



SINGLE AUDIT REPORT

The School Board of Miami-Dade County, Florida  
Year Ended June 30, 2009



The School Board of Miami-Dade County, Florida

Single Audit Report

Year Ended June 30, 2009

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Report of Independent Certified Public Accountants on Internal Control Over  
Financial Reporting and on Compliance and Other Matters Based on an  
Audit of the Financial Statements Performed in Accordance With  
*Government Auditing Standards*

Chairperson and Members of  
The School Board of Miami-Dade County, Florida

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of The School Board of Miami-Dade County, Florida (the School Board) as of and for the year ended June 30, 2009, which collectively comprise the School Board's basic financial statements and have issued our report thereon dated November 23, 2009. Our report was modified to include a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the aggregate discretely presented component units as described in our report on the School Board's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the School Board's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of School Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School Board's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the School Board's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the chairperson and members of the School Board, the audit committee, management, the Auditor General of the State of Florida and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

*Ernst + Young LLP*

November 23, 2009

## Report of Independent Certified Public Accountants on Compliance With Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance in Accordance With OMB Circular A - 133

Chairperson and Members of  
The School Board of Miami-Dade County, Florida

### Compliance

We have audited the compliance of The School Board of Miami-Dade County, Florida (the School Board) with the types of compliance requirements described in the US Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The School Board's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School Board's management. Our responsibility is to express an opinion on the School Board's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A - 133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A - 133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the School Board's compliance with those requirements.

As described in item 2009-3 in the accompanying schedule of findings and questioned costs, the School Board did not comply with requirements regarding allowable costs that are applicable to the following programs: Teacher Incentive Fund (CFDA # 84.374), Special Education Cluster (IDEA) (CFDA #s 84.027, 84.173, 84.391, 84.392), English Language Acquisition Grants (CFDA # 84.365), Improving Teacher Quality State Grants (CFDA # 84.367), Title 1, Part A

Cluster (CFDA #s 84.010, 84.389), School Improvement Grants (CFDA # 84.377), and Refugee and Entrant Assistance-Discretionary Grants (CFDA # 93.576). Compliance with such requirements is necessary, in our opinion, for the School Board to comply with requirements applicable to those programs.

In our opinion, except for the noncompliance described in the preceding paragraph, the School Board complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009. The results of our auditing procedures also disclosed other instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A - 133 and which are described in the accompanying schedule of findings and questioned costs as items 2009-1,2, and 4.

### **Internal Control Over Compliance**

The management of the School Board is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the School Board's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Board's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies and others that we consider to be material weaknesses.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than

inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2009-2 through 2009-4 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. Of the significant deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs, we consider item 2009-3 to be a material weakness.

The School Board's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the School Board's response and, accordingly, we express no opinion on it.

#### **Schedule of Expenditures of Federal Awards**

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the School Board as of and for the year ended June 30, 2009, and have issued our report thereon dated November 23, 2009. Our report was modified to include a reference to other auditors. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the School Board's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of management, the chairperson and members of the School Board, the audit committee, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Ernst + Young LLP*

April 21, 2010, except for the schedule of expenditures of federal awards,  
as to which the date is November 23, 2009

The School Board of Miami-Dade County, Florida

Schedule of Expenditures of Federal Awards

For the Fiscal Year Ended June 30, 2009

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Pass - Through Grantor Number	Expenditures	Amount Provided to Subrecipients
<b>United States Department of Agriculture:</b>				
Indirect:				
Child Nutrition Cluster:				
Florida Department of Agriculture and Consumer Services:				
Food Donation	10.555	None	\$ 5,921,054	\$ -
Florida Department of Education:				
School Breakfast Program	10.553	321	17,683,905	
National School Lunch Program	10.555	300	71,195,171	
After School Snack Program	10.555	None	1,677,708	
Summer Food Service Program for Children	10.559	323-325	914,166	
<b>Total Child Nutrition Cluster</b>			<u>97,392,004</u>	
Florida Department of Health:				
Child and Adult Care Food Program	10.558	I1591	40,350	
Child and Adult Care Food Program	10.558	I1592	57,184	
Child and Adult Care Food Program	10.558	I1790	13,900	
			<u>111,434</u>	
<b>Total Indirect</b>			97,503,438	
<b>Total United States Department of Agriculture</b>			<u>97,503,438</u>	
<b>United States Department of Justice:</b>				
Direct:				
Gang Resistance Education & Training	16.737	None	133,342	
<b>Total Direct</b>			133,342	
<b>Total United States Department of Justice</b>			<u>133,342</u>	
<b>United States Department of Labor:</b>				
Direct:				
Employment and Training Administration				
Youth Offender Registered Apprenticeship	17.261	None	1,050,537	
Indirect:				
WIA Youth Activities	17.259	None	559,980	
<b>Total United States Department of Labor</b>			<u>1,610,517</u>	

See accompanying Notes to the Schedule of Expenditures of Federal Awards.



