

Follow-up Review Report

Miami-Dade County Public Schools Office of Management and Compliance Audits



Follow-up Review of State of Florida Auditor General Reports: Miami-Dade County District School Board Operational Audit and Federal Single Audit for the Fiscal Year Ended June 30, 2010

The administration has taken measures to address the Auditor General's audit findings and has fully implemented 10 and partially implemented 15 of their audit recommendations. Continued efforts to fully implement all of the recommendations are encouraged.

September 2011

THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA

Ms. Perla Tabares Hantman, Chair
Dr. Lawrence S. Feldman, Vice Chair
Dr. Dorothy Bendross-Mindingall
Mr. Carlos L. Curbelo
Mr. Renier Diaz de la Portilla
Dr. Wilbert "Tee" Holloway
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Ms. Raquel A. Regalado

Mr. Alberto M. Carvalho
Superintendent of Schools

Mr. Jose F. Montes de Oca, CPA
Chief Auditor
Office of Management and Compliance Audits

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Miami-Dade County Public Schools

giving our students the world

Superintendent of Schools
Alberto M. Carvalho

Miami-Dade County School Board
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September 21, 2011

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

Ladies and Gentlemen:

Pursuant to the request of School Board Audit and Budget Advisory Committee, we have reviewed the actions taken by the Administration to implement the recommendations included in the State of Florida Auditor General *Operational Audit and Federal Single Audit (For the Fiscal Year Ended June 30, 2010) Report[s]* of Miami-Dade County District School Board, issued February 2011 and March 2011, respectively. The audits were presented to the Audit [and Budget Advisory] Committee, respectively, on March 29, 2011 and May 17, 2011 and contained findings, which the Committee indicated were repeat findings that appear to have not been addressed by the Administration. This conclusion by the Committee gave rise to it requesting that the Office of Management and Compliance Audits provide a follow-up report on the implementation status of the audit recommendations.

EXECUTIVE SUMMARY AND CONCLUSIONS

Summary of Prior Audit –

The Auditor General's summary of findings is as follows:

Operational Audit –

- 1. District records did not always evidence that capital outlay millage tax levy proceeds were used for authorized purposes, resulting in approximately \$7.9 million of questioned costs.*
- 2. Procedures could be enhanced to ensure that performance assessments of instructional personnel and school administrators are based primarily on student performance.*
- 3. The Board had not adopted formal policies and procedures for ensuring that a portion of each instructional employee's compensation is based on performance pursuant to Section 1012.22(1)(c)2., Florida Statutes, and documenting the differentiated pay process of school-based*

- administrators using the critical shortage area factor prescribed in Section 1012.22(1)(c)4., Florida Statutes.*
- 4. We noted 220 deficiencies or facility maintenance needs for four schools that remained unresolved for two or more years after the date facility safety inspections were performed.*
 - 5. Procedures could be enhanced to ensure compliance with Section 119.071(5)(a), Florida Statutes.*
 - 6. The District needed to improve its procedures for monitoring charter school insurance coverage.*
 - 7. The District's facilities work program did not always include required information.*
 - 8. The District's architectural and engineering contracts contained provisions that limited recovery of additional construction costs resulting from architectural or engineering errors and omissions.*
 - 9. Enhancements could be made in the administration of guaranteed maximum price construction contracts.*
 - 10. Procedures could be enhanced to timely complete projects that are in closeout status.*
 - 11. There was a broad range in the purchased food cost per meal among schools within each educational level, which may be indicative of unauthorized or inefficient usage of food supplies.*
 - 12. A wide range of purchased food inventory turnover rates existed within each educational level, suggesting that the efficiency of the inventory controls at some locations is not consistent throughout the District. Also, the District needed to implement an inventory reconciliation process.*
 - 13. Procedures needed enhancement to ensure the accuracy and effectiveness of production and menu record forms used to ensure the reasonableness of food usage.*
 - 14. The District needed to enhance its procedures for monitoring the fuel efficiency of District vehicles.*
 - 15. Improvements were needed in the District's monitoring of cellular telephone usage.*
 - 16. District records did not evidence that the District made the required notifications to parents of eligible students of the opportunities provided by the John M. McKay Scholarships for Students with Disabilities Program.*
 - 17. The District did not require that its employees annually acknowledge in writing their responsibilities for maintaining security over District data and information technology (IT) resources.*
 - 18. Certain IT security controls related to user authentication needed improvement.*
 - 19. The District's management of security and user access related to the District's new Finance system needed improvement to provide increased assurance that access privileges enforce an appropriate separation of duties.*

Federal Single Audit –

1. *The District used Improving Teacher Quality program funds to supplant other District moneys, resulting in \$286,441 of questioned costs.*
2. *Payroll expenditures were not always properly documented and supported for the Improving Teacher Quality, Special Education, and English Language Acquisition programs, resulting in \$85,647 of Special Education program questioned costs.*
3. *Improvements were needed to ensure that invoices submitted to the grantor for reimbursement from the WIA Youth Activities program are properly supported and timely submitted.*
4. *Procedures over Federal funds provided to charter schools could be enhanced to demonstrate compliance with the OMB Circular A-133 monitoring requirements.*
5. *Twenty-First Century program expenditures were not always properly documented and supported, resulting in \$182,312 of questioned costs.*
6. *Controls over food service inventories and program operations could be enhanced.*

In total, the Auditor General (AG) made 25 recommendations to address the findings noted. The Administration was in general agreement with almost all of the Auditor General findings, but disagreed with a few. The Administration also provided written responses to the findings.

