

# MIAMI-DADE COUNTY PUBLIC SCHOOLS



## *Internal Audit Report Selected Schools*



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

*September 2012*

**THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**

Ms. Perla Tabares Hantman, Chair  
Dr. Lawrence S. Feldman, Vice Chair  
Dr. Dorothy Bendross-Mindingall  
Mr. Carlos L. Curbelo  
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Superintendent of Schools

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Chief Auditor  
Office of Management and Compliance Audits

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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

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Raquel A. Regalado

August 29, 2012

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

Ladies and Gentlemen:

This report includes the audit results of 46 schools currently reporting to School Operations and the Educational Transformation Office. At five of the 46 schools, there was a change of principal since the prior audit. The audit period for 42 of the 46 schools is two fiscal years ended June 30, 2012, while the audit period for the remaining four schools is one fiscal year ended June 30, 2012.

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

Our audits disclosed that the financial statements of all 46 schools reported herein were fairly stated. At 41 of the 46 schools, we found general compliance with prescribed policies and procedures, and site records were maintained in good order. Property inventory results for those schools reported herein were satisfactory and losses were minimal.

At five of the 46 schools, controls over the bookkeeping function, the procedures for receipting and disbursing funds, and the handling of vendor refunds that stemmed from certain school activities subsidized with Title I funds needed improvement. Particularly at two of these five schools, the school principal reported and we corroborated misappropriation of funds and the withholding of cash collections for a lengthy period. At the present time, the State Attorney's Office is considering criminal charges against one of the treasurers. Regarding both treasurers, School Board administration handled the cases administratively and the treasurers have resigned in lieu of dismissal. At one of the other schools cited in this report, the treasurer admitted that she lacked effective bookkeeping and organizational skills, and also resigned from her position during the audit.

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

Sincerely,

Jose F. Montes de Oca, CPA

Chief Auditor

Office of Management and Compliance Audits

JFM:mtg



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## EXECUTIVE SUMMARY

The Office of Management and Compliance Audits has completed the audits of 46 schools. These include 19 schools that report to the North Region Office, ten to the Central Region Office, five to the South Region Office, 11 to the Educational Transformation Office (ETO), and one adult education center that currently reports to the Adult/Vocational Education Division within School Operations. At five of these schools, there was a change of principal since the prior audit.

The 46 schools comprise the audit results of 42 schools with a two-fiscal year audit period ended June 30, 2012, and four schools with a one-fiscal year audit period ended June 30, 2012.

The audits disclosed that 41 of the 46 schools reported herein maintained their records in good order and in accordance with prescribed policies and procedures. The five schools with audit findings and the affected areas are as follows:

School Name	Region Office	No. Of Findings	Major Areas		
			Bookkeeping Function	Receipts and Deposits	Title I Refunds
1. Olinda Elementary	Central	1	√ (included misappropriation of funds)		
2. Riverside Elementary	Central	1	√		
3. Ponce de Leon Middle	Central	1	√		
4. Whispering Pines Elementary	South	1		√ (included suspicious activity)	
5. Paul W. Bell Middle	South	1			√

Audit findings cited control deficiencies over the internal funds' bookkeeping function and the procedures for the collection and disbursement of funds, and the handling of certain vendor refunds. Due to the seriousness and types of deficiencies identified at Whispering Pines Elementary and Olinda Elementary schools (as initially reported by their school principals and corroborated by our audit work), the District handled the cases administratively; and both treasurers have resigned from employment in lieu of dismissal. Regarding the treasurer from Olinda Elementary, the State Attorney's Office is considering her case for possible criminal charges. At Riverside Elementary, the treasurer admitted to lacking effective bookkeeping and organizational skills, and also resigned during the audit.

A Summary Schedule of Audit Findings listing audit results of current and prior audit periods for all schools in this report is presented on pages 20-23. Responses are included following the recommendations in the *Findings and Recommendations* section of this report (Pages 32-59); and in the Appendix section in memorandum format (Pages 68-84).

*Notwithstanding the conditions and findings reported herein*, at all 46 schools, the financial statements present fairly, in all material respects, the changes in fund balances arising from the cash transactions of the schools during the 2010-2011 and/or 2011-2012 fiscal year(s), on the cash basis of accounting, and depending on the school audited.

As of June 30, 2011, for 42 of the 46 schools and centers reported herein, total combined receipts and disbursements amounted to \$4,240,979 and \$4,221,821, respectively; while total combined cash and investments amounted to \$1,344,941 (Pages 6-9).

As of June 30, 2012, for all 46 schools and centers reported herein, total combined receipts and disbursements amounted to \$5,733,426 and \$5,647,511, respectively; while total combined cash and investments amounted to \$1,522,402 (Pages 10-14).

*Notwithstanding the conditions and findings reported herein, as of June 30, 2012, the internal control structure at the schools generally functioned as designed by the District and implemented by the school administration, except for those conditions reported at the individual schools.*

## INTERNAL FUNDS

Internal funds records and procedures were reviewed at all 46 schools. Of this total, 41 were in general compliance with the procedures established in the *Manual of Internal Fund Accounting*. At the following five schools we found that:

- At Olinda Elementary, the treasurer fraudulently cashed a school check for \$600 and could not provide the whereabouts of \$537 cash collected from the sale of school pictures. Review of bank statements disclosed a \$600 deposit that we could not trace to a school activity; and that the treasurer claimed were personal funds deposited in the school's account to replace the check fraudulently cashed. Part of her cover-up scheme included altering bank statements for most of the 2011-2012 fiscal year to conceal the check misappropriation and other school checks that were posted late to the system or not posted at all. Initially, the principal discovered some of these discrepancies and reported them to our office. M-DCPS Police arrested the treasurer and charged her with Grand Theft. At present, the treasurer *resigned from her position in lieu of dismissal*; and the State Attorney's Office is reviewing the case for further consideration of criminal charges (Pages 32-39).
- At Riverside Elementary, records were incomplete, disorganized, and disclosed various discrepancies and delays regarding the posting of financial transactions and the collection of funds. One of the discrepancies consisted of a bogus transaction in the year-end reconciliation to prevent a checking account deficit. *The treasurer admitted to ineffective bookkeeping skills and disorganized records; and resigned in May 2012 before the completion of the audit.* Additionally, the school purchased refurbished ink cartridges from an out-of-state vendor at inordinately high prices, and there were no quotes/bids on file to support the selection of the vendor (Pages 40-47).
- At Whispering Pines Elementary, we conducted an audit investigation, which corroborated that the treasurer receipted \$1,100 cash in December 2011; however, withheld from deposit until the end of February 2012. Initially, the school principal discovered the discrepancy and reported it to our office. The treasurer *resigned from her position in lieu of dismissal* and the District has flagged her records to prevent subsequent employment. Regarding this treasurer, the previous audit published by our office reported that she had altered the June 2011 checking account bank statement to conceal account deficit balances. In addition, several years ago, our office reported audit findings for this school under the tenure of a former principal, but under the same treasurer (Pages 48-51).

- At Ponce de Leon Middle, the treasurer improperly modified the posting of a check in the system in an attempt to eliminate a negative balance in an Internal Funds account. She did not consistently maintain a balance in the checkbook for the 2011-2012 fiscal year; and was unable to provide some of the internal funds documentation that should be maintained on file at the school. In several instances, individual disbursements of over \$1,000 did not include as supporting documentation the required minimum of three written quotes/bids, several purchase orders were completed after-the-fact; and the Collections/Deposits Log was not properly completed (Pages 52-57).
- At Paul W. Bell Middle, the school received two vendor refunds related to out-of-county field trips subsidized with Title I funds, and was expecting a third refund at the time of our audit. However, the school deposited the refunds in the Internal Funds of the school instead of returning them to the District. In all three instances, the school purchased more admissions than required based on projection. At present, the school has returned the two refunds in question to the District and plans to return the third refund once it is received (Page 58).

## PAYROLL

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

School Name	Region Office
▪ Ruth K. Broad/Bay Harbor K-8 Center	▪ North
▪ North Beach Elementary	▪ North
▪ Scott Lake Elementary	▪ North
▪ Hialeah Gardens Senior	▪ North
▪ George Washington Carver Middle	▪ Central
▪ Ponce de Leon Middle	▪ Central
▪ Winston Park K-8 Center	▪ South
▪ Paul W. Bell Middle	▪ South
▪ Skyway Elementary	▪ ETO
▪ Thomas Jefferson Middle	▪ ETO

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

## PROPERTY

This report includes the results of physical inventories of property items with an individual cost of \$1,000 or more for 18 of the 46 schools. We were unable to complete all inventories by the time of publication of this report since Property Audits staff commenced their 2012-2013 fiscal year inventory verification at the school sites after the start of the new school year, in late August 2012. Those results not reported herein will be reported later during the fiscal year. At the 18 schools reported herein, Property Audits staff inventoried approximately 2,500 equipment items with a total approximate cost of \$5.99 million. All 18 schools proved satisfactory (refer to Property Schedules on pages 28-30).

Property inventories also include the review of property losses reported by the schools through the Plant Security Report process. These represent equipment losses due to theft, vandalism and similar school-reported incidents. Our analysis of Plant Security Reports disclosed two items with a total depreciated value of \$200 and a total approximate cost of \$6,100 missing at two of the 18 schools (Page 31).

## **PURCHASING CREDIT CARD (P-CARD) PROGRAM**

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

School Name	Region Office
▪ Aventura Waterways K-8 Center	▪ North
▪ Ruth K. Broad/Bay Harbor K-8 Center	▪ North
▪ South Pointe Elementary School	▪ North
▪ Ponce de Leon Middle	▪ Central
▪ Arthur & Polly Mays Conservatory of the Arts	▪ ETO

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

## **FULL-TIME-EQUIVALENT (FTE) FUNDING**

The following ten schools were selected for these audits:

School Name	Region Office	Survey Period (SP)	FTE Funding
▪ Arch Creek Elementary	North	2011-2012 SP 3	\$ 1,133,750
▪ Aventura Waterways K-8 Center	North	2011-2012 SP 3	3,440,942
▪ Biscayne Elementary	North	2011-2012 SP 3	1,428,763
▪ V. A. Boone/ Highland Oaks Elementary	North	2011-2012 SP 3	1,401,772
▪ Bunche Park Elementary	North	2011-2012 SP 3	575,030
▪ Twin Lakes Elementary	North	2011-2012 SP 3	1,220,242
▪ Mae M. Walters Elementary	North	2011-2012 SP 3	1,415,328
▪ Biscayne Gardens Elementary	ETO	2011-2012 SP 3	1,224,816
▪ Hialeah Middle	ETO	2011-2012 SP 3	1,646,049
▪ Thomas Jefferson Middle	ETO	2011-2012 SP 3	822,698
Total FTE Funding			\$ 14,309,390

The total FTE funding amounted to approximately \$14.3 million for the ten schools combined. FTE records reviewed corresponded to the 2011-2012 fiscal year Survey Period 3 (February 2012). Our FTE reviews disclosed that all ten schools were generally compliant with District policy.

## **TITLE I PROGRAM EXPENDITURES AND PROCEDURES**

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

School Name	Region Office	Total Expenditures
▪ Flamingo Elementary	North	\$ 294,540
▪ Hialeah Gardens Senior	North	418,822
▪ Paul W. Bell Middle	South	194,535
Total Title I Program Expenditures		\$ 907,897

Total expenditures incurred under various Title I programs amounted to approximately \$908,000. Results of our audits disclosed that Flamingo Elementary and Hialeah Gardens Senior were generally compliant with the policies and procedures established by the *Title I Administration Handbook*. Minor discrepancies identified in this area were discussed with the school administration for their information and corrective action.

- At Paul W. Bell Middle, there was general compliance with Title I program procedures, except for the manner in which the school handled refunds associated with field trips subsidized with Title I funds. Refer to the Internal Funds Summary section of this report on page 3 and to the actual finding on page 58.

## DATA SECURITY

We reviewed the report titled “Authorized Applications for Employees by Locations Report” at five schools. At one of the five schools, we conducted a more thorough review of the school site IT function. The schools reviewed were:

School Name	Region Office
▪ Hialeah Gardens Senior <sup>1</sup>	▪ North
▪ George Washington Carver Middle	▪ Central
▪ Vineland K-8 Center	▪ South
▪ Charles R. Drew Elementary	▪ ETO
▪ Hialeah Middle	▪ ETO

Our review disclosed that all five schools generally complied with the review of the report and with the requirements for granting access to system applications. At Hialeah Gardens Senior, our more in-depth 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 the 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, 2011 and/or June 30, 2012 (depending on the school audited) for the 46 schools included herein. It also provides the audit opinion regarding the schools’ financial statements:

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<sup>1</sup> More in-depth IT review at this school.

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

The Condensed Annual Financial Reports and Total Cash and Investments as of June 30, 2011 for the 42 of the 46 schools reported herein are:

Work Loc No.	Schools	Beginning Balance	Receipts	Disbursements	End Balance	Cash	Investments		Total Cash and Investments
							Money Market Pool Fund	Other	
North Region Office Schools									
0341	Arch Creek Elementary	\$ 12,430.91	\$ 28,651.95	\$ 30,252.67	\$ 10,830.19	\$ 6,750.87	\$ 4,079.32	\$ -	\$ 10,830.19
0231	Aventura Waterways K-8 Center	28,900.28	303,162.37	304,479.71	27,582.94	17,016.08	10,566.86	-	27,582.94
0321	Biscayne Elementary	16,386.94	218,297.60	221,597.88	13,086.66	4,214.78	8,871.88	-	13,086.66
2441	Virginia A. Boone/Highland Oaks Elementary	21,518.44	191,891.49	195,289.70	18,120.23	7,983.52	10,136.71	-	18,120.23
0461	Brentwood Elementary	14,803.11	18,052.46	18,429.43	14,426.14	9,424.72	5,001.42	-	14,426.14
0241	Ruth K. Broad/Bay Harbor K-8 Center	27,461.07	166,704.11	175,836.45	18,328.73	7,032.91	11,295.82	-	18,328.73
0641	Bunche Park Elementary	22,907.18	20,446.27	19,542.12	23,811.33	11,713.68	12,097.65	-	23,811.33
1921	Flamingo Elementary	23,776.71	55,510.21	59,408.01	19,878.91	8,563.76	11,315.15	-	19,878.91
2581	Madie Ives Elementary	36,578.33	40,834.41	39,037.47	38,375.27	9,589.88	28,785.39	-	38,375.27
3141	Meadowlane Elementary	27,616.87	30,606.75	46,107.15	12,116.47	4,521.67	7,594.80	-	12,116.47

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

Work Loc No.	Schools	Beginning Balance	Receipts	Disbursements	End Balance	Cash	Investments		Total Cash and Investments
							Money Market Pool Fund	Other	
3741	North Beach Elementary	29,282.21	351,646.53	358,553.32	22,375.42	8,181.58	14,193.84	-	22,375.42
5131	North Dade Center For Modern Languages Elementary	27,919.74	39,036.12	38,482.58	28,473.28	11,377.96	17,095.32	-	28,473.28
3941	North Miami Elementary	18,520.30	42,013.35	40,576.01	19,957.64	4,409.43	15,548.21	-	19,957.64
5091	South Pointe Elementary	25,628.95	223,222.14	223,036.51	25,814.58	3,580.23	22,234.35	-	25,814.58
5481	Treasure Island Elementary	38,824.77	31,379.92	29,088.67	41,116.02	14,412.63	26,703.39	-	41,116.02
5601	Twin Lakes Elementary	22,042.01	30,674.55	25,859.62	26,856.94	4,177.83	22,679.11	-	26,856.94
5711	Mae M. Walters Elementary	12,595.44	38,080.07	33,310.13	17,365.38	8,085.17	9,280.21	-	17,365.38
7191	Hialeah Gardens Senior	42,679.70	530,264.25	505,767.15	67,176.80	66,168.43	1,008.37	-	67,176.80
<u>Central Region Office Schools</u>									
0401	Van E. Blanton Elementary	14,828.68	23,019.26	22,130.01	15,717.93	222.36	15,495.57	-	15,717.93
0721	George Washington Carver Elementary	22,312.11	19,250.31	15,812.12	25,750.30	9,913.06	15,837.24	-	25,750.30
0961	Coral Gables Preparatory Academy K-8 Center	21,715.06	60,117.18	61,615.78	20,216.46	2,511.14	17,705.32	-	20,216.46
3051	Toussaint L'Ouverture Elementary	14,602.36	17,188.85	21,043.67	10,747.54	9,151.04	1,596.50	-	10,747.54

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

Work Loc No.	Schools	Beginning Balance	Receipts	Disbursements	End Balance	Cash	Investments		Total Cash and Investments
							Money Market Pool Fund	Other	
3341	Miami Shores Elementary	24,339.73	128,039.26	124,667.26	27,711.73	23,157.71	4,554.02	-	27,711.73
3431	Phyllis Ruth Miller Elementary	22,105.32	141,882.07	141,503.76	22,483.63	7,875.88	14,607.75	-	22,483.63
4681	Riverside Elementary	23,410.93	115,744.98	132,174.46	6,981.45	(6,819.77) <sup>2</sup>	13,801.22 <sup>2</sup>	-	6,981.45
6071	George Washington Carver Middle	92,522.36	51,274.40	48,807.95	94,988.81	4,338.00	90,650.81	-	94,988.81
6741	Ponce de Leon Middle	37,690.17	86,958.47	85,734.84	38,913.80	9,510.88	29,402.92	-	38,913.80
<u>South Region Office Schools</u>									
1691	Christina M. Eve Elementary	65,375.20	235,564.05	224,406.34	76,532.91	42,587.39	33,945.52	-	76,532.91
5671	Vineland K-8 Center	23,765.78	120,582.07	122,287.42	22,060.43	3,349.60	18,710.83	-	22,060.43
6041	Paul W. Bell Middle	48,173.94	101,091.39	102,670.49	46,594.84	9,979.05	36,615.79	-	46,594.84
<u>Educational Transformation Office (ETO) Schools</u>									
0361	Biscayne Gardens Elementary	14,434.02	33,843.00	33,782.31	14,494.71	10,086.49	4,408.22	-	14,494.71

<sup>2</sup> Account balances adjusted to reflect accurate balances at year-end. The audit disclosed that the treasurer had inappropriately posted a \$9,822 funds transfer from the Money Market Pool Fund to the checking account to prevent a checking account deficit on the automated system. Actual funds transfer never happened. Refer to finding on pages 40-41.



