request was denied by the District because this equipment purchase was not allowed under current technology-related equipment procurement guidelines²⁰. We also noted that the request for the projectors was entered in the system on February 15, 2013, which was the deadline for spending Title I funds in the 2012-2013 fiscal year. Consequently, by the time the request was denied, the deadline had expired; and the school did not have any time left to use the unspent Title I funds.

- 13.3. We reviewed similar expenditures posted to the Title I accounts for the current fiscal year up to February 10, 2014 to determine whether the school had expedited their spending plan for the 2013-2014 fiscal year. We found that, of \$85,969 budgeted for the procurement of goods and services, the school has not spent \$53,496 (62%) and the deadline for spending Title I funds is February 14, 2014. In addition, the CIS hourly account has a budget of \$12,375 for the year; however, still shows a balance of \$9,062 (73%). The deadline for reporting payroll expenditures is June 30, 2014.

When we brought these matters to the attention of the Principal, she explained that currently, she was in the process of requesting approval from the Region and District to transfer funds from the Title I non-payroll and CIS Hourly accounts to the Title I Hourly payroll account to assist with the payroll of hourly teachers. Based on this information, it appears that the funds in question will be utilized by year-end.

RECOMMENDATION

13. **Develop appropriate spending plans for Title I program funds *early in the year* in order to maximize their use and periodically monitor the spending of title I Program funds to ensure funds are spent accordingly. Make sure that purchases are initiated in a timely manner, so that purchases can be processed within Title I deadlines.**

²⁰ On December 6, 2012, the District issued *Weekly Briefing (WB) #13045 Important Technical and Purchasing Information-Building a Pathway to the Future*, to establish new procurement guidelines for making technology purchases with budgeted funds. According to the *WB*, the District's priorities for spending funds from the issuance of a \$1.2 billion General Obligation (GO) Bond (approved in the November 2012 election) include not only the renovation/expansion of school facilities, but the furnishing and updating of current technology for the classrooms. Consequently, the use of budgeted funds to purchase current technology-related equipment has been restricted to desktops and laptops (with Regional Superintendent's approval) during the renovation and implementation process.

Person(s) Responsible:

Principal and Treasurer

Management Response:

In order to ensure that our Title I program funds are maximized and spent in a timely manner, a spending plan has been developed to ensure that program funds are spent accordingly. To accomplish this, a spreadsheet with our projected hourly expenditures and budgeted supplies needed for the year has already been created. It will be reviewed on a monthly basis, updated with the current balances each month, and revised, as necessary. This will ensure that all allocated funds are accurately expended in a timely manner.

The treasurer will print out all of the Title I budget accounts from SAP, on a monthly basis, and the principal and treasurer will review them together to ensure that all expenditures are on track with the projected budget.

The principal will initiate budget transfers to cover expenditures where initial budgeted amounts were not established or have already been expended. Throughout the year, additional transfers will be processed in order to avoid under-utilizing Title I funds.

Person(s) Responsible:

South Region Office Administration

Management Response:

The South Office Financial/Business Operations Director instructed the Principal to thoroughly review the Title I Administration Handbook.

The Financial/Business Operations Director will remind all Principals of the deadline by which requisitions must be approved for Title I funds.

Principals that have a negative Title I balance or a surplus will be contacted individually by the Financial/Business Operations Director.

Person(s) Responsible:

School Operations Administration

Management Response:

Refer to page 41 of this report and page 119 in the report's Appendix Section for School Operations administration's comprehensive response addressing the recommendations to the school findings of Hammocks Middle School.

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, 2012 and/or June 30, 2013, 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, 2011 through June 30, 2012 and/or July 1, 2012 through June 30, 2013 (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 2012-2013 fiscal year only. FTE audits covered the October 2013 survey period (2013-2014 survey period 2).

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, 2012 and June 30, 2013 was 0.54% and 0.50%, 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, 2012 and June 30, 2013, the MDCPS-Money Market Pool Fund's interest rate was 0.54% and 0.50%, 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. 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 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.

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 the 2013-2014 fiscal year, months selected by the FDOE for these surveys are as follows:

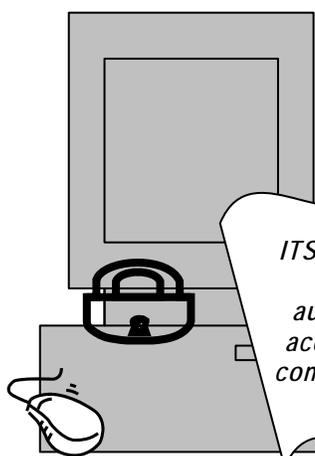
Survey Period No.	Time Period of Survey
1	July (Summer School only)
2	October
3	February
4	June (Summer School only)

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.

