

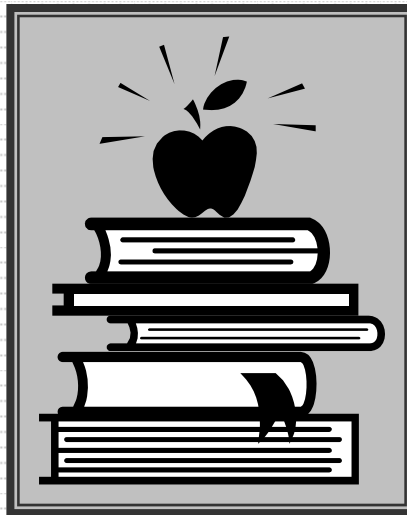
MIAMI-DADE COUNTY PUBLIC SCHOOLS



Internal Audit Report



Selected Schools



*Most Financial Statements Were Fairly Stated;
However, At 2 Schools, Controls In Selected
Areas Need Improvement.*

*At 1 Of These 2 Schools, Fraudulent Activity
Uncovered During The Audit Resulted In A
Confession And Subsequent Arrest Of School's
Former Secretary/Treasurer.*

May 2011

THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA

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Mr. Alberto M. Carvalho
Superintendent of Schools

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

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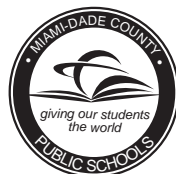
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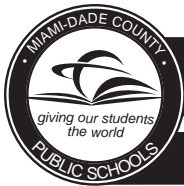
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Miami-Dade County Public Schools

giving our students the world

Superintendent of Schools

Alberto M. Carvalho

Chief Auditor

Jose F. Montes de Oca, CPA

Miami-Dade County School Board

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Dr. Martin Karp

Dr. Marta Pérez

Raquel A. Regalado

May 10, 2011

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

Ladies and Gentlemen:

This report includes the audit results of 42 schools currently reporting to various regions and the Education Transformation Office. At 3 of the 42 schools, there was a change of Principal since the prior audit. The audit period for all schools reported herein is the fiscal year ended June 30, 2010.

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. On a selected basis, we reviewed payroll, credit card purchases, Title I Program expenditures and procedures, FTE reporting and student records and aspects of data security. The results of property inventories for most of the schools included herein and for other schools previously reported are also included.

Our audits disclosed that the financial statements for most of the schools reported herein were fairly stated and property audit results were satisfactory at all the schools being reported. At 40 of the 42 schools, we found general compliance with prescribed policies and procedures, and site records were maintained in good order. However, at 2 schools, controls over internal funds and related documentation, the management of Title I Program funds and the documenting of payroll need improvement. Particularly at one of these two schools, discrepancies identified during the audit uncovered the former school Treasurer's misappropriation of funds, for which she willingly provided a confession and was subsequently arrested. The matter was referred to the State Attorney's Office for prosecution.

The audit findings were discussed with school, region and district administrations, and 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:tw

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EXECUTIVE SUMMARY

The Office of Management and Compliance Audits has completed the audits of 42 schools, 3 of which experienced a change of principal since the prior audit. The 42 schools include 11 Region I schools, 28 Region II schools, and 3 schools that report to the newly formed Education Transformation Office. The audit period for all 42 schools is the fiscal year ended June 30, 2010.

The audits disclosed that records were maintained in good order and in accordance with prescribed policies and procedures at 40 of the 42 schools reported herein. The 2 schools with reported audit findings are:

School Name	Region
1. Charles R. Drew Middle	ETO
2. Holmes Elementary	ETO

Audit findings cited internal funds' control deficiencies over the bookkeeping function at Charles R. Drew Middle (which led to the misappropriation of funds by the former school Treasurer as explained in the summary below and in further detail on pages 28-29). Additional findings at this school cited control issues over official prenumbered forms, school-sponsored activities, disbursements posted to the Instructional Materials and Supplies (Fund 9) account, and compliance with Title I programs expenditures and procedures. At Charles R. Drew Middle and Holmes Elementary, there were discrepancies with the documenting of payroll. Refer to the Summary Schedule of Audit Findings on pages 16-19. Management agreed with our recommendations and provided responses for corrective action.

Responses are included following the recommendations in the *Findings and Recommendations* section of this report (Pages 28-47); and in the Appendix section in memorandum format (Pages 56-66).

Notwithstanding the conditions and findings reported herein, at 41 of the 42 schools, the financial statements present fairly, in all material respects, the changes in fund balances arising from the cash transactions of the schools during the 2009-2010 fiscal year, on the cash basis of accounting. At Charles R. Drew Middle, due to the conditions cited herein and in the individual school audit report (which include the misappropriation of funds and the circumvention of controls over the receipting and depositing of funds), we do not express an opinion as to whether the financial statement of the internal funds of the school fairly presents the results of operation on the cash basis of accounting for the 2009-2010 fiscal year.

As of June 30, 2010, for all 42 schools reported herein, total combined receipts and disbursements amounted to approximately \$5.43 million and \$5.09 million respectively;

while total combined cash and investments amounted to approximately \$1.40 million (Page 10).

Also, as of June 30, 2010, the internal control structure at 41 of the 42 schools reported herein generally functioned as designed by the District and implemented by the school administration, except for those conditions reported at Charles R. Drew Middle.

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

INTERNAL FUNDS

Internal funds records and procedures were reviewed *at all 42 schools*. Of 42 schools, 41 were in general compliance with the procedures established in the *Manual of Internal Fund Accounting*.

At Charles R. Drew Middle, we discovered discrepancies with the internal funds records and the monies deposited in the school's checking account. As a result, the current Principal reported the matter to M-DCPS Police and our office conducted an audit investigation. Our review of the financial records for the 2009-2010 and 2010-2011 fiscal years up to October 2010 disclosed that the former Treasurer altered checking account bank statements and associated deposits records, and improperly disposed of ancillary financial records to conceal that she had misappropriated school funds for personal purposes. Our Investigative Audits Division obtained a confession from the former Treasurer who admitted to the misappropriation of funds and destruction of financial records. She was arrested and her case was referred to the State Attorney's Office for prosecution. In addition to this incident, during the current and past fiscal year there were other incidents of collections being stolen from the school's main office.

Other issues reported at this school that we either cited in the prior audit report or discussed with the former Principal during the prior audit included errors and discrepancies in the inventory of official prenumbered forms, inadequate controls over fund-raising activities, and the untimely processing of Fund 9 disbursements. During this audit, we also found that some of the official prenumbered forms used to receipt student collections could not be located. Regarding fund-raisers, the supporting documentation and reports were either incomplete, inadequate, contained errors or were missing. Concerning the Fund 9 account, the school continues a practice of not replenishing the account on a timely basis. In addition, there were other Fund 9 liabilities whose payment was outstanding as of the end of this audit (Pages 28-38). *The resignation of the former Treasurer in October 2010, upon discovery of the misappropriation, may have further exacerbated some of these conditions.*

PAYROLL

We reviewed payroll records and procedures at 14 of the 42 schools included herein. They are as follows:

- **Charles R. Drew Middle¹**
- **Holmes Elementary¹**
- Biscayne Elementary
- Lake Stevens Elementary
- Dr. Henry W. Mack/West Little River Elementary
- Morningside Elementary
- Ojus Elementary
- Sunny Isles Beach Community School K-8 Center
- Andover Middle
- Hialeah Middle¹
- Thomas Jefferson Middle
- Jose Marti Middle
- Norland Middle
- Alonzo & Tracy Mourning Senior

At 12 of the 14 schools, there was general compliance with the *Payroll Processing Procedures Manual*.

At Charles R. Drew Middle, during the prior two audits we discussed with the former Principal discrepancies over the reporting and documenting of payroll. Our review of recent payrolls processed under the current Principal continued to identify some of the same discrepancies. These included incomplete leave cards and instances where hourly-paid employees were either underpaid or overpaid several hours (Pages 39-40).

At Holmes Elementary, recent payrolls disclosed that daily paid employees did not consistently indicate their presence on the Daily Payroll Attendance Sheets and were reported present on the Final Rosters. According to the current Principal, employees were present on the days in question. Also, the majority of the leave cards documenting absences taken by employees during a January 2011 pay period were not on file. (Pages 41-43).

¹ Change of Principal since the prior audit at this school (3 schools).

PROPERTY

The results of physical inventories of property items with an individual cost of \$1,000 or more are reported for 39 of the 42 schools included herein. Property inventory results for the remaining 3 schools will be reported at a later date. We are also including the inventory results of 4 other schools whose property inventory results were pending publication since previous audit reports.

Approximately 9,420 equipment items with a total approximate cost of \$20.7 million were inventoried at these 43 schools. Property inventory results were satisfactory at all 43 schools (refer to Property Schedules on pages 24-26).

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 for the schools reported herein disclosed that a total of 21 items with a depreciated value of \$7,720 and with an initial cost of approximately \$35,400 were reported missing at 12 schools (Page 27). These losses are not considered significant when compared to the total inventory.

PURCHASING CREDIT CARD (P-CARD) PROGRAM

We reviewed the P-Card Program's procedures and records at the following 7 schools:

- Joella C. Good Elementary
- Lake Stevens Elementary
- Norland Elementary
- Highland Oaks Middle
- John F. Kennedy Middle
- Alonzo & Tracy Mourning Senior
- North Miami Beach Senior

Our review disclosed that all 7 schools listed above generally complied with the *Purchasing Credit Card Program Policies & Procedures Manual*.

TITLE I PROGRAM EXPENDITURES AND PROCEDURES

A review of Title I Program expenditures and procedures since our last report in March 2011 was conducted at Charles R. Drew Middle. Our review focused on current 2010-2011 fiscal year activity up to January 2011 because of findings cited in the Title I Program area during this school's past two audits; the timing of the 2008-2009 fiscal year audit which was published at the end of June 2010; the change in administration at this school since the previous audit; and the matter of the fraudulent activity perpetrated by the school's former Treasurer. Regarding the 2009-2010 fiscal year Title I funds, we focused our review on selected Title I Schoolwide Program accounts to determine whether budgeted funds had been spent timely and appropriately.

For the 2010-2011 fiscal year, between July 2010 and January 2011, total expenditures incurred under various Title I programs amounted to approximately \$204,302.

Our review disclosed that as of the end of January 2011, funds budgeted to cover temporary instructor and hourly payroll expenses, as well as a portion of funds initially budgeted for the procurement of goods and services had not been spent. Similarly, other grant funds related to Title I remained unspent as of the completion of our audit. We also found that two purchase orders for equipment and science materials ordered back in August and November 2010 had not been finalized. These were finalized and the merchandise received by the school as the result of our inquiries.

Our selected review of 2009-2010 Title I Schoolwide program accounts disclosed a similar pattern of amounts that were budgeted but not utilized by the school (Pages 44-45).

FULL-TIME-EQUIVALENT (FTE) FUNDING

The following 3 schools were selected for these audits:

Schools	FTE Funding Reported
Natural Bridge Elementary	\$ 1,103,668
Sunny Isles Beach Community School K-8 Center	3,366,997
John F. Kennedy Middle	2,631,374
Total	\$ 7,102,039

The total FTE funding amounted to approximately \$7.1 million for the 3 schools combined. FTE records reviewed corresponded to the 2010-2011 fiscal year Survey Period 3 (February 2011).

Our FTE reviews disclosed that all 3 schools were generally compliant with District policy.

Minor discrepancies identified in this area were discussed with the school administration for their information and corrective action.

DATA SECURITY

We reviewed the report titled “Authorized Applications for Employees by Locations Report” at 11 schools. Of the 11 schools, we conducted a more thorough review of the school site IT function at 6 schools. The schools are:

- John G. Dupuis Elementary
- Toussaint L'Ouverture Elementary²
- Myrtle Grove Elementary²
- Ojus Elementary²
- Parkway Elementary
- Treasure Island Elementary²
- Hialeah Gardens Middle
- Highland Oaks Middle
- Horace Mann Middle²
- Miami Lakes Middle²
- Alonzo & Tracy Mourning Senior

Our review disclosed that all 11 schools generally complied with the review of the report and with the requirements for granting access to system applications. Furthermore, at 6 of the 11 schools, our review of selected aspects of the school's site IT function disclosed that IT equipment such as servers, switches and routers were properly located and safeguarded; and school administration had generally informed staff of the requirements for backing-up critical data and the security of the network.

Minor discrepancies identified in this area were discussed with the school administration for corrective action.

AUDIT OPINION

The following tables summarize total cash receipts and disbursements, and financial position of cash and investments *as of June 30, 2010 for all 42 schools included herein*. It also provides the audit opinion regarding the schools' financial statements:

² Review of school site IT function at this school (6 schools).