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

Work Loc No.	Schools	Beginning Balance	Receipts	Disbursements	End Balance	Cash	Investments		Total Cash and Investments
							Money Market Pool Fund	Other	
1401	Charles R. Drew Elementary	7,444.26	17,616.00	15,357.35	9,702.91	1,887.72	7,815.19	-	9,702.91
4121	Dr. Robert B. Ingram Elementary	19,328.54	15,494.52	18,145.14	16,677.92	3,207.49	13,470.43	-	16,677.92
3501	Morningside Elementary	13,029.38	30,909.96	31,489.93	12,449.41	5,569.86	6,879.55	-	12,449.41
5081	Skyway Elementary	14,460.30	21,509.94	20,678.87	15,291.37	3,119.52	12,171.85	-	15,291.37
5971	Nathan B. Young Elementary	2,600.74	32,213.76	28,649.06	6,165.44	4,347.01	1,818.43	-	6,165.44
6231	Hialeah Middle	49,972.86	131,561.42	139,579.33	41,954.95	13,255.40	28,699.55	-	41,954.95
6251	Homestead Middle	17,475.81	53,244.90	51,220.13	19,500.58	2,053.59	17,446.99	-	19,500.58
6281	Thomas Jefferson Middle	23,072.62	47,970.58	47,727.85	23,315.35	3,297.89	20,017.46	-	23,315.35
6431	Arthur & Polly Mays Conservatory of the Arts	18,713.43	228,465.21	230,031.44	17,147.20	6,329.84	10,817.36	-	17,147.20
6761	Redland Middle	53,144.74	48,023.72	51,692.93	49,475.53	3,882.18	37,162.65	8,430.70	49,475.53
<b>Adult Education Center</b>									
7512	Miami Springs Adult Education Center	231,391.67	118,939.30	85,958.02	264,372.95	58,346.33	206,026.62	-	264,372.95
<b>TOTALS</b>		<b>\$ 1,325,782.97</b>	<b>\$ 4,240,979.15</b>	<b>\$ 4,221,821.04</b>	<b>\$ 1,344,941.08</b>	<b>\$ 438,364.79</b>	<b>\$ 898,145.59</b>	<b>\$8,430.70</b>	<b>\$ 1,344,941.08</b>

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

The Condensed Annual Financial Reports and Total Cash and Investments as of June 30, 2012 for the 46 schools reported herein are:

Work Loc No.	Schools	Beginning Balance	Receipts	Disbursements	End Balance	Cash	Investments		Total Cash and Investments
							Money Market Pool Fund	Other	
North Region Office Schools									
0341	Arch Creek Elementary	\$ 10,830.19	\$ 24,540.46	\$ 20,218.60	\$ 15,152.05	\$ 6,038.58	\$ 9,113.47	\$ -	\$ 15,152.05
0231	Aventura Waterways K-8 Center	27,582.94	362,316.43	371,955.43	17,943.94	7,323.24	10,620.70	-	17,943.94
0321	Biscayne Elementary	13,086.66	187,257.99	188,345.88	11,998.77	3,079.00	8,919.77	-	11,998.77
2441	Virginia A. Boone/Highland Oaks Elementary	18,120.23	168,499.75	172,132.12	14,487.86	4,299.50	10,188.36	-	14,487.86
0461	Brentwood Elementary	14,426.14	23,292.86	18,955.69	18,763.31	13,736.41	5,026.90	-	18,763.31
0241	Ruth K. Broad/Bay Harbor K-8 Center	18,328.73	171,952.50	168,973.83	21,307.40	9,954.05	11,353.35	-	21,307.40
0641	Bunche Park Elementary	23,811.33	12,486.92	13,398.47	22,899.78	10,740.50	12,159.28	-	22,899.78
1921	Flamingo Elementary	19,878.91	61,739.53	60,552.09	21,066.35	5,678.74	15,387.61	-	21,066.35
2581	Madie Ives Elementary	38,375.27	41,767.33	41,936.87	38,205.73	9,273.70	28,932.03	-	38,205.73
3141	Meadowlane Elementary	12,116.47	29,189.70	30,030.57	11,275.60	3,642.10	7,633.50	-	11,275.60

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

Work Loc No.	Schools	Beginning Balance	Receipts	Disbursements	End Balance	Cash	Investments		Total Cash and Investments
							Money Market Pool Fund	Other	
3741	North Beach Elementary	22,375.42	411,484.83	397,117.88	36,742.37	22,476.05	14,266.32	-	36,742.37
5131	North Dade Center For Modern Languages Elementary	28,473.28	39,564.71	40,915.54	27,122.45	11,957.39	15,165.06	-	27,122.45
3941	North Miami Elementary	19,957.64	49,881.67	47,378.00	22,461.31	3,840.01	18,621.30	-	22,461.31
4881	Scott Lake Elementary	18,750.28	116,733.82	121,314.52	14,169.58	6,971.19	7,198.39	-	14,169.58
5091	South Pointe Elementary	25,814.58	262,982.56	240,151.57	48,645.57	26,297.95	22,347.62	-	48,645.57
5481	Treasure Island Elementary	41,116.02	63,815.86	62,237.00	42,694.88	15,855.45	26,839.43	-	42,694.88
5601	Twin Lakes Elementary	26,856.94	21,311.53	22,545.33	25,623.14	2,828.50	22,794.64	-	25,623.14
5711	Mae M. Walters Elementary	17,365.38	28,682.79	24,685.55	21,362.62	12,035.14	9,327.48	-	21,362.62
7191	Hialeah Gardens Senior	67,176.80	588,229.22	572,643.67	82,762.35	81,748.83	1,013.52	-	82,762.35
<u>Central Region Office Schools</u>									
0401	Van E. Blanton Elementary	15,717.93	23,280.40	22,854.34	16,143.99	314.96	15,829.03	-	16,143.99
0721	George Washington Carver Elementary	25,750.30	32,972.40	31,147.50	27,575.20	11,657.28	15,917.92	-	27,575.20

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

Work Loc No.	Schools	Beginning Balance	Receipts	Disbursements	End Balance	Cash	Investments		Total Cash and Investments
							Money Market Pool Fund	Other	
0961	Coral Gables Preparatory Academy K-8 Center	20,216.46	53,514.73	55,003.00	18,728.19	5,951.37	12,776.82	-	18,728.19
3051	Toussaint L'Ouverture Elementary	10,747.54	22,811.24	21,774.33	11,784.45	10,179.82	1,604.63	-	11,784.45
3341	Miami Shores Elementary	27,711.73	148,865.62	148,383.38	28,193.97	23,616.73	4,577.24	-	28,193.97
3431	Phyllis Ruth Miller Elementary	22,483.63	177,462.93	178,180.51	21,766.05	7,083.89	14,682.16	-	21,766.05
4071	Olinda Elementary	15,215.93	13,131.89	13,796.80	14,551.02	6,744.60	7,806.42	-	14,551.02
4681	Riverside Elementary	6,981.45	158,214.05	148,476.64	16,718.86	2,847.34	13,871.52	-	16,718.86
6071	George Washington Carver Middle	94,988.81	155,029.34	152,370.67	97,647.48	4,518.08	93,129.40	-	97,647.48
6741	Ponce de Leon Middle	38,913.80	98,851.36	97,532.50	40,232.66	10,679.95	29,552.71	-	40,232.66
<u>South Region Office Schools</u>									
1691	Christina M. Eve Elementary	76,532.91	476,146.70	477,483.63	75,195.98	11,048.97	64,147.01	-	75,195.98
5671	Vineland K-8 Center	22,060.43	163,806.26	147,791.36	38,075.33	19,269.17	18,806.16	-	38,075.33

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

Work Loc No.	Schools	Beginning Balance	Receipts	Disbursements	End Balance	Cash	Investments		Total Cash and Investments
							Money Market Pool Fund	Other	
5951	Whispering Pines Elementary	24,201.23	236,411.49	238,114.14	22,498.58	5,212.06	17,286.52	-	22,498.58
5961	Winston Park K-8 Center	33,377.99	456,207.02	457,299.24	32,285.77	1,754.92	30,530.85	-	32,285.77
6041	Paul W. Bell Middle	46,594.84	70,348.08	78,981.10	37,961.82	1,159.49	36,802.33	-	37,961.82
<u>Educational Transformation Office (ETO) Schools</u>									
0361	Biscayne Gardens Elementary	14,494.71	39,924.33	39,267.76	15,151.28	10,720.59	4,430.69	-	15,151.28
1401	Charles R. Drew Elementary	9,702.91	20,721.09	18,657.10	11,766.90	2,612.23	9,154.67	-	11,766.90
4121	Dr. Robert B. Ingram Elementary	16,677.92	18,485.76	16,568.25	18,595.43	2,556.57	16,038.86	-	18,595.43
3501	Morningside Elementary	12,449.41	33,418.47	33,508.62	12,359.26	5,444.67	6,914.59	-	12,359.26
5081	Skyway Elementary	15,291.37	35,879.96	31,668.03	19,503.30	7,279.13	12,224.17	-	19,503.30
5971	Nathan B. Young Elementary	6,165.44	24,716.79	24,670.93	6,211.30	4,883.61	1,327.69	-	6,211.30
6231	Hialeah Middle	41,954.95	106,985.52	111,885.17	37,055.30	8,209.54	28,845.76	-	37,055.30
6251	Homestead Middle	19,500.58	69,067.71	63,986.43	24,581.86	3,027.60	21,554.26	-	24,581.86
6281	Thomas Jefferson Middle	23,315.35	49,732.77	49,302.31	23,745.81	6,635.57	17,110.24	-	23,745.81
6431	Arthur & Polly Mays Conservatory of the Arts	17,147.20	150,992.30	148,644.51	19,494.99	8,622.53	10,872.46	-	19,494.99

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

Work Loc No.	Schools	Beginning Balance	Receipts	Disbursements	End Balance	Cash	Investments		Total Cash and Investments
							Money Market Pool Fund	Other	
6761	Redland Middle	49,475.53	44,370.46	46,069.37	47,776.62	1,981.14	37,351.99	8,443.49	47,776.62
<u>Adult Education Center</u>									
7512	Miami Springs Adult Education Center	264,372.95	186,347.28	178,604.65	272,115.58	14,889.07	257,226.51	-	272,115.58
<b>TOTALS</b>		\$1,436,486.51	\$ 5,733,426.41	\$ 5,647,510.88	\$ 1,522,402.04	\$ 456,677.21	\$ 1,057,281.34	\$ 8,443.49	\$ 1,522,402.04

## AUDIT OPINION

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

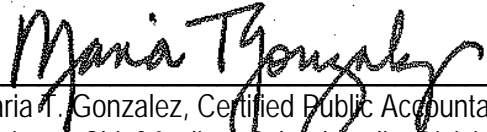
*Notwithstanding the conditions and findings reported herein, at all 46 schools, the financial statements present fairly, in all material respects, the changes in fund balances arising from the cash transactions of the schools during the 2010-2011 and/or 2011-2012 fiscal year, on the cash basis of accounting, depending on the school audited.*

*As of June 30, 2011, for 42 of the 46 schools reported herein, total combined receipts and disbursements amounted to \$4,240,979.15 and \$4,221,821.04, respectively; while total combined cash and investments amounted to \$1,344,941.08 (Pages 6-9).*

*As of June 30, 2012, for all 46 schools reported herein, total combined receipts and disbursements amounted to \$5,733,426.41 and \$5,647,510.88, respectively; while total combined cash and investments amounted to \$1,522,402.04 (Pages 10-14).*

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

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

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

## INTERNAL CONTROLS RATING

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

SCHOOLS	PROCESS & IT CONTROLS			POLICY & PROCEDURES COMPLIANCE			EFFECT
	SATISFACTORY	NEEDS IMPROVEMENT	INADEQUATE	SATISFACTORY	NEEDS IMPROVEMENT	INADEQUATE	
<u>Central Region Office Schools</u>							
Olinda Elementary		✓			✓		Likely to impact
Riverside Elementary		✓			✓		Likely to impact
Ponce de Leon Middle		✓			✓		Likely to impact
<u>South Region Office Schools</u>							
Whispering Pines Elementary		✓			✓		Likely to impact
Paul W. Bell Middle		✓			✓		Likely to impact



## INTERNAL CONTROLS RATING

The internal control ratings for the remaining 41 schools reported herein **without audit exceptions** are depicted as follows:

SCHOOLS	PROCESS & IT CONTROLS			POLICY & PROCEDURES COMPLIANCE			EFFECT
	SATISFACTORY	NEEDS IMPROVEMENT	INADEQUATE	SATISFACTORY	NEEDS IMPROVEMENT	INADEQUATE	
<u>North Region Office Schools</u>							
Arch Creek Elementary	✓			✓			Not Likely to impact
Aventura Waterways K-8 Center	✓			✓			Not Likely to impact
Biscayne Elementary	✓			✓			Not Likely to impact
Virginia A. Boone/Highland Oaks Elementary	✓			✓			Not Likely to impact
Brentwood Elementary	✓			✓			Not Likely to impact
Ruth K. Broad/Bay Harbor K-8 Center	✓			✓			Not Likely to impact
Bunche Park Elementary	✓			✓			Not Likely to impact
Flamingo Elementary	✓			✓			Not Likely to impact
Madie Ives Elementary	✓			✓			Not Likely to impact
Meadowlane Elementary	✓			✓			Not Likely to impact
North Beach Elementary	✓			✓			Not Likely to impact
North Dade Center For Modern Languages El.	✓			✓			Not Likely to impact
North Miami Elementary	✓			✓			Not Likely to impact
Scott Lake Elementary	✓			✓			Not Likely to impact

## INTERNAL CONTROLS RATING

SCHOOLS	PROCESS & IT CONTROLS			POLICY & PROCEDURES COMPLIANCE			EFFECT
	SATISFACTORY	NEEDS IMPROVEMENT	INADEQUATE	SATISFACTORY	NEEDS IMPROVEMENT	INADEQUATE	
South Pointe Elementary	✓			✓			Not Likely to impact
Treasure Island Elementary	✓			✓			Not Likely to impact
Twin Lakes Elementary	✓			✓			Not Likely to impact
Mae M. Walters Elementary	✓			✓			Not Likely to impact
Hialeah Gardens Senior	✓			✓			Not Likely to impact
<u>Central Region Office Schools</u>							
Van E. Blanton Elementary	✓			✓			Not Likely to impact
George Washington Carver Elementary	✓			✓			Not Likely to impact
Coral Gables Preparatory Academy K-8 Center	✓			✓			Not Likely to impact
Toussaint L'Ouverture Elementary	✓			✓			Not Likely to impact
Miami Shores Elementary	✓			✓			Not Likely to impact
Phyllis Ruth Miller Elementary	✓			✓			Not Likely to impact
George Washington Carver Middle	✓			✓			Not Likely to impact
<u>South Region Office Schools</u>							
Christina M. Eve Elementary	✓			✓			Not Likely to impact
Vineland K-8 Center	✓			✓			Not Likely to impact
Winston Park K-8 Center	✓			✓			Not Likely to impact

## INTERNAL CONTROLS RATING

SCHOOLS	PROCESS & IT CONTROLS			POLICY & PROCEDURES COMPLIANCE			EFFECT
	SATISFACTORY	NEEDS IMPROVEMENT	INADEQUATE	SATISFACTORY	NEEDS IMPROVEMENT	INADEQUATE	
<u>Educational Transformation Office (ETO) Schools</u>							
Biscayne Gardens Elementary	✓			✓			Not Likely to impact
Charles R. Drew Elementary	✓			✓			Not Likely to impact
Dr. Robert B. Ingram Elementary	✓			✓			Not Likely to impact
Morningside Elementary	✓			✓			Not Likely to impact
Skyway Elementary	✓			✓			Not Likely to impact
Nathan B. Young Elementary	✓			✓			Not Likely to impact
Hialeah Middle	✓			✓			Not Likely to impact
Homestead Middle	✓			✓			Not Likely to impact
Thomas Jefferson Middle	✓			✓			Not Likely to impact
Arthur & Polly Mays Conservatory of the Arts	✓			✓			Not Likely to impact
Redland Middle	✓			✓			Not Likely to impact
<u>Adult Education Center</u>							
Miami Springs Adult Educational Center	✓			✓			Not Likely to impact