The School Board of Miami-Dade County, Florida

Schedule of Expenditures of Federal Awards (continued)

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Pass - Through Grantor Number	Expenditures	Amount Provided to Subrecipients
<b>National Aeronautics and Space Administration</b>				
Direct:				
NASA Explorers School Program	43.001	None	\$ 1,814	\$ -
Indirect:				
Science, Engineering, Mathematics & Aerospace Agency Aerospace Academy	None	NAS-0213-MDC	120,793	
<b>Total National Aeronautics and Space Administration</b>			<b>122,607</b>	
<b>National Science Foundation:</b>				
Indirect:				
University of Miami Promoting Science Among English Language Learners	47.076	ESI-0353331	101,477	
<b>Total National Science Foundation</b>			<b>101,477</b>	
<b>United States Department of Homeland Security</b>				
Indirect:				
Department of Community Affairs Hazard Mitigation Grant	97.039	None	2,946	
Homeland Security Grant Program	97.067	532	81,578	
<b>Total United States Department of Homeland Security</b>			<b>84,524</b>	
<b>United States Department of Education:</b>				
Direct:				
Student Financial Aid Cluster				
Federal Supplemental Educational Opportunity Grants	84.007	None	105,130	
Federal Pell Grant Program	84.063	None	2,963,611	
<b>Total Student Financial Aid Cluster</b>			<b>3,068,741</b>	
Impact Aid	84.041	None	8,874	
Magnet Schools Assistance	84.165	None	4,349,610	
Emergency Response And Crisis Management Discretionary Grant	84.184E	None	28,074	
Safe Schools - Healthy Students Initiative	84.184L	None	924,639	
Fund for the Improvement of Education	84.215	None	8,060,791	
Foreign Language Assistance	84.293	None	287,766	
Transition to Teaching Program	84.350	None	375,783	
Arts in Education	84.351	None	139,014	
Voluntary Public School Choice - I Choose II	84.361	None	2,955,182	32,200
School Leadership	84.363	None	9,424	
Teacher Incentive Program - Project Rise	84.374	None	3,394,892	
<b>Total Direct</b>			<b>23,602,790</b>	<b>32,200</b>

The School Board of Miami-Dade County, Florida

Schedule of Expenditures of Federal Awards (continued)

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Pass - Through Grantor Number	Expenditures	Amount Provided to Subrecipients
Indirect:				
Florida Department of Education:				
Special Education Cluster:				
Special Education - Grants to States	84.027	262, 263	\$ 72,167,850	\$ -
Special Education - Preschool Grants	84.173	266, 267	1,466,705	
ARRA - Special Education Grants to States, Recovery Act	84.391	263	28,533,372	
ARRA - Special Education - Preschool Grants, Recovery Act	84.392	267	112,266	
<b>Total Special Education Cluster</b>			<u>102,280,193</u>	
Title I, Part A Cluster:				
Title I Grants to Local Educational Agencies	84.010	212, 223, 226	134,265,290	2,820,044
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	212	5,373,607	
<b>Total Title I Part A Cluster</b>			<u>139,638,897</u>	<u>2,820,044</u>
Adult Education - State Grant Program	84.002	191, 193, 194	5,147,108	
Migrant Education - State Grant Program	84.011	211, 217	743,049	
Vocational Education - Basic Grants to States	84.048	151	7,182,931	
Title IV To Reach Ultimate Success Program (TRUST)	84.186	103	1,830,387	
Education for Homeless Children and Youth	84.196	127	122,018	
Tech-Prep Education	84.243	157	26,123	
Charter Schools	84.282	298	3,317,565	3,149,909
21st Century Community Learning Centers	84.287	244	2,613,415	215,642
State Grants for Innovative Programs	84.298	113	111,654	3,750
Civic Education - Cooperative Education Exchange Program	84.304	None	70,950	
Education Technology State Grants	84.318	121, 122	1,713,890	
Comprehensive School Reform Demonstration	84.332	128, 129	1,286	
Reading First State Grants	84.357	211	7,905,178	
Early Reading First - LEARN Project	84.359	None	5,537	
English Language Acquisition Grants	84.365	102	8,334,754	
Mathematics and Science Partnerships	84.366	235	503,468	
Improving Teacher Quality State Grants	84.367	224,225	17,894,712	
School Improvement Grants	84.377	126	3,970,048	50,000
City of Miami Beach				
Community Development Block Grant	None	None	17,477	
Barry University				
Even Start - State Educational Agencies	84.213	Subcontract	10,365	
<b>Total Indirect</b>			<u>303,441,005</u>	<u>6,239,345</u>
<b>Total United States Department of Education</b>			<u>327,043,795</u>	<u>6,271,545</u>

The School Board of Miami-Dade County, Florida

Schedule of Expenditures of Federal Awards (continued)

