

# **The School Board of Miami-Dade County, Florida**

Report to the Honorable Chairperson and Board Members of the  
School Board of Miami-Dade County, Florida and the Honorable  
Chairperson and Board Members of the School Board Audit and  
Budget Advisory Committee

November 22, 2016





RSM US LLP

November 22, 2016

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

Ladies and Gentlemen:

We are pleased to present this report related to our audit of the governmental activities, each major fund and the aggregate remaining fund information of the School Board of Miami-Dade County, Florida (the School Board or the District), as of and for the year ended June 30, 2016; and the report on compliance with *Section 218.415, Florida Statutes, Local Government Investment Policies* during the year ended June 30, 2016. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the District's financial reporting process.

This report is intended solely for the information and use of the Honorary Chairperson and Members of the School Board of Miami-Dade County, Florida, the Chairperson and Members of the School Board Audit and Budget Advisory Committee, and the Superintendent of Schools, and is not intended to be, and should not be used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about this report. We appreciate the opportunity to continue to be of service to the District.

*RSM US LLP*

**THE POWER OF BEING UNDERSTOOD**  
**AUDIT | TAX | CONSULTING**

## Contents

---

Required Communications.....	1-2
Summary of Significant Accounting Estimates.....	3-4
Exhibit A—Significant Written Communications Between Management and Our Firm	
Representation Letters	
Management Letter	

---

## Required Communications

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication With Those Charged With Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Area	Comments
<b>Our Responsibilities With Regard to the Financial Statement Audit</b>	Our responsibilities under auditing standards generally accepted in the United States of America and <i>Government Auditing Standards</i> issued by the Comptroller of the United States have been described to you in our arrangement letter dated October 20, 2016. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.
<b>Overview of the Planned Scope and Timing of the Financial Statement Audit</b>	We have issued separate communication (The Audit Plan) regarding the planned scope and timing of our audit and have discussed with you our identification of and planned audit response to significant risks of material misstatement.
<b>Accounting Policies and Practices</b>	<p data-bbox="630 924 1256 953"><b>Preferability of Accounting Policies and Practices</b></p> <p data-bbox="630 963 1357 1081">Under generally accepted accounting principles, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.</p> <p data-bbox="630 1119 1224 1148"><b>Adoption of, or Change in, Accounting Policies</b></p> <p data-bbox="630 1159 1455 1220">Management has the ultimate responsibility for the appropriateness of the accounting policies used by the District.</p> <p data-bbox="630 1253 1455 1430">As discussed in Note 1 to the financial statements, the District adopted the recognition and disclosure requirements of Governmental Accounting Standards Board (GASB) Statements No. 72, <i>Fair Value Measurement and Application</i>, effective for financial statements ended June 30, 2016. Our opinion is not modified with respect to this matter.</p> <p data-bbox="630 1467 1084 1497"><b>Significant or Unusual Transactions</b></p> <p data-bbox="630 1507 1430 1598">We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.</p> <p data-bbox="630 1631 1305 1661"><b>Management's Judgments and Accounting Estimates</b></p> <p data-bbox="630 1671 1455 1791">Summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates is in the attached Summary of Significant Accounting Estimates section.</p>

Area	Comments
<b>Audit Adjustments</b>	There were no audit adjustments made to the original trial balance presented to us to begin our audit.
<b>Uncorrected Misstatements</b>	We are not aware of any uncorrected misstatements other than misstatements that are clearly immaterial.
<b>Disagreements With Management</b>	We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit or significant disclosures to be included in the basic financial statements.
<b>Consultations With Other Accountants</b>	We are not aware of any consultations management had with other accountants about accounting or auditing matters.
<b>Significant Issues Discussed with Management</b>	No significant issues arising from the audit were discussed with or the subject of correspondence with management.
<b>Significant Difficulties Encountered in Performing the Audit</b>	We did not encounter any significant difficulties in dealing with management during the audit.
<b>Letter(s) Communicating Significant Deficiencies and Material Weaknesses in Internal Control Over Financial Reporting</b>	We have issued, under separate cover, the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .
<b>Significant Written Communications Between Management and Our Firm</b>	<p>Copies of significant written communications between our firm and the management of the District, including the representation letter provided to us by management, are attached as Exhibit B.</p> <p>We were informed by management that they will obtain the following opinions from the State of Florida Auditor General Office – independent accountants, on the application of U.S. generally accepted accounting principles and U.S. generally accepted auditing standards, <i>Government Auditing Standards</i>, or provisions of <i>Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards</i> at 2 CFR 200 (Uniform Guidance).</p>

# The School Board of Miami-Dade County, Florida

## Summary of Accounting Estimates

### For the Fiscal Year Ended June 30, 2016

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. You may wish to monitor throughout the year the process used to determine and record these accounting estimates. The following describes the significant accounting estimates reflected in the District's June 30, 2016, financial statements.

