

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



AUDIT OF GRANTS MANAGEMENT AND CONTROLS



Internal controls are in place over the grants administration and management function. Although we found no material exceptions concerning the propriety of grant expenditures tested, two instances of non-compliance with Federal grant guidelines were noted.

September 2014

THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA

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Miami-Dade County Public Schools

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September 8, 2014

The Honorable Chair and 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:

In accordance with the audit plan for the 2012-13 Fiscal Year, we have performed an audit of the grants management function at Miami-Dade County Public Schools and the controls therewith, for grants that were either initiated or active during the fiscal years ended June 30, 2012, and June 30, 2013. The overall objectives of the audit were to determine whether an adequate system of internal controls was in place over the grants function to provide for effective and efficient administration of grant awards, the safeguarding of those awards, and ensuring compliance with applicable federal and state statutes, rules, and regulations.

Our audit found that a system of internal controls was in place over the grants administration and management function. Also, we found no material exceptions concerning the propriety or documentation for approximately \$4.5 million of grant expenditures tested. However, we did find two instances of non-compliance with Federal grant guidelines. Also, we did find areas to improve upon the existing control structure, such as updating the Grant Administration Handbook to reflect all current procedures.

Our findings and recommendations were discussed with management. We would like to thank management for their cooperation and courtesies extended to our staff during the audit.

Sincerely,

José F. Montes de Oca, CPA, Chief Auditor

Office of Management and Compliance Audits

Office of Management & Compliance Audits

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EXECUTIVE SUMMARY

Why We Did This Audit

Annually, Miami-Dade County School district receives more than \$400 million in non-Title I grants from different sources, including the federal, state and local governments, foundations, and other private entities.

Although an annual OMB Circular A-133 Single Audit is done for federal awards, it is essential that proper internal controls, which according to the A-133 Compliance Supplement, includes routine tests for compliance by the internal auditors, be in place over the entire grants administration and management function.

What We Recommended

We are making six recommendations to management to strengthen internal controls and compliance requirements, including:

- ◆ *Update the Grant Administration Handbook and the Grants Data Process Flow Charts to include all current policies, procedures, and phases of the grant life cycle from inception to closeout.*
- ◆ *Develop a process for monitoring compliance of grants program managers' attendance at the mandatory post-award grant training sessions.*
- ◆ *Bring the OMB Circular A-87 payroll certification process into compliance. The process should mirror existing M-DCPS payroll approval policies.*
- ◆ *Consider systematically disabling or restricting the ability for grants program managers to incur obligations or expenditures after the grant liquidation date or that exceed the grant award.*

What We Found

Our audit focused on the administration of non-Title I grants that were either initiated or active during the fiscal years ended June 30, 2012, and June 30, 2013. Title I grants were excluded from our audit scope because of the ongoing audit coverage that these grants receive from our school audit function.

Our audit concludes that the Office of Intergovernmental Affairs, Grants Administration, and Community Engagement (OIAGA), which performs and supports the grants administration functions at the district, has made efforts to design a system of internal controls for the function. A core feature to the system's design is the Grants Administration Handbook produced by that office. We found the Handbook to be comprehensive in the guidance it provides to grants program managers. Notwithstanding its comprehensive nature, the Handbook is outdated and needs to be updated to include current policies and procedures.

The OIAGA has developed a fairly comprehensive training document to provide mandatory annual training to grants program managers. However, our audit disclosed that all grants program managers are not attending these training sessions for each year that he or she is managing a grant, as required. Ongoing training is an important component of any system of internal controls.

Additionally, our review of electronic access to the district's computer system to complete the OMB Circular A-87 payroll certification process disclosed a lack of compliance with the requirements of the Circular. Some non-administrative personnel whose wages were not paid with grant funds certified employee grant activity hours. In addition, a total of 361 non-administrative employees, including part-time staff, secretarial, and other school support personnel had OMB Circular A-87 certification authorization capabilities.

Based on our audit findings in other previously published and unpublished reports, it is evident that this condition involving incompatible role/authorization exists not only in the Grants Management application, but in other district applications containing sensitive information, including "Personally Identifiable Information" (PII). Non-administrative staff having delegated incompatible authority to certify A-87 cost report is merely a manifestation of the larger systematic deficiency present in various computer applications and awareness of the potential risk exposure throughout the district.

Through our testing of grant expenditures, we are able to conclude that the propriety and documentation for the expenditures tested were in order. We found no material exceptions in this area.

In assessing internal controls over grants cash management, our audit found that a

system is in place for monitoring cash management activity via quarterly grants receivable analyses. For instance, through this process, we noted that grant receivables charged-off to the general fund during the last three full fiscal years were only approximately \$1.02 million (0.085%), of the approximately \$1.2 billion in total grants received during this period, according to the lists of open grants provided to us by the OIAGA.

Notwithstanding the cash management monitoring activity that is in place, our analysis indicated that \$526,000 of the amount of receivables charge-off was for grant expenditures that exceeded the grant award or were incurred after the grant's liquidation date. Although this amount is not material as compared to the total awards received, it is nevertheless an internal control deficiency due to the absence of a systematic control to prevent it from occurring. Moreover, this condition is an instance of non-compliance.

Except for the aforementioned instances of non-compliance, the district complied with applicable laws, rules, and regulations against which the district's grants function was tested.

Based on the audit evidence obtained, we made six recommendations. The detailed findings and recommendations start on page 10 of this report and provide additional information that is integral to understanding the substance and context of the conditions noted above.