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Pass - Through Grantor Number	Expenditures	Amount Provided to Subrecipients
<b>United States Department of Health and Human Services:</b>				
Direct:				
Substance Abuse and Mental Health Services Administration Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	None	\$ 348,248	\$ -
Center For Disease Control Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV & Other Important Health Problems	93.938	None	<u>302,232</u>	<u>                    </u>
<b>Total Direct</b>			<u>650,480</u>	<u>                    </u>
Indirect:				
Florida Department of Children & Families Refugee and Entrant Assistance - Voluntary Agency Programs	93.567	137	319,552	
Refugee and Entrant Assistance - Discretionary Grants	93.576	137, LK804, LK904	7,183,257	
Florida Department of Health Abstinence Only Education Program	93.994	FAH35	19,328	
<b>Total Indirect</b>			<u>7,522,137</u>	<u>                    </u>
<b>Total United States Department of Health and Human Services</b>			<u>8,172,617</u>	<u>                    </u>
<b>Corporation for National and Community Service:</b>				
Indirect:				
Florida Department of Education: Learn and Serve America - School and Community Based Programs	94.004	232, 233, 234	<u>125,719</u>	<u>                    </u>
<b>Total Corporation for National and Community Service</b>			<u>125,719</u>	<u>                    </u>
<b>United States Department of Defense:</b>				
Direct:				
Army Junior Reserve Officers Training Corps	None	None	<u>2,460,741</u>	<u>                    </u>
<b>Total Federal Financial Assistance</b>			<u>\$ 437,358,777</u>	<u>\$ 6,271,545</u>

# The School Board of Miami-Dade County, Florida

## Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2009

### **1. General**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) presents the activity of all federal awards programs of The School Board of Miami-Dade County, Florida (the School Board or the District) for the year ended June 30, 2009. The School Board's structure is described in Note 1 to the School Board's basic financial statements. Federal awards programs received directly, as well as passed through other government agencies, are included on the Schedule.

### **2. Basis of Accounting**

The accompanying Schedule is presented using the modified accrual basis of accounting, which is described in Note 1 to the School Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, preparation of the basic financial statements.

### **3. Noncash Assistance**

The Schedule includes noncash assistance representing the amount of donated food used during the fiscal year. Commodities are valued at fair value as determined at the time of donation.

### **4. Program Clusters**

OMB Circular A-133 defines a cluster of programs as a grouping of closely related programs that share common compliance requirements. According to this definition, similar programs deemed to be a cluster of programs are presented accordingly.

### **5. Contingency**

The grant revenue amounts received are subject to audit and adjustment. If any expenditures or expenses are disallowed by the grantor agencies as a result of such an audit, any claim for reimbursement to the grantor agencies would become a liability of the School Board. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreements and applicable federal and state laws and regulations.

The School Board of Miami-Dade County, Florida

Schedule of Findings and Questioned Costs

Year Ended June 30, 2009

**Section I—Summary of Auditors' Results**

**Financial Statements Section**

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weakness (es) identified?        **Yes**      X   **No**

Significant deficiency (ies) identified that are not considered to be material weaknesses?        **Yes**      X   **None reported**

Noncompliance material to financial statements noted?        **Yes**      X   **No**

**Federal Awards Section**

Internal control over major programs:

Material weakness (es) identified?   X   **Yes**           **No**

Significant deficiency (ies) identified that are not considered to be material weaknesses?   X   **Yes**           **None reported**

Type of auditor's report issued on compliance for major programs: Qualified for Teacher Incentive Fund (CFDA # 84.374); Special Education Cluster (IDEA) (CFDA #s 84.027, 84.173, 84.391, 84.392); English Language Acquisition Grants (CFDA # 84.365); Improving Teacher Quality State Grants (CFDA # 84.367); Title 1, Part A Cluster (CFDA #s 84.010, 84.389); School Improvement Grants (CFDA # 84.377); Refugee and Entrant Assistance-Discretionary Grants (CFDA # 93.576); and unqualified for all other major programs.

The School Board of Miami-Dade County, Florida

Schedule of Findings and Questioned Costs (continued)

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133?

  X   **Yes**             **No**

Dollar threshold used to distinguish between Type A and Type B programs:

  \$3,000,000  

Auditee qualified as low-risk auditee?

  X   **Yes**             **No**

The School Board of Miami-Dade County, Florida

Schedule of Findings and Questioned Costs (continued)

Identification of major programs:

<b>Federal Agency/Program</b>	<b>CFDA No.</b>
<b>United States Department of Education</b>	
Direct:	
Student Financial Assistance Cluster	84.007, 84.063
Teacher Incentive Fund	84.374
Indirect:	
Florida Department of Education: Special Education Cluster (IDEA)	84.027, 84.173, 84.391, 84.392
Charter Schools	84.282
Reading First State Grants	84.357
English Language Acquisition Grants	84.365
Improving Teacher Quality State Grants	84.367
Title 1, Part A Cluster	84.010, 84.389
School Improvement Grants	84.377
<b>United States Department of Health and Human Services</b>	
Indirect:	
Florida Department of Children and Families: Refugee and Entrant Assistance – Discretionary Grants	93.576

The School Board of Miami-Dade County, Florida

Schedule of Findings and Questioned Costs (continued)

**Section II – Financial Statement Findings Section**

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the financial statements for which *Government Auditing Standards* require reporting.