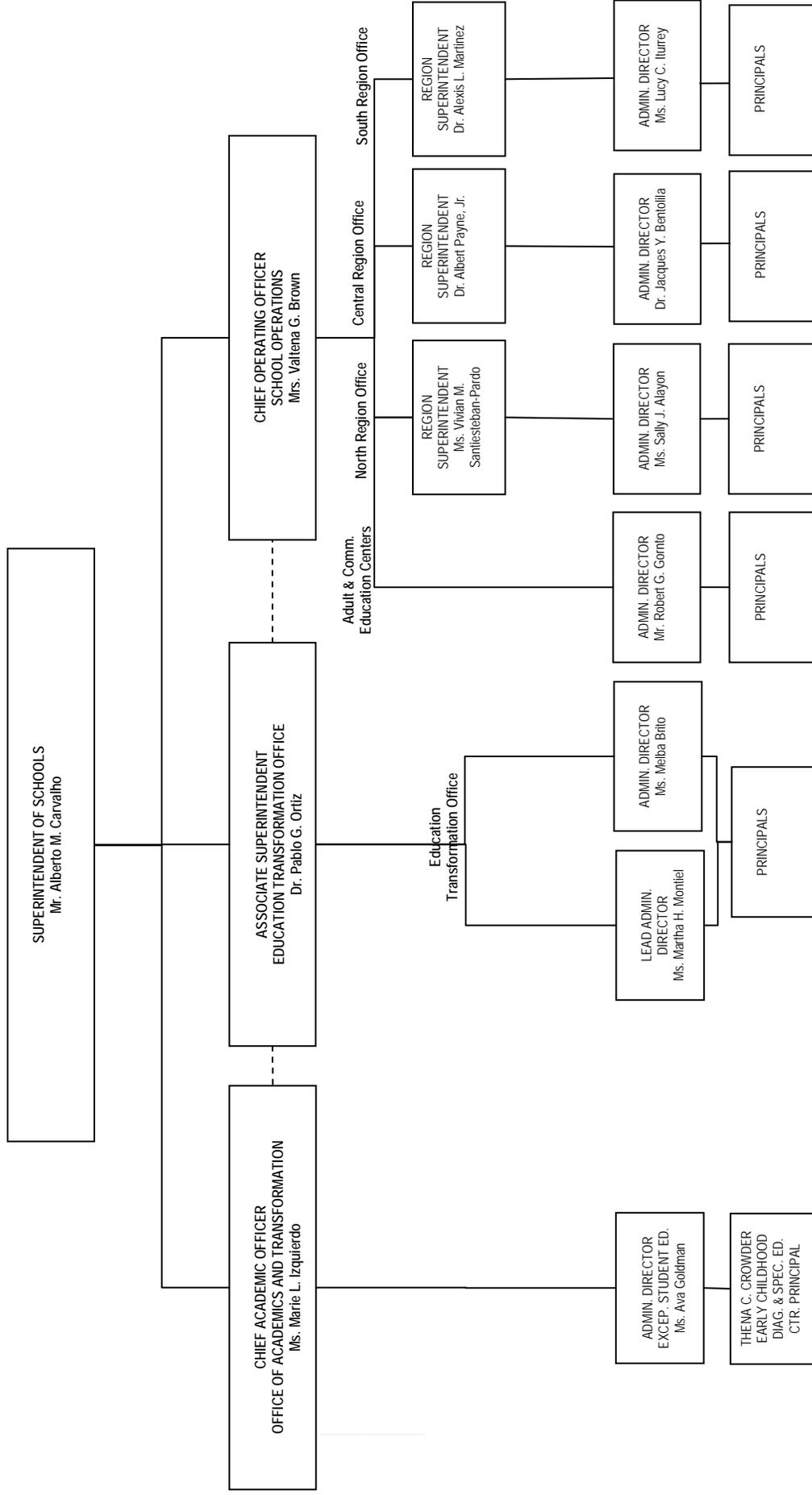
DATA SECURITY MANAGEMENT REPORT



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. For selected schools in this report, we reviewed this area as a follow up to conditions noted in the prior audit. In such cases, our purpose was to ensure that corrective action was implemented by the principals, and access to these computer applications was fully compliant with the guidelines.

PARTIAL ORGANIZATIONAL CHART (SCHOOLS)



**APPENDIX
MANAGEMENT'S RESPONSES**

MEMORANDUM

February 13, 2014

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

FROM: Dr. Marlene Leyte-Vidal, Principal 
Sunset Elementary School

**SUBJECT: ADMINISTRATIVE RESPONSE OF INTERNAL AUDIT REPORT OF
SUNSET ELEMENTARY SCHOOL FOR JULY 1, 2011 THROUGH JUNE
30, 2013**

The following is in response to the findings and recommendations made by the Office of Management and Compliance Audits for the internal audit of Sunset Elementary for the 2011-2012 and 2012-2013 school years.

RECOMMENDATIONS:

- 1.1. Review the monthly reconciliations with the Treasurer to discuss any adjustments in the reconciliation for understanding, and to ensure they are processed and cleared from the reconciliation in a timely manner.
- 1.2. Direct the new Treasurer to maintain a running checkbook balance and periodically review the checkbook to ensure it is done.
- 1.3. Regarding NSF checks, review the guidelines with appropriate staff to ensure understanding and awareness of the process and the timelines to collect these funds; thus preventing similar losses of revenue in the future.

Persons Responsible: Principal, Designated Assistant Principal, Treasurer, Community School Manager and Specialist

Management Response:

All responsible personnel were instructed to conform to the recommendations provided by the Office of Management and Compliance Audits. The following corrective actions have been implemented immediately in order to ensure compliance with the *Manual of Internal Fund Accounting*.

Principal will meet with the bookkeeper periodically once he meets with the school's Business Manager and completes the end of month reconciliation. Additionally, to further assist the new Treasurer, the Principal has established a weekly Wednesday meeting to discuss all financial matters.

The Principal directed the new Treasurer to maintain a running checkbook balance since his September 15, 2013 start date. Principal periodically reviews the checkbook to ensure a running balance is being maintained.

Principal will continue to review the NSF guidelines with appropriate staff, primarily the bookkeeper. Upon receipt of an NSF bank notice, the Treasurer will continue to initiate a Notice of Returned Checks, FM-5536. In addition, the Principal has directed the Treasurer and/or Community School Specialist, as may apply, to complete a weekly follow-up courtesy call until the NSF payment and related bank charges are received, effective January 8, 2014. A log of these follow up phone calls is maintained on file. Principal designated an Assistant Principal to assist and work with the new Treasurer to continue to monitor and process NSF checks in a timely manner, effective February 13, 2014. Principal advised all related staff at the opening of the 2013-2014 school year that payment methods would begin to transition to cash and money order payments only at the end of the school year. Effective April 1, 2014, payment methods will include cash and money orders, only. Parents will receive written notification of change beginning March 3, 2014.

RECOMMENDATIONS:

- 2.1 Assign an administrator to oversee program.**
- 2.2 Discuss payment recordkeeping procedures with appropriate staff to ensure awareness and understanding of the records that must be maintained and how they should be maintained.**
- 2.3 Enforce the schedule for collecting payments and timely follow-up in those instances where parents are not making payments in a timely manner; document instances of non-payment.**
- 2.4 Going forward ensure that the Treasurer processes monthly transmittal of fees to the District in a timely manner.**
- 2.5 Direct the administrator overseeing the program to conduct periodic reviews of the cards to ensure that payments and related information are being posted on a regular basis.**

Persons Responsible: Principal, Designated Assistant Principal and Treasurer

Management Response:

All responsible personnel were instructed to conform to the recommendations provided by the Office of Management and Compliance Audits. The following corrective actions have been implemented immediately in order to ensure compliance with all Fee-Supported Prekindergarten Enrichment Program Fiscal Responsibility Procedures and Guidelines.

On January 31, 2014, Principal assigned an Assistant Principal to oversee the program. Principal discusses and reviews recordkeeping procedures regularly with appropriate staff to ensure awareness and understanding of the records that must be maintained and how they should be maintained. On November 26, 2013, the Principal directed the new Treasurer to record all payment due dates in his calendar and contact parents immediately when/if a payment is not made on time. A log of these parent contacts is maintained on file. On December 2, 2014, the Treasurer met with staff from the Office of Early Childhood Programs to review all financial procedures for the Fee-Supported Prekindergarten Enrichment Program. On February 7, 2014, the Principal again provided all appropriate staff Registration Procedures/Guidelines for the VPK Program in Fee-Supported Non-Title I Schools documents with related Weekly Bulletin #15243. The new Treasurer has maintained accurate and timely records, as well as collected payments in a timely manner for the 2013-2014 school year.