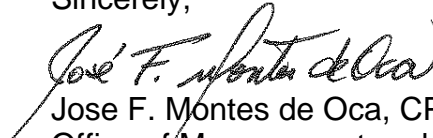
Summary Results of Follow-up Review –

Our follow-up review the State of Florida Auditor General *Operational Audit and Federal Single Audit Report[s]* concludes that the Administration has fully implemented 10 and partially implemented 15 of the 25 recommendations. Regarding the 15 recommendations deemed partially implemented, the Administration has either (1) initiated corrective actions to address part, but not the entire recommendation or (2) has developed plans of action to address the finding, but their implementation is pending.

The Florida Department of Education (FDOE) has notified the district that disallowance of the questioned costs (\$7,930,075) cited in the operational audit report has been waived. Concerning the Federal Single Audit questioned costs of \$554,400, the district responded to the FDOE's follow-up request for information on June 22, 2011, and to date, has not been asked to restore the said funds.

We acknowledge the efforts made by management and the courtesies extended to us during this review to assess their implementation of the AG's audit recommendations.

Sincerely,



Jose F. Montes de Oca, CPA, Chief Auditor
Office of Management and Compliance Audits

BACKGROUND

The State of Florida Auditor General is charged with the responsibility of periodically auditing the financial records and programs of Florida school districts. During FY 2010-2011, the Auditor General completed an Operational Audit and a Federal Single Audit for the fiscal year ended June 30, 2010, of Miami-Dade County District School Board, and issued its reports in February 2011 and March 2011, respectively. The audits were presented to the Audit [and Budget Advisory] Committee, respectively, on March 29, 2011 and May 17, 2011 and contained findings, which the Committee indicated were repeat findings that appear to have not been addressed by the Administration. This conclusion by the Committee gave rise to it requesting that the Office of Management and Compliance Audits provide a follow-up report on the implementation status of the audit recommendations.

OBJECTIVE, SCOPE AND METHODOLOGY

The objective of this follow-up review was to determine the extent to which management's plans of action for addressing the 25 recommendations made in the Auditor General's Operational and Single audit reports have been implemented. We did not perform these audits or developed the conclusions contained therein. Those conclusions are those of the State of Florida Auditor General who performed the audits. Our responsibility is to assess the extent to which the Auditor General's audit recommendations have been implemented. The review covered actions taken by the Administration to implement the audit recommendations, subsequent to issuing the original audit report through September 1, 2011.

We performed the following procedures to satisfy our objectives:

- Interviewed district staff;
- Reviewed the organizational structure, policies, procedures, applicable regulations, statutes, and School Board rules;
- Examined on a sample basis, documentation of material issue tickets; and
- Performed various other procedures deemed necessary.

This performance audit follow-up review is not an audit, and as such, was not conducted in accordance with generally accepted *Government Auditing Standards*. This review is intended to provide a current status on audit findings and recommendations. However, we believe that the evidence obtained and reviewed provides a reasonable basis for our conclusions on the status of those audit findings and recommendations. This follow-up review did not include a specific assessment of the overall internal control.

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**Audit and Budget Advisory Committee Meetings Presented –
March 29, 2011 and May 17, 2011**

Audit Findings	Recommendation	Corrective Action By Management	Auditors' Comment
<p>1. District records did not always evidence that capital outlay millage tax levy proceeds were used for authorized purposes, resulting in approximately \$7.9 million of questioned costs. (OPERATIONAL AUDIT)</p>	<p>1.1 The District should establish and implement procedures to ensure that expenditures of its capital outlay millage tax proceeds are made only for authorized purposes. In addition, the District should document the allowability of the questioned costs totaling \$7,930,075 or restore those costs to the LCI Fund.</p>	<p>Financial Services: This finding has been resolved. Attached is a letter received from Ms. Linda Champion, Deputy Commissioner, Finance and Operations, Florida Department of Education, dated June 20, 1011.</p> <p>Reimbursement to Capital Projects</p> <ul style="list-style-type: none"> ▪ The District provided documentation indicating expenditures were for authorized Local Capital Improvement Fund (LCI) purpose. All future Revenue Anticipation project funding were properly recorded in separate RAN funds in the year the RAN was paid off. The District has established procedures to ensure that expenditures match the applicable Local Capital Improvement Fund 	<p>FULLY IMPLEMENTED</p> <p>The Administration developed and enhanced existing procedures to appropriately account for the use of capital outlay millage tax proceeds with respects to RANs and insurance costs.</p> <p>In addition, the Administration submitted, to the Florida Department of Education (FDOE) necessary explanations and documentation regarding the district's use of these funds and received notification from the FDOE that the questioned cost is waived and need not be restored.</p>

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		<p>(LCI)</p> <p><u>Insurance Costs</u></p> <ul style="list-style-type: none"> ▪ Effective January 1, 2011 the District has recorded expenditures for Property & Casualty Insurance to reflect the definition found in Section 624.605(1), (f), (h), and (m), F.S. <p><u>Payment of Terminal Leave of Maintenance Workers</u></p> <ul style="list-style-type: none"> ▪ No action needed. 	
<p>2. Procedures could be enhanced to ensure that performance assessments of instructional personnel and school administrators are based</p>	<p>2.1 The District should continue its efforts to ensure that performance assessments of instructional personnel and school administrators are based primarily on student</p>	<p>Office of Human Resources: On June 1, 2011, Miami Dade County Public Schools submitted re-developed teacher and school administrator evaluation systems. The work submitted was developed with a cross section of stakeholder input. These systems adhered to the recently passed Student Success Act and the Race to the Top grant</p>	<p>FULLY IMPLEMENTED</p> <p>The Administration developed evaluative tools to assess the performance of instructional personnel and school administrator based upon the recommended criteria. Both evaluation tools have been approved by the FDOE. These evaluation tools will be</p>

