

MIAMI-DADE COUNTY PUBLIC SCHOOLS
OFFICE OF MANAGEMENT AND COMPLIANCE AUDITS

QUALITY CONTROL REVIEW
For the Period July 1, 2000
through June 30, 2001



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September 4, 2002

George Balsa, C.P.A.
Chief Auditor
Office of Management and Compliance Audits
Miami-Dade County Public Schools
1450 Northeast Second Avenue
Miami, Florida 33132

Dear Mr. Balsa:

We have completed an external quality control review of the Office of Management and Compliance Audits (OMCA), Miami-Dade County Public Schools for the audits issued during the period July 1, 2000, through June 30, 2001. In conducting our review, we followed the standards and guidelines contained in the NALGA *Quality Control Review Guide* published in May, 1995, by the National Association of Local Government Auditors.

As prescribed by the NALGA *Guide*, we reviewed the internal quality control system of your audit organization and tested a sample of audits conducted by your office for compliance with government auditing standards issued by the Comptroller General of the United States. Due to variance in individual performance and judgment, compliance does not imply adherence to standards in every case, but does imply adherence in most situations.

We have concluded from our review that your system of internal quality control was suitably designed and provided reasonable assurance that applicable government auditing standards were followed in your audit work. We have also concluded that from the sample audits tested your quality controls were working effectively and that audits were conducted in conformance with applicable standards during the period under review.

It is our opinion, therefore, that the Office of Management and Compliance Audits, Miami-Dade County Public Schools was in compliance with government auditing standards during the period July 1, 2000, through June 30, 2001. We have prepared a separate letter to management that offers suggestions to further strengthening your internal quality controls.

We want to commend the Office of Management and Compliance Audits for its accomplishments and the professional and superior work performed by its management and staff.

GRAU & COMPANY, P.A.

Pablo R. Llerena, CPA
Review Team Leader



Miami-Dade County Public Schools

giving our students the world

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September 12, 2002

Miami-Dade County School Board

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Members of the School Board of Miami-Dade County, Florida
Members of the School Board Audit Committee
Mr. Merrett R. Stierheim, Superintendent of Schools

**Superintendent
of Schools
Merrett R. Stierheim**

Ladies and Gentlemen:

A Quality Control Review (commonly referred to as a Peer Review) has been completed for the Office of Management and Compliance Audits. This voluntary process marks the fourth time our office opens its records and procedures to scrutiny by fellow practitioners. Peer reviews are performed at least once every three years per the Government Auditing Standards. These standards, which are issued by the Comptroller General of the United States, are designed for audits involving Federal funds, and as such, they are not required for the work performed by this office. Nevertheless, they provide a guide for all auditors and allow others to rely on the auditors' work. Accordingly, the review results from our commitment to assure adherence to the standards of the profession, and improve our operations, if weaknesses are noted.

As indicated in the independent auditor's Report on Quality Control Review, our audit work is in compliance with the standards, and the quality controls in our office are working effectively.

Thanks to the independent reviewer, who sat with us to discuss his work and provided recommendations for improvement, we are developing additional steps to clearly document the assessment of audit risk and calculations of materiality that take place in our audits, and still maintain the high productivity of our office and the quality that we are known for.

I want to express my appreciation to the School Board, the Audit Committee and the Superintendent of Schools for their continued support of our participation in the Peer Review process, as we feel it is an invaluable opportunity to improve operations and also take measurement of our standing in the profession.

We plan to present this report to the Audit Committee at its September 17, 2002 meeting and to the School Board at its October 23, 2002 meeting.

Sincerely,

George Balsa, CPA
Chief Auditor
Office of Management and Compliance Audits

GB:ol

cc: Mr. Paul R. Philip
Grau & Company, P.A., CPAs



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September 4, 2002

George Balsa, C.P.A.
Chief Auditor
Office of Management and Compliance Audits
Miami-Dade County Public Schools
1450 Northeast Second Avenue
Miami, Florida 33132

We have completed an external quality control review of the Office of Management and Compliance Audits (OMCA) for the audits conducted during the period July 1, 2000 through June 30, 2001. We have issued a report stating our opinion concerning your organization's overall level of compliance with Government Auditing Standards. We are issuing this companion letter to management to discuss details of deficiencies identified during our review and offer suggestions for improvement. This letter should be read in conjunction with our opinion report.

- 1. Observation:** On the audits reviewed, the Office of Management and Compliance Audits (OMCA) audit working papers did not clearly document the auditors' calculation of materiality during the planning phase of the audit and there was no clear documentation of the auditors' consideration of the elements that contribute to the assessment of audit risk at the account balance or class of transaction level.

Recommendation: We recommend that the OMCA clearly document in its working papers how materiality was calculated during the audit and their assessment of the audit risk at the account balance or transaction class level.

Administrative Response:

We will develop an additional working paper to clearly document our calculation of materiality and the assessment of audit risk during our audit and still maintain the high productivity of our office.

George Balsa, C.P.A.
Chief Auditor
Office of Management and Compliance Audits
Miami-Dade County Public Schools

2. **Observation:** The report on one of the financial statements selected for testing states that the supplementary information was audited by other auditors and not subjected to auditing procedures by OMCA. However, the report on supplemental information issued by OMCA includes a statement that the supplemental data have been subjected to auditing procedures by the OMCA and is fairly stated in relation to the financial statements.

Recommendation: We recommend that OMCA add a statement in the report on supplemental information that their opinion on the supplemental information is based on the result of the work performed by the OMCA staff and the report issued by the other auditors.

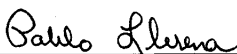
Administrative Response:

The recommendation will be addressed when the next annual report is issued for the television and radio station, by adding the appropriate reference to the report of the other auditors in relation to the supplemental information.

We have already discussed the recommendations with the personnel of the Office of Management and Compliance Audit and we will be pleased to assist you in implementing the recommendations.

Sincerely,

GRAU & COMPANY, P.A.



Pablo R. Llerena, CPA
Review Team Leader