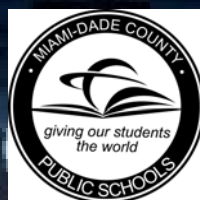


**MIAMI-DADE COUNTY PUBLIC SCHOOLS**

***2016 ANNUAL REPORT  
AND  
2017 ANNUAL AUDIT PLAN AND BUDGET***



**OFFICE OF MANAGEMENT AND COMPLIANCE AUDITS**

**THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**

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

Mr. Alberto M. Carvalho  
Superintendent of Schools

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

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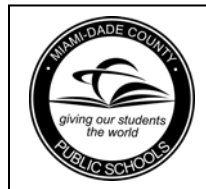
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**MIAMI-DADE COUNTY PUBLIC SCHOOLS  
OFFICE OF MANAGEMENT AND COMPLIANCE AUDITS**





# Miami-Dade County Public Schools

*giving our students the world*

## **Superintendent of Schools**

**Alberto M. Carvalho**

## **Chief Auditor**

**José F. Montes de Oca, CPA**

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

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**Raquel A. Regalado**

**Dr. Marta Pérez Wurtz**

September 22, 2016

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:

Presented herein is the 2016 Annual Report from the Office of Management and Compliance Audits (OMCA) pursuant to School Board Policy 6835.

The District has consistently improved its financial position over the last few years. Although management is vested with the stewardship of the District's finances and operations, our office has contributed to these efforts by performing audits of the schools/centers and the various District offices, reviewing the independent audited financial statements of charter schools, providing our opinions and comments to management for improved efficiencies, acting as audit liaisons between the District and the external audit entities, and participating in non-audit services and support activities that are part of our services and long-term commitment to the District.

During the past fiscal year, we were able to provide value-added services through the completion of our resource intensive audit of the Miami-Dade County Property Appraiser's operations relating to the Value Adjustment Board. It will be our goal in FY 2016-2017 to continue providing similar value-added auditing services to assist the School Board, its Audit and Budget Advisory Committee, and the Superintendent and his administration in their governance, advisory, and executive capacities.

We will continue to work in a collaborative, but independent-minded manner, in accordance with applicable auditing standards and School Board Policies, to support the Leadership in continuing to guide and advance the provision of a high caliber education to our students and to operate the District efficiently and effectively.

As described in the following pages of this 2016 Annual Report and 2017 Audit Plan, the OMCA will continue to focus its resources on the performance of internal audits and allowable non-audit services that will provide the best return to the District in terms of: (1) ensuring sound, cost-effective internal controls; (2) providing recommendations to maximize efficiency and effectiveness; (3) enhancing transparency of tax funded programs; (4) helping to ensure receipt of all available revenues; (5) ascertaining propriety of expenditures; (6) determining compliance with applicable laws, rules, policies and best practices; and (7) identifying emerging risks.

The Audit Plan for 2017 was drafted by the OMCA and presented to the ABAC at its July meeting as a proposal. During the summer, we sought and obtained input from stakeholders and developed the final Plan for School Board approval.

Respectfully yours,

A handwritten signature in black ink, reading "José F. Montes de Oca". The signature is written in a cursive style with a large initial "J" and "M".

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

## TABLE OF CONTENTS

	Page Number
<b><i>2016 Annual Report</i></b>	
About Our Office .....	1
Role of the Chief Auditor and the Audit and Budget Advisory Committee.....	2
Audit and Budget Advisory Committee Membership .....	3
Organizational Chart .....	5
Audit Reports Presented by the Office of Management and Compliance Audits .....	6
School Audits .....	7
Property Audits .....	13
School Investigative Audits .....	14
District Audits .....	18
Charter School Audits and Fiscal Oversight .....	23
Civilian Investigative Unit .....	29
External Audits.....	31
Financial Audits .....	31
Community Based Organizations Audits .....	32
Reports Issued by Other Entities .....	32
Non-Audit Services and Activities .....	33
Staffing .....	36
Comparative Budget .....	37
 <b><i>2017 Annual Audit Plan and Budget</i></b>	
Introductory Letter .....	40
Planning Process.....	43
School Audits Division .....	44
District Audits Division.....	47
Investigations .....	66
Charter Schools Audits Division .....	68
Other Non-Audit Services .....	71
Internal Audit/Civilian Investigative Unit Staffing .....	78

## **ABOUT OUR OFFICE**

- ▶ The Office of Management and Compliance Audits was established by the School Board and operates pursuant to School Board Policy 6835 *Office of Management and Compliance Audits*.
- ▶ We are responsible for providing the School Board, the School Board Audit and Budget Advisory Committee, and the Superintendent of Schools with an independent and objective evaluation of the fiscal and operational activities in the school district.
- ▶ The above task is accomplished through the issuance of various audit reports that are filed as public records of the organization.
- ▶ We advise the administration on many issues related to the fiscal operations of the school system by participating in several committees, and also by issuing various correspondences dealing with fiscal and operational matters.
- ▶ An annual audit plan that governs the activities of the office is prepared, and often includes input from the administration, the School Board and the Audit and Budget Advisory Committee.

## **OUR MISSION**

Our mission is to provide an independent appraisal activity as a service to the School Board through the Audit and Budget Advisory Committee. Through the internal audit process, our office assists the Superintendent and 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.

## **AUDIT OBJECTIVES**

- ▶ Perform examinations of the financial records in accordance with generally accepted auditing standards.
- ▶ Ascertain the reliability and adequacy of accounting reporting systems and procedures.
- ▶ Perform an independent appraisal of the adequacy and effectiveness of internal controls.
- ▶ Assure compliance with policies and procedures established by the School Board and the administration, and with state and federal laws and regulations.
- ▶ Improve the efficiency of the school system's operations by providing recommendations in audit reports.
- ▶ Ascertain if school system assets are properly accounted for and safeguarded from loss.

## **ROLE OF THE CHIEF AUDITOR**

- ▶ During the 2015-2016 fiscal year, the Chief Auditor and the Office of Management and Compliance Audits 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, reports, audit findings and recommendations emanating from the Office are 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 keeps abreast of new developments in the school system by attending the School Board meetings, Superintendent Cabinet meetings, and meetings of school system-wide communities.
- ▶ The Chief Auditor also acts as liaison between the school system and external auditors (federal, state, and independent auditors, and other outside audit entities).

## **ROLE OF THE AUDIT AND BUDGET ADVISORY COMMITTEE**

- ▶ It advises on auditing activities at the school district. ***This includes the work and the activities of the internal auditors from the Office of Management and Compliance Audits.***
- ▶ ***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 work of the State Auditor General.
- ▶ It also reviews proposed annual budgets, revenues, 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.
- ▶ Its general purpose 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

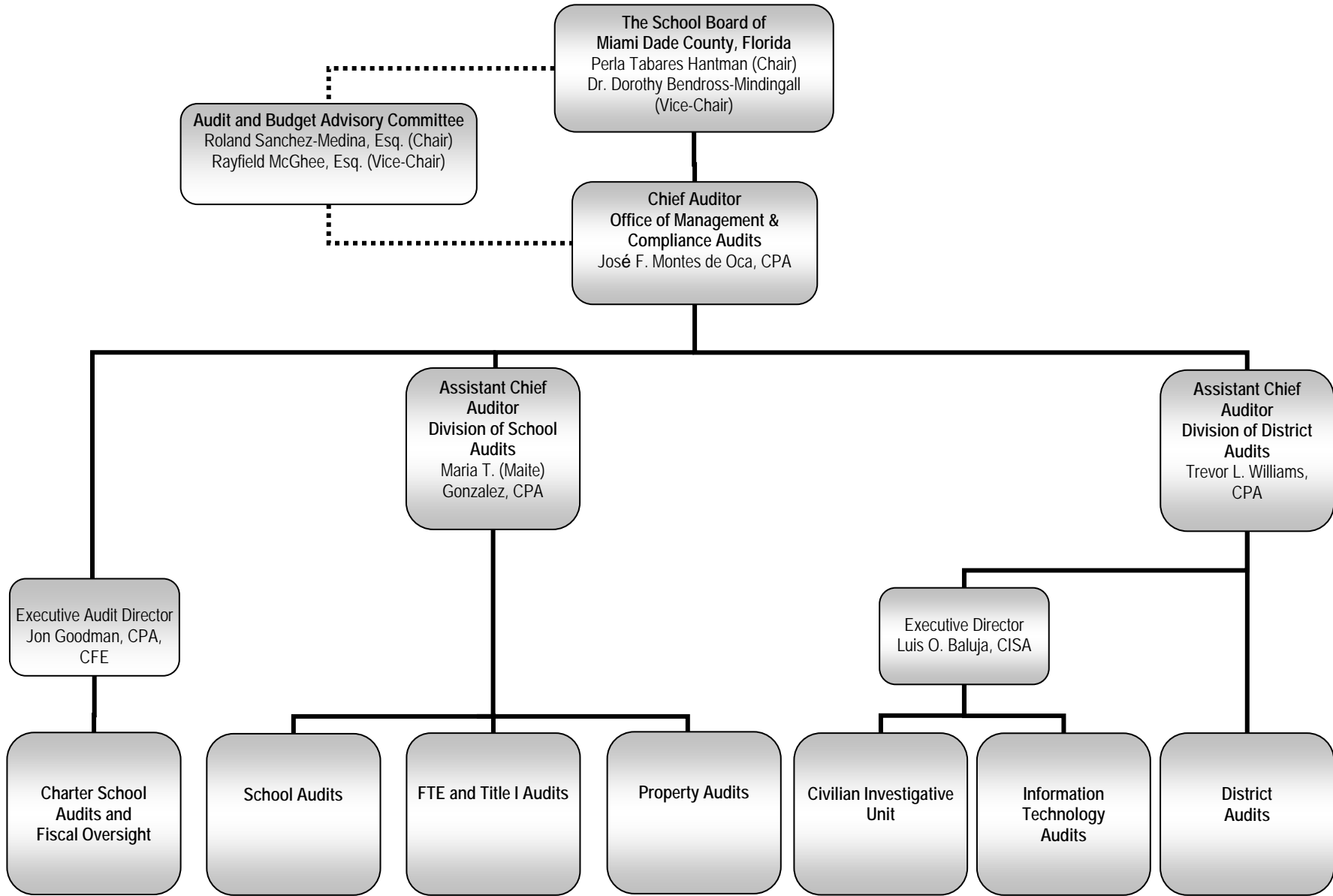
- The Office of Management and Compliance Audits is entrusted with the responsibility of providing service and logistical support to the ABAC, including publishing meeting notices, keeping its minutes, establishing the agenda in collaboration with its Chair, gathering the supporting documentation for distribution, and ensuring the smooth operation of the Committee affairs. During 2015-2016 the ABAC was composed as follows:

Audit and Budget Advisory Committee Membership	Title	Professional Affiliation	Appointment Information and School Board Member
Mr. Roland Sanchez-Medina, Jr., Esq.	Chair	Law Partner Sanchez-Medina, Gonzalez, et al	Ms. Raquel A. Regalado
Mr. Rayfield M. McGhee, Jr., Esq.	Vice-Chair	McGhee & Associates LLP Attorney at Law	Dr. Wilbert "Tee" Holloway
Dr. Lawrence S. Feldman	Voting Member	School Board Member Representing the Board	Ms. Perla Tabares Hantman, School Board Chair
Ms. Raquel A. Regalado	Alternate Member	School Board Member Representing the Board	
Mr. Erik Wendelken, CPA	Voting Member	Tax Principal, Morrison, Brown, Argiz & Farra, LLC	
Mr. Kimrey Newlin	Alternate Member	Head of Credit Management for Florida, TD Bank	
Mr. Rudy Rodriguez, CPA	Voting Member	Certified Public Accountant and retired M-DCPS Controller	Ms. Susie V. Castillo
Mr. Juan Carlos (JC) del Valle	Alternate	Florida International University Executive Director Development Steven J. Green School of International & Public Affairs	
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 President



<b>Audit and Budget Advisory Committee Membership</b>	<b>Title</b>	<b>Professional Affiliation</b>	<b>Appointment Information and School Board Member</b>
Mr. Jeffrey Codallo	Voting Member	Air Force (Retired)	Dr. Lawrence S. Feldman
Ms. Christa Dotson Dean	Alternate	PTSA President Coral Reef Senior High School/Parent Volunteer	
Ms. Susan Marie Kairalla	Voting Member	Volunteer	Dr. Marta Pérez Wurtz
Mr. Jeff Kaufman	Alternate Member	President and CEO A & J Auto Brokers and United Food and Beverage	
Mr. Albert D. Lopez, CPA	Voting Member	Southeast Assurance Regional Managing Partner BDO USA LLP	Ms. Lubby Navarro
Mr. Ernie Saumell, CPA	Alternate Member	Assurance Partner, BDO USA LLP	
Mr. Christopher Norwood, J. D.	Voting Member	Public Affairs Professional The Norwood Consulting Group	Dr. Dorothy Bendross-Mindingall, School Board Vice Chair
Mr. Isaac Salver, CPA	Voting Member	Accounting/Business Advisory Professional Isaac Salver CPA Firm	Dr. Martin Karp
Mr. Stephen M. Korn, CPA	Alternate Member	President Stephen M. Korn, CPA	
Mrs. Judith M. Marte	Non-Voting Member	Chief Financial Officer	N/A

# ORGANIZATIONAL CHART



## **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
- ▶ Property Audits
- ▶ School Investigative Audits
- ▶ District Audits
- ▶ Charter School Audits
- ▶ External Audits
- ▶ Non-Audit Services and Activities

We have also included the work performed by the Civilian Investigative Unit (CIU). This Division reports to this office under the Assistant Chief Auditor-Operational and Performance Audits.



## **SCHOOL AUDITS**

Section 1011.07, Florida Statutes, and State Board of Education Rule 6A-1.087 *School Board Responsible for Internal Funds*, require school boards to provide for an annual audit of 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 2015-2016 we reviewed the following at selected schools:**

- ▶ **Payroll records and procedures at 91 schools (39%).** This consisted of a review of payroll procedures and documentation related to the preparation of usually the most current payroll records, which include time, and 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.
- ▶ **The Purchasing Credit Card Program (P-Card) at 37 schools (16%).** 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.
- ▶ **Data security management report audit assessment at 56 schools (24%).** At these schools, we reviewed data security management reports to ensure that staff access to computer system applications was appropriate.

## SCHOOL AUDITS (CONTINUED)

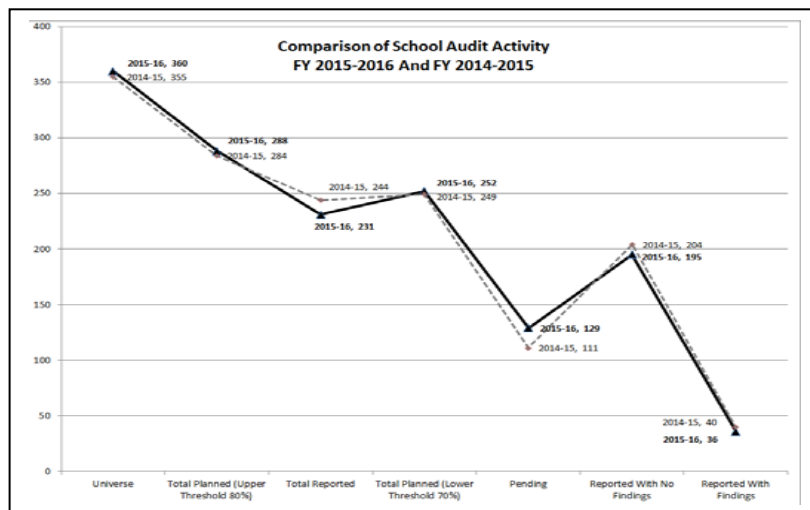
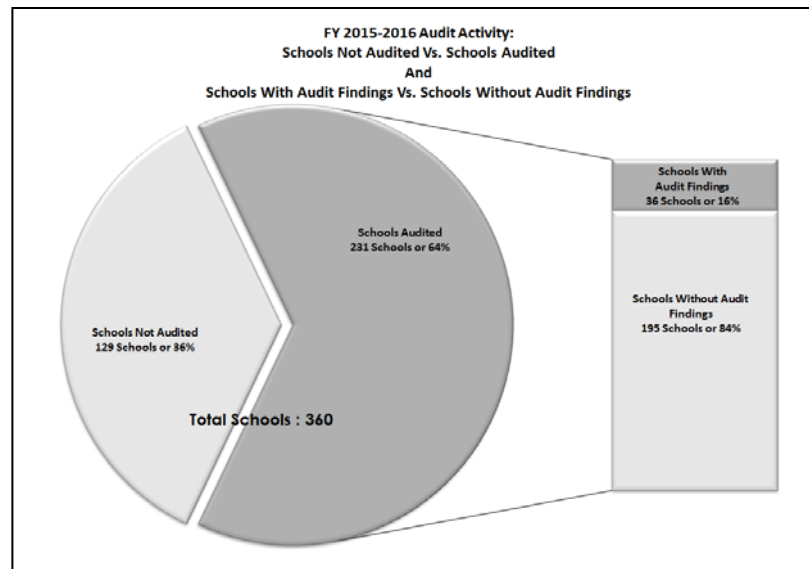
- ▶ **Title I Program audits were selectively conducted at 12 schools (5%).** At schools, principals administer Title I programs with oversight from the Regional Centers, and under general direction from the Title I Administration Office. To promote district and school-wide compliance with Federal, State, 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.
- ▶ **Full-Time Equivalent (FTE) audits were conducted at 46 schools (20%) 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. A review of records was related to student attendance, Special Education, English Language Learners, Cooperative Education and Teacher Certification.



## SCHOOL AUDITS (CONTINUED)

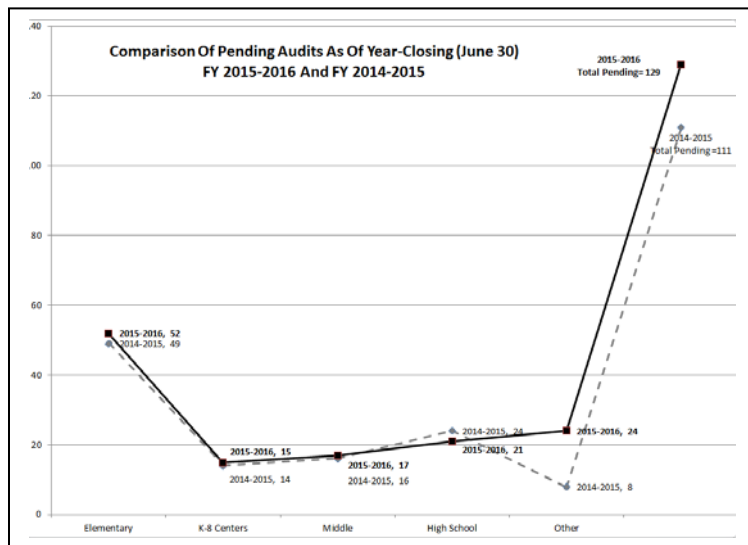
### SCHOOL AUDITS--SUMMARY OF RESULTS

- ▶ We found that of 231 schools audited in FY 2015-2016, 195 schools (84%) conducted their financial affairs in accordance with district policies and maintained good internal controls. However, at 36 schools (16%), there were opportunities for improvement. The percentage of schools with exceptions did not change when compared to prior year's results where, of 244 schools audited, 40 schools (16%) were cited.
- ▶ The Audit Plan for the 2015-2016 fiscal year mapped the school audit coverage at 70%-80% of the school sites, which we closely approximated by completing a total of 231 of 360 school audits to be performed for the 2013-2014 and/or 2014-2015 fiscal year(s), depending whether the individual school was scheduled for a one-year or two-year audit.



- ▶ Our audit coverage represented 64% of the total audit population. During the 2014-2015 fiscal year, we audited 244 of 355 schools (69%).
- ▶ Compared to the previous year's audit activity (FY 2014-2015), the total number of schools audited decreased by 13 schools.

## SCHOOL AUDITS--SUMMARY OF RESULTS (CONTINUED)

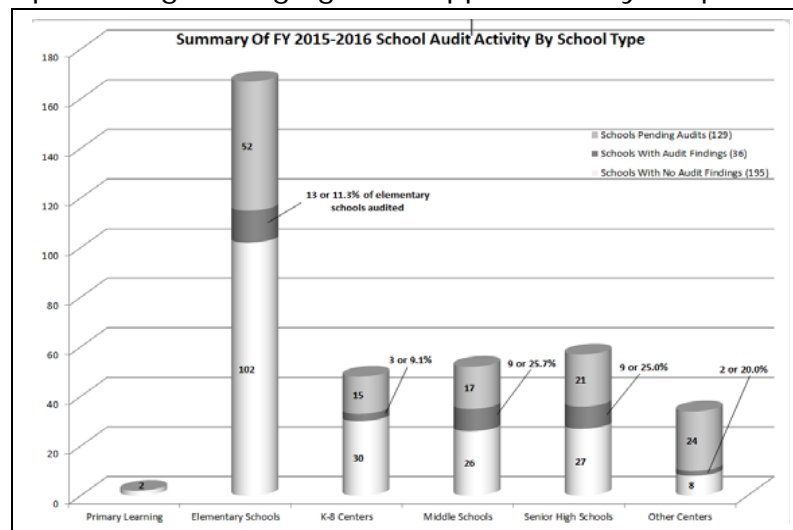


► We closed the 2015-2016 fiscal year with a total of 129 schools pending audits. These consisted of 52 elementary schools, 15 K-8 centers, 17 middle schools, 21 senior high schools and 24 other schools. For the 2014-2015 fiscal year 111 schools were pending audits at the close of the year. These included 49 elementary schools, 14 K-8 centers, 16 middle schools, 24 senior high and 8 other centers. A comparison as illustrated in the adjacent graph shows that for the 2015-2016 fiscal year, there was an increase of 18 in the number of schools not audited by the closing of the year.

