



*Internal Audit Report
Selected Schools*



*Most Financial Statements
Were Fairly Stated;
However, At Eight Schools,
Controls In Selected Areas Need
Improvement.
We Uncovered Fraudulent Activity At Two
Schools And Found Inadequate
Bookkeeping Practices At Another
School.*

January 2012

THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA

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Miami-Dade County Public Schools

giving our students the world

Superintendent of Schools

Alberto M. Carvalho

Chief Auditor

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January 23, 2012

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

Ladies and Gentlemen:

This report includes the audit results of 39 schools currently reporting to the Education Transformation Office, various regional centers and selected district offices. At 13 of the 39 schools, there was a change of Principal since the prior audit. The audit period for the schools is either one or two fiscal year(s) ended June 30, 2011, depending on the individual school audited.

The main objectives of these audits were to express an opinion on the financial statements of the schools, evaluate compliance with District policies and procedures, and ensure that assets are properly safeguarded. The audits included a review of internal funds at all the schools. On a selected basis, we reviewed payroll, credit card purchases, Title I Program expenditures and procedures, FTE reporting and student records, and aspects of data security. The audits also included the results of property inventories.

Our audits disclosed that the financial statements of most of the schools reported herein were fairly stated. At 31 of the 39 schools, we found general compliance with prescribed policies and procedures, and site records were maintained in good order. Property inventory results for those schools reported herein were satisfactory and losses were minimal. However, at eight schools, controls over the management and recordkeeping of the Internal Funds and the Purchasing Credit card, the oversight of the payroll function and time and attendance documentation procedures, and compliance with Full-Time Equivalent (FTE) and Title I Program requirements need improvement. At one of these eight schools, our office jointly collaborated with the Inspector General (OIG) to uncover the former Treasurer's misappropriation of school funds and M-DCPS Police assisted the OIG with her arrest. At the time of this publication, the State Attorney's Office had set the case for trial. At another school, the Principal reported an allegation of fraud and our investigative work corroborated a misappropriation of Community School Program funds. However, we were unable to identify the responsible individual(s) because of inadequate controls over the handling of collections among Community School staff, program management, and the former Treasurer. In addition, at one adult education center during 2010-2011, the bookkeeping function was not working as designed. At present, the administration and staff have been working diligently to restore controls, revamp processes and bring the function into compliance with District policy.

We discussed the audit findings with school, region and district administrations, and their responses are included in this report. In closing, we would like to thank the schools' staff and administration for the cooperation and consideration provided to the audit staff during the performance of these audits.

Sincerely,

Jose F. Montes de Oca, CPA

Chief Auditor

Office of Management and Compliance Audits

JFM:mtg

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EXECUTIVE SUMMARY

The Office of Management and Compliance Audits has completed the audits of 39 schools. The 39 schools include 8 North Regional Center schools, 4 North Central Regional Center schools, 7 South Central Regional Center schools, 14 South Regional Center schools, 1 adult education center that reports to the District's Office of Adult and Community Education, and 4 schools that report to the Education Transformation Office (ETO). Additionally, the School for Applied Technology closed its doors in 2010 and results of its last (2-year) audit are included in this report. The audit period for 4 of the 39 schools is two fiscal years ended June 30, 2011 (last two-year audits to report this year); while the audit period for the remaining 35 schools is one fiscal year ended June 30, 2011. Of the 39 schools, 13 experienced a change of Principal since the prior audit.

The audits disclosed that records were maintained in good order and in accordance with prescribed policies and procedures at 31 of the 39 schools reported herein. The eight schools with reported audit findings are:

	School Name	Region	Major Area(s) of Concern
1.	Miami Edison Senior	ETO	Internal Funds and FTE
2.	Miami Edison Middle	ETO	Payroll
3.	Hialeah Senior	North	Internal Funds
4.	Highland Oaks Middle	North	Internal Funds and Payroll
5.	Miami Springs Middle	No. Central	Title I
6.	Coral Way K-8 Center	So. Central	Internal Funds
7.	Riviera Middle	So. Central	Internal Funds and P-Card
8.	Miami Lakes Educational Center	Adult Ed.	Internal Funds

Audit findings cited control deficiencies over the internal funds' bookkeeping function and the procedures for the collection and disbursement of funds, the management of fundraisers and the yearbook activity, the preparation of athletic ticket inventories, and certain operating activities of adult education centers. Other findings reported discrepancies with the purchasing credit card, the payroll function, and non-compliance with FTE and Title I Program requirements. Particularly at Miami Edison Senior, our office jointly collaborated with the Inspector General (OIG) to uncover the former Treasurer's misappropriation of school funds and M-DCPS Police assisted the OIG with her arrest. At the time of this publication, the State Attorney's Office has set the case for trial. At Coral Way K-8 Center, we corroborated an allegation of misappropriation of Community School Program funds. However, we were unable to identify the responsible individual(s) because of inadequate controls over the handling of collections between staff members involved in the collection process. At one adult education center during 2010-2011, the bookkeeping function was not working as designed. At present, administration and staff have been working diligently to restore controls, revamp processes and bring the function into compliance with District policy.

We briefly explained these matters in the summary below and in further detail on pages 34-41, 79-83, and 89-96, respectively. Management agreed with our recommendations and provided responses for corrective action.

A Summary Schedule of Audit Findings listing audit results of current and prior audit periods for all schools in this report is presented on pages 22-25. Responses are included following the recommendations in the *Findings and Recommendations* section of this report (Pages 34-99); and in the Appendix section in memorandum format (Pages 108-143).

Notwithstanding the conditions and findings reported herein, at 36 of the 39 schools, the financial statements present fairly, in all material respects, the changes in fund balances arising from the cash transactions of the schools during the 2009-2010 and/or 2010-2011 fiscal year(s), on the cash basis of accounting, depending on the school audited. At Miami Edison Senior High School, because of the misappropriation of funds during the 2009-2010 and 2010-2011 fiscal years as further explained in pages 34-41 of this report, the financial statements for the 2009-2010 and 2010-2011 fiscal years do not fairly represent the changes in fund balances arising from cash transactions. At the adult education center of Miami Lakes Educational Center, because of the lack of controls over the bookkeeping function during the 2010-2011 fiscal year as further explained in pages 89-96 of this report, the financial statement for the 2010-2011 fiscal year does not fairly represent the changes in fund balances arising from cash transactions. Notwithstanding this matter, the financial statements of the adult education center for the 2009-2010 fiscal year and the financial statements of the senior high school for the 2009-2010 and 2010-2011 are fairly stated. At Coral Way K-8 Center, except for the fraudulent activity in the Community School, as further explained in pages 79-83 of this report, the financial statement of the internal funds of the school otherwise presents fairly, in all material respects, the changes in fund balances arising from cash transactions during the 2010-2011 fiscal year, on the cash basis of accounting.

As of June 30, 2010, for 4 of the 39 schools reported herein, total combined receipts and disbursements amounted to \$3,299,706.83 and \$3,118,073.73, respectively; while total combined cash and investments amounted to \$984,182.95 (Page 12).

As of June 30, 2011, for all 39 schools reported herein, total combined receipts and disbursements amounted to \$10,723,083.10 and \$10,711,152.24, respectively; while total combined cash and investments amounted to \$3,324,520.71 (Pages 13-17).

As of June 30, 2011, the internal control structure at 36 of the 39 schools reported herein generally functioned as designed by the District and implemented by the school administration, except for those conditions reported at the individual schools. At Miami Edison Senior, the adult education center at Miami Lakes Educational Center and the Community School at Coral Way K-8 Center, as reflected in this report, the internal controls structure was not functioning as designed by the school and district administration.

When conditions came to our attention that were deemed non-reportable, because they were immaterial and inconsequential, they were nevertheless, discussed with management for their information and follow-up.

INTERNAL FUNDS

Internal funds records and procedures were reviewed at all 39 schools. Of this total, 33 were in general compliance with the procedures established in the *Manual of Internal Fund Accounting*. At the following 6 schools we found that:

- At Miami Edison Senior, between July 1, 2009 and the time of our discovery of the fraud in August 2011, the former Treasurer fabricated invoices and forged the school administrators/sponsors' signatures in almost 200 internal funds checks, accompanying check requisitions and purchase orders to misappropriate close to \$172,000 from the internal funds of the school. In addition, she withheld the depositing of cash funds for lengthy periods of time. Our office jointly collaborated with the Inspector General (OIG) to uncover the fraudulent scheme and obtain evidence corroborating the former Treasurer's unquestionable involvement in the misappropriation. M-DCPS Police assisted the OIG with the former Treasurer's arrest. The OIG referred the case to the Miami-Dade State Attorney's Office for prosecution. As of the publication date of this report, the case was set for trial. At June 30, 2011, the Athletic Fund balance was \$(25,798), partly due to the misappropriation of funds, but also due to overspending. The athletic ticket inventory reports for both fiscal years and some of the game reports reviewed contained errors. The school did not comply with the District's healthy food guidelines since some of the fundraising merchandise sold to students contained calories, fat and sugar percentages in excess of the established thresholds. The school disguised the proceeds from some of these non-compliant sales by posting them to the accounts as "donations". The yearbook activity for both years disclosed low sales, large ending inventories of unsold yearbooks, and yearbook activity operating reports that were not properly completed. In 2010-2011, the school was unable to raise sufficient funds to cover yearbook costs and the final invoice had an outstanding balance of \$5,299. In addition, revenues posted to the Special Purpose account consisted of payments received from a third party for the temporary use of the school facilities disguised as "donations", or the donations were earmarked for non-hospitality uses and not appropriate for this account (Pages 34-55).
- At Hialeah Senior, a sponsor withheld funds collected from the students for a few weeks. According to the sponsor, she kept approximately \$4,300 (mostly cash) in her personal safety deposit box until she was able to turn the funds over to the Treasurer. Our review identified a few other instances where sponsors delayed the remittance of funds. School staff and administration were not properly utilizing the Collections/Deposit log to document collections under the custody of the school awaiting the armored car service. Regarding disbursements non-compliant with Board policy, we identified cellular telephone charges for a telephone assigned to the Athletic Department and monetary incentives given to a few students. In addition, the school posted some of its hospitality-related expenditures to the wrong accounts, and there were instances where the disbursement documentation did not

include written telephone quotes for internal fund purchases with a total cost of \$1,000 or more (Pages 61-66).

- At Highland Oaks Middle, the school procured a \$2,000 laptop to make school presentations and maintain the school's website; however, the purchase was made with funds from an account not allowed for equipment purchases of \$1,000 or more. During our initial audit visit, the laptop was under the custody of an administrator currently assigned to another work location, and the equipment was not tagged for inventory control purposes. During the audit, the administrator returned the laptop and the equipment was tagged. In addition, the school made several purchases of over \$1,000 and the disbursement documentation did not include the minimum of three documented telephone quotes to evidence that the school selected the lowest quote. During the prior audit, we discussed with the former school administration the yearbook activity's low sales and high ending yearbook inventory, and certain yearbook reports that were not properly completed. For the 2010-2011 fiscal year, the school sold about one-half of the yearbook order, paid a rescheduling fee because of a missed deadline in the production of the book, and related activity reports and documentation contained errors. As of the completion of the audit in January 2012, the school had not pre-sold any of the yearbooks ordered for 2011-2012 (Pages 67-72).
- At Coral Way K-8 Center and at the request of the Principal, we conducted an audit/investigation regarding an alleged misappropriation of funds from the school's Community School Program. Before our visit, the administrator in charge of the program had identified instances where it appeared that staff had not deposited fees collected from participating students. During our review of the school's financial records for the period of July 1, 2010 to April 22, 2011, we could not trace a number of receipts issued by Community School staff totaling \$46,370 to any bank deposit. At this school, the former school Treasurer was in charge of making the deposits. Our investigation was unable to identify the individual(s) responsible for the misappropriation, because the school was not documenting the exchange of monies between the various individuals involved in the collection process and the former Treasurer. At present, the former Treasurer has retired and the individuals involved in the handling of these funds no longer work at this school or in this capacity (Pages 79-83).
- At Riviera Middle, the school purchased a number of technology devices with individual costs of less than \$1,000; however, most were not at the school at the time of the audit visit. We were able to observe these devices after several requests. The school received a mini-grant to implement a health and wellness school initiative; however, did not seek the grantor's approval to spend the funds differently than specified in the grant document. Contrary to the guidelines, the Educational Excellence School and Advisory Council (EESAC) Committee's official minutes did not document the committee's approval to transfer \$2,999 to the internal funds-

EESAC account and were vague as to the plan for spending these funds. Regarding general bookkeeping and disbursement guidelines, the Treasurer was not always posting the internal funds purchases or reconciling the P-card purchases in a timely manner. In addition, purchase orders associated with both internal fund and P-card purchases were approved after-the-fact (Pages 84-88).

- At Miami Lakes Educational Center, the Treasurer assigned to the vocational/adult education center was on leave toward the end of the 2010-2011 fiscal year and ultimately retired during the audit. Our review of financial records and transactions of the adult education center disclosed that the bookkeeping function was not working as designed. A significant backlog and delays in the posting and processing of 2010-2011 financial transactions associated with the checking and credit card account activity, as well as bookkeeping errors and omissions, resulted in the significant overstatement of cash at the end of the fiscal year and a financial statement produced by the system that was materially misrepresented. Accordingly, we adjusted the checking and credit card account year-end balances and found that, once adjusted, the operational checking account would have closed the year with a deficit balance of close to \$(64,000) in the centralized accounting system. The school's checking account did not show a similar deficit because of those checks issued and posted to the system toward the end of June that remained outstanding at year-end. Our review of deposit and disbursement documentation disclosed discrepancies with the documentation, and payment delays including the late remittance of tuition fees to the district. In addition, billings to agencies responsible for subsidizing student fees were not up-to-date. The Bookstore and Supplies Operating and Inventory Report as of June 30, 2011 contained many errors. Once revised, the report disclosed a shortfall in 2010-2011 bookstore revenues. For the 2009-2010 and 2010-2011 fiscal years, the school prepared a Culinary Operating Report after-the-fact. In both years, the report showed errors and increasing operating losses when compared to previous years' activity (Pages 89-99).

PAYROLL

We reviewed payroll records and procedures at the following 22 schools:

▪ Miami Edison Middle ¹	▪ Carol City Middle ¹
▪ Highland Oaks Middle ¹	▪ Coral Way K-8 Center
▪ Jose de Diego Middle ¹	▪ Riviera Middle ¹
▪ Natural Bridge Elementary ¹	▪ Rockway Middle ¹
▪ Miami Lakes Middle ¹	▪ John A. Ferguson Senior ¹
▪ Nautilus Middle	▪ Maritime & Science Technology (MAST Academy) Senior ¹
▪ Palm Springs Middle	▪ Miami Senior
▪ Barbara Goleman Senior ¹	▪ Goulds Elementary
▪ Hialeah-Miami Lakes Senior	▪ Dr. Edward Whigham Elementary
▪ Miami Springs Middle ¹	▪ Miami Killian Senior ¹
▪ Earlington Heights Elementary	▪ Miami Lakes Educational Center

At 20 of the 22 schools, there was general compliance with the *Payroll Processing Procedures Manual*.