INTERNAL CONTROLS

Our overall evaluation of internal controls over the processes for grants administration is summarized in the table below.

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

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

BACKGROUND

The Office of Intergovernmental Affairs, Grants Administration, and Community Engagement (OIAGA) performs and supports the grants administration functions at the district. OIAGA has two units that manage this function: the Grants Development Unit (GDU) and the Financial Reporting Unit (FRU).

Through their search efforts in the Federal Register, e-mails, e-newsletters, internet searches, etc., employees in the GDU identify grant opportunities for certain departments and academic disciplines. Each employee has a goal of identifying at least two grant opportunities, which are presented at each weekly GDU meeting.

Each researched grant opportunity results in a Funding Search document, which lists the funding source, the grant title, the award type, the grant purpose, the length of the grant, important dates in the grant application process, and other information. At its weekly meeting, GDU decides whether to disseminate the grant opportunity to a specific department. If it does, a Timeline Dissemination Memorandum document (TDM) is generated and sent to the identified department. The TDM document will contain pertinent grant information with a deadline (usually a few days) in which the department must either sign and return or notify via email whether they will proceed with the grant application process. If the department agrees to continue, a physical grant file is created. Afterwards, an initial concept development meeting takes place so that the GDU, selected department personnel, and others can discuss who will be tasked with the various components of the grant application and assess the department's grant-writing needs. After the initial concept development meeting, one or more meetings occur in the application process.

Once there is a final budget, it is reviewed by the FRU and forwarded to the Office of the Superintendent for approval. After the grant application is finalized it is submitted to the grantor. Typically, each section of the grant application is assigned a certain number of points. A grant is awarded to the grantee if the application receives a certain score. In the case where a grant is not awarded, the GDU requests review notes from the grantor to ascertain which grant application areas did not receive maximum scores and why. These review notes provide valuable insight that will benefit the grant-writing team on future grant applications. When the district is awarded a grant, a program number is assigned by the Controller's Office and the grant information is included in an agenda item for School Board approval.

Grants are categorized either as federal-direct, federal-through-state, federal-through-local, state-direct, local-direct, foundation or private depending on the funding agency.

For this audit, we judgmentally selected seven grants that were representative of the district's grants population (exclusive of Title I grants), as shown in the following table:

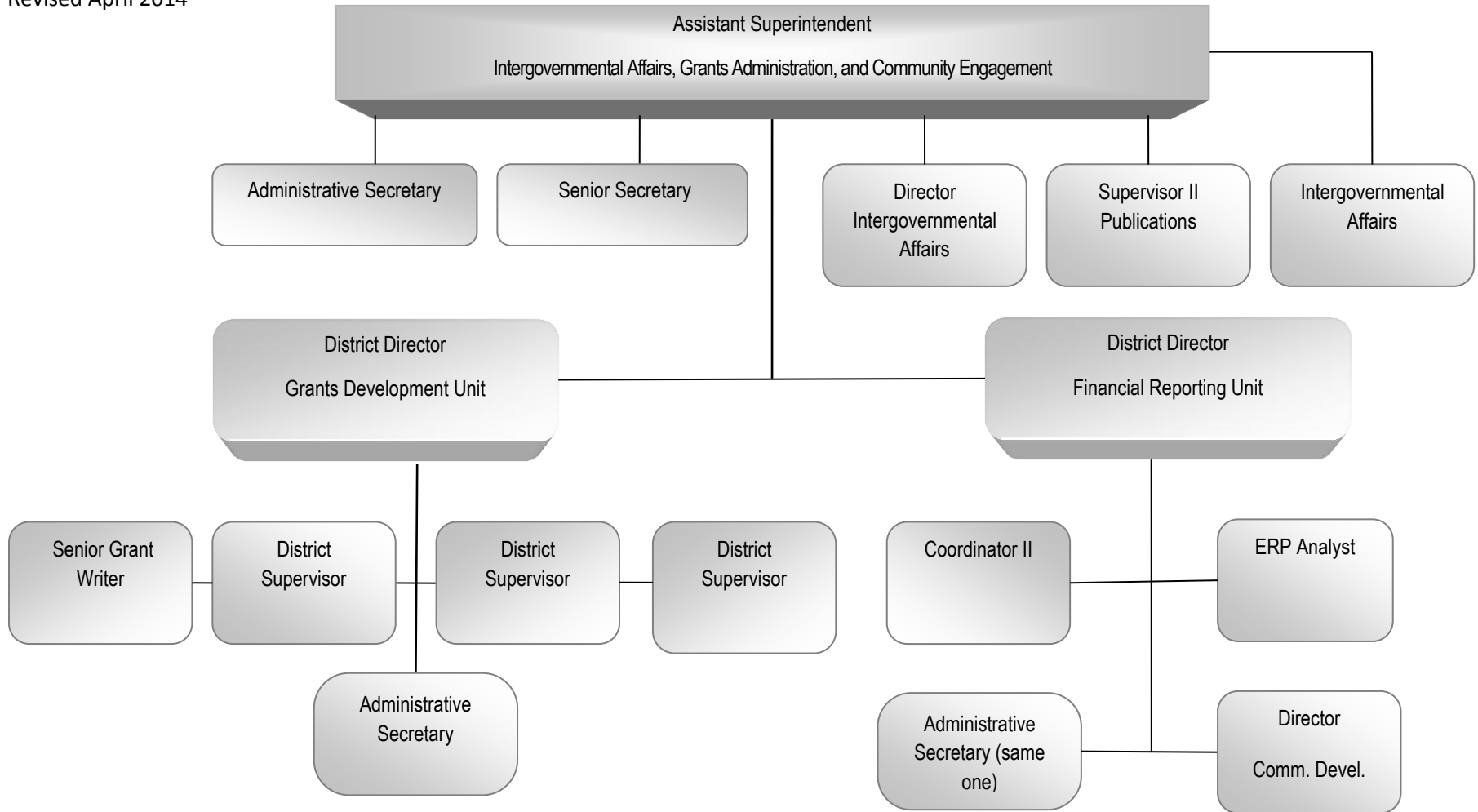
Grants				
Name	Award Amount	Start Date	End Date	Liquidation Date¹
IDEA 2011-12	\$ 77,897,124	08/17/11	06/30/12	08/20/12
Teacher Incentive Fund (2012-17)	13,102,038	09/28/12	09/30/17	12/30/17
Title III – Supplementary Instructional Support for English Language Learners	8,873,541	08/22/11	06/30/12	08/20/12
Title II Part A - Class Size Reduction 2012-13	7,120,435	10/16/12	06/30/13	08/20/13
Adult Education and Family Literacy 2011-12	4,347,515	09/29/11	06/30/12	08/20/12
Play, Eat, Succeed: Community Transformation Grant	3,133,055	09/25/12	09/29/14	12/29/14
Cultural Passport	990,000	03/09/11	11/30/13	11/30/13
Total	\$115,463,708			