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

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

Work Loc. No.	Schools	CURRENT YEAR FINDINGS		PRIOR YEAR FINDINGS	
		Total per School	Area Of Findings	Total per School	Area Of Findings
<u>Central Region Office Schools</u>					
4071	Olinda Elementary	1	▪ Bookkeeping Function and Misappropriation of Funds	None	
4681	Riverside Elementary	1	▪ Bookkeeping Function	None	
6741	Ponce de Leon Mlddle	1	▪ Bookkeeping Function	None	
<u>South Region Office Schools</u>					
5951	Whispering Pines Elementary	1	▪ Receipts/Deposits	1	▪ Financial Management
6041	Paul W. Bell Middle	1	▪ Title I Refunds	None	
TOTAL		5		1	

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

Summary of findings of the remaining 41 schools reported herein **without audit exceptions** are as follows:

Work Loc. No.	Schools	CURRENT YEAR FINDINGS		PRIOR YEAR FINDINGS	
		Total per School	Area Of Findings	Total per School	Area Of Findings
<u>North Region Center Office Schools</u>					
0341	Arch Creek Elementary	None		None	
0231	Aventura Waterways K-8 Center	None		None	
0321	Biscayne Elementary	None		None	
2441	Virginia A. Boone/Highland Oaks Elementary	None		None	
0461	Brentwood Elementary	None		None	
0241	Ruth K. Broad/Bay Harbor K-8 Center	None		None	
0641	Bunche Park Elementary	None		None	
1921	Flamingo Elementary	None		None	
2581	Madie Ives Elementary	None		None	
3141	Meadowlane Elementary	None		None	
3741	North Beach Elementary	None		None	
5131	North Dade Center For Modern Languages Elementary	None		None	
3941	North Miami Elementary	None		None	
4881	Scott Lake Elementary	None		None	

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

Work Loc. No.	Schools	CURRENT YEAR FINDINGS		PRIOR YEAR FINDINGS	
		Total per School	Area Of Findings	Total per School	Area Of Findings
5091	South Pointe Elementary	None		None	
5481	Treasure Island Elementary	None		None	
5601	Twin Lakes Elementary	None		None	
5711	Mae M. Walters Elementary	None		None	
7191	Hialeah Gardens Senior	None		None	
<u>Central Region Office Schools</u>					
0401	Van E. Blanton Elementary	None		None	
0721	George Washington Carver Elementary	None		None	
0961	Coral Gables Preparatory Academy K-8 Center	None		None	
3051	Toussaint L'Ouverture Elementary	None		None	
3341	Miami Shores Elementary	None		None	
3431	Phyllis Ruth Miller Elementary	None		None	
6071	George Washington Carver Middle	None		None	
<u>South Region Office Schools</u>					
1691	Christina M. Eve Elementary	None		None	
5671	Vineland K-8 Center	None		None	

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

Work Loc. No.	Schools	CURRENT YEAR FINDINGS		PRIOR YEAR FINDINGS	
		Total per School	Area Of Findings	Total per School	Area Of Findings
5961	Winston Park K-8 Center	None		None	
<u>Educational Transformation Office (ETO) Schools</u>					
0361	Biscayne Gardens Elementary	None		None	
1401	Charles R. Drew Elementary	None		None	
4121	Dr. Robert B. Ingram Elementary	None		None	
3501	Morningside Elementary	None		None	
5081	Skyway Elementary	None		None	
5971	Nathan B. Young Elementary	None		None	
6231	Hialeah Middle	None		None	
6251	Homestead Middle	None		None	
6281	Thomas Jefferson Middle	None		None	
6431	Arthur & Polly Mays Conservatory of the Arts	None		None	
6761	Redland Middle	None		None	
<u>Adult Education Center</u>					
7512	Miami Springs Adult Education Center	None		None	
TOTAL		None		None	

## LIST OF SCHOOL PRINCIPALS/ADMINISTRATORS

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

Work Loc. No.	Schools	Current Principal/Administrator	Former Principal/Administrator
<u>Central Region Office Schools</u>			
4071	Olinda Elementary	Mr. Adrian Montes	N/A = No Change of Principal Since Prior Audit.
4681	Riverside Elementary	Ms. Erica Y. Paramore-Respress	N/A = No Change of Principal Since Prior Audit.
6741	Ponce de Leon Middle <sup>3</sup>	Ms. Martha C. Chang	Ms. Anna L. Rodriguez (Through October 2011; presently Principal at Miami Springs Senior High School).
<u>South Region Office Schools</u>			
5951	Whispering Pines Elementary	Ms. Tamela L. Brown	N/A = No Change of Principal Since Prior Audit.
6041	Paul W. Bell Middle	Ms. Ingrid G. Soto	N/A = No Change of Principal Since Prior Audit.

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<sup>3</sup> Change of Principal at this school (5 schools).



## LIST OF SCHOOL PRINCIPALS/ADMINISTRATORS

Listed below are the names of the former and current principals, as applicable for the remaining 41 schools **without audit exceptions**. The **highlighted name(s)** represents the principal(s)/administrator(s) in charge of the school during the audit period:

Work Loc. No.	Schools	Current Principal/Administrator	Former Principal/Administrator
<u>North Region Office Schools</u>			
0341	Arch Creek Elementary	Dr. Marie A. Bazile	N/A = No Change of Principal Since Prior Audit.
0231	Aventura Waterways K-8 Center	Mr. Luis A. Bello	N/A = No Change of Principal Since Prior Audit.
0321	Biscayne Elementary	Ms. Maria P. Costa	N/A = No Change of Principal Since Prior Audit.
2441	Virginia A. Boone/Highland Oaks Elementary	Dr. Kim S. Rubin	N/A = No Change of Principal Since Prior Audit.
0461	Brentwood Elementary	Dr. Sharon D. Jackson	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.
0641	Bunche Park Elementary	Dr. Viola E. Irons	N/A = No Change of Principal Since Prior Audit.
1921	Flamingo Elementary	Ms. Claudia V. James	N/A = No Change of Principal Since Prior Audit.
2581	Madie Ives Elementary	Dr. Tanya R. Brown-Major	N/A = No Change of Principal Since Prior Audit.
3141	Meadowlane Elementary	Dr. Kevin P. Hart	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.
5131	North Dade Center For Modern Languages Elementary	Dr. Maria A. Castaigne	N/A = No Change of Principal Since Prior Audit.
3941	North Miami Elementary	Ms. Debra L. Dubin	N/A = No Change of Principal Since Prior Audit.
4881	Scott Lake Elementary <sup>3</sup>	Ms. Lakesha M. Wilson-Rochelle	Ms. Valerie B. Ward (Through April 2012; retired).
5091	South Pointe Elementary	Ms. Melanie B. Fishman	N/A = No Change of Principal Since Prior Audit.

<sup>3</sup> Change of Principal at this school (5 schools).

## LIST OF SCHOOL PRINCIPALS/ADMINISTRATORS

Work Loc. No.	Schools	Current Principal/Administrator	Former Principal/Administrator
5481	Treasure Island Elementary	Ms. Gloria P. Barnes	N/A = No Change of Principal Since Prior Audit.
5601	Twin Lakes Elementary	Ms. Ivette Bernal-Pino	N/A = No Change of Principal Since Prior Audit.
5711	Mae M. Walters Elementary	Ms. Yolanda L. Valls	N/A = No Change of Principal Since Prior Audit.
7191	Hialeah Gardens Senior	Dr. Louis J. Algaze	N/A = No Change of Principal Since Prior Audit.
<u>Central Region Office Schools</u>			
0401	Van E. Blanton Elementary	Ms. Tangela D. Goa	N/A = No Change of Principal Since Prior Audit.
0721	George Washington Carver Elementary	Dr. Cheryl E. Johnson	N/A = No Change of Principal Since Prior Audit.
0961	Coral Gables Preparatory Academy K-8 Center	Ms. Graciela P. Cerra	N/A = No Change of Principal Since Prior Audit.
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.
3431	Phyllis Ruth Miller Elementary	Ms. Carmen A. Boyd	N/A = No Change of Principal Since Prior Audit.
6071	George Washington Carver Middle <sup>3</sup>	Ms. Shelley F. Stroleny	Ms. Libia A. Gonzalez (Through June 2012; retired).
<u>South Region Office Schools</u>			
1691	Christina M. Eve Elementary	Ms. Lidia M. Gonzalez	N/A = No Change of Principal Since Prior Audit.
5671	Vineland K-8 Center	Ms. MaryAnn MacLaren	N/A = No Change of Principal Since Prior Audit.
5961	Winston Park K-8 Center <sup>3</sup>	Ms. Raquel Pelletier	Ms. Giovanna M. Blanco (Through July 2012; presently Principal at Henry M. Filer Middle School).

<sup>3</sup> Change of Principal at this school (5 schools).

## LIST OF SCHOOL PRINCIPALS/ADMINISTRATORS

Work Loc. No.	Schools	Current Principal/Administrator	Former Principal/Administrator
<u>Educational Transformation Office (ETO) Schools</u>			
0361	Biscayne Gardens Elementary	Ms. Maria L. LaCavalla	N/A = No Change of Principal Since Prior Audit.
1401	Charles R. Drew Elementary	Ms. Cathy M. Williams	N/A = No Change of Principal Since Prior Audit.
4121	Dr. Robert B. Ingram Elementary	Dr. Susan T. Trauschke-McEachin	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.
5081	Skyway Elementary <sup>3</sup>	Dr. Linda C. Whye	Ms. Adrena Y. Williams (Through July 2012; presently Principal at Maya Angelou Elementary School).
5971	Nathan B. Young Elementary	Mr. Raymond J. Sands	N/A = No Change of Principal Since Prior Audit.
6231	Hialeah Middle	Ms. Lourdes Diaz	N/A = No Change of Principal Since Prior Audit.
6251	Homestead Middle	Ms. Rachelle A. Surrancy	N/A = No Change of Principal Since Prior Audit.
6281	Thomas Jefferson Middle	Ms. Maria C. Fernandez	N/A = No Change of Principal Since Prior Audit.
6431	Arthur & Polly Mays Conservatory of the Arts	Mr. Martin T. Reid	N/A = No Change of Principal Since Prior Audit.
6761	Redland Middle	Ms. Beverly A. Salomatoff	N/A = No Change of Principal Since Prior Audit.
<u>Adult Education Center</u>			
7512	Miami Springs Adult Education Center	Mr. Miguel Veloso	N/A = No Change of Principal Since Prior Audit.

<sup>3</sup> Change of Principal at this school (5 schools).

## PROPERTY SCHEDULES

The results of the property inventories of the 18 of the 46 schools reported herein are as follows:

Work Location No.	Schools	CURRENT INVENTORY					PRIOR INVENTORY	
		Total Items	Dollar Value	Unlocated Items			No. Of Unloc. Items	Dollar Value
				No. Of Items	At Cost	At Deprec. Value		
North Region Office Schools								
0341	Arch Creek Elementary <sup>4</sup>							
0231	Aventura Waterways K-8 Center <sup>4</sup>							
0321	Biscayne Elementary	187	\$ 342,234	-	-	-	-	-
2441	Virginia A. Boone/Highland Oaks Elementary <sup>4</sup>							
0461	Brentwood Elementary <sup>5</sup>							
0241	Ruth K. Broad/Bay Harbor K-8 Center	165	435,467	-	-	-	-	-
0641	Bunche Park Elementary	85	295,628	-	-	-	-	-
1921	Flamingo Elementary	216	421,026	-	-	-	-	-
2581	Madie Ives Elementary	170	385,548	-	-	-	-	-
3141	Meadowlane Elementary	194	365,315	-	-	-	-	-
3741	North Beach Elementary	104	259,183	-	-	-	-	-
5131	North Dade Center For Modern Languages Elementary <sup>4</sup>							
3941	North Miami Elementary	154	331,753	-	-	-	-	-
4881	Scott Lake Elementary <sup>6</sup>							
5091	South Pointe Elementary	41	112,269	-	-	-	-	-
5481	Treasure Island Elementary	132	241,930	-	-	-	-	-
5601	Twin Lakes Elementary	120	271,251	-	-	-	-	-
5711	Mae M. Walters Elementary	132	255,549	-	-	-	-	-

Notes:

<sup>4</sup>Property inventory not conducted for FY 2012. To be performed as soon as possible this fiscal year (9 schools).

<sup>5</sup> Latest property inventory reported in June 2012. To be performed later this fiscal year (16 schools).

<sup>6</sup> Latest property inventory reported prior to June 2012. To be performed soon after this fiscal year (3 schools).

## PROPERTY SCHEDULES

Work Location No.	Schools	CURRENT INVENTORY					PRIOR INVENTORY	
		Total Items	Dollar Value	Unlocated Items			No. Of Unloc. Items	Dollar Value
				No. Of Items	At Cost	At Deprec. Value		
7191	Hialeah Gardens Senior <sup>5</sup>							
<u>Central Region Office Schools</u>								
0401	Van E. Blanton Elementary <sup>5</sup>							
0721	George Washington Carver El. <sup>5</sup>							
0961	Coral Gables Preparatory Academy K-8 Center <sup>5</sup>							
3051	Toussaint L'Ouverture Elementary	72	174,168	-	-	-	-	-
3341	Miami Shores Elementary <sup>4</sup>							
3431	Phyllis Ruth Miller Elementary	186	566,347	-	-	-	-	-
4071	Olinda Elementary	95	186,037	-	-	-	-	-
4681	Riverside Elementary <sup>5</sup>							
6071	George Washington Carver Middle <sup>5</sup>							
6741	Ponce de Leon Middle	251	855,458	-	-	-	-	-
<u>South Region Office Schools</u>								
1691	Christina M. Eve Elementary <sup>5</sup>							
5671	Vineland K-8 Center <sup>5</sup>							
5951	Whispering Pines Elementary	114	280,076	-	-	-	3	\$3,400
5961	Winston Park K-8 Center <sup>6</sup>							
6041	Paul W. Bell Middle <sup>5</sup>							
<u>Educational Transformation Office (ETO) Schools</u>								
0361	Biscayne Gardens Elementary <sup>4</sup>							
1401	Charles R. Drew Elementary <sup>5</sup>							

Notes:

<sup>4</sup> Property inventory not conducted for FY 2012. To be performed as soon as possible this fiscal year (9 schools).

<sup>5</sup> Latest property inventory reported in June 2012. To be performed later this fiscal year (16 schools).

<sup>6</sup> Latest property inventory reported previous to June 2012. To be performed soon after this fiscal year (3 schools).

## PROPERTY SCHEDULES

Work Location No.	Schools	CURRENT INVENTORY					PRIOR INVENTORY	
		Total Items	Dollar Value	Unlocated Items			No. Of Unloc. Items	Dollar Value
				No. Of Items	At Cost	At Deprec. Value		
4121	Dr. Robert B. Ingram Elementary <sup>5</sup>							
3501	Morningside Elementary	88	211,713	-	-	-	-	-
5081	Skyway Elementary <sup>5</sup>							
5971	Nathan B. Young Elementary <sup>4</sup>							
6231	Hialeah Middle <sup>4</sup>							
6251	Homestead Middle <sup>6</sup>							
6281	Thomas Jefferson Middle <sup>4</sup>							
6431	Arthur & Polly Mays Conservatory of the Arts <sup>5</sup>							
6761	Redland Middle <sup>5</sup>							
<u>Adult Education Center</u>								
7512	Miami Springs Adult Education Center <sup>5</sup>							
<b>TOTALS</b>		2,506	\$ 5,990,952	-	-	-	3	\$ 3,400

Notes:

<sup>4</sup> Property inventory not conducted for FY 2012. To be performed as soon as possible this fiscal year (9 schools).

<sup>5</sup> Latest property inventory reported in June 2012. To be performed later this fiscal year (16 schools).

<sup>6</sup> Latest property inventory reported previous to June 2012. To be performed soon after this fiscal year (3 schools).

## PROPERTY SCHEDULES

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

Work Location No.	Schools	No. of Plant Security Reports	Total Items	Total Amount at Cost	CATEGORY (AT COST)	Total Depreciated Value
					Audio Visual	
North Region Office School						
2581	Madie Ives Elementary	1	1	\$ 3,990	\$ 3,990	\$ 200
Central Region Office School						
6741	Ponce de Leon Middle	1	1	2,105	2,105	-
TOTAL		2	2	\$ 6,095	\$ 6,095	\$ 200

## **FINDINGS AND RECOMMENDATIONS**

### **1. Improper Controls Over The Bookkeeping Function Led To Misappropriation Of Funds By The School Treasurer *Olinda Elementary***

Section II, Chapter 2 of the *Manual of Internal Fund Accounting* establishes that the school treasurer is the designated person for receiving, recording and depositing all funds collected, as well as maintaining the records for the Internal Funds checking account (with oversight from the school principal).