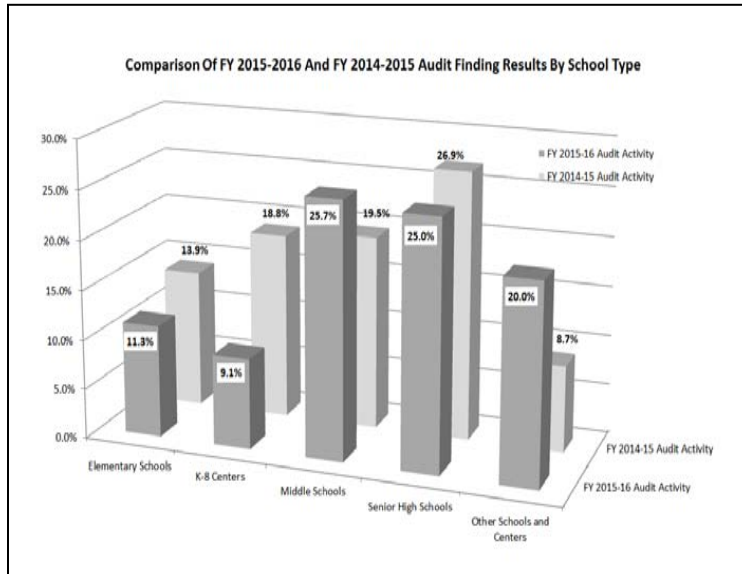
As the graph shows, approximately 41 percent of the 129 schools pending an audit consisted of elementary schools; followed by other centers (which included Adult Education, Alternative Education, Special Education and Other Centers),

senior high schools, middle schools, and K-8 centers, at percentages ranging from approximately 16 percent (for senior high schools) to close to 12 percent (K-8 Centers).

► The graph to the right depicts the breakdown of the school audit activity arranged by Primary Learning Center, Elementary, K-8, Middle, Senior High and Other Centers (Adult Education, Alternative Education Center, Special Education Centers and Other Centers), depending on whether the school had audit findings/no audit findings published, or the school audit was pending publication as of the end of the fiscal year. This graph also illustrates the 129 schools that were pending audits at year-closing.

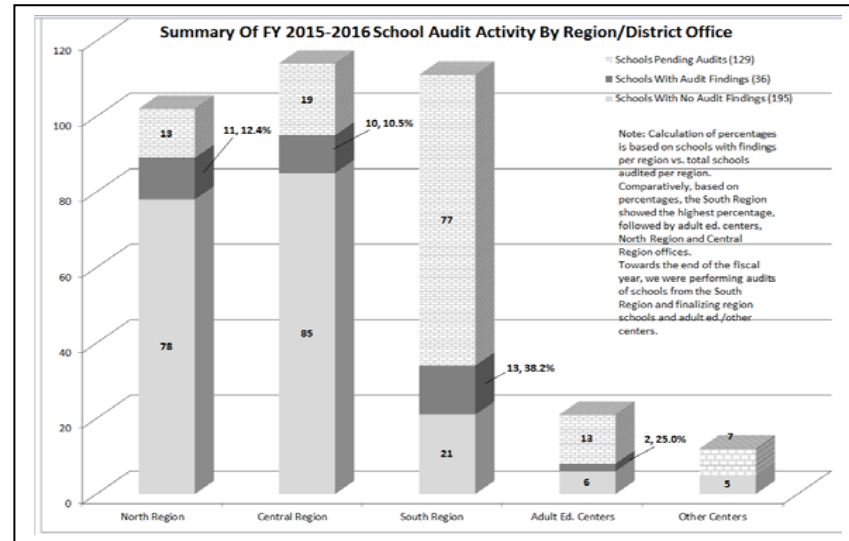


## SCHOOL AUDITS--SUMMARY OF RESULTS (CONTINUED)



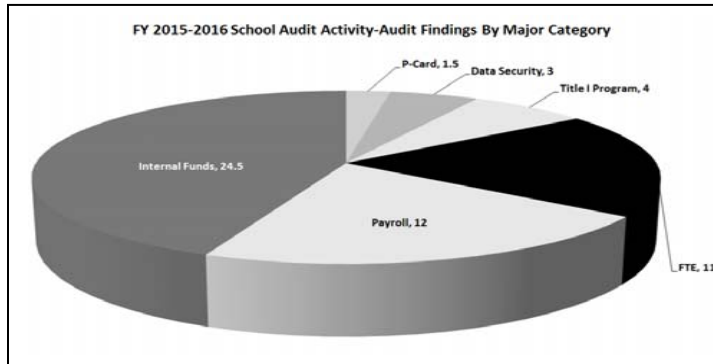
- ▶ The graph on the left shows that by comparing last year's and this year's results, middle schools require greater attention. In addition, there was an increase in the number of "other" schools with exceptions. These results will require additional monitoring and attention in the coming year at the middle schools and adult education centers to ensure that proper follow-up and corrective actions are implemented at these schools.
- ▶ 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 South Region, followed by adult education centers, North Region schools and Central region schools, 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 North and Central regions. We also had several adult education centers to complete.
- ▶ School audits pending at year-end (129) will be published next year as two-year audits.





## SCHOOL AUDITS--SUMMARY OF RESULTS (CONTINUED)



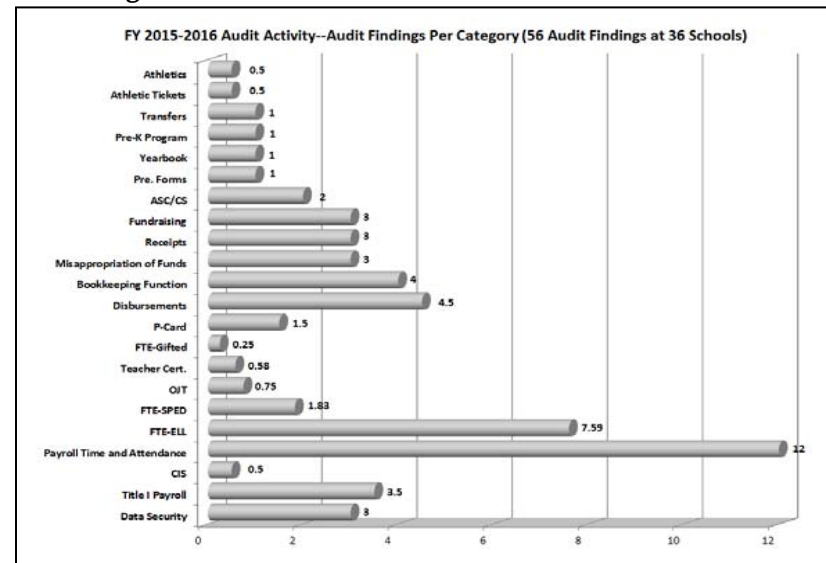
audited this year (13). Comparatively, the percentage of schools with audit exceptions (16%) remains unchanged. Consequently, accountability and compliance mechanisms at school sites over internal funds and other audited areas require a continued attention from management.

► A breakdown of the findings shows that, aside from those related to internal funds, non-compliance with payroll procedures requires continued attention from school site administration to ensure that going forward, time and attendance reporting requirements are adhered to with fidelity. As both charts illustrate, 12 findings in payroll were reported this fiscal year (as compared to 11 in the previous year).

► FTE-related findings increased from eight last year to 11 this year. In addition, disbursements made with internal funds and the P-Card remain an area that requires management's attention to ensure that bidding procedures and certified minority requirements are observed when making individual purchases of \$1,000 or more. Regarding disbursements made with Title I funds, management must be cognizant of the restrictions placed on these funds to ensure they are spent as allowed by program guidelines. Findings in data security (three this year versus five last year require management's attention to ensure access is restricted and safeguarded).

► During FY 2015-2016, school audit reports cited a total of **56** audit findings at **36** schools. In FY 2014-2015, school audit reports cited a total of **67** audit findings at **40** schools. During 2015-2016, findings were mostly in the area of *internal funds, followed by payroll and FTE*. The same pattern was reflected in FY 2014-2015.

► *Although the number of schools with findings and the number of individual findings decreased when compared to the previous year, less schools were*



## 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 2015-2016, our Property Auditors visited approximately 380 work locations (which included approximately 340 school sites) and accounted for approximately 97,900 items with a combined cost of almost \$470.2 million. Close to \$332,200 was reported as "unlocated" and approximately \$316,600 was reported missing through the Plant Security Report process. The combined loss rate was 0.14%. This loss rate represents an increase from prior year results. In FY 2014-2015, we similarly visited close to 400 locations and reported almost \$396.8 million in property cost with a combined loss rate was 0.05%. For the prior year, losses amounted to approximately \$103,000 from the physical inventories and close to \$110,000 from Plant Security Reports. *The unfavorable variance in the property losses reported in FY 2015-2016 should encourage school site administrators to continue strengthening the safeguarding of equipment; and to maintain their inventories more efficiently to prevent similar losses in the future.*

PHYSICAL INVENTORY RESULTS 2015-2016 FISCAL YEAR					
School/Department	Total Property Cost	Total Property That Could Not Be Accounted For			Percentage Unaccounted For
		Per Physical Inventory	Per Plant Security Reports	Total	
North	\$ 65,607,653	\$ 24,593	\$ 47,899	\$ 72,492	0.11%
Central	65,709,280	10,254	13,274	\$23,528	0.04%
South	67,750,164	29,450	26,163	\$55,613	0.08%
Other Centers	7,257,150	4,635	203,313	\$207,948	2.87%
District	263,837,886	263,204	25,933	\$289,137	0.11%
<b>Totals</b>	<b>\$ 470,162,133</b>	<b>\$ 332,136</b>	<b>\$ 316,582</b>	<b>\$ 648,718</b>	<b>0.14%</b>

## **SCHOOL INVESTIGATIVE AUDITS**

- ▶ Regarding investigative cases involving school audits this year, the Assistant Chief Auditor-School Audits Division and her staff conducted the majority of the audit fieldwork in collaboration with the Assistant Chief Auditor-Investigative Division and his staff.
- ▶ The Office of Management and Compliance Audits' Investigative Division assisted with cases of fraud and/or malfeasance discovered by our auditors in the course of their duties, as well as when requests for investigations were made by the Principals or other Administrators. In addition, our Investigative Division assisted the investigative unit of the Miami-Dade Schools Police Department when requested. Our Assistant Chief Auditor-Investigative Division was responsible for overseeing this division until his retirement in January 2016.
- ▶ In similar fashion, 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 2015-2016, a total of 13 schools were involved in audit investigations and audit follow-up work that resulted from investigations conducted by M-DCPS Police or the Office of the Inspector General. All results were reported as part of the audit findings. A summary of these cases is as follows:

### **School Sites:**

**North Miami Senior** - We discovered that the former Treasurer misappropriated close to \$79,900 cash collected between October 2013 and March 2015. This included a check-for-cash substitution scheme where the former Treasurer substituted receipted cash collections with third-party checks not otherwise receipted by the school. It also included cash collections that faculty/staff turned over to the former Treasurer; however, the collections could not be traced to a bank deposit. We also identified expenditures corresponding to some of the affected accounts that the former Treasurer diverted to other accounts with available balances to prevent discovery. During the audit, we interviewed the former Treasurer regarding the discrepancies and she gave us a brief confession in writing. This matter was referred to the Miami-Dade Schools Police Department and to the State Attorney's Office for consideration of criminal charges (December 2015).