No matters reported.

**Section III – Federal Awards Program Findings and Questioned Costs Section**

This section identifies the audit findings required to be reported by Circular A-133 Section .510(a), such as material weaknesses, significant deficiencies, and material instances of noncompliance, including questioned costs, as well as any abuse findings involving federal awards that are material to a major program.

<b>Finding #</b>	<b>2009-1</b>
Federal program information	CFDA # 93.576 Refugee and Entrant Assistance – Discretionary Grants
Compliance requirement	Level of Effort
Criteria or specific requirement	The grant agreement includes the following requirement: <ul style="list-style-type: none"><li>• Thirty-five percent of all English language instruction courses attempted by clients within a reporting period will result in a Literacy Completion Point (LCP) at completion of the course as validated by standardized assessment instruments.</li></ul>
Questioned costs	N/A
Condition	The School Board did not meet the performance standard described above for the year ended June 30, 2009.
Context	The required percentage of LCP was not achieved.
Effect	This could result in the School Board losing future funding under the grant agreement.



The School Board of Miami-Dade County, Florida

Schedule of Findings and Questioned Costs (continued)

Recommendation                      The School Board should review its program objectives and requirements for this grant and make revisions as necessary to ensure that the grant's performance and deliverable requirements are met.

Views of responsible officials/corrective action plan                      Training sessions on retention for school-site staff were provided on 1/14/2009, 3/18/2009 and 5/20/2009. In term 2009-1, additional retention/case management strategies have been implemented at the 16 SAVES school sites.

Training sessions were provided on case management strategies on February 5, 12, and 26, 2010. Training sessions for Assistant Principals responsible for the SAVES project were provided on: 11/21/08 and 3/27/2009. Monthly district meetings are held where the 16 SAVES schools send representation and program initiatives, performance, and expectations are discussed and reviewed.

District Educational Specialists are working closely with the schools providing support to teachers with student follow-up, providing student orientations in Spanish and Creole, and assisting the students with program information as well as development of educational goals. Furthermore, case management strategies have been implemented that allow better tracking of student contact and outcomes.

SAVES previously reported extended courses along with all other courses with the same term, regardless of the end date. This had the potential to cause a loss of attendance hours or completion points due to the course ending too close to the reporting deadline and performance and/or attendance data being excluded. We now report these within the term in which they end so that there is less of a possibility of classes being excluded and more time to collect relevant data.

The School Board of Miami-Dade County, Florida

Schedule of Findings and Questioned Costs (continued)

The measure of 35 percent, which was determined by the funding source, continues to be a challenge to the SAVES program due its fragile student population and the challenges these students face as they struggle to resettle in the United States. SAVES Contract LK 904 program objectives and requirements have been reviewed. As a result and per the auditor's recommendations, a meeting request has been made to the Department of Children and Families to re-negotiate the performance measures, and to review program objectives and requirements for the SAVES grant to ensure that the grant's performance and deliverable requirements are met.

**Finding #**

**2009-2**

Federal program information

CFDA # 84.282, Charter Schools

Compliance requirement

Period of Availability

Criteria or specific requirement

Federal awards may specify a time period during which the non-Federal entity may use the Federal funds. Where a funding period is specified, a non-Federal entity may charge to the award only costs resulting from obligations incurred during the funding period and any pre-award costs authorized by the Federal awarding agency. As an indirect award from the Florida Department of Education, the grant agreement with the state agency is the award notification which specifies the applicable grant period.

Questioned costs

\$77,450

Condition/Context

For 1 out of 8 transactions sampled, we noted that the payment to the charter school subrecipient was made six days after the liquidation date of August 20, 2008, specified in the related grant agreement and there was no evidence of an extension being granted by the state agency. We also became aware of two other schools with the same project end date and liquidation date as the school we sampled and for which the payments were also made after the respective liquidation date.