For these seven grants, we selected a total of 98 non-payroll grant expenditures totaling approximately \$4.5 million for testing. Our criteria included, but were not limited to, verifying whether expenditures were: allowable by the grant, contained adequate supporting documentation, indicated acknowledgement of the receipt of goods or services where appropriate, and fulfilled a need. Additionally, this test of expenditures verified whether the selected grant complied with applicable Federal regulations and School Board Policies. No material exceptions were noted in this area of testing.

¹ The grant liquidation date is the last day that a purchase order can be paid with grant funds.

ORGANIZATIONAL CHART

Revised April 2014



OBJECTIVES, SCOPE, AND METHODOLOGY

Our audit covered the grants administration function of Miami-Dade County Public Schools for non-Title I grants that were either initiated or active during the fiscal years ended June 30, 2012, and June 30, 2013. We excluded Title I grants from our scope because of the ongoing audit coverage these grants receive from our schools audit function.

The objectives of the audit were to evaluate whether internal controls are in place to ensure that: grant funds are expended in accordance with the terms of the approved budget of the grant; the district is requesting reimbursement for allowable grant expenditures incurred; required reports are accurate and submitted timely; adequate documentation to support grant objectives is maintained; grants are being managed effectively and efficiently; adequate monitoring of grant activity is being done; the administration of grants complies with applicable federal and state statutes, rules, and regulations; and computerized systems that capture grant-related transactions are functioning properly.

We performed the following procedures to satisfy the audit objectives:

- Obtained an understanding of the grants administration process.
- Interviewed district staff and program managers.
- Reviewed grant files for selected grants.
- Identified electronic reports and print screens to view pertinent grant information.
- Reviewed a sample of grant expenditures for various criteria.
- Performed a survey of all grant program managers.

- Reviewed sign-in sheets for post-award grant training sessions.
- Performed various other audit procedures as deemed necessary.

We conducted this performance audit in accordance with generally accepted *Government Auditing Standards* issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions, based on our audit objectives.

A performance audit is an objective analysis, based on sufficient and appropriate evidence, to assist management and those charged with governance and oversight to improve program performance and operations, reduce costs, facilitate decision-making and contribute to public accountability. Performance audits encompass a wide variety of objectives, including assessments of program effectiveness, economy and efficiency; internal control; compliance; and prospective analyses.² Planning is a continuous process throughout the audit. Therefore, auditors may need to adjust objectives, scope, and methodology as work is being conducted.³ We believe that the evidence obtained provides a reasonable basis for our findings and conclusions.

This audit included an assessment of applicable internal controls and compliance with the requirements of policies, procedures, laws, regulations and rules to satisfy our audit objectives.

² Comptroller General of the United States, *Government Auditing Standards*, 2011 Revision, (Washington D.C.; United States Government Accountability Office, 2011), pp. 17-18.

³ *Ibid.*, p. 126.

FINDINGS AND RECOMMENDATIONS

1. Update Grant Administration Handbook and Data Process Flow Charts to Include Current Policies and Procedures

REFERENCED STANDARDS
<p>2 CFR (Code of Federal Regulations), Part 200 (Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards):</p> <p><i>Section 200.303, Internal controls, requires recipients of Federal awards to establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States and the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).</i></p> <p>Office of Management and Budget (OMB) Circular A-133 Compliance Supplement, Part 6 – Internal Control</p> <p><i>Operating policies and procedures should be clearly written and communicated.</i></p> <p>COSO Internal Control Integrated Framework:</p> <p><i>Control Activities, one of the five integrated components of internal control, are the actions established through policies and procedures that help to ensure that management’s directives to mitigate risks are carried out.</i></p> <p>Government Finance Officers Association (GFOA), Best Practice, Grants Administration:</p> <p><i>A government should develop and document grants policies and procedures that require certain steps to be taken before applying for or accepting grants to maximize the benefits of grants while minimizing the risks.</i></p>

To comply with good internal controls and best practices, the Office of Intergovernmental Affairs, Grants Administration, and Community Engagement (OIAGA) has developed a Grants Administration Handbook (“Handbook”) of procedures to provide guidance to grants program managers on managing grants under their purview, and various Grants Data Process Flows (“Flow Chart”) to graphically depict the

activities and staff responsibilities that occur over the grant life cycle from inception to shortly after the grant is awarded.