**Miami Palmetto Senior** - South Region Office administration and the former Principal contacted our office to request an audit of the school because of a number of deposits that were found in the school's vault pending posting and deposit. Our review uncovered a misappropriation of funds as well as various discrepancies regarding the handling of the internal funds of the school (which included, among others, a bookkeeping function that was not up-to-date, records that were incomplete, adjusting entries that were questionable and deposits that were not made in a timely manner). During the audit visit, the former Treasurer attempted to use \$460 yearbook collections to cover a shortfall in monies supposedly refunded to students that the auditor had questioned during the audit and gave a brief confession. Other cash shortages attributed to the former Treasurer included approximately \$500 from student refunds and United Way collections that were turned in for deposit but could not be traced to the checking account. This matter was referred to the Miami-Dade Schools Police Department and to the State Attorney's Office for their consideration and advice; however, the State Attorney's Office determined not to pursue the matter criminally. At present, the former Treasurer has resigned (December 2015).

## **SCHOOL AUDITS-INVESTIGATIVE AUDITS-SUMMARY OF RESULTS (CONTINUED)**

**Miami Carol City Senior** - Our verification of the inventory of athletic tickets (approximately 45,400), which is part of the school audit, disclosed that approximately 8,200 tickets with a total value of approximately \$37,700 could not be accounted for. According to the former Athletic Business Manager, on August 14, 2015, only a few days prior to our initial visit, it was discovered that a box said to contain rolls of tickets with an undisclosed dollar value was missing. During the audit, the Principal appointed a new Athletic Director and a new Athletic Business Manager, and requested an investigation regarding the missing tickets. MDCPS Police made inquiries regarding the missing tickets; however, decided not to pursue the investigation (January 2016).

**Arcola Lake Elementary** - For the 2013-2014, 2014-2015 and 2015-2016 fiscal years up to December 2015, we discovered fundraising proceeds that were unaccounted for. We determined that the former Treasurer was directly responsible for part of the loss. The remainder involved collections documented by the sponsor with official receipts that could not be traced to any deposit; as well as collections not documented with receipts whose whereabouts remain unknown. According to teachers and the activity sponsor, the former Treasurer never issued receipts to document when collections were turned in for deposit. In addition, the former Treasurer diverted some of the fundraising-related expenditures to other non-related accounts to conceal the shortages and prevent deficits from surfacing. She has been placed in an alternate work assignment, and the case has been turned over to the Miami-Dade School Police and the Attorney's Office for further consideration of criminal charges (July 2016).

**South Hialeah Elementary** - We assisted the Miami-Dade Office of Inspector General (OIG), with the audit of the internal funds of the school for the 2013-2014 and 2014-2015 fiscal years. The OIG had received an anonymous complaint where it was alleged that fundraising activities had generated cash sales from the students; however, the students were never provided receipts, and there was no recordkeeping to account for these collections. Our investigation disclosed that, under the tenure of a former Principal, the school failed to follow the proper internal funds' bookkeeping procedures and failed to establish a clear and distinct separation between the fundraising activities of the school-allied organization (PTA) and the school. Fundraising proceeds from snack sales, and admissions to dances and talent shows were not accounted for in the internal funds of the school or the PTA's records. Instead, collections were reportedly kept in a cash box at the school. Although we were able to substantiate the occurrence of most fundraisers enumerated in the allegation, and the fact that cash collections from students were handled by certain school staff members with apparent knowledge from the former Principal, the lack of financial records documenting these activities and conflicting information regarding the party ultimately responsible for these fundraisers made it impossible to determine the amount of money collected, who had ultimate custody of the funds and how they were spent (July 2016).

## **SCHOOL AUDITS-INVESTIGATIVE AUDITS-SUMMARY OF RESULTS (CONTINUED)**

**North Miami Adult Education Center** - We assisted the Office of the Inspector General (OIG) with the audit of the internal funds of the center for the 2013-2014 and 2014-2015 fiscal years. In October 2015, the former Principal of this center was arrested. The arrest stemmed from an OIG investigation pursuant to several complaints alleging hiring and employment fraud schemes. During the investigation, which involved an undercover operation, the former Principal accepted a cash payment from an undercover officer in exchange for employment. During our audit of the internal funds of the school for the 2013-2014 and 2014-2015 fiscal years, nothing came to our attention to point to fraudulent activity in the internal funds of the school. However, our audit disclosed certain lapses in compliance associated with certain bookkeeping issues, and with the handling of disbursements and hourly payroll (July 2016).

**Norland Elementary, Norland Middle, Miami Heights Elementary, Olympia Heights Elementary, South Miami Heights Elementary, Caribbean K-8 Center and Robert Russa Moton Elementary** - Our office was initially contacted by M-DCPS School Police to follow-up on the results of one of their investigations, which involved an alleged violation of payroll sign-in procedures. Initially, M-DCPS Police, *with the assistance of our office's Investigative Audits Division*, conducted an investigation where it was alleged that a part-time employee had signed for hours on Daily Payroll Attendance Sheets at two schools at the same time. Although the investigation corroborated that times reported for this employee at several schools overlapped, as reflected on the payroll records of the individual schools, it did not support that the employee had violated payroll policy since some of the administrators interviewed admitted to reporting hours on the Daily Payroll Attendance Sheets *on behalf of the employee*. During the investigation, it was discovered that the hourly "teaching assignments" were set up in the system to remunerate the employee for designing/maintaining the schools' websites. Our audit follow-up for the 2014-2015 fiscal year at all seven schools corroborated the breach of hourly payroll sign-in procedures; and at six of the seven schools, the inappropriate use of Title I Program funds to cover the payroll expenditures (since this type of expenditure is expressly disallowed under Title I Program guidelines (July 2016). At Robert Russa Moton Elementary, grant funds used to cover the payroll expenditures allowed for this type of expenditure to be charged to the grant. (July 2016).

## DISTRICT AUDITS

The District Audits Division performs non-school audits, reviews and selected investigations. The areas of audit coverage by this division include the District support units/operations, such as Financial Services, Construction, Maintenance, Procurement, Transportation, 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/operational audits and reviews, which assess a unit's or program's operational effectiveness and efficiency, and compliance with established guidelines. 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/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 audit/investigation as time and resources allow.



## **DISTRICT AUDITS--SUMMARY OF RESULTS**

### **Audit of Miami-Dade County Value Adjustment Board (VAB) Appeals Process (Phase 2) – (July 2015)**

This audit focused on the operations of the Miami-Dade County Property Appraiser's Office relative to the VAB appeals process and was the second of two audits dealing with the VAB process. Our audit concluded that the VAB appeals process was unnecessarily delayed. Inefficient scheduling and staffing of VAB hearings by the VAB and Property Appraiser's Office, respectively, have directly contributed to the delay. In addition, we found that the Property Appraiser's Office at times exerted a controlling influence over the VAB's scheduling of hearings, which have resulted in the maximum number of cases and hearing boards not being scheduled during each day.

- ▶ Our audit also concluded that historically, the Property Appraiser's preliminary estimated values have consistently exceeded the final values. The variances for Miami-Dade County values compare unfavorably with the state-wide variances.
  
- ▶ Finally, our audit found that while the VAB has the authority to invoice the School District for part of its operating expenses, the Property Appraiser's Office did not have such authority, but had inappropriately invoiced the School District several million dollars for over 20 years for some of its expenses related to supporting the VAB process. The amounts invoiced for the tax years reviewed, 2008 to 2013, totaled \$9.1 million. Based on these audit findings, subsequent negotiations with the County Attorneys resulted in the Property Appraiser agreeing to refund the School District \$4.4 million, waive the pending invoice of \$1,657,303 for the 2013 tax year, and cease submitting any further bills to the School Board for VAB related expenses; thus resulting in additional savings to the School Board of approximately \$1.5 million per year.

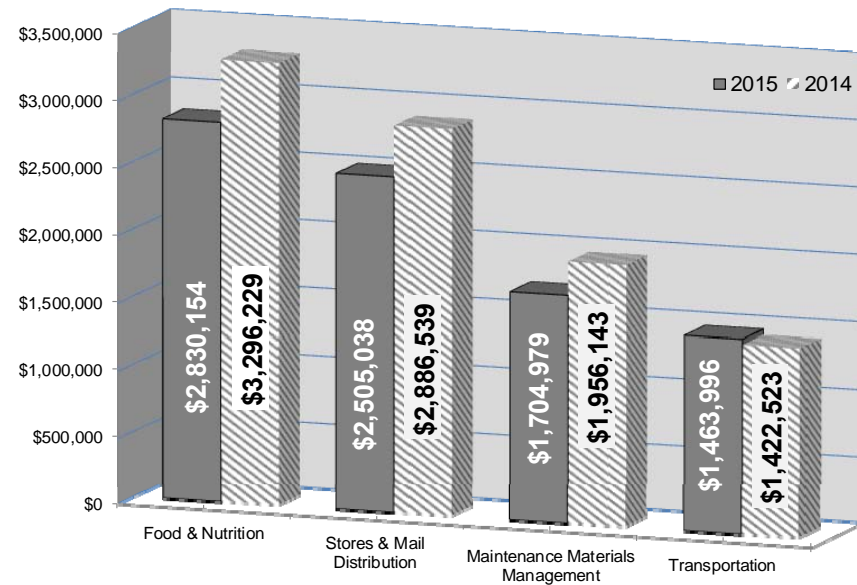


## DISTRICT AUDITS--SUMMARY OF RESULTS (CONTINUED)

### Audit of Inventories as of June 30, 2015 (September 2015)

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. Notwithstanding our stated opinion, there were certain matters, although deemed immaterial to the year-end inventory balance, that were brought to management's attention for their follow-up.

- ▶ Moreover, we found the internal controls over the inventory counting and reconciling processes for the four inventories to be satisfactory.
- ▶ The total year-end inventories decreased 11% from \$9.6 million at June 30, 2014, to \$8.5 million at June 30, 2015. There was no textbook inventory on hand at June 30, 2015.



## **DISTRICT AUDITS--SUMMARY OF RESULTS (CONTINUED)**

### **Audit of District's Surplus Equipment and Vehicle Auctions for FY 2014-2015 (December 2015)**

Historically, as time and resources permit, our office has observed the activities at various District's surplus equipment and vehicle auctions. Based on our recent observations and risks assessment, we determined that an audit of the auction process is warranted and performed such an audit during FY 2014-15. Our audit found that, in general, the auctions we observed were adequately staffed and were conducted in an orderly fashion. However, our post-auction review and examination of auction-related documents disclosed that unauthorized payments totaling \$24,000 were made to the Auctioneer during the last three fiscal years, funds collected after the auction were not deposited timely, and the information on auction activity reported to the School Board was inaccurate and non-transparent.

During the audit, we discussed our preliminary findings with the appropriate district administrator, who promptly requested an investigation. The investigation was subsequently completed by the District's Civilian Investigative Unit (CIU), which found probable cause that the administrator responsible for initiating and approving the unauthorized payments violated the School Board's purchasing and ethical conduct policies.

## **DISTRICT AUDITS--SUMMARY OF RESULTS (CONTINUED)**

### **Independent Internal Auditor's Agreed-Upon Procedures Report on the Office of Economic Opportunity Inaugural Report Covering Fiscal Years 2013-2014 and 2014-2015**

At the request of the Economic Development Officer, we performed a review of selected information contained in the draft Office of Economic Opportunity Inaugural Report Covering Fiscal Years 2013-2014 and 2014-2015 ("Report") following certain agreed-upon procedures. The Economic Development Officer is responsible for the Report. Our responsibility was to review the subject draft Report within the context of the agreed-upon procedures solely to assist the Office of Economic Opportunity in evaluating the said Report. Our review does not constitute an audit in accordance with Government Auditing Standards and we do not express an opinion.

