

MIAMI-DADE COUNTY PUBLIC SCHOOLS

**2017-2018 ANNUAL REPORT
AND
2018-2019 AUDIT PLAN**



OFFICE OF MANAGEMENT AND COMPLIANCE AUDITS

THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA

Ms. Perla Tabares Hantman, Chair
Dr. Martin Karp, Vice Chair
Dr. Dorothy Bendross-Mindingall
Ms. Susie V. Castillo
Dr. Lawrence S. Feldman
Dr. Steve Gallon III
Ms. Lubby Navarro
Dr. Marta Pérez
Ms. Mari Tere Rojas

Mr. Alberto M. Carvalho
Superintendent of Schools

Ms. Maria T. Gonzalez, CPA
Chief Auditor
Office of Management and Compliance Audits

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Executive Director, CIU

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





Miami-Dade County Public Schools

giving our students the world

Superintendent of Schools
Alberto M. Carvalho

Chief Auditor
Maria T. Gonzalez, CPA

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Mari Tere Rojas

September 7, 2018

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:

This document encompasses both the annual report and audit plan of the Office of Management and Compliance Audits (OMCA). Pursuant to School Board Policy 6835, "The Chief Auditor will make an annual report to the Audit and Budget Advisory Committee, to the Board and to the Superintendent on the results of auditing activities. In addition, this policy states that "The Chief Auditor will submit to the Audit and Budget Advisory Committee, the Superintendent, and the Board for review a comprehensive Audit Plan for a year. This plan should identify the overall audit scope of scheduled examinations in both financial and nonfinancial areas. Accordingly, this report not only summarizes the auditing activities for this past 2017-2018 fiscal year, but also includes the 2018-2019 audit plan previously proposed to you for initial review on July 17, 2018.

As the newly appointed Chief Auditor, I look forward to providing service to the School Board of Miami-Dade County. Also, as the representative for the entire OMCA staff, we are fully committed to affording assessment and advice to the Administration, the Audit and Budget Advisory Committee, and the Board to assist in decision-making as well as in the fulfillment of their related fiscal duties and responsibilities.

Sincerely,

Maria T. Gonzalez, CPA, Chief Auditor
Office of Management and Compliance Audits

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ABOUT OUR OFFICE

School Board Policy 6835 - *Office of Management and Compliance Audits* establishes the internal audit function of the District.

The Office of Management and Compliance Audits (OMCA) is responsible for performing the internal audit function of the District. Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

Through the internal audit process, the OMCA provides the School Board, the Superintendent, and the Audit and Budget Advisory Committee with an independent and objective evaluation of the operation of the school system. To accomplish this task, internal audit staff perform various audit assignments whose audit objectives may largely include:

- Performing examinations of the financial records in accordance with generally accepted auditing standards;
- Ascertaining the reliability and adequacy of accounting and reporting systems and procedures;
- Performing an independent appraisal of the adequacy and effectiveness of internal controls;
- Determining compliance with policies and procedures established by the Board and the Administration, and with State and Federal laws and regulations;
- Improving the efficiency of the school system's operations by providing recommendations for enhanced efficiency in audit reports; and
- Determining the extent to which the assets of the school system are accounted for and safeguarded from loss.

OMCA staff conduct both financial and non-financial audits, investigations, and reviews throughout the year. The activities of the OMCA are guided by the annual Audit Plan which is assembled and recommended, with input from various stakeholders, to the Audit and Budget Advisory Committee. The requirement for the implementation of an Audit Plan is also established in School Board Policy 6835 - *Office of Management and Compliance Audits*. The Plan is subsequently forwarded, along with the Audit and Budget Advisory Committee's recommendations, to the School Board for its approval. This Plan is formulated on a risk-based methodology, which considers those areas of financial and operational risk of the District. The execution of the projects enumerated in this Plan will be dependent upon the availability of the office's resources.

Through the evaluation process conducted at year-end, the OMCA has been provided with positive feedback from the Audit and Budget Advisory Committee regarding its ability to perform those audit activities enumerated in the Audit Plan.

THE ROLE OF THE CHIEF AUDITOR

During the 2017-2018 fiscal year, the Chief Auditor and OMCA staff directly reported to the School Board and submitted all reports through the Audit and Budget Advisory Committee, the School Board's designee. To enhance the objectivity and effectiveness of the internal auditing activities, any audit findings and recommendations emanating from these audits were submitted by the Chief Auditor to the School Board, the Board's Audit and Budget Advisory Committee and the Superintendent of Schools at the same time.

The Chief Auditor kept abreast of new developments in the school system during 2017-2018 by attending all School Board meetings, district-related meetings, and meetings of school system-wide communities. Also, the Chief Auditor met with the Board as well as with the Administration as needed throughout the year to discuss matters pertinent to the audit function of the District.

The Chief Auditor also acted as liaison between the District and the various external auditors (federal, state, and independent auditors, and other outside audit entities). In addition, the Chief Auditor coordinated the presentation of reports from the Office of the Inspector General in the Audit and Budget Advisory Committee's agenda.

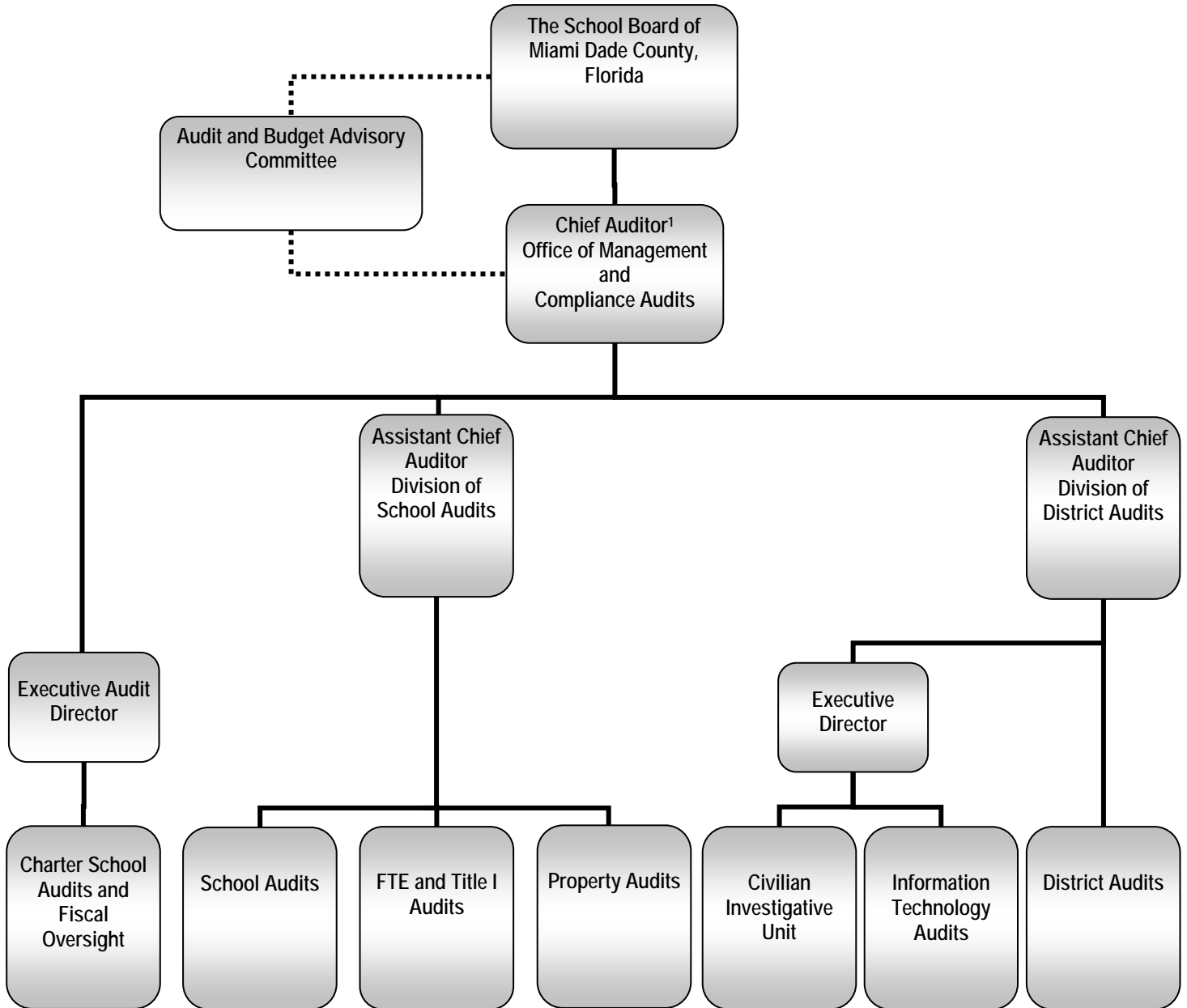
This year, at the direction of the School Board, the Chief Auditor assisted the Audit and Budget Advisory Committee with the drafting of the scope of the external audit for the midpoint independent audit/review of the General Obligation Bond, and with the Committee's evaluation and recommendation of an external audit firm for this audit engagement. Also, the Chief Auditor collaborated with Procurement Management regarding the engagement of the external audit firm and with the Attorney's Office regarding the drafting of the contract and contract deliverables. At year closing, the new Chief Auditor was in the process of discussing the contract and deliverables with the external audit firm to reach final agreement and execute the contract¹.

Lastly, pursuant to School Board Policy 6835, effective for the 2017-2018 fiscal year, the Chief Auditor implemented a Succession Management Plan for the OMCA to identify and develop highly qualified employees for current and future positions within the Office. Regarding this Succession Management Plan, the School Board has the final authority over the Plan, as well as over the approval of those appointments recommended by the Chief Auditor.

¹ Contract executed on July 24, 2018. On August 1, 2018, the firm met with the Administration to commence the audit, and this audit is currently in progress.

Office of Management and Compliance Audits' Organizational Chart²

The office's organizational chart during 2017-2018 is as follows:



² This Organizational Chart reflects the operation of the OMCA for most of the 2017-2018 fiscal year. The former Chief Auditor retired effective March 12, 2018, and an Interim Chief Auditor was appointed from March 13, 2018-June 20, 2018. A new Chief Auditor was appointed effective June 21, 2018. Also, the Assistant Chief Auditor, District Audits resigned in July 2018. We are in the process of restructuring the divisions and updating our organizational chart.

THE ROLE OF THE AUDIT AND BUDGET ADVISORY COMMITTEE (ABAC)

As an advisory committee to the School Board, the ABAC is responsible for the following activities:

- It advises on auditing activities at the school district. This includes the work and the activities of the internal auditors from the OMCA.
- It serves as the committee to select and recommend the hiring of the external auditing firm to conduct the district's annual audit according to Florida Statutes and assists in the development of the external audit contract.
- It reviews the work of the external auditors, other auditors who provide financial audits on charter schools and other components of the school district; and the reports from the State Auditor General.
- It also reviews proposed annual budgets, revenues and expense forecasts assumptions, and budget amendments. In addition, it receives periodic reports and consults with the Chief Financial Officer on the adequacy of the district's budget and tracking system. Finally, it makes recommendations to the School Board and the Superintendent on the quality and reliability of the budget, without opining on policies and programmatic implications.