In our opinion, based on our review, we conclude that the Handbook is quite comprehensive and provides effective guidance to grants program managers; and when coupled with the Flow Charts, adequate policies, procedures and guidance are available to manage the grants function and promote proper internal control.

Notwithstanding the comprehensive nature of the Handbook, we found that the Handbook needs to be updated. For example, it presents School Board Rule citations and makes references to the utilization of certain processes and systems (i.e., MSAF Budget/Finance/Purchasing System) that have been superseded and replaced since February 2010.

In addition, the function could benefit from uniformity and efficiency in the grants file maintenance and recordkeeping process. For example, grant information and documents were located either in the physical grant file, in the SAP Grantmaster module, in the secretaries' binder for each GDU employee, or on the District's network drive, rather than in a central repository. Maintaining complete files in a central location could assist staff in ensuring that the omission of required documents from the grants file is not overlooked, improve efficiency, and avoid audit findings.

RECOMMENDATION

- 1.1 Update the Grants Administration Handbook to include current policies, procedures, forms and computer applications in use. Providing pointed guidance on the need to centrally maintain required documents to improve grants file maintenance should be considered as part of the update.**

Responsible Department:

OIAGA

Management Response: *The Office of Grants Administration has updated the Grants Administration Handbook to incorporate all financial information and procedures from the SAP system. In addition, in order to ensure that the Grants Administration Handbook remains updated, the handbook will be reviewed annually to ensure the document remains current. Scanned copies of all grant applications, correspondence with funders, award letters, grant budgets, amendments and other grant related documents are electronically filed in the District network's drive for Grants Administration, properly labeled, under Grants, Transmittals and Revisions files.*

2. MANDATORY GRANTS TRAINING IS NOT BEING ATTENDED BY ALL GRANTS PROGRAM MANAGERS

REFERENCED STANDARDS
<p>OMB Circular A-133 Compliance Supplement, Part 6 – Internal Control <i>Management should be committed to competence to ensure that staff receive adequate training to perform their duties.</i></p> <p>Government Finance Officers Association (GFOA), Best Practice, Grants Administration: <i>To ensure the efficient administration and operation of grant programs the government should provide initial training for new and unfamiliar programs and continuing training, in general, for the government (both for oversight agencies, such as finance, and the department/program staff that directly administer the grants) and others involved with grant program (e.g., subrecipients).</i></p>
<p>Miami-Dade County Public Schools Weekly Briefing No. 13501: <i>All program managers and his/her assistant are required to attend one post-award grant training session per school year.</i></p>

The OIAGA has developed a fairly comprehensive training document to provide training to grants program managers. Our review of information contained on the OIAGA’s website, the District’s Weekly Briefing notices, and discussion with management indicate that the annual attendance at the post-award grant training sessions is mandatory for grants program managers and their assistants.

We conducted an audit survey (see APPENDIX A). Responses from the survey, and our review of the sign-in sheets for the monthly post-award grant training sessions, disclosed that not all grants program managers are attending these sessions each year that he or she is managing a grant, as required.

Initial and refresher training would help those who are responsible for administering or managing grants to be aware of and remain current with district, state, and federal policies, procedures and regulations for managing grants. For example, one such recent change is the OMB's final guidance in the Code of Federal Regulations – 2 CFR, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), which supersedes various OMB Circulars. These guidelines (issued December 26, 2013) are effective beginning December 26, 2014 and may require redesign of some processes in the grants management function, including the grants training courses.

RECOMMENDATION

- 2.1 Develop a process for monitoring grants program managers' compliance with their attendance at the mandatory post-award grant training sessions. The process should provide for identifying grants program managers who have not attended the required training, notifying those grants program managers and their supervisors of the need to attend the required training, and enforcing compliance with the requirements.**

Responsible Department:

OIAGA

Management Response: *The Office of Grants Administration has in the past and continues to provide monthly grant financial training (post-award training) as a service for all grant managers. Although not a compliance requirement, training is a best practice and all grant managers are asked to attend. Enforcing attendance, however, has been a challenge as there is no line supervision or current method to hold program managers accountable for attending training. Currently, all grant financial training materials of the Post-Award Training are posted on the District's website. In order to enhance what Grants Administration has already implemented in this regard, the office will collaborate with the Office of Information Technology (ITS) to enhance the online training materials, add a mechanism to facilitate participation in the training using technology, and include a mechanism to monitor online participation. In addition,*

quarterly e-mails will be sent to the program managers and their supervisors if they have not participated in the training.

2.2 Given the comprehensive nature of the recently issued OMB Uniform Guidance, management should initiate a thorough review of the revised regulation. Existing policies, procedures, processes and related documents should be revised, where necessary, to comply with the revised regulation by its implementation date of December 26, 2014.