The new Treasurer has processed and forwarded all monthly transmittal of fees to the District in a timely manner for the 2013-2014 school year. He maintains VPK records and payment documentation in an organized manner.

The Principal has directed the designated Assistant Principal to conduct periodic reviews of the cards to ensure that payments continue to be collected, posted and recorded on a daily basis. The Principal is scheduled to meet with the designated Assistant Principal and the Treasurer on Wednesday, February 19, 2014, to review all required procedures and set a timeline for the designated Assistant Principal to periodically meet with the Treasurer to review cards and the status of all related financial procedures.

cc: Dr. Jacques Bentolila

MEMORANDUM

February 13, 2014

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

FROM: Leon P. Maycock, Principal
Horace Mann Middle School

**SUBJECT: ADMINISTRATIVE RESPONSE OF INTERNAL AUDIT OF HORACE
MANN MIDDLE SCHOOL FOR JULY 1, 2012 THROUGH JUNE 30, 2013**

The following is in response to the findings and recommendations made by the Office of Management and Compliance Audits for the internal audit of Horace Mann Middle School for the 2012-2013 fiscal year.

Recommendations:

- 1.1 Review with staff the recording of attendance on the Daily Payroll Attendance Sheets, the proper documentation of payroll hours and completion of leave cards.
- 1.2 Strengthen the overall review of payroll to ensure the accuracy, completeness and propriety of the payroll reported.
- 1.3 Periodically review the sign in sheets of staff and hourly paid employees to ensure that employees are signing in/out in a timely manner.

Responsible Persons:

Principal and Payroll Clerk

Management Response:

The faculty and staff were reminded of all payroll policies and procedures at our faculty meetings on January 26, 2014, and February 12, 2014. A memo was sent to staff members on February 12, 2014 addressing these payroll procedures. All payroll approvals will be done by the Principal, with the Payroll Clerk present. To approve payroll, the sign in sheet, printed roster, and leave cards will be simultaneously reviewed line by line to ensure accuracy. This process will validate the type of leave and correct any discrepancies with the leave cards and/or hourly employees hours rendered. The Payroll Clerk will register for additional training, as well as visit veteran

Payroll Clerk with exceptional experience to serve as a mentor. The verification and approval process will be conducted by the Principal and Payroll Clerk to certify accuracy, and completeness. The sign in sheet will be periodically check the ensure all staff members are signing at the appropriate time, and all hourly employees are signing in when they arrive, and signing out when they leave. Employees that fail to comply with the corrective strategies will be documented for recording keeping.

Recommendations:

- 2.1 Devise and implement an effective action plan for the safeguarding of assets and the management of property, and designate staff to carry out the plan.**
- 2.2 Ensure the entire school staff, especially those in charge of property management, understands and are fully aware of the procedures for safeguarding and maintaining control over property.**
- 2.3 Strengthen the monitoring and accounting of property, and conduct in-house property inventories periodically to identify discrepancies and resolve them in a timely manner.**

Responsible Persons: Principal, Assistant Principal, and Media Specialist

Management Response:

The property inventory and the safeguarding of items at Horace Mann Middle will be reviewed quarterly by the newly appointed Technology Manager (Media Specialist). The Technology Manager will conduct Mini Internal Property Audits every quarter to ensure the accurate locations of all listed items. The results of our mini-pre-audits will be sent to Dr. Jacques Bentolila, Administrative Director, three times a year. A memorandum will be sent to staff members on February 12, 2014 clarifying policies and procedures as it relates to school property and the removal of any item without prior approval. This concern has been addressed at faculty meetings and will be on the agendas regularly. Obsolete items that are listed on the Property Inventory List will be properly discarded, using the approved documentation with signatures from all parties involved. The request has been submitted to upgrade the security camera system at Horace Mann Middle, which will assist in monitoring the facility. There is a scheduled custodial Staff meeting on February 14, 2014 to review the procedures for discarding property and how they will assist the Technology Manager ensure complete accuracy.

cc: Dr. Jacques Bentolila

MEMORANDUM

February 14, 2014

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

FROM: Juan Carlos Silva, Principal 
Ronald W. Reagan/Doral Senior High School

SUBJECT: **ADMINISTRATIVE RESPONSE OF INTERNAL AUDIT REPORT
OF RONALD W. REAGAN/DORAL SENIOR HIGH SCHOOL FOR
JULY 1, 2012 THROUGH JUNE 30, 2013**

The following is in response to the findings and recommendations made by the Office of Management and Compliance Audits for the internal audit of Ronald W. Reagan/Doral Senior High School for the 2012- 2013 fiscal year.

RECOMMENDATIONS:

- 1.1 Discuss the Purchasing Credit Card Program guidelines with staff for awareness and understanding of the requirements; and strengthen the review over disbursements made with the credit card and internal funds to ensure compliance with District Policy.
- 1.2 Ensure that purchases comply with the requirement for written quotations including requesting quotes from certified minority business enterprises, and ensure the proprietary and transparency of the selection of the vendor.
- 1.3 Improve controls over the tracking, safeguarding and utilization of mobile equipment such as I Pads, purchased with the school funds, which are issued to school administration and staff for school use.
- 1.4 Discontinue use of the supermarket charge card.

Responsible Person(s): Principal, Assistant Principal, Micro-System Technician, Treasurer and Teacher Sponsors

MANAGEMENT RESPONSE:

The Principal and the Treasurer have developed a bi-weekly review process, depending on card usage, to ensure compliance with all recommendations made by the auditing department for compliance with Purchasing Credit Card Program guidelines. These bi-weekly meetings commenced in November 2013. The review will consist of the Treasurer monitoring that requestor information is accurate on P-Card requisition as well as any type of necessary bidding for orders over \$1,000. A minority vendor will be included if bids are needed. Principal was made aware of this situation during an exit interview in November.

The Principal will conduct a meeting with all current Teacher/Club Sponsors on February 18, 2014, in order to review all District policies relating to the District requirement for written quotations. Clarification will be given that orders that were unrelated and from different departments would still be considered as a split order per District policy. Copies of the *Manual of Internal Fund Accounting* and the *Purchasing Credit Card Policies & Procedures Manual* will be made available for appropriate personnel. Treasurer will ensure, by monitoring purchase order requests, that orders coming in from various clubs or departments not be from same vendor avoiding any appearances of a split order. In addition, based on the recommendations given by the auditor on the report, the school will not use the identified three vendors.

The Principal reviewed and discussed tracking of mobile equipment with Assistant Principal and Micro-System Technician. In addition to the current log showing staff usage of mobile devices valued under the district threshold, the Approval of Off-Site Use of School Property Form [FM-2380] will be used. Micro-System Technician will also keep a log showing any mobile devices taken to South Campus that will indicate the staff member who is utilizing the equipment. No off campus form will be filled for those devices as they are still under the same work location.