CONDENSED ANNUAL FINANCIAL REPORTS AND TOTAL CASH AND INVESTMENTS AS OF JUNE 30, 2010

The Condensed Annual Financial reports and Total Cash and Investments as of June 30, 2010 for the following 42 schools are:

Work Loc No.	Schools	Beginning Balance	Receipts	Disbursements	End Balance	Cash	Investments		Total Cash and Investments
							Money Market Pool Fund	Other	
Region I Schools									
1481	John G. Dupuis Elementary	\$ 26,318.04	\$ 157,575.76	\$ 150,472.89	\$ 33,420.91	\$ 15,491.34	\$ 17,929.57	\$ -	\$ 33,420.91
2181	Joella C. Good Elementary	16,525.62	312,134.61	312,691.11	15,969.12	1,977.25	13,991.87	-	15,969.12
5051	Ernest R Graham Elementary	33,606.57	228,090.11	231,221.11	30,475.57	12,379.52	18,096.05	-	30,475.57
5131	North Dade Ctr. for Modern Languages Elementary	12,385.19	59,369.22	43,834.67	27,919.74	10,943.61	16,976.13	-	27,919.74
3981	North Twin Lakes Elementary	15,893.11	150,603.94	149,249.78	17,247.27	12,070.89	5,176.38	-	17,247.27
4241	Palm Lakes Elementary	10,990.62	78,135.04	76,414.28	12,711.38	7,566.51	5,144.87	-	12,711.38
6231	Hialeah Middle	21,536.01	146,569.26	118,132.41	49,972.86	21,473.36	28,499.50	-	49,972.86
6751	Hialeah Gardens Middle	19,480.03	46,841.60	42,630.46	23,691.17	23,190.49	500.68	-	23,691.17
6421	Jose Marti Middle	34,586.24	103,186.90	97,322.04	40,451.10	8,608.49	31,842.61	-	40,451.10
6501	Miami Lakes Middle	31,365.47	81,952.34	38,149.57	75,168.24	8,490.15	66,678.09	-	75,168.24
6591	North Dade Middle	18,719.47	35,041.30	30,026.42	23,734.35	9,674.90	14,059.45	-	23,734.35
Region II Schools									
0321	Biscayne Elementary	15,937.32	227,888.49	227,438.87	16,386.94	2,611.78	13,775.16	-	16,386.94

**CONDENSED ANNUAL FINANCIAL REPORTS
AND TOTAL CASH AND INVESTMENTS AS OF JUNE 30, 2010**

Work Loc No.	Schools	Beginning Balance	Receipts	Disbursements	End Balance	Cash	Investments		Total Cash and Investments
							Money Market Pool Fund	Other	
0241	Ruth K. Broad/Bay Harbor K-8 Center	16,370.93	132,216.71	121,126.57	27,461.07	16,243.99	11,217.08	-	27,461.07
0561	W. J. Bryan Elementary	15,987.11	105,743.93	101,371.19	20,359.85	4,186.68	16,173.17	-	20,359.85
0681	Carol City Elementary	32,914.30	27,691.63	23,946.16	36,659.77	28,306.86	8,352.91	-	36,659.77
2801	Lake Stevens Elementary	5,376.30	22,485.05	18,581.20	9,280.15	5,257.37	4,022.78	-	9,280.15
5005	David Lawrence, Jr. K-8 Center	17,284.37	314,617.74	297,849.23	34,052.88	29,000.73	5,052.15	-	34,052.88
3051	Toussaint L'Ouverture Elementary	5,628.14	30,005.16	21,030.94	14,602.36	13,016.98	1,585.38	-	14,602.36
3341	Miami Shores Elementary	22,151.35	139,576.74	137,388.36	24,339.73	22,015.17	2,324.56	-	24,339.73
3501	Morningside Elementary	10,760.52	57,125.79	54,856.93	13,029.38	6,197.79	6,831.59	-	13,029.38
3581	Myrtle Grove Elementary	9,146.78	63,249.53	62,736.75	9,659.56	1,972.72	7,686.84	-	9,659.56
3661	Natural Bridge Elementary	7,311.53	62,176.02	60,066.96	9,420.59	2,623.79	6,796.80	-	9,420.59
3701	Norland Elementary	7,498.79	59,574.85	56,824.82	10,248.82	6,670.57	3,578.25	-	10,248.82
3741	North Beach Elementary	43,505.72	376,361.29	390,584.80	29,282.21	3,266.70	26,015.51	-	29,282.21
4061	Ojus Elementary	20,815.43	58,205.77	52,033.25	26,987.95	9,147.00	17,840.95	-	26,987.95
4341	Parkway Elementary	6,283.00	33,453.39	33,116.75	6,619.64	3,537.23	3,082.41	-	6,619.64
4881	Scott Lake Elementary	16,754.95	149,074.30	148,690.51	17,138.74	10,037.94	7,100.80	-	17,138.74
5091	South Pointe Elementary	32,777.21	202,531.77	209,680.03	25,628.95	3,549.60	22,079.35	-	25,628.95
0092	Sunny Isles Beach Community School K-8 Center	21,284.48	95,332.48	93,509.97	23,106.99	20,099.74	3,007.25	-	23,106.99

**CONDENSED ANNUAL FINANCIAL REPORTS
AND TOTAL CASH AND INVESTMENTS AS OF JUNE 30, 2010**

Work Loc No.	Schools	Beginning Balance	Receipts	Disbursements	End Balance	Cash	Investments		Total Cash and Investments
							Money Market Pool Fund	Other	
5481	Treasure Island Elementary	20,146.59	64,028.56	45,350.38	38,824.77	12,307.55	26,517.22	-	38,824.77
6023	Andover Middle	17,185.35	33,308.16	30,061.28	20,432.23	20,432.23	-	-	20,432.23
6051	Carol City Middle	29,118.38	62,138.70	60,011.12	31,245.96	20,480.18	10,765.78	-	31,245.96
6241	Highland Oaks Middle	51,335.00	424,549.64	389,974.52	85,910.12	25,080.68	60,829.44	-	85,910.12
6281	Thomas Jefferson Middle	26,861.65	43,613.96	47,402.99	23,072.62	3,194.71	19,877.91	-	23,072.62
6301	John F. Kennedy Middle	34,386.43	114,953.64	115,208.61	34,131.46	7,350.14	26,781.32	-	34,131.46
6411	Horace Mann Middle	24,397.72	66,377.52	62,817.31	27,957.93	12,127.30	15,830.63	-	27,957.93
6571	Norland Middle	44,312.99	137,955.67	126,747.50	55,521.16	12,401.68	43,119.48	-	55,521.16
7048	Alonzo & Tracy Mourning Senior	-	268,480.03	214,867.31	53,612.72	53,612.72	-	-	53,612.72
7541	North Miami Beach Senior	220,730.74	540,664.43	487,882.00	273,513.17	33,798.76	239,714.41	-	273,513.17
<u>Education Transformation Office</u>									
6141	Charles R. Drew Middle	15,695.72	86,005.00	79,613.45	22,087.27	17,562.49	4,524.78	-	22,087.27
2501	Holmes Elementary	4,926.58	23,494.64	16,729.50	11,691.72	6,894.00	4,797.72	-	11,691.72
5861	Dr. Henry W. Mack/West Little River Elementary	12,147.35	12,317.63	11,679.51	12,785.47	7,622.97	5,162.50	-	12,785.47
TOTAL		\$ 1,050,439.10	\$ 5,434,698.30	\$ 5,089,323.51	\$ 1,395,813.89	\$ 552,474.56	\$ 843,339.33	\$ -	\$ 1,395,813.89

CONDENSED ANNUAL FINANCIAL REPORTS AND TOTAL CASH AND INVESTMENTS AS OF JUNE 30, 2010

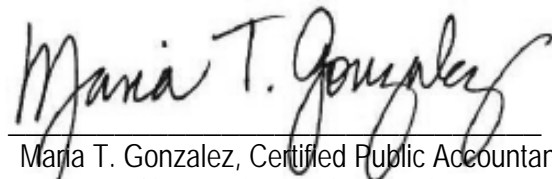
Audit Opinion on Financial Statements and Overall Assessment of Internal Controls Over Financial Reporting

Notwithstanding the conditions and findings reported herein, at 41 of the 42 schools, the financial statements present fairly, in all material respects, the changes in fund balances arising from the cash transactions of the schools during the 2009-2010 fiscal year, on the cash basis of accounting. At Charles R. Drew Middle, due to the conditions cited in the report, we do not express an opinion as to whether the financial statement of the internal funds of the school otherwise fairly represents the changes in fund balances arising from cash transactions during the 2009-2010 fiscal year, on the cash basis of accounting.

As of June 30, 2010, the internal control structure at 41 of the 42 schools reported herein generally functioned as designed by the District and implemented by the school administration, except for those conditions reported at the Charles R. Drew Middle.

As of June 30, 2010, for all 42 schools reported herein, as identified in the tables on pages 8-10 of this report, total combined receipts and disbursements amounted to \$ 5,434,698.30 and \$ 5,089,323.51 respectively; while total combined cash and investments amounted to \$ 1,395,813.89.

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



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

INTERNAL CONTROLS RATING

The internal controls rating of the 2 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>Education Transformation Office</u>							
Charles R. Drew Middle		✓			✓		Likely to impact
Holmes Elementary		✓			✓		Likely to impact

INTERNAL CONTROLS RATING

The internal controls rating of the 40 schools reported herein with no audit exceptions are depicted as follows:

SCHOOLS	PROCESS & IT CONTROLS			POLICY & PROCEDURES COMPLIANCE			EFFECT
	SATISFACTORY	NEEDS IMPROVEMENT	INADEQUATE	SATISFACTORY	NEEDS IMPROVEMENT	INADEQUATE	
<u>Region I Schools</u>							
John G. Dupuis Elementary	✓			✓			Not Likely to impact
Joella C. Good Elementary	✓			✓			Not Likely to impact
Ernest R Graham Elementary	✓			✓			Not Likely to impact
North Dade Ctr. for Modern Languages Elementary	✓			✓			Not Likely to impact
North Twin Lakes Elementary	✓			✓			Not Likely to impact
Palm Lakes Elementary	✓			✓			Not Likely to impact
Hialeah Middle	✓			✓			Not Likely to impact
Hialeah Gardens Middle	✓			✓			Not Likely to impact
Jose Marti Middle	✓			✓			Not Likely to impact
Miami Lakes Middle	✓			✓			Not Likely to impact
North Dade Middle	✓			✓			Not Likely to impact

INTERNAL CONTROLS RATING

SCHOOLS	PROCESS & IT CONTROLS			POLICY & PROCEDURES COMPLIANCE			EFFECT
	SATISFACTORY	NEEDS IMPROVEMENT	INADEQUATE	SATISFACTORY	NEEDS IMPROVEMENT	INADEQUATE	
<u>Region II Schools</u>							
Biscayne Elementary	✓			✓			Not Likely to impact
Ruth K. Broad/Bay Harbor K-8 Center	✓			✓			Not Likely to impact
W. J. Bryan Elementary	✓			✓			Not Likely to impact
Carol City Elementary	✓			✓			Not Likely to impact
Lake Stevens Elementary	✓			✓			Not Likely to impact
David Lawrence, Jr. K-8 Center	✓			✓			Not Likely to impact
Toussaint L'Ouverture Elementary	✓			✓			Not Likely to impact
Miami Shores Elementary	✓			✓			Not Likely to impact
Morningside Elementary	✓			✓			Not Likely to impact
Myrtle Grove Elementary	✓			✓			Not Likely to impact
Natural Bridge Elementary	✓			✓			Not Likely to impact
Norland Elementary	✓			✓			Not Likely to impact
North Beach Elementary	✓			✓			Not Likely to impact
Ojus Elementary	✓			✓			Not Likely to impact
Parkway Elementary	✓			✓			Not Likely to impact

INTERNAL CONTROLS RATING

SCHOOLS	PROCESS & IT CONTROLS			POLICY & PROCEDURES COMPLIANCE			EFFECT
	SATISFACTORY	NEEDS IMPROVEMENT	INADEQUATE	SATISFACTORY	NEEDS IMPROVEMENT	INADEQUATE	
Scott Lake Elementary	✓			✓			Not Likely to impact
South Pointe Elementary	✓			✓			Not Likely to impact
Sunny Isles Beach Community School K-8 Center	✓			✓			Not Likely to impact
Treasure Island Elementary	✓			✓			Not Likely to impact
Andover Middle	✓			✓			Not Likely to impact
Carol City Middle	✓			✓			Not Likely to impact
Highland Oaks Middle	✓			✓			Not Likely to impact
Thomas Jefferson Middle	✓			✓			Not Likely to impact
John F. Kennedy Middle	✓			✓			Not Likely to impact
Horace Mann Middle	✓			✓			Not Likely to impact
Norland Middle	✓			✓			Not Likely to impact
Alonzo & Tracy Mourning Senior	✓			✓			Not Likely to impact
North Miami Beach Senior	✓			✓			Not Likely to impact
<u>Education Transformation Office</u>							
Dr. Henry W. Mack/West Little River Elementary	✓			✓			Not Likely to impact

SUMMARY SCHEDULE OF AUDIT FINDINGS

Summary of findings at the 2 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>Education Transformation Office</u>					
6141	Charles R. Drew Middle (see Note below)	6	<ul style="list-style-type: none">▪ Misappropriation of Funds and Fabrication of Records▪ Official Prenumbered Forms▪ School Sponsored Activities▪ Fund 9▪ Payroll▪ Title I – Budget	7	<ul style="list-style-type: none">▪ Receipts and Deposits▪ School Sponsored Activities▪ Payroll▪ Before/After School Care Program▪ Title I - Budget▪ Title I - CIS▪ Title I -Reading Coach Records
2501	Holmes Elementary	1	<ul style="list-style-type: none">▪ Payroll	None	
TOTAL		7		7	

Note:

Change of Principal since prior audit at this school. Findings regarding payroll and Title I were based on records and procedures corresponding to the current fiscal year. Except for the finding regarding the year-end prenumbered forms inventory, which is an inventory completed at year-end, the rest of the findings covered records and procedures under the tenure of both administrations.