Responsible Department: OIAGA

Management Response: *In preparation for the December 26, 2014 implementation date of the OMB Uniform Guide, the Office of Grants Administration, in collaboration with the Office of the Controller, has been reviewing the new Uniform Administrative Requirements and attending different trainings as they become available in order to be able to determine the impact of the new regulations on the District's existing policies and procedures. However, it should be noted that the final revisions to the Green Book from the Florida Department of Education are not expected to be released until January 2015 and the final Education Department General Administrative Regulations (EDGAR) from the US Department of Education will be published on December 26, 2014.*

**3. RESTRICT OMB CIRCULAR A-87
PAYROLL CERTIFICATION RIGHTS
TO THE APPROPRIATE STAFF**

REFERENCED STANDARD

OMB Circular A-87 (Revised 2004) – Section 8, Compensation for personal services (Subsection H.3 - Support of Salaries and Wages)

Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semiannually and will be signed by the employee or supervisory official having first-hand knowledge of the work performed by the employee.

According to OMB Circular A-87 (Revised), the activities of employees whose salaries are funded by grant dollars must be periodically certified to attest that grant funds are being expended as intended. For example, if an employee is paid from a single grant, the hours spent by the employee working on the grant must be certified for accuracy either by the employee performing the work or the supervising administrator.

District employees are given certain systems access needed in order to manage grants. At school sites, the Principal is responsible for delegating Grants Management roles to school staff, including the OMB Circular A-87 certification role. The accepted district policy is to limit payroll approval, including A-87 payroll certification to supervising administrative staff. Staff has indicated that the district's computer application is programmed to push out the A-87 certification form to worksite location administrators.

We reviewed the roles of employees with OMB Circular A-87 payroll certification authorization during the time period of July 1, 2013, to October 31, 2013. Our analysis disclosed instances of non-compliance, whereby, some non-administrative personnel who were not recipients of grant dollar wages certified employee grant activity hours. In addition, a total of 361 non-administrative employees, including part-time staff, secretaries, and other school support personnel, some of whom were not solely funded by grant dollars, had OMB Circular A-87 authorization capabilities.

Grants Management roles can be assigned by a worksite location administrator with “AAAA” authorization to any employee in the district, either intentionally or unintentionally, regardless of where the employee works or whether the employee has any association with a grant. Based on our audit findings in other previously published and unpublished reports, it is evident that this condition involving incompatible role/authorization exists not only in the Grants Management application, but in other district applications containing sensitive information, including “Personally Identifiable Information” (PII). Non-administrative staff having delegated incompatible authority to certify A-87 cost report is merely a manifestation of the larger systematic deficiency present in various computer applications and awareness of the potential risk exposure throughout the district.

It must be noted that although recently issued OMB Uniform Guidance on administering Federal grants relaxed the “A-87 Certification” for wage expenditures, it tightened accountability and the ability to prosecute fraud, waste and abuse by requiring that an official from the agency that receives Federal awards sign a specifically worded certification as to trueness, completeness and accuracy of the use of funds for

their intended purposes and an acknowledgement that he/she may be subject to criminal, civil or administrative penalties for fraud, false statements, false claims or otherwise, resulting from any false, fictitious, or fraudulent information, or the omission of any material fact.

Moreover, guidance from the Council of Financial Assistance Reform (COFAR) on the implementation of the OMB Uniform Guidance stated that the terms and conditions of the Federal award always govern, even after the Uniform Guidance goes into effect.

RECOMMENDATIONS:

- 3.1 Complete a detail structural review of the OMB Circular A-87 certification payroll process to bring it into compliance with the Circular. The A-87 certification payroll process should mirror existing M-DCPS payroll approval policies. The “ZDE_GM_A87_cert_LOC_WL##” authorization (OMB Circular A-87 Certification role) should either be systematically restricted to administrators or policy should be updated to explicitly state that this authorization cannot be delegated to non-administrative staff whose wages are not solely paid with grant funds.**

Responsible Department: School Operations, Information Technology Services, and OIAGA

Management Response:

Information Technology Services – *After much discussion among the various groups, it was decided that limiting who can be given the Circular A-87 role by programmatic means was not feasible and so procedural methods and reports similar to those used by the Payroll department would be used instead (see ITS Response to 3.2 below).*

School Operations – *School Operations is in support of the recommendations made by the Office of Instructional Technology, Grants Management, OMCA, and Payroll as it relates to establishing procedural methods and reports similar to those used in the Payroll department.*

Additionally, procedures that strengthen controls over the monitoring of the Circular A-87 certification payroll process have been established and outlined in the response provided by the Office of Information Technology and will be enforced through a Weekly Briefing informing Principals of the available reports that will facilitate the accurate monitoring of Circular A-87 approver role.

