

**AUDIT OF THE
JAMES E. SCOTT COMMUNITY
ASSOCIATION, INC. (JESCA)**



MAY 2006

THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA

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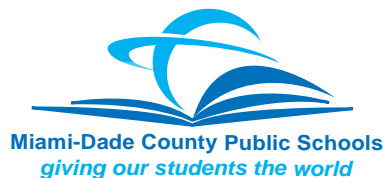
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April 26, 2006

Members of The School Board of Miami-Dade County, Florida
Members of the School Board Audit Committee
Dr. Rudolph F. Crew, Superintendent of Schools

Ladies and Gentlemen:

At the request of the Audit Committee, we performed an audit of the James E. Scott Community Association, Inc. (JESCA) as it relates to the revenues and expenditures of the Roving Leaders Program, as well as, compliance with contract provisions. The request for the audit resulted from our initial review of JESCA's independently audited financial statements that were presented to the Audit Committee at its December 7, 2005 meeting and the concerns surrounding the Agency's financial management and conditions. Over the last two calendar years ended December 31, 2005, JESCA has received payments totaling approximately \$1.8 million from the School District.

The objectives of our audit were to determine whether JESCA has complied with key provisions stipulated in their contract with M-DCPS, evaluate the propriety of the use of funds M-DCPS contributed to the Roving Leaders Program and whether appropriate fiscal management is exercised in their use.

Our audit concluded that JESCA's financial management needs substantial improvement. The District overpaid Roving Leaders \$114,090 in FTE revenues. Because District provided funds were commingled with other funds in two bank accounts that incurred more than \$139,000 in bank charges, the District's funds may have been used to pay NSF fees, as well as late charges. The allocation of overhead to the Roving Leaders Program and the \$100,800 charged to it in 2004 is, in our opinion, not soundly supported. Moreover, M-DCPS may have paid for portions of the overhead charges and payroll expenses for other programs operated by JESCA. Student attendance information was inconsistent. Finally, various contract provisions were not complied with.

Our findings and recommendations were discussed with JESCA's management. Their responses along with explanations are included herein. As always, we would like to thank the management and staff of JESCA for their cooperation and courtesies extended to our staff during the audit.

Sincerely,

Allen M. Vann, CPA, Chief Auditor
Office of Management and Compliance Audits

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EXECUTIVE SUMMARY

Based on the audit procedures and tests performed and evidence obtained and examined, our audit concluded the following:

- JESCA could benefit from improved financial management. Evidence of a pattern of late payments and inconsistencies in financial data were noted.
- The District overpaid Roving Leaders \$114,090 in FTE revenues. This principally resulted from revenue being calculated and invoiced based on student enrollment rather than student attendance as stipulated in their contract with M-DCPS and FTE calculation guidelines.
- Because District provided funds were commingled with other funds in two bank accounts that incurred more than \$139,000 in NSF fees, the District's funds may have been used to pay NSF fees, as well as late charges.
- The allocation of overhead to the Roving Leaders Program and the \$100,800 charge to it in 2004 is, in our opinion, not soundly supported. This resulted in the Roving Leaders absorbing a disproportionate share of overhead charges. Moreover, M-DCPS may have paid for portions of the overhead charges and payroll expenses for other programs operated by JESCA.
- Student attendance information was inconsistent.
- Finally, various contract provisions were not complied with.

Based on our observations, we made 10 recommendations. We have received a response from JESCA's management and a separate response, along with a plan of action from the Division of Alternative Outreach. Our detailed findings and recommendations start on page 6. We would like to thank the JESCA's staff and administration for their cooperation and courtesies extended to our staff during the audit.

INTERNAL CONTROL EVALUATION

Our overall evaluation of internal controls for the James E. Scott Community Association, Inc., is summarized in the table below.

INTERNAL CONTROLS RATING			
CRITERIA	SATISFACTORY	NEEDS IMPROVEMENT	INADEQUATE
Process Controls		X	
Policy & Procedures Compliance			X
Effect			X
Information Risk			X
External Risk		X	

INTERNAL CONTROLS LEGEND			
CRITERIA	SATISFACTORY	NEEDS IMPROVEMENT	INADEQUATE
Process Controls	Effective	Opportunities exist to improve effectiveness.	Do not exist or are not reliable.
Policy & Procedures Compliance	In compliance	Non-compliance issues exist.	Non-compliance issues are pervasive, significant, or have severe consequences.
Effect	Not likely to impact operations or program outcomes.	Impact on outcomes contained.	Negative impact on outcomes
Information Risk	Information systems are reliable.	Data systems are mostly accurate but can be improved.	Systems produce incomplete or inaccurate data which may cause inappropriate financial and operational decisions.
External Risk	None or low	Potential for damage	Severe risk of damage

BACKGROUND

During the 2003-04, 2004-05 and 2005-06 school years, Miami-Dade County Public Schools (M-DCPS) established a contract with James E. Scott Community Association, Inc., to provide an appropriate program of education or training for approximately 280 students.¹ The contract period includes each school year, aforementioned plus the summer session prior to the start of that school year. JESCA was awarded \$1,104,000, \$1,282,579 and \$1,285,855 for the 2003-04, 2004-05 and 2005-06 contracts, respectively. In the table below, we present M-DCPS payments to JESCA from January 2004 through March 2006 and revenues and expenses from January 2004 through December 2005.²

Roving Leaders Alternative Education Program Summary Schedule of Payments, Revenues and Expenditures³			
	2004 Calendar Year	2005 Calendar Year	January 2006 to March 2006
Total Payments to JESCA	\$898,029	\$863,617	\$177,310
Total Revenues Reported by JESCA	\$1,015,929	\$824,094	N/A
Total Expenditures Reported by JESCA	\$838,216	\$711,075	N/A

The Roving Leaders Alternative Educational Program (Roving Leaders) is designed to provide basic educational skills and a strong network of support services to those students within M-DCPS, who generally exhibit behavioral, truancy and academic problems. These students generally have not been successful in the traditional educational setting. For many of them, alternative education programs such as Roving Leaders are their last alternative for receiving a high school education.

¹ Two hundred fifty (250) students for the 2003-04 school year.

² JESCA maintains its accounting books and records on a calendar year, whereas M-DCPS maintains its records of payments, revenues and expenditures on a fiscal year from July 1st to June 30th.

³ In an effort to reconcile these differences, we made a number of attempts to contact, with permission, JESCA's independent auditors, who audited JESCA's 2004 financial statements, but did not receive any response. Therefore, we are unable to determine the nature of these differences.

OBJECTIVES, SCOPE AND METHODOLOGY

At the request of the Audit Committee, we performed an audit of the James E. Scott Community Association, Inc., (JESCA) as it relates to the revenues and expenditures of the Roving Leaders Program, as well as, compliance with contract provisions. The request for the audit resulted from our initial review of JESCA's independently audited financial statements that were presented to the Audit Committee at its December 7, 2005 meeting. At that meeting, concerns regarding JESCA's financial condition and management were discussed. Principal points of discussion included why JESCA's management allowed the agency to operate with cash overdrafts of \$331,299 and bank charges of \$175,502. JESCA's management provided responses and welcomed the District to audit its records and books anytime.

Our audit objectives were to determine:

- whether JESCA has complied with provisions stipulated in their contract with M-DCPS; and
- the propriety of the use of funds M-DCPS contributed to the Roving Leaders Program and whether appropriate fiscal management is exercised in their use.

Our audit covered the period of January 2004 through February 2006. Procedures performed to satisfy our audit objectives were as follows:

- Interviewed JESCA's staff, as well as, staff from M-DCPS Educational Alternative Outreach Program.
- Reviewed the organizational structure for JESCA's accounting staff and Roving Leaders Program.
- Reviewed a list of staff working for the Roving Leaders Program including those who also provide services to other programs.
- Examined, on a sample basis, personnel files and student files for the Roving Leaders Program.
- Reviewed enrollment and attendance records.
- Observed daily attendance records for students enrolled in the Roving Leaders Program, conducted headcounts of students in attendance, and reconciled counts to attendance reported to M-DCPS.
- Reviewed program policies and procedures and the results from the yearly program evaluations conducted by M-DCPS.
- Reviewed support services available to students and a list of all sites used by JESCA.
- Reviewed General Liability Insurance Certificates and fire inspection reports.

- Reviewed the most recent audited financial statements.
- Reviewed general ledgers, trial balances and bank statements.
- Review FTE calculation formulas used by JESCA to request payments.
- Examined documents of payments made by M-DCPS and expenditures incurred by the Roving Leaders Program.
- Perform other audit procedures as deemed necessary.