On June 1, 2012, staff from the District's General Accounting Division suspected that Olinda Elementary's April 2012 checking account bank statement information had been altered<sup>7</sup>. A review of previous months' copies of bank statements gave similar cause for suspicion; and created concern that bank statements were being consistently altered. Immediately, District staff contacted the principal to request that original checking account bank statements be provided for comparison purposes.

According to the principal, upon requesting these records, the school treasurer confessed to misappropriating \$600 from the sale of school pictures and to altering information in the bank statements to conceal her actions.

The principal contacted M-DCPS School Police, the Region Office and our office to report the alleged misappropriation. The case was assigned to the M-DCPS Police Investigative Unit, and staff from the School Audits Division assisted the investigator in charge with the audit of the internal funds records.

Our audit confirmed that on September 12, 2011, the treasurer fraudulently issued a school check to herself for \$600 and cashed it on September 19, 2011. She never posted this transaction in the automated accounting system. Later in February 2012, the treasurer deposited \$600 in the school's checking account, and we could not determine the source of this revenue. She claimed to have deposited personal funds in the school account to replace the fraudulent check.

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<sup>7</sup> After month-end and year-end closing, schools are required to submit the internal funds checking account reconciliation to the Internal Funds Accounting Division within the Office of the Controller. This package includes a copy of the checking account bank statement.



Additionally, a review of the school pictures activity for the 2011-2012 fiscal year disclosed that of \$1,036 school pictures sales collected as of October 26, 2011, \$537 in cash collections could not be traced to any school deposit or internal funds account. School records indicate that the treasurer had ultimate custody of all school pictures collections, including those currently unaccounted for.

Our audit also confirmed that the treasurer altered a total of eight bank statements from September 2011 to April 2012, to conceal not only the \$600 misappropriated check and \$600 deposit; but several other school checks that were issued and cashed by payees during this time period. These checks were posted late to the system or not posted at all. When questioned, the treasurer claimed that the alterations to the bank statements were also made to conceal the late posting of transactions to the automated system during this time period.

On June 27, 2012, M-DCPS Police arrested the treasurer and charged her with Grand Theft. At the present time, the case is at the State Attorney's Office pending further consideration of criminal charges<sup>8</sup>.

In addition to the misappropriation of funds and alteration of financial records, the audit uncovered practices related to the accounting and recording of certain fundraising and field trip activities that were non-compliant with District policy as set forth in the *Manual of Internal Fund Accounting*. However, other than non-compliance with District policy, nothing else came to our attention during this audit to indicate a further misappropriation of funds.

Details of the audit investigation are as follows:

#### *Misappropriation Of Funds*

- 1.1. During September 2011, the treasurer posted check no. 1141 (the misappropriated check) to the automated accounting system for \$37.69. According to the disbursement documentation on file, the check was to reimburse a staff member for a school purchase made with personal funds. Instead, the treasurer issued the check for \$600 to herself and cashed it on September 19, 2011. In October, she voided check no. 1141 in the system, and issued and posted check no. 1142 to reimburse the staff member for the \$37.69 purchase.

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<sup>8</sup> As of the date of publication of this report, the District handled the case administratively and the treasurer has resigned effective August 29, 2012 (in lieu of dismissal from employment with Miami-Dade County Public Schools).

During interviews with the M-DCPS Police investigator, she claimed that she presented check no. 1141 for \$60 to her alternate check signer and principal's designee (for signing checks) to receive reimbursement for the purchase of school supplies that were made with personal funds. She further claimed that, once she obtained their signatures, she altered the amount to \$600. We interviewed both individuals who stated in writing that the signatures on the check were not theirs.

On February 29, 2012, the treasurer made a \$600 deposit and there was no documentation on file to support the source of the funds<sup>9</sup>. According to the M-DCPS Police investigator's report, she deposited personal funds in the school's checking account to replace those funds previously misappropriated in September 2011 (via check # 1141).

- 1.2. Regarding the \$537 school pictures monies collected in October 2011 that remained unaccounted for, documents found at the school point to the treasurer as the person who had custody of these funds. We found in the treasurer's office a total of five completed Recaps of Collections<sup>10</sup> dated between October 24, 2011 and October 26, 2011 documenting student pictures collections received by the treasurer. None of the collections documented in these Recaps could be traced to a deposit package or to an account posting. However, we were able to trace all the names of students listed on these Recaps of Collections to the names of students listed in the photographer's receipts found in the school records.

During the interview with M-DCPS Police, the treasurer claimed that she had stored these collections in a file cabinet in her office awaiting a follow-up visit from the photographer; however, this follow-up visit never ensued. A search of the cabinet conducted during the audit visit at the request of the M-DCPS Police investigator disclosed that the collections were not there as she claimed.

#### *Alterations To The Bank Statements*

- 1.3. Original bank statements found at the school disclosed that the treasurer pasted numbers on top of numbers in the original bank statements to be able to modify

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<sup>9</sup> Section II, Chapter 3 of the *Manual of Internal Fund Accounting* clearly delineates documentation requirements for internal funds deposits.

<sup>10</sup> Collections must be documented, at a minimum with a Recap of Collections [FM-1004] documenting date; name of account; source and explanation of the collections; sequence number of official receipts supporting the collections; and amount collected, and similar applicable information.

bank account activity and balances. The alterations to the balances were thorough and extensive; as she not only altered month-end end balances but daily balances reported by the bank. Alterations to bank balances happened in all eight months starting with September 2011.

The treasurer made additional alterations to the statements not only to conceal checks that were cashed by the bank; but also to conceal the timing of the cashing of some of these checks. Specifically, original bank statements corresponding to September 2011, January 2012, February 2012 and March 2012 disclosed instances where she covered the check number and amount listed in the statement to conceal that the check had been cashed. Further, she overstated the statement's daily cash balances to disguise the disbursement transaction.

In the case of the April 2012 bank statement, alterations included adding several checks to the statement (by using similar pasting and photocopying methods) to give the appearance that they had been cashed during April 2012. We confirmed that these checks had been issued to and cashed by payees other than the treasurer for school expenditures that appeared appropriate and that were documented in the school records. We also confirmed that the checks had been cashed by the bank in previous months; however, these checks had not been posted to the system until late April 2012. The treasurer claimed that she fell behind in the bookkeeping of the internal funds of the school and was trying to conceal the delays and give herself additional time to catch up.

#### *Other Matters Related To Non-Compliance With District Policy*

Aside from the school pictures activity, our review included the review of all fundraising, school and field trip activities.

- 1.4. Our review disclosed that collections totaling \$3,749 from different fundraising and student activities were commingled within the same account. It also disclosed that proper procedures for accounting for admissions, receipting, posting and issuing reimbursements were not followed.

Section II, Chapter 3 of the *Manual of Internal Fund Accounting* provides the guidelines for the handling, receipting and depositing of collections associated with school activities. These guidelines specifically require that any monies collected at the school by staff members be deposited in the school's internal funds checking account and the associated financial transactions be duly recorded in the internal funds of the school.

Regarding the handling of collections, the Office of the Controller's *Policies and Procedures for Safeguarding Funds at the Schools*, was published via Weekly Briefing No. 5164, dated November 6, 2008, to address the safeguarding of deposits at schools.

Pursuant to the procedures, deposits awaiting the armored car pick-up service are to be logged in/out of the Collections/Deposits Log [FM-7249] at the time the deposit is placed in the secure area and removed from this area for the armored car pick-up service.

Procedures also require that the log be signed by the responsible individual and an administrator/designee. In the event of refunds to students, according to Section II, Chapter 5, these must be issued in the form of a check when the amount of the refund is \$15 or more individually.

- 1.5. Regarding a year-end student activity that was part of the commingled funds, the initial fee to participate was set at \$170 per student. The scope of the activity was revised and the fee reduced to \$40 due to low student participation. Consequently, this required that refunds be issued to those students who had already paid the entire amount. At the time of the refunds, it appears that the school had collected approximately \$3,300 in the form of cash. Based on a handwritten spreadsheet maintained by the treasurer, parents were reimbursed \$2,330 directly from cash collections withheld at the school and not posted to the system. Fees had been collected in installments between November 2011 and April 2012; however, the collections were not deposited and posted until April 2012 after parents received the cash refunds (instead of receiving refunds via school checks). Furthermore, these collections were never recorded in the Collections/Deposits Log.

The spreadsheet of student payments and cash refunds was incomplete, as corresponding official receipts numbers, payment dates and refund dates were not recorded.

Section IV, Chapter 2 of the *Manual* requires that proper accountability of fundraising proceeds be controlled by issuing official receipts, admission tickets or serialized tickets (according to the type of activity).

- 1.6. Proper receipting procedures to document admissions to events were not followed. Official receipts were not always used to control the fundraising proceeds for the end of the year activity. Similarly, regarding a school dance and a student activity, admission/serialized tickets were not used to control admissions/sales.

Other discrepancies included Student Activity Operating Reports that were not prepared; the Activities Log was not evident; instances where monies were not remitted or posted to the system in timely manner; and official receipts and/or the Recap of Collections that were not dated.

During the 2011-2012 fiscal year the school issued 49 checks totaling close to \$14,000.

- 1.7. Our review of all disbursements made for fiscal year disclosed several instances where disbursements were not posted to the automated accounting system in a timely manner.

## **RECOMMENDATIONS**

- 1.1. **Direct staff to deliver sealed bank statements and bank correspondence to the Principal for the initial review before it is forwarded to the Treasurer.**
- 1.2. **Periodically review checking account and cancelled checks to ensure that all checks issued and cashed are posted in a timely manner and are proper expenditures of the school.**
- 1.3. **Ensure that the new treasurer understands and adheres to the procedures for receipting and disbursing funds; and for documenting all financial transactions in the system.**
- 1.4. **Discuss receipting and fundraising procedures with faculty and staff to ensure understanding of the requirements for the receipting of funds; the utilization of admission tickets; the preparation of student operating activity reports; time tables for holding fundraising activities; and types of merchandise that can be sold to students as part of a school fundraiser.**
- 1.5. **Implement use of the Collections/Deposits Log and the Activities Log.**
- 1.6. **Strengthen review of the bookkeeping function to ensure it is working as designed.**

**Person(s) Responsible:**

**Principal and Treasurer**

**Management Response:**

The Principal has directed all staff to immediately deliver any and all bank statements and/or bank correspondence to the Principal for initial review. The principal will then review and initial the statements for verification prior to delivering to the Treasurer.

The Principal will monitor the checking account on a monthly basis to ensure that all checks issued and cashed are posted to the MSAF system in a timely manner and to ensure the accuracy and completeness of all financial documents. Effective immediately, the printing of the posting screen is now required by the administration when signing any check to help ensure the accuracy of timely postings.

The Principal will meet with the new Treasurer, to review and discuss Section II, Chapters 2 and 3 of the **Manual of Internal Fund Accounting**, with a specific emphasis on the receipting and depositing process and procedures for maintaining checkbook balances and implementing adjustments needed to ensure accurate monthly reconciliation reports as well as accurate receipting and posting of funds. In addition, the Principal will provide a copy of the **Manual of Internal Fund Accounting** to the new Treasurer to ensure a clear understanding of bookkeeping procedures and the expectations of the job.

The Principal and Treasurer will facilitate a training session on September 12, 2012, with faculty and staff to discuss Section II, Chapter II and Section IV, Chapter 2-4 of the **Manual of Internal Fund Accounting** that details district guidelines and procedures for the receipting of funds; the utilization of admission tickets; the preparation of student operating activity reports; time tables for holding fundraising activities; and types of merchandise that can be sold to students as part of a school fundraiser. Signatures will be obtained from each faculty and staff member as documentation for attending the training and receiving a copy of the Sections of the **Manual of Internal Fund Accounting** outlining procedures for collection of funds.

The Principal will ensure that money collected will be verified by at least two designated persons (Treasurer and Principal/Designee), and placed in the safe to be deposited on the next business day. The Collections/Deposits Log (FM-7249) will be utilized when monies are placed in the safe. The Principal will review the Collections/Deposits Log on a weekly basis to ensure compliance.

The Principal will review the bookkeeping and financial activities weekly with the Treasurer to ensure that all financial transactions are properly receipted, documented, deposited and posted in a timely manner and in compliance with district guidelines. In addition, the Principal, Treasurer, faculty, and staff will continue to reference the **Manual of Internal Fund Accounting** for continued compliance with internal accounting procedures.

It is expected that after implementing the above mentioned procedures, any and all future audit exceptions will be avoided.

**Person(s) Responsible:**

**Central Region Office Administration**

**Management Response:**

- The affected principals will be required to address specific fiscal management job targets on the Performance Planning and Assessment System Planning Form and provide progress points and evidence of progress to improve business and professional standards for effectiveness and efficiency.

- The Administrative Director will review internal funds records periodically throughout the school year to ensure compliance with the **Manual of Internal Fund Accounting**.
- The Administrative Director will review the monthly bank reconciliation reports to ensure accounts are in the black and bookkeeping procedures are being followed.

**Person(s) Responsible:**

**School Operations**

**Management Response:**

- School Operations will review results quarterly of the Region Business Directors' reviews of selected areas of Internal Funds, including Bank Reconciliations and Recordkeeping, Receipts/Deposits, Disbursements, Field Trips, Fundraising and Operating Activities. Similarly, School Operations will review quarterly reviews in the area of Title I expenditures to ensure continued compliance with District policy.
- Discrepancies with the areas cited above will be investigated through the appropriate Region Office.
- School Operations will work collaboratively with Region Offices and facilitate appropriate training and assistance from District Offices in Internal Accounting, Athletics/Activities, Field Trips, and Title I expenditures, respectively.
- Furthermore, School Operations will keep on file Region results of the mini-reviews held with principals in selected areas noted in these schools' audit findings/responses.
- The Money Matters Support Program will provide information to school site administration and staff on best business practices, including proper implementation of Internal Funds procedures and related financial areas of concern. Additionally, a Face-to-Face Money Matters Support Program will be implemented at the beginning of the school year for newly appointed principals to provide guidance in these areas.

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

## **2. Bookkeeping Function Not Compliant With District Policy *Riverside Elementary***

Section II, Chapter 2 of the *Manual of Internal Fund Accounting* establishes that the school treasurer is the designated person for receiving, recording and depositing all funds collected, as well as maintaining the records for the Internal Funds checking account (with oversight from the school principal).

Our review disclosed that Internal Funds records for the 2010-2011 and 2011-2012 fiscal years were incomplete and disorganized. In addition, we found discrepancies and delays regarding the posting of financial transactions. The treasurer acknowledged that her bookkeeping fell behind because of a lack of organization and ineffective time management skills. She resigned in May 2012 before the completion of the audit.

Our review of the June 2011 Internal Funds reconciliation disclosed that the treasurer deliberately posted a transfer of funds of almost \$9,800 from the school's Money Market Pool Fund account to the checking account to prevent the automated system from closing the year with a deficit. We verified that the school *never* requested a transfer of funds from Treasury Management.

In addition, the treasurer posted to the system a total of 106 checks totaling almost \$29,000 to meet year-end closing deadlines; however, *she did not write or distribute most of these checks*. The school's checking account was closed in August 2011 due to the unauthorized/fraudulent check activity that happened between April and August 2011<sup>11</sup>; therefore most checks outstanding between June 30 and the checking account's closing date had to be voided and reissued during the 2011-2012 fiscal year under the new checking account.

The bogus transfer resulted in a material misrepresentation of the cash and Money Market Pool Fund account balances at June 30, 2011. Amounts reported were adjusted to accurately reflect the account balances at the end of the fiscal year.

Additionally, we found that the treasurer entered into a verbal agreement with an out-of-state vendor for the purchase of what appeared to be refurbished ink cartridges. There was no evidence on file indicating a written agreement or that the agreement was authorized by the school administration; and there were no quotes/bids on file to

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<sup>11</sup> Prior to this audit, the school had reported and our office had investigated fraudulent charges in the bank account totaling almost \$3,600 that had ensued during the months of April 2011 to August 2011. Although we were unable to identify the source of these fraudulent transactions and the bank ultimately credited the school for these charges, the treasurer failed to expeditiously handle the closing of the account and failed to timely notify the fraudulent account activity to the school administration.



support the selection of the vendor. Regarding the items purchased, we are of the opinion that the vendor overcharged the school, since similar cartridges could be purchased from other stores at much lesser amounts. We also noted that the vendor charged excessive shipping charges during the most recent shipment received by the school.

Other discrepancies related to the bookkeeping function at this school included instances of non-compliance with general collection and disbursement procedures as prescribed in the *Manual of Internal Fund Accounting*.

Details are as follows:

#### *Bogus Transaction In Year-End Reconciliation To Prevent Account Deficit*

- 2.1. The school could not provide documentation to justify an adjustment for \$9,822 supposedly representing a transfer of funds from the Money Market Pool Fund to the checking account. A review of other account records pointed to the Instructional Materials and Supplies (Fund 9) account, where the treasurer had recently processed a replenishment of funds by this same amount that she expected to receive, but did not receive *until after year-end*. We determined that the treasurer had posted the bogus transaction to the system to prevent the system from closing the year with a deficit balance. Without the adjustment, the system would have closed with a deficit balance of \$(6,820).