The School Board of Miami-Dade County, Florida

Schedule of Findings and Questioned Costs (continued)

Cause/Effect	We were informed that the grant award notices were received later than expected and left little time to fulfill the payments within the stated award period. However, as the payments were made outside of the stated availability period, the effect is non-compliance with the program's period of availability requirements.
Recommendation	The District should carefully evaluate period of availability requirements as established in the grant agreements and review expenditures charged to the programs to ensure they fall within the period of availability. The District should seek written extensions in cases where it believes it cannot reasonably fulfill the requirements within the period stated.
Views of responsible officials/corrective action plan	<p>The Single Audit Report, Schedule of Findings &amp; Questioned Costs, Finding # 2009-2, CFDA # 84.282 includes a questioned cost of \$77,450 based on compliance requirement for period of availability.</p> <p>District staff concurs with this finding. The referenced payments were made after the liquidation date of August 20, 2008. In addition to the late grant award notices for these payments, they were also impacted by internal processing delays due to the District offices closing for Hurricane Fay.</p> <p>Due to the MSAF legacy systems limitation these payments were processed off-line to facilitate electronic transfers to their respective Charter School grant recipients. Under the SAP Accounts Payable module, electronic payments will be available, eliminating manual processing, and thus improving the timeliness of Grant related payments.</p>

The School Board of Miami-Dade County, Florida

Schedule of Findings and Questioned Costs (continued)

<b>Finding #</b>	<b>2009-3</b>
Federal program information	Teacher Incentive Fund, CFDA # 84.374 Special Education Cluster (IDEA), CFDA #s 84.027, 84.173, 84.391, 84.392 English Language Acquisition Grants, CFDA # 84.365 Improving Teacher Quality State Grants, CFDA # 84.367 Title 1, Part A Cluster, CFDA #s 84.010, 84.389 School Improvement Grants, CFDA # 84.377 Refugee and Entrant Assistance-Discretionary Grants, CFDA # 93.576
Compliance requirements	Allowable Costs
Criteria or specific requirement	Compensation for personnel services rendered in connection with Federal awards must be documented and supported as described in OMB Circular A-87, <i>Cost Principles for State, Local and Indian Tribal Governments</i> (A-87). According to A-87, the standards regarding time distribution are in addition to the payroll documentation and require the following: <ul style="list-style-type: none"><li>• Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on the program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first-hand knowledge of the work performed by the employee.</li><li>• Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the following standards (unless a statistical system or other substitute system has been approved by the cognizant Federal agency):</li></ul>

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Schedule of Findings and Questioned Costs (continued)

- a) must reflect an after-the-fact distribution of the actual activity of each employee,
- b) must account for the total activity for which each employee is compensated,
- c) must be prepared at least monthly and must coincide with one or more pay periods, and
- d) must be signed by the employee.

Budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to Federal awards but may be used for interim accounting purposes.

Questioned costs           \$ 15,522 – Teacher Incentive Fund  
                                  \$205,923 – Special Education Cluster (IDEA)  
                                  \$112,739 – English Language Acquisition Grants  
                                  \$ 40,589 – Improving Teacher Quality State Grants  
                                  \$ 37,676 – Title 1, Part A Cluster  
                                  \$101,464 – School Improvement Grants  
                                  \$ 72,879 – Refugee and Entrant Assistance-Discretionary Grants

Condition/Context       We tested a sample of 25 transactions for internal control and 25 transactions for compliance for each of these programs. Of the 50 tested per program, we noted between 3 and 39 transactions (varies by program) that related to payroll costs being transferred to the grant program from the general fund or in some instances, from another federal grant program (e.g. from the Title 1, Part A Cluster to the School Improvement Grants). We obtained the journal entry information and supporting detail to ultimately select the largest single employee payroll transaction included in the transfer in order to test compliance with the A-87 payroll documentation requirements as described above. For the instances where the transfer came from another grant program, we noted that although the underlying activity being performed by the employee may be an allowable activity under both grant programs, the supporting payroll certification indicated the employee worked on the original grant program and not the program where the charges were ultimately being recorded. For the payroll charges transferred from

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Schedule of Findings and Questioned Costs (continued)

the general fund, we noted that there were no signed payroll certifications completed to indicate that the employees in fact worked on the federal program to which the costs were ultimately charged. We were informed that the transfers largely pertained to employees who worked 100% on one activity and that management performed a thorough process to determine specific employees whose payroll could be transferred to the grant program based on the activity the employee performs (e.g. a reading coach at a Title 1 school originally funded through the general fund being transferred to the Title 1 program).

In a few limited cases, a detail of the specific employees and related payroll charges comprising the total transferred was not provided. However, based on review of the journal entry we were able to determine from what fund and/or program the originating payroll related.

Cause/Effect

OMB A-87 requires payroll costs charged to a federal program be supported by specific documentation as indicated above. In the instances where an employee's salary allocation was modified as part of a transfer of expenditures to be paid fully or partially from a federal grant, the District did not comply with the payroll documentation requirements under OMB A-87. As payroll certifications indicating the employees worked on the specific grant program where the costs were charged were not available, the District does not appear to be in compliance with the A-87 documentation requirements.