Our audit was conducted in accordance with generally accepted government auditing standards applicable to performance audits contained in Government Auditing Standards issued by the Comptroller General of the United States of America.

FINDINGS AND RECOMMENDATIONS

1. OVERPAYMENT PER CONTRACT TERMS

We examined invoices for January 2004 through February 2006 submitted by JESCA to M-DCPS' Educational Alternative Outreach Program and reconciled them to the student class lists and the Daily Attendance Sheets prepared by Roving Leaders for the weeks where attendance is taken for FTE (Full-Time Equivalents) funding purposes. Based on the documents reviewed and the contract terms, M-DCPS overpaid JESCA \$114,090⁴ in FTE fees for the aforementioned period under review. The principal reason for the overpayment stemmed from not applying the correct contract terms and the Educational Alternative Outreach Program providing JESCA inaccurate information. According to those terms, billings to M-DCPS should have been based on the peak student attendance during the specified FTE weeks. However, the amount invoiced M-DCPS were based on peak student enrollment, which is typically higher than peak attendance, as enrolled students may not actually attend Roving Leaders. The following table shows the differences in peak attendance and peak enrollment.

Peak Attendance vs. Enrollment During FTE Week		
FTE Week	Peak Attendance	Peak Enrollment
November 2003	190	224
March 2004	175	210
July 2004	105	107
November 2004	209	219
March 2005	176	196
July 2005	92	90
November 2005	138	143
March 2006	138	146

⁴ See Appendix I.

Beginning in July 2005 through February 2006, \$3,685 of the overpayment also resulted from using an incorrect District Cost Differential (DCD) factor of 1.0445⁵, which was received from Educational Alternative Outreach Program. We also reviewed revenues posted to the 2004 and 2005 general ledgers⁶ and noted an overstatement of \$82,452 in 2004 and an understatement of \$49,621 in 2005 (\$59,103 revenues earned in December 2005 was not recorded and \$9,482 overpayment in March 2005 was not corrected). According to the accounting staff, this was due to posting errors.

The 2004 fiscal year contract between M-DCPS and JESCA stipulates the following:

“The School Board will make twelve (12) payments to the Contracting Agency [JESCA]; provided, however, that funding will be calculated based upon actual peak *enrollment* as determined on July 18, 2003, November 26, 2003 and March 5, 2004. The payments will be approximately the total calculated funding based on 95% of basis FTE for either the summer session or the regular school year, minus deduction for teacher cost... Adjustments in payments will be made, if necessary, in July 2003, November 2003, and March 2004 to reflect actual student enrollment and grade configuration.”

In the 2005 and 2006 fiscal years contracts, the funding structure changed, whereby payments to JESCA would be based on actual peak *attendance* instead of enrollment. It is evident that neither JESCA nor the Educational Alternative Outreach Program recognized and adhered to this change, which resulted in the overpayment.

Guidelines from the Florida Department of Education (FDOE) indicate that a student is eligible for full-time equivalent (FTE) membership if the student is in program membership at least one (1) day during the survey period and the student is present at least one (1) day during the survey period or one (1) of the six (6) scheduled meetings preceding the survey period in which students were in attendance in school. M-DCPS' Attendance Services Full-Time Equivalent (FTE) Procedures K-12 concur with the aforementioned FDOE guidelines and further

⁵ This is the DCD for the 2004-05 fiscal. The 2005-06 fiscal year DCD is 1.031. However, the FTE calculations used for invoicing purposes did not reflect this change, thus JESCA continues to invoice at an incorrect rate of \$413.31 per student per month rather than \$407.97 and the District continues to pay at this incorrect rate.

⁶ The 2005 general ledger we obtained and reviewed was not the final adjusted general ledger.

explain that a student is considered as earning FTE for the full five days if the student withdraws during the survey week but is in membership at least one (1) day of survey week and does not enter another Miami Dade County Public School during the same FTE survey or the student enrolls in school during survey week and is present at least one (1) day during survey week.

For purposes of determining student enrollment and payment processing, the Educational Alternative Outreach Program provides the Roving Leaders Program a list of students enrolled at Roving Leaders during the FTE weeks and the FTE calculation. The Roving Leaders program director and JESCA administration certify that the students listed in the class list are enrolled at Roving Leaders and acknowledge that the student enrollment was verified by a first hand, visual check of the official school attendance as recorded in each teacher's grade book. The Roving Leaders program director prepares the invoices based on the student lists and submits it to the Educational Alternative Outreach Program. This Program approves the invoice and forwards it to the District's Accounts Payable Department for payment.

RECOMMENDATION

- 1.1 JESCA needs to review contract terms regarding payment calculation. Miami-Dade County Public Schools should be reimbursed \$114,090 in FTE fees for overpayment of fees during the 2004, 2005 and 2006 fiscal years.**

Management Response:

JESCA – All invoices were processed and submitted under the instruction and direct supervision of the Outreach Office of Miami-Dade County Public Schools. Every invoice was prepared based on the invoice amount given to JESCA by M-DCPS; JESCA simply put this amount in its letterhead and forwarded the invoice to MDCPS for payment. The Agency prepared all billings in good faith based on the guidance of the MDCPS office.

Based on the facts that all billings were made at the direction of MDCPS and all amounts have already been expended, requiring the repayment of an overpayment, if any, is unreasonable and unfair.

M-DCPS Educational Alternative Outreach Program – See Appendix III – Division of Alternative Outreach Response; Response and Plan of Action 1.1 to 1.3 (pages 35-39).

2. IMPROVEMENTS NEEDED IN CASH MANAGEMENT

Roving Leaders has its own checking account, but JESCA also uses two additional check writing accounts – payroll and general operating, to transact the business of all its programs including Roving Leaders. We examined bank statements and/or account summaries for these bank accounts. Both the payroll and general operating accounts had excessive NSF (Non-Sufficient Funds) fees totaling \$124,005 and \$15,190 for 2004 and 2005, respectively. Sixty-five percent (65%) or \$80,385 in 2004 and 76% or \$11,585 in 2005 of the fees was charged to the payroll account. The audited financial statements for JESCA show that as of December 31, 2004, the agency's cash accounts were overdrawn by \$331,299.

Our review also shows transfers totaling \$519,981 in 2004 and \$523,758 in 2005 from the Roving Leaders account to the payroll account to cover payroll expenses; however, the general ledger reflects payroll expenses of only \$504,466 and \$516,808 in each year. Hence, an excess of \$22,465 was transferred to the payroll account, from which salaries of all programs are paid and appeared to have been used to cover payroll expenses for programs other than Roving Leaders. Further, monies for payroll expenses and liabilities were not transferred to the payroll account in a timely manner. In 2004, transfers for 18 of 26 payrolls or 69% were more than 7 days delayed. In 2005, that number was 21 of 26 payrolls or 81%. Delays ranged from 4 to 89 days in 2004 and 3 to 59 days in 2005 from the payday to the date monies were transferred into the payroll bank account. These transfers included employment taxes that if deposited late, could result in penalties and interest being assessed.⁷ According to JESCA's CFO, such penalties have not been assessed.

In all, JESCA has 21 bank accounts – 13 for the different programs offered, one (1) core management account, one (1) core special account, one (1) fundraising account, one (1) reserve account, two (2) linked payroll accounts and two (2) linked general operating accounts. The linked check writing accounts are zero balancing accounts (ZBA), two (2) for payroll and two (2) for general operating expenses. Monies received for Roving Leaders are first deposited into its own named bank account, and then transferred into both the general operating and payroll accounts, where they are commingled with funds from other programs.

⁷ The Internal Revenue Service Publication 15, Circular E, indicates that if the total tax liability is more than \$50,000 the preceding four quarters, then taxes should be deposited semiweekly (i.e., if the payday falls on Wednesday, Thursday or Friday, then taxes must be deposited by the following Wednesday; and if the payday falls on Saturday, Sunday, Monday or Tuesday, then taxes must be deposited by the following Friday.)

Therefore, monies from the Roving Leaders account are likely not only used to pay excessive NSF fees, but also to cover overhead and payroll expenses for other programs.

RECOMMENDATIONS

- 2.1 JESCA needs to consider separating funds for the Roving Leaders Program from other programs to improve accountability for payroll and general expenses.**

Management Response:

JESCA – It is not cost efficient or practical to have each program write their own checks. The errors noted occurred before the new Chief Financial Officer changed the method of tracking each program's amounts due to the check writing accounts. Now, the CFO and one accountant keep separate spreadsheets. The spreadsheets are compared at least every two weeks. When this report was presented, the Roving Leaders program owed more to the payroll account than the \$22,465 which had been transferred in excess. The \$22,465 has been adjusted from the amount owed by Roving Leaders.