#### *Outstanding Checks Not Timely Processed*

Section II, Chapter 5 of the *Manual* delineates the guidelines for processing checks that remain outstanding in the bank reconciliations for three months or more. Pursuant to these guidelines, the school must contact the payees of school checks outstanding for three months or more. In those instances where the payee does not respond and the check remains outstanding for six months, the school must void the check and transfer the amount to the Trust Fund – Unclaimed Stale Dated Checks account until such time a payment for stale-dated checks is submitted to the State of Florida.

- 2.2. The June 2011 reconciliation listed a total of 106 outstanding checks totaling \$28,798, of which 83 represented \$7 refunds to students totaling \$581 from a field trip in December 2010 that never took place. Although these refund checks were listed in the reconciliation, we found that these, as well as most other checks listed as outstanding in the reconciliation *were never issued, distributed or mailed*. According to the school administration and the treasurer, this was the treasurer's attempt to clear the funds from the accounts and meet the year-end internal fund closing deadlines.

Except for three checks that were cashed in July 2011, the other checks outstanding at June 30, 2011 *were never sent to the payees*. Since the school closed the checking account in August 2011 (as result of the fraudulent check activity), most of the checks outstanding at June 30, 2011 were voided and reissued under the new checking account between September 2011 and May 2012.

### *Disbursements for Ink Cartridges*

Pursuant to Section II, Chapter 4 of the *Manual of Internal Fund Accounting* schools are required to obtain a minimum of three documented telephone quotes for individual purchases of \$1,000 or more but less than \$5,000<sup>12</sup>. These quotes must be included as part of the ancillary disbursement documentation to show that the lowest quote was selected.

- 2.3. During the audit we noted a payment of \$2,349 for the purchase of ink cartridges; and supporting documentation included several invoices that appeared duplicate copies. According to the vendor, the duplicate invoices may be the result of the school not making payments in a timely manner.

Upon our inquiries regarding these purchases, we found that the treasurer had entered into a verbal agreement with the vendor to purchase a total of 144 ink cartridges for approximately \$15,000 during a three-year period. According to the vendor, and as corroborated by the treasurer and the school administration, the vendor was to provide a rebate totaling \$140 every time a group of six invoices was paid. This rebate consisted of gift cards from a chain store. According to the treasurer, during the time period of the agreement she received three sets of gift cards, which she provided to the school principal to give away as incentives. The current principal recalls having received some gift cards from the treasurer; however, she does not recall how many or the individual amounts. The treasurer also claims that she tried to return some of the cartridges to the vendor but could not do so because of the verbal agreement.

We contacted the vendor, who claimed that the school still owed six invoices totaling \$5,400 from a recent shipment of cartridges. We requested copies of the invoices since these could not be located at the school. A review of these invoices disclosed that each invoice listed shipping charges of \$136; however, the cartridges were shipped together *in one box at the same time*.

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<sup>12</sup> Effective for the 2011-2012 fiscal year and pursuant to School Board Policy 6610 *Internal Accounts*, for purchases of \$1,000 or more but less than \$50,000, at least three (3) written bids must be solicited. One of these bids must be from a certified minority enterprise, according to School Board Policy 6320.02 *Minority/Women Business Enterprise Certification Procedures*.

Cartridges on hand at the school included both black ink as well as color ink cartridges; however, we could only determine an average price per unit since the invoice charges were not itemized.

We conducted an inventory of cartridges on hand at the school and found 132 refurbished cartridges for which the vendor charged approximately \$100 per unit. A comparison of similar cartridges available at other stores disclosed that the unit price of these cartridges should not have exceeded \$30 per unit.

#### *Other Bookkeeping Discrepancies*

Section II, Chapter 5 and Section V, Chapter 1 of *Manual of Internal Fund Accounting* require the timely posting of receipts, checks, Money Market interest, and bank interest and service fees. It also requires the schools to maintain a running checkbook balance. Regarding monthly and fiscal year-end closing procedures, all financial records must be filed. Financial records include the school's canceled checks revealing the endorsement side. These should be received from the bank and maintained as part of the internal fund audit documentation.

- 2.4. As of March 2012, the school was not receiving the endorsement side of the cancelled checks.
- 2.5. During the audit period, we noted several delays in the posting of receipts, disbursements and other financial transactions related to the accounts.
- 2.6. As of May 2012, the treasurer did not maintain a checkbook balance.

During our last visit in July 2012, the checkbook balance was brought up to date by staff temporarily assigned to perform the bookkeeping duties.

#### *Other Non-Compliance With Disbursement Procedures*

Section II, Chapters 4 and 5 of the *Manual of Internal Fund Accounting* provides part of the guidelines for making and documenting disbursements. Specifically, vendor invoices accompanying the check requisitions must include the signature of the employee receiving the goods/services to confirm that the merchandise is received or the service has been rendered, and therefore payment is in order. In addition, before an order/purchase is made, the use of an internal funds purchase order is required for purchases of \$100 or more. Payments to vendors are to be made on a timely basis, within 30 days of satisfactory receipt of goods/services, unless special arrangements with the vendor are agreed upon and obtained in writing.

- 2.7. We found instances throughout the audit period where invoices did not include the requisite signature to acknowledge receipt of goods; purchase orders were not issued for purchases of \$100 or more; and several vendors were paid late. As of the end of this audit, outstanding liabilities include five separate invoices for the purchase of office supplies totaling \$1,838 that the school ordered in January 2012, but is unable to pay because funds are not available.

*Vendor Refunds Not Returned To The District For Purchases Made With Title I Funds*

- 2.8. The school had received three vendor refunds totaling \$1,667 that originated from field trips paid with Title I funds; however, the school had not returned these funds to the District. These funds had been commingled with funds from other sources and some were spent.

*Improper Procedures For Collecting Funds*

According to Section II, Chapter 2 of the *Manual*, at the point of collection, money handled or coming into direct custody of a school employee (for individual collections of \$15 or more) must be supported by issuing an official receipt. Staff in charge of the collections must present the receipt book to the treasurer (at the time that collections are turned in) to verify monies collected against receipts issued; and upon posting the transaction to the system, staple the computer generated receipt produced by the system to the copy of the last receipt in the book which corresponds to the collection submitted. Our review found that:

- 2.9. Proper receipting procedures were not always followed. In the case of field trips, we found instances where teachers initially collected monies from the students and submitted monies to the field trip sponsors. The sponsors verified the amounts collected and remitted them to the treasurer for deposit; however, issued the official receipts after-the-fact and not at the time of collection. Regarding the documentation supporting the corresponding deposits, yellow copies of receipts were left in the official receipt books, instead of being part of the deposit package; and computer generated receipts were not being attached to the official receipt books.

## **RECOMMENDATIONS**

- 2.1. **Discuss receipting and depositing procedures with faculty and staff for their understanding and awareness of the requirements.**
- 2.2. **Strengthen the review and oversight of receipting/depositing activities to ensure that monies are timely remitted to the treasurer for deposit.**

**2.3. Strengthen the review and oversight over disbursements to ensure they are timely processed and properly documented.**

**Person(s) Responsible:**

**Principal/Treasurer**

**Management Response:**

The Principal along with the Assistant Principal will discuss the process of receipting and depositing with the Secretary/Treasurer and faculty at the Opening of Schools Meeting on August 16, 2012. According to Section II, Chapter 2 of the **Manual of Internal Fund Accounting**, collected money for field trips must be documented on a Recap of Collection form (FM-1004) at the time of collection and submitted to the Secretary/Treasurer for deposit on the same day. Additionally, individual receipts will be issued at the time of collection, when the amount exceeds \$15. The Secretary/Treasurer will be responsible for preparing the bank deposit and making the bank deposits on a daily basis. When the amount exceeds \$150 or the collection is prepared on the last working day of the week or month, the funds will be placed in the safe and will be verified by the two designated individuals.

Monitoring of receipting and depositing procedures will be strengthened by the Principal and Assistant Principal. The Secretary/Treasurer will collect all deposits by 12 noon and make deposits before the end of the work day. The Principal will monitor the process by cross-referencing the deposit slips with the corresponding recap sheets weekly.

The Principal met with the Treasurer and staff to review and discuss Section II, Chapter 4 of the **Manual of Internal Fund Accounting** regarding policies of receipt of goods, purchase orders, and timely payments to vendors. Further, the Main Office has been designated as the centralized location for the receipt of delivered merchandise. More specifically, the Secretary/Treasurer will ensure that all orders are placed and received as specified. The Secretary/Treasurer will ensure that all orders include supporting documentation for a refund and then a payment will be posted into the system and distributed to the payee. The Principal will ensure timely payments are made by reviewing and paying all invoices on the scheduled bi-weekly meetings dates.

**2.4. Ensure that written quotes are obtained for purchases of \$1,000 or more but less than \$50,000. Also, *one of these quotes must be from a certified minority enterprise.***

**2.5. Implement a plan to pay all outstanding liabilities. Going forward, ensure that funds are available before purchases are authorized.**

**2.6. Closely monitor the bookkeeping function to ensure that transactions related to the checking account, monthly reconciliations and stale-dated checks are timely processed.**

**Person(s) Responsible:**

**Principal/Treasurer**

**Management Response:**

The Principal has met with the Secretary/Treasurer to discuss the process delineated in the **Manual of Internal Fund Accounting**. Prior to any purchase exceeding \$1000, the Secretary/Treasurer will present three bids to the Principal, including one from a minority enterprise. After receiving approval from the Principal, the Secretary/Treasurer will utilize uncommitted funds for the purchase. The Principal will closely monitor this process by maintaining an additional copy of all corresponding bids with the appropriate purchase order.

The Principal has discussed the process of paying outstanding liabilities with the Secretary/Treasurer as delineated in the **Manual of Internal Fund Accounting**. Payments to vendors will be made within thirty days of satisfactory receipt of goods/services. The Principal and Assistant Principal will closely monitor this process on an ongoing basis. All outstanding liabilities from vendors during the 2011 – 2012 school year have been paid. Weekly reviews of balances will ensure funds are available before purchases are made.

The Principal and Secretary/Treasurer will attend the Internal Funds professional development scheduled for September 5, 2012 through September 7, 2012. The aforementioned training will strengthen the knowledge base of both participants. The Secretary/Treasurer will balance the checking account and the Principal and Assistant Principal will closely monitor this process by ensuring the checking account is balanced by the last day of the month. To ensure the timeframe compliance, the Principal has established a submission due date for monthly reconciliation on the 18<sup>th</sup> day of each month.

- 2.7. Periodically meet with the Treasurer to review the records and ensure that timelines for processing transactions are being observed and documentation supporting the transactions is complete.**
- 2.8. Inform the ink cartridge vendor in writing that that the school will no longer purchase/accept shipments of ink cartridges from the company; that the last shipment will be returned to the vendor; and that payment will not be made for any of the returned cartridges.**
- 2.9. Return ink cartridges to the vendor and obtain confirmation in writing of such delivery.**

**Person(s) Responsible:**

**Principal/Treasurer**

**Management Response:**

The Principal and the Secretary/Treasurer will meet for at least one hour on Mondays and Thursdays. These sessions will include the discussion of all internal funds references. Weekly reports will be generated to monitor funds.

The Principal contacted the vendor, via certified mail, to notify the company that the school would no longer purchase or accept additional shipments of ink cartridges. The Principal returned 54 ink cartridges to the vendor via UPS Service (Tracking Number 1z 386 F52 90 9197 1508)

**2.10. Ensure that refunds associated with Title I activities are returned to the District.**

**Person(s) Responsible:**

**Principal/Treasurer**

**Management Response:**

The Principal has submitted check number 8266 in the amount of \$540 for a partial refund of Title I funds. A conversation was held with the Business Manager and the school was advised to submit the remaining balance as funds become available.

**Person(s) Responsible:**

**Central Region Office Administration**

**Management Response:**

Refer to pages 38-39 of this report and pages 79-82 in the report's Appendix Section for the Central Region Office administration's comprehensive response addressing the recommendations to the school findings of Riverside Elementary School.

**Person(s) Responsible:**

**School Operations Administration**

**Management Response:**

Refer to page 39 of this report and page 84 in the report's Appendix Section for School Operations administration's comprehensive response addressing the recommendations to the school findings of Riverside Elementary School.

**3. Improper Procedures For  
Documenting School  
Collections Allowed  
Former Treasurer To Withhold  
Cash Collected For Lengthy  
Period of Time  
*Whispering Pines Elementary***

At the request of the South Regional Center's former administration<sup>13</sup> and the principal of the school, we conducted an audit investigation regarding an allegation of fraud associated with the Internal Funds of Whispering Pines Elementary School. According to the principal, her review of internal funds records related to an out-of-state field trip for a group of students disclosed discrepancies in several receipts issued by the treasurer and delays in the deposit of the associated collections.

Based on our interview of four parents that made certain cash payments to the school for this field trip and our review of deposits and ancillary documentation, we were able to determine that during December 2011, the treasurer issued four separate receipts to document \$1,100 cash collected from these parents; *and held onto the cash until she finally deposited these funds in March 2012.*

During our interviews, the treasurer did not admit to taking or borrowing funds. She claimed not recalling the reason for the deposit delay, but only that she deposited the \$1,100 once she located the deposit bag. *However, this incident of missing/misplaced monies was never communicated to the principal before our investigation.*

We also found during our interviews that one of these four parents had decided not to participate in the trip and requested a \$200 refund for her cash payment; which the treasurer issued *prior to making the deposit*. We verified that this refund was posted to a field trip account not associated with this field trip and the check was cashed by the parent on January 24, 2012.

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<sup>13</sup> At the present time, as result of the July 26, 2012 School Board Meeting to reorganize, realign and restructure the district to a support-centric organization, Region offices were reconfigured; and the newly reconfigured South Region Office is overseen by different administration.



Our investigation was unable to corroborate an allegation of fraud at this school. However, we were able to clearly establish that the treasurer, who has been employed in this capacity at this school since August 2003, *once again*<sup>14</sup> failed to comply with the procedures established in the *Manual of Internal Fund Accounting* for receipting collections, handling the deposits and accounting for fieldtrips.

As of August 2012, the treasurer resigned from her position and the District has flagged her records to prevent subsequent employment.

*Details of the Audit Investigation And Non-Compliance with Procedures Established in the Manual of Internal Fund Accounting*

*Official Receipts Not Dated To Possibly Conceal Delays*

Section II, Chapter 2 of the *Manual of Internal Fund Accounting* provides the procedures for completing official receipts. At the point of collection, money handled or coming into direct custody of a school employee (for individual collections of \$15 or more) must be supported by issuing an official receipt. This receipt must be properly completed, dated and signed. However, we found that:

- 3.1. In several instances official receipts were not properly dated. Regarding the \$1,100 deposit in question, it appears that the treasurer omitted writing the dates on the three-part official receipts<sup>15</sup> issued to the parents in order to conceal the deposit delay. However, one of the four original receipts<sup>16</sup> in question obtained during our investigation disclosed that the treasurer had dated the white receipt in December 8 or 9, 2011 before turning the receipt to the parent. The corresponding copies on file were not dated until questioned by the principal. At that time, according to the principal, the treasurer hand-wrote the date of February 29, 2012 on the green copy to coincide with the date that the deposit was being prepared.

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<sup>14</sup> Previously, during the 2010-2011 fiscal year audit published by our office in December 6, 2011, this treasurer altered the June 2011 checking account bank statement and presented this fabricated document to the auditor as the official record to conceal deficit balances in the school's checking account. She did not admit to the wrongdoing until confronted with a confirmation from the bank attesting to the fabrication; and with calm persona, claimed no knowledge of what had happened to the bank statement when initially interviewed by the auditors. *In addition to this incident, several years ago, our office reported audit findings for this school under the tenure of a former principal, but under the same treasurer.*

<sup>15</sup> Official receipts are forms issued in triplicate: the white form is issued to the payee, the yellow form is filed as part of the deposit package, and the green form remains attached to the official receipt book as part of the receipt documentation reviewed during audits.

<sup>16</sup> Receipts No. 26341 (\$700), 26342 (\$200), 26343 (\$100) and 26344 (\$100).

*Process To Receipt Collections and Account for Field Trips Not Followed Led To Discrepancies*

- 3.2. We also discovered that the process for receipting collections and accounting for field trips was not working as designed. Regarding field trip collections, parents interviewed claimed that they did not receive receipts upon making payments and this condition played a significant role in the discrepancies cited herein.

During our review of this and other field trips, we found that teachers collected funds from students in the classrooms. The treasurer issued receipts to the students after-the-fact, but would not issue a receipt to the teachers when monies were turned in for deposit.

One of these field trips to a local show disclosed a shortfall of \$390 between revenues of \$4,093 that should have been raised based on student participation, and collections totaling \$3,703 that were posted to the account. As of May 8, 2012, the account had a deficit of \$(235)<sup>17</sup>. However, we could not determine the reason for the shortfall, or the exact culprit(s), since according to the sponsor none of the students received complimentary admission tickets, receipts were not properly issued when monies exchanged hands and several teachers were involved in the collection process.