The Principal will meet with the Treasurer and the Assistant Principal to ensure that Complimentary Items-Recipient(s) List FM-6679 is used for any items that will be given out to staff. This will be identified when orders are placed that are designated as complimentary items.

The Principal has collected the only supermarket store card that had been issued to the Culinary Arts teacher prior to his arrival at the school site. Card was destroyed and there will be no further usage of this type of account/charge card.

If you have any further questions or concerns regarding this matter, please contact me at 305-805-1900.

cc: Dr. Jacques Bentolila

MEMORANDUM

February 14, 2014

TO: Dr. Alexis L. Martinez, Region Superintendent
South Region Office

FROM: Felicia K. Joseph, Principal 
Frank C. Martin K-8 Center

SUBJECT: ADMINISTRATIVE RESPONSE OF INTERNAL AUDIT REPORT
OF FRANK C. MARTIN K-8 CENTER FOR JULY 1, 2012 THROUGH
JUNE 30, 2013

This memorandum serves as a response to the relevant findings in the internal audit report for Frank C. Martin K-8 Center for the 2012-2013 Fiscal Year. This administrator has taken corrective actions to ascertain that moving forward, all policies and procedures as outlined in the Internal Funds Manual and School Board Rules are strictly adhered to.

The following are the recommendations ascertained during the 2012-2013 audit review:

- 1.1 Review the prenumbered forms inventory with staff before filing to ensure its accuracy.
- 1.2 Enforce proper utilization of the Collections/Deposits Log and ensure that all collections are properly safeguarded.

Responsible Person(s): Principal, Treasurer, Assistant Principal, After School Care Manager, After School Care Clerk, Principal Secretary

Management Response:

In review of the findings and recommendations reported, the current administration has taken immediate action to enforce proper procedures and ensure compliance with the expectations of the District.

On January 21, 2014 the principal met with the Treasurer and After School Care clerk to review the current use of prenumbered forms and to determine appropriate corrective action. Future collections for dues/fees will be strictly handled by the Treasurer. This practice will minimize the number of official teacher receipt books in circulation throughout the school year. Designated receipt books will be signed in and out daily with teachers, on an as needed basis, for the purpose of collection for fieldtrips. This practice will allow for the daily review of receipt books and accuracy in recording used receipt numbers. The Treasurer will be responsible for the proper recording of used receipts daily to better manage correct record keeping. Annual review of the prenumbered inventory forms will take place with the administrator and treasurer over a course of three days. The items will be reviewed by each individual separately and then together, in a side by side review of the

inventory form versus the receipt books to ensure accuracy. Additionally, the items will be thoroughly reviewed by the team of an administrator and treasurer of an alternate school location to ensure accuracy prior to filing.

On January 17, 2014 the principal reviewed the proper utilization of the Collections/Deposits Log with the responsible persons and provided the procedures in writing to ensure future compliance. Logs will be maintained in a designated binder, organized by month, to provide immediate accessibility so that signatures of required personnel may be secured. These procedures will be monitored daily by the principal and/or designee. On the day of armored car service, all funds will remain locked in a safe place under proper supervision awaiting delivery to the bank. Funds will be received directly from the treasurer or After School Care clerk, depending upon availability. Additionally, the Principal Secretary has been identified as the alternate person responsible for the proper collection and securing of funds in the absence of the Treasurer.

- 2.1 **Review with staff and administration payroll procedures and the proper documentation of payroll hours, especially part-time employees.**
- 2.2 **Strengthen the overall review of payroll to ensure the accuracy, completeness and propriety of the payroll reported.**
- 2.3 **Periodically review the sign in sheets of staff and hourly paid employees to ensure that employees are signing in/out in a timely manner. The payroll clerk should not be signing in/out on behalf of other employees.**
- 2.4 **The original Payroll Attendance Sheets should not be used to project employee hours; instead, a working copy should be used while the original is placed back on for the employees to sign.**

Responsible Person(s): Principal, Assistant Principal and Payroll Clerk

Management Response:

In review of the findings and recommendations reported, the current administration will take immediate action to enforce proper procedures and ensure compliance with the expectations of the District.

Specifically, the Principal established a procedure of reviewing the Daily Payroll Attendance Sheets in order to ensure the accuracy, completeness and propriety of the payroll reported. All payroll sheets will be randomly reviewed by an Assistant Principal and/or the Payroll Clerk after the start of the regular work day and at various times throughout the day. Employees will be notified immediately via email should a discrepancy in procedure be found. Additionally, employees will be notified via memorandum in the event that discrepancies are noted during biweekly payroll processing. A Payroll Discrepancy binder is being maintained to determine and record the frequency of repeated discrepancies.

The Principal met with the Payroll Clerk on January 17, 2014 and directed her to use a working copy of the Payroll Attendance Sheets when processing anticipated payroll, allowing for the original sheets to be returned to their designated areas.

On January 21, 2014 the Principal met with the Cafeteria Manager, Payroll Clerk and Principal Secretary, in order to ensure the adequate recordkeeping, documenting, and reporting of payroll. On the same date, during a scheduled faculty meeting, the principal reviewed and addressed proper payroll procedures regarding daily attendance signing in/out.

On January 23, 2014 a school-wide email was issued to all faculty and staff explicitly describing the expected procedures for signing in/out.

For further information regarding this response, please contact, Felicia Joseph, Principal of Frank C. Martin K-8 Center at 305-238-3688.

cc: Ms. Lucy Iturrey
Ms. Cynthia Gracia

MEMORANDUM

February 19, 2014

TO: Dr. Alexis Martinez, Regional Superintendent
South Region Office

FROM: Mr. Elio Falcon, Jr., Principal
Jorge Mas Canosa Middle School



**SUBJECT: SCHOOL SITE AUDIT CORRECTIVE ACTION PLAN - RESPONSE TO SCHOOL SITE
AUDIT REPORT – JORGE MAS CANOSA MIDDLE SCHOOL - 6771**

The following is a response to the audit findings for Jorge Mas Canosa Middle School Audit Report for the 2012-2013 Fiscal Year. The audit findings have been carefully reviewed by the Principal. As a result, the following corrective actions have been established to prevent recurrence.