Our review identified certain errors and inconsistencies relating to the draft Report, as follows:

- ▶ The underlying district-generated data provided to the Office of Economic Opportunity that were used to support the expenditure information contained in the initial draft Report were incomplete because the data omitted a large number of procurement credit card (P-card) transactions. Complete data were subsequently generated and used by management in the final Report.
- ▶ The total expenditures allocated to all certified businesses and the attendant allocations to each minority category were inaccurate due to the fact that some expenditure related to certified businesses were omitted from the data initially provided to the Office of Economic Opportunity. The inaccuracies were subsequently corrected by management in the final Report.

We discussed our findings and other considerations with management, who took the necessary actions to address these findings. Consequently, the errors and inconsistencies were subsequently corrected by management in the final Report

## **CHARTER SCHOOL AUDITS AND FISCAL OVERSIGHT**

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 2015-2016, 126 charter schools operated in Miami-Dade County with student enrollment of approximately 60,000 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 125 Charter School Certified Financial Statements**

During FY 2015-2016, we reviewed and analyzed the audited financial statements of the District's 125 charter schools for the fiscal year ended June 30, 2015.

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.

## **CHARTER SCHOOL AUDITS AND FISCAL OVERSIGHT (CONTINUED)**

### **Highlights of our review process during FY 2015-2016 included:**

- ▶ Identifying related party contributions to a chain of charter schools which we believe were not recorded in accordance with revenue recognition principals outlined in Generally Accepted Accounting Principles (GAAP).
- ▶ Working with a charter school's management and its external auditors to ensure the proper accounting delineation between the non-profit charter school and its for-profit pre-school and aftercare vendor.
- ▶ Identifying a charter school deemed to have a deteriorating financial condition pursuant to sections 10.854 and 10.855, Rules of the Auditor General. Working collaboratively with the District's Charter School department and the School's Management, facilitated a multi-year corrective action plan in accordance with section 1002.345, Florida Statutes.
- ▶ 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.

### **Advances/Loans or Transfers of FEFP Monies by Charter Schools**

Working collaboratively with the District's Administration and a broad group of representatives of the charter schools themselves, OMCA took a lead in seeking guidance and clarification as to legality and propriety of advances/loans and transfers of Florida Education Finance Program monies by charter schools.

The charter school sector is still developing, and through our financial statement reviews, we identified a growing trend of charter schools that had advanced or transferred funds to affiliated charter schools and/or parent company corporate accounts.

As of June 30, 2015, five MDCPS charter schools had outstanding advance/loan balances totaling \$1,341,543 to affiliated charter schools outside Miami-Dade County, and 17 charter schools had advance/loan/transfer balances totaling \$23,749,713 to parent company corporate accounts.

OMCA assertively engaged in written communications with the Florida Department of Education, and the District Administration and School Board Attorney's Office have made significant progress in clarifying and addressing the legality and propriety of these advances/loans/transfers and implementing appropriate controls during FY 2015-16.

Controls are being implemented primarily through revised language in the charter contract renewal process. An amended School Board policy for charter schools is also likely in progress.

## **CHARTER SCHOOL AUDITS AND FISCAL OVERSIGHT--SUMMARY OF RESULTS**

### **Audit Of Selected Financial, Real Estate And Operational Transactions And Contractual Arrangements: Keys Gate Charter High School**

This audit was conducted to gain an understanding of complex financing and real estate transactions for which the School's expenditures were used and communicate said to the School Board, ABAC and District Administration, in accordance with the Sponsor's statutory oversight responsibilities.

Approximately \$23 million in tax exempt bonds were issued and loaned to the School and its management company affiliate to build the facility and lease it back to the School.

The structure of financing and facility ownership/leasing described in the audit report, or variations of it, is approaching a commonplace status as a mechanism to acquire charter school facilities.

We conducted this audit in accordance with generally accepted Government Auditing Standards issued by the Comptroller General of the United States of America.

Key findings and recommendations of the audit included:

#### Public Discussion of the School's Lease and Management Agreements

- Governing Board minutes provided by the School's representatives lacked any mention of the current lease or management agreements and lacked any evidence of the Board's contemplation or discussion of their various components of rent, fees, terms and other provisions.
- Section 1002.33, Florida Statutes states: "the governing body of the Charter school shall exercise continuing oversight over charter school operations." Charter schools are also required to comply with Section 286.011, Florida Statutes, relating to public meetings and records, and requiring the School's business to be discussed and approved by the Governing Board at a publicly noticed meeting "in the sunshine."

## **CHARTER SCHOOL AUDITS AND FISCAL OVERSIGHT--SUMMARY OF RESULTS (CONTINUED)**

- When we presented our concerns to the School's representatives about the lack of evidence of discussion in the minutes, they indicated to us that the proposed agreements had, in fact, been thoroughly considered and discussed by the Board. They suggested that the issue at hand was a matter of documentation, and agreed that the Governing Board meeting minutes could be more thorough and better documented.
- Without contemporaneous documentation or other evidence being provided, such as sufficiently detailed meeting minutes or audio recordings, we cannot confirm that the School's Governing Board publicly contemplated and discussed the various components of rent, fees, terms and other provisions of these agreements prior to entering into these contracts.

### Incorrect Ground Lease Payments to City of Homestead

We found that rent payments to the City of Homestead for the Ground Lease between the City of Homestead and Red Apple Development were incorrectly paid using the School's funds. Based on the Ground Lease rent schedule, copies of sampled cancelled checks, and correspondence with the School's management company, the School had paid the City \$293,500 from September 2011 through June 30, 2015, on behalf of Red Apple Development.

We recommended that the School's Governing Board and contracted management company enforce Red Apple's reimbursement to the School of monies that were incorrectly paid from the School's operating account to the City of Homestead for Red Apple's Ground Lease liability. Prospectively, the Ground Lease rents should be rightfully paid to the City by Red Apple, not the School. The School's Governing Board and its contracted management company should strengthen their governance oversight and management controls to ensure that the School's funds will not be incorrectly spent for the benefit of the management company's affiliate.

## **CHARTER SCHOOL AUDITS AND FISCAL OVERSIGHT--SUMMARY OF RESULTS (CONTINUED)**

### \$500,000 of the School's Funds Paid to an Undisclosed Party

During the conduct of this audit we found that \$500,000 of the School's funds had been paid to an undisclosed party.

The School's representatives indicated to us that the amount was paid to a third party developer as part of a confidential settlement agreement, but refused to provide us with the identity of the payee and documentation evidencing services provided, unless we signed a non-disclosure agreement (NDA), which we are prohibited from doing.

Therefore, we concluded in our audit report: "...absent the transparency of that portion of the School's loan proceeds, we cannot confirm that such expenditures were used for their intended purposes."

Eventually, in consultation with the School Board Attorney's Office, the OMCA sent a formal public records request to the School on April 28, 2016, and the School's representatives complied and provided the requested information on May 27, 2016.

Subsequent to receipt of the public records request, and again in consultation with the School Board Attorney's Office, information surrounding this transaction was referred to the Miami-Dade County Commission on Ethics to address our concerns as to its legality and propriety.





## **CHARTER SCHOOL AUDITS AND FISCAL OVERSIGHT--SUMMARY OF RESULTS (CONTINUED)**

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

During FY 2015-2016, 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 committees meetings, and offered recommendations to staff to protect the District, School Board and Taxpayers in the charter school approval and contract processes.

In FY 2015-16, OMCA reviewed the audited financial statements of three CBO's and presented them to the ABAC for discussion and transmittal to the School Board.

### **Investigative Audit of Maxim Healthcare**

The OMCA conducted an investigative audit of Maxim Healthcare in a previous fiscal year, using a sophisticated sampling methodology to extrapolate exceptions in billings and payments in a sample to the population of billings and payments in a three year period. During FY 2015-2016, the OMCA assisted the School Board Attorney's Office in successfully negotiating reimbursement to the District of \$325,000 based on our work in that audit. In addition, almost \$100,000 was reimbursed by the company during the audit.

## **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 Assistant Chief Auditor, Operational and Performance Audits.

### **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
- ▶ 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.
- ▶ Completed cases are submitted to OPS for administrative disposition.
- ▶ Two investigators and the Executive Director processed a total of 182 cases during FY 2015-2016.
- ▶ The table below provides a summary of the CIU's work during the FY 2015-2016. FY 2014-2015 is also included for comparison.

		Disposition					
	CIU Cases Total	Probable Cause	No Probable Cause	Unfounded	Supplement	Returned	Pending
<b>2015-2016</b>	182	114	35	4	23	6	0
<b>2014-2015</b>	152	87	36	2	17	7	3

### 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** – Following consideration of a written exception, OPS may request a supplemental investigative report. If it is determined by CIU that the supplemental information does not alter the initial determination, then **no changes** are made. If the additional information materially affects the original determination, an amended report and updated determination is submitted to OPS.
- ▶ **Returned** – Based upon information uncovered during the course of an investigation, a case may be returned to OPS to be reevaluated by the IRT team for reassignment.
- ▶ **Pending** – Cases that remained open at the end of the present school year, to be completed during the next school year.

## EXTERNAL AUDITS

### Financial Audits

The following financial audits of the School Board and its component units were conducted by independent certified public accounting firms.

Audit	Audit Firm
Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2015 (December 2015)	RSM US LLP
Single Audit Report FYE June 30, 2015 (December 2015)	RSM US LLP
Annual Financial Statements, Educational Impact Fee Fund FYE 6/30/2015 (December 2015)	C. Borders – Byrd, CPA LLC
Audit of WLRN Television and Radio Station for FYE June 30, 2015 (December 2015)	Rodriguez, Trueba & Co., CPA, PA
Financial Statements for the Foundation for New Education Initiatives FYE 6/30/15 (March 2016)	Verdeja, DeArmas, CPA's
Audit of the Magnet Education Choice Association, Inc. (MECA) for FYE June 30, 2015 (March 2016)	Rodriguez, Trueba & Co., CPA, PA
Financial Statements on Annual Educational Facilities Impact Fees Agency Funds of Miami-Dade County as of September 30, 2015 (May 2016)	RSM US LLP
125 Charter School Financial Statement Audits (Presented to ABAC from December 2015 to July 2016)	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 reviews and presents these audit reports to the Audit and Budget Advisory Committee for discussion and transmittal to the School Board. The following audits were received during the 2015-2016 fiscal year:

<b>Community-Based Organizations</b>	<b>Audit Firm</b>
AMIkids Miami-Dade, Inc. (January 2016)	BDO USA, LLP
Pace for Girls, Inc. (January 2016)	LBA Certified Public Accountants, P.A.
Richmond-Perrine Optimist Club, Inc. (January 2016)	Nzeribe & Co., P.A.