The general purpose of the ABAC is to ensure that the overall audit coverage of Miami-Dade County Public Schools is sufficient and appropriate to protect the interests of the citizens of Miami-Dade County, Florida; to ensure that an adequate system of internal control has been implemented in Miami-Dade County Public Schools and is being effectively followed; and to assist and advise The School Board of Miami-Dade County, Florida, and the Superintendent of Schools in fiscal matters pertaining to the District.

AUDIT AND BUDGET ADVISORY COMMITTEE MEMBERSHIP

The OMCA is entrusted with the responsibility of providing service and logistical support to the ABAC, including publishing meeting notices, keeping its minutes, establishing the agenda in collaboration with its Chair, gathering the supporting documentation for distribution, and ensuring the smooth operation of the Committee affairs. During 2017-2018 the ABAC was composed as follows:

| Audit and Budget Advisory Committee Membership | Title | Professional Affiliation | School Board Member Represented/ Appointment Information |
|---|-------------------|---|---|
| Mr. Erick Wendelken, CPA | Chair | Tax Principal, Morrison, Brown, Argiz & Farra, LLC | Ms. Perla Tabares Hantman School Board Chair |
| Mr. Kimrey Newlin | Alternate Member | Head of Credit Management for Florida, TD Bank | |
| Ms. Mari Tere Rojas | Voting Member | School Board Member Representing the Board | |
| Ms. Perla Tabares Hantman | Alternate Member | School Board Member Representing the Board | Dr. Martin Karp, School Board Vice Chair |
| Mr. Isaac Salver, CPA | Voting Member | Accounting/Business Advisory Professional | |
| Mr. Stephen M. Korn, CPA | Alternate Member | President Stephen M. Korn, CPA | Dr. Dorothy Bendross-Mindingall |
| Mr. Christopher Norwood, J. D. | Vice-Chair | Public Affairs Professional The Norwood Consulting Group | |
| Dr. Freddie G. Young | Alternate Member | Former M-DCPS Principal (Retired)/Community Leader | Ms. Susie V. Castillo |
| Mr. Rudy Rodriguez, CPA | Voting Member | Certified Public Accountant and retired M-DCPS Controller | |
| Mr. Juan Carlos (JC) del Valle | Alternate Member | Florida International University Executive Director Development Steven J. Green School of International & Public Affairs | Dr. Lawrence S. Feldman |
| Mr. Jeffrey Codallo | Voting Member | Air Force (Retired) | |
| Ms. Christa Dotson Dean | Alternate Member | PTSA President Coral Reef Senior High School/Parent Volunteer | Dr. Steve Gallon III |
| Mr. Stephen Hunter Johnson, Esq. | Voting Member | Lydecker & Diaz Law Firm | |
| Ms. Mary Lee Snipes | Alternate Member | Former M-DCPS employee (Retired) | Ms. Lubby Navarro |
| Mr. Albert D. Lopez, CPA | Voting Member | Southeast Assurance Regional Managing Partner BDO USA LLP | |
| Mr. Ernie Saumell, CPA | Alternate Member | Assurance Partner, BDO USA LLP | Dr. Marta Pérez |
| Mr. Jeff Kaufman | Voting Member | President and CEO A & J Auto Brokers and United Food | |
| Mr. Javier A. Lopez | Alternate Member | Partner of Kozyak Tropin & Throckmorton Law Firm | Ms. Mari Tere Rojas |
| Mr. Julio C. Miranda, CPA, CFE | Voting Member | Former M-DCPS employee (Retired) | |
| Mr. Juan del Busto | Voting Member | Chairman and CEO of del Busto Capital Partners, Inc. | Mr. Alberto M. Carvalho, Superintendent of Schools |
| Mr. Alvin Gainey | Voting Member | PTA/PTSA President Miami-Dade County Council | PTA/PTSA |
| Dr. Nancy Lawther | Alternate Member | Vice President of Advocacy and Legislation | |
| Mr. Ron Steiger | Non-Voting Member | Chief Financial Officer | N/A |

AUDIT REPORTS PRESENTED BY THE OFFICE OF MANAGEMENT AND COMPLIANCE AUDITS

We have classified the audits, services and activities performed and presented by the OMCA into seven categories:

- School Audits Division
- Property Audits
- School Investigative Audits
- District Audits Division
- Charter School Audits Division
- External Audits
- Non-Audit Services and Activities
- We have also included the work performed by the Civilian Investigative Unit (CIU). This unit reported to this office under the District Audits division.

SCHOOL AUDITS DIVISION

According to Section 1011.07, Florida Statutes, *Planning and Budgeting-Internal Funds*, and State Board of Education Rule 6A-1.001, *District Financial Records*, through direct reference to Chapter 8 of the Florida Department of Education's *Financial and Program Cost Accounting and Reporting for Florida Schools*, the School Board is responsible for the administration and control of the internal funds of the district school system, for prescribing the principles and procedures to be followed in administering these funds, and for providing an annual audit of the schools' internal funds.

The scope of our school audits was based on individual evaluations at each and every school, considering materiality, past audit findings/experience, size of school student body, principals' tenure, etc. Based on this assessment, we determined the scope of audit work at each school. At all schools, however, we reviewed internal funds and property procedures, and conducted physical inventories of equipment with an individual cost of \$1,000 or more (refer to page 13 of this report for property inventory results).

For the FY 2017-2018 we reviewed the internal funds at 273 of 357 schools/centers (approximately 76.5%). Of the 273, 92 were two-year audits and 65 represented schools with a change of Principal since the prior audit. At selected schools we reviewed the following areas:

- **Payroll records and procedures at 29 schools (11%).** This consisted of a review of payroll procedures and documentation related to the preparation of usually the most current payroll records, which include time, attendance, and leave records. This also included a review of the internal controls over the payroll function at the schools, including the reporting of payroll. Most reviews were follow-ups to prior findings, corollary to conditions identified during the school audit, or from a Title I Program audit performed at the school (which would involve the review of payroll expenditures charged to Title I Program accounts). During FY 2016-2017, we reviewed payroll records and procedures at 19 schools.
- **The Purchasing Credit Card Program (P-Card) at 16 schools (6%).** This consisted of the review of the procurement credit card reconciliations and supporting documentation; and a test of expenditures to ensure they were in compliance with established procedures. Most reviews were follow-ups to prior findings or corollary to conditions identified during the school audit or when reviewing Title I Program disbursement procedures. During FY 2016-2017, we reviewed P-Card records and procedures at 16 schools.
- **Data security management report audit assessment at 20 schools (7%).** At these schools, we reviewed data security management reports to ensure that staff access to computer system applications was appropriate. Most reviews were follow-ups to prior findings or corollary to conditions identified during the school audit. During FY 2016-2017, we reviewed related records at 10 schools.

SCHOOL AUDITS DIVISION (Continued)

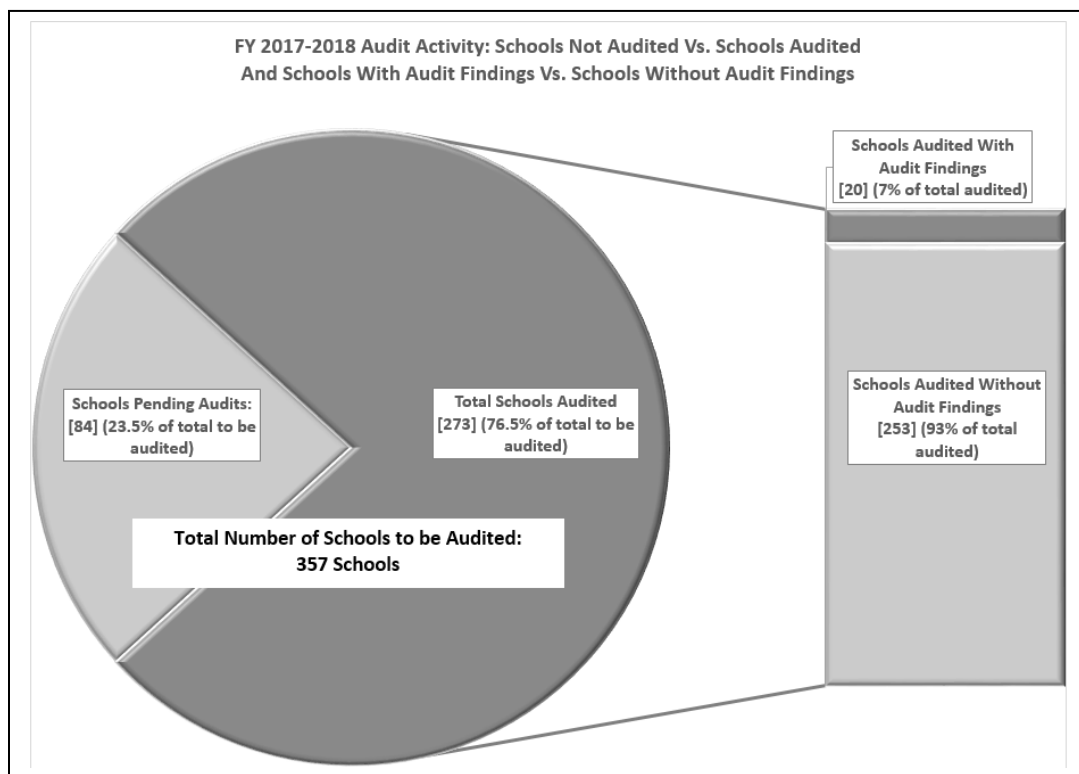
- **Title I Program audits were selectively conducted at 18 schools (7%).** At schools, principals administer Title I programs with oversight from the Region Offices, and under general direction from the Office of Title I Administration. To promote district and school-wide compliance with Federal, State, and district regulations and guidelines, and to ensure that appropriate evidence sources document compliance, the Office of Management and Compliance Audits incorporated the audit of this program into the school audits. During the prior year, we performed audits at 25 schools (9%). This decrease was the result that the Title I audit position was open from November 2017 to April 2018 after the incumbent was promoted to another position, and we were in the process of advertising the position and hiring the new auditor.
- **Full-Time Equivalent (FTE) audits were conducted at 49 schools (18%) based on audit criteria developed by this office.** FTE audits were incorporated as part of the school audits routinely performed by this office. Miami-Dade County Public Schools receives a significant portion of its State funding through the Florida Education Finance Program (FEFP). During our FTE audits, we examined student records to determine compliance with State law and State Board of Education rules relating to the classification, assignment, and verification of full-time equivalent student enrollment under the FEFP. During the prior year, the number of FTE audits performed was 41 (16%).