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<p>primarily on student performance. (OPERATIONAL AUDIT)</p>	<p>performance, and maintain records evidencing this.</p>	<p>requirements. Both systems demonstrate that performance assessments are primarily based upon learner progress. The student performance component of both evaluation systems make up 50% of the evaluation. This component is the most highly weighted standard on both systems. M-DCPS teacher evaluation system was approved by the Florida Department of Education on June 24, 2011. We have received informal notification from FDOE that the school administrator evaluation system also meets all state requirements and we anticipate official approval within the next weeks. Evaluation systems will be reviewed/updated and submitted to the Florida Department of Education on an annual basis.</p>	<p>implemented in FY 2011-12.</p>

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Audit Findings	Recommendation	Corrective Action By Management	Auditors' Comment
<p>3. The Board had not adopted formal policies and procedures for ensuring that a portion of each instructional employee's compensation is based on performance pursuant to Section 1012.22(1)(c)2., Florida Statutes, and documenting the differentiated pay process of school-based administrators using the critical shortage area factor prescribed in Section 1012.22(1)(c)4.,</p>	<p>3.1 The Board should adopt formal policies and procedures for ensuring that a portion of each instructional employee's compensation is based on performance, and differentiated pay of school-based administrators critical shortage areas is identified in the salary schedule, consistent with Section 1012.22(1)(c), Florida Statutes.</p>	<p>Office of Human Resources: On June 1, 2011, Miami Dade County Public Schools submitted re-developed teacher and school administrator evaluation systems. The work submitted was developed with a cross section of stakeholder input. These systems adhered to the recently passed Student Success Act and the Race to the Top grant requirements. Both systems demonstrate that performance assessments are primarily based upon learner progress. The student performance component of both evaluation systems make up 50% of the evaluation. This component is the most highly weighted standard on both systems. M-DCPS teacher evaluation system was approved by the Florida Department of Education on June 24, 2011. We have received informal notification from FDOE that the school administrator evaluation</p>	<p>PARTIALLY IMPLEMENTED</p> <p>The School Board has adopted a policy to implement a performance pay structure for its instructional personnel through a Memorandum of Understanding (MOU) with the United Teachers of Dade (UTD). In addition, a revised Managerial Exempt Personnel (MEP) manual/plan, which accommodates differentiated pay for school-based administrators, is pending School Board approval. During FY 2011-12, a committee will be formed to discuss and develop School Administrators pay.</p> <p>Subsequent to completing our fieldwork, Human Resources management indicated to us that the Office of Labor Relations has formed the committee to formulate a</p>

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<p>Florida Statutes. (OPERATIONAL AUDIT)</p>		<p>system also meets all state requirements and we anticipate official approval within the next weeks. Evaluation systems will be reviewed/updated and submitted to the Florida Department of Education on an annual basis.</p>	<p>differentiated pay model for school-based administrators and that the committee held its first meeting on August 31, 2011 and will be meeting regularly in an effort to bring a recommendation to the School Board by December 2011.</p>
<p>4. We noted 220 deficiencies or facility maintenance needs for four schools that remained unresolved for two or more years after the date facility safety inspections were performed. (OPERATIONAL AUDIT)</p>	<p>4.1 The District should continue its efforts to ensure that deficiencies and facilities maintenance needs noted in the annual inspection reports are timely corrected.</p>	<p>Office of School Facilities: As noted by the AG, the District continues to prioritize the correction of safety-related deficiencies at schools. Further, information systems are being enhanced to ensure that items that are not of an operational or maintenance nature are captured in the District's master facilities deficiency database, to be addressed in future Capital projects as funding becomes available.</p> <p>The broader issue of identifying funding to resolve the District's</p>	<p>PARTIALLY IMPLEMENTED</p> <p>Our review of documentation presented by management indicates that it continues to address deficiencies that are identified, as allowed by the limited resources available. That documentation indicates that 164 of the 220 deficiencies cited by the Auditor General have been closed as of September 2011 and since the start of FY 2011-2012, 844 deficiencies have been closed.</p>

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Audit Findings	Recommendation	Corrective Action By Management	Auditors' Comment
<p>5. Procedures could be enhanced to ensure compliance with Section 119.071(5)(a), Florida Statutes. (OPERATIONAL AUDIT)</p>	<p>5.1 The District should continue its efforts to ensure compliance with Section 119.071(5)(a), Florida Statutes.</p>	<p>approximately \$2 billion in unmet facilities needs must be addressed or it can be expected that the number of safety-to-life and other critical deficiencies will continue to mount as resources to correct them diminish.</p>	<p>FULLY IMPLEMENTED The Administration has developed an online application whereby, annually, each district employee is required to assert that he/she has reviewed the district's policy on the retention and use of employee's social security number. The data of such assertion are maintained on file for subsequent review.</p>

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Audit Findings	Recommendation	Corrective Action By Management	Auditors' Comment
<p>6. The District needed to improve its monitoring procedures for charter school insurance coverage. (OPERATIONAL AUDIT)</p>	<p>6.1 The District should improve monitoring procedures to ensure that its charter schools maintain insurance coverage required by the charter school agreements.</p>	<p>an explanation.</p>	<p>FULLY IMPLEMENTED</p> <p>Risk and Benefits Management has improved its monitoring procedures for insurance coverage by periodically reviewing insurance information submissions through the Charter Schools Compliance System and sending email notifications to non-complying charter schools.</p>