Recommendation

We recommend that the District implement controls to identify, throughout the course of the year, any employee whose salary allocation has been modified to be paid fully or partially from a federal grant program and obtain the appropriate payroll documentation under OMB A-87 to support the payroll costs charged to the federal program. This would include any employees whose payroll was transferred from the general fund to a federal program for a specific period of time. Further, in performing A-87 payroll certifications, the District should consider revising its current practice of obtaining certifications as of a point in time to instead address the period of time for which the employee's payroll

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Schedule of Findings and Questioned Costs (continued)

is charged 100% to the federal program within any given semi-annual reporting period. This will ensure that all employees whose payroll is charged 100% to the federal program are captured in the payroll certification process as required by OMB A-87.

Views of responsible officials/corrective action plan

Administration concurs that there is a need to identify all employees whose salary allocation was fully or partially paid from a federal grant, and obtain payroll certifications, as required by payroll documentation requirements under OMB A-87. However, in the case of this finding, administration views it from a standpoint of technical or procedural non-compliance, since the actual payroll expenditures and the transfers of expenditures made were deemed appropriate and acceptable by the auditors. Their comments were limited to the matter of the lack of employee payroll certifications directly associated with those transfers of payroll expenditures to the federal programs to which the costs were ultimately charged. This is a matter of form over substance; a technical issue based on a different interpretation of the OMB A-87.

Furthermore, it is also important to note that the district's procedures have been reviewed by the external auditors in past audits without proffering audit comments and or recommendations. Therefore, administration assumed that the procedures being implemented were appropriate and met all compliance requirements.

The District has already implemented the required correction and will be in compliance for fiscal year 2009-2010 on issues related to Circular A-87. Upon a request to initiate transfer of expenditures from the general fund to contracted programs or between contracted programs, the program managers will be required to simultaneously provide the list of employees involved in the transfer, and obtain a signed Circular A-87 to support the payroll expenditures. Pursuant to the recommendation of the external auditors regarding the A-87 Payroll Certification process, the District will revise its current practice of obtaining certifications at

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Schedule of Findings and Questioned Costs (continued)

two points in time during the year, vis-à-vis obtaining the certification covering a semi-annual time period for a six-month period for which the employee's payroll is being charged 100% to a federal program.

What follows are management's explanations in response to the findings cited herein:

***Matters Related To Transfers of Expenditures***

The conditions identified by the external auditors during this audit relate to instances where the District did not obtain signed payroll certifications as documentary evidence that the employees had worked 100% of their time on federal programs to which the costs were ultimately charged as part of the transfers of expenditures. However, *these instances were limited and specific to those employees whose payroll expenditures, deemed eligible under the federal guidelines, were transferred from the general fund to contracted programs or within eligible contracted programs after-the-fact.* Consequently, due to the timing and nature of these transfers, the system did not generate a Circular A-87 for the associated employees, as it customarily does for regular payroll transactions. Additionally, these transfers of payroll expenditures have been reviewed by the external auditors in past audits without proffering audit comments and/or recommendations. Since this matter was never discussed in previous audits, administration considered the present documentation on file to be adequate and complete for audit purposes and in compliance with OMB A-87 requirements.

As a result of the passage of the American Recovery and Reinvestment Act (ARRA), the District was provided the opportunity to transfer eligible expenditures to the Individuals with Disabilities Education Act (IDEA). In order to "save jobs", as evidenced by an approved grant application, the District transferred eligible expenditures between May 1, 2009, through June 30, 2009, for special education-related expenditures for salaries of speech and language pathologists, special education teachers and paraprofessionals, and other staff that provide services to students



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Schedule of Findings and Questioned Costs (continued)

with disabilities from the general fund to IDEA ARRA. *The appropriateness of these expenditures and the associated transfers of expenditures are not being questioned; only the lack of payroll certifications associated with the transfers of payroll expenditures.*

***Matters Related To Procedures for Obtaining Payroll Certifications***

Until the issuance of this finding, in order to comply with payroll documentation requirements under OMB A-87, the District would issue a Circular A-87 Payroll Certification Report semi-annually to all work locations which report and pay employees from contracted programs. To accomplish this, our system programmatically captures payroll funding structures of employees whose positions are established under contracted programs and generates a Circular A-87 for every one of these employees. The current certification process represents a snapshot of the work activity performed by an employee for a one-month period. In addition, monthly payroll certifications would be processed by the District to capture all employees whose salaries are being charged to contracted programs. Similarly, these certifications and the time frames encompassed in these documents were reviewed in previous audits without comments from the external auditors.

Auditor's observations  
on views of  
responsible officials

We have reviewed management's response to the finding and have the following observations:

- OMB Circular A-87 requires that payroll costs charged to a federal program be supported by specific documentation as indicated above. The lack of appropriate payroll documentation as defined in A-87 constitutes non-compliance with the allowable cost compliance requirement related to the noted federal programs. This is not a matter of form over substance or subject to interpretation given the specificity of the applicable federal guidelines and rules.