- 2.2 Transfers to the check writing accounts need to be completed on a timely basis. The Chief Financial Officer needs to monitor these transfers closely to avoid non-sufficient funds fees charged to the accounts and possible IRS tax penalties.**

Management Response:

JESCA – The delay in transferring amounts is caused by the funds not being received. Once received, they are transferred to the check writing accounts within a few days. The late charges are caused by the overall cash flow of the agency. The agency continues to improve its cash through new fundraising efforts. Most of our programs are reimbursement based. This causes the grant funds to be received 45-75 days after they are expended. Even grants which are not reimbursement based are received late in the month or in the next month. They are significantly less than NSF fees if checks are sent before funds are available. Since May 2005, the amount of NSF fees has been minimal. The agency has not had any IRS penalties since the late 1980s. All of our payroll taxes are paid on a timely basis.

3. IMPROVEMENTS NEEDED IN THE REPORTING AND ACCURACY OF EXPENSES

We examined, on a sample basis, 70 expenditures from the Roving Leaders Program and found various exceptions as presented on the table below.

Exceptions Noted in Expenses Sampled		
Description of Exceptions	Total Exceptions	Exception Rate
Expenditure was not properly approved	10	14%
Expenditure did not have adequate supporting documentation	11	16%
Expense cost was not allocated properly	5	7%
Invoice was not paid timely	18	26%
Expense was not charged to the correct account	5	7%
Cancelled check lack endorsement	1	2%
Invoice was paid twice; reimbursement obtained at the request of the auditor	2	3%

The following describes a sample of conditions for the category of expenditures not having adequate supporting documentation mentioned above:

- A \$900 check written to a substitute teacher contracted by JESCA for which an IRS Form 1099 for the 2004 calendar year was not prepared and submitted to the IRS. The teacher was paid a total of \$1,600 during the year.
- Office Depot invoices totaling \$6,563; two totaling \$2,836 were obtained at our request and two totaling \$3,727 were not presented for audit.
- A \$249 payment to Miami Spy in March 2005, - according to Roving Leaders program director, a metal detector was purchased. We reviewed another payment for two additional metal detectors purchased in May 2004. Three metal detectors were observed at Roving Leaders.

There were also discrepancies in expenditures cost allocation. As stated earlier, overhead expense allocation was inconsistent. Another instance of inconsistent cost allocation was noted when we reviewed general liability insurance expense. According to JESCA's insurance policy declarations, \$6,091 and \$6,132 should

have been allocated to the Roving Leaders Program in 2004 and 2005; however, the costs allocated were \$6,753 and \$1,108 in 2004 and 2005, respectively. Additionally, insurance premium was based on 180 students for both years not 280.

Late payment of invoices as mentioned in the preceding table ranged from 20 to 170 days. Vendor accounts paid late included Dade County's Waste Management. Base on invoices reviewed, 8 out of the 12 months in 2004 were paid late. We also reviewed invoices for a leased water cooler which included \$400 in late charges. According to letter from the leasing company, the account was delinquent over 60 days. Further review also disclosed that Roving Leaders was charged \$343 for a similar lease for equipment used at another program. At our request, two vendors were contacted and reimbursements were requested when we informed the accounting staff that invoices totaling \$966 were paid twice.

RECOMMENDATION

- 3.1 Prior to making disbursements, invoices must be reviewed to ensure proper approval, proper cost allocation, completeness and accuracy. Additionally, invoices must be paid promptly within terms to avoid unnecessary late fees.**

Management Response:

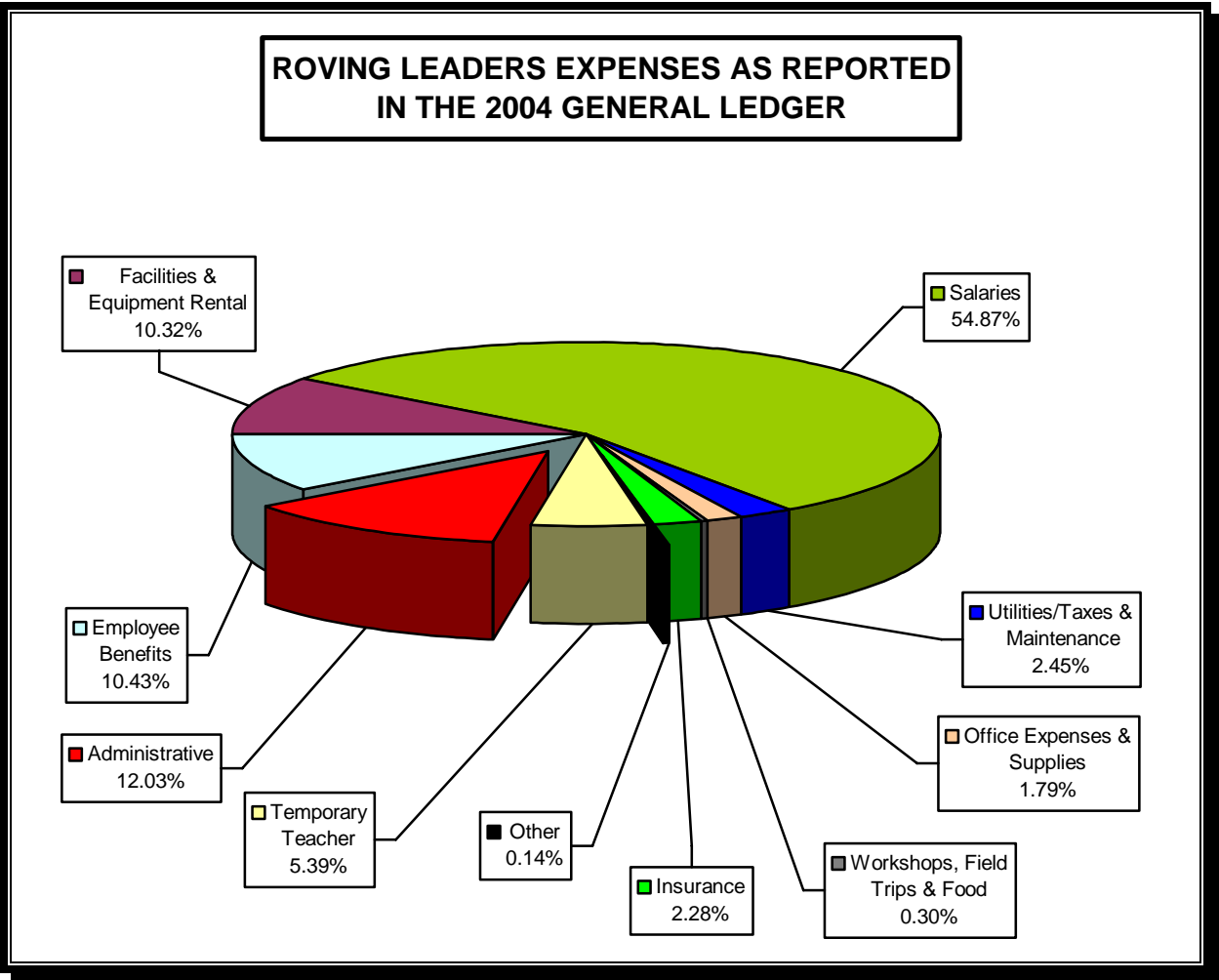
JESCA – Most of the errors noted occurred before the change in Chief Financial Officers. Steps have already been taken to eliminate these errors, the most significant is for checks written in order for merchandise to be picked up or services performed. The paper work is not filed by the AP clerk until a receipt is received. Prompt payment is not always an option depending on the cash flow of the agency. As stated above, the agency is working on improving its cash flow.

4. PROGRAM OVERHEAD COST NOT SOUNDLY SUPPORTED

We reviewed the methodology JESCA used to allocate administrative (overhead) expenses to its programs. JESCA's management explained that the allocation is based on program revenues, but that a total of \$8,400 has been continuously allocated from the Roving Leaders Program for monthly overhead expenses.

Based on this review and our further analysis of the overhead calculations, we deem the methodology and amount charged Roving Leaders to be lacking sound support. Furthermore, revenue is not a valid factor for allocating overhead. Calculations of management and general expense allocation for Roving Leaders received from JESCA indicated that for 2004, revenues from Roving Leaders were 13.72% of total revenues and that 8.78% of the total management and general expenses be allocated to Roving Leaders. The general ledger account for the Roving Leaders Program shows overhead expenses as \$100,800 for 2004 and \$0 for 2005. Further analysis of the Roving Leaders accounts shows that in 2004, administrative expenses amounted to 12.03% of total expenses. This was almost twice the average rate (6.14%) for all programs bearing this expense.⁸ In fact, only one other program had a higher overhead rate (i.e., 14.87%) than Roving Leaders. Please refer to the following chart which shows how Roving Leaders' funds were expended during 2004, the last year for which we have completely adjusted general ledger. The pullout sections of the chart show those expenses that are clearly discernable overhead expenses.