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Audit Findings	Recommendation	Corrective Action By Management	Auditors' Comment
<p>7. The District's facilities work program did not always include required information. (OPERATIONAL AUDIT)</p>	<p>7.1 The District should enhance procedures to ensure that the adopted facilities work program contains the required information.</p>	<p>deficiencies along with a timeline to clear-up the condition. Satisfactory documents are also saved on a charter school database, maintained by this office for tracking purposes. As of August 17, 2011, our database indicates that 81 schools have fully complied with the insurance requirements and 24 schools are in pending status due to various types of errors or deficiencies that we communicated to the schools, such as incorrect school name, dates, and other causes.</p>	<p>FULLY IMPLEMENTED The Administration has added the recommended schedules and information to the FY 2012-2016 Facilities Work Plan submitted for School Board adoption.</p>

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<p>8. The District's architectural and engineering contracts contained provisions that limited recovery of additional construction cost resulting from architectural or engineering errors and omissions. (OPERATIONAL AUDIT)</p>	<p>8.1 The District should continue its efforts to ensure that contracts do not limit the District's recovery of additional construction costs resulting from errors and omissions.</p>	<p>2010-11 Budget (see pages 15-22 from the following District website link: http://financialaffairs.dadeschools.net/ES10-11/appB.pdf)</p>	<p>FULLY IMPLEMENTED Architectural/Engineering (A/E) contracts were modified to eliminate the stated tolerance level for A/E Errors or omissions.</p>

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<p>9. Enhancements could be made in the administration of guaranteed maximum price construction contracts. (OPERATIONAL AUDIT)</p>	<p>The District should continue its efforts to ensure that the CMEs provide written explanations to the District when a subcontractor other than the apparent low bidder is selected, and maintain documentation evidencing District personnel's review and approval of the explanations.</p>	<p>Office of School Facilities: The District is requiring that a written explanation with appropriate backup documentation must be included for any recommended subcontractor other than the apparent lowest subcontractor.</p>	<p>PARTIALLY IMPLEMENTED</p> <p>Our analysis of the three projects management indicated was completed after the issuance of the AG's report disclosed that on one of the projects the CME did not consistently provide a detailed explanation to substantiate his/her decision to utilize a subcontractor other than the apparent lowest bidder, as recommended by the AG.</p>
<p>10. Procedures could be enhanced to timely complete projects that are in the closeout status. (OPERATIONAL AUDIT)</p>	<p>10.1 The District should continue its efforts to timely complete the projects that are in closeout status.</p>	<p>Office of School Facilities: The District continues to reduce the backlog of projects that are in closeout status.</p>	<p>PARTIALLY IMPLEMENTED</p> <p>Since Auditor General's analysis on April 28, 2010, the district has reduced its backlog of "open projects" from approximately 380 projects to approximately 250 by closing out approximately 170 projects. These numbers also took into consideration</p>

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Audit Findings	Recommendation	Corrective Action By Management	Auditors' Comment
<p>11. There was a broad range in the purchased food cost per meal among schools within each educational level, which may be indicative of unauthorized or inefficient usage of food supplies. (OPERATIONAL AUDIT)</p>	<p>11.1 We recommend that the District strengthen its procedures to monitor the purchased food cost per meal among the District's schools by establishing cost parameters based on industry standards and analyzing significant differences between actual</p>		<p>roughly 40 projects achieving substantial completion during the same period. However, it is apparent that the backlog of substantially completed projects in closeout status for more than six months needs to be further reduced.</p>
		<p><u>District/School Operations:</u> The Department of Food and Nutrition conducts data analysis of key performance indicators using the on-line Decision Support System (DSS) and on-site administrative reviews. The Department is fully implementing the food inventory and receiving phase of the on-line monitoring system effective August 15, 2011. This phase of the monitoring system will provide central administration the ability for timely monitoring of site specific purchased food cost per meal and the establishment of</p>	<p>PARTIALLY IMPLEMENTED Effective August 15, 2011, the Department of Food and Nutrition management implemented a PRIORITY System. That system will facilitate recording purchased food cost by the schools, for appropriate monitoring in the future. Subsequent to completing our fieldwork, Food and Nutrition management indicated to us that the food service managers have been recording</p>

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Audit Findings	Recommendation	Corrective Action By Management	Auditors' Comment
	<p>purchased food cost per meal and these parameters. The District should also document, of record, the causes of these differences and take appropriate action, as necessary, to promote the efficient use of food supplies.</p>	<p>acceptable variances of parameters within grade level and type of service.</p>	<p>purchased food received, menu production records and food ordering in the PRIORITY system since the opening of school. They also indicated that the Department of Food and Nutrition is actively working with the Office of Information Technology to review the PRIORITY system data collection, and that this process will continue through the 2011/2012 school year.</p>
<p>12. A wide range of purchased food inventory turnover rates existed within each educational level, suggesting that the efficiency of the inventory controls at some locations is not</p>	<p>12.1 We recommend that the District enhance procedures to document management's review of the purchased food inventory turnover rate within each educational level (elementary,</p>	<p>District/School Operations: The Department is fully implementing the food inventory and receiving phase of the on-line monitoring system effective August 15, 2011. This phase of the monitoring system will provide central administration the ability for timely monitoring of site specific purchased food inventory turnover rate and the establishment of acceptable</p>	<p>PARTIALLY IMPLEMENTED Effective August 15, 2011, the Department of Food and Nutrition management implemented a PRIORITY System. The PRIORITY System interface with the district's Enterprise Resource Planning (ERP) system, SAP and management asserts that this will facilitate the</p>