## **RECOMMENDATIONS**

- 3.1. **Discuss receipting procedures with faculty, staff and parents for understanding and awareness of the requirements.**
- 3.2. **Direct the new treasurer to conduct proper receipting procedures when receiving collections from faculty and parents.**
- 3.3. **Continue conducting periodic reviews of receipting/depositing activities and the associated internal funds records to ensure that monies are timely remitted to the treasurer for deposit and timely deposited.**

**Person(s) Responsible:**

**Principal**

**Management Response:**

Based on findings reported in the Internal Funds Audit corresponding to this school for the 2010-2011 fiscal year that was conducted by the Office of Management and

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<sup>17</sup> As of June 30, 2012 the deficit was cleared with a transfer of funds from the Internal Funds-General Fund-General Miscellaneous account to the Trust Fund-Field Trip 8 account. This field trip account closed the year with a zero balance.

Compliance Audits in August 2011, the principal conducted a review of Internal Funds in February 2012 and discovered discrepancies in receipting and collections. In addition, several delays in deposits were noted. The principal reported the incident to M-DCPS Police and the Office of Management and Compliance Audits. The Office of Management and Compliance Audits conducted an audit/investigation of the 2011-2012 fiscal year records and financial activity, and confirmed the principal's findings.

Clerical employees have been directed to submit all sealed bank statements and financial documents to the Principal for review. After the Principal receives and reviews bank documents, they will be forwarded to the Treasurer. The process for collections, disbursements and receipting was reviewed with the Treasurer. The Principal will review documents on a monthly basis to ensure compliance. Field Trip procedures have been reviewed and discussed with all pertinent employees prior to the beginning of the upcoming school year and monitored to ensure all guidelines are adhered to. In addition to this, these guidelines will be discussed with stakeholders at EESAC meetings, PTA meetings and at the Opening of School faculty and staff meeting on August 16, 2012.

**Person(s) Responsible:**

**South Region Office Administration**

**Management Response:**

The South Region Office Administrative Director for Financial Business/Operations will continue conducting monthly meetings with the Principal to ensure compliance with established procedures. The Principal was instructed to meet regularly with the Internal Funds Business Manager to ensure compliance with established procedures.

**Person(s) Responsible:**

**School Operations Administration**

**Management Response:**

Refer to page 39 of this report and page 84 in the report's Appendix Section for School Operations administration's comprehensive response addressing the recommendations to the school findings of Whispering Pines Elementary School.

**4. Bookkeeping Function  
Not Compliant With  
District Policy  
*Ponce de Leon Middle***

Our review of financial transactions for the 2010-2011 and 2011-2012 fiscal years disclosed that the bookkeeping function was not working as designed. Specifically, we found that the treasurer improperly modified the posting of a check in the system in an attempt to eliminate a negative balance in an Internal Funds Trust-Fund Donations account. In addition, she did not consistently maintain a balance in the checkbook for the 2011-2012 fiscal year; and was unable to provide some of the internal funds documentation that should be maintained on file at the school. Documentation not provided included the check stubs for the 2010-2011 fiscal year activity. We also identified several instances where individual disbursements of over \$1,000 did not include as supporting documentation the required minimum of three written quotes/bids, as well as several purchase orders that were completed after-the-fact. Lastly, the school was not properly completing the Collections/Deposits Log to document the safeguarding of funds left overnight at the school.

Details follow:

Section II, Chapter 5 of the *Manual of Internal Fund Accounting* establishes the guidelines for the disbursement of funds through the school's Internal Funds. It states that disbursements may only be processed when sufficient, uncommitted funds are available in the Internal Fund accounting structure where the expenditure is going to be charged. Section II, Chapter 7 establishes the guidelines for performing adjusting entries within Internal Funds accounts.

- 4.1. In August and September 2010, under the tenure of the former school administration, two separate checks were issued to the same vendor to pay for art supplies totaling approximately \$1,235. Both checks<sup>18</sup> were posted to a Trust Fund-Donations account and to an Instructional Aids and Fees (Art Fees) account. However, the Trust Fund-Donations account did not have sufficient funds to cover the amounts posted and the account ended with a \$(546) deficit balance in June 2011.

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<sup>18</sup> Check no. 9749 (dated August 20, 2010) was issued for \$569.75. Of this total, \$500 was posted to the Donations account and \$69.75 to the Art Fees account. Check no. 9755 (dated September 3, 2010) was issued for \$665.04.

Prior to modifying the amount of one of the checks in the system<sup>19</sup>, the treasurer processed numerous adjusting entries in an attempt to correct the postings and clear the deficit balance. Ultimately, in May 2012 the treasurer changed the amount of one of the checks initially posted in the system to approximately \$20 and made a small transfer of funds from the General Fund-Miscellaneous account to the Donations account to clear the account deficit in its entirety. These transactions (none of which was approved by the principal) cleared the deficit; however, the modification created a discrepancy between the amount posted and cashed which required an adjustment to the May 2012 checking account reconciliation. At our request, the check entry was reversed in the system to reinstate the check to its correct amount. The aforementioned Donations account closed the 2011-2012 fiscal year with a \$(500) deficit.

We contacted the check payee and verified that he had cashed the check in August 2011 for \$569.75. During the audit we requested but the treasurer was unable to locate copy of the canceled check in the school records. Copies were subsequently obtained from the bank at our request.

Section II, Chapter 4 of the *Manual of Internal Fund Accounting* delineates that before an order/purchase is made, the use of an Internal Funds Purchase Order (FM-1012), authorized by the principal and processed by the school treasurer, is required for all purchases with a cost of \$100 or more. Furthermore, regarding purchases made in the 2010-2011 fiscal year, *the Manual* establishes that schools are required to obtain a minimum of three documented telephone quotes for individual purchases of \$1,000 or more but less than \$5,000. These quotes must be included as part of the ancillary disbursement documentation to show that the lowest bid was selected. For the 2011-2012 fiscal year, the maximum limit was raised to \$50,000 and has an additional requirement for obtaining at least one bid from a certified minority enterprise<sup>20</sup>. M-DCPS Weekly Briefing No. 10513 (issued in September 2011) provides the specific steps that schools must follow to ensure compliance with bid requirements and enable the participation of Minority/Women Business enterprises in the procurement process.

- 4.2. Our review of the Trust Fund-Donations account previously cited also disclosed that the two checks in question were to pay for an order of school supplies totaling approximately \$1,235 which appears to have been split to bypass the requirement for obtaining three quotes in writing. The school had a purchase

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<sup>19</sup> Check no. 9749.

<sup>20</sup> Effective for the 2011-2012 fiscal year and pursuant to School Board Policy 6610 *Internal Accounts*, for purchases of \$1,000 or more but less than \$50,000, at least three (3) written bids must be solicited. One of these bids must be from a certified minority enterprise, according to School Board Policy 6320.02 *Minority/Women Business Enterprise Certification Procedures*.

order on file for this same amount matching the items invoiced by the vendor; and although vendor invoices were not consecutively numbered, both invoices listed the same vendor's order number and school's internal funds purchase order. One invoice was for \$569.75 while the other was for \$665.04.

- 4.3. We noted several instances where purchases of over \$1,000 made during the 2010-2011 fiscal year were not supported with the required minimum of three written quote/bids. For the 2011-2012 fiscal year, similar purchases reviewed did not include three written quotes, one of which should be from a certified minority enterprise vendor (as required by the District's updated disbursement guidelines). All expenditures consisted of the purchase of student t-shirts.
- 4.4. We also noted some instances in which purchase orders were approved after-the-fact, and in one instance the purchase order was not presented for audit.

Section V, Chapter 1 of *Manual of Internal Fund Accounting* requires the schools to maintain a running checkbook balance. Regarding monthly and fiscal year-end closing procedures, all financial records must be filed. Financial records include the school's checking account check stubs, monthly reconciliations and similar documents. These should be maintained as part of the internal fund audit documentation.

- 4.5. Our review of checks stubs corresponding to the 2011-2012 fiscal year disclosed that the treasurer did not consistently maintain a checkbook balance; and month-end balances in the check stubs did not agree with balances in the automated system. We were unable to determine whether a checkbook balance was maintained during the 2010-2011 fiscal year because the check stubs were not presented for audit. According to the treasurer, she had stored them with the rest of the internal funds documents, but could not find them. Similarly, the monthly reconciliations for September, October and November 2010 were not presented for audit. We obtained copies of these reconciliations from the Internal Funds Accounting Division in the Office of the Controller.

M-DCPS Weekly Briefing No. 5164 delineates the current procedures for safeguarding schools' funds. These procedures include implementation of the Collections/Deposits log [FM-7249] to document deposits at the school awaiting the armored car pick-up service. Our review disclosed that:

- 4.6. The Collections/Deposits Logs for the 2010-2011 and 2011-2012 fiscal years were incomplete in that they did not always bear the signatures of either the principal or her designee. Further review confirmed that all receipts tested were deposited into the school's checking account.

Section V, Chapters 1 and 2 of the *Manual of Internal Fund Accounting* requires that an accurate inventory of official forms be prepared at the end of the fiscal year and that all records be retained for audit. A review of the Inventory of Prenumbered Forms for the 2010-2011 and 2011-2012 fiscal years disclosed the following discrepancies:

- 4.7. Admission tickets from prior year events found in the school's inventory were not listed on the forms. The tickets were destroyed in the presence of the auditor and cleared from inventory.
- 4.8. The school omitted 179 Centralized Fee Receipts from the form. We verified that these tickets were in the possession of the school.

Other minor errors in the inventory were discussed with the new school administration for their information and corrective action.

## **RECOMMENDATIONS**

- 4.1. Transfer \$500 from the Internal Funds General Fund-Miscellaneous account to the Trust Fund-Donations account to clear the deficit.**

**Person(s) Responsible:**

**Principal**

**Management Response:**

The principal will ensure that \$500 from the General Fund-Miscellaneous account is transferred to the Trust Fund-Donations account to clear the deficit.

- 4.2. Review the disbursement procedures with faculty and staff to ensure a proper understanding of the requirements and expectations, especially the requirement for obtaining quotes when making purchases.**
- 4.3. Ensure that written quotes/bids are obtained for purchases of \$1,000 or more, including a quote from a certified minority vendor.**
- 4.4. Direct the treasurer to prepare purchase orders for all disbursements over \$100 and to bring those for approval prior to placing any order.**
- 4.5. Direct the treasurer not to present to the assigned administrator any checks for the administrator's signature unless all required documentation is included with the disbursement documentation.**
- 4.6. Direct the treasurer to prepare a complete inventory of prenumbered forms and review for accuracy before filing.**

**Person(s) Responsible:**

**Principal, Assistant Principal & Treasurer**

**Management Response:**

The Principal held a meeting with the Treasurer to discuss Section II, Chapters 4 and 5 of the **Manual of Internal Fund Accounting** to reinforce procedures relative to the guidelines for disbursements of funds in a timely manner including the proper documentation in the form of an original invoice for goods or items purchased. Prior to making payments, the mathematical accuracy of the invoice will be verified by the Treasurer.

The Principal will obtain three documented quotes/bids, including one from a minority vendor, when an individual purchase is over \$1,000 and attach to the invoice.

The Treasurer will prepare purchase orders for all disbursements over \$100, and the Principal/Assistant Principal will review and approve before the Treasurer will place the order.

The Treasurer will present all disbursement documentations to the Principal/Assistant Principal prior to the administration signing any checks.

The Treasurer will prepare a complete inventory of all prenumbered forms and the Principal/Assistant Principal will review for accuracy.

The Principal/Assistant Principal will review internal funds procedures with all teachers, and will create a checklist that will ensure teachers are following procedures when completing purchase orders to ensure three bids have been obtained including a bid from a certified minority or woman vendor.

- 4.7. Direct the treasurer to inform the administrator/designee when collections are left overnight at the school to ensure that the Collections/Deposits Log is properly signed and amounts verified by the administrator/designee.**
- 4.8. Direct the administrator in charge to frequently review the treasurer's bookkeeping to ensure the propriety of the postings and discuss any discrepancies for timely corrective action.**
- 4.9. Periodically meet with the administrator in charge of overseeing the treasurer's duties to ensure that the bookkeeping function is working as designed and to discuss the timely implementation of corrective action resulting from any of these reviews.**



**Person(s) Responsible:****Principal, Assistant Principal & Treasurer****Management Response:**

The Principal held a meeting with the Treasurer on August 8, 2012 to review and discuss in detail Section II, Chapter 3 of the **Manual of Internal Fund Accounting** guidelines for receipting collections and documenting deposits associated with internal funds activities. The procedures instituted require that monies collected be timely and receipted and deposited in a timely manner. Deposits will be made daily if the amount exceeds \$300.00. At a minimum, deposits will be made on the last working day of the week regardless of the amount collected.

The Treasurer will prepare deposit packages and the Principal will review on a weekly basis supporting documentation to ensure that there are no discrepancies and that the amount posted is in a timely manner. The Principal will meet with the Region Director on a monthly basis with receipts, deposits and logs in order to verify the timeliness of transactions.

The Principal will ensure that money collected will be verified by at least two designated persons (Treasurer and Principal/Designee), and placed in the safe to be deposited on the next business day. The Collections/Deposits Log (FM-7249) will be utilized when monies are placed in the safe. The Principal will review the Collections/Deposits Log on a weekly basis to ensure compliance.

The Principal, along with the Assistant Principal, will conduct mini reviews on a weekly basis to ensure that all procedures have been followed and any anomalies are corrected immediately. The Principal will review weekly deposits and disbursements, including the Fund 9 replenishment, on a monthly basis with the Region Director.

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

Refer to pages 38-39 of this report and pages 79-82 in the report's Appendix Section for the Central Region Office administration's comprehensive response addressing the recommendations to the school findings of Ponce de Leon Middle School.

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

Refer to page 39 of this report and page 84 in the report's Appendix Section for School Operations administration's comprehensive response addressing the recommendations to the school findings of Ponce de Leon Middle School.

**5. Title I – Field Trip  
Expenditures Not  
Compliant With  
District Policy  
*Paul W. Bell Middle***

Our review of Internal Funds receipts and deposits for the 2010-2011 and 2011-2012 fiscal years disclosed that the school received vendor refunds during both fiscal years in the amount of \$1,230 and \$2,115, respectively. Upon our inquiries, we found that both refunds related to out-of-county field trips to a park in Orlando, Florida, which the school paid with Title I funds. Apparently, the school had purchased park admissions based on a projected number which exceeded the actual number of participants to the activities. In both instances, the vendor refunded the overpayment, which the school deposited in the Internal Funds of the school, but did not return to the District. At our request, the school contacted the Title I Administration Office for instructions and returned funds totaling \$3,345 to the District.

During the audit fieldwork, we found that an additional refund in the amount of \$2,940 for a similar out-of-county field trip paid with Title I funds was forthcoming. The field trip took place in May 2012.

**RECOMMENDATIONS**

- 5.1. The school should make every effort to estimate participation to field trips more accurately to prevent overpayments.**
- 5.2. In the event of future refunds associated with Title I activities, the school should return the funds to the District.**

**Person(s) Responsible:** **Principal, Assistant Principal, Treasurer,  
Athletics/Activities Coordinator**

**Management Response:**

The Principal has carefully reviewed the audit findings. The following corrective actions have been taken. On June 5, 2012, the Principal met with the Treasurer and directed the Treasurer to return the unused admission tickets to Islands of Adventure from the 8<sup>th</sup> grade class field trip on May 19, 2012, that were purchased with 2011-2012 Title I funds.

Upon receipt of the reimbursement in the amount of \$2,940.00, the school will return the monies to the School Board of Miami Dade County Public Schools to be credited to Title I.

In order to prevent any recurrence, the Principal assigned the Assistant Principal to oversee Athletics and Activities. The Assistant Principal will meet with the

Athletic/Activities Coordinator and Treasurer on August 15, 2012, and review field trip requests. The school will make every effort to estimate student participation to prevent overpayments.

The Principal will meet with the Treasurer, Athletic/Activities Coordinator, and Assistant Principal on August 15, 2012, to review and discuss Section IV: Activity Specific Policies and Procedures, Chapter 2-Field Trips of the **Manual of Internal Fund Accounting** and the **Title I Administration Handbook** in order to ensure compliance with established policies and procedures.

**Person(s) Responsible:**

**South Region Office Administration**

**Management Response:**

The South Region Office Administrative Director for Financial Business/Operations instructed the Principal to develop and implement a plan to accurately estimate participation in field trips. The Principal has been instructed to ensure that future refunds associated with Title I activities are returned to the District.

**Person(s) Responsible:**

**School Operations Administration**

**Management Response:**

Refer to page 39 of this report and page 84 in the report's Appendix Section for School Operations administration's comprehensive response addressing the recommendations to the school findings of Paul W. Bell Middle School.