⁸ Five (5) programs reported no administrative expenses, according to the 2004 general ledger.



Additionally, we analyzed total transfers from Roving Leaders named bank account to the core management bank account to cover overhead expenses, and compared these amounts to the general ledger balances of the management and general expense account and noted that they do not agree. Transfers to the core management bank account totaled \$127,341, \$153,164 and \$25,200 in 2004, 2005 and 2006, respectively.

As noted, the management and general expense account general ledger balances were \$100,800 and \$0, in 2004 and 2005, respectively. The administration explained that the \$0 balance in overhead expense in the 2005 general ledger was due to journal entries posting errors, but that it would be corrected. These transactions suggest that Roving Leaders monies may have been used to absorb overhead costs of other programs. Of the 14 cost centers (i.e., 13 programs and the core management), only seven (7), including Roving Leaders, showed positive net operating results in 2004 and two (2), including

Roving Leaders in 2005.⁹ In 2004, the combined net operating revenues for the aforementioned seven (7) programs was \$250,838, of which 72% or \$181,184 was from Roving Leaders. In 2005, the combined net operating revenues for the aforementioned two (2) programs was \$238,349, of which 98% or \$233,246 was from Roving Leaders. Our analysis of the Roving Leaders bank account showed that average ending balances of \$12,753 in 2004 and \$24,093 in 2005 were respectively maintained. Further, the ending balances in that account at December 31, 2004 and 2005 were \$976 and \$84, respectively.

By Roving Leaders absorbing a disproportionate share of JESCA's overhead, monies M-DCPS gave to that program to provide appropriate basic education and training may not have been used in a manner that maximizes that program's objectives.

RECOMMENDATIONS

- 4.1 Use an appropriate methodology that is rational and reasonable for allocating program administrative expense. Overhead should not be disproportionately absorbed by Roving Leaders.**

Management Response:

JESCA – The allocation for administrative expense was calculated using payroll expense. Using payroll as the methodology, the allocation percentage for 2005 and 2004 was 11.86% and 11.42%, respectively. These percentages are below the actual percentage charged to Roving Leaders. Any amounts being charged to other programs has no bearing on the amounts charged to the Roving Leaders program. The only consideration should be whether the amount is reasonable. As the actual amount charged was 12.06% of the total revenues, the amount allocated is reasonable as it is below 15%. As such, this recommendation is wholly without merit.

- 4.2 Discontinue the practice of using Roving Leaders monies to pay expenses of other programs.**

Management Response:

JESCA – This is an unfair and unfounded charge, as Roving Leaders' money has not been used to pay other program's expenses. We disagree with this finding on its basis.

⁹ These numbers are based on trial balances obtained from JESCA.

4.3 Posting of journal entries to the general ledger needs to be reviewed to ensure accuracy and completeness.

Management Response:

JESCA – Steps are being taken to ensure monthly recurring entries such as the allocation of administrative expenses to programs are recorded each month on a timely basis.

5. CONTRACT TERMS NEED TO BE REVIEWED TO ENSURE COMPLIANCE

We reviewed, on a sample basis, personnel files for employees working for the Roving Leaders Program. Except for teachers, employees were not fingerprinted and background checks were not conducted through the Districts' Office of Fingerprinting as required by contract. In one instance an employee was fingerprinted through an outside agency and his background check indicated that the employee had a criminal record. JESCA's administration was informed of our finding and reminded that according to the contract, an employee with a criminal record is not allowed to work at Roving Leaders until cleared through M-DCPS.¹⁰ JESCA's Human Resource Office and the Roving Leaders program director explained that this was the first year that the Educational Alternative Outreach Program had instructed them on how to proceed with fingerprinting non-instructional personnel. The Educational Alternative Outreach Program was informed of our finding in order to rectify the matter expeditiously. The Educational Alternative Outreach Program later informed us that 11 of Roving Leaders' non-instructional employees had been fingerprinted, but that two (2) had not been approved and three (3) were being reviewed by the Office of Fingerprinting to determine if those employees could be cleared.

Roving Leaders staff was not subjected to drug testing as a condition for employment, as required by contract. According to JESCA's human resources administrator, drug tests are only requested at random. The Roving Leaders program director stated that JESCA is aware of the contract terms regarding drug testing and that they had contacted the Educational Alternative Outreach Program seeking guidance, but none was provided. The Educational Alternative Outreach Program stated that they had contacted the District's Personnel Office and were told that contracted employees did not need to be fingerprinted.¹¹ The contract between M-DCPS and JESCA stipulates that the agency agrees to fingerprint all employees including potential applicants through M-DCPS Office of Fingerprinting. Moreover, the agency must conduct drug screening on all applicants for instructional and non-instructional positions within the agency, including contracted personnel.

¹⁰ During subsequent visits to the Roving Leaders campus, we noted that the subject employee was no longer present.

¹¹ The Florida Legislature passed the Jessica Lunsford Act, which require that all persons having direct or indirect contract with the School District or a school undergo Level 2 screening.

Sanitation and health certificates and fire inspection reports were requested for the leased property in which Roving Leaders classes are held. However, only a fire sprinkler inspection/certificate conducted by a license Fire Sprinkler Contractor was presented for audit. Contract terms stipulate that JESCA should maintain current sanitation and health certificates and fire inspections for each appropriate building and each such building should be open for inspection by appropriate authorities.

According to JESCA's Request For Proposal (RFP) submitted to M-DCPS at the time of contracting, the agency stated that it would provide 11 teachers for Roving Leaders. Our review of Roving Leaders list of teachers indicated that there were only seven (7) teachers employed. We note that the Educational Alternative Outreach Program informed JESCA of the need to provide more teachers. In one case, a teacher was teaching a single class of students four (4) different level of English all at the same time.

Program policies and procedures for the dismissal and separation of students from Roving Leaders were not written. The contract states that JESCA should adhere to written procedures for the intake, evaluation, dismissal and separation of students, cooperatively developed between the School Board and JESCA. It is evident that the Educational Alternative Outreach Program and JESCA have not collaboratively formulated these policies and procedures in writing.

RECOMMENDATION

- 5.1 Review the current contract and ensure adherence to contract terms regarding the following:**
- a. fingerprinting and background check; contact the Educational Alternative Outreach Program and the Office of Fingerprinting for guidance;**
 - b. general drug testing; contact the Office of Personnel Operations and Network Services for guidance;**
 - c. maintaining current sanitation and health certificates and fire inspections; agency should contact the Fire Marshal, as well as, the Department of Health to request inspections;**
 - d. policies and procedures of dismissal and separation of students; contact the Educational Alternative Outreach Program and coordinate the development of written policies and procedures;**

Management Response:

JESCA –

5.1a – Roving Leaders is now in full compliance.

5.1b – Mr. Bevan, Executive Director, Office of Personnel Operations and Network Services, explained that his office is ready to process employees from our program but that he had no knowledge of the manner or procedures that the Outreach Program wanted to be followed. To this date, the Outreach Department has not established and/or provided Roving Leaders with guidelines, forms, criteria, and the proper procedures to follow in order that MDCPS will accept the results of the testing. Outreach guidelines are also necessary to ensure that each of the contracted centers conducts the testing in the same manner to guarantee the integrity of the process.

5.1c – JESCA does not have ownership of the land and/or the facility in which the Roving Leaders program is located and shall therefore open a dialogue with the landlord in order to make known the contract requirements as they relate to health and fire inspections and certificates.

5.1d – JESCA Roving Leaders adheres to the policies and procedures of dismissal as stipulated in the MDCPS Staff Handbook. Written policies are in place. As it relates to separation, Roving Leaders has no authority to separate students from M-DCPS, but we are able to have students withdrawn as follows: Each student attending Roving Leaders is either voluntarily enrolled by their parent/guardian, administratively assigned by the Office of Alternative Education, or is placed at Roving Leaders by a Work Back Counselor.

Voluntary Students – May be withdrawn at any time the parent/guardian chooses or upon the director's request and Outreach office approval.

Administratively Assigned Students - Require prior approval from the Office of Alternative Education in order for their placement to be changed. The program director initiates the withdrawal request on the basis of either the student satisfying all requirements and becoming eligible to return to his/her home school or because the student refuses to perform as expected, becomes a safety and/or security risk, or the parent/guardian requests a change in placement.

Work Back Students - Require prior approval from their Work Back counselor in order to be withdrawn. The Work Back counselor will permit a change in placement after the student satisfies the terms of his/her Work Back contract. The student is then free to return to their home school. The program director may also request a change in placement at any time it appears that a change is necessary or warranted.