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Audit Findings	Recommendation	Corrective Action By Management	Auditors' Comment
<p>consistent throughout the District. Also, the District needed to implement an inventory reconciliation process. (OPERATIONAL AUDIT)</p>	<p>middle, and high schools) and explanation for significant rate differences from the average, and take corrective action, as necessary, for any inventory control inefficiencies detected from this analysis. In addition, a monthly comparison of the physical inventory counts to the calculated ending inventory balance, and food purchases with food usages, should be performed and significant differences reconciled.</p>	<p>variances of parameters within grade level and type of service.</p>	<p>management of physical inventories and turnover ratios at the schools in the future.</p> <p>Subsequent to completing our fieldwork, Food and Nutrition management indicated to us that the food service managers have been recording purchased food received, menu production records and food ordering in the PRIORITY system since the opening of school. They also indicated that the Department of Food and Nutrition is actively working with the Office of Information Technology to review the PRIORITY system data collection, and that this process will continue through the 2011/2012 school year.</p>

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Audit Findings	Recommendation	Corrective Action By Management	Auditors' Comment
<p>13. Procedures needed enhancement to ensure the accuracy and effectiveness of production and menu record forms used to ensure the reasonableness of food usage. (OPERATIONAL AUDIT)</p>	<p>13.1 The District should enhance procedures to ensure the accuracy and effectiveness of production and menu record forms. Also, management should routinely review the production and menu record forms for reasonableness and to ensure that the procedures are properly followed and the forms are accurately prepared. Furthermore, the District should implement procedures to fully reconcile significant differences between the physical counts of portions served and the portions served per the point-</p>	<p>District/School Operations: The Department of Food and Nutrition continues to provide monitoring, technical assistance and staff development to Food Service Managers regarding the Menu and Production Records. The Department of Food and Nutrition's on-line Decision Support System (DSS) will be fully implemented effective August 15, 2011 and will automate the Menu and Production Record to improve controls on food usage documentation at the school site level.</p> <p>This phase of the monitoring system will improve central administration's monitoring capabilities of school site record keeping and enable timely resolution of significant discrepancies between food production and usage.</p>	<p>PARTIALLY IMPLEMENTED</p> <p>The PRIORITY System implemented by the Department of Food and Nutrition management will upload the total portions served from the point-of-sale system. Management asserts that automation of the production and menu record and the training provided to cafeteria managers will facilitate their monitoring of production and menu records prepared by the schools, and improve the form's accuracy and effectiveness in the future.</p> <p>Subsequent to completing our fieldwork, Food and Nutrition management indicated to us that the food service managers have been recording purchased food received, menu production records and food ordering in the PRIORITY</p>

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Audit Findings	Recommendation	Corrective Action By Management	Auditors' Comment
	of-sale system.		system since the opening of school. They also indicated that the Department of Food and Nutrition is actively working with the Office of Information Technology to review the PRIORITY system data collection, and that this process will continue through the 2011/2012 school year.
14. The District needed to enhance its procedures for monitoring the fuel efficiency of District vehicles. (OPERATIONAL AUDIT)	14.1 The District should continue its efforts to ensure that an automated fuel exception report is developed and provided to the DOT to monitor fuel usage. Exceptions noted should be forwarded to the departments' assigned District-owned vehicles to ensure that	<p><u>District/School Operations:</u> The provider of the Fuel Management System has developed a Fuel Usage Exception report that identifies discrepancies in fueling transactions within a specified time range. This report has recently been modified and is created every month to identify any issues that need to be addressed (See sample of attached report). Upon review of this report, staff then sends an email to the corresponding repair</p>	<p>FULLY IMPLEMENTED</p> <p>Transportation Administration has re-activated its use of the Fuel Usage Exception Report and has implemented mechanisms to follow-up on noted exceptions contained in the report. However, the report could be further revised to identify an excessive number of refueling within established intervals to monitor abnormal usage.</p>

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Audit Findings	Recommendation	Corrective Action By Management	Auditors' Comment
	<p>unusual transactions identified are timely investigated. In addition, to enhance accountability and control over fuel usage, District records should evidence that the errors or exceptions noted on the fuel reports were resolved or corrected by management.</p>	<p>shop or department head where the vehicle is serviced in order to have the mileage verified. Additionally, a "sticky note" is created in the Fleet management system to inform staff whenever a new repair order is made or to flag any inquiries to the specified vehicle that a problem exists with the mileage reading. In most cases the on-board vehicle Information transmitter (VIT) requires reprogramming to ensure it is synchronized with the vehicle odometer. Otherwise, Managers then initiate appropriate repairs.</p>	
<p>15. Improvements were needed in the District's monitoring of cellular telephone usage. (OPERATIONAL)</p>	<p>15.1 The District should improve its monitoring procedures to ensure that the cell phone use is in accordance with its policies and</p>	<p>Office of School Facilities: A new bid for cellular/wireless telephone service was awarded by the School Board on March 9, 2011. The bid took effect July 1, 2011 and is anticipated to reduce the District's expenditures for this wireless service by approximately</p>	<p>PARTIALLY IMPLEMENTED Management has taken the initial steps to address the audit recommendation, including contracting with a single cellular phone provider, developing a new employee</p>