OIAGA – *The online approval system of Circular A-87 was designed so the request for approval goes directly to the universal work list of the person in charge of the payroll location. As a result of this audit, it was noted that the system allows for the approval to be forwarded to other employees who were not administrators. The Office of Grants Administration recognizes the importance of work location administrators properly approving time and effort of all employees working under federal grants. Therefore, we have collaborated with the Office of Information Technology (ITS) to ensure that restrictions in the approval of Circular A-87 are implemented. ITS has designed an exception report that will identify any employee with the Circular A-87 approval role who is not an administrator at the work location and does not have payroll approval role for the location. This report will be reviewed by Grants Administration prior to the dissemination of the circular A-87 to ensure that anyone that does not meet the criteria is removed from the Circular A-87 approver role. Grants Administration has also added specific language to the Circular A-87 approval briefing stating **that this is a federal requirement that cannot be delegated and must be approved by a location administrator who has payroll approval role. This message will also be communicated during the monthly post-award trainings.***

- 3.2 Develop procedures to strengthen controls over the monitoring of the OMB Circular A-87 certification payroll process. All AAAA administrators at locations that are managing grants should periodically review and make necessary corrections utilizing SAP’s ZME_FI_Display_Access function to ensure that only an administrator or those employees that charge time to a grant have the ability to certify grant expenditures.**

Responsible Department: School Operations, Information Technology Services, and OIAGA

Management Response:

Information Technology Services – *As discussed over the course of several meetings with various representatives from ITS, Grants Management, School Operations, OMCA, Payroll, and the Chief of Staff, ITS will:*

- *Create a report similar to the one used by the Payroll Department that shows all staff District-wide that have the Circular A-87 role. This will be available to be run as needed (probably 3 times a year before each of the times grants must be reviewed and approved) by whatever departments determined to need to review this information. At this point Grants Management, School Operations, and OMCA have been suggested as the departments with a need to review this.*
- *Create a District-wide exception report that is a version of the abovementioned Circular A-87 report but which instead shows only inappropriate non-administrators that have been given the role.*
- *Create a report to be made available to the AAAA and/or Red Hat administrators of each location showing who has the Circular A-87 approval role at their location. This would be in addition to the ZME_FI_Display_Access function that is still available to site administrators.*
- *A report already exists and is available to the Grants Management department that is run after each grant approval period showing who did the approval for each location.*
- *Perform a one-time "clean-up" operation to remove all non-administrative staff within a location and all non-AAAA/Red Hat staff from outside each location that may currently have the role.*

ITS intends for this to be completed before the September 16th Audit Committee meeting.

School Operations – *See management’s response to Recommendation 3.1 and Information Technology Services’ response to Recommendation 3.2.*

OIAGA – *See management’s response to Recommendation 3.1 and Information Technology Services’ response to Recommendation 3.2.*

4. DISABLE OR LIMIT THE ABILITY OF GRANTS PROGRAM MANAGERS TO EXCEED THE GRANT AWARD LIMIT OR INCUR EXPENDITURES AFTER THE GRANT LIQUIDATION DATE

REFERENCED STANDARD
<p>OMB Circular A-133 Compliance Supplement – Internal Control (6-C-1 and 6-H-1)</p> <p><i>Recipients of Federal funds should have written policy that provides for the monitoring of cash management activities and an accounting system that prevents obligation or expenditure of Federal funds outside of the period of availability.</i></p>

A grant’s liquidation date is the last day that a purchase order can be paid with grant funds. Guidance published by the OMB on managing Federal awards stipulates that recipients of Federal awards should have policies and procedures in place to ensure that the full amount awarded is expended by the grant’s liquidation date. The district’s stated goal is that less than one percent (1%) of any grant remains unexpended by the grant’s liquidation date.

The OMB Circular A-133 Compliance Supplement indicates that a recipient of Federal award should have a system of internal controls that includes written policy that provides for monitoring cash management activities and an accounting system that prevents obligation or expenditure of Federal funds outside of the period of availability.

Our discussion with the Controller’s Office and other auditing procedures performed revealed that a system is in place for monitoring cash management activity via quarterly grants receivable analyses. Through this process, we noted that the total grant receivables

charged-off to the general fund during the last three full fiscal years were approximately \$1,019,000 (0.085%) out of approximately \$1.2 billion in total grants received; according to the lists of open grants provided to us by the OIAGA. It is evident that the said charge-offs are not material to the overall grant awards received. Also, it must be noted that \$493,000 (48%) of the said charge-offs relates to a single grant from a local foundation that remained uncollectable after many attempts by M-DCPS staff to collect the delinquent amount.

Notwithstanding the cash management monitoring activity that is in place, our further analysis revealed that the remaining \$526,000 of receivables charge-off was for grant expenditures that exceeded the grant award or were incurred after the grant's liquidation date – an internal control deficiency and non-compliance.

The grant award limit is a built-in budgetary control; a characteristic that the district should ensure remains intact in its system of internal controls.

With approval from the grantor, the district may be permitted to incur obligation or expenditures exceeding the grant award amount or beyond the grant's liquidation date on the premise that these additional expenditures will be picked up through the funding of a successor grant. However, if the grantor does not provide this consideration, the district's general fund absorbs the additional expenditures.

4.1 Consider systematically disabling or restricting the ability for grants program managers to incur obligation or expenditures after the grant liquidation date or that exceed the grant award.

Responsible Department: Office of the Controller and Information Technology Services

Management Response: *Modifications to the SAP System have been implemented to issue warning reports informing site administrators 30, 60 and 90 days prior to the expiration of the grant to assist them in the grant closing process. Also, SAP has been modified to prevent processing of time entry for overtime and substitute charges to expired grants. Additionally, procedural changes have been established to timely place staff in successor grants or charge the location's discretionary funds for charges incurred beyond the expiration date of the grant.*

APPENDIX A

Responses to Grant Program Manager Survey	
Selected Questions	Responses
1. Please indicate the number of grants for which you are (or have been) the program manager from July 1, 2011, to present.	<ul style="list-style-type: none"> • 59% responded “1 Grant.” • 17% responded “2 Grants.” • 10% responded “3 Grants.” • 4% responded “4 Grants.” • 10% responded “5 or more Grants.”
2. Please provide the month and year you received training on the management and reporting requirements for this grant. If you did not receive training for the grants you manage, reply "09-09-1900".	<ul style="list-style-type: none"> • 48% responded to receiving training before audit period (before July 1, 2011). • 35% responded “no training received for grant I manage.” • 17% responded to receiving training during audit period (between July 1, 2011, and June 30, 2013).
3. Please assess the quality of grant administration support provided by the Office of Intergovernmental Affairs and Grants Administration:	<ul style="list-style-type: none"> • 73% responded “excellent.” • 21% responded “very good.” • 3% responded “average.” • 3% responded “needs improvement.”