Estimate	Accounting Policy	Management's Estimation Process	Basis for Our Conclusions on Reasonableness of Estimate
<b>Accounting for Other Post-Employment Benefits</b>	The annual other post-employment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters set by GASB, and recorded as a liability in the financial statements.	Management with input from its OPEB actuary developed the actuarial assumptions based on relevant criteria. Management reviewed and approved the financial statement estimates derived from the OPEB actuarial report.	We have audited the underlying data supporting the estimate and have concluded the resulting estimate to be reasonable.
<b>Accounting for Pension Plans and the Related Net Pension Liabilities, including Amounts From the Florida Retirement System</b>	Annual required contributions (ARC), net pension liabilities and related pension amounts are actuarially determined in accordance with the parameters established by the Government Accounting Standards Board.	The FRS's management, with input from its actuary, developed the actuarial assumptions based on relevant criteria. District Management is not involved in the selection and development of the actuarial assumptions. District management reviewed and approved the financial statement estimates derived from the pension plan's actuarial report and GASB 68 disclosure schedules provided by the FRS.	We have audited the underlying data supporting the estimate and have concluded the resulting estimate to be reasonable.

<p><b>Actuarial Assumptions Used for the Self-Insurance Program (Risk Management)</b></p>	<p>The District is self-insured for general and auto liability, property, workers' compensation and employees' health claims, subject to stop loss coverages. The accrued liability for estimated claims represents an estimate of the eventual loss on claims including claims incurred but not yet reported.</p>	<p>Management with input from its risk actuary developed the actuarial assumptions based on relevant criteria. Management reviewed and approved the financial statement estimates derived from the risk actuarial report.</p>	<p>We have audited the underlying data supporting the estimate and reviewed management's methodology which appears properly and consistently applied, and have deemed the resulting estimate to be reasonable.</p>
<p><b>Derivative Instruments</b></p>	<p>All derivative instruments are recorded at fair value.</p>	<p>Management obtained an analysis of the derivative instruments fair value from a financial expert. The financial expert's fair values were derived from proprietary models based upon well recognized financial principles and reasonable estimates about relevant future market conditions.</p>	<p>We have audited the underlying data supporting the estimate, reviewed the financial experts' valuation and have deemed the resulting fair value to be reasonable.</p>
<p><b>Depreciation of Capital Asset</b></p>	<p>Depreciation on capital assets is provided using the straight-line method. Leasehold improvements are amortized on a straight-line basis over the shorter of the lease term or estimated useful life of the assets.</p>	<p>Depreciation of capital assets is determined using the straight-line method of depreciation over the estimated useful lives of the assets, as assigned by management.</p>	<p>We have audited the underlying data supporting the estimate and reviewed management's methodology, which appears properly and consistently applied and have deemed the resulting estimate to be reasonable.</p>

**Exhibit A—Significant Written Communications Between Management and Our Firm**





# Miami-Dade County Public Schools

*giving our students the world*

## **Superintendent of Schools**

Alberto M. Carvalho

## **Miami-Dade County School Board**

Perla Tabares Hantman, Chair  
Dr. Dorothy Bendross-Mindingall, Vice Chair  
Susie V. Castillo  
Dr. Lawrence S. Feldman  
Dr. Wilbert "Tee" Holloway  
Dr. Martin Karp  
Lubby Navarro  
Raquel A. Regalado  
Dr. Marta Pérez Wurtz

November 22, 2016

RSM US LLP  
801 Brickell Avenue, Suite 1050  
Miami, FL 33131

This representation letter is provided in connection with your audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, of The School Board of Miami-Dade County, Florida (the School Board) as of and for the year ended June 30, 2016, for the purpose of expressing opinions on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

We confirm, to the best of our knowledge and belief, as of the date of this letter, the following representations made to you during your audit.