- At Miami Edison Middle, payroll records approved by the current school administration disclosed that the school had not paid a temporary instructor for 12 days' work. According to the Principal, at the time of this occurrence, he was not aware that potential hires could not work in any capacity until the district's hiring process was fully complete. We referred the Principal to Personnel Operations to resolve the matter of the pending payment. At present, the individual works at the school as a full-time instructor. We identified several other instances where hourly paid employees were not following the proper procedures for recording their attendance on the Daily Payroll Attendance Sheets (Pages 58-60).
- At Highland Oaks Middle, a review of three recent pay periods approved by the current school administration disclosed instances where hourly paid employees were not following the proper procedures for recording their attendance on the Daily Payroll Attendance Sheets, and the attendance of temporary instructors was incomplete or not well documented in the payroll records (Pages 73-75).

¹ Change of Principal since prior audit at this school (13 schools).

PROPERTY

This report includes the results of physical inventories of property items with an individual cost of \$1,000 or more for 41 schools. This total includes the property results of 33 of the 39 schools in this report, plus eight schools whose results were pending publication since our last report in December 2011. We could not finalize the results of five schools in time to include in this report. Consequently, our office will report those results later this year. Further, we are no longer reporting property results for School for Applied Technology, as its last property audit took place back in March 2010, right before the school closed its doors in 2010.

At the 41 schools reported herein, Property Audits staff inventoried 14,719 equipment items with a total approximate cost of \$38.9 million. Of the 41 schools, 38 proved satisfactory. At 3 schools, 12 equipment items with a depreciated value of approximately \$2,200 and a total approximate cost of \$17,500 could not be located (refer to Property Schedules on pages 30-32).

Property inventories also include the review of property losses reported by the schools through the Plant Security Report process. These represent equipment losses due to theft, vandalism and similar school-reported incidents. Our analysis of Plant Security Reports disclosed 15 items with a total depreciated value of approximately \$5,980 and a total approximate cost of \$23,000 missing at 5 of the 41 schools (Page 33).

PURCHASING CREDIT CARD (P-CARD) PROGRAM

We reviewed the P-Card Program's procedures and records at the following five schools:

School Name	Regional Center
▪ Riviera Middle	▪ South Central
▪ Rockway Middle	▪ South Central
▪ John A. Ferguson Senior	▪ South Central
▪ Natural Bridge Elementary	▪ North
▪ Miami Springs Middle	▪ North Central

Our review disclosed that four of the five schools listed above generally complied with the *Purchasing Credit Card Program Policies & Procedures Manual*.

- At Riviera Middle, the Treasurer was not always reconciling the P-card disbursement activity in a timely manner. In addition, purchase orders associated with P-card purchases disclosed that the school administration was approving these purchases after-the-fact (Pages 84-88).

FULL-TIME-EQUIVALENT (FTE) FUNDING

The following five schools were selected for these audits:

School Name	Regional Center	Survey Period	FTE Funding
Miami Edison Senior	ETO	2010-11 February 2011	\$ 1,788,307
Miami Edison Middle	ETO	2010-11 February 2011	989,887
Jose de Diego Middle	ETO	2010-11 February 2011	1,015,462
Barbara Goleman Senior	North	2010-11 February 2011	3,739,994
Riviera Middle	South Central	2010-11 February 2011	1,626,412
Total FTE Funding			\$ 9,160,062

The total FTE funding amounted to approximately \$9.2 million for the 5 schools combined. FTE records reviewed corresponded to the 2010-2011 fiscal year Survey Period 3 (February 2011).

Our FTE reviews disclosed that 4 of the 5 schools were generally compliant with District policy. Minor discrepancies identified during these audits were discussed with the respective school administration for their information and corrective action. The following school was reported, not because of the amount of the potential calculated losses, but because the error rate identified in the samples was high, between 90% and 100%:

- At Miami Edison Senior, our review of a sample of 24 ELL student folders disclosed discrepancies in 23 student folders (96%), while the sample of ten OJT students showed discrepancies in all 10 folders or 100% of the sample selected. Pursuant to our calculations, the findings stated above could have potentially generated an FTE funding disallowance to the district of approximately \$7,500 (Pages 53-57).

TITLE I PROGRAM EXPENDITURES AND PROCEDURES

A review of Title I Program expenditures and procedures for the 2010-2011 fiscal year was conducted at three schools since our last report in September 2011:

School Name	Regional Center	Total Expenditures
Miami Springs Middle	North Central	\$ 627,498
Carol City Middle	North Central	550,836
Miami Lakes Middle	North	276,514
Total Expenditures		\$ 1,454,848

Total expenditures incurred under various Title I programs amounted to approximately \$1.5 million. Results of our audits disclosed that 2 of the 3 schools were generally compliant with the policies and procedures established by the *Title I Administration Handbook*. Minor discrepancies identified in this area were discussed with the school administration for their information and corrective action.

- At Miami Springs Middle, of \$78,455 budgeted for hourly and non-payroll expenditures, the school only spent \$40,063 (51%). The difference or \$38,392 (49%) remained unspent, and the school unable to carry forward for the next fiscal year's Title I activities. Similarly, the school received \$9,716 for parental activities associated with Title I. As of June 30, \$9,360 (96%) of the total budgeted amount remained unspent (Pages 76-78).

DATA SECURITY

We reviewed the report titled “Authorized Applications for Employees by Locations Report” at 11 schools. At 2 of the 11 schools, we conducted a more thorough review of the school site IT function. The 11 schools are:

School Name	Regional Center
▪ Frederick Douglass Elementary	▪ ETO
▪ Nautilus Middle	▪ North
▪ Barbara Goleman Senior ²	▪ North
▪ Hialeah-Miami Lakes Senior	▪ North
▪ Earlington Heights Elementary	▪ North Central
▪ Riviera Middle	▪ South Central
▪ Rockway Middle	▪ South Central
▪ Maritime & Science Technology (MAST Academy) Senior	▪ South Central
▪ Jack D. Gordon Elementary	▪ South
▪ Miami Killian Senior	▪ South
▪ Miami Lakes Educational Center ²	▪ North Region/Adult and Community Ed.

Our review disclosed that all 11 schools generally complied with the review of the report and with the requirements for granting access to system applications. Furthermore, at 2 of the 11 schools, our review of selected aspects of the school’s site IT function disclosed that IT equipment such as servers, switches and routers were properly located and safeguarded; and school administration had generally informed staff of the requirements for backing-up critical data and the security of the network.

Minor discrepancies identified in this area were discussed with the school administration for corrective action.

AUDIT OPINION

The following tables summarize total cash receipts and disbursements, and financial position of cash and investments as of June 30, 2010 and/or June 30, 2011, depending on the school audited for the schools included herein. It also provides the audit opinion regarding the schools’ financial statements:

² Selected IT review at this school (2 schools).

CONDENSED ANNUAL FINANCIAL REPORTS AND TOTAL CASH AND INVESTMENTS AS OF JUNE 30, 2010

The Condensed Annual Financial Reports and Total Cash and Investments as of June 30, 2010 for the following four schools* are:

Work Loc No.	Schools	Beginning Balance	Receipts	Disbursements	End Balance	Cash	Investments		Total Cash and Investments
							Money Market Pool Fund	Other	
Education Transformation Office (ETO) School									
7301	Miami Edison Senior	\$ 50,955.89	\$ 240,286.39	\$ 281,971.14	\$ 9,271.14	\$ 2,280.65	\$ 6,990.49	\$ -	\$ 9,271.14
North Regional Center School									
7111	Hialeah Senior	198,629.91	749,347.13	702,442.98	245,534.06	31,776.39	213,757.67	-	245,534.06
North Regional Center School/Adult Education & Community Education Center									
7391	Miami Lakes Educational Center (High School) ¹	124,629.05	349,163.58	297,595.80	176,196.83	22,340.81	153,856.02	-	176,196.83
8901	Miami Lakes Educational Center (Adult Education) ^{1, 2}	415,597.50	1,946,349.14	1,821,399.56	540,547.08	87,377.43	453,169.65	-	540,547.08
Alternative Education Center									
8171	School for Applied Technology	12,737.50	14,560.59	14,664.25	12,633.84	4,350.35	8,283.49	-	12,633.84
TOTALS		\$ 802,549.85	\$ 3,299,706.83	\$ 3,118,073.73	\$ 984,182.95	\$148,125.63	\$ 836,057.32	\$ -	\$ 984,182.95

Notes:

*Four schools with two-year audits. Last two-year audits to report this fiscal year.

1Miami Lakes Educational Center encompasses a senior high school and an adult education center managed by the same principal. The schools maintain a separate set of accounting records. For audit reporting purposes, results are reported under one school audit report.

2 The cash reported at Miami Lakes Education Center represents the total of the checking account and the credit card (merchant bank) account balances. At June 30, the checking account balance was \$68,222.29, while the credit card balance was \$19,155.14.

CONDENSED ANNUAL FINANCIAL REPORTS AND TOTAL CASH AND INVESTMENTS AS OF JUNE 30, 2011

The Condensed Annual Financial Reports and Total Cash and Investments as of June 30, 2011 for the following 39 schools are:

Work Loc No.	Schools	Beginning Balance	Receipts	Disbursements	End Balance	Cash	Investments		Total Cash and Investments
							Money Market Pool Fund	Other	
Education Transformation Office (ETO) Schools									
7301	Miami Edison Senior	\$ 9,271.14	\$ 287,621.45	\$ 291,505.47	\$ 5,387.12	\$ 4,372.47	\$ 1,014.65	\$ -	\$ 5,387.12
6481	Miami Edison Middle	20,638.20	28,625.74	31,013.40	18,250.54	4,074.83	14,175.71	-	18,250.54
1361	Frederick Douglass Elementary	11,579.61	19,421.57	17,698.93	13,302.25	7,013.56	6,288.69	-	13,302.25
6361	Jose de Diego Middle	46,237.82	37,478.32	48,363.50	35,352.64	6,220.16	29,132.48	-	35,352.64
North Regional Center Schools									
7111	Hialeah Senior	245,534.06	722,992.23	732,800.08	235,726.21	20,454.50	215,271.71	-	235,726.21
6241	Highland Oaks Middle	85,910.12	310,263.76	317,608.42	78,565.46	17,308.98	61,256.48	-	78,565.46
3661	Natural Bridge Elementary	9,420.59	43,891.79	46,772.89	6,539.49	2,706.05	3,833.44	-	6,539.49
6501	Miami Lakes Middle	75,168.24	36,456.86	34,190.42	77,434.68	10,288.48	67,146.20	-	77,434.68
6541	Nautilus Middle	82,383.32	76,820.95	94,647.15	64,557.12	40,152.23	24,404.89	-	64,557.12
6681	Palms Springs Middle	59,784.02	120,702.22	123,901.33	56,584.91	23,371.27	33,213.64	-	56,584.91

**CONDENSED ANNUAL FINANCIAL REPORTS
AND TOTAL CASH AND INVESTMENTS AS OF JUNE 30, 2011**

Work Loc No.	Schools	Beginning Balance	Receipts	Disbursements	End Balance	Cash	Investments		Total Cash and Investments
							Money Market Pool Fund	Other	
7751	Barbara Goleman Senior	228,211.39	604,442.12	644,489.26	188,164.25	8,071.66	180,092.59	-	188,164.25
7131	Hialeah-Miami Lakes Senior	159,631.40	445,208.98	442,452.40	162,387.98	37,833.26	124,554.72	-	162,387.98
<u>North Central Regional Center Schools</u>									
6521	Miami Springs Middle	53,048.68	154,015.72	158,507.30	48,557.10	5,201.84	43,355.26	-	48,557.10
1561	Earlington Heights Elementary	12,250.19	30,846.78	30,190.96	12,906.01	5,580.49	7,325.52	-	12,906.01
2041	Benjamin Franklin K-8 Center	10,382.36	25,124.34	25,375.56	10,131.14	6,707.28	3,423.86	-	10,131.14
6051	Carol City Middle	31,245.96	61,431.62	60,817.86	31,859.72	21,018.36	10,841.36	-	31,859.72
<u>South Central Regional Center Schools</u>									
1121	Coral Way K-8 Center	22,468.69	370,175.17	351,867.30	40,776.56	34,023.98	6,752.58	-	40,776.56
6801	Riviera Middle	48,134.98	54,575.25	63,346.71	39,363.52	5,372.95	33,990.57	-	39,363.52
5381	E.W.F. Stirrup Elementary	33,861.25	259,279.88	258,362.27	34,778.86	13,046.70	21,732.16	-	34,778.86
6821	Rockway Middle	55,710.43	228,867.48	228,271.34	56,306.57	3,816.04	52,490.53	-	56,306.57
7121	John A. Ferguson Senior	466,415.94	1,571,701.92	1,563,430.98	474,686.88	39,906.23	434,780.65	-	474,686.88

**CONDENSED ANNUAL FINANCIAL REPORTS
AND TOTAL CASH AND INVESTMENTS AS OF JUNE 30, 2011**

Work Loc No.	Schools	Beginning Balance	Receipts	Disbursements	End Balance	Cash	Investments		Total Cash and Investments
							Money Market Pool Fund	Other	
7161	Maritime & Science Technology (MAST Academy) Senior	93,694.49	267,118.60	284,101.01	76,712.08	19,141.29	57,570.79	-	76,712.08
7461	Miami Senior	167,564.23	541,669.09	533,581.83	175,651.49	11,056.52	164,594.97	-	175,651.49
<u>South Regional Center Schools</u>									
0041	Air Base Elementary	13,000.72	220,964.19	223,638.23	10,326.68	1,249.89	9,076.79	-	10,326.68
0261	Bel-Aire Elementary	8,492.80	29,290.25	32,145.84	5,637.21	2,486.30	3,150.91	-	5,637.21
3621	Coconut Palm K-8 Academy	17,166.65	18,540.62	16,494.58	19,212.69	5,149.28	14,063.41	-	19,212.69
2021	Gloria Floyd Elementary	5,579.07	170,972.75	170,625.17	5,926.65	2,096.52	3,830.13	-	5,926.65
2151	Jack D. Gordon Elementary	34,187.46	352,952.21	359,868.83	27,270.84	14,666.29	12,604.55	-	27,270.84
0311	Goulds Elementary	10,413.57	14,415.47	10,582.06	14,246.98	1,742.50	12,504.48	-	14,246.98
2641	Kendale Elementary	20,279.63	290,506.08	289,494.77	21,290.94	2,449.44	18,841.50	-	21,290.94
4611	Redondo Elementary	13,341.69	56,631.24	55,618.15	14,354.78	3,259.16	11,095.62	-	14,354.78
5121	Snapper Creek Elementary	36,011.69	85,744.98	88,615.01	33,141.66	3,947.72	29,193.94	-	33,141.66