However, we will contact the Educational Alternative Outreach Office in order to ensure full contract compliance.

M-DCPS Educational Alternative Outreach Program – See Appendix III – Division of Alternative Outreach Response; Response and Plan of Action 2 to 2.1 (pages 39-40).

6. ATTENDANCE/ENROLLMENT REPORTING NEEDS TO BE RECONCILED

We conducted a headcount of students in attendance at 10 classes at the Roving Leaders Program. Counts were compared to attendance reported by teachers, and of the 10 classes observed, nine (9) did not agree.¹² Also 34 out of 126 students' attendance reported by teachers did not agree to Daily Attendance Sheets (DAS). Moreover, 10 different students on the DAS were not listed in any of the teacher's gradebooks presented for audit on the date of our visit. After contacting the program Director; two additional gradebooks were presented for audit.¹³ These gradebooks included 7 of the 10 aforementioned students. Subsequently, the program Director presented two "homeroom gradebooks" which included the three (3) remaining students. The program Director stated that the three (3) students were not listed in the classes we observed (2nd period), because upon enrolling in the school, they likely attended only their homeroom classes (1st period) and no other classes. Therefore, their other teachers were not aware of their attendance at the school. Our subsequent review disclosed that two of the three students in question were listed in later class periods and did received exam or subject grades other than "F" from those teachers.

RECOMMENDATION

6.1 Attendance grade books should be reviewed by the Roving Leaders program director to ensure all students enrolled are listed. Additionally, daily attendance should be reviewed before submitting to the Educational Alternative Outreach Program to ensure attendance reported to District agrees to attendance reported by teachers.

Management Response:

JESCA – Each of the three students referred to in this report is accounted for to the extent that they each have class schedules and homeroom

¹² One of the 10 gradebooks was photocopied prior to teacher taking attendance; therefore, we could not make a comparison for this class. So in essence, all nine of the classes for which we had complete information did not agree.

¹³ On the day of our visit, two classes, Intensive Reading and ESE, were not held. As per the program Director, the intensive reading class was an art class that was converted when the art teacher left the program. Furthermore, the course record for the ESE teacher, obtained from the Integrated Student Information System (ISIS) indicates that this teacher has a 2nd period ESE class Monday through Friday at Roving Leaders.

assignments. Each student has been determined to be habitually absent from school on a regular basis before and following their enrollment in Roving Leaders. Their attendance is so spotty that we doubt that any of the three has yet to spend a full day in school since they enrolled. All three are entered in a homeroom class but beyond that, some teachers have never had them in some of their classes. If the students never attended some of their classes and provided their schedules to the respective teachers, it is possible that some of the subject area grade books will not have their names entered therein. But, they are all in a homeroom attendance book.

It has been noted that all three are listed in a homeroom class and at least two were listed in one or more subject area grade books during perhaps the second grading period, which is the approximate time period during which they enrolled. But given that they never attended classes, many teachers apparently never carried their names forward into the third marking period due to the students' non-attendance.

The Director of Roving Leaders does and shall continue to monitor the homeroom attendance books as well as the homeroom process as a whole. In order to strengthen the process, periodic audits of the daily attendance shall be conducted to ensure that the daily attendance reported to the district's properly conducted including corrections and adjustments, and accurately reflects the homeroom teachers' records.

M-DCPS Educational Alternative Outreach Program – See Appendix III – Division of Alternative Outreach Response; Response 3.1 and Plan of Action 3.1 to 3.1A (page 40).

7. STUDENTS' PLANS NEED TO BE PREPARED AND PROGRESS REPORTED

We sampled 21 files for students enrolled at Roving Leaders and noted that a required Individualize Academic Plan (IAP) or Academic Improvement Plan (AIP) was not prepared for 18 or 86%. In addition, an Eligibility of Placement Profile for two (2) of the students was not in file but was obtained from the Educational Alternative Outreach Program at our request. The Roving Leaders program director stated that the Educational Alternative Outreach Program did not provide him and his staff training on completing the student's AIP and IAP. He did however state that the Educational Alternative Outreach Program has scheduled the training for March 1, 2006.

Our further analysis to ensure student's grades are reported to the District, as required by contract disclosed that grades for three (3) students who transferred to Roving Leaders prior to the end of the first nine (9) weeks were not submitted. Also, we were unable to find evidence to indicate that a 12th grade student who failed the Florida Comprehensive Assessment Test (FCAT), and was enrolled at Roving Leaders while the test was administered, had taken the test. According to the program director, this student refused to take the test.

The contract between M-DCPS and JESCA stipulates that the agency will provide a program of education or training for students who are:

- residents of Miami-Dade County;
- enrolled in Miami-Dade County Public Schools; and
- listed on the dropout prevention profiles and unable to succeed in their current program in Miami-Dade County Public Schools, but should not be placed outside of school without additional education.

Furthermore, the School Board must conclude that no existing school system program or a cooperating school board can adequately provide the educational program for these students. The program should also provide an IAP or AIP of instruction for general education students or an Individualize Educational Plan (IEP) for students with disabilities. A memorandum dated December 1, 2005 from the Deputy Superintendent of Curriculum, Instruction and School Improvements indicates that an AIP should be completed for students who scored level 1 on the FCAT for Reading or Mathematics, students who are high risk on the Oral Reading Fluency (ORF), students who score lower than a 3.5 on the FCAT writing and for students who are retained. The contract terms also stipulate that progress reports for each student must be submitted each nine-week period.

RECOMMENDATION

- 7.1 **Review the current contract and ensure adherence to contract terms regarding the completeness of student files; ensure that an AIP/IAP and an Eligibility of Placement Profile are completed, as applicable; also, ensure that students' grades are reported to the District and that the FCAT administered to students who have failed.**

Management Response:

JESCA – The AIP's missing from most of the student files are the direct result of the Roving Leaders staff having not yet being trained on the completion of the AIP. Training is scheduled for the latter part of April 2006, with an Outreach Program trainer.

Two students' Eligibility Placement Profiles were missing from their files because the students were new and recently entered into the program. The profiles are given to us by the counselor at the Outreach Office. JESCA has no control over the time frame these documents are provided to us.

JESCA follows the instructions of the Outreach Program covering all aspects of the FCAT administration including a listing of every student who shall be tested. The student who did not take her test, refused to do so even though it was made available to her. The Director of Roving Leaders met with her and the student informed the Director that she would not be taking the test. She had been our student for years and has always refused to take the test. After counseling, we cannot physically force students to take the FCAT if they opt not to.

M-DCPS Educational Alternative Outreach Program – See Appendix III – Division of Alternative Outreach Response; Response and Plan of Action 4.1 to 5.1 (page 41).