### REPORTS ISSUED BY OTHER ENTITIES:

#### OFFICE OF THE INSPECTOR GENERAL REPORTS (OIG)

The following reports, prepared by the Inspector General, were presented to the Audit and Budget Advisory Committee:

Inspector General Report-Review of the Value Adjustment Board IG 14-13 (September 2015)
Inspector General Report-Administrative Case Closure Report Ref. IG#SB-1213-1004 (September 2015)
Inspector General Report-M-DCPS Administration of Miscellaneous Continuing Contracts Awarded to Construction Management At-Risk Firms Ref. SB-1314-1002 (September 2015)
Sixth Annual Report FY 2014-2015 (December 2015)
Office of the Inspector General Final Report of Investigation Charter School Dual Enrollment at an Unapproved Postsecondary School in Violation of Statutes SB-1314-1008 (March 2016)

## **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.

### **Participation in the Implementation of New Accounting Software To Account For The Internal Funds Of K-12 Schools and Adult Education Centers**

- ▶ In 2013, Miami-Dade County Public Schools needed to upgrade the centralized accounting system applicable for the bookkeeping of the internal funds of the schools and centers districtwide. According to Information Technology Services (ITS), the existing internal funds' centralized accounting system software platform was outdated and difficult to sustain going forward. In addition, the District aimed at an accounting solution that would be capable of accepting credit card payments as well as on-line payments at all schools to mirror current advances in marketing technology and reduce the volume of cash handled at the sites.
- ▶ After undergoing all district-mandated processes for seeking vendor proposals, selecting a vendor, engaging a vendor, testing the product, training staff and creating the support infrastructure, the solution was the implementation of *Microsoft Dynamics GP*, an accounting (ERP) software package, which the District deployed on a full-scale for the internal funds of all 21 adult and community education centers/technical colleges effective at the beginning of April 2015 and for the K-12 Centers in groups(cohorts) between September 2015 and February 2016. The District named it the *Electronic Student Accounting System* (otherwise referred to as the eSAS system). Unlike the legacy bookkeeping software where the financial activity was reflected on the cash basis of accounting, this new system records the financial transactions under the full accrual basis of accounting.
- ▶ The District held an extensive number of teleconferences and meetings with the software vendor, administration and staff in order to implement the system and train the users. The Assistant Chief Auditor for the School Audits Division actively participated in many these sessions and provided input on control issues and processes.

## **NON-AUDIT SERVICES AND ACTIVITIES (CONTINUED)**

### **Liaison to State Auditors in Regards to the State of Florida's FEFP/FTE Audit of M-DCPS and Student Transportation FYE June 30, 2015**

The State of Florida Auditor General performed the FEFP/FTE Audit of FEFP/FTE Audit of M-DCPS and Student Transportation FYE June 30, 2015. 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, etc. This engagement started at the beginning of the school year until the end of January 2016.

### **Procurement and Business Development Services Support**

- ▶ Throughout the year, the School Board let and/or award 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.

### **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.

## **NON-AUDIT SERVICES AND ACTIVITIES (CONTINUED)**

### **Training Conducted by Civilian Investigative Unit**

- ▶ The Civilian Investigative Unit delivered training to approximately 2,100 District employees during the 2015-2016 fiscal year. Topics covered during the training generally included School Board policies and procedures. Specifically, training was provided to 89 Principals/Assistant Principals, 201 New Teachers, 236 Athletic/Activities personnel, 123 school site personnel, 1,441 Bus Drivers/Bus Aides, and nine (9) United Teachers of Dade (UTD) Organizers.



## INTERNAL AUDIT/CIVILIAN INVESTIGATIVE UNIT STAFFING

Resource Allocation	As of June 30, 2016	As of September 2016	Δ	Comments
Chief Auditor & Administrative Support Staff	3	3	No Change	Administrative Assistant retired at end of May 2016. Position filled in June 2016. No loss/gain of personnel.
School Audits Division	15	15 <sup>(2)</sup>	No Change	One Staff Auditor Position open since prior year filled in late April 2016. One full-time FTE audit position currently open (due to retirement of incumbent in November 2015). Position to be filled in 2016-2017. See Note (2).
Property Audits Division	5	5 <sup>(3)</sup>	No Change	One full-time position left open at end of May 2016 due to retirement of incumbent was filled in August 2016.
Non-School - Operational & Performance Audits Division	5	5	No Change	
Information Technology (IT) Audits Division	1	1	No Change	Upon retirement of the CIU Executive Director at end of June 2016, the Audit Director of the IT Division was promoted and placed in charge of both CIU and IT Audits in July 2016. IT audit position open to be filled in 2016-2017.
Charter Schools/Investigative Division	3	3	No Change	One F/T position closed in January 2016 (due to retirement of Assistant Chief Auditor-Investigations). Position was closed and will not be filled. Executive Audit Director-Charter Schools in charge of Charter Schools Division going forward.
Civilian Investigative Unit (CIU)	4	5	+25%	Assistant Chief Auditor-Investigations in charge of Charter Schools/Investigative and CIU retired in January 2016. Position was closed and will not be filled. This position was accounted for under Charter Schools/Investigative Division. Upon retirement of the CIU Executive Director at end of June 2016, the Audit Director of the IT Division was promoted and placed in charge of both CIU and IT Audits in July 2016. One new CIU Investigator position added to be filled in 2016-2017.
<b>Totals</b>	<b>36</b>	<b>37<sup>(4)</sup></b>		<b>See Note 4.</b>

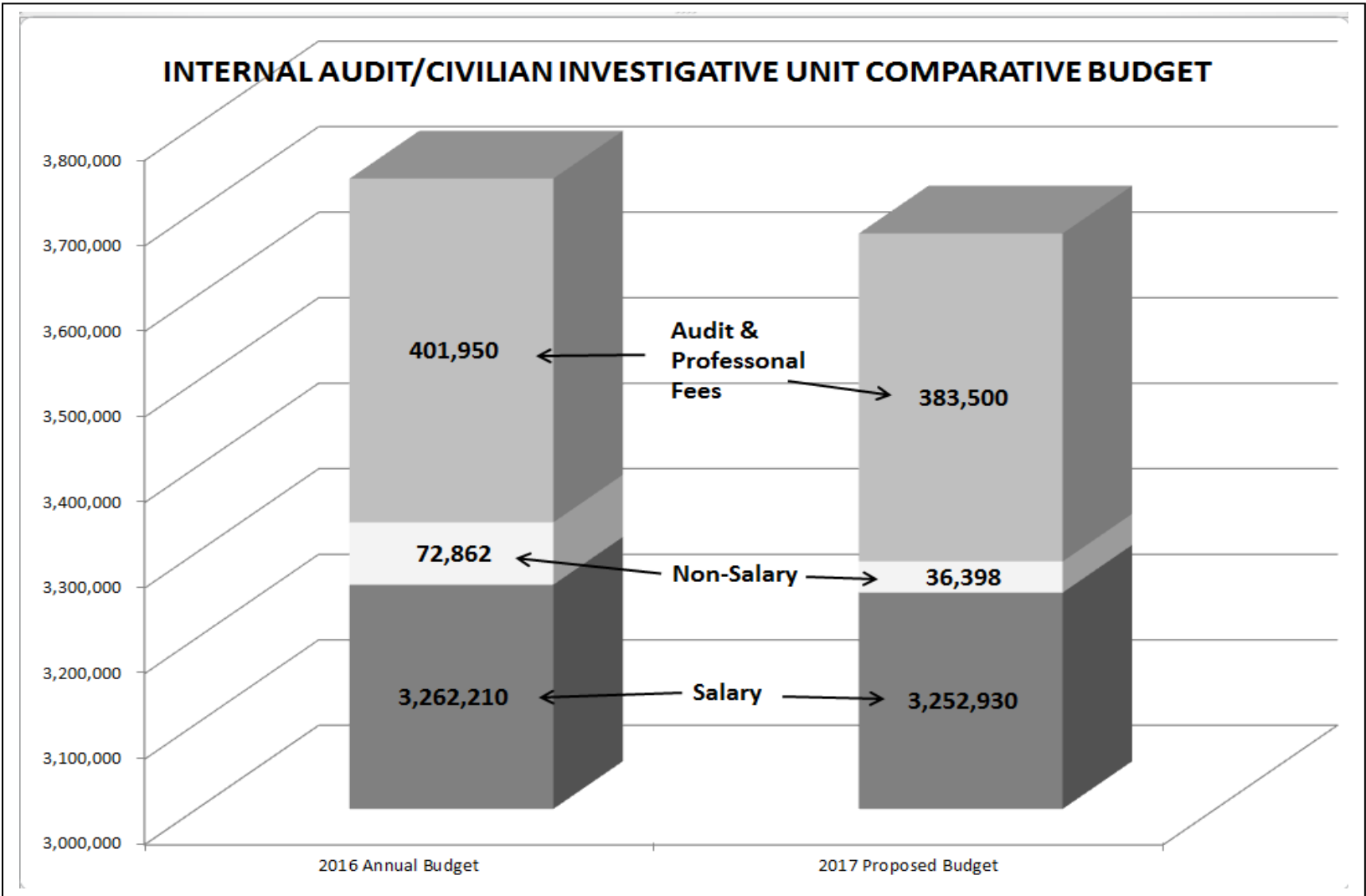
**Notes:**

(1) Office staffing at the end of 2016 based on 33 filled Full-Time (F/T) positions, three (3) open F/T position and 2 Part-Time (P/T) filled positions.

(2) Two (2) F/T audit positions fully dedicated to FTE audits, of which one (1) F/T position is currently open to be filled in 2016-2017. One F/T audit position dedicated to Title I audits. One P/T clerical position added in September 2015 to support division.

(3) Five (5) F/T positions, one of which was filled in August 2016-2017. One P/T audit position to conduct property audits of equipment purchased with Title I funds.

(4) Office staffing as of September 2016 based on 34 filled Full-Time (F/T) positions, three (3) open F/T position and 2 Part-Time (P/T) filled positions.





## 2016-2017 Annual Audit Plan

Office of Management and Compliance Audits

**THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**

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

Mr. Alberto M. Carvalho  
Superintendent of Schools

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

**Contributors to this Report:**

Ms. Maria T. (Maite) Gonzalez, CPA  
Assistant Chief Auditor, School Audits

Mr. Trevor L. Williams, CPA  
Assistant Chief Auditor, Operational and Performance Audits

Mr. Jon Goodman, CPA, CFE  
Executive Audit Director, Charter School Audits

Mr. Luis O. Baluja, CISA  
Executive Director, Civilian Investigative Unit





# Miami-Dade County Public Schools

*giving our students the world*

## **Superintendent of Schools**

**Alberto M. Carvalho**

*Chief Auditor*

*José F. Montes de Oca, CPA*

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

*Perla Tabares Hantman, Chair*

*Dr. Dorothy Bendross-Mindingall, Vice Chair*

*Susie V. Castillo*

*Dr. Lawrence S. Feldman*

*Dr. Wilbert "Tee" Holloway*

*Dr. Martin Karp*

*Lubby Navarro*

*Raquel A. Regalado*

*Dr. Marta Pérez Wurtz*

September 22, 2016

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:

The proposed audit plan for fiscal year 2016-2017 was developed by supervisory personnel from the Office of Management and Compliance Audits. We based our plan on a systematic risk assessment that assists us in deciding the audits that should be conducted this coming year as well as the priority for performing the audits. Nevertheless, issues, events and requests from the administration that transpire during the year and that are of critical importance to the District may require that we adjust the audit plan, and when substantive seek the recommendation of the Audit and Budget Advisory Committee and the approval of the School Board to address these matters, accordingly.