RECOMMENDATIONS

- 1.1 Discuss the bookkeeping and recordkeeping procedures with the new treasurer to ensure understanding of the expectations of the job.
- 1.2 Closely oversee the Treasurer's office and direct him/her to meet frequently with the treasurer to ensure the propriety of the bookkeeping function.
- 1.3 Ensure that the bookkeeping function is working as designed and discuss the timely implementation of corrective action resulting from any of these reviews.
- 1.4 Assess the disbursement function to ensure spending is kept within limits and internal funds accounts are not being operated with deficit balances.
- 1.5 Make plans to liquidate any outstanding liabilities.
- 1.6 Strengthen the review and oversight over the disbursement function to ensure the propriety of the charges, the posting of the charges to the appropriate accounts and the completeness of the documentation.
- 1.7 Discuss disbursement procedures with staff to make them aware of the requirements.
- 1.8 Maintain control over expenditures to prevent overspending and immediately discontinue the practice of inappropriately modifying the posting of transactions between accounts as described in the findings.
- 1.9 Going forward, ensure that funds are available before authorizing a purchase.
- 1.10 Ensure that EESAC, Title 1, and Magnet funds are spent appropriately.
- 1.11 Ensure that EESAC expenditures are properly approved by the EESAC Committee and documented in the official minutes.
- 1.12 Monitor Fund 9 expenditures to ensure spending is kept within limits and the account is replenished in a timely manner.
- 1.13 Ensure that the P-Card is used appropriately.
- 1.14 Contact the bank to ensure that they are sending the reverse of canceled checks and validated deposit slips.

Person(s) responsible: Principal and Treasurer

MANAGEMENT RESPONSE

This Principal hired an experienced Treasurer who has had a clean record of internal funds audit for years. They have discussed the implementation of bookkeeping and record keeping procedures to ensure that there is a clear understanding of the expectations of the job and audit findings.

In order to ensure the bookkeeping function is properly monitored the newly assigned Principal met with the newly assigned Treasurer and directed her to inform the administration of any discrepancies for immediate corrective action. The Principal will review the financial activities bi-weekly to ensure that collections are properly received, documented, and deposited in a timely manner.

The Principal and Treasurer will ensure spending is kept within limits and internal funds accounts are not being operated with deficit balances. This review process will ensure all balances are up to date, therefore, ensuring that all postings are made on a timely manner as well as transactions charged to the correct accounts.

All outstanding liabilities were immediately liquidated.

The Principal, Assistant Principals, and Treasurer facilitated a training session on August 16, 2013 at the Opening of School Meeting, wherein district policies and procedures for the collection of monies were addressed. Proper use of Recap of Collections Form (FM-1004) and Employee (BPI) Receipts (FM-0976) were discussed with staff school wide to ensure their understanding of the receipting process and staff was directed to promptly inform the administration of any instances where the Treasurer fails to follow proper receipting/depositing procedures. Signatures were obtained from each staff member attending this meeting.

New procedures have been established with club sponsors, faculty members and staff wherein they must seek the authorization of the Principal and Treasurer before making any purchases. The Principal and the Treasurer have discussed the vendor selection process to ensure that it is transparent and meets the district's mandates. Any purchase of \$1000.00 or more must include three bids, and one of the bids must be from a certified minority vendor.

Effective immediately, the internal funds function of the school has been strengthened by conducting bi-weekly reviews of all accounts i.e., EESAC, Title I, Magnet, class fees and clubs; fund balances and adjusting spending plans accordingly. Fund 9 and PCard expenditures are similarly monitored. This review process will include plans for the proper utilization of donations, profits from fund raising activities and fees collected from students.

Workshops have been conducted to inform EESAC members of the proper procedures in regards to funds utilization and proper documentation of expenditures. Funds were allocated among various staff members and/or club sponsors to be spent by Friday, March 14, 2014. All EESAC activities are being properly documented in the EESAC minutes, in accordance to EESAC by laws.

The Principal directed all clerical staff members to immediately deliver the unopened bank statements, invoices, and bank correspondence to him for initial review. The Principal will review the statements and initial for verification. The bank statements will then be delivered to the newly appointed Treasurer for final review and processing.

The Principal and Treasurer will assess the checkbook balances on a bi-weekly basis; periodically compare monthly bank statements with on-line banking information to verify authenticity and review accuracy of monthly reconciliation reports before submitting to the district.

This Principal has contacted our banking institution via phone and by Certified Mail, Return Receipt Requested, requesting to have the cancelled checks and validated deposit slips sent to this school. This school, as recommended by the district, has changed banking institutions.

RECOMMENDATIONS

- 2.1 Strengthen the review over fundraising activities, including the preparation, review and filing of Student Activity Operating Reports, Inventory and Operating Statements, and Fundraising Activities Log.**
- 2.2 Review the procedures with sponsors to ensure awareness and compliance of the requirements.**
- 2.3 Discuss with staff the need to request a receipt when funds are turned in for deposit and enforce the proper receipting procedures.**
- 2.4 Ensure that sponsors are making purchases using school checks.**

Person(s) responsible: Principal, Sponsors, Staff and Treasurer

MANAGEMENT RESPONSE

The Principal and the Treasurer met with activities sponsors to review policies regarding the procedures for filing Student Operating Reports, Inventory and Operating Statements, and Fundraising Activities. A listing of all sponsors and fundraising taking place are being reviewed bi-weekly to ensure efficiency and accuracy. Bi-weekly meetings are taking place with the Treasurer to establish a fundraising schedule to ensure compliance with all School Board policies.

The Principal has discussed the collection procedures with the staff in order to make them aware of the need for proper collection documentation requirements, and the timely payment of expenditures, as well as directing the staff to pay for fundraising merchandise by only using school checks. Additionally, the Principal directed all sponsors to conduct an inventory count of fundraising merchandise on hand and submit documentation to the Treasurer.

The Principal assigned an administrator to oversee collection functions and the work of the Treasurer and directed that administrator to report to the principal any discrepancies related to the collection, fundraising, and inventory for immediate corrective action.

If you should require any additional information, please feel free to contact me at 305-252-5900.

EF:

cc: Ms. Cynthia Gracia
Ms. Lucy Iturrey

MEMORANDUM

February 12, 2014

TO: Dr. Alexis Martinez, Region Superintendent
South Region Office

FROM: Deborah Leal, Principal 
Hammocks Middle School

SUBJECT: **ADMINISTRATIVE RESPONSE OF INTERNAL AUDIT REPORT
OF HAMMOCKS MIDDLE SCHOOL FOR 2012-2013**

The following is a response to the relevant finding in the school audit report of Hammocks Middle School.

RECOMMENDATION

- 1.1. **Develop appropriate spending plans for Title I program funds early in the year in order to maximize their use and periodically monitor the spending of Title I program funds to ensure funds are spent accordingly. Make sure that purchases are initiated in a timely manner, so that purchases can be processed within Title I deadlines.**

Person(s) Responsible: Principal, Treasurer

MANAGEMENT RESPONSE

In order to ensure that our Title I program funds are maximized and spent in a timely manner, a spending plan has been developed to ensure that program funds are spent accordingly. To accomplish this, a spreadsheet with our projected hourly expenditures and budgeted supplies needed for the year has already been created. It will be reviewed on a monthly basis, updated with the current balances each month, and revised, as necessary. This will ensure that all allocated funds are accurately expended in a timely manner.