MANAGEMENTS' RESPONSES

MEMORANDUM


IRM-C/2014-2015/M042
September 5, 2014

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

FROM: Iraida R. Mendez-Cartaya, Associate Superintendent
Office of Intergovernmental Affairs, Grants Administration, and Community
Engagement

SUBJECT: RESPONSE TO AUDIT FINDINGS

Enclosed is the response to the audit findings of the Office of Grants Administration.
Please contact me if you have any questions.


_____ **IRM-C**

IRM-C:lbd

Attachment

cc: Mr. Alberto M. Carvalho

Office of Intergovernmental Affairs, Grants Administration, and Community Engagement (OIAGA)

06/06/14

AUDIT OF GRANT MANAGEMENT AND CONTROLS

RESPONSES TO AUDIT FINDING

PAGE #11 -- FINDING 1

The Office of Grants Administration has updated the Grants Administration Handbook to incorporate all financial information and procedures from the SAP system. In addition, in order to ensure that the Grants Administration Handbook remains updated, the handbook will be reviewed annually to ensure the document remains current. Scanned copies of all grant applications, correspondence with funders, award letters, grant budgets, amendments and other grant related documents are electronically filed in the District network's drive for Grants Administration, properly labeled, under Grants, Transmittals and Revisions files.

PAGE #14 -- FINDING 2

The Office of Grants Administration has in the past and continues to provide monthly grant financial training (post-award training) as a service for all grant managers. Although not a compliance requirement, training is a best practice and all grant managers are asked to attend. Enforcing attendance, however, has been a challenge as there is no line supervision or current method to hold program managers accountable for attending training. Currently, all grant financial training materials of the Post-Award Training are posted on the District's website. In order to enhance what Grants Administration has already implemented in this regard, the office will collaborate with the Office of Information Technology (ITS) to enhance the online training materials, add a mechanism to facilitate participation in the training using technology, and include a mechanism to monitor online participation. In addition, quarterly e-mails will be sent to the program managers and their supervisors if they have not participated in the training.

Given the comprehensive nature of the recently issued OMB Uniform Guidance, management should initiate a thorough review of the revised regulation. Existing policies, procedures, processes and related documents should be revised, where necessary, to comply with the revised regulation by its implementation date of December 26, 2014.

In preparation for the December 26, 2014 implementation date of the OMB Uniform Guide, the Office of Grants Administration, in collaboration with the Office of the Controller, has been reviewing the new Uniform Administrative Requirements and attending different trainings as they become available in order to be able to determine the impact of the new regulations on the District's existing policies and procedures. However, it should be noted that the final revisions to the Green Book from the Florida Department of Education are not expected to be released until

January 2015 and the final Education Department General Administrative Regulations (EDGAR) from the US Department of Education will be published on December 26, 2014.

PAGE #17 -- FINDING 3

The online approval system of Circular A-87 was designed so the request for approval goes directly to the universal work list of the person in charge of the payroll location. As a result of this audit, it was noted that the system allows for the approval to be forwarded to other employees who were not administrators. The Office of Grants Administration recognizes the importance of work location administrators properly approving time and effort of all employees working under federal grants. Therefore, we have collaborated with the Office of Information Technology (ITS) to ensure that restrictions in the approval of Circular A-87 are implemented. ITS has designed an exception report that will identify any employee with the Circular A-87 approval role who is not an administrator at the work location and does not have payroll approval role for the location. This report will be reviewed by Grants Administration prior to the dissemination of the circular A-87 to ensure that anyone that does not meet the criteria is removed from the Circular A-87 approver role. Grants Administration has also added specific language to the Circular A-87 approval briefing stating that this is a federal requirement that cannot be delegated and must be approved by a location administrator who has payroll approval role. This message will also be communicated during the monthly post-award trainings.

PAGE #20 - FINDING 4

Response will be provided by the District's Controller.

Information Technology Services

MEMORANDUM

DCK43
September 04, 2014


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

FROM: Debbie Karcher, Chief Information Officer,
Office of Information Technology

**SUBJECT: ITS RESPONSES TO OFFICE OF MANAGEMENT AND COMPLIANCE
AUDITS RECOMMENDATIONS FOR GRANTS MANAGEMENT AND
CONTROLS**

Below please find the responses to the recommendations made in the Audit of Grants Management and Controls which included Circular A-87. Through my office, ITS will work with all parties involved in this audit.

I can be reached at 305-995-3750.

Debbie Karcher 

DCK43

cc: Superintendent's Cabinet
Ms. Valtena Brown
Ms. Marie Izquierdo

3.1 Complete a detail structural review of the OMB Circular A-87 certification payroll process to bring it into compliance with the Circular. The A-87 certification payroll process should mirror existing M-DCPS payroll approval policies. The "ZDE_GM_A87_cert_LOC_WL##" authorization (OMB Circular A-87 Certification role) should either be systematically restricted to administrators or policy should be updated to explicitly state that this authorization cannot be delegated to non-administrative staff whose wages are not solely paid with grant funds.