As in the past, school audits with high audit risk will be given top priority; however, the audits of the internal funds of the school will be the primary focus at the school sites. Based on our initial reviews, we believe that more audit time per school will be required due to implementation of a new accounting system that will necessitate additional review of controls and familiarization with the system. District-wide audits will encompass financial, construction (including the 21<sup>st</sup> Century General Obligation Bond program) and informational technology areas. The review of charter school financial statements, including the performance of audits of charter schools that sometimes generate from those reviews, will be part of our audit work. In addition, we continue with our commitment to assist and provide advice to the administration in ways to improve controls and recommend efficiencies of operation.

Although the primary responsibility for the audit plan rests with the Chief Auditor and the Office of Management and Compliance Audits, we welcome and encourage input from the School Board and Audit and Budget Advisory Committee members, the Superintendent, and senior management, to make this plan complete and successful. Any changes or additions to the plan will be incorporated into its final version and brought to the September 2016 Audit and Budget Advisory Committee meeting for the Committee's consideration and recommendation. This plan will then be transmitted to the School Board for approval.

Respectfully yours,

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

# TABLE OF CONTENTS

PAGE  
NO.

PLANNING PROCESS.....	1
SCHOOL/PROPERTY AUDITS DIVISION.....	2
DISTRICT AUDITS DIVISION	
AREAS OF AUDIT COVERAGE .....	4
LIST OF INTERNAL AUDITS .....	5
LIST OF INFORMATION TECHNOLOGY AUDITS .....	7
AUDIT OF INVENTORIES AS OF JUNE 30, 2016 .....	8
AUDIT OF CONSTRUCTION PROGRAM MANAGER’S CONTRACTED SERVICES.....	9
AUDIT OF COMPLIANCE WITH ESE AND RISK BENEFITS (IDEA AND HIPAA) .....	10
AUDIT OF DESIGNATED ELEMENTS OF SELECTED CONSTRUCTION PROJECTS.....	11
AUDIT OF INTERNAL CONTROLS OVER THE DISTRICT’S SELF-INSURANCE PROGRAM.....	12
AUDIT OF DISTRICT PROCUREMENT OPERATIONS.....	13
FOLLOW-UP TO THE AUDIT OF THE DISTRICT’S PROCUREMENT CARD PROGRAM .....	14
INFORMATION TECHNOLOGY AUDITS	
SECURITY CONTROLS – BRING YOUR OWN DEVICE (BYOD) (DISTRICT ISSUED DEVICES).....	15
SECURITY CONTROLS – BRING YOUR OWN DEVICE (BYOD) (PERSONALLY OWNED DEVICES) .....	16
SAP/LEGACY SYSTEMS – DISTRICT-WIDE SECURITY CONTROLS, ROLES AND ACCESS MANAGEMENT .....	17

## TABLE OF CONTENTS (CONTINUED)

PAGE  
NO.

### LONG RANGE INTERNAL AUDITS

*District:*

AUDIT OF MIAMI-DADE TAX COLLECTOR'S COMMISSIONS ..... 18

AUDIT OF THE CHILDREN'S TRUST ACADEMIC OUTCOMES DELIVERED BY  
AGENCIES CONTRACTED BY THE CHILDREN'S TRUST AND DELIVERED IN  
M-DCPS PROPERTY..... 19

*Information Technology:*

ITS - INFORMATION TECHNOLOGY SECURITY CONTROLS..... 20

### INVESTIGATIONS

AREAS OF INVESTIGATIONS..... 21

### CHARTER SCHOOLS AUDITS DIVISION

LIST OF CHARTER SCHOOL AUDITS/INVESTIGATIONS ..... 22

CHARTER SCHOOL FISCAL REVIEWS ..... 23

CHARTER SCHOOL START-UP AND CONTINUATION GRANTS AND THE PRACTICE OF NESTING ..... 24

### NON-AUDIT SERVICES

COMMUNITY BASED ORGANIZATION AND FISCAL REVIEWS ..... 25

PARTICIPATION ON VARIOUS COMMITTEES..... 26

COORDINATE AND OVERSEE EXTERNAL AUDIT REPORTS ..... 28

PRIOR AUDIT RECOMMENDATIONS FOLLOW-UP ..... 29

ADVISORY ROLE TO M-DCPS MANAGEMENT ..... 30

INTERNAL AUDIT/CIVILIAN INVESTIGATIVE UNIT STAFFING CHART ..... 31

# Planning Process

**Based on:**

- **Budget Analysis**
- **Risk Based:**
  - **Materiality**
  - **Past Audit Coverage**
  - **Audit Risk**
- **Input from:**
  - **School Board**
  - **Audit and Budget Advisory Committee**
  - **Superintendent of Schools**
  - **Senior Management**



**STEPS:**

1. PROGRAMMATIC BUDGET ANALYSIS
2. PROGRAMMATIC RISK ASSESSMENT
3. MANAGEMENT INPUT FOR AUDIT PLAN
4. DEVELOP AUDIT PLAN
5. AUDIT PLAN APPROVAL



# **School/Property Audits Division**

## **Universe Comprised Of 360 Schools And Centers**

- Areas of Audit Coverage at all schools:
  - Financial statements of internal funds
  - Controlled Property items.

On a selected basis--This is based on available resources (one FTE and one Title I Program auditor)

- Federal funds/Title I Programs;
- Florida Education Finance Program (FEFP/FTE);

On a very limited basis—only as follow up to prior audit findings in these areas:

- Payroll;
- Credit card purchases; and
- Selected aspects of school site IT.

# School/Property Audits Division

## Changes To Audit Coverage To Maximize Resource Allocation:

- Internal Funds to be audited at **70-80%** of schools. More audit time per school/center will be required due to implementation of new accounting system that will necessitate additional review of controls and familiarization with the system. Nevertheless, audit priority will be as follows:
  - Audit priority to schools/centers with two-year audits, schools/centers with prior year's audit exceptions and schools/centers with a change of Principal
  - Selection based on audit risk
  - Selected group of low-risk schools to be audited every two years

# School/Property Audits Division

- Audits of payroll, credit card and selected aspects of school site IT will be limited when compared to prior year. These will only be conducted at those schools where follow up to prior audit findings in these areas is required.
- Title I and FTE audit coverage will be based on available audit resources.
- Property audits to be conducted at approximately 400 locations, to account for all items with an acquisition cost of \$1,000 or more.

# District Audits Division

## Internal Audits

### ➤ Areas of Audit Coverage

- Various district support functions including:
  - ✓ Facilities and construction
  - ✓ Financial operations
  - ✓ Instructional support operations
  - ✓ Risk benefits operations
  - ✓ Food and nutrition
  - ✓ IT security and support
  - ✓ Other district priorities and special projects

# District Audits Division

## Internal Audits

During the 2015-2016 fiscal year, the division had planned to focus on the performance of audits in the areas of procurement contracts for services and goods, and health insurance, including compliance with privacy and security requirements. Two of our planned audits were placed on hold, due to timing issues, and resulted in us moving some long-range projects forward. During 2016-2017, our aim is to complete the planned audits and reviews outlined in last year's audit plan that were postponed.

- Audit of Inventories as of June 30, 2016 (In Progress)
- Audit of Construction Program Manager's Contracted Services (Fieldwork Completed)

# **District Audits Division**

## **Internal Audits**

- Compliance: ESE and Risk Benefits (IDEA and HIPAA) (In Progress)
- Audit of Designated Elements of Selected Construction Projects (In Progress)
- Audit of Internal Controls Over the District's Self-Insurance Program (On Hold)

# District Audits Division

## Internal Audits

- Audit of District Procurement Operations (Not Started)
- Follow-up on the Audit of the District's Procurement Card Program (Not Started)

### LONG RANGE DISTRICT AUDITS

- Audit of Miami-Dade Tax Collector's Commissions (Long Range)
- Audit of The Children's Trust Academic Outcomes Delivered by Agencies Contracted by The Children's Trust and Delivered in M-DCPS Property (Long Range)

# **District Audits Division**

## **Information Technology Audits**

- Security Controls – Bring Your Own Device (BYOD) – District Issued Devices (Fieldwork Completed)
- Security Controls – Bring Your Own Device (BYOD) – Personally Owned Devices (Not Started)
- SAP/Legacy Systems – District-wide Security Controls, Roles and Access Management (On Hold)

### LONG RANGE INFORMATION TECHNOLOGY AUDITS

- District Office Network & Information Security (Long Range)



# District Audits Division

## **Audit of Inventories as of June 30, 2016 (In Progress)**

- Annually, as an augmentation to 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 the four inventory-holding units (Food and Nutrition, Transportation, Maintenance Materials and Stores and Mail Distribution) at the end of the fiscal year. The total inventory reported as of June 30, 2015, the last complete year of operations, was \$8.5 million.
- We will review each department's physical inventory counting procedures, observe the departments' personnel performance of the count, test count the departments' inventory quantities, verify the cost of the inventories, and determine whether adequate internal controls and safeguards are in place over the management of the departments' inventories.

# District Audits Division

## **Audit of Construction Program Manager's Contracted Services (Fieldwork Completed)**

- At its May 2013 meeting, the School Board awarded a contract to Parsons Brinckerhoff, Inc., to provide program management support services for the District's capital program. It is anticipated that over the term of the contract, the program manager will manage a series of construction contracts valued at approximately \$1.2 billion.
- Our audit objectives are to evaluate the program manager's performance to ensure compliance with critical contract provisions. We have completed our audit fieldwork and draft report, which will be presented to the ABAC in final form after the quality control process is completed.

# District Audits Division

## **Audit of Compliance with ESE and Risk Benefits (IDEA and HIPAA) (In Progress)**

- The district collects and stores, from its students and employees, certain information that is protected under the Federal Individuals with Disabilities Education Act (IDEA) and Health Insurance Portability and Accountability Act (HIPAA). Non-compliance with the patient protection aspects of these acts may result in severe consequences for the violator.
- We will evaluate the processes for collecting and storing these data to ensure that controls are adequate and the necessary safeguards are in place to ascertain compliance with the applicable provisions of these two acts. The results of the audit will be presented to the ABAC shortly thereafter.

# District Audits Division

## **Audit of Designated Elements of Selected Construction Projects (In Progress)**

- The FY 2013-14 to 2017-18 Five Year Plan contains approximately 200 construction projects totaling approximately \$581 million for FY 2012-13 to 2014-15 and 57 additional projects totaling \$268 million, for FY 2015-16, all of which are funded from GOB monies.
- Our audit objective is to review various selected elements of the award, design and construction processes for selected projects to determine whether adequate internal and management controls are being implemented. We have commenced the planning stage of this audit.

# District Audits Division

## **Audit of Internal Controls Over the District's Self-Insurance Program (On Hold)**

- The District's self-insurance program is in its seventh year of operation. For the self-insurance fund, the District reported total operating expenses of \$355 million and operating income of \$11 million in its audited financial statements for the fiscal year ended June 30, 2015.
- 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. This audit was in its preliminary planning stage when postponed. We will resume our audit efforts during the 2016-2017 fiscal year.

# District Audits Division

## **Audit of District Procurement Operations (Not Started)**

- During FY 2015-16, Procurement Management Services processed over 25,000 purchase orders valued at over \$830 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 evaluate the procurement processes to ensure that internal controls are adequate, that the necessary safeguards are in place and ascertain the effectiveness of the processes.