SUMMARY SCHEDULE OF AUDIT FINDINGS

Summary of findings at the 40 schools reported herein with no 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
Region I Schools					
1481	John G. Dupuis Elementary	None		None	
2181	Joella C. Good Elementary	None		None	
5051	Ernest R Graham Elementary	None		None	
5131	North Dade Ctr. for Modern Languages Elementary	None		None	
3981	North Twin Lakes Elementary	None		None	
4241	Palm Lakes Elementary	None		None	
6231	Hialeah Middle	None		None	
6751	Hialeah Gardens Middle	None		None	
6421	Jose Marti Middle	None		None	
6501	Miami Lakes Middle	None		None	
6591	North Dade Middle	None		None	
Region II Schools					
0321	Biscayne Elementary	None		None	

SUMMARY SCHEDULE OF AUDIT FINDINGS

Work Loc. No.	Schools	CURRENT YEAR FINDINGS		PRIOR YEAR FINDINGS	
		Total per School	Area Of Findings	Total per School	Area Of Findings
0241	Ruth K. Broad/Bay Harbor K-8 Center	None		None	
0561	W. J. Bryan Elementary	None		None	
0681	Carol City Elementary	None		None	
2801	Lake Stevens Elementary	None		None	
5005	David Lawrence, Jr. K-8 Center	None		None	
3051	Toussaint L'Ouverture Elementary	None		None	
3341	Miami Shores Elementary	None		None	
3501	Morningside Elementary	None		1	▪ Disbursements
3581	Myrtle Grove Elementary	None		1	▪ BSC/ASC Program
3661	Natural Bridge Elementary	None		None	
3701	Norland Elementary	None		1	▪ Disbursements
3741	North Beach Elementary	None		None	
4061	Ojus Elementary	None		None	
4341	Parkway Elementary	None		None	
4881	Scott Lake Elementary	None		None	
5091	South Pointe Elementary	None		None	

SUMMARY SCHEDULE OF AUDIT FINDINGS

Work Loc. No.	Schools	CURRENT YEAR FINDINGS		PRIOR YEAR FINDINGS	
		Total per School	Area Of Findings	Total per School	Area Of Findings
0092	Sunny Isles Beach Community School K-8 Center	None		None	
5481	Treasure Island Elementary	None		None	
6023	Andover Middle	None		1	▪ FTE-SPED
6051	Carol City Middle	None		None	
6241	Highland Oaks Middle	None		2	▪ Financial Management ▪ FTE-SPED
6281	Thomas Jefferson Middle	None		None	
6301	John F. Kennedy Middle	None		None	
6411	Horace Mann Middle	None		1	▪ IT Audit
6571	Norland Middle	None		None	
7048	Alonzo & Tracy Mourning Senior	None		None	
7541	North Miami Beach Senior	None		None	
<u>Education Transformation Office</u>					
5861	Dr. Henry W. Mack/West Little River Elementary	None		None	
TOTAL		None		7	

LIST OF SCHOOL PRINCIPALS/ADMINISTRATORS

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

Work Loc. No.	Schools	Current Principal/Administrator	Former Principal(s)/Administrator(s)
<u>Region I Schools</u>			
1481	John G. Dupuis Elementary	Ms. Claudine Winsor	N/A=No Change of Principal Since Prior Audit
2181	Joella C. Good Elementary	Ms. Lizette G. O' Halloran	N/A=No Change of Principal Since Prior Audit
5051	Ernest R Graham Elementary	Ms. Mayra Alfaro	N/A=No Change of Principal Since Prior Audit
5131	North Dade Ctr. for Modern Languages Elementary	Dr. Maria A. Castaigne	N/A=No Change of Principal Since Prior Audit
3981	North Twin Lakes Elementary	Ms. Richelle T. Lumpkin	Mr. Robert Kalinsky (Through July 2009; presently Region V Administrative Director) Ms. Richelle T. Lumpkin
4241	Palm Lakes Elementary	Ms. Alina Q. Iglesias	Dr. Aline E. Sarria (Through November 2009; resigned)
6231	Hialeah Middle	Ms. Lourdes Diaz	Ms. Lourdes Diaz (Through December 2009) Mr. Jose R. Fernandez (Through March 2010; presently Principal at Country Club Middle)
6751	Hialeah Gardens Middle	Ms. Maritza D. Jimenez	Ms. Martha H. Montiel (Through July 2009; presently ETO Administrative Director) Ms. Maritza D. Jimenez
6421	Jose Marti Middle	Mr. Jose Enriquez, Jr.	N/A=No Change of Principal Since Prior Audit

LIST OF SCHOOL PRINCIPALS/ADMINISTRATORS

Work Loc. No.	Schools	Current Principal/Administrator	Former Principal(s)/Administrator(s)
6501	Miami Lakes Middle	Mr. Joaquin P. Hernandez	N/A=No Change of Principal Since Prior Audit
6591	North Dade Middle	Mr. Lowell C. Crawford	N/A=No Change of Principal Since Prior Audit
<u>Region II Schools</u>			
0321	Biscayne Elementary	Ms. Maria P. Costa	N/A=No Change of Principal Since Prior Audit
0241	Ruth K. Broad/Bay Harbor K-8 Center	Dr. Maria T. Rodriguez	N/A=No Change of Principal Since Prior Audit
0561	W. J. Bryan Elementary	Ms. Milagros L. Maytin	N/A=No Change of Principal Since Prior Audit
0681	Carol City Elementary	Ms. Patricia L. Bloodworth	N/A=No Change of Principal Since Prior Audit
2801	Lake Stevens Elementary	Ms. Stephanie D. Goree	N/A=No Change of Principal Since Prior Audit
5005	David Lawrence, Jr. K-8 Center	Mr. Bernard L. Osborn	N/A=No Change of Principal Since Prior Audit
3051	Toussaint L'Ouverture Elementary	Dr. Liliane A. Delbor	N/A=No Change of Principal Since Prior Audit
3341	Miami Shores Elementary	Ms. Patricia M. Fernandez	N/A=No Change of Principal Since Prior Audit
3501	Morningside Elementary	Ms. Kathleen John-Louissaint	N/A=No Change of Principal Since Prior Audit

LIST OF SCHOOL PRINCIPALS/ADMINISTRATORS

Work Loc. No.	Schools	Current Principal/Administrator	Former Principal(s)/Administrator(s)
3581	Myrtle Grove Elementary	Dr. Dianne W. Jones	N/A=No Change of Principal Since Prior Audit
3661	Natural Bridge Elementary	Ms. Janice T. Hutson	N/A=No Change of Principal Since Prior Audit
3701	Norland Elementary	Ms. Karen S. Powers	N/A=No Change of Principal Since Prior Audit
3741	North Beach Elementary	Dr. Alice F. Quarles	N/A=No Change of Principal Since Prior Audit
4061	Ojus Elementary	Dr. Marta M. Mejia	N/A=No Change of Principal Since Prior Audit
4341	Parkway Elementary	Ms. Tracie N. Lewis	N/A=No Change of Principal Since Prior Audit
4881	Scott Lake Elementary	Ms. Valerie B. Ward	N/A=No Change of Principal Since Prior Audit
5091	South Pointe Elementary	Ms. Melanie B. Fishman	N/A=No Change of Principal Since Prior Audit
0092	Sunny Isles Beach Community School K-8 Center	Dr. Annette H. Weissman	N/A=No Change of Principal Since Prior Audit
5481	Treasure Island Elementary	Ms. Gloria P. Barnes	N/A=No Change of Principal Since Prior Audit
6023	Andover Middle	Mr. Arnold R. Montgomery	N/A=No Change of Principal Since Prior Audit
6051	Carol City Middle	Ms. Kim W. Cox	N/A=No Change of Principal Since Prior Audit
6241	Highland Oaks Middle	Ms. Dawn M. Baglos	N/A=No Change of Principal Since Prior Audit

LIST OF SCHOOL PRINCIPALS/ADMINISTRATORS

Work Loc. No.	Schools	Current Principal/Administrator	Former Principal(s)/Administrator(s)
6281	Thomas Jefferson Middle	Ms. Maria C. Fernandez	N/A=No Change of Principal Since Prior Audit
6301	John F. Kennedy Middle	Ms. Karen L. Robinson	N/A=No Change of Principal Since Prior Audit
6411	Horace Mann Middle	Ms. Carmen Jones-Carey	N/A=No Change of Principal Since Prior Audit
6571	Norland Middle	Mr. Eugene Butler, Jr.	N/A=No Change of Principal Since Prior Audit
7048	Alonzo & Tracy Mourning Senior	Ms. Sally J. Alayon	N/A=No Change of Principal Since Prior Audit
7541	North Miami Beach Senior	Mr. Raymond L. Fontana	N/A=No Change of Principal Since Prior Audit
<u>Education Transformation Office</u>			
6141	Charles R. Drew Middle	Ms. Annette Y. Burks-Grice	Dr. Henry N. Crawford (Through July 2010; presently Principal at Martin Luther King Elementary)
2501	Holmes Elementary	Ms. Atunya R. Walker	Mr. Frank V. MacBride, Jr. (Through October 2010; presently Principal at Pine Lake Elementary)
5861	Dr. Henry W. Mack/West Little River Elementary	Ms. Martha Z. Harris	N/A=No Change of Principal Since Prior Audit

PROPERTY SCHEDULES

The results of the property inventories conducted at the 43 schools reported herein 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		
Region I Schools								
1481	John G. Dupuis Elementary	133	\$ 361,806	None	-	-	None	-
2181	Joella C. Good Elementary	238	467,227	None	-	-	None	-
5051	Ernest R Graham Elementary	281	616,772	None	-	-	None	-
5131	No. Dade Ctr. for Modern Languages Elementary	35	75,088	None	-	-	None	-
3981	North Twin Lakes Elementary	156	380,293	None	-	-	None	-
4241	Palm Lakes Elementary	158	331,709	None	-	-	None	-
6231	Hialeah Middle	410	875,255	None	-	-	1	\$ 2,776
6751	Hialeah Gardens Middle	183	799,354	None	-	-	None	-
6421	Jose Marti Middle ¹							
6501	Miami Lakes Middle	298	609,257	None	-	-	None	-
6591	North Dade Middle ¹							
Region II Schools								
0321	Biscayne Elementary	200	367,633	None	-	-	None	-
0241	Ruth K. Broad/Bay Harbor K-8 Center	163	425,392	None	-	-	None	-
0561	W. J. Bryan Elementary	132	313,849	None	-	-	None	-
0681	Carol City Elementary	115	247,674	None	-	-	None	-
2531	Thena C. Crowder Elementary ²	77	183,579	None	-	-	None	-
1601	Edison Park Elementary ²	149	279,403	None	-	-	None	-

Notes:

1 Property inventory in progress. Results will be published at a later date.

2 School audit previously reported this fiscal year. Property inventory results were pending reporting until now.

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		
2801	Lake Stevens Elementary	64	196,364	None	-	-	None	-
5005	David Lawrence, Jr. K-8 Center	687	1,100,467	None	-	-	None	-
3051	Toussaint L'Ouverture Elementary	80	186,165	None	-	-	None	-
3341	Miami Shores Elementary	208	424,824	None	-	-	None	-
3501	Morningside Elementary	86	190,690	None	-	-	None	-
3581	Myrtle Grove Elementary	102	224,903	None	-	-	None	-
3661	Natural Bridge Elementary	178	346,365	None	-	-	None	-
3701	Norland Elementary	374	574,533	None	-	-	None	-
3741	North Beach Elementary	105	253,830	None	-	-	None	-
4061	Ojus Elementary	180	390,233	None	-	-	None	-
4341	Parkway Elementary	71	190,626	None	-	-	None	-
4881	Scott Lake Elementary	149	276,574	None	-	-	None	-
5091	South Pointe Elementary	42	117,765	None	-	-	None	-
0092	Sunny Isles Beach Community School K-8 Center	181	566,445	None	-	-	None	-
5481	Treasure Island Elementary	134	257,132	None	-	-	None	-
6023	Andover Middle	367	697,064	None	-	-	None	-
6051	Carol City Middle	289	731,767	None	-	-	None	-
6241	Highland Oaks Middle	255	646,417	None	-	-	1	1,399
6281	Thomas Jefferson Middle	110	281,106	None	-	-	None	-
6301	John F. Kennedy Middle	728	1,194,238	None	-	-	2	2,999
6411	Horace Mann Middle	467	985,251	None	-	-	None	-
6571	Norland Middle	230	566,070	None	-	-	None	-
7048	Alonzo & Tracy Mourning Senior	299	1,142,885	None	-	-	None	-

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		
7541	North Miami Beach Senior	585	1,384,889	None	-	-	None	-
<u>Education Transformation Office</u>								
6141	Charles R. Drew Middle	440	900,332	None	-	-	1	3,436
2501	Holmes Elementary	142	334,938	None	-	-	1	1,024
5861	Dr. Henry W. Mack/West Little River Elementary ¹							
<u>Adult Education Centers</u>								
7342	Miami Jackson Adult Education Center ²	26	46,810	None	-	-	None	-
7512	Miami Springs Adult Education Center ²	111	214,150	None	-	-	None	-
TOTAL		9,418	\$ 20,757,124	None	-	-	6	\$ 11,634

Note:

1 Property inventory in progress. Results will be published at a later date.

2 School audit previously reported this fiscal year. Property inventory results were pending reporting until now.

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	Other¹	
Region I School								
5051	Ernest R Graham Elementary	1	1	\$ 2,995	-	-	\$ 2,995	-
Region II Schools								
0561	W. J. Bryan Elementary	1	1	3,949	-	\$ 3,949	-	\$ 3,231
3341	Miami Shores Elementary	1	1	1,359	\$ 1,359	-	-	549
3501	Morningside Elementary	1	1	1,285	1,285	-	-	172
3661	Natural Bridge Elementary	1	1	1,024	1,024	-	-	444
4061	Ojus Elementary	1	1	1,024	1,024	-	-	-
5091	South Pointe Elementary	1	1	1,403	1,403	-	-	-
6051	Carol City Middle	1	2	3,205	3,205	-	-	-
6281	Thomas Jefferson Middle	1	1	2,026	-	-	2,026	-
6301	John F. Kennedy Middle	2	3	6,846	5,247	1,599	-	1,592
7541	North Miami Beach Senior	2	2	2,689	-	1,182	1,507	-
Education Transformation Office								
6141	Charles R. Drew Middle	4	6	7,565	4,428	3,137	-	1,732
TOTAL		17	21	\$ 35,370	\$ 18,975	\$ 9,867	\$ 6,528	\$ 7,720

Note:

1 'Other' equipment consisted of one cash machine, one table and one welder.

FINDINGS AND RECOMMENDATIONS

INTERNAL FUNDS

1. **Former Treasurer Fabricated Documentation To Circumvent Deposit Procedures, And Controls Over Bookkeeping Function Were Inadequate** ***Charles R. Drew Middle***

Section II, Chapter 2 of the *Manual of Internal Fund Accounting* establishes that the Principal is ultimately responsible for monitoring and administering the revenue generated from Internal Fund activities. According to this chapter of the Manual, all money handled by and coming into direct custody of a school employee must be documented, at a minimum, in a Recap of Collection and submitted to the Treasurer for proper safekeeping and deposit. Chapter 3 delineates the procedures for preparing the deposit packages and the timelines for depositing collections. Furthermore, MDCPS *Weekly Briefing #5164* issued in November 8, 2008 delineates the current procedures for safeguarding school funds, including implementation of the *Collections/Deposit Log* form at the schools [FM-7249]. According to the procedures in the *Weekly Briefing*, money collected shall be deposited by the Treasurer *as soon as possible*, following the school's armored car service pick up schedule. In those instances where schools elect not to solicit armored car services, monies *shall be deposited in the bank once accumulated monies exceed \$300. At a minimum, a deposit must be made on the last working day of the week and on the last working day of the month, regardless of the amounts collected.*

During the course of the audit, we discovered discrepancies with the internal funds records and the monies deposited in the school's checking account. ***As a result, on December 2, 2010, the Principal reported the matter to M-DCPS Police and our office conducted an audit investigation.***

Our review of the financial documents, history of transactions, and official bank records for the 2009-2010 fiscal year and the 2010-2011 fiscal year up to October 2010 disclosed that the former Treasurer altered checking account bank statements, deposit records and improperly disposed of ancillary internal funds records to conceal that she had misappropriated school funds for personal purposes. Subsequent to the completion of the audit fieldwork, on February 23, 2011, our Investigative Audits Division obtained a confession from the former Treasurer who willingly admitted to having misappropriated approximately \$3,000 in cash and destroyed checks issued to the school totaling approximately \$1,200. As result of her actions, she was arrested and her case was referred to the State Attorney's Office for prosecution. Details follow:

- 1.1. We discovered that six deposits totaling \$4,135 could not be traced to the school's internal funds checking account. Of this total, \$2,980 was cash and the remainder consisted of money orders. These discrepancies occurred during the eight-month period of November 2009 to June 2010.

Although it appears that the misappropriation came to an end in June 2010, the falsification of bank deposit records and the disposal of ancillary records such as internal funds receipts and disbursement logs continued up to October 2010. In November 2010, while our audit was in progress, the former Treasurer stopped coming to work, requested leave of absence and eventually resigned in January 2011.

During the audit, we had requested original records from the bank since the school initially provided photocopies of bank statements and many of the ancillary records were missing. After comparing photocopies of bank statements provided by the former Treasurer to authentic bank statements provided by the bank, we determined that the documents provided by the school had been altered to include deposits that were never made and overstate the checking account balances. Furthermore, for two of the deposits, the armored car service log records had been altered to give the appearance that the deposits had been picked up and taken to the bank by the service. For the most part, the source of revenue of the deposits in question consisted of After School Care Program fee collections.

- 1.2. In addition to the misappropriation, we noted some instances where deposits under the custody of the former Treasurer were not being submitted to the bank in a timely manner. We also noted that the Collections/Deposit Log [FM-7249] was not signed by an administrator to evidence that the administration was overseeing the deposit process.

Every year, an inventory of school property assets with an individual cost of \$1,000 or more is performed by our office and results are reported as part of the school audit. Our most recent property audit disclosed that:

- 1.3. A laptop with a cost of \$1,408 and a depreciated value of \$235 could not be located at the school. Property records indicated that the laptop was assigned to the current Principal when she transferred to the school as Assistant Principal during the 2009-2010 fiscal year. During our inquiries, the former Treasurer admitted in writing that she had signed for custody of the laptop on behalf of the Assistant Principal without the Assistant Principal's knowledge and consent.

Aside from the funds misappropriated by the former Treasurer, there were recurring incidents of collections being stolen from the school's main office during the 2009-2010 and the 2010-2011 fiscal years.

- 1.4. Two incidents corresponding to the 2009-2010 fiscal year were reported in the previous audit report. During the 2010-2011 fiscal year, we found that on November 1, 2010 the Principal contacted M-DCPS Police to report a break-in and the theft of \$308 from a file cabinet located in the Principal's office. Stolen monies consisted of fundraising proceeds and cafeteria sales. According to the Principal, the collections had been stored in the file cabinet since staff was not available to process the deposit.

RECOMMENDATIONS

- 1.1. **The school administration should implement procedures to ensure that sealed bank statements and bank correspondence are submitted directly to the Principal for review before it is forwarded to clerical staff. In addition, the administration should implement a process for periodically reconciling the checking account and verifying checking account bank balances.**
- 1.2. **Ensure that staff is aware, understands and adheres to proper receipting procedures when monies come into custody of a school employee or when monies exchange hands.**
- 1.3. **Strengthen the safeguarding and custody of collections by identifying a safe location for the storage of funds and restrict access to key individuals.**
- 1.4. **Implement and enforce use of the *Collections/Deposit Log* [FM-7249] form; and periodically review to ensure it is properly utilized and completed.**

Person(s) Responsible: **Principal, Community School Assistant Principal and Secretary/Treasurer**

Management Response:

The Principal has thoroughly reviewed Section II, Chapter 2 Collection of Money and Chapter 3 Deposit Procedures from the *Manual of Internal Fund Accounting*. Copies were provided and discussed with all Assistant Principals, Secretary/Treasurer, and Activities Director.

The Principal reviewed the following procedures with the new Secretary/Treasurer:

- District procedures as outlined in the *Manual of Internal Fund Accounting* for monitoring account balances, maintaining checkbook balances and adjustments to ensure accurate monthly reconciliation reports.

- Submit unopened monthly bank statements to the Principal immediately upon receipt.

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

At the beginning of the 2010-2011 fiscal year, the Principal, Activities Director, and Secretary/Treasurer facilitated a training on August 20, 2010, with club sponsors and coaches to address district policies and procedures for the collection of money to include the proper use of *Recap of Collection Form (FM-1004)* and *Employee (BPI) Receipts (FM-0976)*. Signature was obtained from each sponsor as documentation for attending the training and receiving manual outlining procedures for collecting money.

The Principal will review the procedures for the collection of money with the entire staff during the April faculty meeting and again at the opening of the 2011-2012 school year.

The combination to the school's vault was changed in January 2011 and access was restricted to the Principal and Community School Assistant Principal. The Principal has purchased a small safe which will secure the school's funds, checkbook and unused checks.

The Principal met with the Assistant Principal and School's Secretary/Treasurer to review the guidelines in securing funds awaiting deposits. Collections awaiting Brinks pickup will be logged in and out on Collection/Deposits Log (FM-7249) form by the Secretary/Treasurer and an administrator. The Principal or Community School Assistant Principal will review the deposit packages and sign the Collection/Deposits Log (FM-7249) form before securing it in the school's vault.

Person(s) Responsible:

ETO Administration

Management Response:

- The Principal was directed to monitor the checkbook balance on a weekly basis and verify bank statements with the on-line information.
- The Administrative Director will conduct site reviews to ensure compliance with all guidelines found in Section II, Chapters 2 and 3 of the Manual of Internal Fund Accounting, ensuring procedures for deposit and money collections are adhered and proper documentation is maintained.

**2. Inadequate Controls Over
Official Prenumbered Forms
*Charles R. Drew Middle***

A similar condition was discussed with the former school administration during the prior audit regarding errors in the inventory and official forms that could not be located.

Section V, Chapters 1 and 2 of the *Manual of Internal Fund Accounting* require that an accurate inventory of official forms be prepared at the end of the fiscal year and that all official records be retained for audit.

The inventory of prenumbered forms disclosed errors and omissions and two Official Teacher's Receipt books said to contain 100 receipts each could not be located. Of the 200 receipts, we could not trace 156 receipts to any monies receipted or to any deposits made. For another receipt book, the last 4 receipts had been torn from the book. Similarly, we were unable to trace these four receipts to any monies receipted or deposited. According to an activity sponsor, the books assigned to her were under the custody of the former Treasurer when the sponsor was not receipting funds from the students.

RECOMMENDATIONS

- 2.1. Instruct staff on the procedures for safeguarding official forms and the requirement to inform the Principal whenever there is a loss, theft, or vandalism of these forms.**
- 2.2. Ensure that the school properly inventories all official forms and that the administration carefully reviews the inventory prior to filing.**

Person(s) Responsible: **Principal, Secretary/Treasurer, Activities Director
and Club Sponsors**

Management Response:

A meeting was conducted with the school's Secretary/Treasurer to review, develop, and implement procedures for safeguarding official forms associated with Internal Fund accounting activities. All official forms used to document the collection of fees from students shall be controlled by and obtained from the school's Secretary/Treasurer.

The Principal reviewed with the school's Secretary/Treasurer the official forms directory provided as a reference guide in Section VI of the *Manual of Internal Fund Accounting*. Subsequently, the Principal and Secretary/Treasurer discussed the use of the Prenumbered Forms Inventory (FM-3564).