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<p>AUDIT)</p>	<p>procedures.</p>	<p>\$150,000 during FY 2011-12. Additionally, revised procedures regarding personal use of District-issued cellular phones are being finalized. Employees assigned such phones will certify, in writing, that the phone will be used exclusively for District business otherwise they will agree to pay the entire cost of unlimited voice service (approximately \$35.00 per month). Employees that choose to pay for unlimited voice service may use the phone for personal calls. Monthly bills of those individuals certifying that the phone will not be used for any personal calls will be subject to audit; violations will result in appropriate disciplinary action and restitution. This new procedure is being launched at the beginning of the 2011-12 school year.</p>	<p>use policy and preparing a survey on district employee's preference on cellular phone use and billing options, for dissemination to district employees.</p>

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Audit Findings	Recommendation	Corrective Action By Management	Auditors' Comment
<p>16. District records did not evidence that the District made the required notifications to parents of eligible students of the opportunities provided by the John M. McKay Scholarships for Students with Disabilities Program. (OPERATIONAL AUDIT)</p>	<p>16.1 The District should continue its efforts to ensure that it properly notifies parents of eligible students with disabilities of the educational opportunities provided by the John M. McKay Scholarships for Students with Disabilities Program, and maintain evidence of such notifications.</p>	<p>Curriculum and Instruction: 1. Added a parent receipt verification statement to the Individual Educational Plan. 2. Weekly Briefing 9458: ALL PRINCIPALS/APS: John M. McKay Scholarships for Students with Disabilities Program - Parent Notification. 3. Collected the McKay Scholarships Confirmation of Parent Notification form, signed by the principal, confirming that all parents of SWD were provided with a copy of the McKay Fact Sheet for Parents by April 1, 2011.</p>	<p>FULLY IMPLEMENTED The Administration has implemented various measures to address this recommendation, including adding a "check box" in the Individual Educational Plan (IEP) to indicate when parents are notified of the John M. McKay Scholarships for Students with Disabilities (SWD) Program and the use of a notification form signed by the principal indicating that the parents of SWD were provided with the "Fact Sheet For Parents".</p>
<p>17. The District did not require that its employees annually acknowledge in writing their responsibilities</p>	<p>17.1 The District should require that its users annually certify acceptance of their responsibilities for maintaining</p>	<p>Financial Services: Completed. The annual employee policy sign-off has been in production for some months and we are storing staff's sign off information.</p>	<p>FULLY IMPLEMENTED The Administration has developed an online application whereby, annually, each district employee is required to assert that he/she</p>

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<p>for maintaining security over District data and information technology (IT) resources. (OPERATIONAL AUDIT)</p>	<p>security over District data and IT resources.</p>		<p>has reviewed the district's policy on the use of district IT resources. Employee sign-off data are being stored for subsequent review.</p>
<p>18. Certain IT security controls related to user authentication needed improvement. (OPERATIONAL AUDIT)</p>	<p>18.1 The District should improve security controls related to user authentication to ensure the continued confidentiality, integrity, and availability of District data and IT resources.</p>	<p>Financial Services: Item 18 was not spelled out by the State Auditor General in their official document because of concerns about publishing sensitive information. They did, however, tell us verbally. Their two recommendations were: [The Office of Management and Compliance Audits has omitted the text management provided in its corrective actions for security reasons.]</p> <p>As a result of this last recommendation we worked with the Council of Great City Schools</p>	<p>PARTIALLY IMPLEMENTED</p> <p>The Auditor General finding and recommendations have two related but distinct components. Regarding the first component, although not implementing the specific level of security control recommended, Management has implemented a somewhat more stringent level of control than was previously in place. Regarding the second component, management has indicated that the Auditor General's recommendation will</p>

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		<p>(CGCS) to see how other large, urban Districts handled this and other issues. CGCS sent out a survey that we created and received about 25 responses. As we expected, the responses were “all over the place”, ranging from 90 days to a year to no expiration at all. We were asked to send the Council what we feel are good, cost-effective security policy recommendations for districts based on this survey and our own experience, and they are planning to create baseline recommendations in this area for all their districts.</p> <p>In both parts of Item 18, the State Auditor General recommended an extremely high level of security. Levels this high may be appropriate for banks or other financial institutions, but are simply not feasible for a school district, except in certain administrative functions.</p>	<p>not be implemented because management has determined that the tradeoff between the number of extra support issues they believe will occur if the recommendation is implemented vis-à-vis the extra security provided, is not cost-effective. Information Technology Services (ITS) has indicated that District/School Operations and the Chief of Staff have also objected to implementing the recommendation.</p> <p>Nevertheless, our review of the information, including the CGCS survey results, submitted to us, supports that this item be revisited.</p> <p>Subsequent to completing our fieldwork, Information Technology Services management indicated to us that although a strict</p>

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		<p>Recognizing the unique blend of security and free-flowing information that districts must provide, we have other security measures in place to cover areas where we must compromise from the highest level of security recommendations.</p>	<p>implementation of the AG's recommendation is unlikely due to its anticipated severe impact on staff support resources, they will conduct further discussion with School Operations and the Chief of Staff to see if a compromise solution can be worked out.</p>
<p>19. The District's management of security and user access related to the District's new Finance system needed improvement to provide increased assurance that access privileges enforce an appropriate</p>	<p>19.1 The District should continue its efforts to improve its management of Finance system access to ensure that security roles and access privileges enforce an appropriate separation of duties.</p>	<p>Financial Services: <u>Item 19</u> referred specifically to the use of the Governance, Risk, and Compliance (GRC) tool in our SAP implementation. We have GRC in the Test system now and will be phasing in an implementation of GRC in Production once we have completed Payroll Go-Live and are in a stable condition. We simply do not have the resources to do it now. <u>This will be fully implemented in the second half of 2012.</u></p>	<p>PARTIALLY IMPLEMENTED As stated by management, the GRC module is in test mode and is scheduled for full implementation in the latter half of 2012.</p>