## OBJECTIVES, SCOPE AND METHODOLOGY

The objectives of our audits were to:

- express an opinion on the internal fund financial statements of the schools for the fiscal year ended June 30, 2011 and/or June 30, 2012, depending on the school audited, on the cash basis of accounting;
- evaluate compliance by the schools with the policies and procedures prescribed in the *Manual of Internal Fund Accounting*;
- provide assurances regarding compliance with *current payroll procedures*, as well as compliance with *current purchasing credit card program procedures*; and *certain information technology controls*;
- verify compliance by the schools with the policies and procedures prescribed by the *Manual of Property Control Procedures*, and determine the adequacy of controls over the safeguarding of property items with an individual cost of \$1,000 or more;
- evaluate compliance with the policies and procedures set forth by the *No Child Left Behind Act of 2001, Title I Program*, and the *Title I Administration Handbook*;
- 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; and

While the scope of our audits generally covered operations during the period of July 1, 2010 through June 30, 2011 and/or July 1, 2011 through June 30, 2012 (depending on whether the audit scope was one or two-year audit at the individual school being audited), payroll, purchasing credit card transactions, and information technology controls included current periods. Title I program covered the 2011-2012 fiscal year only. FTE audits covered the February 2012 survey period (survey period 3).

Our procedures were as follows:

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

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

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

### **Internal Control Matters**

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

## BACKGROUND

### INTERNAL FUNDS

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

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

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

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

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

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

## PAYROLL

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

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

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

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

## PROPERTY

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

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

## PURCHASING CREDIT CARD (P-CARD) PROGRAM

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

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

## TITLE I PROGRAM

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



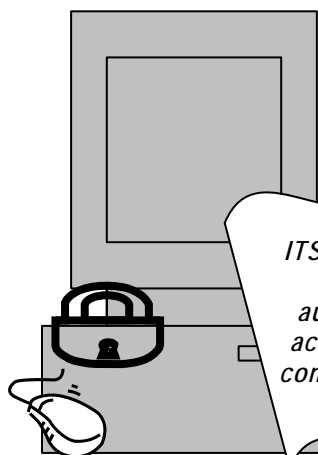
Schools follow specific criteria for the use of Title I funds as delineated in the *Title I Administration Handbook*. Purchases of supplies and equipment are processed through regular district channels or via use of the P-card Program, depending on the amount. Salary expenditures must comply with budgetary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

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

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



## DATA SECURITY MANAGEMENT REPORT AND SCHOOL SITE IT SECURITY ASSESSMENT



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

Principals are responsible for ensuring that network security standards and related security procedures are being observed at the school sites. Part of their responsibility includes ensuring that only authorized staff has access to designated applications. Information Technology Services (ITS) produces a monthly report for each location titled "Authorized Applications for Employees by Locations Report". Principals are responsible for reviewing this report to determine the appropriateness of applications approved for each employee, as to whether they are required for his or her assigned duties; and to ensure that access to the computer application that allows for

changes to students' academic grades is limited to a specific and restricted number of authorized personnel. In addition, our school audits will selectively review information technology matters related to the proper safeguarding and location of servers and switches, software licensing documentation, proper authorization of Electronic Gradebook applications, and similar controls over data security.

### FULL-TIME EQUIVALENT (FTE)

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

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

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

Schools are responsible for verifying student membership data submitted to the Florida Department of Education (FDOE) for funding purposes. This is accomplished through the FTE survey process. The results of these surveys are FTE reports which allow schools to verify the data and make corrections as needed. Once this process is completed, the district transmits the information to the FDOE. During the 2011-2012 fiscal year, months selected by the FDOE for these surveys are as follows:

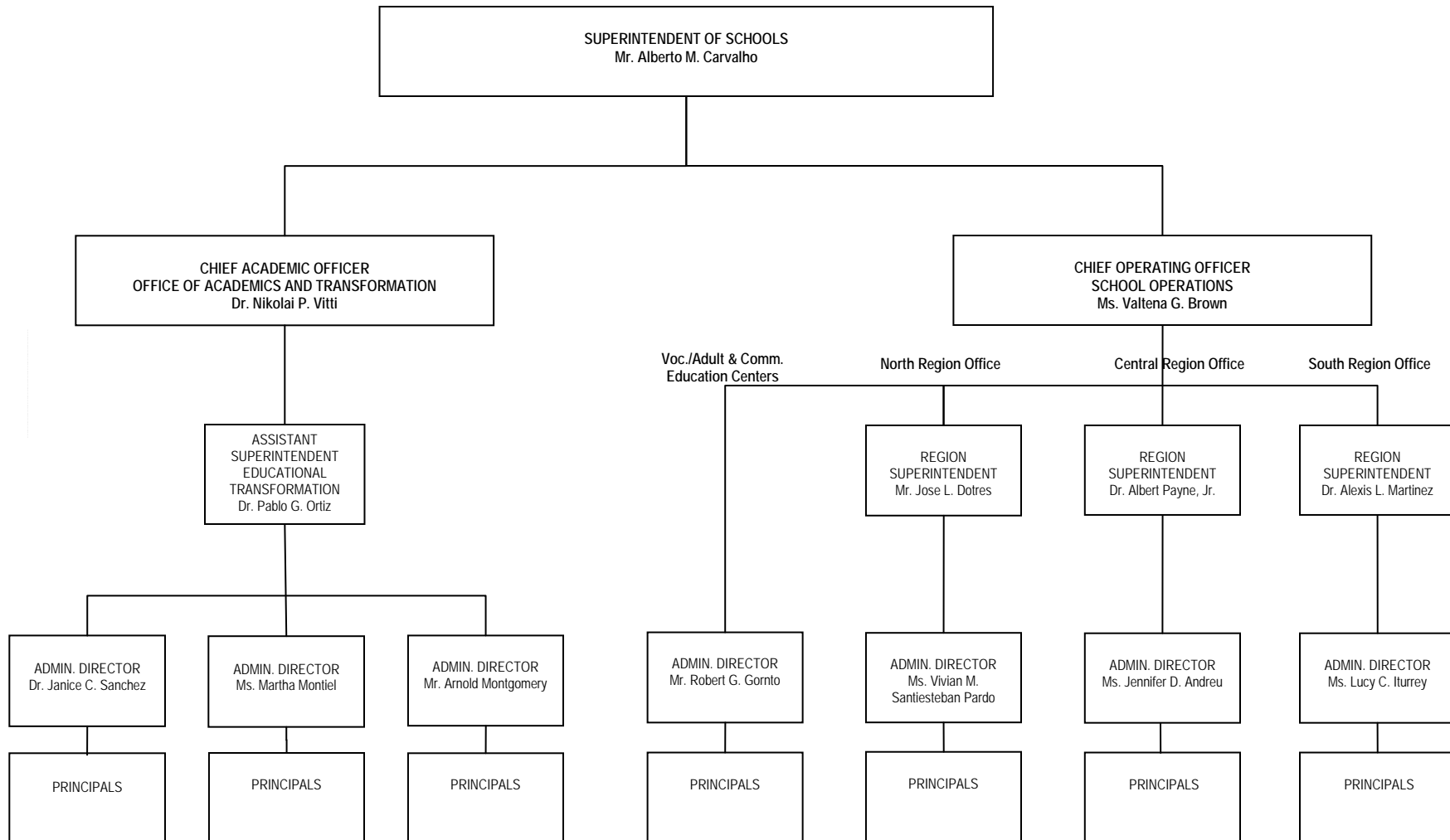
Survey Period No.	Time Period of Survey
1	July (Summer School only)
2	October
3	February
4	June (Summer School only)

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

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

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

## PARTIAL ORGANIZATIONAL CHART (SCHOOLS)






## **APPENDIX MANAGEMENT'S RESPONSES**

MEMORANDUM

August 3, 2012

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

**FROM:** Adrian Montes, Principal   
Olinda Elementary School

**SUBJECT:** ADMINISTRATIVE RESPONSE TO INTERNAL AUDIT REPORT OF OLINDA ELEMENTARY  
SCHOOL FOR THE 2011-2012 FISCAL YEAR

The cited audit findings for the period of July 1, 2011-June 30, 2012 have been carefully reviewed by the principal. As a result, the Principal has established corrective and preventative measures in order to prevent future assurances.

**RECOMMENDATIONS:**

- 1.1. Direct staff to deliver sealed bank statements and bank correspondence to the Principal for initial review before it is forwarded to the Treasurer.
- 1.2. Periodically review checking account and cancelled checks to ensure that all checks issued and cashed are posted in a timely manner and are proper expenditures of the school.
- 1.3. Ensure that the new treasurer understands and adheres to the procedures for receipting and disbursing funds; and for documenting all financial transactions in the system.
- 1.4. Discuss receipting and fundraising procedures with faculty and staff to ensure understanding of the requirements for the receipting of funds; the utilization of admission tickets; the preparation of student operating activity reports; time tables for holding fundraising activities; and types of merchandise that can be sold to students as part of a school fundraiser.
- 1.5. Implement use of the Deposit/Collections Log and the Activity Log.
- 1.6. Strengthen review of the bookkeeping function to ensure it is working as designed.

**Person(s) Responsible:** Principal, Treasurer

**Management Response:**

The Principal has directed all staff to immediately deliver any and all bank statements and/or bank correspondence to the Principal for initial review. The principal will then review and initial the statements for verification prior to delivering to the Treasurer.

The Principal will monitor the checking account on a monthly basis to ensure that all checks issued and cashed are posted to the MSAF system in a timely manner and to ensure the accuracy and completeness

of all financial documents. Effective immediately, the printing of the posting screen is now required by the administration when signing any check to help ensure the accuracy of timely postings.

The Principal will meet with the new Treasurer, to review and discuss Section II, Chapters 2 and 3 of the Manual of Internal Fund Accounting, with a specific emphasis on the receipting and depositing process and procedures for maintaining checkbook balances and implementing adjustments needed to ensure accurate monthly reconciliation reports as well as accurate receipting and posting of funds. In addition, the Principal will provide a copy of the Manual of Internal Fund Accounting to the new Treasurer to ensure a clear understanding of bookkeeping procedures and the expectations of the job.

The Principal and Treasurer will facilitate a training session on September 12, 2012, with faculty and staff to discuss Section II, Chapter II and Section IV, Chapter 2-4 of the Manual of Internal Fund Accounting that details district guidelines and procedures for the receipting of funds; the utilization of admission tickets; the preparation of student operating activity reports; time tables for holding fundraising activities; and types of merchandise that can be sold to students as part of a school fundraiser. Signatures will be obtained from each faculty and staff member as documentation for attending the training and receiving a copy of the Sections of the Manual Funding Accounting outlining procedures for collection of funds.

The Principal will ensure that money collected will be verified by at least two designated persons (Treasurer and Principal/Designee), and placed in the safe to be deposited on the next business day. The Collections/Deposits Log (FM-7249) will be utilized when monies are placed in the safe. The Principal will review the Collections/Deposits Log on a weekly basis to ensure compliance.

The Principal will review the bookkeeping and financial activities weekly with the Treasurer to ensure that all financial transactions are properly receipted, documented, deposited and posted in a timely manner and in compliance with district guidelines. In addition, the Principal, Treasurer, faculty, and staff will continue to reference the Manual of Internal Fund Accounting for continued compliance with internal accounting procedures.

It is expected that after implementing the above mentioned procedures, any and all future audit exceptions will be avoided.


If you require additional information, please contact me at (305)-633-0308.

cc: Ms. Jennifer D. Andreu  
Ms. Cynthia Gracia  
Mr. Richard Vidal

**MEMORANDUM**

August 6, 2012

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

**FROM:** Erica Paramore-Respress, Principal   
Riverside Elementary Community School

**SUBJECT: ADMINISTRATIVE RESPONSE TO INTERNAL AUDIT REPORT OF  
RIVERSIDE ELEMENTARY COMMUNITY SCHOOL**

The cited audit findings for the period of 2010-2011 to 2011-2012 have been carefully reviewed by the Principal. As a result, the Principal has established corrective and preventive measures in order to prevent future occurrences.

**RECOMMENDATIONS:**

- 1.1 Discuss receipting and depositing procedures with faculty and staff for their understanding and awareness of the requirements.**
- 1.2 Strengthen the review and oversight of receipting/depositing activities to ensure that monies are timely remitted to the treasurer for deposit.**
- 1.3 Strengthen the review and oversight over disbursements to ensure they are timely processed and properly documented.**

**Person(s) Responsible:**

**Principal/Treasurer**

**Management Response:**

The Principal along with the Assistant Principal will discuss the process of receipting and depositing with the Secretary/Treasurer and faculty at the Opening of Schools Meeting on August 16, 2012. According to Section II, Chapter 2 of the **Manual of Internal Fund Accounting**, collected money for field trips must be documented on a Recap of Collection form (FM 1004) at the time of collection and submitted to the Secretary/ Treasurer for deposit on the same day. Additionally, individual receipts will be issued at the time of collection, when the amount exceeds \$15. The Secretary/Treasurer will be responsible for preparing the bank deposit and making the bank deposits on a daily basis. When the amount exceeds \$150 or the collection is prepared on the last working day of the week or month, the funds will be placed in the safe and will be verified by the two designated individuals.



Monitoring of receipting and depositing procedures will be strengthened by the Principal and Assistant Principal. The Secretary/Treasurer will collect all deposits by 12 noon and make deposits before the end of the work day. The Principal will monitor the process by cross-referencing the deposit slips with the corresponding recap sheets weekly.

The Principal met with the Treasurer and staff to review and discuss Section II, Chapter 4 of the **Manual of Internal Fund Accounting** regarding policies of receipt of goods, purchase orders, and timely payments to vendors. Further, the Main Office has been designated as the centralized location for the receipt of delivered merchandise. More specifically, the Secretary/ Treasurer will ensure that all orders are placed and received as specified. The Secretary/Treasurer will ensure that all orders include supporting documentation for a refund and then a payment will be posted into the system and distributed to the payee. The Principal will ensure timely payments are made by reviewing and paying all invoices on the scheduled bi-weekly meetings dates.

**RECOMMENDATIONS:**

**1.4 Ensure that written quotes are obtained for purchases of \$1,000 or more but less than \$50,000. Also, one of these quotes must be from a certified minority enterprise.**

**1.5 Implement a plan to pay all outstanding liabilities. Going forward, ensure that funds are available before purchases are authorized.**

**1.6 Closely monitor the bookkeeping function to ensure that transactions related to the checking account, monthly reconciliations and stale-dated checks are timely processed.**

**Person(s) Responsible:**

**Principal/Treasurer**

**Management Response:**

The Principal has met with the Secretary/ Treasurer to discuss the process delineated in the **Manual of Internal Funds Accounting**. Prior to any purchase exceeding \$1000, the Secretary/Treasurer will present three bids to the Principal, including one from a minority enterprise. After receiving approval from the Principal, the Secretary/Treasurer will utilize uncommitted funds for the purchase. The Principal will closely monitor this process by maintaining an additional copy of all corresponding bids with the appropriate purchase order.

The Principal has discussed the process of paying outstanding liabilities with the Secretary/Treasurer as delineated in the **Manual of Internal Fund Accounting**. Payments to vendors will be made within thirty days of satisfactory receipt of goods/services. The Principal and Assistant Principal will closely monitor this process on an ongoing basis. All outstanding liabilities from vendors during the 2011 – 2012 school year have been paid. Weekly reviews of balances will ensure funds are available before purchases are made.

The Principal and Secretary/Treasurer will attend the Internal Funds professional development scheduled for September 5, 2012 through September 7, 2012. The aforementioned training will strengthen the knowledge base of both participants. The Secretary/Treasurer will balance the checking account and the Principal and Assistant Principal will closely monitor this process by ensuring the checking account is balanced by the last day of the month. To ensure the timeframe compliance, the Principal has established a submission due date for monthly reconciliation on the 18<sup>th</sup> day of each month.

**RECOMMENDATIONS:**

**1.7 Periodically meet with the Treasurer to review the records and ensure that timelines for processing transactions are being observed and documentation supporting the transactions is complete.**

**1.8 Inform the ink cartridge vendor in writing that the school will no longer purchase/accept shipments of ink cartridges from the company; that the last shipment will be returned to the vendor; and that payment will not be made for any of the returned cartridges.**

**1.9 Return ink cartridges to the vendor and obtain confirmation in writing of such delivery.**

**Person(s) Responsible**

**Principal/Treasurer**

**Management Response:**

The Principal and the Secretary/ Treasurer will meet for at least one hour on Mondays and Thursdays. These sessions will include the discussion of all internal funds references. Weekly reports will be generated to monitor funds.

The Principal contacted the vendor, via certified mail, to notify the company that the school would no longer purchase or accept additional shipments of ink cartridges. The Principal returned 54 ink cartridges to the vendor via UPS Service (Tracking Number 1z 386 F52 90 9197 1508)

**RECOMMENDATION**

**1.10 Ensure that refunds associated with Title I activities are returned to the District.**

**Person(s) Responsible:**

**Principal/Treasurer**

**Management Response:**

5

The Principal has submitted check number 8266 in the amount of \$540 for a partial refund of Title I funds. A conversation was held with the Business Manager and the school was advised to submit the remaining balance as funds become available.