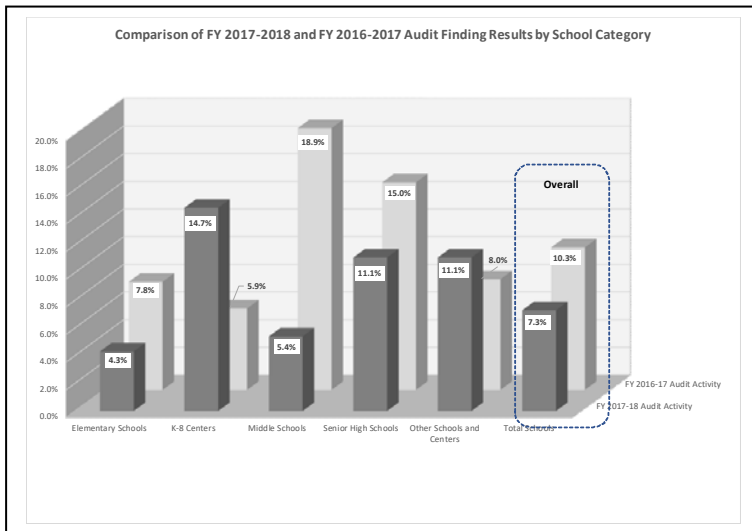
SCHOOL AUDITS DIVISION (Continued)

SCHOOL AUDITS DIVISION--SUMMARY OF RESULTS

- We found that of 273 schools audited in FY 2017-2018, 253 schools (93%) conducted their financial affairs in accordance with district policies and maintained good internal controls. At 20 schools (7%), there were opportunities for improvement. The percentage of schools with exceptions decreased when compared to prior year's results where, of 264 schools audited, 27 schools (10%) were cited.
- The Audit Plan for the 2017-2018 fiscal year mapped the school audit coverage at 75% to 85% of the school sites, which we met by completing a total of 273 of 357 school audits to be performed. These audits were for fiscal years 2015-2016 and/or 2016-2017, depending whether the individual school was scheduled for a one-year or two-year audit.
- Our audit coverage represented approximately 76.5% of the total audit population of 357 schools. During the 2016-2017 fiscal year, we audited 264 of 355 schools (74%).
- Compared to the previous year's audit activity (FY 2016-2017), the total number of schools audited increased by nine (9) schools.



SCHOOL AUDITS DIVISION--SUMMARY OF RESULTS (Continued)

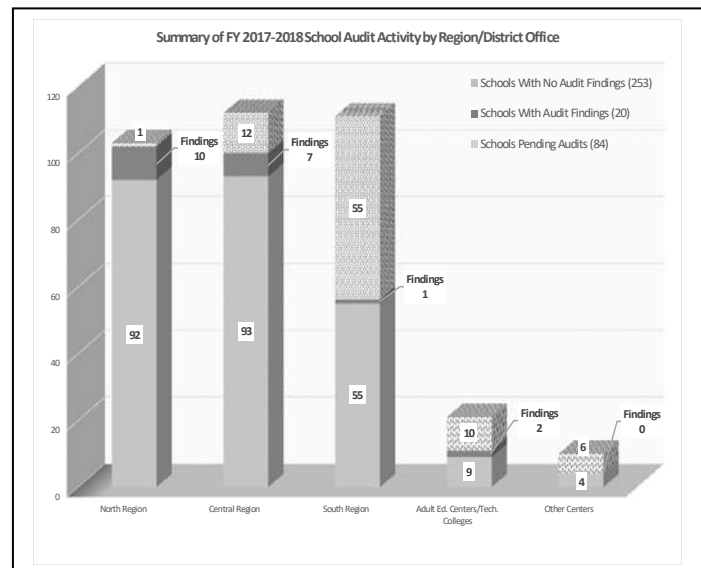


The graph on the left shows that by comparing last year's and this year's results, there is a significant decrease in the percentages of elementary, middle and senior high schools with findings for FY 2017-2018. This positive trend is explicitly illustrated at the far right of the graph, where the overall comparative columns disclose a 3% decrease in the schools with findings between the current and previous fiscal year.

Nevertheless, when reviewing the percentages of findings per school category, it is evident that K-8 centers require greater attention. Going forward, school administration should ensure that best business practices, sound fiscal management and adherence to procedures are observed to promote compliance and improve audit results.

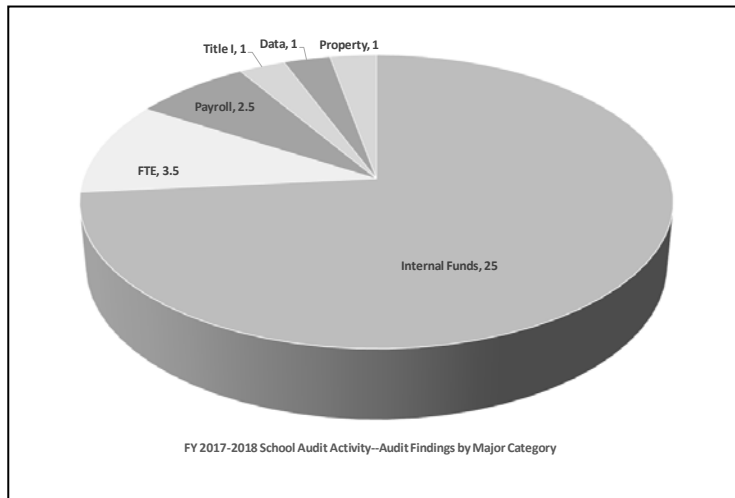
The breakdown of school audits reported by region in the graph below shows that, comparatively, the highest percentage of schools with audit findings was in the adult center/technical college area at close to 18%, followed by North and Central region schools (at approximately 10% and 7%, respectively).

Towards the end of the fiscal year, we were in the process of auditing schools in the South region and still had a few audits to finalize in the Central and North regions. We also had about half of the adult education centers/technical colleges to complete (10 of 21 adult education centers/technical colleges) and a few other centers (which included alternative and specialized centers).



School audits pending publication at year-end (84) will be published next year as two-year audits.

SCHOOL AUDITS DIVISION--SUMMARY OF RESULTS (Continued)



During FY 2017-2018, school audit reports included a total of 34 audit findings at 20 schools. In FY 2016-2017, school audit reports included a total of 42 audit findings at 27 schools. During 2017-2018, findings were mostly in the area of *internal funds*, followed by *FTE* and *payroll*.

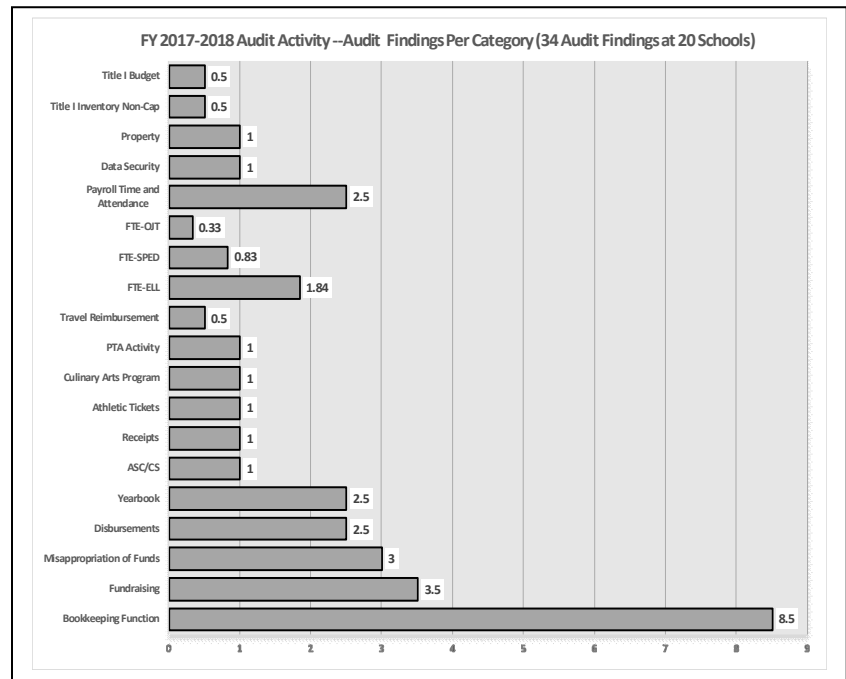
Internal funds and payroll findings slightly increased when compared to the prior year.

Regarding FTE, a breakdown of the findings shows that although the number of FTE findings decreased

by one-half when compared to the prior year, it still requires continued attention from school site administration to ensure that going forward, the requirements established by the District are adhered to with fidelity.

Specifically, this fiscal year, both FTE auditors spent a portion of their time facilitating the site visitations of an audit team from the State of Florida Auditor General that generally performs a similar FTE audit of the district every two years. These school site visitations from the State took place between November 2017 and March 2018. Consequently, we could not complete as many FTE audits as we initially planned. During the prior year, one FTE audit position remained open until December 2016.

As both charts illustrate, for this fiscal year, we reported 25 findings in the area of internal funds, 3.5 findings in FTE and 2.5 findings in payroll (as compared to 22, 7, and 2 findings in the previous year for each respective area). In the area of internal funds, most discrepancies were identified in the general bookkeeping area. Also, we identified monies unaccounted for at three schools. Other areas of interest within the internal funds of the school involves the area of fundraising activities, disbursements, and the yearbook activity in senior high schools.



PROPERTY AUDITS

The Office of Management and Compliance Audits is responsible for ensuring that the School District is accounting for all of its tangible property. At M-DCPS, the management of tangible property must comply with the guidelines established in the *Manual of Property Control Procedures*.

Pursuant to Chapter 274.02 of the Florida Statutes, a complete physical inventory of all property shall be taken annually, be compared with the property record, and discrepancies must be identified and reconciled. Furthermore, the Florida Department of Financial Services, Rule Chapter 69I-73 establishes that "all property with a value or cost of \$1,000 or more and a projected useful life of one year or more shall be recorded in the local government's financial system as property for inventory purposes". Accordingly, our office conducts yearly inventories at each school of all tangible property with an individual cost of \$1,000 or more, the results of which are reported as part of the school audits.

During FY 2017-2018, our Property Auditors visited approximately 410 work locations (which included approximately 360 school sites) and accounted for approximately 92,100 items with a combined cost of almost \$413 million. Close to \$527,200 was reported as "unlocated" and approximately \$155,800 was reported missing through the Plant Security Report process. The combined loss rate was 0.17%. This loss rate represents an increase from prior year results. In FY 2016-2017, we similarly visited close to 400 locations and reported almost \$458.8 million in property cost with a combined loss rate of 0.07%. For the prior year, losses amounted to approximately \$137,700 from the physical inventories and close to \$169,700 from Plant Security Reports. *The unfavorable variance in the property losses reported in FY 2017-2018 should encourage school site and district administrators to strengthen the safeguarding of equipment; and to maintain their inventories efficiently to prevent losses in the future.*

| PHYSICAL INVENTORY RESULTS 2017-2018 FISCAL YEAR | | | | | |
|--|------------------------|--|-------------------------------|-----------------------------|-------------------------------|
| Region Schools/ Department | Total Property Cost | Total Property That Could Not Be Accounted For | | | Percentage Unaccounted For |
| | | Per Physical Inventory | Per Plant Security Reports | Total Property Losses | |
| North Region Schools | \$ 67,727,730 | \$ 21,114 | \$ 14,631 | \$ 35,745 | 0.05% |
| Central Region Schools | 66,538,293 | 38,159 | 106,518 | 144,677 | 0.22% |
| South Region Schools | 66,141,606 | 26,709 | 27,298 | 54,007 | 0.08% |
| Other Centers | 12,898,158 | 1,443 | 4,536 | 5,979 | 0.05% |
| District Dpt./Offices | 199,822,849 | 439,761 | 2,794 | 442,555 | 0.22% |
| Totals | \$ 413,128,636 | \$ 527,186 | \$ 155,777 | \$ 682,963 | 0.17% |

SCHOOL INVESTIGATIVE AUDITS

Regarding investigative cases involving school audits this year, the Assistant Chief Auditor-School Audits Division and her staff conducted the audit fieldwork. Regarding some of these cases, we assisted the investigative unit of the Miami-Dade Schools Police Department when requested.