Management Response: ITS

After much discussion among the various groups, it was decided that limiting who can be given the Circular A-87 role by programmatic means was not feasible and so procedural methods and reports similar to those used by the Payroll department would be used instead (see ITS Response to 3.2 below).

3.2 Develop procedures to strengthen controls over the monitoring of the OMB Circular A-87 certification payroll process. All AAAA administrators at locations that are managing grants should periodically review and make necessary corrections utilizing SAP's ZME_FI_Display_Access function to ensure that only an administrator or those employees that charge time to a grant have the ability to certify grant expenditures.

Management Response: ITS

As discussed over the course of several meetings with various representatives from ITS, Grants Management, School Operations, OMCA, Payroll, and the Chief of Staff, ITS will:

- Create a report similar to the one used by the Payroll Department that shows all staff District-wide that have the Circular A-87 role. This will be available to be run as needed (probably 3 times a year before each of the times grants must be reviewed and approved) by whatever departments determined to need to review this information. At this point Grants Management, School Operations, and OMCA have been suggested as the departments with a need to review this.**
- Create a District-wide exception report that is a version of the above-mentioned Circular A-87 report but which instead shows only inappropriate non-administrators that have been given the role.**
- Create a report to be made available to the AAAA and/or Red Hat administrators of each location showing who has the Circular A-87 approval role at their location. This would be in addition to the ZME_FI_Display_Access function that is still available to site administrators.**

- A report already exists and is available to the Grants Management department that is run after each grant approval period showing who did the approval for each location.
- Perform a one-time “clean-up” operation to remove all non-administrative staff within a location and all non-AAAA/Red Hat staff from outside each location that may currently have the role.

ITS intends for this to be completed before the September 16th Audit Committee meeting.

School Operations

M E M O R A N D U M

September 5, 2014

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

FROM: Valtena G. Brown, Deputy Superintendent/Chief Operating Officer
School Operations

**SUBJECT: RESPONSE TO OFFICE OF MANAGEMENT AND COMPLIANCE AUDITS
RECOMMENDATIONS FOR GRANTS MANAGEMENT AND CONTROLS**

School Operations is in support of the recommendations made by the office of Instructional Technology, Grants Management, OMCA, and Payroll as it relates to establishing procedural methods and reports similar to those used in the Payroll department.

Additionally, procedures that strengthen controls over the monitoring of the Circular A-87 certification payroll process have been established and outlined in the response provided by the Office of Information Technology and will be enforced through a Weekly Briefing informing Principals of the available reports that will facilitate the accurate monitoring of Circular A-87 approver role.

If you have any questions or need further clarification, please contact my office at 305-995-2938.


_____ VGB

VGB/Cg
M020

cc: Superintendent's Cabinet
Region Superintendents
Region Directors

Office of the Controller

Office of the Controller


Connie Pou
Controller
Suite 664
Tel. 995-2001

Daisy Naya
Assistant Controller
General Accounting
Suite 664
Tel. 995-2025

Odalis Garces
District Director
Payroll Department
Suite 614
Tel. 995-1641

Eric F. Ojeda
District Director
Accounts Payable Dept.
Suite 602
Tel. 995-1604

TO: Mr. Jose F. Montes de Oca, Chief Auditor
Office of Management and
Compliance Audits
DATE: September 4, 2014
MEMO: CP-018

FROM: Connie Pou, C.P.A. 
Controller

SUBJECT: **RESPONSE TO THE INTERNAL AUDIT REPORT – AUDIT OF
GRANT MANAGEMENT AND CONTROLS**

Attached is a response to the Internal Audit Report recommendation:

4.1 Consider systematically disabling or restricting the ability for grants program managers to incur obligation or expenditures after the grant liquidation date or that exceed the grant award.

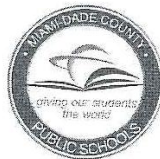
If you need further information or clarification, please do not hesitate to contact me at 305-995-2001.

CP:bjz

Attachment

cc: Ms. Judith M. Marte
Mr. Trevor L. Williams

MEMORANDUM



RESPONSE TO THE INTERNAL AUDIT REPORT – AUDIT OF GRANT MANAGEMENT AND CONTROLS

4.1 Consider systematically disabling or restricting the ability for grants program managers to incur obligation or expenditures after the grant liquidation date or that exceed the grant award.

Responsible Department: Office of the Controller and Information Technology Services

Management Response

Modifications to the SAP System have been implemented to issue warning reports informing site administrators 30, 60 and 90 days prior to the expiration of the grant to assist them in the grant closing process. Also, SAP has been modified to prevent processing of time entry for overtime and substitute charges to expired grants. Additionally, procedural changes have been established to timely place staff in successor grants or charge the location's discretionary funds for charges incurred beyond the expiration date of the grant.

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 295.07 (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.

INTERNAL AUDIT REPORT

Audit of Grants Management and Controls



MIAMI-DADE COUNTY PUBLIC SCHOOLS
Office of Management and Compliance Audits
1450 N.E. 2nd Avenue, Room 415
Miami, Florida 33132

Telephone: (305)995-1318 ♦ Fax: (305)995-1331
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