CONDENSED ANNUAL FINANCIAL REPORTS AND TOTAL CASH AND INVESTMENTS AS OF JUNE 30, 2011

Work Loc No.	Schools	Beginning Balance	Receipts	Disbursements	End Balance	Cash	Investments		Total Cash and Investments
							Money Market Pool Fund	Other	
5791	West Homestead Elementary	17,975.82	23,814.10	21,202.09	20,587.83	2,669.59	17,918.24	-	20,587.83
5981	Dr. Edward L. Whigham Elementary	14,500.92	37,938.22	38,904.26	13,534.88	5,406.94	8,127.94	-	13,534.88
6061	Campbell Drive Middle	26,849.56	58,976.64	56,010.72	29,815.48	18,252.77	11,562.71	-	29,815.48
6211	Glades Middle	43,696.28	192,906.17	198,228.56	38,373.89	9,159.09	29,214.80	-	38,373.89
7361	Miami Killian Senior	293,169.13	618,531.35	664,533.45	247,167.03	23,435.43	223,731.60	-	247,167.03
<u>North Regional Center School/Adult Education & Community Education Center</u>									
7391	Miami Lakes Educational Center (Senior High School) ¹	176,196.83	365,751.24	323,704.97	218,243.10	13,127.36	205,115.74	-	218,243.10
8901	Miami Lakes Educational Center (Adult Education Center) ^{1, 2}	540,547.08	1,886,386.13	1,765,525.72	661,407.49	79,321.32	582,086.17		661,407.49
<u>Alternative Education Center</u>									
8171	School for Applied Technology ³	12,633.84	29.62	12,663.46	-	-	-	-	-
TOTALS		\$3,312,589.85	\$10,723,083.10	\$10,711,152.24	\$3,324,520.71	\$535,158.73	\$2,789,361.98	\$ -	\$ 3,324,520.71

Notes:

- 1 The schools considered as one school audit report since they report to the same principal. However, account totals for each school reported separately in the audit report.
- 2 The \$79,321.32 consolidated cash balance at Miami Lakes Education Center represents the total of the checking account and the credit card (merchant bank) account balance at June 30. The *adjusted* checking account balance was \$(63,551.99) and the *adjusted* credit card (merchant bank) account balance was \$142,873.31. Adjustments due to findings. Refer to pages 89-96.
- 3 Last audit is 2-year audit ended June 30, 2011. Center closed effective July 1, 2010 due to consolidation of alternative education centers. School closed checking and MDCPS Money Market Pool Fund accounts effective October 29, 2010. Internal funds closed after school paid all obligations and remitted \$2,272.22 to Corporate Academy North to zero out internal fund accounts.

CONDENSED ANNUAL FINANCIAL REPORTS AND TOTAL CASH AND INVESTMENTS AS OF JUNE 30, 2011

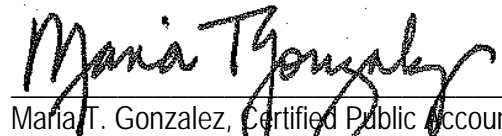
Audit Opinion on Financial Statements and Overall Assessment of Internal Controls Over Financial Reporting

Notwithstanding the conditions and findings reported herein, at 36 of the 39 schools, the financial statements present fairly, in all material respects, the changes in fund balances arising from the cash transactions of the schools during the 2009-2010 and/or 2010-2011 fiscal year(s), on the cash basis of accounting, depending on the school audited. At Miami Edison Senior High School, because of the misappropriation of funds during the 2009-2010 and 2010-2011 fiscal years as further explained in pages 34-41 of this report, the financial statements for the 2009-2010 and 2010-2011 fiscal years do not fairly represent the changes in fund balances arising from cash transactions. At the adult education center of Miami Lakes Educational Center, because of the lack of controls over the bookkeeping function during the 2010-2011 fiscal year as further explained in pages 89-96 of this report, the financial statement for the 2010-2011 fiscal year does not fairly represent the changes in fund balances arising from cash transactions. Notwithstanding this matter, the financial statements of the adult education center for the 2009-2010 fiscal year and the financial statements of the senior high school for the 2009-2010 and 2010-2011 are fairly stated. At Coral Way K-8 Center, except for the fraudulent activity in the Community School, as further explained in pages 79-83 of this report, the financial statement of the internal funds of the school otherwise presents fairly, in all material respects, the changes in fund balances arising from cash transactions during the 2010-2011 fiscal year, on the cash basis of accounting.

As of June 30, 2010, for 4 of the 39 schools reported herein, total combined receipts and disbursements amounted to \$3,299,706.83 and \$ 3,118,073.73, respectively; while total combined cash and investments amounted to \$984,182.95 (Page 12). *As of June 30, 2011*, for all 39 schools reported herein, total combined receipts and disbursements amounted to \$10,723,083.10 and \$10,711,152.24, respectively; while total combined cash and investments amounted to \$ 3,324,520.71 (Pages 13-16).

As of June 30, 2011, the internal control structure at 36 of the 39 schools reported herein generally functioned as designed by the District and implemented by the school administration, except for those conditions reported at the individual schools. At Miami Edison Senior, the adult education center at Miami Lakes Educational Center and the Community School at Coral Way K-8 Center, as reflected in this report, the internal controls structure was not functioning as designed by the school and district administration.

When conditions came to our attention that were deemed non-reportable, because they were immaterial and inconsequential, they were nevertheless, discussed with management for their information and follow-up.



Maria T. Gonzalez, Certified Public Accountant
Assistant Chief Auditor, School Audits Division
Office of Management and Compliance Audits

INTERNAL CONTROLS RATING

The internal controls rating of the eight schools reported herein with audit exceptions are depicted as follows:

SCHOOLS	PROCESS & IT CONTROLS			POLICY & PROCEDURES COMPLIANCE			EFFECT
	SATISFACTORY	NEEDS IMPROVEMENT	INADEQUATE	SATISFACTORY	NEEDS IMPROVEMENT	INADEQUATE	
<u>Education Transformation Office (ETO) Schools</u>							
Miami Edison Senior			✓			✓	Impacted Operations
Miami Edison Middle		✓			✓		Likely to impact
<u>North Regional Center Schools</u>							
Hialeah Senior		✓			✓		Likely to impact
Highland Oaks Middle		✓			✓		Likely to impact
<u>North Central Regional Center School</u>							
Miami Springs Middle		✓			✓		Likely to impact
<u>South Central Regional Center Schools</u>							
Coral Way K-8 Center			✓			✓	Impacted Operations*
Riviera Middle		✓			✓		Likely to impact
<u>North Regional Center School/Adult Education & Community Education Center</u>							
Miami Lakes Educational Center (Adult Education Center)			✓			✓	Impacted Operations**

Notes:

*The fraudulent activity affected the operations of the Community School.

** Deficiencies in the bookkeeping function affected operations of the **adult education center** for the 2010-2011 fiscal year. The senior high school's bookkeeping function is handled separately by another individual and the high school was generally compliant with District policy during the two-year audit.

INTERNAL CONTROLS RATING

The internal controls rating of the 31 schools reported herein with no audit exceptions are depicted as follows:

SCHOOLS	PROCESS & IT CONTROLS			POLICY & PROCEDURES COMPLIANCE			EFFECT
	SATISFACTORY	NEEDS IMPROVEMENT	INADEQUATE	SATISFACTORY	NEEDS IMPROVEMENT	INADEQUATE	
<u>Education Transformation Office (ETO) Schools</u>							
Frederick Douglass Elementary	✓			✓			Not Likely to impact
Jose de Diego Middle	✓			✓			Not Likely to impact
<u>North Regional Center Schools</u>							
Natural Bridge Elementary	✓			✓			Not Likely to impact
Miami Lakes Middle	✓			✓			Not Likely to impact
Nautilus Middle	✓			✓			Not Likely to impact
Palm Springs Middle	✓			✓			Not Likely to impact
Barbara Goleman Senior	✓			✓			Not Likely to impact
Hialeah-Miami Lakes Senior	✓			✓			Not Likely to impact
<u>North Central Regional Center Schools</u>							
Earlington Heights Elementary	✓			✓			Not Likely to impact
Benjamin Franklin K-8 Center	✓			✓			Not Likely to impact
Carol City Middle	✓			✓			Not Likely to impact

INTERNAL CONTROLS RATING

SCHOOLS	PROCESS & IT CONTROLS			POLICY & PROCEDURES COMPLIANCE			EFFECT
	SATISFACTORY	NEEDS IMPROVEMENT	INADEQUATE	SATISFACTORY	NEEDS IMPROVEMENT	INADEQUATE	
<u>South Central Regional Center Schools</u>							
E.W.F.Stirrup Elementary	✓			✓			Not Likely to impact
Rockway Middle	✓			✓			Not Likely to impact
John A. Ferguson Senior	✓			✓			Not Likely to impact
Maritime & Science Technology (MAST Academy) Sr.	✓			✓			Not Likely to impact
Miami Senior	✓			✓			Not Likely to impact
<u>South Regional Center Schools</u>							
Air Base Elementary	✓			✓			Not Likely to impact
Bel-Aire Elementary	✓			✓			Not Likely to impact
Coconut Palm K-8 Academy	✓			✓			Not Likely to impact
Gloria Floyd Elementary	✓			✓			Not Likely to impact
Jack D. Gordon Elementary	✓			✓			Not Likely to impact
Goulds Elementary	✓			✓			Not Likely to impact
Kendale Elementary	✓			✓			Not Likely to impact
Redondo Elementary	✓			✓			Not Likely to impact
Snapper Creek Elementary	✓			✓			Not Likely to impact

INTERNAL CONTROLS RATING

SCHOOLS	PROCESS & IT CONTROLS			POLICY & PROCEDURES COMPLIANCE			EFFECT
	SATISFACTORY	NEEDS IMPROVEMENT	INADEQUATE	SATISFACTORY	NEEDS IMPROVEMENT	INADEQUATE	
West Homestead Elementary	✓			✓			Not Likely to impact
Dr. Edward L. Whigham Elementary	✓			✓			Not Likely to impact
Campbell Drive Middle	✓			✓			Not Likely to impact
Glades Middle	✓			✓			Not Likely to impact
Miami Killian Senior	✓			✓			Not Likely to impact
<u>Alternative Education Center</u>							
School For Applied Technology	✓			✓			Not Likely to impact

SUMMARY SCHEDULE OF AUDIT FINDINGS

Summary of findings at the eight schools reported herein with audit exceptions are as follows:

Work Loc. No.	Schools	CURRENT YEAR FINDINGS		PRIOR YEAR FINDINGS	
		Total per School	Area Of Findings	Total per School	Area Of Findings
Education Transformation Office (ETO) Schools					
7301	Miami Edison Senior	7	<ul style="list-style-type: none">▪ Misappropriation▪ Athletic Fund & Tickets▪ School Sponsored Act.▪ Yearbook▪ Special Purpose▪ FTE-ELL▪ FTE-OJT	None	
6481	Miami Edison Middle	1	<ul style="list-style-type: none">▪ Payroll	None	
North Regional Center Schools					
7111	Hialeah Senior	2	<ul style="list-style-type: none">▪ Receipts▪ Disbursements	2	<ul style="list-style-type: none">▪ P. E. Uniforms▪ Property
6241	Highland Oaks Middle	3	<ul style="list-style-type: none">▪ Disbursements▪ Yearbooks▪ Payroll	None	
North Central Regional Center School					
6521	Miami Springs Middle	1	<ul style="list-style-type: none">▪ Title I Program	None	
South Central Regional Center Schools					
1121	Coral Way K-8 Center	1	<ul style="list-style-type: none">▪ Misappropriation of Comm. School Collections	None	
6801	Riviera Middle	1	<ul style="list-style-type: none">▪ Disbursements	None	
North Regional Center School/Adult Education & Community Education Center					
8901	Miami Lakes Educational Center (Adult Education Center)*	2	<ul style="list-style-type: none">▪ Bookkeeping Function▪ Bookstore and Culinary Arts Activities	None	
TOTAL		18		2	

* Location 7391-Miami Lakes Educational Center's senior high school reported no findings during this or the prior audit.

SUMMARY SCHEDULE OF AUDIT FINDINGS

Summary of findings at the 31 schools reported herein with no audit exceptions are as follows:

Work Loc. No.	Schools	CURRENT YEAR FINDINGS		PRIOR YEAR FINDINGS	
		Total per School	Area Of Findings	Total per School	Area Of Findings
Education Transformation Office (ETO) Schools					
1361	Frederick Douglass Elementary	None		None	
6361	Jose de Diego Middle	None		None	
North Regional Center Schools					
3661	Natural Bridge Elementary	None		None	
6501	Miami Lakes Middle	None		None	
6541	Nautilus Middle	None		2	<ul style="list-style-type: none">▪ FTE-SPED▪ FTE-ELL
6681	Palm Springs Middle	None		2	<ul style="list-style-type: none">▪ Title I Property▪ Title I Payroll
7751	Barbara Goleman Senior	None		None	
7131	Hialeah-Miami Lakes Senior	None		2	<ul style="list-style-type: none">▪ Payroll▪ Title I-CIS
North Central Regional Center Schools					
1561	Earlington Heights Elementary	None		2	<ul style="list-style-type: none">▪ Receipts▪ Disbursements
2041	Benjamin Franklin K-8 Center	None		1	<ul style="list-style-type: none">▪ Fieldtrips
6051	Carol City Middle	None		None	

SUMMARY SCHEDULE OF AUDIT FINDINGS

Work Loc. No.	Schools	CURRENT YEAR FINDINGS		PRIOR YEAR FINDINGS	
		Total per School	Area Of Findings	Total per School	Area Of Findings
South Central Regional Center Schools					
5381	E.W.F. Stirrup Elementary	None		1	▪ FTE-ELL
6821	Rockway Middle	None		None	
7121	John A. Ferguson Senior	None		1	▪ Fieldtrips
7161	Maritime & Science Technology (MAST Academy) Senior	None		None	
7461	Miami Senior	None		1	▪ Title I-Reading Coach
South Regional Center Schools					
0041	Air Base Elementary	None		1	▪ Safeguarding of Cafeteria Deposits
0261	Bel-Aire Elementary	None		None	
3621	Coconut Palm K-8 Academy	None		None	
2021	Gloria Floyd Elementary	None		None	
2151	Jack D. Gordon Elementary	None		None	
0311	Goulds Elementary	None		3	▪ Payroll ▪ Title I CIS ▪ Title I Budget
2641	Kendale Elementary	None		None	
4611	Redondo Elementary	None		None	
5121	Snapper Creek Elementary	None		None	
5791	West Homestead Elementary	None		1	▪ FTE-ELL
5981	Dr. Edward L. Whigham Elementary	None		2	▪ Safeguarding of Cafeteria Deposits ▪ FTE-SPED

SUMMARY SCHEDULE OF AUDIT FINDINGS

Work Loc. No.	Schools	CURRENT YEAR FINDINGS		PRIOR YEAR FINDINGS	
		Total per School	Area Of Findings	Total per School	Area Of Findings
6061	Campbell Drive Middle	None		None	
6211	Glades Middle	None		None	
7361	Miami Killian Senior	None		2	<ul style="list-style-type: none"> ▪ FTE-SPED ▪ FTE-ELL
<u>Alternative Education Center</u>					
8171	School For Applied Technology	None		None	
TOTAL		None		21	