School investigative audits will continue to be performed by the School Audits Division, and the Division plans to continue its assistance/collaboration with the investigative unit of the Miami-Dade Schools Police Department and with pertinent outside entities (such as the Office of the Inspector General).

Similarly, the other divisions within the office (District and Charter) will be responsible for handling any investigative issues that may surface during the performance of their district and charter school audits, or from referrals submitted to our office by District Administration or other pertinent outside entities (such as the U.S. Department of Education Office of Inspector General).



SCHOOL INVESTIGATIVE AUDITS-SUMMARY OF RESULTS

During FY 2017-2018, a total of six schools were involved in audit investigations and audit follow-up work that resulted from investigations, some of which involved M-DCPS Police. All results were reported as part of the audit findings. A summary of these cases is as follows:

School Sites:

- **Madie Ives Elementary** - During April 2017, the Principal of Madie Ives Elementary contacted our office regarding cash collections that were missing from the Treasurer's Office and requested an audit of the school records. The funds in question represented student collections for an upcoming field trip. Although our audit confirmed a monetary shortfall of approximately \$1,000, it could not identify the party responsible for the misappropriation of funds because of the conditions surrounding the collection and custody of these funds, and the lack of documentary evidence over these collections. However, the audit concluded that the former Treasurer was negligent not only in the performance of her duties, but also in the improper handling/safeguarding of these funds, which led to their loss. We reported the results of our review to M-DCPS School Police and the Office of Professional Standards for their consideration. The former Treasurer was on board-approved leave since the time of the incident and resigned for personal reasons on April 12, 2018. A new Treasurer has been hired at this school (October 2017).
- **Ada Merritt K-8 Center** - During November 2016, the Principal of Ada Merritt K-8 Center reported an incident of missing funds that was initially investigated by M-DCPS School Police. According to the allegation, the Treasurer left several deposit bags on her desk while stepping out of the school for lunch; and one of the bags said to contain approximately \$1,770 cash was discovered missing upon her return. We conducted an audit subsequent to the MDCPS Police investigation. Neither the police investigation nor our audit could identify the individual(s) responsible for the misappropriation; however, both concluded that the Treasurer failed to exercise due diligence in the safeguarding of collections. Consequent to the substantiation of the allegation in the incident report, the School Board approved the District's recommended disciplinary action to suspend the employee for two days' work without pay. The employee has made full restitution of the funds to the District via payroll deductions (October 2017).
- **Miami Northwestern Senior** - Our verification of the inventory of athletic tickets, athletic game reports and analysis of the associated revenues and expenditures for the 2016-2017 fiscal year disclosed that staff from the Athletic Department could not account for all tickets in inventory. We afforded the school additional time to locate the missing tickets; however, only a portion of the missing tickets was subsequently located. Ultimately, the tickets unaccounted for represent projected ticket sales of approximately \$3,400. The Principal reported the incident to the District and the case was referred to the Civilian Investigative Unit (CIU). CIU found probable cause and directives were issued to responsible staff (January 2018).

SCHOOL AUDITS-INVESTIGATIVE AUDITS-SUMMARY OF RESULTS (Continued)

- **David Lawrence Jr. K-8 Center** - Our review of the financial activities for the 2015-2016, 2016-2017 and 2017-2018 fiscal years up to December 2017 disclosed that Before/After School Care and Story Hour Program fees totaling approximately \$10,300 collected during 2016-2017 could not be accounted for. Based on the available evidence, the Community School Specialist should be accountable for their whereabouts. Aside from the monetary shortage, we discovered that program records were disorganized; student registration cards were missing; the payment information on many of the student registration cards was not properly/consistently maintained; and the payment information contained many errors and omissions. The employee admitted to bookkeeping errors and delays in the posting of transactions to the cards; however, would not admit to a misappropriation of funds. The case was referred to the Miami-Dade Schools Police Department for further investigation. The employee resigned from her employment with Miami-Dade County Public Schools effective January 23, 2018. At this school, there was a change of Principal in July 2017; therefore, most findings happened under the tenure of the former school administration (March 2018).
- **Lake Stevens Elementary** - In July 2017, the Principal reported an incident involving an individual who was the school's former PTA President, and who was also employed at Miami Park Elementary as the Community Involvement Specialist (CIS) for several years. This incident resulted in a M-DCPS Police investigation. According to the allegation, in May 2017, the former PTA President conducted T-Shirt sale fundraisers at both schools. At this school, *the Principal had not approved and had no knowledge of this PTA fundraiser*. Following the fundraisers, the related T-Shirt vendor contacted the Principal informing her that two checks from the former PTA President's personal checking account had been returned due to non-sufficient funds. One check corresponded to payment for the PTA fundraiser at Lake Stevens Elementary, while the other check was payment for the school fundraiser at Miami Park Elementary School.

Our audit substantiated the allegation that the former PTA President had paid for the merchandise with two personal checks, which were returned due to non-sufficient funds. The vendor confirmed that the outstanding debt was subsequently paid in full by a family member of the former PTA President. In reference to the fundraisers conducted by the PTA, the lack of PTA financial records documenting these activities and our inability to contact the former PTA President made it impossible to determine the total amount of money collected and how the monies were spent; however, we did identify a monetary discrepancy that remained unexplained. The former PTA President resigned from the school system effective December 16, 2017 (March 2018).

SCHOOL AUDITS-INVESTIGATIVE AUDITS-SUMMARY OF RESULTS (Continued)

- **Miami Park Elementary** - The audit, which happened in conjunction with the audit of Lake Stevens Elementary, not only substantiated the allegation that the CIS had paid for the school's fundraising merchandise with personal checks but confirmed the school's failure to observe the procedures for maintaining proper recordkeeping and full accountability of school-sponsored fundraisers. Specifically, fundraising cash proceeds were used to directly pay vendors for the fundraising merchandise, and none of this activity was recorded in the internal funds of the school with apparent knowledge of both Principals (former and current at the time of the audit). Consequently, the lack of financial records documenting these activities and conflicting information from school staff regarding the party ultimately responsible for these fundraisers, made it impossible to determine the total amount of money collected and how all the monies were spent. The findings were identified during the 2016-2017 and 2017-2018 fiscal years up to November 2017. At this school, there was a change of Principal in August 2017. Most discrepancies happened under the tenure of the former Principal, however, some also happened during the tenure of the current Principal (March 2018). Subsequent to the audit, there was a change of Principal effective July 26, 2018.

DISTRICT AUDITS DIVISION

The District Audits Division performs non-school audits, reviews, investigations, and non-audit services. The areas of services covered by this division include the District support units and operations, such as Financial Services, Construction, Maintenance, Procurement, Transportation, Grants Administration, School Operations, Food Services, Instructional Support, Human Resources, Information Technology Services, Risk Benefits, District Security and Safety. The scope and objective of the audits and reviews performed by the District Audits Division usually necessitates the concurrent interaction of multiple support units/operations.

Nature of Work

The engagements performed by this division are primarily performance audits and reviews, which assess a unit's or program's performance, operational effectiveness and efficiency, and compliance with established guidelines and statutes. Each audit and review conducted includes an assessment of the system of internal controls of the unit's or program's operations.

From time to time, the administration will request an audit, review, or investigation of a specific area of concern, such as a program, process, service, or contract. Where these areas of concern fall within the division's area of audit coverage, we will perform the requested service as time and resources allow.



DISTRICT AUDITS DIVISION—SUMMARY OF RESULTS

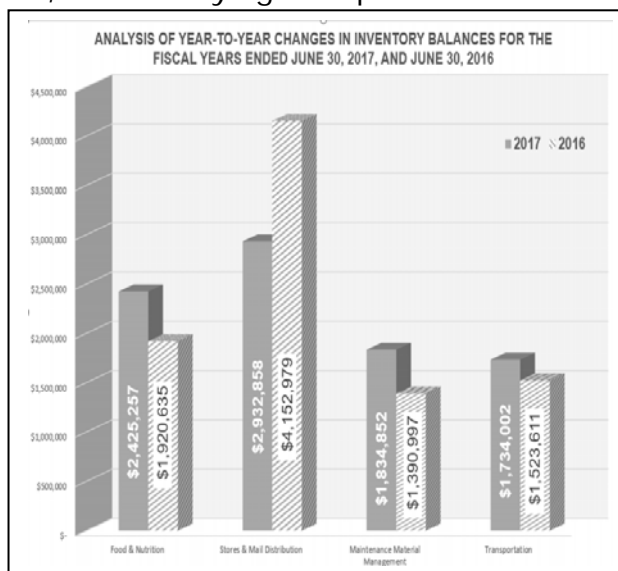
Audit of Selected Data Related to 65 Financially Closed Projects From Year 1 and Year 2 of the GOB Program and Miami Norland Senior High School – This audit examined selected data related to 65 financially closed projects from the Year 1 and Year 2 groups of GOB projects and the Miami Norland Senior High School project. The general objective of this audit was to validate the accuracy of the information contained in a spreadsheet provided to us and the utilization of contractors who worked on the said projects, based on amounts paid to them.

Our audit concluded that the data contained in the spreadsheet materially agreed with the data in the District’s compliance system. Differences noted, particularly with payment information, were mainly timing differences. However, our audit found other conditions, which indicated that the information contained in the compliance system, by design, in part does not completely reflect the subcontracts in force on each project.

We have recommended that the administration take certain actions to ensure the accuracy of information maintained in the system (October 2017).

Audit of Inventories as of June 30, 2017 – Our audit consisted of observing the physical inventory counts, testing the counts, and verifying the prices at which the inventories were valued. In addition, we compared the physical inventory results to the perpetual inventory records, to the general ledger balances, and to the amounts reported in the unaudited Annual Financial Report. Our audit concluded that the inventories were fairly stated, in all material respects, in the unaudited Annual Financial Report. We found the internal controls over the inventory counting and reconciling processes for the four inventories to be satisfactory.

Our audit concluded that the inventory balance of \$8,926,969 reported in the unaudited Annual Financial Report as of June 30, 2017, was fairly stated, in all material respects. There were no material adjustments to the inventories resulting from our physical counts. There were no adverse audit findings during the current period and the Administration has addressed the two conditions noted in our prior year’s audit (December 2017).



DISTRICT AUDITS DIVISION—SUMMARY OF RESULTS (Continued)

Internal Audit Report – Investigation of Unitech Builders Corp., - Direct Purchase Order (DPO) Forgery – Pursuant to School Board Policy 8700 – *Anti-Fraud*, we investigated a known incident of forgery occurring in the District’s direct purchase order (DPO) program related to two construction projects which the District’s Schools Facilities Office’s management reported to us. Our investigation confirmed that documents pertaining to seven DPOs related to three construction projects were forged by a former employee of Unitech Builders Corp. We did not uncover additional incidents of forgery on any of the other projects managed by this contractor that we examined. Our investigation also found that controls over the receipting of ordered equipment and materials on the jobsite were not adequate. We have recommended that management take the appropriate actions with respect to the act of forgery and improve receipting controls at the jobsite (January 2018).

Audit of Designated Elements of Selected Construction Projects - The purpose of this audit was to assess the internal controls and safeguards over General Obligation Bond (GOB) construction projects through an evaluation of certain elements of the award, design, and construction processes for ten selected projects that were either completed or substantially completed by the Office of School Facilities (OSF) during FY’s 2013 through 2016. This audit concluded that OSF has a comprehensive, well-designed, and functioning process for selecting and awarding primary contracts for construction. The contractor and supplier requisition payment processes were found to be operating effectively. Additionally, the work in place agreed with the scopes of work examined.