Appendix I – Schedule of Overpayment

Paid To JESCA		Calculation Per Contract			Variance			
Invoice Date	Peak Enrollment or Attendance	Rate	Amount	Peak Enrollment or Attendance	Rate	Amount	(Shortage) Overpayment	
1/1/2004	224	\$ 419.00	\$ 93,856	224	\$ 419.00	\$ 93,856	\$0	
2/1/2004	224	\$ 419.00	\$ 93,856	210	\$ 419.00	\$ 87,990	\$5,866	
3/11/2004	210*	\$ 419.00	\$ 82,124	210	\$ 419.00	\$ 87,990	(\$5,866)	
4/1/2004	210¥	\$ 419.00	\$ 81,705	210	\$ 419.00	\$ 87,990	(\$6,285)	
5/1/2004	210λ	\$ 419.00	\$ 85,895	210	\$ 419.00	\$ 87,990	(\$2,095)	
6/1/2004	210λ	\$ 419.00	\$ 85,895	210	\$ 419.00	\$ 87,990	(\$2,095)	
7/14/2004	107‡	\$ 458.00	\$ 49,006	105	\$ 458.00	\$ 48,090	\$916	
9/1/2004	200	\$ 412.26	\$ 82,452	209	\$ 412.26	\$ 86,162	(\$3,710)	
11/1/2004	200	\$ 412.26	\$ 82,452	209	\$ 412.26	\$ 86,162	(\$3,710)	
11/23/2004	257◇	\$ 412.26	\$ 105,950	209	\$ 412.26	\$ 86,162	\$19,788	
12/1/2004	219	\$ 412.26	\$ 90,285	209	\$ 412.26	\$ 86,162	\$4,123	
Subtotal for 2004			\$ 933,476				\$ 926,544	\$6,932
1/3/2005	219	\$ 412.26	\$ 90,285	209	\$ 412.26	\$ 86,162	\$4,123	
2/1/2005	219	\$ 412.26	\$ 90,285	176	\$ 412.26	\$ 72,558	\$17,727	
3/17/2005	173⌘	\$ 412.26	\$ 71,321	176	\$ 412.26	\$ 72,558	(\$1,237)	
4/1/2005	196	\$ 412.26	\$ 80,803	176	\$ 412.26	\$ 72,558	\$8,245	
5/2/2005	196	\$ 412.26	\$ 80,803	176	\$ 412.26	\$ 72,558	\$8,245	
6/1/2005	196	\$ 412.26	\$ 80,803	176	\$ 412.26	\$ 72,558	\$8,245	
8/31/2005	90	\$ 459.00	\$ 41,328	92	\$ 453.00	\$ 41,713	(\$385)	
8/31/2005	225	\$ 413.31	\$ 92,995	138	\$ 407.97	\$ 56,300	\$36,695	
9/1/2005	225	\$ 413.31	\$ 92,995	138	\$ 407.97	\$ 56,300	\$36,695	
10/3/2005	225	\$ 413.31	\$ 92,995	138	\$ 407.97	\$ 56,300	\$36,695	
N/A	143	\$ 413.31	\$ 0	138	\$ 407.97	\$ 56,300	(\$56,300)	
12/1/2005	143	\$ 413.31	\$ 59,103	138	\$ 407.97	\$ 56,300	\$2,803	
Subtotal for 2005			\$ 873,716				\$ 772,165	\$101,551
Total for 2004 and 2005			\$1,807,192				\$1,698,709	\$108,483
1/2/2006	143	\$ 413.31	\$ 59,103	138	\$ 407.97	\$ 56,300	\$2,803	
2/1/2006	143	\$ 413.31	\$ 59,103	138	\$ 407.97	\$ 56,299	\$2,804	
Subtotal for 2006			\$ 118,206				\$ 112,599	\$5,607
Grand total			\$1,925,398				\$1,811,308	\$114,090

N/A – JESCA did not invoice M-DCPS for November 2005 because after enrollment adjustments, credit due M-DCPS exceeded the amounts due to JESCA by \$8,679.51.

* - Invoiced 210 students and a credit for 14 less students.

¥ - Invoiced 210 students and a credit for 15 less students.

λ - Invoiced 210 students, but paid \$2,095 less than amount invoiced.

‡ - Invoiced 108 students, but paid for 107 students.

◇ - Invoiced 219 base students plus 38 additional students.

⌘ - Invoiced 196 students and a credit for 23 less students.



Appendix II – James E. Scott Community Association, Inc. (JESCA) Response

THE JAMES E. SCOTT COMMUNITY ASSOCIATION, INC.

2389 N.W. 54th STREET • MIAMI, FLORIDA 33142 • PHONE: (305) 637-1018 / (305) 637-1000 • FAX: (305) 638-4642

OFFICE OF THE PRESIDENT & C.E.O.

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President & C.E.O.

The Honorable

Dorrin D. Rolle

"Governor"

April 13, 2006

Mr. Allen M. Vann, CPA
Chief Auditor, Miami-Dade County Public Schools
1450 N.E. 2nd Avenue
Miami, FL 33132

Dear Mr. Vann:

The James E. Scott Community Association (JESCA) has received your audit findings and recommendations for the JESCA-Roving Leaders Alternative Educational Center. Please know that we take exception to a number of findings noted in your executive summary and recommendations. Said exceptions are clearly and profoundly stated in our management's response. We take particular exception to the omission, from your report, of the inherent and innate role that the MDCPS plays in the invoice preparation and payment process.

Additionally, please note that JESCA did not over-bill MDCPS. All invoices were processed and prepared under the instruction and direct supervision of MDCPS personnel that provided JESCA personnel with the amount to invoice MDCPS. This procedure, I'm sure, is the same procedure utilized by the other alternative educational programs. Lastly, we disagree with your assertion that MDCPS funds were commingled and the District's funds were used to pay charges for other programs operated by JESCA.

Attached are our responses to your recommendations (each of your recommendations are listed first, followed by management's response).

Thank you for attention to this matter. Should you have additional questions, please call me at (305) 637-1018. I look forward to discussing and resolving this matter with you as it is vital and critical to the sound management of this organization.

Sincerely,

Handwritten signature of Dorrin D. Rolle
Dorrin D. Rolle
President & CEO

cc: John Antieau, CPA
Wilbert T. Holloway, Board Chair
Larry Handfield, Board Vice Chair



A United Way Agency



STATE OF FLORIDA



Appendix II – James E. Scott Community Association, Inc. (JESCA) Response

MANAGEMENT'S RESPONSE TO AUDIT CONDUCTED BY MDCPS

RECOMMENDATION

1.1 *JESCA needs to review contract terms regarding payment calculation. Miami-Dade County Public Schools should be reimbursed \$114,090.00 in FTE fees for overpayment of fees during the 2004, 2005, and 2006, fiscal years.*

MANAGEMENT'S RESPONSE TO 1.1

All invoices were processed and submitted under the instruction and direct supervision of the Outreach Office of Miami-Dade County Public Schools. Every invoice was prepared based on the invoice amount given to JESCA by MDCPS; JESCA simply put this amount in its letterhead and forwarded the invoice to MDCPS for payment. The Agency prepared all billings in good faith based on the guidance of the MDCPS office.

Based on the facts that all billings were made at the direction of MDCPS and all amounts have already been expended, requiring the repayment of an overpayment, *if any*, is unreasonable and unfair.

RECOMMENDATION

2.1 *JESCA needs to consider separating funds for the Roving Leaders Program from other programs to improve accountability for payroll and general expenses.*

MANAGEMENT'S RESPONSE TO 2.1

It is not cost efficient or practical to have each program write their own checks. The errors noted occurred before the new Chief Financial Officer changed the method of tracking each program's amounts due to the check writing accounts. Now, the CFO and one accountant keep separate spreadsheets. The spreadsheets are compared at least every two weeks. When this report was presented, the Roving Leaders program owed more to the payroll account than the \$22,465 which had been transferred in excess. The \$22,465 has been adjusted from the amount owed by Roving Leaders.

2.2 *Transfers to the check writing accounts need to be completed on a timely basis. The Chief Financial Officer needs to monitor these transfers closely to avoid*

Appendix II – James E. Scott Community Association, Inc. (JESCA) Response

non-sufficient funds fees charged to the accounts and possible IRS tax penalties.

MANAGEMENT'S RESPONSE TO 2.2

The delay in transferring amounts is caused by the funds not being received. Once received, they are transferred to the check writing accounts within a few days. The late charges are caused by the overall cash flow of the agency. The agency continues to improve its cash flow through new fundraising efforts. Most of our programs are reimbursement based. This causes the grant funds to be received 45-75 days after they are expended. Even grants which are not reimbursement based are received late in the month or in the next month. They are significantly less than NSF fees if checks are sent before funds are available. Since May 2005, the amount of NSF fees has been minimal. The agency has not had any IRS penalties since the late 1980s. All of our payroll taxes are paid on a timely basis.

RECOMMENDATION 3.1

3.1 *Prior to making disbursements, invoices must be reviewed to ensure proper approval, proper cost allocation, completeness and accuracy. Additionally, invoices must be paid promptly within terms to avoid unnecessary late fees.*

MANAGEMENT'S RESPONSE TO 3.1

Most of the errors noted occurred before the change in Chief Financial Officers. Steps have already been taken to eliminate these errors, the most significant is for checks written in order for merchandise to be picked up or services performed. The paperwork is not filed by the AP clerk until a receipt is received. Prompt payment is not always an option depending on the cash flow of the agency. As stated above, the agency is working on improving its cash flow.

**Appendix II – James E. Scott Community
Association, Inc. (JESCA) Response**

RECOMMENDATION 4.1

4.1 Use an appropriate methodology that is rational and reasonable for allocating program administrative expense. Overhead should not be disproportionately absorbed by Roving Leaders.

MANAGEMENT'S RESPONSE TO 4.1

The allocation for administrative expense was calculated using payroll expense. Using payroll as the methodology, the allocation percentage for 2005 and 2004 was 11.86% and 11.42%, respectively. These percentages are below the actual percentage charged to Roving Leaders. Any amounts being charged to other programs has no bearing on the amounts charged to the Roving Leaders program. The only consideration should be whether the amount is reasonable. As the actual amount charged was 12.06% of the total revenues, the amount allocated is reasonable as it is below 15%. As such, this recommendation is wholly without merit.

RECOMMENDATION 4.2

4.2 Discontinue the practice of using Roving Leaders' monies to pay expenses of other programs.

MANAGEMENT'S RESPONSE TO 4.2

This is an unfair and unfounded charge, as Roving Leaders' money has not been used to pay other program's expenses. We disagree with this finding on its basis.