LIST OF SCHOOL PRINCIPALS/ADMINISTRATORS

Listed below are the names of the former and current principals, as applicable. **The highlighted name(s) represents the principal(s)/administrator(s) in charge of the school during the audit period:**

Work Loc. No.	Schools	Current Principal/Administrator	Former Principal(s)/Administrator(s)
<u>Education Transformation Office (ETO) Schools</u>			
7301	Miami Edison Senior	Dr. Pablo G. Ortiz	N/A = No Change of Principal Since Prior Audit
6481	Miami Edison Middle ^{1, 2}	Mr. Keith A. Anderson	Dr. Isolyn T. Hillhouse (Through July 2011; presently Assistant Principal at Henry M. Flagler Elementary School)
1361	Frederick Douglass Elementary	Ms. Pamela G. Sanders-White	N/A = No Change of Principal Since Prior Audit
6361	Jose de Diego Middle ¹	Mr. Yaset Fernandez	Mr. Jerry J. Clay, Jr. (Through June 2011; presently Assistant Principal at South Hialeah Elementary)
<u>North Regional Center Schools</u>			
7111	Hialeah Senior	Dr. Verena Cabrera	N/A = No Change of Principal Since Prior Audit
6241	Highland Oaks Middle ^{1, 2}	Ms. Cheryl L. Kushi	Ms. Dawn M. Baglos (Through July 2011; presently Principal at Dr. Michael M. Krop Senior High School)
3661	Natural Bridge Elementary ¹	Mr. Frank V. MacBride, Jr.	Ms. Janice T. Hutson (Through June 2011; retired)
6501	Miami Lakes Middle ¹	Dr. Manuel Sanchez, III	Mr. Joaquin P. Hernandez (Through July 2011; presently Principal at Barbara Goleman Senior High School)

Notes:

1 Change of Principal Since Prior Audit (13 schools).

2 Payroll exception occurred under current school administration.

LIST OF SCHOOL PRINCIPALS/ADMINISTRATORS

Work Loc. No.	Schools	Current Principal/Administrator	Former Principal(s)/Administrator(s)
6541	Nautilus Middle	Dr. Allyn G. Bernstein	N/A = No Change of Principal Since Prior Audit
6681	Palms Springs Middle	Mr. Eric Acosta	N/A = No Change of Principal Since Prior Audit
7751	Barbara Goleman Senior ¹	Mr. Joaquin P. Hernandez	Mr. Carlos Artime (Through August 2011; retired)
7131	Hialeah-Miami Lakes Senior	Mr. Jose Bueno	N/A = No Change of Principal Since Prior Audit
<u>North Central Regional Center Schools</u>			
6521	Miami Springs Middle ¹	Mr. Javier Perez	Ms. Maria C. Mason (Through June 2011; presently Principal at Silver Bluff Elementary)
1561	Earlington Heights Elementary	Dr. Thalya Watkins	N/A = No Change of Principal Since Prior Audit
2041	Benjamin Franklin K-8 Center	Ms. Mary A. Alonso	N/A = No Change of Principal Since Prior Audit
6051	Carol City Middle ¹	Ms. Joyce R. Jones	Ms. Kim W. Cox (Through July 2011; presently Principal at Hibiscus Elementary School)
<u>South Central Regional Center Schools</u>			
1121	Coral Way K-8 Center	Ms. Josephine Otero	Mr. Alejandro Perez (Through July 2010; presently Principal at International Studies Preparatory Academy at Gables)
6801	Riviera Middle ¹	Dr. Winston A. Whyte	Ms. Valerie V. Carrier (Through July 2011; retired)

Note:

1 Change of Principal Since Prior Audit (13 schools).

LIST OF SCHOOL PRINCIPALS/ADMINISTRATORS

Work Loc. No.	Schools	Current Principal/Administrator	Former Principal(s)/Administrator(s)
5381	E.W.F. Stirrup Elementary	Dr. Maria E. Hernandez	N/A = No Change of Principal Since Prior Audit
6821	Rockway Middle ¹	Ms. Melanie E. Megias	Ms. Jo Anne D. Gans (Through June 2011; retired)
7121	John A. Ferguson Senior ¹	Dr. Lisa R. Robertson	Ms. Jane M. Garraux (Through June 2011; presently Principal at Maritime & Science Technology (MAST Academy) Senior High School)
7161	Maritime & Science Technology (MAST Academy) Senior ¹	Ms. Jane M. Garraux	Mr. Thomas C. Fisher, II (Through June 2011; presently Executive Director, Human Resources)
7461	Miami Senior	Mr. Benny Valdes	N/A = No Change of Principal Since Prior Audit
<u>South Regional Center Schools</u>			
0041	Air Base Elementary	Mr. Raul Calzadilla, Jr.	N/A = No Change of Principal Since Prior Audit
0261	Bel-Aire Elementary	Ms. Prudence Mingo	Dr. Columbus Williams, Jr. (Through July 2010; presently at West Homestead Elementary School)
3621	Coconut Palm K-8 Academy	Dr. Linda A. Amica-Roberts	N/A = No Change of Principal Since Prior Audit
2021	Gloria Floyd Elementary	Ms. Felicia K. Joseph	N/A = No Change of Principal Since Prior Audit
2151	Jack D. Gordon Elementary	Mr. Caleb Lopez	Ms. Gloria Arazoza (Through September 2010; Presently District Director Strategic Planning, School Operations)
0311	Goulds Elementary	Mr. Raul F. Garcia	N/A = No Change of Principal Since Prior Audit

Note:

1 Change of Principal Since Prior Audit (13 schools).

LIST OF SCHOOL PRINCIPALS/ADMINISTRATORS

Work Loc. No.	Schools	Current Principal/Administrator	Former Principal(s)/Administrator(s)
2641	Kendale Elementary	Dr. Jeanethe P. Thompson	N/A = No Change of Principal Since Prior Audit
4611	Redondo Elementary	Dr. Rene E. Baly	N/A = No Change of Principal Since Prior Audit
5121	Snapper Creek Elementary	Ms. Mirta R. Segredo	N/A = No Change of Principal Since Prior Audit
5791	West Homestead Elementary	Dr. Columbus Williams, Jr.	Ms. Prudence Mingo (Through July 2010; presently at Bel-Aire Elementary School)
5981	Dr. Edward L. Whigham Elementary	Ms. Susan J. Lyle	Ms. Kimberly Y. Davis (Through July 2010; presently Principal at Robert Morgan Educational Center
6061	Campbell Drive Middle	Mr. Paul A. Pfeiffer	N/A = No Change of Principal Since Prior Audit
6211	Glades Middle	Mr. Elio Falcon, Jr.	N/A = No Change of Principal Since Prior Audit
7361	Miami Killian Senior ¹	Mr. Charles E. Hankerson (Through August 2011; presently on special assignment at Stores & Mail Distribution) Ms. Valerie V. Carrier (Through October 2011; retired)	Mr. Ricardo Rodriguez (Through June 2011; retired)
		Mr. Thomas P. Ennis (Current Principal)	
<u>North Regional Center School/Adult Education & Community Education Center</u>			
7391 & 8901	Miami Lakes Educational Center	Mr. James V. Parker	N/A = No Change of Principal Since Prior Audit
<u>Alternative Education Center</u>			
8171	School for Applied Technology	Ms. Yseult Charles (Through July 2010; presently on leave) <i>Location closed.</i>	N/A = No Change of Principal Since Prior Audit

Note:

1 Change of Principal Since Prior Audit (13 schools).

PROPERTY SCHEDULES

The results of the property inventories of the 41 schools reported herein are as follows:

Work Location No.	Schools	CURRENT INVENTORY					PRIOR INVENTORY	
		Total Items	Dollar Value	Unlocated Items			No. Of Unloc. Items	Dollar Value
				No. Of Items	At Cost	At Deprec. Value		
Education Transformation Office (ETO) Schools								
1361	Frederick Douglass Elementary	99	\$ 239,411	None	-	-	None	-
5861	Dr. Henry W. Mack/West Little River K-8 Center ¹	137	278,745	None	-	-	None	-
3821	North County K-8 Center ¹	123	196,492	None	-	-	None	-
0081	Lenora Braynon Smith Elementary ¹	113	281,957	3	\$ 5,980	-	None	-
5931	Phillis Wheatley Elementary ¹	116	298,047	None	-	-	None	-
6361	Jose de Diego Middle	300	765,893	7	9,114	\$ 715	None	-
6481	Miami Edison Middle	214	607,668	2	2,370	1,462	3	\$ 5,522
7301	Miami Edison Senior	810	1,725,502	None	-	-	None	-
North Regional Center Schools								
3661	Natural Bridge Elementary	179	350,798	None	-	-	None	-
6241	Highland Oaks Middle	253	642,122	None	-	-	None	-
6501	Miami Lakes Middle	295	596,132	None	-	-	None	-
6541	Nautilus Middle	265	711,626	None	-	-	None	-
6681	Palms Springs Middle	541	1,085,822	None	-	-	None	-
7751	Barbara Goleman Senior	807	1,957,031	None	-	-	None	-
7111	Hialeah Senior	1,221	3,129,632	None	-	-	None	-
7131	Hialeah-Miami Lakes Senior	767	1,966,416	None	-	-	None	-

Note:
1 School audit previously reported this fiscal year. Property inventory results were pending reporting until now (8 schools).

PROPERTY SCHEDULES

Work Location No.	Schools	CURRENT INVENTORY					PRIOR INVENTORY	
		Total Items	Dollar Value	Unlocated Items			No. Of Unloc. Items	Dollar Value
				No. Of Items	At Cost	At Deprec. Value		
<u>North Central Regional Center Schools</u>								
1561	Earlington Heights Elementary	138	265,974	None	-	-	None	-
2041	Benjamin Franklin K-8 Center	126	242,716	None	-	-	None	-
6051	Carol City Middle	276	716,136	None	-	-	None	-
6521	Miami Springs Middle	302	705,063	None	-	-	None	-
<u>South Central Regional Center Schools</u>								
1121	Coral Way K-8 Center	270	790,387	None	-	-	None	-
5381	E.W.F. Stirrup Elementary	110	293,987	None	-	-	None	-
6801	Riviera Middle	435	906,517	None	-	-	None	-
6821	Rockway Middle	221	614,231	None	-	-	None	-
7121	John A. Ferguson Senior	937	2,417,287	None	-	-	None	-
7161	Maritime & Science Technology (MAST) Academy Sr.	599	1,538,214	None	-	-	4	6,575
7461	Miami Senior	638	1,972,002	None	-	-	None	-
<u>South Regional Center Schools</u>								
0041	Air Base Elementary	102	212,854	None	-	-	None	-
0261	Bel-Aire Elementary	115	288,141	None	-	-	None	-
3621	Coconut Palm K-8 Academy ²							
2021	Gloria Floyd Elementary ²							
2151	Jack D. Gordon Elementary ²							
0311	Goulds Elementary	119	340,542	None	-	-	None	-
2641	Kendale Elementary	135	258,382	None	-	-	None	-
4611	Redondo Elementary	94	214,220	None	-	-	None	-

Note:

2 Property audit is in progress; its results to be reported at a later date (5 schools).

PROPERTY SCHEDULES

Work Location No.	Schools	CURRENT INVENTORY					PRIOR INVENTORY	
		Total Items	Dollar Value	Unlocated Items			No. Of Unloc. Items	Dollar Value
				No. Of Items	At Cost	At Deprec. Value		
5121	Snapper Creek Elementary ²							
5791	West Homestead Elementary	177	341,145	None	-	-	None	-
5981	Dr. Edward L. Whigham Elementary	107	279,052	None	-	-	None	-
6061	Campbell Drive Middle ²							
6211	Glades Middle	158	407,509	None	-	-	None	-
7101	Coral Reef Senior ¹	1,071	2,529,470	None	-	-	None	-
7361	Miami Killian Senior	529	1,623,990	None	-	-	None	-
<u>Adult & Community Education Centers</u>								
7132	Hialeah-Miami Lakes Ad. Ed. Ctr. ¹	62	124,019	None	-	-	None	-
7342	Miami Jackson Adult Ed. Ctr. ¹	23	42,320	None	-	-	None	-
7391/8901	Miami Lakes Educational Center ³	1,680	6,789,271	None	-	-	None	-
7462	Miami Senior Adult Ed. Ctr. ¹	55	114,531	None	-	-	None	-
<u>Alternative Education Center</u>								
8171	School for Applied Technology ⁴							
TOTAL		14,719	\$ 38,861,254	12	\$ 17,464	\$ 2,177	7	\$12,097

Notes:

1 School audit previously reported this fiscal year. Property inventory results were pending reporting until now (8 schools).

2 Property audit is in progress; its results to be reported at a later date (5 schools).

3 Property inventory results of the senior high school and adult and community education center are consolidated for reporting purposes.

4 School closed 2010. Last property inventory reported in March 2010.

PROPERTY SCHEDULES

The following table is an analysis of Plant Security Reports. **Those schools reported herein that have not filed Plant Security Reports are excluded from this schedule:**

Work Location No.	Schools	No. of Plant Security Reports	Total Items	Total Amount at Cost	CATEGORY (AT COST)			Total Depreciated Value
					Computers	Audio Visual	Other*	
<u>Education Transformation Office (ETO) School</u>								
7301	Miami Edison Senior	2	2	\$ 2,825	\$ 1,190	-	\$ 1,635	\$ 1,551
<u>South Central Regional Center School</u>								
7461	Miami Senior	1	4	6,844	1,129	\$ 2,799	2,916	574
<u>South Regional Center Schools</u>								
7101	Coral Reef Senior	1	1	1,579	-	-	1,579	-
7361	Miami Killian Senior	3	3	6,340	-	2,261	4,079	461
<u>North Regional Center/Adult & Community Education Center</u>								
7391/8901	Miami Lakes Ed. Center	2	5	5,396	4,274	-	1,122	3,390
Total		9	15	\$ 22,984	\$ 6,593	\$ 5,060	\$ 11,331	\$ 5,976

Note: *Other Equipment* includes musical instruments and a variety of equipment.

FINDINGS AND RECOMMENDATIONS

1. Former Treasurer Fabricated Documentation To Misappropriate Funds, And Controls Over Bookkeeping Function Were Inadequate *Miami Edison Senior*

Section II, Chapter 2 of the *Manual of Internal Fund Accounting* establishes that the principal is ultimately responsible for monitoring and administering the revenue generated from Internal Fund activities. Also, Section II, Chapter 5 of the *Manual* provides that the Treasurer is responsible for making all necessary disbursements from the school's Internal Funds as approved by the principal or his designee. This same Section and Chapter also requires that disbursements made from Internal Funds be made via check. The check must be documented with a check requisition, an invoice, a purchase order; and must bear two signatures, that of the principal or his/her designee and that of the treasurer or authorized clerical designee.