Nevertheless, we found the policies and procedures used for managing projects are not always consistent with actual practices. The Guaranteed Maximum Price (GMP) development process has several internal control weaknesses, such as subcontractor bid amounts not agreeing to amounts on either the Bid Tabulation Form or the GMP, inadequate documentation for actions taken, and bid proposals of the winning bidders not provided. Three of the four projects with Goal Setting Committee (GSC) established subcontracting goals met those goals, while only four of the 13 “Assistance Levels or Aspirational Goals” committed to by the Construction Managers (CM’s) for “African American” and “Women” Minority/Women-Owned Business Enterprise (M/WBE) categories were met, collectively, for the seven projects with CM imposed “Assistance Levels or Aspirational Goals.” However, the five projects that did not have any GSC established participation goals did achieve SBE and/or MBE subcontractor participation ranging between 2.3 percent and 46 percent. Finally, a comparison of the substantial completion date reflected on the Certificate of Occupancy (CO) and the date reflected by the number of days allowed to complete the project per the construction contract, disclosed that two of the 10 projects exceeded the contracted substantial completion dates by more than 30 days (32 and 37 days, respectively) (May 2018).

CHARTER SCHOOL AUDITS AND FISCAL OVERSIGHT DIVISION

Charter schools in Miami-Dade County represent a substantial and growing segment of public schools under the sponsorship and oversight of the School Board.

During FY 2017-2018, 130 charter schools operated in Miami-Dade County with student enrollment of approximately 65,000 and combined annual budgets approximating \$500 million.

The OMCA worked diligently during the year toward the provision of adequate controls over public funds flowing to and through the charter school sector.

Review Of 128 Charter School Certified Financial Statements

During FY 2017-2018, we reviewed and analyzed the audited financial statements of the District's 128 charter schools for the fiscal year ended June 30, 2017.

The review of said audits is one of the primary mechanisms used by the District for fiscal oversight of its charter schools pursuant to Section 1002.33, Florida Statutes. This process includes reviewing year-end financial statements and associated documents for charter schools that have been audited by their own contracted external audit firms. During these reviews our office corresponds, when necessary, with the schools' management and external auditors to better understand or clarify any germane fiscal issues.

Highlights of our review process during FY 2017-2018 included:

- Working collaboratively with the District's Charter School and Legal departments, and with the charter schools' representatives to identify and correct any non-compliance with applicable laws and charter contracts.
- Identifying cases of apparent or perceived conflicts of interest involving charter school governance, and/or management and vendors, and working with the schools' representative to correct it.
- Identifying that the three Aspira charter schools, under the same corporate legal entity, each met a condition of financial emergency of Section 218.503(1), Florida Statutes.

CHARTER SCHOOL AUDITS AND FISCAL OVERSIGHT DIVISION (Continued)

Other Charter School And Community Based Organizations (CBO's) Fiscal Oversight

During FY 2017-2018, OMCA staff served in a non-voting capacity on the District's Charter School Application Review Committee and the Charter School Contract Review Committee. In that role, OMCA staff selectively attended committee meetings, and offered recommendations to staff to protect the District, School Board and Taxpayers in the charter school approval and contract processes.

In FY 2017-18, OMCA reviewed the audited financial statements of three CBO's for the fiscal year ended June 30, 2017, and presented them to the ABAC for discussion and transmittal to the School Board.



EXTERNAL AUDITS

Financial Audits

The following financial audits of the School Board and its component units were conducted by independent certified public accounting firms and presented to the ABAC on the parenthetical dates.

| Audit | Audit Firm |
|---|--|
| Special Purpose Financial Statements and Independent Certified Public Accountants Operation of WLRN Television and Radio Stations as of and for the Year Ended June 30, 2016 (October 2017) | C. Borders – Byrd, CPA LLC |
| Comprehensive Annual Financial Report and Management Letter for Fiscal Year Ended June 30, 2017 (December 2017) | RSM US LLP |
| Single Audit Report in Accordance with the Uniform Guidance Fiscal Year Ended June 30, 2017 (December 2017) | RSM US LLP |
| Audit Report of Educational Facilities Impact Fee Fund, Special-Purpose Financial Statements for FYE June 30, 2017 (December 2017) | C. Borders – Byrd, CPA LLC |
| Special-Purpose Financial Statements and Report of Independent Certified Public Accountants, Operation of WLRN Television and Radio Stations, June 30, 2017 and 2016 (March 2018) | C. Borders – Byrd, CPA LLC |
| Financial Statements of The Foundation for New Education Initiatives, Inc. for the Year Ended June 30, 2017 (May 2018) | Verdeja, DeArmas, Trujillo, Certified Public Accountants |
| Educational Facilities Impact Fees Agency Funds of Miami-Dade County, Florida, Financial Report as of September 30, 2017 (May 2018) | RSM US LLP |
| Audit of the Magnet Education Choice Association, Inc. (MECA) for FYE June 30, 2017 (May 2018) | C. Borders – Byrd, CPA LLC |
| 128 Charter School Financial Statement Audits FYE June 30, 2017 (Presented to ABAC from December 2017 to May 2018) | Various Firms |

EXTERNAL AUDITS (Continued)

COMMUNITY BASED ORGANIZATIONS (CBOs)

Providers of alternative education services are required to submit audited financial statements each year. Our office reviewed and presented these audit reports to the ABAC for discussion at its March 2018 meeting and transmittal to the School Board. The following audits were received during the 2017-2018 fiscal year:

| Community-Based Organizations | Audit Firm |
|--------------------------------------|---|
| AMIkids Miami-Dade, Inc. | Carr, Riggs, & Ingram CPAs and Advisors |
| Pace Center for Girls, Inc. | BDO USA, LLP |
| Richmond-Perrine Optimist Club, Inc. | Nzeribe & Co., P.A. |

REPORTS ISSUED BY OTHER ENTITIES:

The following reports, prepared by other audit entities, were presented to the ABAC:

| Audit | Audit Entity |
|---|--|
| Evaluation Of WLRN-TV/FM's Restatement of its Underwriting Revenue Split Between Television and Radio For the Period July 1, 2007 Through June 30, 2015 Report No. ESJ1708-1710 (October 2017) | Corporation for Public Broadcasting Office of Inspector General (CPB-OIG) |
| Miami-Dade County Office of the Inspector General-Annual Report 2017-2018 (December 2017) | Miami-Dade County Office of the Inspector General |
| Miami-Dade County Office of the Inspector General-Report on Fronting by M/WBE Electrical Subcontractor, Complete Power Systems, SB1516-1006 (December 2017) | Miami-Dade County Office of the Inspector General |
| Miami-Dade County Office of the Inspector General-OIG Observations, Comments, and Recommendations Relating to the Office of Economic Opportunity Administrative Procedures Manual, Ref. GOBIG-0016 (March 2018) | Miami-Dade County Office of the Inspector General |
| Audit of Community Service Grants at WLRN TV/FM Licensed to The School Board of Miami-Dade County, Florida, for the Period July 1, 2013, through June 30, 2015, Report No. ASJ1705-1803 (May 2018) | Corporation for Public Broadcasting Office of Inspector General (CPB-OIG) |

NON-AUDIT SERVICES AND ACTIVITIES

Training Sessions to Principals, Asst. Principals and School Staff

- During various sessions offered throughout the year to principals, assistant principals and school staff, the Assistant Chief Auditor for the School Audits Division participated in the presentations. Topics related to the school audit process, Title I Programs, and included tips/best practices for sound fiscal management, compliance with applicable procedures, oversight over payroll, and the proper safeguarding of school assets.

Liaison to State Auditors in Reference to the State of Florida's FEFP/FTE Audit of M-DCPS and Student Transportation FYE June 30, 2017

The State of Florida Auditor General performed the FEFP/FTE Audit of FEFP/FTE Audit of M-DCPS and Student Transportation FYE June 30, 2017. The FTE Audits Division and the Assistant Chief Auditor for the School Audits Division actively participated as liaison between school sites, district offices and the State Auditor. It included coordinating meetings, receiving and transmitting findings and documentations between the sites and the State Auditor, and providing assistance as needed in relation to this audit. This engagement started at the beginning of the school year until the end of March 2018.

Procurement and Business Development Services Support

- Throughout the year, the School Board lets and/or awards bids and contracts for various goods and services. Each solicitation for goods or services is vetted before the District's Goal-setting Committee to determine whether aspirational goals should be designated for the solicitation, and the extent thereof, if so determined. Generally, this Committee convenes weekly and staff from the District Audits Division attends the meeting to provide advisory support as a non-voting member of the Committee.
- Throughout the year, staff from the District Audits Division receive and review contractors' application for prequalification and supporting documentation received by the Office of Economic Opportunity and provide feedback regarding the completeness and adequacy of the application packet. They also attend the District's Contractor Prequalification Committee meeting to provide advisory support as a non-voting member of the Committee.

21st Century Schools Bond Advisory Committee

- On June 26, 2018, the newly appointed Chief Auditor attended the Committee meeting where School Facilities provided an update of the GOB projects including results of internal audits completed and in progress, and brief discussion of the external independent audit of the GOB approved by the Board on May 16, 2018.

NON-AUDIT SERVICES AND ACTIVITIES (Continued)

Facilities and Construction Support

- During the year, the district performed a number of different activities that are necessary to execute its building facilities' needs. These activities included evaluating architects', engineers', construction managers' and contractors' responses to request for qualifications issued by the district; interviewing these entities; orienting these entities on the district's processes and guidelines; and negotiating with these entities for the purpose of executing a contract with the district. The activities also include holding various committee meetings for the purpose of prequalifying contractors and establishing participation goals for providers of contracted goods and services. Staff from the District Audits Division routinely provided support as non-voting members/advisors in these activities.

Training Conducted by Civilian Investigative Unit

- The Civilian Investigative Unit delivered training to approximately 130 District staff during the 2017-2018 fiscal year. Topics covered during the training generally included School Board policies and procedures.

Peer Review Coordination and Participation

- As a member of the Association of Local Government Auditors (ALGA), the Office of Management and Compliance Audits is committed to providing professional audit staff to perform ALGA-sponsored peer reviews of other local governments' audit function. This is a requirement for each member organization who seeks an ALGA-sponsored peer review. Staff from the OMCA have participated in conducting peer reviews of other local governments' audit function at various times during the year.
- During the 2017-2018 fiscal year, the Association of Local Government Auditors (ALGA) completed a Peer Review of the Office of Management and Compliance Audits' operations and issued a report thereon. The quality assurance evaluation program developed by this prestigious professional association—ALGA—is recognized and approved by the U.S. Government Accountability Office (GAO).
- The review resulted in no findings. Based on the results of their extensive examination of our policies, procedures, and records, the peer reviewers have concluded, in their opinion "...the Miami-Dade County Public Schools Office of Management and Compliance Audits internal quality control system was suitably designed and operating effectively to provide reasonable assurance of compliance with Government Auditing Standards for audits and attestation engagements during the period from July 1, 2014, through June 30, 2017."