### *Financial Statements*

1. We have fulfilled our responsibilities, as set out in the terms of our professional services contract dated June 16, 2016, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements, and compliance matters that are free from material misstatement, whether due to fraud or error.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable and reflect our judgment based on our knowledge and experience about past and current events and our assumptions about conditions we expect to exist and courses of action we expect to take.
5. Related-party relationships and transactions, including interfund transactions, receivables, and payables, sales and purchase transactions as applicable have been appropriately accounted for and disclosed in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
6. All significant events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
7. The effects of all known actual or possible litigation and claims beyond those accounted for in the School Board's self-insurance fund, have been accounted for and disclosed in accordance with U.S. GAAP.
8. We have no knowledge of any material uncorrected misstatements in the financial statements.
9. There are no unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with GASB Statements No.10 and No. 62 beyond those accounted for in the School Board's risk retention liability estimates.

10. We have no direct or indirect, legal or moral obligation for any debt of any organization, public or private that is not disclosed in the financial statements.
11. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance. In connection therewith, we specifically represent that we are responsible for determining that we are subject to the requirements of the Subpart F of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the Single Audit Act because we have received, expended or otherwise been the beneficiary of the required amount of federal awards during the period of this audit.
12. We have no plans or intentions that may materially affect the carrying value or classification of assets. In that regard:
  - a. The School Board has no significant amounts of idle property or equipment.
  - b. The School Board has no plans or intentions to discontinue the operations of any activities or programs or to discontinue any significant operations.
  - c. Provision has been made to reduce applicable assets that have permanently declined in value, if any, to their realizable values.
  - d. We have reviewed long-lived assets to be held and used for impairment whenever events or changes in circumstances have indicated that the carrying amount of the assets might not be recoverable and have appropriately recorded the adjustment.
13. We are responsible for making the accounting estimates included in the financial statements. Those estimates reflect our judgment based on our knowledge and experience about past and current events and our assumptions about conditions we expect to exist and courses of action we expect to take. In that regard, adequate provisions have been made, if applicable:
  - a. To reduce receivables to their estimated net collectable amounts.
  - b. To reduce investments, and other assets which have permanently declined in value to their realizable values.
  - c. For risk retention, including uninsured losses or loss retentions (deductibles) attributable to events occurring through June 30, 2016, and/or for expected retroactive insurance premium adjustments applicable to periods through the date of this letter.
  - d. To record net pension liability and related pension amounts (deferred inflows and outflows) related to the School Board's defined benefit pension plans, based on valuations provided by the pension plans actuaries.
  - e. For post-retirement benefits other than pensions, and deferred compensation agreements attributable to employee services rendered through June 30, 2016.
14. No provision is required to reduce obsolete, damaged, or excess inventories to their estimated net realizable values.
15. We have properly determined and reported the major governmental funds based on the required quantitative criteria.
16. We have satisfactory title to all owned assets.
17. Net position (net investment in capital assets; restricted; and unrestricted) and fund balances are properly classified and, when applicable, approved.
18. Expenses or expenditures have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.

19. Revenues are appropriately classified in the statement of activities within program revenues and general revenues.
20. Capital assets are properly capitalized, reported, and depreciated.
21. We agree with the findings of specialists in evaluating our estimated liability for self insurance, the valuation and effectiveness assessment of our hedged derivatives, the estimated liability for other post employment benefit obligation, and the pension plans net pension liability and related pension amounts, and have adequately considered the qualifications of the specialists in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.

*Information Provided*

22. We have provided you with:
  - a. Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters.
  - b. Additional information that you have requested from us for the purpose of the audit.
  - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
  - d. Minutes of the meetings of the School Board and the Audit and Budget Advisory Committee, or summaries of actions of recent meetings for which minutes have not yet been prepared.
23. All transactions have been recorded in the accounting records and are reflected in the financial statements.
24. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud.
25. We have no knowledge of allegations of fraud or suspected fraud, affecting the entity's financial statements involving:
  - a. Management.
  - b. Employees who have significant roles in the internal control.
  - c. Others where the fraud could have a material effect on the financial statements.
26. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements received in communications from employees, former employees, analysts, regulators, or others.
27. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
28. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.
29. We have disclosed to you the identity of the entity's related parties and all the related-party relationships and transactions of which we are aware (when applicable).
30. We are aware of no significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the entity's ability to record, process, summarize, and report financial data.
31. We are aware of no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