Between July 1, 2009 and the time of our discovery in August 2011, we found that the former Treasurer fabricated invoice documentation and forged the school administrators/sponsors' signatures in almost 200 internal funds checks, accompanying check requisitions and purchase orders to misappropriate close to \$172,000 from the internal funds of the school. The total amount misappropriated also included approximately \$1,700 in school collections that she receipted in the system in late June 2011 but never deposited. Not included in the total amount misappropriated was an additional \$21,000 in student liabilities that the school (namely the former Treasurer) may have collected; however, we were unable to trace the collections to the bank account because detailed payment information was not evident in the files and ancillary information lacked clarity. Consequently, this part of the investigation remained inconclusive as to whether these funds were similarly misappropriated.

Based on our interviews with school administrators and review of signed records, it appears that the former Treasurer similarly forged the signature of the administrators in some of the requests to transfer funds from the school's Money Market account to the operational checking account. Possibly, she may have made additional transfers in order to have sufficient funds in the checking account and prevent an account deficit. Regarding the fictitious disbursement activity, we identified a total of 25 vendors' names that were used in her scheme. For the most part, the invoices were bogus and used only to justify the disbursement; and nothing came to our attention during our review and follow up with the vendors to indicate that any of these vendors had colluded with the former Treasurer to defraud the school system. Those liabilities identified during our review that remained outstanding as of the completion of the audit fieldwork were brought to the attention of the school administration for their information and follow-up action.

In addition to the misappropriation, we identified instances where the former Treasurer withheld the depositing of cash funds for periods of time. She would later replace the cash with personal checks that were disguised as collections within the school deposits. The total amount replaced using personal checks was close to \$31,500.

Our office jointly collaborated with the Inspector General (OIG) to uncover the fraudulent scheme and obtain evidence corroborating the former Treasurer's unquestionable involvement in the misappropriation³. The OIG referred the case to the Miami-Dade State Attorney's Office for prosecution and at the present time, it is set for trial. Previously, on August 2, 2011, M-DCPS Police assisted the OIG with the former Treasurer's arrest.

Details of the misappropriation and its effect on the activities and financial statements are as follows:

- 1.1. For both fiscal years up to July 2011, the former Treasurer surreptitiously issued a total of 198 school checks to herself by forging the required second signature on the checks, fabricating invoices and purchase orders to support the disbursements; and replacing copies of the cancelled check images received from the bank with doctored copies displaying the name and endorsement of vendors customarily conducting business with the District. We verified that she utilized a total of 25 vendors' names to concoct her fraudulent disbursement scheme. These fraudulent checks amounted to \$170,132.

In addition to the disbursement scheme, she altered the June 2011 bank statement to conceal that she had misappropriated \$4,813. These funds consisted of a deposit for \$1,688 (of which \$1,543 appeared to be cash), and three school checks totaling \$3,125, issued to herself and cashed, but not posted to the automated accounting system. The check sequence of these three checks did not coincide with any of the check sequences listed in the inventory of official pre-numbered forms maintained by the school. These three checks are included in the fraudulent checks cited above.

The total amount of the misappropriation was \$171,820. This consisted of \$170,132 in fraudulent checks and the \$1,688 missing deposit.

The OIG initially received information that the former Treasurer had deposited several school checks in her personal checking account. She confessed to OIG personnel during the OIG's initial inquiries as to the reasons for cashing these checks. We assisted the OIG with the in-depth review of the school site records,

³ OIG staff initially uncovered that the former Treasurer had deposited several school checks in her personal checking account and obtained her confession as to the misappropriation.

and with additional information obtained during our inquiries with faculty, school staff and administration, and outside vendors.

The source of the misappropriated revenues stemmed from various internal fund activities. Specifically, approximately \$68,600 was posted to the Instructional Materials and Supplies account⁴, while approximately \$52,100 was charged to student activities and athletic events; and close to \$48,200 was charged to accounts in the Trust Fund. The remainder or approximately \$3,100 corresponded to three checks issued in June 2011 that were not posted to any account in the automated accounting system.

- 1.2. For both fiscal years, there were many other instances where we identified delays in the remittance, posting and depositing of funds. A close review of the "Collections/Deposits Log" [FM-7249] utilized to document deposits in the custody of the school awaiting the armored car pick up service indicated that some of the administrators' signatures in this log may have been forged to conceal deposit delays. Additionally, the checking account was overdrawn several days in June 2010, January 2011 and February 2011. In one of these instances (during June 2010) we were able to cross-reference the deficit to two checks from the former Treasurer's personal checking account. These personal checks were included as part of the funds deposited (to replace cash funds); however, the bank had returned both checks due to insufficient funds.

According to Section II, Chapter II of the *Manual of Internal Fund Accounting*, all money collected must be submitted in the same form as collected and employees' personal checks may not be substituted for cash money collected.

- 1.3. We identified a total of 48 personal checks totaling approximately \$26,070 dated between August 2010 and January 2011 which the former Treasurer included in no less than 30 school deposits to make up for the difference. In addition to the 48 checks, between April and August 2010, the bank returned for insufficient funds two other personal checks totaling \$5,424. These never cleared the bank; however, the former Treasurer subsequently covered the difference with two additional deposits which included personal checks and cash.

⁴ The Instructional Materials and Supplies (Fund 9) account was established in the school's internal funds to provide purchasing flexibility at the school site level. Schools are allowed to transfer specified amounts of their tax-dollar budget funds appropriated for supplies into the Internal Fund. Individual purchases cannot exceed \$2,999.99. For 2010-2011 fiscal year, the school charged \$72,768. For 2009-2010 fiscal year, the school charged \$56,027 to this account.

- 1.4. According to the Student Obligations Report prepared by the former Treasurer, \$27,470 representing students' liabilities for lost books and similar unpaid dues and fees remained outstanding. However, after the new Treasurer updated the file with ancillary information obtained from teachers, the outstanding balance decreased to approximately \$6,500. We were unable to determine whether the difference of almost \$21,000 had been paid by students and deposited in the school's bank account, since detailed accounting information or receipts attesting to the payments could not be located in the school files or in the deposit packages.
- 1.5. Our follow up with the vendors implicated in the former Treasurer's scheme disclosed that for the most part, the invoices were bogus and used only to justify the disbursement. Some of the vendors had been inactive for some time, no longer in business, and/or the invoice number sequence differed considerably from the vendor's official number sequence. However, we did find that the school legitimately owed \$9,975 to four of these vendors for services provided/merchandise purchases, of which \$849 remained outstanding as of the end of this audit. In addition, the school owed \$8,170 from the yearbook invoice, Flag Corp student uniforms and related flag equipment purchases. As of the end of the audit, a partial payment of \$971 for said uniforms had been made. As of the end of the audit, an outstanding balance of \$8,048 remained on the books.
- 1.6. During the two-year audit period, the school made five separate transfers of funds from the Money Market account to the operational checking account totaling \$31,000. Of the five, we identified two transfers totaling \$13,000 which according to the school administration, the signatures on the documents approving the transactions appeared to have been forged.
- 1.7. Two official receipt books said to contain 100 receipts each could not be located. One had been assigned to the former Treasurer; the other had been assigned to a former sponsor of the school.
- 1.8. A consequence of the fraudulent activity at this school is that donated funds and grants received by the school were not all spent as intended. Also, some of the fundraising activities disclosed discrepancies as a result of the misappropriation. While some of the funds were misappropriated, others were applied toward the liquidation of school liabilities which did not comport with the intended purpose of the donors or grantors of the funds.

Total disbursements for the 2009-2010 and 2010-2011 fiscal years amounted to \$281,971 and \$291,505, respectively.

- 1.9. As previously noted, total amount fraudulently disbursed was \$170,132. Of this total, approximately \$88,075 represented bogus disbursements issued during the 2009-2010 fiscal year, \$77,196 during the 2010-2011 fiscal year and \$4,861
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during July 2011. These numbers translate to approximately 26-31% of total yearly disbursements, which materially affected the financial statements and caused them to be misrepresentative of the transactions of the school for each of the fiscal years under audit.

RECOMMENDATIONS

- 1.1. Direct staff to deliver unopened bank statements and bank correspondence to the Principal for the initial review before it is forwarded to the Treasurer.**
- 1.2. Discuss receipting and depositing procedures with staff for understanding and awareness of the requirements.**
- 1.3. Assign an administrator to oversee the financial activities of the school and direct the administrator to periodically meet with the Treasurer to review the financial transactions.**
- 1.4. Strengthen the management of the internal funds of the school by *periodically reviewing accounts and fund balances* and adjusting spending plans, accordingly. This should include plans for the proper utilization of vending commissions, donations, profits from fundraising activities and fees collected from students.**
- 1.5. Strengthen the review and oversight of receipting/depositing activities to ensure that monies are timely receipted, deposited and properly recorded.**
- 1.6. Ensure that the Collections/Deposits Log [FM-7249] is consistently utilized to document those deposit packages awaiting the armored car pickup service.**
- 1.7. Ensure that collections from outstanding student fees, fines and lost textbooks are properly documented and maintain source documentation.**
- 1.8. Strengthen the review and oversight over the disbursement function to ensure the propriety of the charges, the posting of charges to the appropriate accounts and the completeness of the documentation.**
- 1.9. Prior to approving any expenditure, ensure that accounts have available funds and that the expenditure is not only allowable but comports with the intent of the monies collected/available in the account.**
- 1.10. Ensure that official forms used to record the school collections are properly safeguarded and accounted for in the inventory.**

1.11. Verify that transfers of funds between the checking and the money market account, as reflected in the bank statements, have received the prior approval of the administration.

Responsible Person(s):

**Provost,
Associate Provost over Internal Funds,
Activities Director and Treasurer**

Management Response:

The Provost assigned the Associate Provost to oversee the financial and fundraising activities of the school. Additionally, the Associate Provost will work directly with the Treasurer's office and directed him to inform the administration of any discrepancies for immediate corrective action. This Associate Provost will review the financial activities bi-weekly to ensure that collections are properly receipted, documented, and deposited in a timely manner.

The Provost directed all staff to immediately deliver the unopened bank statements, invoices, and bank correspondence to the Provost for the initial review. The Provost will review the statements and initial for verification. The bank statements will then be delivered to the Associate Provost for final review prior to delivering to the treasurer.

The Provost and Secretary/Treasurer will assess the checkbook balance on a weekly basis; periodically compare monthly bank statements with on-line banking information to verify authenticity and review accuracy of monthly reconciliation reports before submitting the report to the district.

The Provost, Activities Director, and Secretary/Treasurer facilitated a training session on October 11, 2011, with club sponsors and coaches to address district policies and procedures for the collection of money to include the proper use of Recap of Collection Form (FM-1004) and Employee (BPI) Receipts (FM-0976). Procedures were discussed with staff school wide to ensure their understanding of the receipting process and direct staff to promptly inform the administration of any instances where the Treasurer fails to follow proper receipting/depositing procedures. Signatures will be obtained from each sponsor as documentation for attending the training and receiving a copy of the Section of the manual outlining procedures for collection of funds.

The Provost will review the procedures for the collection of money with the entire staff during the February faculty meetings and again at the opening of the 2012-2013 school year.

The Provost will meet with the Associate Provost over Internal Funds, Dean of Curriculum, and the School's Secretary/Treasurer to review the guidelines for securing funds awaiting deposit. Collections awaiting Brinks pickup will be logged in and out on the Collection/Deposits Log (FM-7249) form by the Secretary/Treasurer and an administrator. The Provost and Associate Provost over Internal Funds and Dean will

review the deposit packages and sign the Collection/Deposits Log (FM-7249) form before securing it in the school's vault.

The Provost will direct the Activities Director to inform the administration of school staff/sponsors who fail to conduct activities and receipt collections in compliance with district policy.

The Provost will meet with the Associate Provost and School Treasurer to ensure proper procedures are followed regarding approval of expenditures and authorization of transfers between checking and money market accounts.

Effective immediately, the internal funds function of the school will be strengthened by conducting bi-weekly *reviews of accounts and fund balances* and adjusting spending plans, accordingly. This review process will include plans for the proper utilization of vending commissions, donations, profits from fundraising activities and fees collected from students.

A meeting was held on January 13, 2012, with the District Athletic and Activities Department. Present at the meeting were the Provost, Associate Provost over Internal Funds, and the Treasurer. All athletic and activities accounts were reviewed. Recommendations for more efficient school site policies and procedures were made and implemented at the school. The Associate Provost over Internal Funds will meet bi-weekly with the Treasurer to ensure all policies are being followed.

Copies of Section II, Chapter 2 Collection of Money and Chapter 3 Deposit Procedures from the Manual of Internal Fund Accounting were provided and discussed with the Associate Provost, Secretary/Treasurer, and Activities Director. The Provost directed the treasurer to ensure that all official forms used to record the school collections are properly safeguarded and accounted for in the inventory. These forms must be made available during the bi-weekly reviews with the Associate Provost over Internal Funds.

The Provost reviewed procedures contained within the Manual of Internal Fund Accounting with the new Secretary/Treasurer. During the meeting, the Provost and the treasurer reviewed procedures for maintaining checkbook balances and adjustments needed to ensure accurate monthly reconciliation reports. Additionally, bookkeeping procedures and the accurate receipting of funds was discussed.

Responsible Person(s):

ETO Administration

Management Response:

- The Principal was directed to monitor the checkbook on a weekly basis and verify bank statements with the online banking information.
- The Education Transformation Office Administrative Director will conduct site reviews to ensure compliance with all guidelines found in Section II, Chapters 2 and 3 of the Manual of Internal Fund Accounting, ensuring procedures for deposit and money collections are adhered and proper documentation is maintained.

2. Inadequate Controls Over Athletic Fund And Ticket Inventory *Miami Edison Senior*

Pursuant to Section III, Chapter 1 of the *Manual of Internal Fund Accounting*, Athletic Fund balances must be monitored throughout the year to ensure that expenditures charged to the individual sport team and general accounts do not exceed the overall positive available balance. The guidelines also dictate that the school must not end the fiscal year with a negative overall balance in the Athletic Fund.

Our review of the Athletic Fund disclosed the following:

- 2.1. The Athletic Fund balance decreased from \$162 in July 1, 2009 to \$(25,798) in June 30, 2011. During our review of the financial activity, we identified disbursements totaling \$11,332 that were posted to the Athletic Fund and that were part of the fraudulent disbursement scheme perpetrated by the former treasurer. As of October 2011, the Athletic Fund balance was \$(24,296).

According to Section III, Chapter I of the *Manual of Internal Fund Accounting*, the *Interscholastic Athletic Manual* should be referred to regarding the procedural guidelines for administering the athletic programs at the schools. According to guidelines in Chapter III, Section D of the *Interscholastic Athletic Manual*, the Athletic Business Manager is responsible for taking an inventory of all unused tickets, and such inventory is to be verified by our office. Our review of the athletic ticket inventory disclosed the following:

- 2.2. The Athletic Ticket inventory reports submitted for the 2009-2010 and 2010-2011 fiscal years disclosed various errors. Initially, our reconciliation of athletic tickets disclosed an overage of 3,746 tickets with a value of \$15,728. Further review of prior year reports and a follow up with the athletic ticket vendor disclosed a 2,000 ticket purchase that was not documented in the school records. Also, the school omitted over 1,000 tickets from the 2009-2010 report that were listed in the prior year's report and should have been carried forward. After all corrections were made, the final reconciliation reflected a net shortage of 85 tickets with a value of \$427.
- 2.3. Similarly, our review of sampled game reports disclosed several errors. Specifically, as of the audit visit, the school had not received a \$671 shared loss payment from a local senior high school. At our request, the school made the necessary inquiries and received the overdue payment. Another game report disclosed that the school had been overpaid \$385 by another school. Subsequent to our inquiries, the school issued a refund to correct the overpayment.