CIVILIAN INVESTIGATIVE UNIT (CIU)

The CIU investigates serious, non-criminal, and non-Civil Rights related complaints against M-DCPS personnel. Cases are reviewed by the District's Incident Review Team (IRT), composed of members from the CIU, Civil Rights and Diversity Compliance, School Operations, School Police, Human Resources, and the Office of Professional Standards (OPS) to collectively determine which entity is most appropriate to conduct the investigation. To ensure independence and objectivity, the CIU reports to the Office of Management and Compliance Audits under the District Audits Division.

Mission:

- Ensure equitable, effective, and efficient processing of allegations made against school personnel;
- Provide due process to all personnel subject to investigations regardless of gender, race, or ethnicity; and
- Maintain the integrity and quality of personnel investigations

Nature of Work:

The CIU has been delegated the authority to investigate allegations of violations including, but not limited to the following categories:

- **Rules of the State of Florida Board of Education**
 - Principles of Professional Conduct for the Education Profession in Florida 6A-10.081, Florida Administrative Code (FAC), regarding categories that reflect the obligation to the student, obligation to the public, and obligation to the profession of education
 - Criteria for suspension and dismissal 6A-5.056 in regards to subparts 1 through 6 involving immorality, misconduct in office, incompetency, incapacity, gross insubordination, willful neglect of duty, and drunkenness
- **School Board Policies and Procedures**

CIVILIAN INVESTIGATIVE UNIT (CIU) (Continued)

Personnel Investigative Model (PIM)

- The CIU follows the PIM as a model for conducting investigations of allegations made against employees of M-DCPS. This model was initially approved by the School Board on November 17, 2004. Updates and revisions to the model were approved by the School Board at its May 12, 2010, meeting in order to increase effectiveness and streamline processes.
- Cases completed by CIU are submitted to the Office of Professional Standards (OPS) for administrative disposition.
- Three investigators and the Executive Director processed a total of 184 cases during FY 2017-2018.
- The table below provides a summary of the CIU's work during FY 2017-2018. FY 2016-2017 is also included for comparison.

| | | Disposition | | | | | |
|-----------|-----------------|----------------|-------------------|-----------|------------|----------|---------|
| FY | CIU Cases Total | Probable Cause | No Probable Cause | Unfounded | Supplement | Returned | Pending |
| 2017-2018 | 184 | 91 | 74 | 9 | 22 | 10 | 8 |
| 2016-2017 | 125 | 83 | 34 | 3 | 27 | 5 | 2 |

Terminology:

- **Probable Cause** – It is more likely than not that the alleged incident occurred.
- **No Probable Cause** – The absence of probable cause.
- **Unfounded** – A baseless, unsupported accusation, not based on fact or sound evidence.
- **Supplement** – Closed cases may be re-examined upon receiving supplemental information.
- **Returned** - Cases may be returned to OPS for reassignment upon determining that it would be more appropriately investigated by another unit.
- **Pending** – Cases that remained open at the end of the fiscal year, to be completed during the next fiscal year.

OFFICE STAFFING SCHEDULE

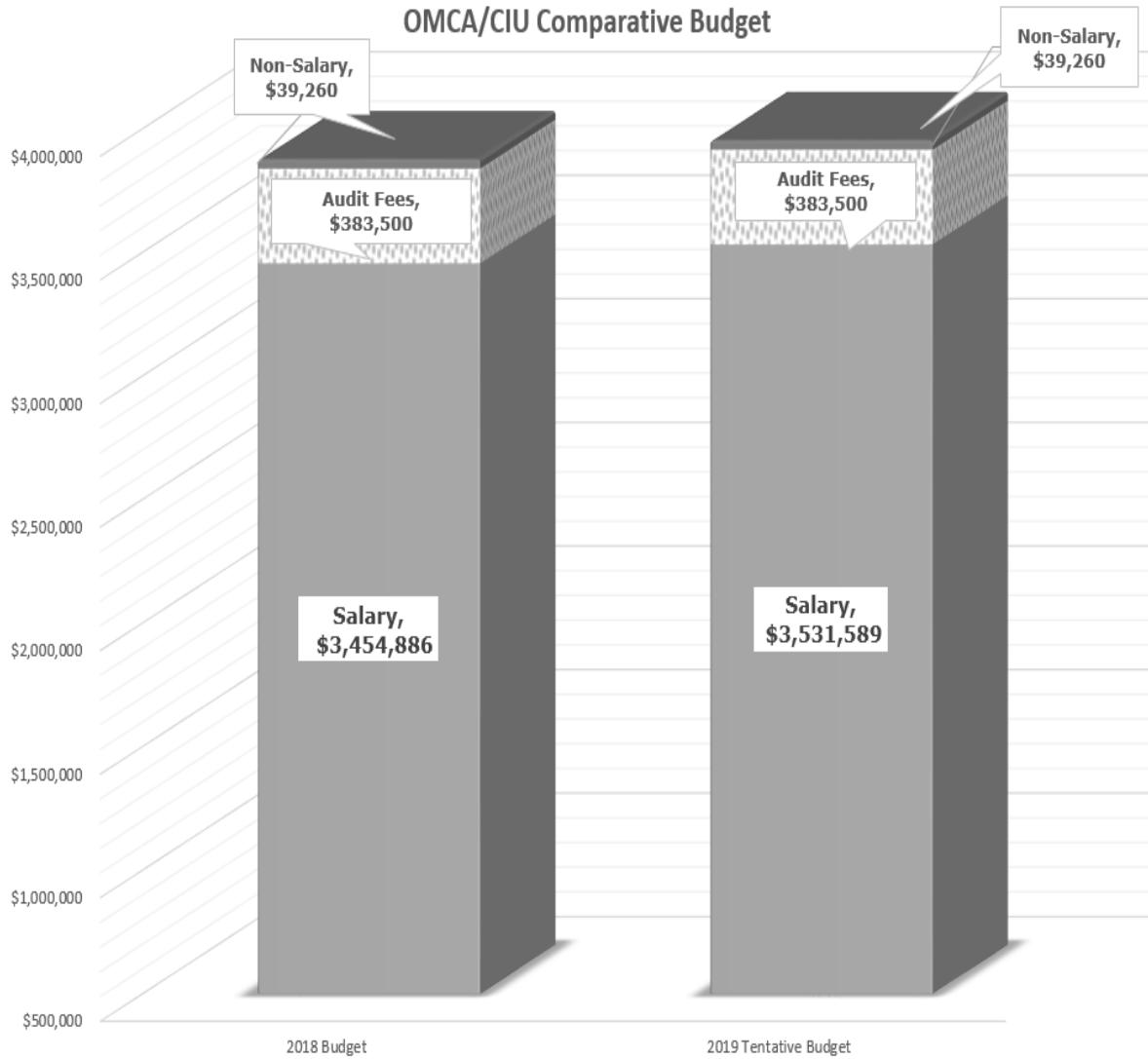
| OFFICE OF MANAGEMENT AND COMPLIANCE AUDITS/CIVILIAN INVESTIGATIVE UNIT STAFFING SCHEDULE | | | | |
|---|---|--------------------------------|-----------|--|
| Resource Allocation | As of June 30, 2018 See Note (1) | As of June 30, 2017 | Δ | Comments |
| Chief Auditor and Administrative Support Staff | 3 | 3 | No Change | Chief Auditor position opened in March 2018 due to incumbent's retirement. Position permanently filled in June 2018. |
| School Audits Division | 15 | 15 | No Change | One audit position open due to incumbent's promotion to Chief Auditor. To be filled in 2018-2019. See Note (2). |
| Property Audits Division | 5 | 5 | No Change | See Note (3). |
| District Audits Division | 5 | 5 | No Change | |
| Information Technology (IT) Audits | 1 | 1 | No Change | Position open at end of 2016-2017 filled in April 2018. |
| Charter School Audits Division | 3 | 3 | No Change | |
| Civilian Investigative Unit | 5 | 5 | No Change | See Note (4). |
| Totals | 37 | 37 | No Change | |

Notes:

- (1) Office staffing at the start of 2018-2019 based on 36 filled Full-Time (F/T) positions, 1 open F/T position and 2 Part-Time (P/T) filled positions.
- (2) Two (2) F/T audit positions fully dedicated to FTE audits. One (1) F/T audit position dedicated to Title I audits filled in April 2018. One (1) P/T clerical position to support division.
- (3) Five (5) F/T positions. One (1) P/T audit position to conduct property audits of equipment purchased with Title I funds at non-public schools.
- (4) Three (3) full-time investigative positions and one (1) full-time support staff position overseen by Executive Director, Civilian Investigative Unit. In addition, the Executive Director oversees IT Audits.

ANNUAL BUDGET

A comparison between the budget established for 2017-2018 and the proposed budget for 2018-2019 for the OMCA/CIU is as follows:



| Category | 2018 Budget | 2019 Tentative Budget |
|--------------|---------------------|-----------------------|
| Salary | \$ 3,454,886 | \$ 3,531,589 |
| Audit Fees | 383,500 | 383,500 |
| Non-Salary | 39,260 | 39,260 |
| Total | \$ 3,877,646 | \$ 3,954,349 |

RISK ANALYSIS METHODOLOGY

Risk is significantly different from an internal auditor's perspective than it is for a financial auditor: Internal audits, unlike financial audits, are difficult to conduct on an annual audit cycle because the audit universe is too large, the auditable elements too diverse and the cost of the audits may be too high.

Because of the nature of the School District, our office relies on two separate risk assessments to plan the work.

Regarding district audits, the risk assessment considers the entire district by organization and fund and by related factors such as materiality, past audit coverage, change of administration overseeing program/function, total expenditures, and various other related factors.

By arranging the pattern of past audit coverage of departments and programs we are able to combine our knowledge of potential audit areas from our assessment of risk, and professional judgment to arrive at a list of new audits.

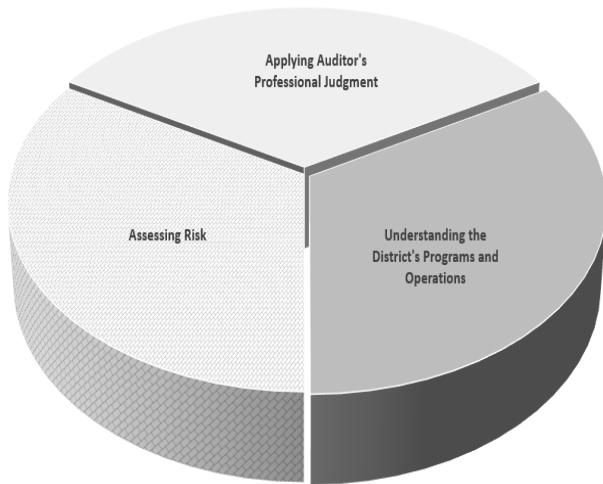
Regarding school audits, we evaluate risk at each and every school based on past audit findings/experience, principals' tenure, total revenues, school grades, etc. Based on this assessment, we determine the scope of audit work at each school. Audit priority is given to schools with two-year audits, change in administration since the prior audit and schools with prior audit findings.



AUDIT PLAN METHODOLOGY

We presented the proposed Annual Audit Plan (audit plan) for fiscal year 2018-2019 to the Audit and Budget Advisory Committee at its July 17th meeting.

The audit plan was developed using a systematic approach to assist us deciding what audits should be performed. The planning process also assist us developing the premise for our audits and identifying the appropriate combination of the types of performance and financial audits that should be included in the plan.