If you require additional information please contact me at 305-547-1520

cc: Ms. Jennifer D. Andreu  
Ms. Cynthia Gracia  
Mr. Richard Vidal

**MEMORANDUM**

August 6, 2012

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

**FROM:** Martha C. Chang, Principal  
Ponce de Leon Middle School

**SUBJECT:** ADMINISTRATIVE RESPONSE TO INTERNAL AUDIT REPORT OF PONCE DE LEON MIDDLE SCHOOL

The cited audit findings for the period of July 1, 2010 to June 30, 2012 have been carefully reviewed by the Principal. As a result the Principal has established corrective and preventive measures in order to prevent future occurrences.

**RECOMMENDATION:**

- 1.1** Transfer \$500 from the Internal Funds General Fund-Miscellaneous account to the Trust Fund-Donations account to clear the deficit.

**Person(s) Responsible:** Principal

**Management Response:**

The principal will ensure that \$500 from the General Fund-Miscellaneous account is transferred to the Trust Fund-Donations account to clear the deficit.

**RECOMMENDATIONS:**

- 1.2** Review the disbursement procedures with faculty and staff to ensure a proper understanding of the requirements and expectations, especially the requirement for obtaining quotes when making purchases.
- 1.3** Ensure that written quotes/bids are obtained for purchases of \$1,000 or more, including a quote from a certified minority vendor.
- 1.4** Direct the treasurer to prepare purchase orders for all disbursements over \$100 and to bring those for approval prior to placing any order.
- 1.5** Direct the treasurer not to present to the assigned administrator any checks for the administrator's signature unless all required documentation is included with the disbursement documentation.
- 1.6** Direct the treasurer to prepare a complete inventory of prenumbered forms and review for accuracy before filing.

**Person(s) Responsible:** Principal, Assistant Principal & Treasurer

**Management Response:**

The Principal held a meeting with the Treasurer to discuss Section II Chapters 4 and 5 of the Manual of Internal Fund Accounting to reinforce procedures relative to the guidelines for disbursements of funds in a timely manner including the proper documentation in the form of an original invoice for goods or items purchased. Prior to making payments, the mathematical accuracy of the invoice will be verified by the Treasurer.

The Principal will obtain three documented quotes/bids, including one from a minority vendor, when an individual purchase is over \$1,000 and attach to the invoice.

The Treasurer will prepare purchase orders for all disbursements over \$100, and the Principal/Assistant Principal will review and approve before the Treasurer will place the order.

The Treasurer will present all disbursement documentations to the Principal/Assistant Principal prior to the administration signing any checks.

The Treasurer will prepare a complete inventory of all prenumbered forms and the Principal/Assistant Principal will review for accuracy.

The Principal/Assistant Principal will review internal funds procedures with all teachers, and will create a checklist that will ensure teachers are following procedures when completing purchase orders to ensure three bids have been obtained including a bid from a certified minority or woman vendor.

**RECOMMENDATIONS:**

- 1.7 Direct the treasurer to inform the administrator/designee when collections are left overnight at the school to ensure that the Collection/Deposit Log is properly signed and amounts verified by the administrator/designee.
- 1.8 Direct the administrator in charge to frequently review the treasurer's bookkeeping to ensure the propriety of the postings and discuss any discrepancies for timely corrective action.
- 1.9 Periodically meet with the administrator in charge of overseeing the treasurer's duties to ensure that the bookkeeping function is working as designed and to discuss the timely implementation of corrective action resulting from any of these reviews.

**Person(s) Responsible:**

Principal, Assistant Principal & Treasurer

**Management Response:**

The Principal held a meeting with the Treasurer on August 8, 2012 to review and discuss in detail Section II, Chapter 3 of the Manual of Internal Fund Accounting guidelines for receipting collections and documenting deposits associated with internal funds activities. The procedures instituted require that monies collected be timely and receipted and deposited in a timely manner. Deposits will be made daily if the amount exceeds \$300.00. At a minimum, deposits will be made on the last working day of the week regardless of the amount collected.

The Treasurer will prepare deposit packages and the Principal will review on a weekly basis supporting documentation to ensure that there are no discrepancies and that the amount posted is in a timely manner.

The Principal will ensure that money collected will be verified by at least two designated persons (Treasurer and Principal/Designee), and placed in the safe to be deposited on the next business day. The Collections/Deposits Log (FM-7249) will be utilized when monies are placed in the safe. The Principal will review the Collections/Deposits Log on a weekly basis to ensure compliance.

The Principal, along with the Assistant Principal, will conduct mini reviews on a weekly basis to ensure that all procedures have been followed and any anomalies are corrected immediately. The Principal will review weekly deposits and disbursements, including the Fund 9 replenishment, on a monthly basis with the Region Director.

The Principal will meet with the Region Director on a monthly basis with receipts, deposits and logs in order to verify the timeliness of transactions.


If you require additional information, please contact me at (305) 661-1611.

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

## MEMORANDUM

August 6, 2012

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

**FROM:** Tamela Brown, Princip   
Whispering Pines Elementary School

**SUBJECT:** RESPONSE TO SCHOOL AUDIT REPORT

### RECOMMENDATIONS

- 1.1 Discuss receipting procedures with faculty, staff and parents for understanding and awareness of requirements.
- 1.2 Direct the new treasurer to conduct proper receipting procedures when receiving collections from faculty and parents.
- 1.3 Continue conducting periodic reviews of receipting/depositing activities and the associated internal funds records to ensure that monies are timely remitted to the treasurer for deposit and timely deposited.

**PERSON(S) RESPONSIBLE:** Principal

### MANAGEMENT RESPONSE:

Based on findings reported in the Internal Funds Audit corresponding to this school for the 2010-2011 fiscal year that was conducted by the Office of Management and Compliance Audits in August 2011, the principal conducted a review of Internal Funds in February 2012 and discovered discrepancies in receipting and collections. In addition, several delays in deposits were noted. The principal reported the incident to M-DCPS Police and the Office of Management and Compliance Audits. The Office of Management and Compliance Audits conducted an audit/investigation of the 2011-2012 fiscal year records and financial activity, and confirmed the principal's findings.


Clerical employees have been directed to submit all sealed bank statements and financial documents to the Principal for review. After the Principal receives and reviews bank documents, they will be forwarded to the Treasurer. The process for collections, disbursements and receipting was reviewed with the Treasurer. The Principal will review documents on a monthly basis to ensure compliance. Field Trip procedures have been reviewed and discussed with all pertinent employees prior to the beginning of the upcoming school year and monitored to ensure all guidelines are adhered to. In addition to this, these guidelines will be discussed with stakeholders at EESAC meetings, PTA meetings and at the Opening of School faculty and staff meeting on August 16, 2012.

cc: Lucy Iturrey  
Robert Kalinsky  
Cynthia Gracia

**MEMORANDUM**

August 7, 2012

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

**FROM:** Ingrid M. Soto, Principal   
Paul W. Bell Middle School

**SUBJECT:** **RESPONSE TO SCHOOL AUDIT REPORT OF PAUL W. BELL MIDDLE SCHOOL – 6041**

The following is a response to the relevant findings in the school audit report for Paul W. Bell Middle School for the 2010-2011 and 2011-2012 fiscal years:

**RECOMMENDATIONS**

- 1.1. The school should make every effort to estimate participation to field trips more accurately to prevent overpayments.
- 1.2. In the event of future refunds associated with Title I activities, the school should return the funds to the District.

**Person(s) Responsible:** Principal, Assistant Principal, Treasurer,  
Athletics/Activities Coordinator

**Management Response:**

The Principal has carefully reviewed the audit findings. The following corrective actions have been taken. On June 5, 2012, the Principal met with the Treasurer and directed the Treasurer to return the unused admission tickets to Islands of Adventure from the 8<sup>th</sup> grade class field trip on May 19, 2012, that were purchased with 2011-2012 Title I funds.

Upon receipt of the reimbursement in the amount of \$2,940.00, the school will return the monies to the School Board of Miami Dade County Public Schools to be credited to Title I.

In order to prevent any recurrence, the Principal assigned the Assistant Principal to oversee Athletics and Activities. The Assistant Principal will meet with the Athletic/Activities Coordinator and Treasurer on August 15, 2012, and review field trip requests. The school will make every effort to estimate student participation to prevent overpayments.

The Principal will meet with the Treasurer, Athletic/Activities Coordinator, and Assistant Principal on August 15, 2012, to review and discuss Section IV: Activity Specific Policies and Procedures, Chapter 2-Field Trips of the Manual of Internal Fund Accounting and the Title I Administration Handbook in order to ensure compliance with established policies and procedures.

IMS

cc: Ms. Cynthia Gracia  
Ms. Lucy C. Iturrey



**MEMORANDUM**

August 9, 2012

**TO:** Ms. Valtena G. Brown, Chief Operating Office  
School Operations

**FROM:** Albert Payne, Region Superintendent  
Central Region Office

**SUBJECT: CENTRAL REGION OFFICE RESPONSE TO INTERNAL REPORTS  
FOR OLINDA ELEMENTARY, RIVERSIDE ELEMENTARY AND PONCE  
DE LEON MIDDLE SCHOOL**

The following is a response to relevant findings in the schools' audit reports.

Central Region Office has reviewed the audit response for the above-mentioned schools. As a result of the audit findings, the following support activities will be implemented at the Region level:

**OLINDA ELEMENTARY  
RECOMMENDATIONS:**

- 1.1 Direct staff to deliver sealed bank statements and bank correspondence to the Principal for initial review before it is forwarded to the Treasurer.
- 1.2 Periodically review checking account and cancelled checks to ensure that all checks issued and cashed are posted in a timely manner and are proper expenditures of the school.
- 1.3 Ensure that the new treasurer understands and adheres to the procedures for receipting and disbursing funds; and for documenting all financial transactions in the system.
- 1.4 Discuss receipting and fundraising procedures with faculty and staff to ensure understanding of the requirements for the receipting of funds; the utilization of admission tickets; the preparation of student operating activity reports; time tables for holding fundraising activities; and types of merchandise that can be sold to students as part of a school fundraiser.
- 1.5 Implement use of the Deposit/Collections Log and the Activity Log.
- 1.6 Strengthen review of the bookkeeping function to ensure it is working as designed.

**RIVERSIDE ELEMENTARY  
RECOMMENDATIONS:**

- 1.1 Discuss receipting and depositing procedures with faculty and staff for their understanding and awareness of the requirements.
- 1.2 Strengthen the review and oversight of receipting/depositing activities to ensure that monies are timely remitted to the treasurer for deposit.
- 1.3 Strengthen the review and oversight over disbursements to ensure they are timely processed and properly documented.
- 1.4 Ensure that written quotes are obtained for purchases of \$1,000 or more but less than \$50,000. Also, one of these quotes must be from a certified minority vendor.
- 1.5 Implement a plan to pay all outstanding liabilities. Going forward, ensure that funds are available before purchases are authorized.
- 1.6 Closely monitor the bookkeeping function to ensure that transactions related to the checking account, monthly reconciliations and stale-dated checks are timely processed.
- 1.7 Periodically meet with the Treasurer to review the records and ensure that timelines for processing transactions are being observed and documentation supporting the transactions is complete.
- 1.8 Inform the ink cartridge vendor in writing that the school will no longer purchase/accept shipments of ink cartridges from the company; that the last shipment will be returned to the vendor; and that payment will not be made for any of the returned cartridges.
- 1.9 Return ink cartridges to the vendor and obtain confirmation in writing of such delivery.
- 1.10 Ensure that refunds associated with Title I activities are returned to the District.

**PONCE DE LEON MIDDLE  
RECOMMENDATIONS:**

- 1.1 Transfer \$500 from the Internal Funds General Fund-Miscellaneous account to the Trust Fund-Donations account to clear the deficit.
- 1.2 Review the disbursement procedures with faculty and staff to ensure a proper understanding of the requirements and expectations, especially the requirement for obtaining quotes when making purchases.
- 1.3 Ensure that written quotes/bids are obtained for purchases of \$1,000 or more, including a quote from a certified minority vendor.
- 1.4 Direct the treasurer to prepare purchase orders for all disbursements over \$100 and to bring those for approval prior to placing any order.
- 1.5 Direct the treasurer not to present to the assigned administrator any checks for the administrator's signature unless all required documentation is included with the disbursement documentation.
- 1.6 Direct the treasurer to prepare a complete inventory of prenumbered forms and review for accuracy before filling.
- 1.7 Direct the treasurer to inform the administrator/designee when collections are left overnight at the school to ensure that the Collection/Deposit Log is properly signed and amounts verified by the administrator/designee.
- 1.8 Direct the administrator in charge to frequently review the treasurer's bookkeeping to ensure the propriety of the postings and discuss any discrepancies for timely corrective action.
- 1.9 Periodically meet with the administrator in charge of overseeing the treasurer's duties to ensure that the bookkeeping function is working as designed and to discuss the timely implementation of corrective action resulting from any of these reviews.
  - The affected principals will be required to address specific fiscal management job targets on the Performance Planning and Assessment System Planning Form and provide progress points and evidence of progress to improve business and professional standards for effectiveness and efficiency.
  - The Administrative Director will review internal funds records periodically throughout the school year to ensure compliance with the **Manual of Internal Fund Accounting**.
  - The Administrative Director will review the monthly bank reconciliation reports to ensure accounts are in the black and bookkeeping procedures are being followed.


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

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

**MEMORANDUM**

August 14, 2012  
AM/2012-2013/M#7  
305-252-3041

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

**FROM:** Dr. Alexis Martinez, Region Superintendent   
South Region Office

**SUBJECT:** **PAUL BELL MIDDLE AND WHISPERING PINES ELEMENTARY SCHOOLS-  
RESPONSES TO AUDIT EXCEPTIONS FOR THE 2010-2011 AND/OR 2011-  
2012 FISCAL YEAR(S)**

Please find attached the responses to the school audits for the 2010-2011 and/or 2011-2012 fiscal year(s) for Paul Bell Middle and Whispering Pines Elementary schools. The following activities will be implemented at the Region level:

**PAUL BELL MIDDLE SCHOOL**

**Title I – Field trip expenditures not compliant with District Policy**

The South Region Office Administrative Director for Financial Business/Operations instructed the Principal to develop and implement a plan to accurately estimate participation in field trips. The Principal has been instructed to ensure that future refunds associated with Title I activities are returned to the District.

**WHISPERING PINES ELEMENTARY SCHOOL**

**Improper procedures for documenting school collections allowed former Treasurer to withhold cash collected for lengthy period of time.**

The South Region Office Administrative Director for Financial Business/Operations will continue conducting monthly meetings with the Principal to ensure compliance with established procedures. The Principal was instructed to meet regularly with the Internal Funds Business Manager to ensure compliance with established procedures.


If you need additional information, please contact me at (305) 252-3041. Thank you for your support and assistance.

cc: Ms. Cynthia Gracia  
Mr. Robert Kalinsky  
Ms. Lucy Iturrey

**MEMORANDUM**

**August 16, 2012**

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

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

**SUBJECT: SCHOOL OPERATIONS RESPONSE TO SCHOOL AUDITS OF SELECTED SCHOOLS IN CENTRAL AND SOUTH REGION OFFICES**

School Operations has reviewed the audit exceptions cited in the 2010-2011 and/or 2011-2012 fiscal year(s) audit reports of the following schools reporting to the Central and South Region Offices: Ponce de Leon Middle School, Riverside Elementary School, Olinda Elementary School, Whispering Pines Elementary School, and Paul W. Bell Middle School.

- School Operations will review results quarterly of the Region Business Directors' reviews of selected areas of Internal Funds, including Bank Reconciliations and Recordkeeping, Receipts/Deposits, Disbursements, Field Trips, Fundraising and Operating Activities. Similarly, School Operations will review quarterly reviews in the area of Title I expenditures to ensure continued compliance with District policy.
- Discrepancies with the areas cited above will be investigated through the appropriate Region Office.
- School Operations will work collaboratively with Region Offices and facilitate appropriate training and assistance from District Offices in Internal Accounting, Athletics/Activities, Field Trips, and Title I expenditures, respectively.
- Furthermore, School Operations will keep on file Region results of the mini-reviews held with principals in selected areas noted in these schools' audit findings/responses.
- The Money Matters Support Program will provide information to school site administration and staff on best business practices, including proper implementation of Internal Funds procedures and related financial areas of concern. Additionally, a Face-to-Face Money Matters Support Program will be implemented at the beginning of the school year for newly appointed principals to provide guidance in these areas.

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

VGB:cg  
M020

cc: Dr. Daniel Tosado  
Region Superintendents  
Region Business Directors

# MIAMI-DADE COUNTY PUBLIC SCHOOLS ANTI-DISCRIMINATION POLICY

## *Federal and State Laws*

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

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

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

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

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

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

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

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

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

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

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

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

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

*Veterans are provided re-employment rights in accordance with P.L. 93-508 (Federal Law) and Section 205.07 (Florida Statutes), which stipulate categorical preferences for employment.*

### **In Addition:**

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

*Revised: (07-11)*

# MIAMI-DADE COUNTY PUBLIC SCHOOLS



## INTERNAL AUDIT REPORT SELECTED SCHOOLS SEPTEMBER 2012

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Office of Management and Compliance  
Audits

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