RECOMMENDATIONS

- 2.1. Given the financial condition of the school and this Fund, spending should be curtailed by ensuring that only those expenditures critical to the operation of the Athletic Program are approved. Also, consideration should be given to devising a plan for raising funds to eliminate the deficit balance.
- 2.2. Review accounts in Classes and Clubs associated with sports to determine whether available funds can assist with part of the Athletic Fund deficit.
- 2.3. Review with staff from the Athletic Department those procedures regarding the preparation of athletic inventory, the reconciliation of ticket sales, and the preparation of deposits.
- 2.4. Periodically meet with the Athletic Business Manager and the Treasurer to review the Athletic Fund activity, the game reports and the associated deposits.

Responsible Person(s):

Provost,
Associate Provost over Internal Funds,
Activities Director and Treasurer

Management Response:

A meeting was conducted on January 6, 2012, with the Associate Provost over Internal Funds, School's Secretary/Treasurer, Activities Director, Athletic Director, and Athletic Business Manager to advise of the financial condition of the school. The meeting addressed the need for spending to be curtailed and ensuring that only those expenditures critical to the operation of the school are approved by the Provost or the Associate Provost. At this meeting, a plan was shared for raising funds to eliminate deficit account balances.

A meeting was held on January 13, 2012 with the district athletic and activities department, and a mentor treasurer for guidance and support on determining available funds. Present at the meeting were the Provost, Associate Provost over Internal Funds, and the school Treasurer. A review of accounts was conducted in Classes and Clubs associated with sports to determine whether available funds can assist with part of the Athletic Fund deficit. Recommendations such as, funds in accounts with little or no activity not earmarked for any particular purpose will be transferred to the General Fund to assist with the deficit balance, and transferring approved expenditures to Trust accounts were made and immediately implemented.

Effective immediately, the internal funds function of the school will be strengthened by conducting bi-weekly *reviews of accounts and fund balances* by the Associate Provost over Internal Funds and adjusting spending plans, accordingly. This review process will

include plans for the proper utilization of vending commissions, donations, profits from fundraising activities and fees collected from students.

Effective immediately, a system will be instituted to ensure that accounts have available funds prior to the submission and approval of funds requests, and that all supporting documentation is evident prior to approval by the administration. All expenditures will need to be allowable and used for the intent of the monies collected/available in the account.

A meeting will be held on January 25, 2012, with the Associate Provost, Athletic Director, Business Manager, and School Treasurer to review guidelines on the preparation of athletic inventory, the reconciliation of ticket sales, and preparation of deposits. As a result of the meeting, a system will be instituted to ensure compliance on all areas pertaining to the athletic department internal fund procedures.

Responsible Person(s):

ETO Administration

Management Response:

- The Education Transformation Office Administrative Director will meet with the Principal bi-monthly to review internal funds financial activities including those associated with the school's athletic program.

3. School-Sponsored Activities Non-Compliant With Guidelines *Miami Edison Senior*

Section IV, Chapter 2 of the *Manual of Internal Fund Accounting* establishes that school-sponsored fundraising activities must be accounted for in the school's internal funds. According to the guidelines, the school administration is responsible for ensuring that fundraising activities are conducted in accordance with internal funds' policies and procedures. Specifically, the guidelines require that monies collected and disbursed in connection with fundraising activities be processed through the internal funds of the school. Fundraising procedures require that a Student Activity Operating Report [FM-0996] be prepared upon completion of each activity. Also, the school must maintain a Fundraising Activities Log [FM-6672] to record all fundraising activities approved by the administration and conducted by the school. Fundraising merchandise given away as complimentary must be properly documented with signatures or appropriate documentation. Losses from activities must also be properly accounted for on Certificates of Loss reports.

Pursuant to the implementation of the District's Wellness Policy, Healthy Beverage and Food Guidelines for food sales conducted at school campuses before, during and one hour after school restrict food items to no more than 35% of total calories from fat; and no more than 35% added sugar by weight. In support of the District's Wellness Policy, the Cooperative Sales Program, which is a collaborative partnership between the Athletics and Activities Departments and the School Food Service Program, was implemented at the senior high schools in July 2008. The intent was to facilitate the procurement of healthy food items through the school cafeteria, which school clubs can also sell during the day for fund-raising purposes. *Any items not procured through this program cannot be sold until one hour after the end of the school day as per the District's Wellness Policy.*

At this school, fundraising food items such as doughnuts and cookies were sold to students; however these items exceeded calories, fat and sugar percentages established in the District's healthy food guidelines. Furthermore, some of the fundraising activities held and managed by school staff were concealed from the records and proceeds from several activities were passed on to the school as "donations". Details are as follows:

- 3.1. Account activity from one of the athletic clubs disclosed that between February 2011 and May 2011, the school conducted a doughnut sale. According to the sponsor, doughnuts were being sold to the students right before the start of the school and at times when students were changing classrooms. During this time period, the sponsor made a total of 21 separate purchases of doughnuts totaling \$3,716 from a local vendor. Most payments were made directly to the vendor from the cash sales and/or with the sponsor's personal credit card. Three of these purchases totaling \$613 paid via school checks were issued as

reimbursements to the sponsor. The sponsor also confirmed that purchases made with his personal credit card were reimbursed from the cash sales.

All receipts from these sales were posted to the account as “donations”; however, we verified with the sponsor that these were cash sales.

- 3.2. During the two-year audit period, the Social Studies Club conducted five cookie sales. Our review of the cookie sales disclosed a shortfall of \$524 between projected revenues of \$2,760 and collections of \$2,236 posted to the account. According to the Application for Fundraising Activities, cookies were baked and sold right after school for \$0.50 each. The Student Activity Operating Report for one of these sales was not provided.
- 3.3. A club sponsor conducted several fundraising activities throughout the year to subsidize the cost of club uniforms and equipment. The amount raised was \$4,398. Items sold included various snacks. The sale took place right after school in the main lobby. We found that in four of five activities conducted during 2010-2011 fiscal year, purchase of the items for sale could not be traced to any of the club’s disbursements. According to the sponsor, all items were donated; however, we noted several disbursements in the account which represented reimbursements to the sponsor for the purchase of fundraising merchandise.

Section IV, Chapter 1 of the *Manual of Internal Fund Accounting* establishes the policies and procedures over receipts and disbursements generated from field trip activities. Specifically, this chapter states that the financial activity associated with school-sponsored field trips must be accounted for through the internal funds of the school. Consequently, school-allied organizations are welcome to make monetary donations to subsidize the cost of field trip activities; however, these organizations may not independently make travel arrangements or pay vendors directly for expenses related to these school-sponsored field trips. Section IV, Chapter 12 of the *Manual* further states that school employees must not handle money or fundraising merchandise for a school-allied organization chartered at the school at which they are employed.

- 3.4. Our review of a field trip activity initially disclosed an unfavorable difference of \$1,080 between potential field trip revenues of \$4,455 and actual field trip collections posted to the account of \$3,375. According to the field trip sponsor, the difference was due to a \$45 credit that was given to those students who participated in a barbeque fundraising activity supposedly coordinated by a school-allied organization. However, we found that the activity was conducted by the sponsor who initially covered the start-up costs with personal funds and reimbursed himself from the cash proceeds. According to the school records, a donation from this activity amounting to \$917 was received by the school.

RECOMMENDATIONS

- 3.1. **Strengthen the review over fundraising activities, including the preparation, review and filing of Student Activity Operating Reports, Inventory and Operating Statements and Fundraising Activities Log.**
- 3.2. **Review the procedures with sponsors to ensure awareness and compliance of the requirements; and consider the number of activities conducted at a given time by a sponsor.**

Responsible Person(s):

**Provost,
Associate Provost over Internal Funds,
Activities Director, Athletic Director
and Treasurer**

Management Response:

The Provost, Associate Provost over Internal Funds, Treasurer, Athletic Director, and the Activities Director will meet to review policies regarding the procedures for filing Student Operating Reports, Inventory and Operating Statements, and Fundraising Activities. A listing of all sponsors and fundraisers taking place will be reviewed bi-weekly to ensure efficiency and accuracy. Bi-weekly meetings will take place with the aforementioned individuals to establish a fundraising schedule to ensure compliance with all School Board policies.

Effective immediately, the Provost will discuss the collection procedures with the staff in order to make them aware of the need for proper collection documentation requirements and the timely payment of expenditures. Additionally, the Provost directed all sponsors and athletic coaches to conduct an inventory count of fundraising merchandise on hand and submit documentation to the Associate Provost over Internal Funds and the Treasurer.

The Provost assigned an administrator to oversee collection functions and the work of the Treasurer and directed him to inform administration of any discrepancies related to the collections, fundraising, and inventory for immediate corrective action.

Responsible Person(s):

ETO Administration

Management Response:

- The Education Transformation Office Administrative Director will monitor compliance with internal funds procedures by reviewing monthly financial reports and conducting site visits to verify the financial activity associated with school sponsored activities and fundraisers.

4. Yearbook Activity Not In Compliance ***Miami Edison Senior***

Section IV, Chapter 6 of the *Manual of Internal Fund Accounting*, establishes that the purchase of yearbooks by students is entirely optional, and in senior high schools, the sales price should be as near the average cost of the yearbook as possible. The yearbook activity must be sponsored by the school with a faculty adviser/sponsor designated to oversee the production and sales activity, and ascertain that it is conducted in accordance with prescribed policies and procedures. The publishing costs for the yearbook are mainly financed by the sale of the yearbooks and advertising. The guidelines further advise the yearbook sponsor to review the yearbook order from the prior year and number of books sold before specifying the number of copies to order in the next year's bid. Additionally, School Board Rule 6Gx13-6A-1.25⁵ establishes the guidelines regarding the fees to be charged to students for yearbooks. This school did not conduct a yearbook activity during the prior audit.

The following discrepancies were noted during the review of the 2009-2010 and 2010-2011 yearbook activity:

- 4.1. In 2009-2010, of 100 yearbooks received, the school only sold 63 books and 32 with a cost of \$1,896 remained unsold at the end of the year. Three of the 32 books were unaccounted for at the time of the audit. In 2010-2011, the yearbook order was decreased to 75; however, only 41 books were sold this time and 29 books with a cost of \$3,015 remained unsold at the end of the year. Five of the 29 books were unaccounted for at the time of the audit. The same sponsor managed the activity during both years. We reviewed the 2011-2012 yearbook bid and found that the school ordered 75 books with an option to increase to 100. As of the time of this audit, the school had not sold any books.
- 4.2. In 2009-2010 the Monthly Operating Reports were incorrectly prepared. In 2010-2011 the school completed one report for the entire year in lieu of monthly yearbook activity reports. In addition, Distribution Reports and Log of Yearbooks Sold were not on file at the school.
- 4.3. In 2009-2010, the cost of the book was \$59; and was sold to students for \$40 and \$50. In 2010-11 the cost of the book increased to \$104; however, the sales price remained at \$40 and \$50 which was significantly below cost. In both years, the school conducted fundraisers to subsidize the difference; however, in 2010-

⁵ School Board Rules were repealed effective July 1, 2011. Effective July 1, 2011, adopted Board Policy No. 6152 *Student Fees* addresses the subject of student fees such as yearbooks in a similar manner.

2011 the school was unable to raise sufficient funds and there was an unpaid balance of \$5,299 to the yearbook vendor.

4.4. Official receipts were used in lieu of yearbook receipts.

RECOMMENDATIONS

4.1. Periodically meet with the yearbook sponsor to monitor the health and well-being of the activity and to make adjustments, as needed.

4.2. Ensure that staff understands and adheres to the procedures for completing yearbook reports, and for maintaining complete documentation related to the activity on file.

4.3. Contact the vendor to make arrangements to pay the outstanding liability.

Person(s) Responsible:

**Provost,
Associate Provost over Internal Funds,
Activities Director, Yearbook Sponsor
and Treasurer**

Management Response:

The Associate Provost will closely monitor 2011-12 sales activity to ensure that yearbook sales and fundraising efforts are sufficient to cover the related yearbook expenses and that Monthly Operating Reports are prepared in a timely manner.

Although the Provost has already ensured that yearbook prices are affordable to students, he will research the possibility of replacing the yearbook with a Memory Book to further reduce cost. The Provost will meet with the Yearbook Sponsor and the Associate Provost to discuss fundraising activities to help support the cost of the books.

The Provost will direct the treasurer to make arrangements to pay the outstanding liability for the Yearbook account.

Person(s) Responsible:

ETO Administration

Management Response:

- The Principal has been directed to closely monitor 2011-12 sales activity to ensure that yearbook sales and fundraising efforts are sufficient to cover the related yearbook expenses and that Monthly Operating Reports are prepared in a timely manner.
- The Education Transformation Office Administrative Director will meet with the principal to establish appropriate method of payment to ensure outstanding liability is resolved.

**5. Donations Improperly
Posted To The Special Purpose
Account Were Misappropriated
*Miami Edison Senior***

According to Section III, Chapter 4 of the *Manual of Internal Fund Accounting*, the school principal has the flexibility to spend revenues from the school's Special Purpose account at his/her discretion. Customarily, this account is used to pay for hospitality-related expenditures of the school. Sources of revenue to the Special Purpose account are limited; one of them being donations from outside persons or organizations *specifically designated for this account. In such cases, donations must be accompanied by a donation letter specifically stating this purpose.* This Section/Chapter also states that any donation received by the school where the intended purpose is specific or restricted will require that the funds be accounted for in a separate Trust Fund account within the internal funds of the school.

During the 2010-2011 fiscal year, the Special Purpose account listed a total of 19 receipt entries totaling \$17,297 which were described as "donations". Our review disclosed that 13 of these "donations" totaling \$10,937 should not have been posted to this account for the following reasons:

- 5.1. In 4 instances totaling \$8,612, the accompanying donation letters indicated that the intended use was specific and funds should have been accounted for in separate Trust Fund accounts. The most significant corresponded to a \$7,000 receipt which according to the donor was intended for supplies, athletics, student activities or other educational items.
- 5.2. In 9 instances totaling \$2,325, the monies were intended as payment for the temporary use of the school facilities. Accordingly, these payments should have been remitted to the district⁶. Supporting documentation on file included "donation" letters from a non-profit organization. We contacted the administration of the non-profit, who acknowledged in writing that payments were for the usage of the school's track and field facility and never intended as donations. Furthermore, according to the District's Facilities Operations Office, the school had not submitted a Temporary Use Agreement of School's Facilities for this organization.