32. Management has determined that a one-year availability period is appropriate for revenue recognition for all governmental fund revenues except property taxes which is 60 days.
33. The School Board has complied with the provisions of Section 218.415, Florida Statutes regarding the investment of public funds.
34. The School Board is not in a state of emergency based upon the conditions described in Section 218.503(1), Florida Statutes.
35. Management has assessed the financial condition of the School Board and noted no deteriorating financial condition.
36. We have evaluated the requirements of GASB No. 14 and 61 and have determined that the Charter Schools do not meet the "fiscal dependency" criteria for inclusion as a component unit in the School Board's financial statements.
37. We have evaluated the terms and conditions of the forward delivery purchase contracts and put options in connection with the District's certificate of participation series debts and concluded that they are not derivative instruments as defined in GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*.
38. During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

*Supplementary Information*

39. With respect to supplementary information presented in relation to the financial statements as a whole:
  - a. We acknowledge our responsibility for the presentation of such information.
  - b. We believe such information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America.
  - c. When supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance of the supplementary information and the auditor's report thereon.
  - d. The methods of measurement or presentation have not changed from those used in prior period.
40. With respect to the required supplementary information as required by Governmental Accounting Standards Board to supplement the basic financial statements:
  - a. We acknowledge our responsibility for the presentation of such required supplementary information.
  - b. We believe such required supplementary information is measured and presented in accordance with guidelines prescribed by accounting principles generally accepted in the United States of America.
  - c. The methods of measurement or presentation have not changed from those used in the prior period.


*Compliance Considerations*

In connection with your audit, conducted in accordance with *Government Auditing Standards*, we confirm that management:

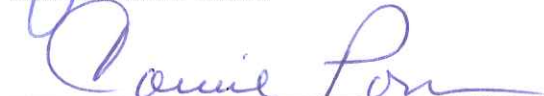
41. Is responsible for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework.


42. Is responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to the auditee.
43. Has identified and disclosed to the auditor all instances, that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance (when applicable).
44. Has identified and disclosed to the auditor all instances, that have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives (when applicable).
45. Has identified and disclosed to the auditor all instances that have occurred or are likely to have occurred of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives (when applicable).
46. Has taken timely and appropriate steps to remedy fraud; noncompliance with provisions of laws, regulations, contracts and grant agreements; or abuse that the auditor reports.
47. Has a process to track the status of audit findings and recommendations.
48. Has identified for the auditor previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
49. Has provided views on the auditor's reported findings, conclusions, and recommendations, as well as management's planned corrective actions, for the report.
50. Acknowledges its responsibilities as it relates to non-audit services performed by the auditor, including a statement that it assumes all management responsibilities; that it oversees the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge or experience; that it evaluates the adequacy and results of the services performed; and that it accepts responsibility for the results of the services.

The School Board of Miami-Dade County, Florida

  
\_\_\_\_\_  
Mr. Alberto M. Carvalho  
*Superintendent of Schools*

  
\_\_\_\_\_  
Mrs. Judith M. Marte  
*Chief Financial Officer*

  
\_\_\_\_\_  
Ms. Connie Pou, CPA  
*Controller*

  
\_\_\_\_\_  
Ms. Daisy Naya, CPA  
*Assistant Controller*

AMC/JMM/CP/DN:bjz  
L493



# Miami-Dade County Public Schools

*giving our students the world*

## **Superintendent of Schools**

Alberto M. Carvalho

## **Miami-Dade County School Board**

Perla Tabares Hantman, Chair  
Dr. Dorothy Bendross-Mindingall, Vice Chair  
Susie V. Castillo  
Dr. Lawrence S. Feldman  
Dr. Wilbert "Tee" Holloway  
Dr. Martin Karp  
Lubby Navarro  
Raquel A. Regalado  
Dr. Marta Pérez Wurtz