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<p>separation of duties. (OPERATIONAL AUDIT)</p>			
<p>20. The District used Improving Teacher Quality program funds to supplant other District moneys, resulting in \$286,441 of questioned costs. (SINGLE AUDIT)</p>	<p>20.1 The District should enhance procedures to ensure that Federal program funds are used only to supplement and not supplant District operating funds. In addition, the District should document to the grantor (Florida Department of Education) the allowability of the questioned costs, totaling \$286,441 or restore applicable amounts to the ITQ program.</p>	<p>Office of Intergovernmental Affairs, Grants Administration and Community Services: The District continues to closely monitor the issuance of the Improving Teacher Quality positions for 2011-2012 school year requiring written requests for allocations with a corresponding justification for the requested allocation. Furthermore, it is advised that since those positions are above and beyond the general fund allocation, those positions should be filled only after all general fund positions are filled. A response was provided to the FLDOE and to date the FLDOE has not requested the</p>	<p>PARTIALLY IMPLEMENTED Management disagrees with Auditor General's conclusion that supplanting had occurred. Nevertheless, management has submitted explanations and documentation to the Florida Department of Education (FDOE) to justify the district's use of the funds in question. Through our follow-up review, management also indicated that it has enhanced its monitoring procedures over grant funded positions with a more diligent review of budget allocations during budget development and will continue to fund schools, as warranted,</p>

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Audit Findings	Recommendation	Corrective Action By Management	Auditors' Comment
<p>21. Payroll expenditures were not always properly documented and supported for the Improving Teacher Quality, Special Education, and English Language Acquisition programs, resulting in \$85,647 of Special Education program</p>	<p>21.1 The District should enhance its procedures to ensure that expenditures are for allowable grant purposes, and payroll charges are properly documented and supported. In addition, the District should document the allowability of the questioned costs, totaling \$85,647, to the grantor (Florida Department of</p>	<p>restoration of the questioned costs to the program.</p>	<p>but any additional positions requires a signed memorandum from District/School Operations detailing justification for grant-funded instructional positions.</p>
<p>21. Payroll expenditures were not always properly documented and supported for the Improving Teacher Quality, Special Education, and English Language Acquisition programs, resulting in \$85,647 of Special Education program</p>	<p>The District should enhance its procedures to ensure that expenditures are for allowable grant purposes, and payroll charges are properly documented and supported. In addition, the District should document the allowability of the questioned costs, totaling \$85,647, to the grantor (Florida Department of</p>	<p>Office of Intergovernmental Affairs, Grants Administration and Community Services: The District has developed a substitute system utilizing the SAP platform which will address the deficiencies noted in the Audit Report relating to the issue of the A-87 certification requirements. The FLDOE has approved the proposed system which is currently in the process of being developed for implementation by November 2011.</p> <p>A response was provided to the FLDOE and to date the FLDOE has not requested the</p>	<p>PARTIALLY IMPLEMENTED</p> <p>To properly document and support payroll expenditures, the district developed a substitute time distribution reporting system. Full implementation of this system, which has been approved by the FDOE, is schedule to take place in November 2011 once the SAP payroll goes live. In addition, the questioned costs were documented in the district's response to the FDOE as errors in calculation and certification, which will not recur once the new system is fully implemented. Concerning</p>

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Audit Findings	Recommendation	Corrective Action By Management	Auditors' Comment
questioned costs. (SINGLE AUDIT)	Education) or restore applicable amounts to the Special Education program.	restoration of the questioned costs to the program.	the questioned costs, the district responded to the FDOE's follow-up request for information on June 22, 2011, and to date, has not been asked to restore the said funds.
22. Improvements were needed to ensure that invoices submitted to the grantor for reimbursement from the WIA Youth Activities program are properly supported and timely submitted. (SINGLE AUDIT)	22.1 The District should enhance its procedures to ensure that invoices submitted to the grantor for reimbursement from the WIA program are properly supported and timely submitted.	<p><u>Title I Administration, Early Childhood and Summer Services:</u> To address the allowable costs, cost principles and reporting issues identified in federal awards finding, School Board policies and procedures pertaining to contractual provisions, billing, and invoicing for reimbursement were reviewed by staff in the impacted District offices. Internal processes and controls were adjusted to ensure that the conditions resulting in this finding do not reoccur. Program staff was also trained in relation to contract management</p>	<p>PARTIALLY IMPLEMENTED</p> <p>According to management, they have not considered executing similar program contracts that would require staff to make reporting adjustments, but recommends that feasibility reviews be conducted prior to executing any future collaborative WIA projects. Management also indicated that upon the engagement of any future contracts with South Florida Workforce Investment Board, pertinent internal processes will be clearly identified.</p>

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Audit Findings	Recommendation	Corrective Action By Management	Auditors' Comment
		<p>and compliance. Guidelines for reviewing and approving contractual provisions involving allowable costs and cost principles and reporting were reviewed and modified to eliminate the possibility of future findings in this area.</p>	<p>Management met with staff and discussed the audit finding and strategies to address the finding. Management has collaborated with various district departments to develop protocol to address grantee programs, which they believe require impractical demands and/or extensive program implementation directives; and will maintain documentation of the process.</p> <p>Subsequent to completing our fieldwork, Title I Administration, Early Childhood and Summer Services management indicated to us that only grants/contracts deemed to be acceptable through the ongoing interdepartmental review process will be recommended for approval.</p>