The treasurer will print out all of the Title I budget accounts from SAP, on a monthly basis, and the principal and treasurer will review them together to ensure that all expenditures are on track with the projected budget.

The principal will initiate budget transfers to cover expenditures where initial budgeted amounts were not established or have already been expended. Throughout the year, additional transfers will be processed in order to avoid under-utilizing Title I funds.

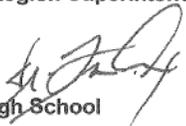
If you should require any additional information, please feel free to contact me at 305-385-0896.

cc: Ms. Lucy Iturrey

MEMORANDUM

February 14, 2014

**TO: Dr. Alexis L. Martinez, Region Superintendent
South Region Office**

FROM: Dr. Lucia Cox, Principal 
Miami Sunset Senior High School

**SUBJECT: ADMINISTRATIVE RESPONSE OF INTERNAL AUDIT REPORT OF MIAMI
SUNSET SENIOR HIGH SCHOOL FOR 2012-2013 FISCAL YEAR**

The following is a response to relevant findings in the school audit report of Miami Sunset Senior High School. The audit findings have been carefully reviewed by the Principal. A corrective action plan has been written and implemented to manage and address the recommendations below.

Non-compliance with Yearbook Activity

RECOMMENDATIONS:

- 1.1 Ensure that staff understands and adheres to the procedures for completing yearbook reports, and for maintaining on file complete documentation related to the activity.
- 1.2 Order yearbooks in quantities which are commensurate with student demand. We also recommend the principal to periodically monitor the yearbook sales campaign to ensure that efforts are being made throughout the year to promote the yearbook to the students.
- 1.3 Yearbook invoice should be paid within the school year and in a timely basis. Funds should be available.
- 1.4 Ensure that the yearbooks' per unit cost is properly estimated to charge students as close to cost as possible.

Person (s) Responsible: Principal, Assistant Principal, Yearbook Sponsor and Treasurer

Management Response:

On February 12, 2014, the Principal met with the Assistant Principal, Treasurer, and Yearbook Sponsor to review Section IV, Chapter 6 of the *Manual of Internal Fund Accounting*. The Principal, Assistant Principal, and Yearbook Sponsor, reviewed previously completed yearbook documents in reference to sales, prices, and changes made regarding the reduction in the number of yearbooks to be sold in order to ensure future compliance with District policies and procedures relative to the yearbook activity. Announcements, Connect Ed messages, and additional campaigning opportunities are being sought to promote yearbook sales of the 2013-2014 yearbook.

The Principal and Assistant Principal will monitor the Monthly Operating Reports and Distribution Reports closer to ensure that no errors are present. The actual sale price of the yearbook, at any given time, will not be lower than the price of the bid. Any on-line sales will be noted on the monthly operating report. The final payment for the yearbook invoice will be made at the closing of the fiscal year and not be delayed. The balance of the yearbook account will not reflect a negative balance.

Please free to contact me at 305-385-7645 if any further information or additional strategies are necessary.

cc: Ms. Cynthia Gracia
Ms. Lucy Iturrey

MEMORANDUM

February 13, 2014

TO: Dr. Alexis Martinez, Region Superintendent
South Region Office

FROM: Kimberly Davis, Principal 
Robert Morgan Educational Center

SUBJECT: ADMINISTRATIVE RESPONSE OF INTERNAL AUDIT REPORT OF ROBERT
MORGAN EDUCATIONAL CENTER – LOC #7371 FOR JULY 1, 2011 –
JUNE 30, 2013

The following is a response to the findings in the Robert Morgan Educational Center High School Audit Report for the 2011-2012 and 2012-2013 fiscal years. The audit findings have been carefully reviewed by the principal and, as a result, the following corrective actions have been established to prevent recurrence.

Inadequate Controls Over Yearbook Sales

RECOMMENDATIONS

- 2.1 Periodically meet with the yearbook sponsor to monitor the health and well-being of the activity and to make adjustments, as needed.
- 2.2 Discuss on-line sales expectations with the yearbook vendor and monitor the activity to ensure that the vendor is actively selling book throughout the year.
- 2.3 Ensure that books given away as complimentary are properly signed for and documented.
- 2.4 Going forward, revisit the selling price of the yearbook to ensure that it is close to cost as possible.

Responsible Person(s): Principal, Assistant Principal, Treasurer and Yearbook Sponsor

Management Response

On August 20, 2013, the Principal in cooperation with the Assistant Principal, Activities Director and Treasurer met with the Yearbook Sponsor to review yearbook procedures with specific focus on overall sales, documentation and distribution of complimentary yearbooks, as well as sales price, to review previously completed yearbook documents and come up with an overall strategy. The Treasurer also met with the yearbook vendor in September 2013 to discuss possible marketing promotions and reduction of the bid in view of Robert Morgan's sales history.

As a result of these efforts, the Principal and Assistant Principal meet monthly with the Yearbook Sponsor and Treasurer to review sales, marketing efforts, and deadlines. As part of our sales efforts, yearbooks have been advertised and available for sale at all school events.

Adjustments in the total number of yearbooks have been made. Follow up communications with the vendor in December 2013 and January 2014 resulted in further lowering our original bid.

Procedures have been reviewed regarding complimentary documentation and tighter controls on distribution have been implemented. To this end, the sales price will be closer to our final cost than in previous years.

A multifaceted system of controls has been implemented at the school going forward to monitor the health and well-being this activity.

If any further information or additional strategies are necessary, please contact me at 305-253-9080.

cc: Ms. Cynthia Gracia
Ms. Lucy Iturrey

MEMORANDUM

February 14, 2014

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

FROM: Kimberly Davis, Principal 
Robert Morgan Educational Center

SUBJECT: ADMINISTRATIVE RESPONSE OF INTERNAL AUDIT REPORT OF ROBERT MORGAN EDUCATIONAL CENTER – LOC #8911 FOR JULY 1, 2011 – JUNE 30, 2013

The following is a response to the findings in the Robert Morgan Educational Center Adult Education Center Audit Report for the 2011-2012 and 2012-2013 fiscal years. The audit findings have been carefully reviewed by the principal and, as a result, the following corrective actions have been established to prevent recurrence.