⁶ School Board Rule 6Gx13-1D-1.10 *Use of School Facilities* (superseded by Board Policy 7510 effective July 2011) establishes that the school shall not grant use of any space to any non-school person or organization until an application to use the facilities has been submitted and approved by the Department of Plant Operations. The procedures also state that payment for the temporary use of the facilities must be submitted to the Office of Facilities Operations based on a rental fee schedule.

As of June 30, 2011, the balance on the account was only \$155. Of the total spent, we noted that the former Treasurer had posted to this account a total of \$9,546 in fraudulent disbursements during this fiscal year.

RECOMMENDATIONS

- 5.1. Discuss guidelines over the Special Purpose account, donations and the rental of facilities with staff and administration for understanding and awareness of the requirements.**
- 5.2. Direct staff to comply with the requirements for the rental and use of the facilities.**
- 5.3. Strengthen the review and oversight over this account to ensure the propriety and the posting of charges.**

Person(s) Responsible:

**Provost,
Associate Provost over Internal Funds,
Activities Director and Treasurer**

Management Response:

The Provost will meet with the Administrative team, Activities Director in charge of rental of facilities, Athletic Director, and the Treasurer to ensure all policies and procedures are being implemented as it relates to donations and rental of facilities.

The Provost will meet with the Associate Provost over Internal Funds, The Activities Director, and the Athletic Director, to ensure all documentation procedures are followed as it pertains to rental of facilities and that no outside entities are using the facility without proper approvals.

The Provost will discuss with the entire staff the procedures to follow in reference to donations and collections during the faculty meeting in February.

The Provost, Associate Provost, and Treasurer will meet on a bi-weekly basis to review the Special Purpose account and all deposits posted for donations to ensure funds are deposited as per district guidelines.

The Provost assigned an administrator to oversee collections function and the work of the Treasurer and directed him to inform administration of any discrepancies related to the collections function for immediate corrective action. This administrator will also review the collection activities periodically to ensure that collections are properly documented.

Person(s) Responsible:

ETO Administration

Management Response:

- The Education Transformation Office Administrative Director directed the Principal to meet with the new Treasurer to thoroughly review the policies and procedures as it relates to monies received from the rental of facilities and Special Purpose account guidelines.

**6. Discrepancies In English Language Learners' (ELL) Student Records Resulted In Potential FTE Funding Disallowances
*Miami Edison Senior***

For the 2010-2011 school year, guidelines and procedures for maintaining ELL student information were provided through the 2010-2011 Opening of School Year Information and Reminders, the Division of Bilingual Education and World Languages memoranda, the *District Plan For Services to English Language Learners (ELLs)*.

According to the guidelines, parents/guardians must be notified each school year of their child's participation or any programmatic change in the ESOL program. Copies of the Home Language Surveys [FM-5196] must also be properly completed and are to be filed in the ESOL Program Record folder. In addition, all sections of the Individual ELL/LEP Student Plan [FM-4650] must be appropriately initiated and/or updated in a timely manner and maintained in the student cumulative folder. For the 2010-2011 fiscal year, a Web-based ELL/LEP Plan (WLEP) must be completed for *all* ELL students and must be signed and dated.

In those instances where a student has been enrolled over six semesters in the ESOL program, the student folder must hold evidence that the LEP committee convened to assess progress after each semester. At the present time, Florida uses the Comprehensive English Language Learning Assessment (CELLA) to measure the progress of English Language Learner (ELL) students who are working toward the attainment of English proficiency. Each student who takes the CELLA will receive a student score report containing the results of his/her performance on the test. The CELLA test score report must be included in the LEP folder.

A review of a sample of 24 ELL student folders disclosed the following discrepancies in 23 student folders (96%). The sample's high error rate requires management's immediate attention:

- 6.1. In 23 instances, the individual ELL/LEP Student Plans [FM-4649] were not properly completed. Specifically, they were not signed/dated by the teacher.
- 6.2. In one instance, a CELLA test report was not in the file. According to the student's LEP plan, it appears that the student took the exam at the previous school.
- 6.3. In five instances, a LEP Committee meeting was not documented properly since a recommendation was not indicated.

- 6.4. In two instances, a Home Language Survey [FM-5196] was not in the student's temporary file. According to the school, original files were not received from the previous school.

Pursuant to our calculations, the findings stated above could have potentially generated an FTE funding disallowance to the district of approximately \$3,800.

RECOMMENDATION

6. **To reduce the probability of potential losses in funding and other non-compliance issues regarding ESOL criteria, ESOL staff and administration should review ESOL Program Record Folders to make certain that the information is accurate and that all pertinent forms are completed and filed in the folders immediately after the information is entered into ISIS.**

Person(s) Responsible: Provost, Associate Provost and Dean over ESOL

Management Response:

The Provost, Dean over ESOL, and ESOL Department Chairperson will review on a quarterly basis all ESOL Program Record Folders to make certain that the information is accurate and compliant.

The Provost reviewed the following with the Dean over ESOL and the ESOL Department Chairperson:

- Directed the Dean over ESOL to conduct an ESOL Program Record compliance audit immediately and to inform the Provost of any discrepancies. All noted deficiencies will be addressed immediately upon their finding.
- Discussed ESOL Program Record compliance procedures with the Dean over ESOL to ensure understanding of the expectations of the Federal, State, and District authorities.
- A work plan was developed that addresses the manner by which ESOL Program Records will be maintained and updated to ensure that the information is accurate and that all pertinent forms are completed and filed in the appropriate folders immediately after the information is entered into ISIS in a timely manner.

Person(s) Responsible: ETO Administration

Management Response:

- The Education Transformation Office Administrative Director will solicit assistance from the Office of Bilingual Education and World Languages to conduct mini-reviews each semester for compliance in selected areas of the ELL Program

- Results from the District's mini-reviews will be submitted to the Education Transformation Office Administrative Director. Discrepancies will be discussed with the Principal and corrections will be made accordingly.
- The affected Principal will be required to attend the FTE training when offered by the District.

**7. Discrepancies In
On-The-Job Training Records
Resulted In Potential FTE Funding
Disallowances
*Miami Edison Senior***

The Division of Career and Technical Education establishes the guidelines and procedures for the OJT Program. Students enrolled in the OJT Program need a Job Training Attendance Record [FM-5248] completed for each grading period. This form must be signed by the employer, student and teacher. A Job Search Record [FM-5888] must be completed weekly by all unemployed students to document their job search results.

A review of a sample of ten OJT students revealed the following discrepancies in all ten student folders or 100% of the sample selected:

- 7.1. In nine instances, the Job Training Attendance Record [FM-5248] (Time Card) did not indicate the signature of the work supervisor.
- 7.2. One Time Card indicated hours scheduled instead of hours worked.
- 7.3. For one student, a Time Card and Job Search Record were not evident.
- 7.4. The class roster submitted with the Attendance Record Receipt [FM-5889] was printed one month after the grading period ended.

Pursuant to our calculations, the findings stated above could have potentially generated an FTE funding disallowance to the district of approximately \$3,700.

RECOMMENDATION

- 7. Ensure that all OJT records are properly completed and have required signatures.**

Person(s) Responsible:

**Provost,
Associate Provost over Internal Funds
and OJT Coordinator**

Management Response:

The Provost, the Associate Provost over Internal Funds, and the OJT Coordinator will review on a quarterly basis all OJT Program Record Folders to make certain that the information is accurate and that all pertinent forms and signatures are completed and filed in the folders immediately.

The Provost reviewed the following with the Associate Provost over Internal Funds, and the OJT Coordinator:

- Directed the Associate Provost over Internal Funds, and the OJT Coordinator to conduct an OJT Program Record compliance audit immediately and to inform the Provost of any discrepancies. All noted deficiencies will be addressed immediately upon their finding.
- OJT Program Record compliance procedures with the Associate Provost over Internal Funds, and the OJT Coordinator to ensure understanding of the expectations of the Federal, State, and District authorities.

Person(s) Responsible:

ETO Administration

Management Response:

- The Principal has been directed to immediately conduct an OJT Program Record compliance audit in order to address discrepancies.
- The Education Transformation Office will review the work plan developed to address the manner in which records will be maintained, updated for accuracy, and that all pertinent forms are completed and filed appropriately.

**8. Inadequate Recordkeeping,
Documenting And
Reporting Of Payroll
*Miami Edison Middle***

The *Payroll Processing Procedures Manual* and *Payroll Highlights* published by the Payroll Department establish the procedures for documenting, recording and reporting the payroll. According to the *Manual*, the Daily Payroll Attendance Sheet is one of the most important documents in the payroll process. Accordingly, its accuracy and completeness are of paramount importance to school site administration that would customarily rely on this document to certify that the payroll information being reported is correct.

Our review of three sampled payrolls in October and November 2011 under the tenure of the current administration noted the following discrepancies:

- 8.1. A temporary instructor who worked a total of 12 full days had not been paid. According to the school administration, the District was in the process of hiring this individual for an open teaching position at the school. In the meantime, the administration engaged this individual to work as a temporary instructor without realizing that he was ineligible to work in such capacity until the hiring process was complete.

As of the completion of the audit, the individual has been hired; however, has not been paid for the 12 days previously worked. At our request, the school administration contacted administration from Personnel Operations to determine how this matter can be resolved.

- 8.2. A review of the sign-in sheets in use during the audit visit which took place on November 16 and 17, 2011, disclosed instances where cafeteria employees and a security monitor had signed in/out at the same time or had not signed out for the previous day.
- 8.3. The attendance reported on the Daily Payroll Attendance Sheets and Final Rosters did not agree for two employees. In one instance, the employee was reported on temporary duty while out on sick leave. In the other instance, a temporary instructor had not been paid for one day's work. Payroll corrections were made at our request.

The District requires school sites to use the *Temporary Instructors Daily Payroll Attendance Sheet (Pool And Emergency Substitutes)* [FM-7090] to document time worked by temporary instructors. In addition to recording the attendance of the temporary instructor on this form, the absent employee's number and name should be indicated as well as other required information. Furthermore, in those instances where

the Temporary Instructor is not being charged against an absent teacher or an open position, a “memo of explanation” must be kept on file with the payroll records.

- 8.4. We identified several instances where the Daily Payroll Attendance Sheets for temporary instructors were incomplete as the assignments were not identified. According to the school administration, assignments were not identified because these were open positions. In addition, half and full days were not indicated and in a few instances, temporary instructors were not signing in/out to indicate their attendance.

RECOMMENDATIONS

- 8.1. **Review payroll procedures with school staff and administration, particularly as they relate to payroll reporting, recordkeeping, and the preparation of leave cards to ensure understanding and awareness of the procedures.**
- 8.2. **Strengthen the overall review of the payroll process and all payroll records to ensure that documentation supports the payroll reported.**
- 8.3. **Ensure that potential hires are fully processed prior and cleared for work prior to issuing work assignments.**

Person(s) Responsible:

Principal and Principal’s Secretary

Management Response:

The Principal and Assistant Principal conducted a faculty meeting on December 6, 2011 to review and address payroll procedures regarding daily attendance signing in/out. Announcements are also made periodically during the week to remind faculty and staff employees of their duty to mark the attendance sheets accurately and in a timely manner. In addition, a memo will be sent to faculty and staff employees that fail to sign in/out appropriately.

The Principal and Principal’s Secretary have thoroughly reviewed the Payroll Processing Procedures Manual. The Principal’s Secretary will monitor the sign-in sheet daily and will notify the Principal and/or Assistant Principal of any discrepancies. Every Thursday, the Principal and Principal’s Secretary will review the payroll records (leave cards, substitute rosters, hourly payroll, etc.) to ensure the payroll records are accurate.

The Principal met with the Assistant Principal and Principal’s Secretary to define roles and develop procedures when temporary instructors are recruited for the work site. The Assistant Principal will interview candidates and request a valid temporary instructor certificate prior to service. The Principal’s Secretary will verify the validation of the

certificate. The candidate will not be employed without absolute evidence of a valid temporary instructor certificate or cleared by Human Resources, Miami-Dade County Public Schools.

Currently, the individual in question, has been appropriately hired and payroll for the days worked in the capacity of a temporary instructor has been approved. This issue has been corrected and is now resolved.

Person(s) Responsible:

ETO Administration

Management Response:

- The Education Transformation Office Administrative Director will review and monitor the systematic approach developed to ensure that payroll procedures are properly maintained. This will include a review of the calculations of hours recorded for hourly employees, verify that the daily payroll corresponds to employee's actual attendance, identify appropriate leave types on leave cards, attach appropriate documentation to leave cards, etc.
- The Education Transformation Office Administrative Director will conduct bi-monthly site-reviews to ensure compliance with all guidelines found in the *Payroll Processing Procedures Manual*.

**9. Receipts/Deposits
Non-Compliant
With Guidelines
*Hialeah Senior***

Section II, Chapters 2 and 3 of the *Manual of Internal Fund Accounting* establish the policies and procedures regarding the collection, accounting, and depositing of money generated from Internal Fund activities. One of the requirements is that sponsors must remit monies for deposit in a timely manner.

We tested a sample of 16 receipts, which included four from the current year to determine the school's compliance with receipt/deposit documentation requirements. Our test found that:

- 9.1. During the 2010-2011 and 2011-2012 fiscal years, the Cheerleading sponsors were not always remitting funds to the treasurer for deposit in a timely manner. In one instance during the current year, one of the Cheerleading sponsors collected \$4,337 between August 23, 2011 and September 9, 2011, and did not turn in the funds to the treasurer for deposit until September 16, 2011. Of this total, \$4,247 was cash. According to the sponsor, she kept the funds in her personal safety deposit box to ensure its safety. In addition, we noted a few other instances where the Cheerleading sponsors delayed submitting collections for deposit a few days.

The Office of the Controller's *Policies and Procedures for Safeguarding Funds at the Schools* published via *Weekly Briefing # 5164*, dated November 6, 2008, address the safeguarding of deposits at schools. Pursuant to these procedures, deposits awaiting the armored car pick-up service are to be logged in the Collections/Deposits Log [FM-7249] at the time the deposit is placed in the secure area and removed from this area for the armored car pick-up service. Procedures also require that the log be signed by the responsible individual and an administrator/designee.

- 9.2. The Collections/Deposit log was not properly utilized. The school was documenting those deposits that exchanged hands between the cafeteria manager and the treasurer; however, final custody of the school deposits stored in a safe place awaiting delivery to the bank was not properly documented.

RECOMMENDATIONS

- 9.1. **Discuss receipting and depositing procedures with staff for understanding and awareness of the requirements.**
- 9.2. **Strengthen the review and oversight of receipting/depositing activities to ensure that monies are timely receipted, deposited and properly recorded.**

9.3. Ensure that the Collections/Deposits Log [FM-7249] is consistently utilized to document those deposit packages awaiting the armored car pickup service.