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<p>23. Procedures over Federal funds provided to charter schools could be enhanced to demonstrate compliance with the OMB Circular A-133 monitoring requirements. (SINGLE AUDIT)</p>	<p>23.1 The District should continue its efforts to implement procedures for monitoring CSP funds provided to sub-recipients to ensure compliance with Federal requirements.</p>	<p>Office of Intergovernmental Affairs, Grants Administration and Community Services: Charter Schools Operations has notified all charter schools of the reporting requirement for the Charter School Program (CSP) grant recipients since December 2010. To date, we have received financial status reports for selected schools; and have also accompanied FLDOE on-site visit to other schools. In an effort to further improve the monitoring of CSP grants, M-DCPS will also transition from a cash advance basis of disbursing funds to a reimbursement basis for the 2011-12 school year. This change will allow M-DCPS to monitor expenditures PRIOR to funds being fully disbursed, and hence reduce the risk of CSP funds being used for unauthorized purposes.</p>	<p>FULLY IMPLEMENTED</p> <p>The District has adopted a working capital advance basis reimbursement system. The full amount of the planning grant (\$25,000) will be advanced to the school for planning purposes. Thereafter, the school will be required to submit documentation of how the initial \$25,000 was spent, before they can be awarded 25% of the implementation award amount. Proper documentation is required before each additional 25% increment is disbursed. Notification was sent to Charter Schools on August 18, 2011. In addition, a Visit Monitoring Rubric has been developed to be used to monitor Charter Schools compliance with Federal Requirements.</p>

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<p>24. Twenty-First Century program expenditures were not always properly documented and supported, resulting in \$182,312 of questioned costs. (SINGLE AUDIT)</p>	<p>24.1 The District should enhance its procedures to ensure that Twenty-First Century program expenditures are only for allowable grant purposes, and charges are properly documented and supported. In addition, the District should document to the grantor (Florida Department of Education) the allowability of the \$182,312 of 2008-09 fiscal year questioned costs disclosed by the grantor's monitoring, or restore these</p>	<p>Office of Intergovernmental Affairs, Grants Administration and Community Services: Meetings have been held with participating schools, as well as the City of Miami who serves as the contractor under the program, in order to address the deficiencies noted in the report. Moreover, the monthly deliverable schedule for the program will be incorporated as part of the contract to ensure that the City of Miami assist the school in meeting and documenting the required deliverables. Participating schools and contractors will be required to attend a District sponsored training session covering program internal procedures and controls, and the funder will also be requested to provide a training session to further instruct program participant personnel on required program requirements.</p>	<p>PARTIALLY IMPLEMENTED Management has implemented procedural enhancements, including the addition of contract terms that will reference the Project Deliverable and Invoices Form. In addition, final payments will be contingent on meeting monthly performance goals. District's attorney has approved the inclusion of the deliverables as part of the contract as an addendum, contingent upon mutual agreement by all parties involved. Management indicated that they will provide training to Program Managers and sub-grantees on district's expectations and procedures.</p>

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	amounts to the Twenty-First Century Program.	A response was provided to the FLDOE and to date the FLDOE has not requested the restoration of the questioned costs to the program.	
<p>25. Controls over food service inventories and program operations could be enhanced. (SINGLE AUDIT)</p>	<p>25.1 The District should strengthen procedures necessary to provide enhanced control over food service inventories and adequately monitor the operations of the foods service program.</p>	<p>Office of Intergovernmental Affairs, Grants Administration and Community Services: The Department of Food and Nutrition conducts data analysis of key performance indicators using the Decision Support System (DSS). Currently, the DSS phase under implementation is the Manager's PRORITY System for food inventory and menu management reporting at the school site level. The Department is fully implementing this phase of the monitoring system on August 15, 2011, The Decision Support System (DSS) for the school site level is</p>	<p>PARTIALLY IMPLEMENTED The Department of Food and Nutrition developed a module in the Food and Nutrition Priority System that went live on August 15, 2011. This system will allow cafeteria managers to gather information on items purchased/received at the school site, sales information, production records and other data that will enable management to establish parameters and variances. Full implementation will take place once the parameters and variances that will assist</p>

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		<p>designed to provide central administration increased controls and improved monitoring of food costs and usage at the school site level for all district food service programs. Since 2008, significant performance improvement in operations of the federally-funded food service program have been achieved, and continued improvement of inventory recordkeeping and meal costs at the site level are anticipated with the implementation of the additional monitoring capabilities.</p>	<p>in adequately monitoring operations of the food service program have been established.</p> <p>Subsequent to completing our fieldwork, Food and Nutrition management indicated to us that the food service managers have been recording purchased food received, menu production records and food ordering in the PRIORITY system since the opening of school. They also indicated that the Department of Food and Nutrition is actively working with the Office of Information Technology to review the PRIORITY system data collection, and that this process will continue through the 2011/2012 school year.</p>

MIAMI-DADE COUNTY PUBLIC SCHOOLS ANTI-DISCRIMINATION POLICY

Federal and State Laws

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

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

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

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

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

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

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

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

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

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

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

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

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

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

In Addition:

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

Revised: (07-11)

**INTERNAL AUDIT FOLLOW-UP REVIEW
REPORT**

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