November 22, 2016

RSM US LLP  
801 Brickell Avenue, Suite 1050  
Miami, FL 33131

In connection with your examination of The School Board of Miami-Dade County, Florida's (the "School Board") compliance with Section 218.415, Florida Statutes, Local Government Investment Policies (the Statute) during the year ended June 30, 2016, in accordance with attestation standards established by the American Institute of Certified Public Accountants, we confirm to the best of our knowledge and belief, the following representations made to you during the course of your engagement:


1. We are responsible for the School Board's compliance with the Statute.
2. We are responsible for establishing and maintaining effective internal control over the School Board's compliance with the Statute.
3. We have performed an evaluation of the School Board's compliance with the Statute. Based on our evaluation, the School Board has complied with the Statute during the year ended June 30, 2016.
4. There has been no known noncompliance with the Statute during the year ended June 30, 2016 or through the date of this letter.
5. There are no known communications from regulatory agencies, internal auditors, or other practitioners concerning the School Board's possible noncompliance with the Statute received by us during the year ended June 30, 2016 or through the date of this letter.
6. We have made available to you all documentation related to the School Board's compliance with the Statute.
7. There has been no knowledge of fraud or suspected fraud affecting the entity involving:
  - a. Management,
  - b. Employees who have significant roles in the internal control, or
  - c. Others where fraud could have a material effect on the School Board's compliance with the Statute.


8. We acknowledge our responsibility for the design and implementation of programs and controls to provide reasonable assurance that fraud is prevented and detected.
9. We have no knowledge of any allegations of fraud or suspected fraud affecting the School Board received in communications from employees, former employees, analysts, regulators, or others.
10. We have responded fully to all inquiries made to us by you during your engagement.
11. During the course of your engagement you may have accumulated records containing data which should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.


The School Board of Miami-Dade County, Florida,

  
\_\_\_\_\_  
Mr. Alberto M. Carvalho  
Superintendent of Schools

  
\_\_\_\_\_  
Mrs. Judith M. Marte  
Chief Financial Officer

  
\_\_\_\_\_  
Ms. Connie Pou, CPA  
Controller

  
\_\_\_\_\_  
Ms. Daisy Naya, CPA  
Assistant Controller

  
\_\_\_\_\_  
Mr. Leonardo Fernandez, CTP  
Treasurer

# **The School Board of Miami-Dade County, Florida**

Management Letter in Accordance  
With Chapter 10.800, *Rules of the Auditor  
General* of the State of Florida  
For the Year Ended June 30, 2016



## Contents

---

Management Letter in Accordance With Chapter 10.800 of the <i>Rules of the Auditor General</i> of the State of Florida	1
Appendix A – Current Year’s Recommendations to Improve Financial Management, Accounting Procedures and Internal Controls	3
Appendix B – Status of Prior Year’s Recommendations to Improve Financial Management, Accounting Procedures and Internal Controls	4
Independent Accountant’s Report in Accordance With Chapter 10.800 of the <i>Rules of the Auditor General</i> of the State of Florida	5

---



RSM US LLP

**Management Letter in Accordance with  
Chapter 10.800 of the Rules of the  
Auditor General of the State of Florida**

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

**Report on the Financial Statements**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of The School Board of Miami-Dade County, Florida (hereafter the School Board or District), as of and for the fiscal year ended June 30, 2016, and have issued our report thereon dated November 22, 2016.

**Auditor's Responsibility**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Other Reporting Requirements**

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, and our Independent Accountant's Report on an examination conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, regarding compliance requirements in accordance with Chapter 10.800, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated November 22, 2016, should be considered in conjunction with this management letter.

**Prior Audit Findings**

Section 10.804(1)(f)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report except as reported in *Appendix B – Status of Prior Year's Recommendations to Improve Financial Management, Accounting Procedures and Internal Controls*.

**Financial Condition**

Section 10.804(1)(f)2., *Rules of the Auditor General*, requires a statement be included as to whether or not the School Board has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the School Board did not meet any of the conditions described in Section 218.503(1), Florida Statutes. Pursuant to Sections 10.804(1)(f)5.a. and 10.805(7), *Rules of the Auditor General*, we applied financial condition assessment procedures for the School Board. It is management's responsibility to monitor the School Board's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

**Transparency**

Section 10.804(l)(f)6., *Rules of the Auditor General*, requires we report the results of our determination as to whether the School Board maintains on its Web site the information specified in Section 1011.035, Florida Statutes. (Section 1011.035, Florida Statutes, provides that district school boards include a plain language version of each proposed, tentative, and official budget that describes each budget item in terms that are easily understandable to the public). In connection with our audit, we observed that the School Board maintained on its Web site the information specified in Section 1011.035, Florida Statutes.