# District Audits Division

## **Follow-Up to the Audit of The District's Procurement Card Program (Not Started)**

- In June 2012, the OMCA issued the Internal Audit Report on Internal Controls Over M-DCPS Purchasing Card Program (P-card) for Non-School Site Locations. That report identified areas of weaknesses in internal controls needing improvement and offered 11 recommendations.
- During FY 2014-15, the net value for procurement card transactions totaled approximately \$16.5 million. During FY 2015-16, the net value for procurement card transactions totaled approximately \$9.9 million.
- Our audit objectives are to follow-up on the prior period audit recommendations to determine the extent of their implementation and to determine whether adequate internal controls are in place and functioning over the use of procurement credit cards.

# District Audits Division

## Information Technology Audits

### **Security Controls – Bring Your Own Device (BYOD) – District Issued Devices (Fieldwork Completed)**

- The use of Smart phones, tablets, and other network-capable mobile devices have become established within M-DCPS as an integral means of communicating, accessing real-time information, and supporting the mission and educational goals of both staff and students. These devices also introduce new risks to the organization. Some of these devices are purchased and owned by the District but are issued to students and staff. These District-issued devices are the focus of this audit, based on our adjust scope.
- Our objective will be to evaluate existing mechanisms for mitigating risk, including network segregation strategies, device protection (virus/malware), managing loss/theft of devices, privacy controls/filtering, over-the-air (OTA) device management and compliance with standards, policies, and best practices.



# District Audits Division

## **Security Controls – Bring Your Own Device (BYOD) – Personally Owned Devices(Not Started)**

- In addition to District-owned and issued devices, smart phones, tablets, and other network-capable mobile devices personally owned by students, staff and guests may gain access points through M-DCPS managed infrastructure. These devices also introduce new risks to the organization. This audit will focus on the potential risks these personally-owned devices pose to the District's information systems and network.
- Our objective will be to evaluate existing mechanisms for mitigating risk, including network segregation strategies, device protection (virus/malware), managing loss/theft of devices, privacy controls/filtering, over-the-air (OTA) device management and compliance with standards, policies, and best practices. We will commence this audit when other ongoing audits are complete.

# District Audits Division

## **SAP/Legacy Systems – District-wide Security Controls, Roles and Access Management (On Hold)**

- 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. The fieldwork on this audit is on hold due to other audit priorities, but will be resumed when those priorities are completed.

# **Long Range Audits District Audits Division**

## **Audit of Miami-Dade Tax Collector's Commissions (Long Range)**

- 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 2014-15 and 2015-16 fiscal years were approximately \$1.8 billion and \$1.9 billion, respectively.
- Our audit objective is 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.

# **Long Range Audits District Audits Division**

## **Audit of The Children's Trust Academic Outcomes Delivered by Agencies Contracted by The Children's Trust and Delivered in M-DCPS Property (Long Range)**

- The Children's Trust (the Trust) is a special independent taxing district of Miami-Dade County. The Trust is controlled by a governing board consisting of thirty-three (33) members, including one School Board Member and the Superintendent. The Trust, through various contracted service providers, provides essential services to families and children through its various programs, including After-school, Child Care, Health Insurance Access, Health & Nutrition, Parenting, Pregnancy, Sports & Fitness, Summer Camp, and Youth Employment. Some of these services are provided at M-DCPS' facilities.

# **Long Range Audits**

## **District Audits Division**

- At the ABAC meeting of September 20, 2016, there was extensive discussion about what the scope of this audit should be. The Committee unanimously recommended that the scope be limited to an audit specific only to academic outcomes delivered by agencies contracted by The Children's Trust that deliver programs in Miami-Dade County Public Schools' property.

# Long Range Audits

## Information Technology Audits

### **ITS - Information Technology Security Controls** **(Long Range)**

- The District relies extensively on information technology (IT) systems and electronic data to support its programs. Accordingly, the security of these systems and data are essential to avoiding disruptions in critical operations, data tampering, and inappropriate disclosure of sensitive information.
- Our objective will be to evaluate and report on general IT controls, including: Security Management, Access Controls, Configuration Management, Separation of Duties, and Contingency Planning.

# INVESTIGATIONS

## Areas of Investigations

### Forensic Audits:

- Misappropriation of funds
- Missing inventory/equipment
- Payroll fraud and other fraudulent activity
- Charter school misfeasance/malfeasance
- Attestation services or similar audit services related to charter schools, as requested by the School Board, Audit and Budget Advisory Committee and/or District administration

### Civilian Investigative Unit:

- Conduct non-criminal investigations as agreed upon by team evaluating complaints and referrals
- Assist in criminal investigations resulting from audits or as a result of other activities

# INVESTIGATIONS

## Support And Collaborate With:

- Miami-Dade School Police
- Office of Professional Standards – OPS
- Other district offices
- State Attorney's Office
- Office of Inspector General – OIG



# **Charter Schools Audits Division**

## **List of Charter School Audits/Investigations**

- Review of Independent Financial Audit Reports Submitted to the District by Charter Schools
- Charter School Start-Up and Continuation Grants and the Practice of Nesting (Carryover)

# Charter Schools Audits Division

## Charter School Fiscal Reviews

- During FY 2015-2016, the District sponsored 126 charter schools with student enrollment of approximately 60,000 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. We will review independent financial audit reports submitted by these charter schools and present them to the Audit and Budget Advisory Committee for its review, input, and transmittal to the School Board.

# **Charter Schools Audits Division**

## **Charter School Start-up and Continuation Grants and the Practice of Nesting (Carryover)**

Florida public charter schools are eligible to receive pass-through competitive grants issued by the U.S. Department of Education through the Charter School Program (CSP) for planning, program design, and initial implementation of the charter school; and for supporting the dissemination of successful practices and other information about charter schools.

Nesting is a practice whereby two charter schools are housed in one location, often with one principal and sharing resources and key staff. Concerns were voiced by the ABAC and other entities that the CSP grants have been vulnerable to abuse through Nesting. The Florida Department of Education and Miami-Dade County Schools have made changes over the past few years to the process of determining, distributing and monitoring CSP grant funds, and monitoring nested charter schools.

The objectives of this audit will include reporting on the changes, trends and current conditions of the CSP grants. We will also review other audits and monitoring activities of the CSP grants, including the OMB Circular A-133 Single Audit.

# Non-Audit Services

## Community Based Organization Fiscal Reviews

- During FY 2015-2016 the District contracted with three (3) community-based organizations primarily for alternative education. We will review audits submitted by these entities and present them to the Audit and Budget Advisory Committee for its review, input, and transmittal to the School Board.
- 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.

# Non-Audit Services

## Participation On Various Committees (As Non-voting Member):

- Charter School Technical Assistance Team
  - Conduct initial technical review of charter school applications
  
- Charter School Application Review Committee
  - Evaluate charter school applicants to recommend approval/denial to Superintendent of Schools
  
- Charter School Contract Review Committee
  - Negotiate contract terms of approved charter school applications and amendment to charter school contracts

# Non-Audit Services

## Participation On Various Committees (As Non-voting Member) – continued:

- Consulting Contract Review Committee
  - Evaluate contract terms
  
- Construction Services Selection Committee
  - Evaluation of architects, engineers, construction managers, and consultants proposals to recommend approval to Superintendent of Schools
  
- Construction Contractor Pre-qualification Committee
  - Evaluation of contractor applicants to recommend approval/denial for pre-qualification to Superintendent of Schools

# Non-Audit Services

## Participation On Various Committees (As Non-voting Member) – continued:

- Small/Micro Business Enterprise (S/MBE) Program Goal setting Committee
  - Establish goals for participation in the SBE program.
  
- 21st Century Schools Bond Advisory Committee
  - Provide oversight and guidance in executing the 21st Century Schools GOB Capital Program.

# **Non-Audit Services**

## **Coordinate and Oversee External Audit Reports**

- 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., Miami-Dade Coalition for Community Education, Inc., Dade Schools Athletic Foundation, 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.



# Non-Audit Services

## Prior Audit Recommendations Follow-Up

- Audit follow-up is a function of the internal audit process and is required by School Board Policy 6835 *Procedures-Performance of Auditing Activities and Communication of Results*.
- Implementation of prior audit recommendations will continue to be monitored and reported to the Audit and Budget Advisory Committee.

# **Non-Audit Services**

## **Advisory Role to M-DCPS Management**

- 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. Particularly, the School Audits Division provides recommendations to principals on best practices and financial procedures.

# INTERNAL AUDIT/CIVILIAN INVESTIGATIVE UNIT STAFFING

Resource Allocation	As of June 30, 2015	As of June 30, 2016	Δ	Comments
<b>Chief Auditor &amp; Administrative Support Staff</b>	<b>3</b>	<b>3</b>	<b>No Change</b>	<b>Administrative Assistant retired in May 2016. Position filled in June 2016. No loss/gain of personnel.</b>
<b>School Audits Division</b>	<b>15</b>	<b>15<sup>(2)</sup></b>	<b>No Change</b>	<b>One Staff Auditor Position open since prior year filled in late April 2016. One full-time FTE audit position currently open (due to retirement of incumbent in November 2015). Position to be filled in 2016-2017. See Note (2).</b>
<b>Non-School - Operational &amp; Performance Audits Division</b>	<b>5</b>	<b>5</b>	<b>No Change</b>	
<b>Information Technology Division</b>	<b>1</b>	<b>1</b>	<b>No Change</b>	<b>Upon retirement of the CIU supervisor, in June 2016, the Director of the Information Technology Division was promoted and put in charge of both CIU and IT in July 2016.</b>
<b>Property Audits Division</b>	<b>5</b>	<b>5<sup>(3)</sup></b>	<b>No Change</b>	<b>One full-time position currently open (due to retirement of incumbent in May 2016). Position to be filled in 2016-2017. See Note (3).</b>
<b>Audit Investigative Division/Charter School</b>	<b>4</b>	<b>3<sup>(4)</sup></b>	<b>-25%</b>	<b>One F/T position closed in January 2016 (due to retirement of incumbent). Position not to be filled in 2016-2017. See Note (4).</b>
<b>Civilian Investigative Unit (CIU)</b>	<b>3</b>	<b>4<sup>(5)</sup></b>	<b>+34%</b>	<b>One F/T position open during prior year filled in 2015-2016. See Note (5).</b>
<b>Totals</b>	<b>36<sup>(1)</sup></b>	<b>36<sup>(6)</sup></b>	<b>No Change</b>	<b>Total resource allocation remains unchanged. See Note 6.</b>

**Notes:**

- (1) Office staffing at the end of 2014-2015 based on 35 filled Full-Time (F/T) positions, one (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, of which one (1) F/T position is currently open to be filled in 2016-2017. One F/T audit position dedicated to Title I audits. One P/T clerical position added in September 2015 to support division.
- (3) Five (5) F/T positions, of which one (1) F/T position is currently open to be filled in 2016-2017. One P/T audit position to conduct property audits of equipment purchased with Title I funds.
- (4) One F/T position eliminated in January 2016 after incumbent retired. Position will not be filled going forward.
- (5) One F/T position (investigator) filled in July 2015 that remained open since prior year. F/T Position approved to be filled in 2014-2015.
- (6) One position (investigator) added to be filled in 2016-2017; one position deleted (Investigative Division/Charter) for 2016-2017.



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

*2016 ANNUAL REPORT  
AND  
2017 ANNUAL AUDIT PLAN AND BUDGET*



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