RECOMMENDATION 4.3

4.3 Posting of Journal entries to the general ledger needs to be reviewed to ensure accuracy and completeness.

MANAGEMENT'S RESPONSE TO 4.3

Steps are being taken to ensure monthly recurring entries such as the allocation of administrative expenses to programs are recorded each month on a timely basis.

RECOMMENDATION 5.1

5.1 Review the current contract and ensure adherence to contract terms regarding the following:

Appendix II – James E. Scott Community Association, Inc. (JESCA) Response

- a. fingerprinting and background check; contact the Educational Alternative Outreach Office and the Office of Fingerprinting for guidance;

MANAGEMENT'S RESPONSE TO 5.1 a

Roving Leaders is now in full compliance

RECOMMENDATION 5.1 b

- b. general drug testing; contact the office of Personnel Operations and Network Services for guidance;

MANAGEMENT'S RESPONSE TO 5.1 b

Mr. Bevan, Executive Director, Office of Personnel Operations and Network Services, explained that his office is ready to process employees from our program but that he had no knowledge of the manner or procedures that the Outreach Program wanted to be followed. To this date, the Outreach Department has not established and/or provided Roving Leaders with guidelines, forms, criteria, and the proper procedures to follow in order that MDCPS will accept the results of the testing. Outreach guidelines are also necessary to ensure that each of the contracted centers conducts the testing in the same manner to guarantee the integrity of the process.

RECOMMENDATION 5.1 c

- c. maintaining current sanitation and health certificates and fire inspections; agency should contact the Fire Marshall, as well as the Department of Health to request inspections;

MANAGEMENT'S RESPONSE TO 5.1 c

JESCA does not have ownership of the land and/or the facility in which the Roving Leaders program is located and shall therefore open a dialogue with the landlord in order to make known the contract requirements as they relate to health and fire inspections and certificates.

Appendix II – James E. Scott Community Association, Inc. (JESCA) Response

RECOMMENDATION 5.1 d

- d. policies and procedures of dismissal and separation of students; contact the Educational Alternative Outreach office and coordinate the development of written policies and procedures;

MANAGEMENT'S RESPONSE TO 5.1 d

JESCA Roving Leaders adheres to the policies and procedures of dismissal as stipulated in the MDCPS Staff Handbook. Written policies are in place. As it relates to separation, Roving Leaders has no authority to separate students from MDCPS, but we are able to have students withdrawn as follows: Each student attending Roving Leaders is either voluntarily enrolled by their parent/guardian, administratively assigned by the Office of Alternative Education, or is placed at Roving Leaders by a Work Back Counselor.

Voluntary Students-May be withdrawn at any time the parent/guardian chooses or upon the director's request and Outreach office approval.

Administratively Assigned Students-Require prior approval from the Office of Alternative Education in order for their placement to be changed. The program director initiates the withdrawal request on the basis of either the student satisfying all requirements and becoming eligible to return to his/her home school or because the student refuses to perform as expected, becomes a safety and /or security risk, or the parent/guardian requests a change in placement.

Work Back Students-Require prior approval from their Work Back counselor in order to be withdrawn. The Work Back counselor will permit a change in placement after the student satisfies the terms of his/her Work Back contract. The student is then free to return to their home school. The program director may also request a change in placement at any time it appears that a change is necessary or warranted.

However, we will contact the Educational Alternative Outreach Office in order to ensure full contract compliance.

Appendix II – James E. Scott Community Association, Inc. (JESCA) Response

RECOMMENDATION 6.1

6.1 Attendance grade books should be reviewed by the Roving Leaders program director to ensure all students enrolled are listed. Additionally, daily attendance should be reviewed before submitting to the Alternative Education Outreach Office to ensure attendance reported to District agrees to attendance reported by teachers.

MANAGEMENT'S RESPONSE TO 6.1

Each of the three students referred to in this report is accounted for to the extent that they each have class schedules and homeroom assignments. Each student has been determined to be habitually absent from school on a regular basis before and following their enrollment in Roving Leaders. Their attendance is so spotty that we doubt that any of the three has yet to spend a full day in school since they enrolled. All three are entered in a homeroom class but beyond that, some teachers have never had them in some of their classes. If the students never attended some of their classes and provided their schedules to the respective teachers, it is possible that some of the subject area grade books will not have their names entered therein. But, they are all in a homeroom attendance book.

It has been noted that all three are listed in a homeroom class and at least two were listed in one or more subject area grade books during perhaps the second grading period, which is the approximate time period during which they enrolled. But given that they never attended classes, many teachers apparently never carried their names forward into the third marking period due to the students' non-attendance.

The Director of Roving Leaders does and shall continue to monitor the home room attendance books as well as the homeroom process as a whole. In order to strengthen the process, periodic audits of the daily attendance shall be conducted to ensure that the daily attendance reported to the district is properly conducted including corrections and adjustments, and accurately reflects the homeroom teachers' records.

Appendix II – James E. Scott Community Association, Inc. (JESCA) Response

RECOMMENDATION 7.1

- 7.1 Review the current contract and ensure adherence to contract terms regarding the completeness of student files; ensure that an AIP/IAP and an Eligibility of Placement Profile are completed, as applicable, also ensure that students' grades are reported to the District and the FCAT is administered to students who have failed.

MANAGEMENT'S RESPONSE TO 7.1:

The AIP's missing from most of the student files are the direct result of the Roving Leaders staff having not yet being trained on the completion of the AIP. Training is scheduled for the latter part of April 2006, with an Outreach Program trainer.

Two students' Eligibility Placement Profiles were missing from their files because the students were new and recently entered into the program. The profiles are given to us by the counselor at the Outreach Office. JESCA has no control over the time frame these documents are provided to us.

JESCA follows the instructions of the Outreach Program covering all aspects of the FCAT administration including a listing of every student who shall be tested. The student who did not take her test, refused to do, so even though it was made available to her. The Director of Roving Leaders met with her and the student informed the Director that she would not be taking the test. She had been our student for years and has always refused to take the test. After counseling, we cannot physically force students to take the FCAT if they opt not to.

MEMORANDUM

April 26, 2006

TO: Mr. Allen M. Vann, Chief Auditor
Office of Management and Compliance Audits

FROM: Antoinette Dunbar, Deputy Superintendent ^{AD}
Curriculum, Instruction, and School Improvement

**SUBJECT: REVISED RESPONSES/ACTION PLAN - AUDIT OF JAMES E. SCOTT
COMMUNITY ASSOCIATION, INC. (JESCA) - ROVING**

Attached is the revised response and Action Plan regarding the audit conducted of the above subject community based organization (CBO). Staff from the Division of Alternative Outreach has reviewed the findings and developed a response relative to each item identified by the audit related to the operation of the educational component of the program.

Additionally, the principal of the Educational Alternative Outreach Program (EAOP) and his staff are conducting a cross reference of the reported attendance verses enrollment data for payment of services to JESCA in order to reconcile records. Please provide the principal of EAOP the names and identification numbers of the students identified by the audit as not in attendance during the designated FTE survey periods. This will assist with reconciliation of student attendance records.

Should you have any questions or need any clarification relative to the information provided above, please contact Ms. Brucie Ball, Assistant Superintendent, Special Education, Alternative Outreach and Psychological Services, at 305-995-1122 or Mr. Antonio Martinez, District Director, Division of Alternative Outreach, at 305-995-1804.