The Principal has directed the school's Secretary/Treasurer to order prenumbered tickets for sponsors to ensure authenticity of documents according to district guidelines.

The Principal has instructed the school's Secretary/Treasurer to comply with the district's guidelines set forth in Section III, Chapter 7 of the *Manual of Internal Fund Accounting*. The Secretary/Treasurer will provide forms and/or tickets to authorize faculty/staff responsible for collecting money, and record the forms issued in the Distribution Log maintained for all official prenumbered forms and receipts.

The Principal will review all official forms prior to the school's Secretary/Treasurer filing them to ensure that they are properly inventoried and secured for future auditing compliance.

The Principal, during a meeting conducted by the school's Secretary/Treasurer and Activities Director reviewed with staff the School Board policies and procedures for required documentation for fundraising activities and properly completing all official forms, including Certificate of Loss Report (FM-0997) and Certificate of Disposal (FM-2918).

The Principal established a protocol for reporting loss, theft, or vandalism of official forms. This information was outlined in the school's Club Advisor Handbook and provided to Team Leaders and Club Sponsors. Staff members signed in receipt of the document.

Person(s) Responsible:

ETO Administration

Management Response:

- The Principal was directed to establish a protocol to reporting loss, theft and/or vandalism of official forms.
- The Principal and Secretary/Treasurer reviewed the official forms directory provided as a reference guide in Section VI of the Manual of Internal Fund Accounting. Forms will be submitted to the Principal prior to being filed.

3. School-Sponsored Activities Non-Compliant With Guidelines *Charles R. Drew Middle*

Although there was some improvement in this area, similar conditions were cited in prior audit report under the tenure of the former school administration.

Pursuant to Section IV, Chapter 2 of the Manual of Internal Fund Accounting, a Student Activity Operating Report [FM-0996] must be prepared upon completion of each activity. The school must also maintain a Fundraising Activities Log [FM-6672] to record all fundraising activities approved by the administration and conducted by the school.

Our review of fundraising activities for the 2009-2010 fiscal year and the 2010-2011 fiscal year up to December 2010 disclosed the following discrepancies:

- 3.1. We found instances where the Application for Fundraising Activity and Student Activity Operating reports were either incomplete, contained errors or were not on file. Also, the school was unable to provide the Fundraising Activities Log. According to the current school administration, all Student Activity Operating Reports and ancillary documentation were under the custody of the former Treasurer who left her position in October 2010 and later resigned. At the present time, the school has been unable to locate some of these records.

Section IV, Chapter 2 of the *Manual's* fundraising guidelines establishes that fundraising activities where an admission fee is collected must be controlled with pre-numbered serialized tickets reflecting a dollar amount denomination. In the case of printed invitation style tickets (such as those used in special dances, talent shows, proms and school plays), these must also be supported by an invoice from the provider of the printing services or work order if printed by a vocational printing instructor. The invoice/work order must indicate the number of tickets, the sequence, and price, thus maintaining full control over the exact number of tickets printed and the total amount of admissions collected from the sale of tickets. The guidelines clearly prohibit the use of photocopied or computer-produced (printed in-house) tickets, because it is impossible to independently establish the total number of tickets printed/photocopied by the school.

- 3.2. The school used tickets to control the sale of admissions to dances and a picnic; however tickets were either printed by the sponsor of the activity; or tickets used were not purchased by the school and did not have serialized numbers printed on the tickets as required by the guidelines. Regarding the in-house printed tickets, according to school staff, tickets had to be printed because they could not be readily obtained from the vendor. Regarding the other tickets, it appears that they were donated by the sponsor of the activity;

however, a donation letter was not on file and the sponsor no longer works for the District.

RECOMMENDATIONS

- 3.1. Strengthen the oversight over fundraising activities, including the preparation, review and filing of student Activity Operating Reports and the preparation and maintenance of a Fundraising Activities Log.**
- 3.2. Discuss with staff the tickets that can be used to control the sale of admissions and the documentation required in those instances where tickets are donated and not purchased by the school.**

Person(s) Responsible: Principal, Secretary/Treasurer and Activities Director

Management Response:

The Principal held a meeting with the school's Secretary/Treasurer, Activities Director, and Club/Activity Sponsors to review procedures outlined in Section IV, Chapter 2 of the *Manual of Internal Fund Accounting* related to fundraising, supporting documentation, reporting procedures, and completing the Student Activity Operating Report (FM-0996) and Activity Log (FM-6672). In order to avoid future audit exceptions, the principal will meet with the Secretary/Treasurer monthly to review activities and ensure guidelines are followed.

The Principal will conference with the school's Secretary/Treasurer and Activities Director prior to approving fundraising activities to discuss collection and receipting of monies. Upon the conclusion of the fundraising activities, the Principal, Secretary/Treasurer, and Activities Director will meet to discuss completion of required reports, specifically, Student Activity Operating Reports and Fundraising Activities Log. The Principal will ensure that the Operating Report is completed within two weeks after the sponsored event. This process will be ongoing throughout the school year.

The Principal scheduled a meeting on October 20, 2010, with all Club and Activity Sponsors to review Internal Accounting Procedures relating to fundraising, collection of monies and the completion of required reports. The school's Secretary/Treasurer will provide a calendar for all fundraising activities and the Principal will monitor the implementation.

The Principal and school's Secretary/Treasurer will ensure that staff members/sponsors are informed of accounting procedures related to activities involving the use of tickets. Guidelines outlined from Section IV, Chapter 2 of the *Manual of Internal Fund Accounting* was discussed during team meetings, particularly the use of the Ticket Distribution Log (FM-0990) and the *Use of Complimentary List Form* and donated tickets.

Person(s) Responsible:

ETO Administration

Management Response:

- The Administrative Director will meet with the Principal bi-monthly to review internal funds financial activities to include receipting and depositing procedures, Student Activity Operating Reports, and posting of transactions.
- The Administrative Director will monitor the procedures utilized for pre-printed tickets and the use of complimentary lists to document any time that purchased goods/services are distributed to staff and/or students free of charge.

**4. Inadequate Controls
Over Instructional
Materials And Supplies
(Fund 9) Disbursements
*Charles R. Drew Middle***

A similar condition was discussed with the former school administration during the prior audit regarding the use and replenishment of the Fund 9 account.

Pursuant to guidelines in Section III, Chapter 9 of the *Manual of Internal Fund Accounting*, replenishments to the Instructional Materials and Supplies (Fund 9) account must be timely processed, once expenditures representing 25% of the established amount has been reached; and all Fund 9 expenditures must be reported to the District before June 30 of every year. At this school, the Fund 9 established amount was \$15,000.

Regarding documentation, all disbursements must be supported by original vendor invoices, and payments to vendors must be made within 30 days of satisfactory receipt of goods/services unless special arrangements have been made with the vendor in writing. Furthermore, Section V, Chapter II requires that all financial records associated with Internal Funds activities be safeguarded and retained for audit purposes.

- 4.1. Our review of the Fund 9 account activity disclosed that at June 30, the Fund reconciliation listed disbursements totaling \$6,697 which remained unprocessed for replenishment. *This represented all expenditures posted to this account from December 2009 until the end of the fiscal year.* As of April 2010, the account had reached the 25% threshold for replenishing expenditures.
- 4.2. As of the end of January 2011, the school had not reported the outstanding Fund 9 expenditures to the District. The total amount to be reimbursed is \$8,174, which includes \$1,813 in expenditures from the 2010-2011 fiscal year.
- 4.3. In relation to Fund 9 expenditures, the school has outstanding liabilities totaling \$2,656 among 3 vendors.

RECOMMENDATIONS

- 4.1. The school should pay the outstanding Fund 9 liabilities; however, the school should refrain from further charging expenditures to this account until funds are replenished.**
 - 4.2. Review the Fund 9 replenishment procedures with staff to ensure future compliance and the timely reimbursement of Fund 9 disbursements.**
-

4.3. Monitor account periodically.

Person(s) Responsible:

Principal and Treasurer

Management Response:

The Principal met with the school's Secretary/Treasurer to review Section III, Chapter 9 of the *Manual of Internal Fund Accounting* which delineates the procedures for processing disbursements using the Instructional Material and Supplies (Fund 9) Account. As a result of this meeting, the Principal and school's Secretary/Treasurer have a thorough understanding of the general accounting policies and procedures regarding Fund 9 revenues and replenishment procedures.

The Principal will replenish the Fund 9 account in the amount of \$ 8,013.69 by June 30, 2011 in compliance with the end-of-year Fund 9 replenishment procedures.

The Principal and school's Secretary/Treasurer established a set of procedures to follow ensuring that all expenditures are appropriate under Fund 9 guidelines prior to further processing. Effective immediately, the Fund 9 account will be closely monitored to guarantee the replenishment during the fiscal year when 25% of the threshold limit has been expended by the school.

The Principal and school's Secretary/Treasurer will closely monitor the Fund 9 account to make certain that account disbursements and replenishments are accurate and are processed in a timely manner.

The Principal will meet periodically with the Secretary/Treasurer to review compliance with all procedures related to the replenishment of Fund 9 and all District Weekly Briefings relating to Internal Accounting end-of-school year procedures.

Person(s) Responsible:

ETO Administration

Management Response:

- The Principal was instructed to personally review disbursements, monitor available balances in all accounts and payments of invoices in a timely manner.
- The Principal was instructed to monitor the timely reconciliation of Fund 9.
- The Administrative Director will monitor compliance of internal funds procedures by reviewing monthly financial reports and conducting site visits to verify.

PAYROLL

5. Inadequate Reporting And Documenting Of Payroll *Charles R. Drew Middle*

*Similar payroll conditions were cited in the **two** prior audit reports under a different administration.*

The *Payroll Processing Procedures Manual* and *Payroll Fall Highlights* published by the Payroll Department establish the procedures for documenting, recording and reporting the payroll. This year, our review of four recent payrolls processed between the months of October 2010 and January 2011 (*processed under the current school administration*) revealed discrepancies. The most prevalent were as follows:

- 5.1. During the prior audit, we cited the school for not filing leave cards with the payroll records. During this audit, although most leave cards were filed, many were incomplete. Specifically, they were missing the signature of the administrator or the employee; or the card did not indicate the number of days and/or the type of leave taken.
- 5.2. Although the number of errors in reporting hourly payroll decreased, when compared to the prior audit, we still found instances where hourly-paid employees were either underpaid or overpaid several hours.

We identified a few other errors with the payroll documentation; however, they were not as significant as those cited above. The school processed the necessary payroll corrections at our request.

RECOMMENDATIONS

To ensure that payroll is properly reported and documented, we continue to recommend the following to the school administration:

- 5.1. Review payroll procedures with school staff and administration, particularly as it relates to the preparation of leave cards for understanding and awareness of the requirements and expectations.
- 5.2. Direct the payroll clerk to verify that leave cards are completed and signed prior to filing with payroll records.
- 5.3. Strengthen the supervision over the payroll function and the review of the payroll records to ensure the accuracy of the payroll.

Person(s) Responsible:

**Principal, Assistant Principal, Payroll Clerk
and Cafeteria Manager**

Management Response:

In order to ensure accurate monitoring and processing of payroll records, the following corrective measures and preventive strategies have been instituted:

As part of the Opening of Schools meeting on August 20, 2010, the Principal reviewed payroll reporting procedures with the entire faculty and staff, emphasizing sign in/out procedures, completing leave cards, and submitting temporary duty forms prior to scheduled absences. Staff was informed of their professional responsibility to follow payroll procedures to prevent written notices from administration and/or leave without pay.

The Principal or Assistant Principals will continue to review payroll procedures with all staff as detailed in the school's faculty/staff handbook and the *Payroll Processing Procedures Manual*. The Principal has reviewed the *Payroll Processing Procedures Manual* with the Payroll Clerk and Assistant Principals focusing on the procedures to document, process, and approve payroll. A system was established to carefully review the Daily Payroll Attendance Sheet by both the Payroll Clerk and the Principal or designee. This will ensure that all employees sign in/out on a daily basis and proper notations are made, i.e., "S" for sick, "A" for LWOP, etc., on the Daily Payroll Attendance Sheet. The Principal will verify that the procedures are followed when reviewing payroll prior to submission.

The Principal and Payroll Clerk will participate in the District Money Matters Support Program. The Principal will meet periodically with the Payroll Clerk and Cafeteria Manager to review compliance with all procedures related to the reporting and documenting of payroll and all District Weekly Briefings relating to the procedures for processing Payroll.