Fee Waivers

RECOMMENDATIONS

- 1.1 Take immediate administrative action to address the matter of the fraudulent fee waiver.**
- 1.2 Assign staff to conduct an immediate review of financial aid records; ensure that all documents are properly executed and filed in the folders; and all folders are properly secured and accounted for.**
- 1.3 Designate an administrator to review and approve all DFAP/Fee Waiver applications and supervise the Financial Aid Office.**
- 1.4 Ensure that staff assigned to the financial aid process understands and consistently adheres to financial aid policies and procedures established by the District.**
- 1.5 Direct the assigned administrator to periodically meet with the Financial Aid Officer to review the financial aid activity/documents and update/report to the Principal/designee any discrepancies for immediate corrective action.**
- 1.6 Implement a consistent procedure for filing forms/documentation and maintaining student financial aid folders and records up-to-date.**
- 1.7 Use up-to-date official forms to ensure consistency in the folder documentation and completeness of information.**

Responsible Person(s): Principal, Vice Principal and Financial Aid Officer

Management Response

In order to address the matter of the fraudulent fee waiver, the Principal reported the incident to the proper authorities. An investigation has been conducted and further administrative action is pending. A new staff member has been hired as Financial Aid Officer, and is currently being trained. Additionally, the Vice Principal has been assigned to review and authorize all fee waiver applications as well as supervise the Financial Aid Officer. The Principal, Vice Principal, Financial Aid Officer and the Business Manager will meet with District administrators to review all financial aid/fee waiver processes. The Vice Principal will meet with the Financial Aid Officer monthly to review activity for the month and report to the Principal. A checklist will be created to ensure all required documentation is proper and included in the students' folders. A new filing procedure will also be implemented in order to ensure that all student folders are readily available and accessible.

If further information or additional strategies are necessary, please contact me at 305-253-9080.

cc: Ms. Cynthia Gracia

MEMORANDUM

February 18, 2014

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

FROM: Albert Payne, Region Superintendent
Central Region Office

SUBJECT: RESPONSE TO AUDIT REPORT OF CENTRAL REGION OFFICE SCHOOLS

Please find attached the responses to the audit finding for Sunset Elementary, Horace Mann Middle School and Ronald Reagan/Doral Senior High School. Central Region Office has reviewed the exceptions cited. The following support activities will be implemented at the Region level.

SUNSET ELEMENTARY

RECOMMENDATIONS:

- 1.1 Review the monthly reconciliations with the Treasurer to discuss any adjustments in the reconciliation for understanding, and to ensure they are processed and cleared from the reconciliation in a timely manner.
- 1.2 Direct the new Treasurer to maintain a running checkbook balance and periodically review the checkbook to ensure it is done.
- 1.3 Regarding NSF checks, review the guidelines with appropriate staff to ensure understanding and awareness of the process and the timelines to collect these funds; thus preventing similar losses of revenue in the future.

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

- The Central Region Office Financial/Business Operations Administrative Director will review internal funds records periodically throughout the school year to ensure compliance with the Manual of Internal Fund Accounting.
- The Central Region Office Financial/Business Operations Administrative Director will direct the Principal to attend financial training workshops to help successfully monitor funds.

RECOMMENDATIONS:

- 2.1 Assign an administrator to oversee program.
- 2.2 Discuss payment recordkeeping procedures with appropriate staff to ensure awareness and understanding of the records that must be maintained and how they should be maintained.

- 2.3 Enforce the schedule for collecting payments and timely follow-up in those instances where parents are not making payments in a timely manner; document instances of non-payment.**
- 2.4 Going forward ensure that the Treasurer processes monthly transmittal of fees to the District in a timely manner.**
- 2.5 Direct the administrator overseeing the program to conduct periodic reviews of the cards to ensure that payments and related information are being posted on a regular basis.**

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

- The Central Region Office Financial/Business Operations Administrative Director will request mini-reviews to ensure compliance with Pre-Kindergarten Program.

HORACE MANN MIDDLE SCHOOL
RECOMMENDATIONS:

- 1.1 Review with staff the recording of attendance on the Daily Payroll Attendance Sheets, the proper documentation of payroll hours and completion of leave cards.**
- 1.2 Strengthen the overall review of payroll to ensure the accuracy, completeness and propriety of the payroll reported.**
- 1.3 Periodically review the sign in sheets of staff and hourly paid employees to ensure that employees are signing in/out in a timely manner.**

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

- The Central Region Office Financial/Business Operations Administrative Director will review the payroll process and procedure to ensure compliance with the payroll procedures.
- The Central Region Office Financial/Business Operations Administrative Director will assign a mentor principal to assist in ensuring compliance with payroll procedures.

RECOMMENDATIONS:

- 2.1 Devise and implement an effective action plan for the safeguarding of assets and the management of property, and designate staff to carry out the plan.**
- 2.2 Ensure the entire school staff, especially those in charge of property management, understands and are fully aware of the procedures for safeguarding and maintaining control over property.**
- 2.3 Strengthen the monitoring and accounting of property, and conduct in-house property inventories periodically to identify discrepancies and resolve them in a timely manner.**

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

Region level:

- The Central Region Office Financial/Business Operations Administrative Director will require scheduled mini-pre-property reviews to ensure compliance with monitoring property.
- The Central Region Office Financial/Business Operations Administrative Director will assign a mentor principal to assist in ensuring compliance with property management.

RONALD REAGAN/DORAL SENIOR HIGH SCHOOL
RECOMMENDATIONS:

- 1.1 **Discuss the Purchasing Credit Card Program guidelines with staff for awareness and understanding of the requirements; and strengthen the review over disbursements made with the credit card and internal funds to ensure compliance with District Policy.**
- 1.2 **Ensure that purchases comply with the requirement for written quotations including requesting quotes from certified minority business enterprises, and ensure the proprietary and transparency of the selection of the vendor.**
- 1.3 **Improve controls over the tracking, safeguarding and utilization of mobile equipment such as I Pads, purchased with the school funds, which are issued to school administration and staff for school use.**
- 1.4 **Discontinue use of the supermarket charge card.**

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

- The Central Region Office Financial/Business Operations Administrative Director will direct the Principal to attend financial training workshops to help successfully monitor funds.
- The affected Principal will be required to address specific fiscal management job targets on the 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 Central Region Office Financial/Business Operations Administrative Director will review internal funds records periodically throughout the school year to ensure compliance with the Manual of Internal Fund Accounting.
- The Central Region Office Financial/Business Operations Administrative Director in collaboration with the appropriate district office will coordinate a support system for the Principal and designee to ensure that all after school records are properly maintained.

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

cc: Dr. Jacques Bentolila
Ms. Cynthia Gracia

MEMORANDUM

February 20, 2014

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

FROM: Ms. Lucy Iturrey, Administrative Director 
South Region Office

SUBJECT: RESPONSES TO AUDIT FINDINGS OF SOUTH REGION OFFICE SCHOOLS

Please find attached the responses to the audit findings for the 2012-2013 fiscal year for Frank C. Martin K-8 Center, Miami Sunset Senior High School, Jorge Mas Canosa Middle School, and Hammocks Middle School. Additionally, the response to the audit finding for the 2011-2012 and 2012-2013 fiscal years for Robert Morgan Educational Center is also attached. South Region Office has reviewed the exceptions cited. The following support activities will be implemented at the Region level.