The audit plan also assists us determining how we can best allocate our resources and capitalize on our individual strengths.

Effective audit planning is essential to the success of the Office of Management and Compliance Audits. We based it on three basic and fundamental elements:

- 1) understanding the district's programs and operations;
- 2) assessing risk; and
- 3) applying the auditor's professional judgment.

These elements are interdependent.

Namely, without an understanding of programs and operations, we can't assess risk, and assessing the risk depends largely on the auditor's professional judgment. Within the district, the auditable unit could be a school, a program, a project, a contract, an organizational unit, a function, an activity, and/or a data system. Our planning process involves identifying the auditable universe, identifying the risks associated with various programs and operations, designing and gaining approval of the audit plan by the Audit and Budget Advisory Committee, and performing the individual internal audits encompassed in our plan.

The Chief Auditor is primarily responsible for the scope and assignment of audits. Nevertheless, input from stakeholders such as the Administration, the Audit and Budget Advisory Committee and the School Board is vital to make it an effective and successful audit plan.

**2018-2019
AUDIT PLAN**

**MIAMI-DADE COUNTY PUBLIC SCHOOLS
OFFICE OF MANAGEMENT AND COMPLIANCE AUDITS
2018-2019 AUDIT PLAN**

| Departments | Audit/Project | Background | Objectives |
|--|--|---|--|
| SCHOOL AUDITS DIVISION | | | |
| SCHOOL AUDITS DIVISION – SCHOOL AUDITS | | | |
| School Operations | Audit of Schools and Centers | <p>During 2017-2018, 357 schools/centers reported internal funds with total receipts of approximately \$77.3 million. These schools incur substantial expenditures involving payroll and procurement credit card activities. Regarding the school site Information Technology (IT) function, certain safeguards are required to restrict student and personnel information from unauthorized access.</p> <p>The district receives a significant portion of its revenue from the State through the Florida Education Finance Program (FEFP). For FY 2017-2018, the allocation was approximately \$654.6 million. This funding is based on full-time equivalent (FTE) student allocation and the reporting of student attendance, which is accomplished through the FTE survey process. Schools/centers are responsible for maintaining an audit trail in the students' cumulative folders to ascertain compliance with related regulations and procedures.</p> <p>Additionally, for FY 2017-2018 the District received Title I funds totaling approximately \$156 million and there are 318 schools (including charter schools) receiving Title I Program funds. Schools are held to strict spending standards to ensure that funds are used to enhance the educational learning process and close the achievement gap of certain student populations.</p> | <p>We will express an opinion on the financial statements of the internal funds of the schools/centers; evaluate compliance with policies and procedures for internal funds as established in the <i>Manual of Internal Fund Accounting</i>, as well as compliance with payroll, procurement credit card, and FTE records and procedures; for spending Title I program funds according to guidelines; for observing certain school site IT controls; and evaluate the internal control at the schools/centers to determine whether the control environment established at the school level promotes compliance with the policies and procedures established by the district.</p> |
| ITS (School Site) FTE-School Operations and various departments | | | |
| Department of Title I Administration | | | |
| Office of School Facilities | Hospitality Services (Dining Facilities) | <p>Hospitality Services operates the employee dining facility housed at the School Board Administration Building. Food sales and related disbursements are accounted for through an internal funds checking account established at this location, following the guidelines established in the <i>Manual of Internal Fund Accounting</i>.</p> <p>Internal funds receipts amounted to approximately \$610,000 as of the end of June 2018.</p> | <p>We will perform an audit to express an opinion on the financial statement of the internal funds of the dining facilities; evaluate compliance with the policies and procedures regarding internal funds and payroll; and evaluate the internal controls over these processes.</p> |
| SCHOOL AUDITS DIVISION – PROPERTY AUDITS | | | |
| District-wide | Property Inventories | <p>During FY 2017-2018, our auditors visited approximately 410 work locations and accounted for M-DCPS property costing approximately \$413 million.</p> <p>According to Chapter 274.02 of the Florida Statutes, a complete physical inventory of all property shall be taken annually, be compared with the property record, and discrepancies must be identified and reconciled. Furthermore, pursuant to Florida Administrative Rule Chapter 69I-73.002 "all property with a value or cost of \$1,000 or more and a projected useful life of one year or more shall be recorded in the local government's financial system as property for inventory purposes".</p> | <p>We will perform physical inventory counts of all property with an individual unit cost of \$1,000 or more. The results of counts and any discrepancies will be reported in the school audit reports. Discrepancies will be transmitted to Property Accounting for their reconciliation efforts with the inventory accounting records.</p> |

**MIAMI-DADE COUNTY PUBLIC SCHOOLS
OFFICE OF MANAGEMENT AND COMPLIANCE AUDITS
2018-2019 AUDIT PLAN**

| Departments | | Audit/Project | Background | Objectives |
|------------------------------------|--|--|---|------------|
| DISTRICT AUDITS DIVISION | | | | |
| Financial Services Risk Management | Audit of the District's Self-Insurance Program (Carryover) | The District's self-insurance program is in its ninth year of operation. For the self-insurance fund, the District reported total premium revenues of \$383 million, operating expenses of \$319 million, and net operating income of \$64 million in its audited financial statements for the fiscal year ended June 30, 2017. | The audit will focus on determining whether adequate internal controls and safeguards are in place over the program's operations, including its oversight of the third-party administrator, cost-control strategies, and plan information reporting. The fieldwork for this audit is being finalized and we forecast issuing our final report at the December 11, 2018, ABAC meeting. | |
| Office of Economic Opportunity | Audit Of Draft Phase 2 Disparity Study Report Dated March 27, 2018 (Carryover) | On April 24, 2018, the Administration requested an audit of the draft of the Miami-Dade County Public Schools Phase 2 Disparity Study, March 27, 2018, ("Disparity Study"). The draft report was prepared by Miller ³ Consulting, Inc. ("Miller ³ "), a professional firm engaged by Miami-Dade County Public Schools (M-DCPS). According to the Study, its purpose was to determine if there is evidence showing that ready, willing, and able Minority/Women-Owned Business Enterprises (M/WBES) are significantly underutilized in goods and supplies, services, and maintenance and maintenance-related services contracts issued by the District. | The objective of the audit was limited to verifying the numerical information comprising selected tables contained in the draft Disparity Study to determine their accuracy against the underlying data, and evaluating the study's conclusions based on the numerical information presented in the tables audited for reasonableness. The fieldwork for this audit is completed and we plan on issuing our final report at the September 18, 2018, ABAC meeting. | |
| Procurement Management | Audit of District Procurement Operations (Carryover) | During the two fiscal years ended June 30, 2018, Procurement Management Services processed over 36,000 purchase orders valued at approximately \$689 million in purchases of goods and services. In addition, the department is responsible for letting numerous Requests for Information (RFI), Request for Proposals (RFP), Request for Qualifications (RFQ), bids and contracts. | We will review purchasing operations to evaluate whether adequate internal controls and processes over the procurement of goods and services are in place and operating effectively. We will also assess the department's compliance with School Board Policy 6320 <i>Purchasing</i> . | |
| Various | Audit of Year-end Inventories (Current) | Annually, to augment the work of the external auditors in their audit of the district's financial statements, we perform an audit of the inventories, which includes observing and test-counting the inventories held at Stores and Mail Distribution, Food and Nutrition, Maintenance Material Management, and the Department of Transportation. The total inventory reported as of June 30, 2018, was approximately \$10.3 million. | We will review and observe each department's physical inventory counting procedures, test count the departments' inventory quantities, verify reconciliation to the general ledger, and determine whether adequate internal controls and safeguards are in place over the management of the departments' inventories. | |

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| DISTRICT AUDITS DIVISION (Continued) | | | | |
| Miami-Dade Schools Police Department | Audit of the Police Department (Planned) | In April 2018, a restructure of the M-DCPS Police Department occurred which resulted in the appointment of a new Chief of Police. In his new role, on May 10, 2018, the newly appointed Chief of Police requested that OMCA perform an audit of the School Police operations. This audit will assist the Chief in determining the condition and operating effectiveness of the administrative, fiscal and budgetary operations he has taken over. | Upon our understanding of the Department's administrative, fiscal and budgetary operations, we will complete a risk assessment to identify key areas of functionality and risks. Thereafter, we will evaluate these areas to determine whether adequate internal controls are in place to ensure their operating effectiveness and to mitigate identified risks. | |
| Food and Nutrition | Survey of Food Service Operations (Planned) | During the fiscal year ended June 30, 2017, the Food Service Fund grossed \$167 million in total revenues, which included \$15.5 million of local food service sales. Efficient operations, including the effective use of donated commodity and purchased food, could significantly impact local food sales and operations. | We will review the Food and Nutrition operations to determine its effectiveness and efficiency. A primary objective of our review will entail an evaluation of the menu development process. | |
| DISTRICT AUDITS DIVISION - GOB FACILITY AUDITS | | | | |
| Office of School Facilities | Audit of Designated Elements of Selected Construction Projects – (Allowances and Contingencies) (Carryover) | The FY 2013-2014 to 2017-2018 Five Year Plan contains approximately 260 construction projects totaling approximately \$849 million for FY 2012-13 to 2015-16 and 57 additional projects totaling \$263 million, for FY 2016-17, all of which are funded from GOB monies. During FY 2017-18, we issued a report on 10 completed GOB funded projects. During FY 2018-19, we plan to select another group of completed GOB projects for testing. | We will review the design and implementation of internal and management controls over the use of allowances and contingencies, and their operating effectiveness. Additionally, we will compare operations with policy for compliance and verify propriety of charges. | |
| Office of School Facilities | Annual Financial and Operational Audits of Targeted Categories of GOB Expenditures – (Advertising, Legal, and Financial Services Cost) (Carryover) | District Administration has reported expending approximately \$546 million of General Obligations Bond (GOB) proceeds as of December 31, 2017, among various categories of services and products. The reported expenditures in the categories of advertising, legal, and financial services approximated \$5.3 million. To satisfy the School Board's request that the Chief Auditor perform annual audits of the GOB expenditures, we plan to audit the selected categories of expenditures. | We will be able to determine whether: (1) adequate internal controls, including financial controls, are in place for managing GOB expenditures, and assess their operating effectiveness; (2) expenditures are correctly categorized in the District's records, properly supported by documentary evidence, competitively procured, pursuant to applicable Board policies and the legal requirements of the GOB; and (3) correctly charged to the right project, where applicable. | |