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- In addition to the semi-annual A-87 certifications performed as of a point in time, the District also has another process in place whereby payroll charged to grant program funds is certified by the supervisor on a monthly basis. Accordingly, documentation in addition to the “A87” labeled certifications performed as of a point in time was utilized to test compliance with the applicable program requirements. Therefore, audit findings were not reported in prior audits. However, such “other documentation” was not completed for the payroll transfers described in the finding above as it was not prepared for payroll originating in the general fund that was later transferred to a grant fund.
- Federal Single Audits are based on risk assessments and a sampling approach and transfers similar to those noted in the finding above may not have been subject to testing in prior audits. Furthermore, as described above, other documentation was available to satisfy requirements for grant fund originated payroll charges. Compliance with requirements is the District’s responsibility and a lack of prior audit findings reported by either the Florida Auditor General or Ernst & Young should not be considered as positive assurance that all applicable controls are operating effectively.

**Finding #**

**2009-4**

Federal program information

CFDA # 84.282, Charter Schools

Compliance requirement

Subrecipient Monitoring

Criteria or specific requirement

The District receives federal funds from the Florida Department of Education under approved grant awards for specific charter schools that are based on budgets prepared by the charter schools and approved by the state agency. The District passes the federal funds through to the charter schools (less any administrative allowance

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Schedule of Findings and Questioned Costs (continued)

retained by the District), based on the approved award. The District reports the amounts paid to the charter schools as subrecipient awards in its Schedule of Expenditures of Federal Awards.

Federal regulations require that all pass-through entities perform monitoring procedures during the award period which consist of monitoring the subrecipient's use of Federal awards through reporting, site visits, regular contact, or other means to provide reasonable assurance that the subrecipient administers Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.

Questioned costs

N/A

Condition/Context

We selected 8 schools for testing and noted that there was limited evidence available to indicate that the District had performed monitoring procedures over these charter schools to determine if they had expended the award funds in accordance with the state approved budget. The District indicated that expenditure reports are periodically obtained from the charter schools, however, the District was unable to provide the report for 1 of the schools we selected. For the 7 other schools, we were provided with expenditure reports, however, there was no evidence that the reports had been reviewed by the District or that amounts appearing unusual in relation to the approved budget had been challenged. Further, certain of the reports provided were for the incorrect period.

Cause/Effect

The District did not routinely monitor the charter school subrecipients and does not appear to have adequate controls in place over subrecipient monitoring. We were informed that a new process is underway where the District is now obtaining supporting documentation from the schools to substantiate the expenditures made with award funds.

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Schedule of Findings and Questioned Costs (continued)

Recommendation	We recommend that the District review its current procedures and ensure that it has an adequate process in place to monitor subrecipients in accordance with the federal requirements. Additionally, checklists or other means to document monitoring procedures should be implemented.
Views of responsible officials/corrective action plan	<p>The District has evaluated the current procedures regarding the monitoring of charter school grants. To ensure a more adequate and comprehensive process for the monitoring and the implementation of proper internal controls, the Charter School Operations Department (CSO), with the assistance of the Office of Management and Compliance Audits, Financial Services and Grants Administration, will develop and implement a more comprehensive process, which includes the utilization of a checklist and ongoing documentation of status.</p> <p>Additionally, CSO will solicit a review of this process by the FLDOE's Office of Grants Management to ensure compliance with federal requirements. The Office of Grants Management provides administrative and operational support to program managers including receipt and technical review, tracking, budget review, and distribution and file maintenance of all projects awarded by the Department of Education.</p>

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Summary Schedule of Prior Audit Findings

Year Ended June 30, 2009

<b>Finding #</b>	<b>Federal Program</b>	<b>Compliance Requirement</b>	<b>Recommendation</b>	<b>Current Status</b>
<b>2008-2</b>	Refugee and Entrant Assistance – Discretionary Grants (CFDA No. 93.576)	Level of Effort	The School Board should review its program objectives and requirements for this grant and make revisions as necessary to ensure that the grant’s performance and deliverable requirements are met.	Also see finding 2009-1 above. Refer to MDCPS management’s response to recommendation in Finding No. 2009-1 (Page 15).
<b>2008-3</b>	Refugee and Entrant Assistance – Discretionary Grants (CFDA No. 93.576)	Program Income	The School Board should review its current procedures and implement necessary changes and controls to ensure that interest earned on advanced funds is remitted, or applied against invoices submitted for reimbursement, on a quarterly basis.	The School Board complied with the contract language for the existing contract period, which covers a two-year-term, from August 13, 2008 through August 12, 2010. For fiscal year ended June 30, 2009, the District remitted interest earned on advanced funds in accordance with the contract’s quarterly requirements. In future contracts negotiations, the School Board will request a revision to the contract language in order to allow for more ease of administration and cost-effectiveness pertinent to the advanced funds by amending the quarterly requirement to a one-time annual process.