**Other Matters**

Section 10.804(1)(f)3., *Rules of the Auditor General*, requires that we address in the management letter any recommendations to improve financial management. A recommendation is included in *Appendix A – Current Year's Recommendations to Improve Financial Management, Accounting Procedures and Internal Controls*.

Section 10.804(1)(f)4., *Rules of the Auditor General*, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

**Purpose of This Letter**

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the School Board members, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

*RSM US LLP*

Miami, Florida  
November 22, 2016

## The School Board of Miami-Dade County, Florida

### Appendix A – Current Year’s Recommendations to Improve Financial Management, Accounting Procedures and Internal Controls

---

#### CD 2016-01 – User Access De-Provisioning

**Criteria:** Procedures are in place so that user accounts are added, modified and deleted in a timely manner to reduce the risk of unauthorized/inappropriate access to the organization’s relevant financial reporting applications or data.

**Condition:** Our review of controls over the access de-provisioning process determined that system access was not consistently disabled or removed in a timely manner for one selection of terminated employees.

**Cause:** System access for terminated employees is not consistently removed or disabled in a timely manner.

**Effect:** Risks include unauthorized use, disclosure of proprietary information, modification, damage, or loss of data.

**Recommendation:** System access for terminated employees should be removed or disabled in a timely manner for the network and any associated applications.

**Views of Responsible Officials and Planned Corrective Actions:** As a general rule, the District assigns roles to the position occupied by a user, not directly to the user themselves. As a result, when a user is removed from a position due to termination of employment, he/she loses those associated roles. We have experienced a periodic “glitch,” for lack of a better term, where some of a user’s position-based roles are somehow copied directly to the user, rather than remaining only at the position level. As a result, these roles are not removed when an employee is terminated. User based roles (ESS and Common) remain even after termination so that a user can view his/her paycheck, etc.

ITS has been attempting to determine the root cause for this activity, including a significant investment of time by SAP developers. At this time, a root cause has not been uncovered. This happens infrequently and is difficult to troubleshoot. Rather than continue to attempt to track a root cause, the District is proposing a scheduled process to remove all user-based roles (other than the ESS and Common roles) from all employees in order to mitigate concerns pertaining to improper roles remaining with a user after they should have been removed. The code to perform this process is currently in development and will be properly vetted to ensure the desired result. Frequency of the process will be established once the impact/overhead of the process can be determined.

**The School Board of Miami-Dade County, Florida**

**Appendix B – Status of Prior Year’s Recommendations to Improve Financial Management,  
Accounting Procedures and Internal Control**

---

<b>No.</b>	<b>Prior Year’s Observations</b>	<b>Observation No Longer Relevant</b>	<b>Observation is Still Relevant</b>
CD 2015-01	Information Technology User Access Reviews	X	



## Independent Accountant's Report

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

RSM US LLP

We have examined the School Board of Miami-Dade County, Florida's (the School Board) compliance with *Section 218.415, Florida Statutes, Local Government Investment Policies* during the year ended June 30, 2016. Management is responsible for the School Board's compliance with those requirements. Our responsibility is to express an opinion on the School Board's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the School Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the School Board's compliance with specified requirements.

In our opinion, the School Board complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2016.

This report is intended solely for the information and use of the Florida Auditor General, the Superintendent of Schools, Members of the School Board, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

*RSM US LLP*

Miami, Florida  
November 22, 2016

November 22, 2016

**CONFIDENTIAL**

Jose F. Montes-de-Oca, Chief Auditor  
Miami-Dade Public Schools  
Office of Management and Compliance Audits  
1450 NE Second Avenue  
Miami, Florida 33132

Dear Mr. Montes-de-Oca:

Enclosed you will find forty one (41) bound copies and six (6) 3-hole punched of the management letter for the School Board of Miami- Dade County, Florida for the year ended June 30, 2016.

If you have received a preliminary draft of this report, please destroy all such copies if they have not been returned to us.

Very truly yours,

RSM US LLP

*Carrie A. DeRosa*