Frank C. Martin K-8 Center

1. Follow Up to Prior Audit Continued to Disclosed Non-Compliance With Certain Recordkeeping Procedures

The South Region Office Financial/Business Operations Director instructed the Principal to thoroughly review M-DCPS Weekly Briefing No. 5164 and establish a systematic plan to follow to ensure the proper safeguarding of the schools' funds.

The Financial/Business Director will meet with the Principal each semester to review the Collections/Deposits form (FM-7249) and ensure the proper utilization of the form.

2. Inadequate Recordkeeping And Documenting of Payroll Attendance

The South Region Office Financial/Business Operations Director instructed the Principal to thoroughly review the Payroll Processing Procedures Manual and develop a systematic approach for properly maintaining payroll procedures. This will include a plan for reviewing the Payroll Sign-in Rosters and the monitoring of the hourly sign-in on the Daily Payroll Attendance Sheet.

The Financial/Business Operations Director will conduct quarterly site-reviews to ensure compliance with all the guidelines found in the Payroll Processing Procedures Manual to make sure that the daily and hourly payrolls are accurate.

Miami Sunset Senior High School

1. Yearbook Activity Not in Compliance

The South Region Center Financial/Business Operations Director instructed the Principal to closely monitor yearbook activity. Additionally, based on the 2012-2013 and current yearbook

sales, the Principal and the Administrative Director will confer and discuss yearbook bid stipulations and procedures prior to making and signing the contract for the 2014-2015 school year.

The Principal has been directed to meet monthly with the Yearbook Sponsor to review that Monthly Operating Reports are prepared accurately and timely.

The Principal has been directed to ensure that the Yearbook invoice is paid in a timely basis.

Jorge Mas Canosa Middle School

1. Bookkeeping Function Not Properly Monitored Resulted in Excessive Disbursements, Questionable Transactions And Misrepresentation of Account Balances

The South Region Center Financial/Business Operations Director instructed the Principal to meet with the newly assigned Treasurer to thoroughly review the *Purchasing Credit Card Program Policies & Procedures Manual*, Miami-Dade County's *Educational Excellence School Advisory Council (EESAC) Resource Guide*, and the *Manual of Internal Fund Accounting* to ensure compliance with the respective policies and procedures.

2. Improper Receipting and Improper Controls Over Fundraising Activities Resulted in Loss of Funds

The South Region Center Financial/Business Operations Director instructed the Principal to thoroughly review the District procedures as outlined in Section IV, Chapter 2 of the Manual of Internal Fund Accounting and develop and implement a systematic plan to ensure compliance with District policy.

The Financial/Business Operations Director will monitor compliance with internal funds procedures by reviewing monthly financial reports.

Robert Morgan Educational Center

3. Inadequate Controls Over Yearbook Sales

The South Region Office Financial/Business Operations Director instructed the Principal to thoroughly review Section IV, Chapter 6 of the *Manual of Internal Fund Accounting*.

The Financial/Business Operations Director instructed the Principal to closely monitor yearbook sales. Additionally, based on the 2011-2012 and 2012-2013 yearbook sales, the Principal and the Administrative Director will confer and discuss yearbook bid stipulations and procedures prior to making and signing the contract for the 2014-2015 school year.

Hammocks Middle School

1. Ineffective Monitoring Of Title I Accounts Resulted in Payroll, Hourly and Non-Salary Under-Utilization

The South Office Financial/Business Operations Director instructed the Principal to thoroughly review the Title I Administration Handbook.

The Financial/Business Operations Director will remind all Principals of the deadline by which requisitions must be approved for Title I funds.

Principals that have a negative Title I balance or a surplus will be contacted individually by the Financial/Business Operations Director.

Additionally, affected school Principals will be required to participate in the District's Money Matters Support Program.

Should you need additional information, please contact me at (305) 595-7022.

ALM/g

cc: Ms. Cynthia Gracia
Ms. Lucy Iturrey

MEMORANDUM

February 21, 2014

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 ROBERT MORGAN EDUCATIONAL CENTER'S AUDIT
EXCEPTIONS FOR SCHOOL YEARS 2011-2012 AND 2012-2013**

Attached is the response to the internal funds audit for the 2011-2012 and 2012-2013 fiscal years for Robert Morgan Educational Center. Staff from School Operations reviewed the exceptions cited in the audit report. The following actions will be implemented:

- The Principal will consult with District staff to ensure compliance with all guidelines found in the Financial Aid Handbook. Site reviews will be conducted by the District Director each trimester to prevent recurrence of the audit exception.
- An investigation has been conducted and further administrative action is still pending.
- A new staff member has been hired as Financial Aid Officer and is undergoing training.
- The Vice Principal will meet with the Financial Aid Officer(s) on a monthly basis to ensure that all documentation is appropriate.

It is expected that the corrective actions will address internal control of the Financial Aid office and will prevent the recurrence of the exceptions. School Operations' staff will continue to monitor and provide assistance to make certain that all guidelines are being observed.

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

RGG:dlv
M049

cc: Ms. Lucy Iturrey
Mr. Antonio Martinez
Ms. Kimberly Y. Davis

MEMORANDUM

February 21, 2014

TO: 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 THE CENTRAL AND SOUTH REGION OFFICES AND ADULT VOCATIONAL SCHOOL

School Operations has reviewed the audit exceptions cited in the 2012-2013 fiscal year audit reports of the following schools reporting to the Central and South Region Offices and Adult Vocational Schools: Sunset Elementary School, Horace Mann Middle School, Ronald Reagan Senior High School, Frank C. Martin K-8 Center, Hammocks Middle School, Jorge Mas Canosa Middle School, Sunset Senior High School, and Robert Morgan Educational Center. The following preventive actions will be taken through School Operations:

- Review reports submitted by the Region Office Financial/Business Operations Directors on mini-reviews conducted in selected areas of Property Management, Payroll, Title I Program, Purchasing Credit Card Program, Pre-Kindergarten Programs, and Internal Funds, including: Account Balances, Receipts/Deposits and Disbursements, Fundraising Activities and Yearbooks. This will also include Financial Aid/Fee Waiver process at the adult/vocational schools. Discrepancies with the aforementioned areas will be investigated through the appropriate Region Office;
- Work collaboratively with the Region Offices and Adult Vocational and facilitate appropriate training and assistance from District Offices in all cited areas; and
- Coordinate and provide information to school site administrators and staff on best business practices, including related financial areas of concern through professional development in Money Matters!

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:cg
M057

Cc: Milagros Fornell
Region Superintendents
Region Financial/Business Operations 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 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 SCHOOLS MARCH 2014

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