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Summary Schedule of Prior Audit Findings (continued)

<b>Finding #</b>	<b>Federal Program</b>	<b>Compliance Requirement</b>	<b>Recommendation</b>	<b>Current Status</b>
<b>2007-1</b>	Adult Education – State Grant Program (CFDA No. 84.002)	Allowable Costs/Cost Principles – Vendor Payments	The School Board should document to the grantor (Florida Department of Education) the allowability of questioned costs, totaling \$175,855, or the moneys should be restored to the program. Also, the District should enhance procedures to ensure that all programs are adequately supported by detailed documentation and that Federal funds are properly managed, monitored, and spent on grant activities.	The merger of the offices of Adult Education and Workforce Education on July 1, 2007, established internal control measures, that directly address the allowable costs and performances related to each grant/contract. Extensive documentation was provided to the Florida Department of Education and it was agreed that \$64,980 would be restored to the Adult Education – State Grant Program. A revised FA 399 was submitted denoting the restoration of the funds.
<b>2007-2</b>	Adult Education – State Grant Program (CFDA No. 84.002)	Procurement – Contract Administration	The District should enhance its contract administration procedures to ensure that expenditures funded with Federal moneys are made pursuant to contracts that include the required contractual provisions.	Beginning in the 2008-09 grant cycle, each contract reflects the required language on all purchase orders.

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Summary Schedule of Prior Audit Findings (continued)

Finding #	Federal Program	Compliance Requirement	Recommendation	Current Status
2007-3	Fund for the Improvement of Education (CFDA No. 84.215)	Activities Allowed or Unallowed	The District should document to the grantor (United States Department of Education) the allowability of the questioned costs, totaling \$106,814, or the moneys should be restored to the program.	District records did not evidence that the required United States Department of Education (USDOE) approval was obtained for specified grant personnel resulting in questioned costs in the amount of \$106,814. The District has implemented procedures to obtain the approval of the awarding agency (USDOE) for any programmatic changes, such as changes in key grant personnel specified in the application or award document. A letter was submitted to USDOE program administrators formalizing the positions of all grant directors therefore there are no questioned costs.

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Summary Schedule of Prior Audit Findings (continued)

Finding #	Federal Program	Compliance Requirement	Recommendation	Current Status
2007-4	Fund for the Improvement of Education (CFDA No. 84.215) and Refugee and Entrant Assistance – Discretionary Grants (CFDA No. 93.576)	Matching, Level of Effort, Earmarking	The District should review its program objectives and requirements for the grants mentioned and make revisions as necessary to ensure that the grant’s performance requirements are met; thus ensuring that Federal moneys are properly used.	<p>The performance objective in Smaller Learning Communities Grant (CFDA No. 84.215) reads <i>“Increase in 10th grade students who meet or exceed standards on the Florida Comprehensive Achievement Test (FCAT) by 10 percentage points in reading, 5 percentage points in mathematics.”</i></p> <p>It should be noted that the performance goals were written to cover the entire 5 year span of the grant and to promote the concept of high academic standards for all students. Professional development and other Smaller Learning Communities activities are all structured to support the overarching absolute priority of preparing all students to succeed in postsecondary education or careers.</p> <p>The District reviews its SAVES program (CFDA No. 93.576) objectives and requirements, resulting in more attainable performances in terms of deliverables being negotiated. Ultimately, the new requirements will ensure that Federal moneys are properly used.</p>



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Summary Schedule of Prior Audit Findings (continued)

Finding #	Federal Program	Compliance Requirement	Recommendation	Current Status
2007-5	Food Donation (10.550) and Child Nutrition Cluster (CFDA No's. 10.553, 10.555, 10.559)	Program Administration	The District should strengthen procedures necessary to provide enhanced control over food service inventories and adequately monitor the operations of the food service program.	<p>Internal procedures have been enhanced to control food service inventories and to adequately monitor the operations of the food service program. Food and Nutrition administrative staff is assigned on a weekly basis to review inventory, ensure inventory levels are appropriate, and food orders are monitored and adjusted by site based on the average participation and menu. Food and Nutrition Coordinators review each school site's monthly inventory reports and communicate with assigned food service managers regarding appropriate inventory levels based on meal participation, facility capacity and menu cycle. Food and Nutrition administrators conduct on-site visitations to review the accuracy of inventory counts taken by food service managers. The Department of Food and Nutrition maintains an on-line school site reporting and review system, termed VR2, through which all on-site operations monitoring reports are completed and simultaneously reported to the school principal, food service manager, and Food and Nutrition Director of Operations.</p> <p>The Food and Nutrition Coordinators also monitor labor hours weekly for all sites. Recommendations are made to Principals to increase meal participation and/or adjustments are made accordingly by reducing hours, adjusting current schedules or direct transfer of employees to other work locations in order to meet the applicable meals per labor hour standard.</p>