Person(s) Responsible:

ETO Administration

Management Response:

- The Administrative Director will review and monitor the systematic approach developed to ensure that payroll procedures are properly maintained. This will include a review of the calculations of hours recorded for hourly employees, verify that the daily payroll corresponds to employee's actual attendance, identify appropriate leave types on leave cards, attach appropriate documentation to leave cards, etc.
- The Administrative Director will conduct bi-monthly site-reviews to ensure compliance with all guidelines found in the *Payroll Processing Procedures Manual*.

**6. Inadequate Documenting
And Recording Of Payroll
Resulted In Discrepancies
*Holmes Elementary***

The *Payroll Processing Procedures Manual* and *Payroll Highlights* published by the Payroll Department on October 2010 via Weekly Briefing No. 8707 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 essential to school site administration to rely on this document to certify that the payroll information being reported is correct.

An application for Leave Card [FM-5949] is used by full-time employees to document their absences for scheduled work days. As a general rule, if the activity is on M-DCPS property, no leave card is needed, except when a substitute is required.

Ten-month teachers, paraprofessionals, secretarial and clerical employees may opt to work certain specified days before or after the school year, with the consent of the Principal, in lieu of one or two days specified on the school calendar. In such days, the employees must be reported as "Other" and a leave card must be prepared indicating "OPT Day" under the card's comment section.

Our review of four payrolls processed during the months of October 2010 and January 2011 disclosed the following discrepancies, most of which were identified in the payroll corresponding to January 2011:

- 6.1. In 23 instances, the Daily Payroll Attendances Sheets and the Final Rosters did not agree. Specifically, 18 daily paid employees did not indicate their presence on the Daily Payroll Attendance Sheets, although they were reported present on the Final Rosters. The absences ranged from one to four days and totaled 29 days. A memorandum from the school administration indicated that the employees were present on the days in question.
- 6.2. The majority of the leave cards documenting absences taken by employees during a January 2011 pay period were not on file. Leave taken included sick, personal, leave without pay and OPT days.

RECOMMENDATIONS

- 6.1. Review payroll procedures with school staff and administration, particularly as they relate to payroll reporting, recordkeeping, and the preparation of leave cards to ensure understanding and awareness of the procedures.**
- 6.2. Strengthen the overall review of the payroll process and all payroll records to ensure that documentation supports the payroll reported.**

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

Management Response:

The principal met with the Payroll Clerk, Back-Up Payroll Clerk and Assistant Principal to review the Payroll Processing Procedures Manual and Payroll Highlights to establish sound procedures for documenting, recording and reporting the payroll.

The Principal conducted a faculty meeting to review payroll reporting procedures with emphasis on employees indicating presence on a daily basis, completion of leave cards and the submission of temporary duty forms. During the meeting, payroll reporting procedures were provided in writing and signature of acknowledgement forms from all staff will be obtained and kept on file.

The Principal established processes that facilitated the monitoring of the daily sign in and out signatures by all staff members. The Payroll Clerk and the Assistant Principal verifies on a daily basis that employees present for the day have indicated presence and the appropriate codes have been inserted (e.g., S – Sick, P- Personal) for individuals not present for the day. The Payroll Clerk completes the corresponding Leave Cards on a daily basis and the Assistant Principal verifies the accuracy of the information. The Assistant Principal monitors the acquisition of the signature from the appropriate staff members. Any omissions or discrepancies will be reported to the Principal and corrected on a daily basis.

The Assistant Principal will review the Working Roster and outline any discrepancies with the Principal. Prior to the on-line approval of the payroll, the Principal will review the Final Roster and all corresponding documents for final completion and accuracy.

Going forward, as a part of the Opening of School meeting with staff, the Principal will review payroll reporting procedures with the entire faculty. Emphasis will be placed on special payroll procedures for Teacher Planning Days that personnel are permitted to opt. Subsequently, payroll reporting procedures will be provided in writing and signature of acknowledgement from all staff will be acquired and maintained on file.

Person(s) Responsible:

ETO Administration

Management Response:

The Education Transformation Office Administrative Director will conduct on-site quarterly mini-reviews of selected Payroll to ensure that record keeping procedures are intact, organized and discrepancies are dealt with in a timely manner and to insure compliance with all guidelines outlined in the Payroll Processing Procedures Manual and Payroll Highlights.

The Education Transformation Office Administrative Director convened a meeting with the Principal to review established action plan procedures to avoid further audit exceptions. The Principal reviewed the procedures with the Assistant Principal and Payroll Clerk.

Additionally, the affected principal will participate in the District's Money Matters Support Program during the 2010-2011 school year. The affected principal addressed the specific audit findings in her job targets on the Performance Planning and Assessment System Planning Form and provide progress points and evidence of progress to ensure effective and efficient practices.

TITLE I PROGRAM EXPENDITURES AND PROCEDURES

7. Title I Account Balances Not Properly Monitored *Charles R. Drew Middle*

A similar condition regarding inadequate monitoring of Title I program accounts was cited during the prior two audits.

Title I, Part A budgeted funds not used by the grant's liquidation date are lost as funds cannot be re-budgeted for the school the following year. While funds should not be spent unnecessarily, good budget planning and continuous monitoring of account balances are essential to ensure that precious funding resources are used to their maximum intended purpose. Regarding part-time salary accounts, Chapter I of the *Title I School-Based Budget System Manual* states that part-time salary accounts must be budgeted to cover the related expenditures. In the event that actual expenditures may exceed initial budgeted amounts, available funds from other program account structures must be transferred to the part-time payroll accounts to cover the expenditures.

Our review of Title I program expenditures encompassed a review of amounts budgeted versus amounts spent for the year, as well as the job duties and responsibilities of employees paid with Title I funds.

We conducted a follow up of prior audit findings at this school. For the 2010-2011 fiscal year, the school was budgeted a total of \$165,230 (including fringe benefits) for the Schoolwide program. We conducted a follow up of prior audit findings at this school and found that:

- 7.1. As of the end of January 2011, \$21,800 budgeted for temporary instructor and hourly payroll remained unspent. According to the school administration, the school plans to spend these funds before year-end by transferring to this account some of the temporary instructor expenditures charged to other accounts and charging some of the hourly payroll generated by the Saturday program. Subsequent to our audit, as of March 2011, the school has spent less than \$100 on temporary instructors.

Similarly, funds totaling \$8,678 of the \$14,672 budgeted for the procurement of goods and services had not been spent. In addition, two purchase orders totaling \$4,676 for a projector and science materials ordered back in August and November 2010 were pending final processing. These purchase orders were processed and the merchandise was received by the school after we discussed this matter with the current school administration.

Several other grant funds related to Title I were received for the 2010-2011 fiscal year. We also noted instances of funds not spent, specifically:

- 7.2. The school received funds totaling \$45,845 under Title I - School Improvement Initiative (Program 3689). These funds were to be used to pay for overtime, temporary instructors, hourly employees and supplies. However, as of January 2011, only \$7,071 had been charged to these accounts. Subsequent to our audit, as of March 2011, a total of \$35,701 had been spent.
- 7.3. For the 2010-2011 fiscal year funds totaling \$3,731 set aside for Parental Activities (Program 3640) had not been used. These funds were to be spent on professional and technical services and in-county travel related to parental activities.
- 7.4. Our review of selected Title I schoolwide program accounts for the 2009-10 fiscal year disclosed that \$12,567 set aside for out-of-county travel and supplies had not been utilized by the school as of June 30, 2010 and funds could not be re-budgeted.

RECOMMENDATION

- 7. **The school should develop appropriate spending plans for Title I program funds in order to maximize their use. Consequently, hourly accounts should be monitored periodically to ensure that established budgets are not exceeded and request budget transfers, as needed, to cover hourly payroll expenditures.**

Person(s) responsible: Principal, Assistant Principal and Secretary/Treasurer

Management Response:

The Principal carefully reviewed *Section B-Expenditures and Budgets of the Title I Administration Manual*. Afterwards, a meeting was held with the Assistant Principals and the school's Secretary /Treasurer to ensure staff had an understanding of the Title I school site compliance plan as outlined in the manual.

The Principal and Assistant Principals met to establish a system to properly monitor all Title I expenditures. As a result of this meeting, a projected plan of expenditures was developed to avoid negative balances at the end of the school year. The Principal directed the Secretary/Treasurer to submit a copy of the Title I budget weekly to review and ensure Title I accounts are being adequately utilized.

The Principal will continue to meet with Assistant Principals and school's Secretary/Treasurer to discuss the Title I budget expenditures. A corrective action plan was developed to expend all Title I account balances before the end of the school year as established in *the Title I Administration Manual*.

The Assistant Principals and the school's Secretary/Treasurer will review the "B" payroll prior to submitting it to the Principal for final approval.

The Principal directed the Community Assistant Principal assigned to Title I to conduct a needs assessment of the school's Title I Parent Resources Room and to guarantee allocated funds are adequately utilized to support the Parent Activities before the end of the school year.

The Principal, Assistant Principals, Secretary/Treasurer and Payroll Clerk will continue to participate in all District's Money Matters Support Program and Title I Administrative Meetings.

Person(s) Responsible:

ETO Administration

Management Response:

- The Administrative Director will monitor the Title Budget and available balance with the Principal to ensure timely processing. In addition, all Title I non-salary expenditures will be reviewed to ensure proper utilization of funds.
- The Administrative Director will conduct bi-monthly site-reviews to ensure compliance with all guidelines found in the Payroll Processing Procedures Manual.

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, 2010, 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, 2009 through June 30, 2010, payroll, purchasing credit card transactions, Title I Programs and information technology controls included current periods. FTE audits covered the February 2011 survey period.

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, 2010 was 0.76%.

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 their 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, 2010 the MDCPS-Money Market Pool Fund's interest rate was 0.76%.

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.

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

Our office conducts yearly inventories at each school of all property items with an individual value of \$1,000 or more. However, because these inventories are customarily scheduled after the first day of school, 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.

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 managed by the Office of the Controller.

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

TITLE I PROGRAM

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

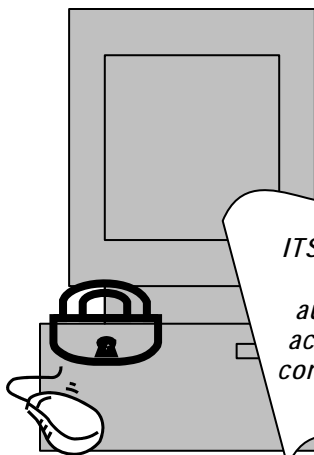


Schools follow specific criteria for the use of Title I funds as delineated in the *Title I Administration Handbook*. Purchases of supplies and equipment are processed through regular district channels or via use of the P-card Program, depending on the amount. Salary expenditures must comply with budgetary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

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

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

DATA SECURITY MANAGEMENT REPORT AND SCHOOL SITE IT SECURITY ASSESSMENT



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

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

FULL-TIME EQUIVALENT (FTE)

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

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

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

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 2010-2011 fiscal year, months selected by the FDOE for these surveys are as follows:

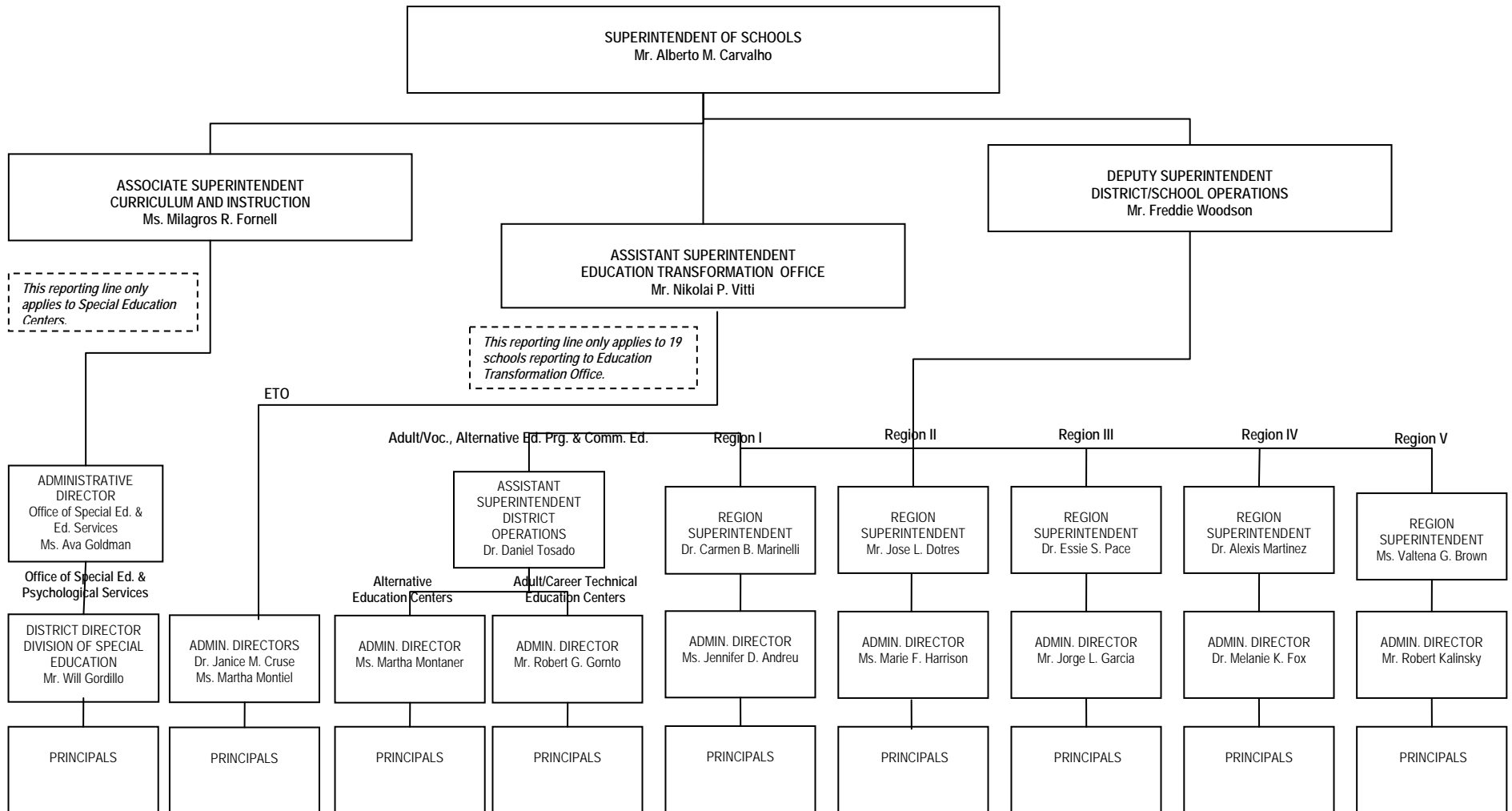
Survey Period No.	Time Period of Survey
1	July (Summer School only)
2	October
3	February
4	June (Summer School only)

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 2007-08 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.

ORGANIZATIONAL CHART



**APPENDIX
MANAGEMENT'S RESPONSES**

MEMORANDUM

April 18, 2011

TO: Nikolai P. Vitti, Assistant Superintendent
Education Transformation Office

FROM: Annette Burks-Grice, Principal
Dr. Charles R. Drew Middle School

SUBJECT: DR. CHARLES R. DREW MIDDLE SCHOOL—LOCATION 6141 AUDIT RESPONSE
FOR THE 2009 - 10 FISCAL YEAR

The cited audit findings for the period of July 1, 2009 through June 30, 2010, have been carefully reviewed by the Principal, Assistant Principals, and Secretary/Treasurer. As a result, the Principal has established an action plan comprised of explicit strategies to implement in order to prevent recurrence.

RECOMMENDATIONS

Inadequate Controls Over Bookkeeping Functions

- 1.1 The school administration should implement procedures to ensure that sealed bank statements and bank correspondence are submitted directly to the Principal for review before it is forwarded to clerical staff. In addition, the administration should implement a process for periodically reconciling the checking account and verifying checking account bank balances.
- 1.2 Ensure that staff is aware, understands and adheres to proper receipting procedures when monies come into custody of a school employee or when monies exchange hands.
- 1.3 Strengthen the safeguard and custody of collection by identifying a safe location for the storage of funds and restrict access to key individuals.
- 1.4 Implement and enforce use of the Collections/Deposit Log [FM-7249] form; and periodically review to ensure it is properly utilized and completed.

Person(s) Responsible: Principal, Community School Assistant Principal, Secretary/Treasurer

Management Response

The Principal has thoroughly reviewed Section II, Chapter 2 Collection of Money and Chapter 3 Deposit Procedures from the *Manual of Internal Fund Accounting*. Copies were provided and discussed with all Assistant Principals, Secretary/Treasurer, and Activities Director.

The Principal reviewed the following procedures with the new Secretary/Treasurer:

- District procedures as outlined in the *Manual of Internal Fund Accounting* for monitoring account balances, maintaining checkbook balances and adjustments to ensure accurate monthly reconciliation reports.
- Submit unopened monthly bank statements to the Principal immediately upon receipt.

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

At the beginning of the 2010-2011 fiscal year, the Principal, Activities Director, and Secretary/Treasurer facilitated a training on August 20, 2010, with club sponsors and coaches to address district policies and procedures for the collection of money to include the proper use of *Recap of Collection Form (FM-1004)*

and *Employee (BPI) Receipts (FM-0976)*. Signature was obtained from each sponsor as documentation for attending the training and receiving manual outlining procedures for collecting money.

The Principal will review the procedures for the collection of money with the entire staff during the April faculty meeting and again at the opening of the 2011-2012 school year.

The combination to the school's vault was changed in January 2011 and access was restricted to the Principal and Community School Assistant Principal. The Principal has purchased a small safe which will secure the school's funds, checkbook and unused checks.

The Principal met with the Assistant Principal and School's Secretary/Treasurer to review the guidelines in securing funds awaiting deposits. Collections awaiting Brinks pickup will be logged in and out on Collection/Deposits Log (FM-7249) form by the Secretary/Treasurer and an administrator. The Principal or Community School Assistant Principal will review the deposit packages and sign the Collection/Deposits Log (FM-7249) form before securing it in the school's vault.

Inadequate Controls Over Official Prenumbered Forms

- 2.1 Instruct staff on the procedures for safeguarding official forms and the requirement to inform the Principal whenever there is a loss, theft, or vandalism of these forms.**
- 2.2 Ensure that the school properly inventories all official forms and that the administration carefully reviews the inventory prior to filing.**

Person(s) Responsible: Principal, Secretary/Treasurer, Activities Director, Club Sponsors

Management Response

A meeting was conducted with the school's Secretary/Treasurer to review, develop, and implement procedures for safeguarding official forms associated with Internal Fund accounting activities. All official forms used to document the collection of fees from students shall be controlled by and obtained from the school's Secretary/Treasurer.

The Principal reviewed with the school's Secretary/Treasurer the official forms directory provided as a reference guide in Section VI of the *Manual of Internal Fund Accounting*. Subsequently, the Principal and Secretary/Treasurer discussed the use of the Prenumbered Forms Inventory (FM-3564).

The Principal has directed the school's Secretary/Treasurer to order prenumbered tickets for sponsors to ensure authenticity of documents according to district guidelines.

The Principal has instructed the school's Secretary/Treasurer to comply with the district's guidelines set forth in Section III, Chapter 7 of the *Manual of Internal Fund Accounting*. The Secretary/Treasurer will provide forms and/or tickets to authorize faculty/staff responsible for collecting money, and record the forms issued in the Distribution Log maintained for all official prenumbered forms and receipts.

The Principal will review all official forms prior to the school's Secretary/Treasurer filing them to ensure that they are properly inventoried and secured for future auditing compliance.

The Principal, during a meeting conducted by the school's Secretary/Treasurer and Activities Director reviewed with staff the School Board policies and procedures for required documentation for fundraising activities and properly completing all official forms, including Certificate of Loss Report (FM-0997) and Certificate of Disposal (FM-2918).

The Principal established a protocol for reporting loss, theft, or vandalism of official forms. This information was outlined in the school's Club Advisor Handbook and provided to Team Leaders and Club Sponsors. Staff members signed in receipt of the document.

School-Sponsored Activities Non- Compliant With Guidelines

- 3.1 Strengthen the oversight over fundraising activities, including the preparation, review and filing of student Activity Operating Reports and the preparation and maintenance of a Fundraising Activities Log.**
- 3.2 Discuss with staff the tickets that can be used to control the sale of admissions and the documentation required in those instances where tickets are donated and not purchased by the school.**

Person(s) Responsible: Principal, Secretary/Treasurer, Activities Director

Management Response

The Principal held a meeting with the school's Secretary/Treasurer, Activities Director, and Club/Activity Sponsors to review procedures outlined in Section IV, Chapter 2 of the *Manual of Internal Fund Accounting* related to fundraising, supporting documentation, reporting procedures, and completing the Student Activity Operating Report (FM-0996) and Activity Log (FM-6672). In order to avoid future audit exceptions, the principal will meet with the Secretary/Treasurer monthly to review activities and ensure guidelines are followed.

The Principal will conference with the school's Secretary/Treasurer and Activities Director prior to approving fundraising activities to discuss collection and receipting of monies. Upon the conclusion of the fundraising activities, the Principal, Secretary/Treasurer, and Activities Director will meet to discuss completion of required reports, specifically, Student Activity Operating Reports and Fundraising Activities Log. The Principal will ensure that the Operating Report is completed within two weeks after the sponsored event. This process will be ongoing throughout the school year.

The Principal scheduled a meeting on October 20, 2010, with all Club and Activity Sponsors to review Internal Accounting Procedures relating to fundraising, collection of monies and the completion of required reports. The school's Secretary/Treasurer will provide a calendar for all fundraising activities and the Principal will monitor the implementation.

The Principal and school's Secretary/Treasurer will ensure that staff members/sponsors are informed of accounting procedures related to activities involving the use of tickets. Guidelines outlined from Section IV, Chapter 2 of the *Manual of Internal Fund Accounting* was discussed during team meetings, particularly the use of the Ticket Distribution Log (FM-0990) and the *Use of Complimentary List Form* and donated tickets.

Inadequate Controls Over Instructional Materials and Supplies (Fund 9) Disbursements

- 4.1 The school should pay the outstanding Fund 9 liabilities; however, the school should refrain from further charging expenditures to this account until funds are replenished.**
- 4.2 Review the Fund 9 replenishment procedures with staff to ensure future compliance and the timely reimbursement of Fund 9 disbursements.**
- 4.3 Monitor account periodically.**

Person(s) Responsible: Principal, Secretary/Treasurer

Management Response

The Principal met with the school's Secretary/Treasurer to review Section III, Chapter 9 of the *Manual of Internal Fund Accounting* which delineates the procedures for processing disbursements using the Instructional Material and Supplies (Fund 9) Account. As a result of this meeting, the Principal and school's Secretary/Treasurer have a thorough understanding of the general accounting policies and procedures regarding Fund 9 revenues and replenishment procedures.

The Principal will replenish the Fund 9 account in the amount of \$ 8,013.69 by June 30, 2011 in compliance with the end-of-year Fund 9 replenishment procedures.

The Principal and school's Secretary/Treasurer established a set of procedures to follow ensuring that all expenditures are appropriate under Fund 9 guidelines prior to further processing. Effective immediately, the Fund 9 account will be closely monitored to guarantee the replenishment during the fiscal year when 25% of the threshold limit has been expended by the school.

The Principal and school's Secretary/Treasurer will closely monitor the Fund 9 account to make certain that account disbursements and replenishments are accurate and are processed in a timely manner.

The Principal will meet periodically with the Secretary/Treasurer to review compliance with all procedures related to the replenishment of Fund 9 and all District Weekly Briefings relating to Internal Accounting end-of-school year procedures.

Inadequate Reporting And Documenting Of Payroll

- 5.1 Review payroll procedures with schools staff and administration, particularly as they relate to payroll reporting, recordkeeping, and the preparation of leave cards to ensure understanding and awareness of the procedures.
- 5.2 Direct the payroll clerk to verify that leave cards are completed and signed prior to filing with payroll records.
- 5.3 Strengthen the supervision over the payroll function and the review of the payroll records to ensure the accuracy of the payroll.

Person(s) Responsible: Principal, Assistant Principal, Payroll Clerk, Cafeteria Manager

Management Response

In order to ensure accurate monitoring and processing of payroll records, the following corrective measures and preventive strategies have been instituted:

As part of the Opening of Schools meeting on August 20, 2010, the Principal reviewed payroll reporting procedures with the entire faculty and staff, emphasizing sign in/out procedures, completing leave cards, and submitting temporary duty forms prior to scheduled absences. Staff was informed of their professional responsibility to follow payroll procedures to prevent written notices from administration and/or leave without pay.

The Principal or Assistant Principals will continue to review payroll procedures with all staff as detailed in the school's faculty/staff handbook and the *Payroll Processing Procedures Manual*. The Principal has reviewed the *Payroll Processing Procedures Manual* with the Payroll Clerk and Assistant Principals focusing on the procedures to document, process, and approve payroll. A system was established to carefully review the Daily Payroll Attendance Sheet by both the Payroll Clerk and the Principal or designee. This will ensure that all employees sign in/out on a daily basis and proper notations are made, i.e., "S" for sick, "A" for LWOP, etc., on the Daily Payroll Attendance Sheet. The Principal will verify that the procedures are followed when reviewing payroll prior to submission.