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| DISTRICT AUDITS DIVISION (Continued) | | | |
| DISTRICT AUDITS DIVISION - INFORMATION TECHNOLOGY (IT) AUDITS | | | |
| District-wide | SAP/Legacy Systems – District-wide Security Controls, Roles and Access Management (Planned) | The District's successful implementation of SAP brings with it a new set of risks, including appropriate management of systems access and security controls. In addition, some legacy systems continue to handle critical functions. Until those systems are retired, continued monitoring of appropriate access is required. | We will review the procedures and methods used to grant systems access to ensure that only authorized employees are able to review and/or modify data. Procedures for periodic monitoring and reconciliation of access based on need and roles will also be examined for both SAP and legacy. |
| DISTRICT AUDITS DIVISION - LONG RANGE AUDIT PROJECTS | | | |
| Office of School Facilities | Review of Facilities Impact Fees Collection Compliance | Through an Interlocal Agreement, Miami-Dade County is responsible for imposing and collecting educational facilities impact fees on new residential and commercial construction developments. During the County's fiscal year ended September 30, 2017, the County reported additions of approximately \$18 million to the impact fund and \$20 million due to the District. | Pursuant to a request from the administration, we will review impact fees assessment and collection of data to ensure that M-DCPS is receiving the correct amount, in accordance with the Interlocal Agreement. |
| Various | Audit of Payroll Processes at Selected District Offices | During the 10-month period ended April 30, 2018, total net payroll expenditures incurred among the roughly 140 district location cost centers approximated \$292 million. | We will evaluate the design and operating effectiveness of internal controls to determine if payroll practices prevent waste and abuse and adhere to best practices. We will also assess the department's compliance with the District's payroll policies and procedures. |
| Miami-Dade Tax Collector's Office | Audit of Miami-Dade Tax Collector's Commissions | Pursuant to Florida Statute 192.091, tax collectors are entitled to receive commissions upon the amount of all real and tangible personal property taxes and special assessments collected and remitted on behalf of each taxing district and special assessment district. The commissions are equivalent to a) three percent on the amount of taxes collected and remitted on an assessed valuation of \$50 million, and b) two percent on the balance, and c) actual costs of collection, not to exceed two percent, on the amount of special assessments collected and remitted. The amount of taxes collected and remitted to Miami-Dade County Public Schools for the 2015-16 and 2016-17 fiscal years were approximately \$1.9 billion and \$2.0 billion, respectively. | We will review tax collection and remittance data to determine the accuracy of the commissions charged/held back by the Miami-Dade Tax Collector, ensuring that the calculations used conform to Section 192.091 F.S. |

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| INVESTIGATIONS | | | | |
| District-wide | Forensic Audits/ Investigations | This represents forensic audit work resulting from our internal audits, requested by and in support/collaboration with Miami-Dade School Police and/or Office of Professional Standards, or the Office of Inspector General. The work relates to the discovery of misappropriation of funds at school sites or district locations, missing inventory/equipment, payroll fraud and other fraudulent activity; charter school misfeasance/malfesance, and attestation services or similar audit services related to charter schools, as requested by the School Board, the Audit and Budget Advisory Committee and/or district administration. | To transmit results to School Police for consideration of case referral to the State Attorney's Office, and to provide audit assistance in areas of forensic accounting, as needed. | |
| | Civilian Investigative Unit (CIU) Investigations (Non-Audit Work) | This represents the work of the CIU staff responsible for conducting non-criminal personnel investigations as assigned by the Incident Review Team (IRT) in accordance with the District's Personnel Investigative Model (PIM). This unit may assist in non-criminal investigations resulting from audits or other activities. | To ensure effective and efficient processing of complaints against District personnel by applying fair and equitable due process to all investigations. | |
| CHARTER SCHOOLS/CBOs AUDITS AND FISCAL OVERSIGHT DIVISION | | | | |
| District-wide | Review of Charter Schools and Community Based Organizations' Financial Statements | <p>During FY 2017-2018, the District sponsored 130 charter schools with student enrollment of approximately 65,000 and estimated revenue in excess of \$500 million. As the sponsoring school district, M-DCPS is statutorily responsible for substantial monitoring and oversight, including fiscal, operational, health/safety, and academic performance of these charter schools.</p> <p>State Statute and Board Policy also require charter schools to submit financial statements audited by their external financial statement auditors to the sponsoring school district.</p> <p>In addition, the District contracts with three (3) community-based organizations (CBOs), with a student enrollment of approximately 270, primarily for alternative education.</p> | <p>We will review independent financial audit reports submitted by these charter schools and CBOs and present them to the Audit and Budget Advisory Committee (ABAC) for its review, input, and transmittal to the School Board. These reviews usually require extensive communications with the charter school/CBO management and their external financial statement auditors.</p> <p>We will also facilitate the District's process for addressing charter schools which meet one or more conditions of the financial emergency statute, or are deemed to be in a state of deteriorating financial position.</p> | |

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| CHARTER SCHOOLS/CBOs AUDITS AND FISCAL OVERSIGHT DIVISION (Continued) | | | | |
| Miami-Dade Schools Police Department | Limited Scope Review of Certain Expenditures and Payroll Activities of the Schools Police Department (Carryover) (Performed by Charter Schools Audit Staff) | This audit was requested by the Superintendent on October 13, 2017, and approved by the School Board on December 6, 2017. It focuses on the Miami-Dade Schools Police Department's (MDSPD) participation and use of resources, including payroll, for the National Association of School Safety and Law Enforcement Official's (NASSLEO) Annual Conference held at the Marriott Biscayne Bay hotel in Miami, from June 26-30, 2017. | The objective of this audit is to determine whether School Board resources used and expenditures made by MDSPD for the NASSLEO conference held June 26-30, 2017, in Miami, comported with applicable laws, School Board policies and/or industry norms and best practices. We will also endeavor to make value-added observations and recommendations for consideration by Miami-Dade County Public Schools. The scope of this audit will be limited to the examination of resources used and expenditures made, primarily in June and July 2017, in connection with the 2017 NASSLEO conference. The fieldwork for this audit is completed, a draft report is in progress and we plan on issuing our final report at the December 11, 2018, ABAC meeting. | |
| NON-AUDIT SERVICES | | | | |
| Coordinate and Oversee External Auditors | | | | |
| District-wide | Assistance to External Auditors—GOB External Auditor | At its November 15, 2017, regular meeting, the School Board authorized the development of a process consistent with Board Policy 6320 for engaging an external auditor to perform an independent audit/review and economic impact of the GOB School Improvement Program. <i>This external audit will be a one-time assessment of the Program.</i> This audit will encompass a review of the GOB Program funds expended at its mid-point; the reporting on key performance indicators and outcomes, such as project delivery milestones, budget targets, whether projected economic developments were achieved; and an assessment of the economic impact and development, including temporary and permanent jobs created, the GOB program has had on the local market. | The Chief Auditor will manage the engagement and will facilitate the engaged firm's progress reports to the School Board through the Audit and Budget Advisory Committee at every meeting. | |
| | Assistance to Other External Auditors | Certified financial statements are provided by other agencies per contract and School Board policies such as: District financial statements, Single Audit, Impact Fees, WLRN, Magnet Education Choice Association, Inc., and The Foundation for New Education Initiatives, Inc. | We will coordinate the selection of external auditors, review their audits and submit them to the Audit and Budget Advisory Committee for its review, input and transmittal to the School Board. | |

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| NON-AUDIT SERVICES (Continued) | | | |
| Committee Participation | | | |
| District-wide | Participation on Various Committees | <p>As non-voting members, our office staff participates in various committees related to Charter Schools and Construction. Some of the most significant ones are:</p> <ul style="list-style-type: none"> • Charter School Application Review Committee • Charter School Contract Review Committee • Consulting Contract Review Committee • Construction Services Selection Committee • Construction Contractor Pre-qualification Committee • Small/Micro Business Enterprise (S/MBE) Program Goal Setting Committee • 21st Century Schools Bond Advisory Committee | <p>As a consulting service to management, our participation is limited to assist with initial technical review of charter school applicants; evaluation of charter school applicants to recommend approval/denial to Superintendent of Schools; negotiation of contract terms of approved charter school applications and amendments to charter school contracts.</p> <p>In the area of construction and the GOB Bond, we provide oversight and guidance over district management to assist with the evaluation of contract terms; the evaluation of architects, engineers, construction managers, and consultants proposals to recommend approval to Superintendent of Schools; the evaluation of contractor applicants to recommend approval/denial for pre-qualification to Superintendent of Schools; and the establishment of goals for participation in the S/MBE program; and over management's execution of the 21st Century Schools GOB Capital Program.</p> |
| Prior Audit Recommendations' Follow-Up | | | |
| District-wide | Audit Follow-Up | <p>Audit follow-up is a function of the internal audit process as required by Generally Accepted Government Auditing Standards and as prescribed by School Board Policy 6835 Procedures-<i>Performance of Auditing Activities and Communication of Results</i>.</p> | <p>Implementation of prior audit recommendations will continue to be monitored and reported to the Audit and Budget Advisory Committee.</p> |
| Other Monitoring Activities | | | |
| District-wide | Monitoring | <p>As a result of a complaint in 2016 related to website accessibility, the District is currently working towards ensuring that its websites and pages are in compliance with the governing provisions and regulations of the Americans with Disabilities Act (ADA).</p> | <p>Our objective will be to monitor the District's compliance with this effort and periodically provide a status on the progress of this activity to the ABAC.</p> |

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| NON-AUDIT SERVICES (Continued) | | | |
| Advisory Role to M-DCPS Management | | | |
| District-wide | Advisory Role | <p>Assist management in maintaining an internal control environment that is conducive to safeguarding and preserving the school system's assets and resources, improving the general effectiveness of its operations, and assuring compliance with applicable laws, policies and procedures.</p> <p>Particularly, the School Audits Division provides recommendations to principals on best practices and financial procedures and its Assistant Chief Auditor-School Audits Division actively participates during the Money Does Matter Program established by School Operations.</p> | <p>As a consulting service to management, to assist with the implementation of best business practices, promote compliance with district policy, and improve the quality of stewardship of administrators and school site Principals.</p> |
| OTHER OFFICE ACTIVITIES | | | |
| Quality Review and Professional Development/Staff Support | | | |
| Internal Audit | Quality Control Review | Generally Accepted Government Auditing Standards (GAGAS) require adherence to quality control review practices. | To establish and maintain a system of quality control that is designed to provide the audit organization with reasonable assurance that the organization and its personnel comply with professional standards and applicable legal and regulatory requirements. |
| Internal Audit | Continuing Professional Education Requirements | Auditors performing work in accordance with GAGAS should maintain their professional competence through continuing professional education (CPE). Every 2 years, auditors are required to complete a total of 80 CPE hours, of which at least 24 hours directly relates to government auditing, the government environment, or the specific or unique environment in which the audited entity operates. | To maintain adherence to Government Auditing Standards, particularly competency, and stay abreast of current issues in the profession. |
| Internal Audit | IT Support | Staff Auditors generally require technical assistance to perform certain data inquiry and computer-related audit tests. | To ensure that technical assistance is provided to the staff as needed and technical issues are resolved timely. |
| Long-Term Office Project | | | |
| Internal Audit | Electronic workpapers | Currently, while some of our processes are automated and maintained in electronic format, others are maintained in hard-copy format. We are exploring ways to more fully automate our internal audit processes. | To further enhance the office's efficiency by producing paperless electronic audit documentation. |

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.

Boy Scouts of America Equal Access Act of 2002 - no public school shall deny equal access to, or a fair opportunity for groups to meet on school premises or in school facilities before or after school hours, or discriminate against any group officially affiliated with Boy Scouts of America or any other youth or community group listed in Title 36 (as a patriotic society).

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, citizenship status, and any other legally prohibited basis. Retaliation for engaging in a protected activity is also prohibited.

For additional information contact:

Office of Civil Rights Compliance (CRC)
Executive Director/Title IX Coordinator
155 N.E. 15th Street, Suite P104E
Miami, Florida 33132

Phone: (305) 995-1580 TDD: (305) 995-2400

Email: crc@dadeschools.net Website: <http://crc.dadeschools.net>



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2018-2019 AUDIT PLAN**

**Office of Management and Compliance Audits
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