AD:ldgf
M627
Attachment

cc: Dr. Rudolph F. Crew
Mr. Martin Berkowitz
Dr. Lourdes C. Rovira
Ms. Brucie Ball
Mr. John DiBenedetto
Mr. Antonio Martinez
Mr. Eduardo Martinez

M-DCPS Formal Action Plan - April 17, 2006
Educational Alternative Outreach Program (EAOP)
James E. Scott community Association (JESCA) Internal Audit
Roving Leaders Audit Report Findings Draft

Draft Internal Audit Report Findings	Response	Plan of Action	Documentation
<p>1. Overpayment per contract terms. Page 7/8 of 23</p>	<p>1.1 The contract language regarding payment was changed from peak enrollment to peak attendance during the 2004-2005. The program was paid based on student enrollment for the 2003-2004 school year per contract language.</p>	<p>1.1 All future contracts will be revised to assure that payments are based on actual student attendance as determined by the designated FTE week.</p>	
<p>1.1 Billing to M-DCPS should have been based on the peak attendance during the specific FTE weeks. However, the amount invoiced to M-DCPS was based on peak student enrollment during specified FTE weeks.</p>	<p>1.1A The program should have been paid on actual student attendance during the designated FTE period instead of student enrollment for the 2004-2005 and 2005-2006 school years. The contract allows for adjustments in payment based on actual student attendance during the designated FTE period. (See Attachment A)</p>	<p>1.1A The Division of Alternative Outreach will collaborate with the Office of Management and Compliance Audits to review and revise contract language relative to the process of payment and reimbursement to all contracted programs.</p>	
<p>1.2. Amount invoiced to M-DCPS was based on peak student enrollment, which is always higher than peak attendance, as enrolled students, may not actually attend Roving Leaders. (Page 7 of 23)</p>	<p>1.2 FTE calculations are based on actual student attendance during the designated FTE period. Any student in attendance during this period is counted. JESCA was paid on actual student enrollment based on the Enrollment Report obtained from Information Technology Services (ITS) for the 2003-2004 fiscal year.</p>	<p>1.2 An Attendance Report will be requested from Information Technology Services (ITS) to reflect and verify student attendance during the designated FTE survey period as stated in the contract for the 2005-2006 school year.</p>	

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Appendix III – Division of Alternative Outreach Response

**M-DCPS Formal Action Plan - April 17, 2006
 Educational Alternative Outreach Program (EAOP)
 James E. Scott community Association (JESCA) Internal Audit
 Roving Leaders Audit Report Findings Draft**

Draft Internal Audit Report Findings	Response	Plan of Action	Documentation
	<p>Roving Leaders as all other contracted programs receive a Statement of Student Enrollment from M-DCPS – (EAOP). This statement clearly requires the agency to verify official student attendance based on school gradebooks and attendance reports. The statement is signed by the Education Director and Chief Operating Officer and submitted to EAOP for payment. (See Attachment A)</p> <p>Adjustments will be made based on actual student attendance in accordance to contract language for the 2004-2005 and 2005-2006 fiscal years.</p> <p>1.2A Adjustments in payment were made in November 2005 to reflect actual student attendance for the 2005-2006 fiscal year.</p> <p>1.2B The M-DCPS counselor assigned to Roving Leaders reviews all student schedules. The assistant principal assigned to Roving Leaders reviews lesson plans and grade books during visitations. Additionally, a part-time retired administrator was hired to work with all CBOs and non-MDCPS</p>	<p>1.2A The Attendance Report is to be sent to the CBO/Agency Education Director for review, verification, and signature.</p> <p>1.2B The ITS Attendance Report will be reconciled with payments to verify financial accuracy of actual payments made by M-DCPS to CBOs.</p>	

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	<p>teachers for training on lesson plans, gradebooks, and operational procedures. Technical personnel from the EAOP assist Roving Leaders with technology issues.</p> <p>1.2C If a student's name appears on the ITS student list within 8017 Educational Alternative Outreach Program (EAOP); the student cannot be enrolled at any other M-DCPS school; therefore, the student is officially enrolled in Roving Leaders and cannot attend another M-DCPS school until officially withdrawn.</p>	<p>1.2C Staff from EAOP will utilized existing Enrollment Reports signed by CBOs and student attendance reflected in the Integrated Student Information System (ISIS) to identify and verify students attendance during the questioned FTE reporting weeks for the 2004-2005 and 2005-2006 school years. Students in attendance during the FTE period will be counted. Adjustment in payments will be made for the 2004-2005 and 2005-2006 school years.</p> <p>1.2D ITS can only provide current 2005-2006 and future years FTE attendance information. Prior years "2003-2004, 2004-2005" FTE data has only been maintained for the system's FTE dates. EAOP/CBOs FTE week is four weeks after the M-DCPS FTE survey</p>	

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		<p>period. CBOs FTE historical data was not retained by ITS and therefore, not available.</p> <p>1.2E For the 2006-2007 school year, a service request will be submitted to ITS to generate FTE attendance data for the designated dates for CBOs contracts. (April 2006)</p> <p>1.2F 2005-2006 payments to the Roving Leaders Program will be reconciled with the requested ITS, Attendance Report (Payments will be adjusted accordingly). (April 2006)</p> <p>1.2G A reimbursement plan will be developed in collaboration with the Office of Management and Compliance Audits, Office of Accounts Payable, the EAOP, and JESCA to recover overpayment of fees. (April 2006)</p> <p>1.2H A mandatory annual meeting will be held with all contracted CBOs/Agencies to review and discuss contract</p>	

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<p>1.3 District Cost Differential (DCD) factor of 1.0445^o, which was received from The Educational Alternative Outreach Program. (Page 7 of 23)</p>	<p>1.3 The Annual DCD information is provided by the Office of Budget Management (OBM) as per Attachment B. The incorrect DCD of 1.0445 was inadvertently provided by OMB and was utilized to calculate FTE values for contracts.</p> <p>OBM will insure that EAOP receives the correct DCD once the state finalizes its budget to support the Florida Educational Financial Plan (FEFP).</p>	<p>language in relation to program expectations and compliance. (August 2006)</p> <p>1.3 EAOP is collaborating with OBM to utilize the revised and corrected DCD in order to adjust FTE values and payments to JESCA and all other CBOs. CBOs will be notified in writing of the adjustment in FTE values and payments to their organizations. These adjustments are permitted per contract language. (Article B1, page 3/11 of contract)</p>	
<p>2. The contract states that JESCA should adhere to written procedures for intake, evaluation, dismissal and separation of students, cooperatively developed between the School Board and JESCA. It is evident that the Educational Alternative Outreach office and JESCA have not collaboratively formulated these policies and procedures in writing. (Page 18 of 23)</p>	<p>2. Documentation verifying appropriate collaborative efforts between M-DCPS and Roving Leaders is as follows:</p> <ul style="list-style-type: none"> • An Educational Alternative Outreach Program Teacher Handbook is provided to all contracted Community Based Organizations (CBOs) which includes the following: • Evidence of required Criteria form, • Student Enrollment form, • Entry/Withdrawal form, • Daily Attendance, • Corrective Attendance Report. <p>(See Attachment C)</p>	<p>2. EAOP administrators will meet with JESCA directors to review existing written policy and procedures. (April 2006)</p>	

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M-DCPS Formal Action Plan - April 17, 2006
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<p>2.1 Maintaining current sanitation and health certificates and fire inspections; agency should contact the Fire Marshall, as well as the Department of Health to request inspection. (Page 19 of 23)</p>	<p>2.1 The existing contracts mandates that JESCA and all other CBOs are responsible for maintaining current sanitation, health certificates and fire inspections by the appropriate authorities. It is the agency's responsibility to comply with this article of the contract. (See Attachment D, contract language).</p>	<p>2.1 The Division of Alternative Outreach will collaborate with the Division of Safety and Emergency Management to revise the contract language requiring JESCA and all other contracted CBOs to submit documentation of inspections conducted by the appropriate authorities in order to be in compliance with contracts.</p>	
<p>3. Attendance/Enrollment reporting needs to be reconciled. (Page 20 of 23)</p>	<p>3.1 Once the student Attendance Report is received from JESCA, staff from the EAOP enters the attendance data into ISIS. Attendance reports must be submitted on or before 10:00 a.m. daily.</p>	<p>3.1 Staff from EAOP will meet with JESCA to review and discuss appropriate procedures to verify and confirm attendance per contract language. EAOP staff assigned to monitor CBOs will check gradebooks verses attendance reports when conducting visitations. (April 2006)</p> <p>3.1A The schedule of the ESE teacher is attached to the report.</p>	

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<p>4. Students' plans need to be prepared and progress reported. (Page 21-23)</p>	<p>4.1 All students accepted into Roving Leaders should have had an AIP from their home schools. AIP training has been offered to Roving Leaders. A support teacher (Mathematics Department Head) has been specifically assigned by the Educational Alternative Outreach Program to address all AIP concerns, and to provide training to contracted instructional personnel.</p>	<p>4.1 On-going AIP development training will be provided to all instructional personnel within contracted programs. Roving Leaders is scheduled for training during the 2005-2006 school year in the completion of AIPs.</p>	
<p>5. The program should also provide an Individualized Educational Plan (IEP) for student with disabilities. (Page 21 of 23)</p>	<p>5.1 Three copies of the IEP can be obtained for each student with disabilities:</p> <ul style="list-style-type: none"> • One copy is maintained at the EAOP office, • One copy is provided to contracted instructional personnel, • One copy within the lesson plans of ESE teacher. 	<p>5.1 IEPs are available upon request and all CBOs must maintain a copy on file.</p>	

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

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

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

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

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

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

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

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

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

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

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

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

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

Veterans are provided re-employment rights in accordance with P.L. 93-508 (Federal Law) and Section 295.07 (Florida Statutes), which stipulate categorical preferences for employment.



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