The Principal and Payroll Clerk will participate in the District Money Matters Support Program. The Principal will meet periodically with the Payroll Clerk and Cafeteria Manager to review compliance with all procedures related to the reporting and documenting of payroll and all District Weekly Briefings relating to the procedures for processing Payroll.

Title I Account Balances Not Properly Monitored

- 6.1 The school should develop appropriate spending plans for Title I program funds in order to maximize their use. Consequently, hourly accounts should be monitored periodically to ensure that established budgets are not exceeded and request budget transfers, as needed, to cover hourly payroll expenditures.**

Person(s) Responsible:

Principal, Assistant Principals, Secretary/Treasurer

Management Response

The Principal carefully reviewed *Section B-Expenditures and Budgets of the Title I Administration Manual*. Afterwards, a meeting was held with the Assistant Principals and the school's Secretary /Treasurer to ensure staff had an understanding of the Title I school site compliance plan as outlined in the manual.

The Principal and Assistant Principals met to establish a system to properly monitor all Title I expenditures. As a result of this meeting, a projected plan of expenditures was developed to avoid negative balances at the end of the school year. The Principal directed the Secretary/Treasurer to submit a copy of the Title I budget weekly to review and ensure Title I accounts are being adequately utilized.

The Principal will continue to meet with Assistant Principals and school's Secretary/Treasurer to discuss the Title I budget expenditures. A corrective action plan was developed to expend all Title I account balances before the end of the school year as established in *the Title I Administration Manual*.

The Assistant Principals and the school's Secretary/Treasurer will review the "B" payroll prior to submitting it to the Principal for final approval.

The Principal directed the Community Assistant Principal assigned to Title I to conduct a needs assessment of the school's Title I Parent Resources Room and to guarantee allocated funds are adequately utilized to support the Parent Activities before the end of the school year.

The Principal, Assistant Principals, Secretary/Treasurer and Payroll Clerk will continue to participate in all Districts Money Matters Support Program and Title I Administrative Meetings.


It is expected that after implementation of the above mentioned recommendations, future audit exceptions will be avoided. If additional information is needed, please contact me at (305) 633-6057.

cc: Ms. Martha Montiel
Maria T. Gonzalez

MEMORANDUM

April 13, 2011

TO: Mr. Nikolai P. Vitti, Assistant Superintendent
Education Transformation Office

FROM: Ms. Atunya Walker, Principal 
Holmes Elementary School

SUBJECT: **ADMINISTRATIVE RESPONSE TO SCHOOL AUDIT REPORT OF HOLMES
ELEMENTARY SCHOOL**

The following is in response to findings in the school audit report of Holmes Elementary School. A management plan has been developed to address the recommendations listed below.

RECOMMENDATIONS

Payroll

- 1.1 Review payroll procedures with school staff and administration, particularly as they relate to payroll reporting, recordkeeping, and the preparation of leave cards to ensure understanding and awareness of the procedures.**
- 1.2 Strengthen the overall review of the payroll process and all payroll records to ensure that documentation supports the payroll reported.**

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

The principal met with the Payroll Clerk, Back-Up Payroll Clerk and Assistant Principal to review the Payroll Processing Procedures Manual and Payroll Highlights to establish sound procedures for documenting, recording and reporting the payroll.

The Principal conducted a faculty meeting to review payroll reporting procedures with emphasis on employees indicating presence on a daily basis, completion of leave cards and the submission of temporary duty forms. During the meeting, payroll reporting procedures were provided in writing and signature of acknowledgement forms from all staff will be obtained and kept on file.

The Principal established processes that facilitated the monitoring of the daily sign in and out signatures by all staff members. The Payroll Clerk and the Assistant Principal verifies on a daily basis that employees present for the day have indicated presence and the appropriate codes have been inserted (e.g., S – Sick, P- Personal) for individuals not present for the day. The Payroll Clerk completes the corresponding Leave Cards on a daily basis and the Assistant Principal verifies the accuracy of the information. The Assistant Principal monitors the acquisition of the signature from the appropriate staff members. Any omissions or discrepancies will be reported to the Principal and corrected on a daily basis.

The Assistant Principal will review the Working Roster and outline any discrepancies with the Principal. Prior to the on-line approval of the payroll, the Principal will review the Final Roster and all corresponding documents for final completion and accuracy.

Going forward, as a part of the Opening of School meeting with staff, the Principal will review payroll reporting procedures with the entire faculty. Emphasis will be placed on special payroll procedures for Teacher Planning Days that personnel are permitted to opt. Subsequently, payroll reporting procedures will be provided in writing and signature of acknowledgement from all staff will be acquired and maintained on file.

If any further corrective actions or additional strategies are necessary, please contact me at Holmes Elementary School, 305-836-3421.

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

MEMORANDUM

April 21, 2011
NVP/2010-2011 #146
305 995-3091

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

FROM: Nikolai P. Vitti, Assistant Superintendent
Education Transformation Office

SUBJECT: ADMINISTRATIVE RESPONSE TO INTERNAL AUDIT REPORT OF
DR. CHARLES R. DREW MIDDLE SCHOOL

The following is submitted in response to the Internal Audit Report of Dr. Charles R. Drew Middle School.

RECOMMENDATIONS

Inadequate Controls Over Bookkeeping Functions

- 1.1 The school administration should implement procedures to ensure that sealed bank statements and bank correspondence are submitted directly to the Principal for review before it is forwarded to clerical staff. In addition, the administration should implement a process for periodically reconciling the checking account and verifying checking account bank balances.
- 1.2 Ensure that staff is aware, understands and adheres to proper receipting procedures when monies come into custody of a school employee or when monies exchange hands.
- 1.3 Strengthen the safeguard and custody of collection by identifying a safe location for the storage of funds and restrict access to key individuals.
- 1.4 Implement and enforce use of the Collections/Deposit Log [FM-7249] form; and periodically review to ensure it is properly utilized and completed.
 - The Principal was directed to monitor the checkbook balance on a weekly basis and verify bank statements with the on-line information.
 - The Administrative Director will conduct site reviews to ensure compliance with all guidelines found in Section II, Chapters 2 and 3 of the Manual of Internal Fund Accounting, ensuring procedures for deposit and money collections are adhered and proper documentation is maintained.

Inadequate Controls Over Official Prenumbered Forms

- 2.1 Instruct staff on the procedures for safeguarding official forms and the requirement to inform the Principal whenever there is a loss, theft, or vandalism of these forms.
- 2.2 Ensure that the school properly inventories all official forms and that the administration carefully reviews the inventory prior to filing.
 - The Principal was directed to establish a protocol to reporting loss, theft and/or vandalism of official forms.
 - The Principal and Secretary/Treasurer reviewed the official forms directory provided as a reference guide in Section VI of the Manual of Internal Fund Accounting. Forms will be submitted to the Principal prior to being filed.

School-Sponsored Activities Non- Compliant With Guidelines

- 3.1 Strengthen the oversight over fundraising activities, including the preparation, review and filing of student Activity Operating Reports and the preparation and maintenance of a Fundraising Activities Log.**
- 3.2 Discuss with staff the tickets that can be used to control the sale of admissions and the documentation required in those instances where tickets are donated and not purchased by the school.**
 - The Administrative Director will meet with the Principal bi-monthly to review internal funds financial activities to include receipting and depositing procedures, Student Activity Operating Reports, and posting of transactions.
 - The Administrative Director will monitor the procedures utilized for pre-printed tickets and the use of complimentary lists to document any time that purchased goods/services are distributed to staff and/or students free of charge.

Inadequate Controls Over Instructional Materials and Supplies (Fund 9) Disbursements

- 4.1 The school should pay the outstanding Fund 9 liabilities; however, the school should refrain from further charging expenditures to this account until funds are replenished.**
- 4.2 Review the Fund 9 replenishment procedures with staff to ensure future compliance and the timely reimbursement of Fund 9 disbursements.**
- 4.3 Monitor account periodically.**
 - The Principal was instructed to personally review disbursements, monitor available balances in all accounts and payments of invoices in a timely manner.
 - The Principal was instructed to monitor the timely reconciliation of Fund 9.
 - The Administrative Director will monitor compliance of internal funds procedures by reviewing monthly financial reports and conducting site visits to verify.

Inadequate Reporting And Documenting Of Payroll

- 5.1 Review payroll procedures with schools staff and administration, particularly as they relate to payroll reporting, recordkeeping, and the preparation of leave cards to ensure understanding and awareness of the procedures.**
- 5.2 Direct the payroll clerk to verify that leave cards are completed and signed prior to filing with payroll records.**
- 5.3 Strengthen the supervision over the payroll function and the review of the payroll records to ensure the accuracy of the payroll.**
 - The Administrative Director will review and monitor the systematic approach developed to ensure that payroll procedures are properly maintained. This will include a review of the calculations of hours recorded for hourly employees, verify that the daily payroll corresponds to employee's actual attendance, identify appropriate leave types on leave cards, attach appropriate documentation to leave cards, etc.
 - The Administrative Director will conduct bi-monthly site-reviews to ensure compliance with all guidelines found in the Payroll Processing Procedures Manual.

Title I Account Balances Not Properly Monitored

6.1 The school should develop appropriate spending plans for Title I program funds in order to maximize their use. Consequently, hourly accounts should be monitored periodically to ensure that established budgets are not exceeded and request budget transfers, as needed, to cover hourly payroll expenditures.

- The Administrative Director will monitor the Title Budget and available balance with the Principal to ensure timely processing. In addition, all Title I non-salary expenditures will be reviewed to ensure proper utilization of funds.
- The Administrative Director will conduct bi-monthly site-reviews to ensure compliance with all guidelines found in the Payroll Processing Procedures Manual.

The school Principal will be required to participate in the mandatory District Money Matters Support Program during the 2010-2011 school year. In addition, the affected Principal will be required to address the specific audit findings in her job targets on the Performance Planning and Assessment System Planning Form.

The Education Transformation Office will continue to work with the Principal to promote efficient fiscal practices. Should you have any questions, please contact me at (305) 995-3091.

cc: Dr. Daniel Tosado
Ms. Cynthia Gracia
Ms. Martha Montiel
Ms. Annette Y. Burks-Grice

MEMORANDUM

April 18, 2011
NPV/2010-2011 #145
305-995-3091

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

FROM: Mr. Nikolai P. Vitti, Assistant Superintendent
Education Transformation Office

**SUBJECT: ADMINISTRATIVE RESPONSE TO SCHOOL AUDIT REPORT OF HOLMES
ELEMENTARY SCHOOL**

Please find attached the response to the internal funds audit for the 2009-2010 fiscal year for Holmes Elementary School. The Education Transformation Office (ETO) has reviewed the audit exception cited. The following support activities will be implemented.

Payroll

- 1.1 Review payroll procedures with school staff and administration, particularly as they relate to payroll reporting, recordkeeping, and the preparation of leave cards to ensure understanding and awareness of the procedures.**
- 1.2 Strengthen the overall review of the payroll process and all payroll records to ensure that documentation supports the payroll reported.**

The Education Transformation Office Administrative Director will conduct on-site quarterly mini-reviews of selected Payroll to ensure that record keeping procedures are intact, organized and discrepancies are dealt with in a timely manner and to insure compliance with all guidelines outlined in the Payroll Processing Procedures Manual and Payroll Highlights.

The Education Transformation Office Administrative Director convened a meeting with the Principal to review established action plan procedures to avoid further audit exceptions. The Principal reviewed the procedures with the Assistant Principal and Payroll Clerk.

Additionally, the affected principal will participate in the District's Money Matters Support Program during the 2010-2011 school year. The affected principal addressed the specific audit findings in her job targets on the Performance Planning and Assessment System Planning Form and provide progress points and evidence of progress to ensure effective and efficient practices

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

NPV:mm
M145

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

The School Board of Miami-Dade County, Florida, adheres to a policy of nondiscrimination in employment and educational programs/activities and programs/activities receiving Federal financial assistance from the Department of Education, 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 sex 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.

School Board Rules 6Gx13- 4A-1.01, 6Gx13- 4A-1.32, and 6Gx13- 5D-1.10 - prohibit harassment and/or discrimination against a student or employee on the basis of gender, race, color, religion, ethnic or national origin, political beliefs, marital status, age, sexual orientation, social and family background, linguistic preference, pregnancy, or disability.

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.

**INTERNAL AUDIT REPORT
SELECTED SCHOOLS
MAY 2011**



MIAMI-DADE COUNTY PUBLIC SCHOOLS
Office of Management and Compliance Audits
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