Responsible Person(s): **Principal, Principal's Designee, Treasurer, Activities Director and Club Sponsors**

Management Response:

- The Principal met on January 12, 2012, with the Principal's Designee, the Activities Director, the Treasurer, and all Club Sponsors to discuss receipting and depositing procedures to ensure understanding and awareness of the requirements prior to said activities taking place.
- A copy of Section II, Chapters 2 and 3 of the Manual of Internal Fund Accounting will be provided to all club sponsors outlining the policies and procedures regarding the collection, accounting, and depositing of money generated from internal fund activities prior to their conducting said activities to ensure compliance.
- The Treasurer will secure an administrator's signature on the Collections/Deposits/Log (FM-7249) verifying money deposits to be stored in the school vault on a daily basis.
- The Principal will monitor to ensure that monies are deposited and properly recorded in a timely manner.
- The Principal's Designee will ensure that monies are deposited and properly recorded in a timely manner through the use of the Collection/Deposit Log.
- The Principal will meet with the Principal's Designee and the Treasurer once a month to ensure that the Collections/Deposits Log (FM-7249) is properly utilized to document those deposit packages awaiting the armored car pickup service.

Responsible Person(s): **North Regional Center Administration**

Management Response:

The North Regional Center Financial Business Operations Director instructed the Principal to thoroughly review Section II Chapters 2 and 3 of the Manual of Internal Fund Accounting to ensure adherence to all policies and procedures regarding the collection, accounting securing and depositing of money generated from Internal Fund activities.

The North Regional Center Financial Business Operations Director cooperatively with the Principal will solicit assistance from the Office of Internal Funds to provide necessary training for selected staff.

The North Regional Center Financial Business Operations Director will conduct quarterly site reviews to ensure that the collections/Deposits log is properly utilized to document those deposit packages in school custody.

Responsible Person(s):**District/School Operations Administration****Management Response:**

- District/School Operations will review results quarterly of the District/Region Business Director reviews of selected areas of Internal Funds including Bank Reconciliations, Deposits and Disbursements, Student Activities, and Operating Activities of adult education centers. Similar quarterly reviews in the areas of payroll, Title I records and Community School procedures will take place.
- Discrepancies with the areas cited above will be investigated through the appropriate District/Regional Center office.
- District/School Operations will work collaboratively with Region Centers and facilitate appropriate training from District Offices in Title I, Internal Accounting and Payroll, respectively.
- District/School Operations will work cooperatively with the Region in providing assistance from the Office of Internal Fund Accounting, respectively. Furthermore, District/School Operations will keep on file Region results of the mini-reviews held with Principals in selected areas noted in these schools' audit responses.
- The Money Matters Support Program will provide information on the proper implementation of Internal Funds and appropriate purchases and disbursement procedures.
- District/School Operations will work collaboratively with the corrective plan of action from Region and District administration to ensure that property issues undergoing relocation from one site to another are closely monitored and judiciously expedited.

**10. Disbursements
Non-Compliant
With Guidelines
*Hialeah Senior***

According to Section III, Chapter 4 of the *Manual of Internal Fund Accounting*, hospitality expenses for school-related activities should be posted to the Trust Fund-Special Purpose account. Pursuant to guidelines for the disbursement of funds in Section II, Chapter 6, Section IV, Chapter 7 and Section III, Chapter 9 of the *Manual*, expenses associated with commencement ceremonies may be paid from certain Classes and Clubs accounts or the Special Purpose account; however, these are not allowed to be paid from Instructional Materials and Supplies' (Fund 9) revenue. Furthermore, payments for wireless communication devices such as cellular telephones are not allowed.

A review of the school's disbursement activities conducted through the Internal Funds for the 2009-2010 and 2010-2011 fiscal years disclosed several disbursements that were not allowed or were charged to the wrong accounts; or the school did not obtain the approval of the Board to disburse. Specifically,

- 10.1. The school paid for cellular telephone charges corresponding to a telephone assigned to the athletic director. Cellular telephone charges posted to the Classes and Clubs-Athletic Student Activities account amounted to \$960 and \$780 for each respective fiscal year. The school discontinued the telephone service at our request.

Hospitality-related disbursements improperly charged to accounts other than the Special Purpose account included school luncheons for staff and the rental of faculty caps and gowns. In addition, the school improperly charged the Fund 9 account for flower arrangements for the graduation ceremony.

According to School Board Rule 6Gx13-3C-1.18⁷ *Expenditures for Awards and Incentives*, prior School Board approval was required for all monetary awards and non-monetary awards where the unit cost of the award exceeded \$40.

- 10.2. During the audit period, the school issued three disbursements of \$1,000 each directly to three students and charged them to the Yearbook account. According to the yearbook sponsor, these were "non-competitive scholarships" awarded to the three students for their efforts invested in the production of the yearbook.

⁷ Effective July 1, 2011, School Board Policy 6680 *Awards and Incentives*, which supersedes School Board Rule 6Gx13-3C-1.18, has increased the approval threshold for these types of awards to \$100.

However, pursuant to award cost thresholds established by School Board policy and the *Manual*, such awards require prior approval from the School Board.

Pursuant to Section II, Chapter 4 of the *Manual of Internal Fund Accounting*, in those instances where an individual purchase exceeds \$1,000, but is less than \$5,000, a minimum of three documented telephone quotes must be included as part of the ancillary documentation to show that the lowest bid was selected.

We tested a sample of 17 disbursements, which included four from the current year to determine the school's compliance with disbursement documentation requirements. Our test found that:

- 10.3. In nine instances, the school did not have on file written telephone quotes for internal funds purchases with a total cost of \$1,000 or more. Most of these consisted of uniform purchases.

RECOMMENDATIONS

- 10.1. Review disbursement procedures with staff to ensure a proper understanding of the requirements and expectations.**
- 10.2. Prior to approving any expenditures ensure that the expenditure is allowable.**
- 10.3. Adhere to award cost thresholds established by the School Board and obtain all necessary approvals.**
- 10.4. Document telephone quotes and include with disbursement documentation.**
- 10.5. Make appropriate corrections by charging the faculty gown rental and the flower disbursements to the proper accounts.**

Responsible Person(s):

Principal, Principal's Designee,
Activities Director, Athletic Director,
Treasurer and Club Sponsors

Management Response:

- The Principal met with the Treasurer on January 12, 2012, to review guidelines for the disbursement of funds in Section II, Chapter 6, Section IV, Chapter 7 and Section III, Chapter 9 of the Manual of Internal Fund Accounting to ensure compliance.
- Prior to approving any expenditure, the Treasurer will ensure that the expenditure is allowable and, if applicable, the bid process will be implemented with fidelity by

securing the three required quotes for all purchases over \$1,000.00. The Principal will review said expenditures to ensure compliance.

- A correction was made to charge the disbursements for the faculty graduation gown rentals and flower arrangements to the proper accounts on September 26, 2011. The Principal and the Principal's Designee will conduct mini-audits of expenditures on a quarterly basis to ensure that charges are posted to appropriate accounts.
- The Principal met with the Principal's Designee, the Athletic Director, the Activities Director, and the Treasurer to review, discuss and ensure adherence to School Board Policy 6680 Awards and Incentives.
- The Principal, the Principal's Designee, the Athletic Director, and the Activities Director met on January 13, 2012, with the Treasurer and all club sponsors to ensure that proper documentation is included with all disbursements including telephone quotes when applicable. The Principal will review all documentation prior to final approval.

Responsible Person(s):

North Regional Center Administration

Management Response:

The North Regional Center Financial Business Operations Director instructed the Principal I to thoroughly review the guidelines for the disbursement of funds in Section II, Chapter 6 Section IV, Chapter 7 and Section III, Chapter 9 of the Manual of Internal Fund Accounting and develop a systematic plan to follow regarding disbursements.

The North Regional Center Financial Business Operations Director cooperatively with the Principal will solicit assistance from the Office of Internal Funds to provide necessary training for selected staff.

Responsible Person(s):

District/School Operations Administration

Management Response:

Refer to page 63 of this report and page 143 in the report's Appendix Section for District/School Operations' comprehensive response addressing the recommendations to the school finding of Hialeah Senior High School.

11. Inadequate Controls Over Disbursements Highland Oaks Middle

Section III, Chapter 9 of the *Manual of Internal Fund Accounting* delineates the guidelines over Instructional Material and Supplies (Fund-9) disbursements. According to the guidelines, expenditures not allowed to be paid from Fund 9 revenue include equipment purchases with an individual cost of \$1,000 or more. In such instances, the school must procure the equipment through the customary district procurement channels.

Section II, Chapters 4 and 5 of the *Manual of Internal Fund Accounting* require that payments to vendors be made in a timely manner, within 30 days of satisfactory receipt of goods/services, unless special arrangements with the vendor are agreed upon and obtained in writing. In those instances where an individual purchase exceeds \$1,000, a minimum of three documented telephone quotes must be included as part of the ancillary documentation to show that the lowest bid was selected.

We sampled a total of ten disbursements corresponding to the 2010-2011 fiscal year and 2011-2012 fiscal year up to the time of the audit. Our review disclosed the following discrepancies:

- 11.1. The school purchased a laptop for \$2,138 and improperly posted the purchase to the Fund 9 account. According to the school, this equipment was purchased to assist with the maintenance of the school's website, the creation of multi-media presentations and related tasks. During our initial audit visit, the laptop was not available at the school because it was in the custody of an administrator currently assigned to another work location. The school had previously submitted an Incoming Controlled Equipment Form requesting the tagging of the equipment for inventory control purposes; however, the equipment was not yet tagged. The laptop was subsequently returned to the school and has since been tagged.
- 11.2. In five separate instances, purchases over \$1,000 were made and three documented telephone quotes were not included with the disbursement documentation as evidence that the lowest quote had been selected. Also, some of the purchases included items that are customarily stocked at Stores and Mail Distribution (S&MD). Schools are encouraged to purchase items stocked at S&MD.
- 11.3. In one instance, an expenditure totaling \$1,960 and charged to the Fund 9 account was paid over three months late.

RECOMMENDATIONS

- 11.1. Review the disbursement procedures with staff to ensure a proper understanding and awareness of the requirements.**

11.2. Strengthen the review over disbursements to ensure quotes are obtained as applicable and that purchases are properly documented.

11.3. Ensure that equipment purchases with an individual cost of \$1,000 or more purchased with Internal Funds are made from the proper accounts and tagged.

Responsible Person(s):

Principal, Assistant Principal and Treasurer

Management Response:

- The Principal, Assistant Principal and Treasurer have reviewed Section 3, Chapter 9 of the Manual of Internal Fund Accounting regarding the allowable expenditures for the Educational Support (Fund 9) Program. Each designee maintains a copy of the listing for quick reference in a folder on their desks.
- The Principal, Assistant Principal and Treasurer reviewed Section 2, Chapters 4 and 5 of the Manual of Internal Fund Accounting pertaining to payments to vendors and the acquisition of three documented quotes for purchases over \$1,000.00.
- The Principal developed a systematic process for purchases made through internal funds accounts:
 - Upon completion of the purchase order, the Treasurer will attach a school created checklist identifying the funding source, verification that it is an allowable expenditure through the desired account, and the documentation of the three required quotes for purchases over \$1,000.00. The checklist will require the Treasurer's initials next to each line.
 - Upon preparation of the check requisition package, the Treasurer will again review the checklist documentation. Additionally, the Treasurer will check the date of the invoice against the date of receipt and the date of the check requisition. The Treasurer will initial the checklist to verify that the dates are in compliance.
 - Upon receipt of the check requisition package, the Principal will review the attached documentation and check the date of the invoice against the date received and the date of the check requisition. The Principal will initial the checklist to verify the dates are in compliance. The Treasurer, as verified by the principal will ensure that purchases are made from Storage and Distribution whenever possible.
- The Principal met with the school's staff and reviewed the procedures for internal funds purchases on January 12, 2012.
- The Principal, the Assistant Principal over internal funds, the Treasurer, and the Assistant Principal over property control, reviewed Section 2.2 of the Manual of Property Control Procedures pertaining to receipt of property reported by the school as purchased through internal funds, including the use of FM-1669, "Incoming Controlled Equipment."

- The Treasurer upon receipt of purchased equipment that should be tagged will complete FM-1669 and submit it to the Assistant Principal over property to be reviewed.
- The Assistant Principal over property will review FM-1669 and submit it to the principal to be signed and secure the equipment.
- The Principal will review and sign FM-1669 and ensure that the form is submitted to property accounting in a timely manner.
- The Principal met with the school's staff on January 13, 2012, to review the procedures for tagging equipment purchased through internal funds.

Responsible Person(s):

North Regional Center Administration

Management Response:

The North Regional Center Financial Business Operations Director and the Principal established an organized plan for the Principal to implement and monitor after review with affected staff. The plan encompasses tracking a purchase from its initiation through its completion of payment including monitoring of disbursement function and documentation related to Internal Funds and Fund 9 accounts as well as guidelines for timelines of payment.

The North Regional Center Financial Business Operations Director will conduct on-site mini-reviews each quarter to ensure that all purchases are made in accordance with district policies. Additionally, Purchase Order Requisition Logs, invoices and all related documentation will be reviewed to ensure that record keeping procedures are in compliance and processed in a timely manner.

Responsible Person(s):

District/School Operations Administration

Management Response:

Refer to page 63 of this report and page 143 in the report's Appendix Section for District/School Operations' comprehensive response addressing the recommendations to the school finding of Highland Oaks Middle School.

**12. Inadequate Controls
Over Yearbook Sales
Highland Oaks Middle**

Section IV, Chapter 6 of the *Manual of Internal Fund Accounting* establishes the procedures over the yearbook activity. According to the procedures, the responsibility for maintaining the yearbook documents rests with the yearbook sponsor. Also, pursuant to Board Policy, the yearbook should be sold to students as close to cost as possible.

During the prior audit, we discussed with the former school administration issues related to the yearbook activity which required improvement. These included low sales and high ending inventories of unsold books, and the distribution report that was not properly completed. The prior audit was signed during May 2011.

- 12.1. For the 2010-2011 fiscal year, the school reduced the order of yearbooks as we had previously recommended; however, of the 660 books received, the school only sold 338 and issued 19 complimentary books for a leftover balance of 303 unsold books or 46% of total books received. These unsold books have a cost of \$6,039. For the 2011-2012 fiscal year, the school ordered 600 yearbooks.
- 12.2. The school missed the deadline for submitting pages to the vendor, which negatively impacted the timeline for delivering the book. In order for the yearbooks to be delivered before the end of the school year, the school was required to pay a \$1,080 rescheduling fee.
- 12.3. The Distribution Report and the Complimentary List were not signed by the yearbook sponsor. Additionally, the 2010-2011 winning bid was not signed by the Principal.
- 12.4. Yearbooks were sold to students at \$25 while the cost of a yearbook was approximately \$20. Therefore, the sales price exceeded the cost of the book by \$5.

As of the completion of this audit, the school had not sold any yearbooks corresponding to 2011-2012.

RECOMMENDATIONS

- 12.1. Ensure that staff understands and adheres to the procedures for completing yearbook reports, and for maintaining on file complete documentation related to the activity.**

12.2. Periodically meet with the yearbook sponsor to monitor the health and well-being of the activity and to make adjustments, as needed.

Responsible Person(s):

**Principal, Assistant Principals,
Treasurer and Yearbook Sponsor**

Management Response:

- The Principal, Treasurer, the Assistant Principal for curriculum, the Assistant Principal for internal funds, and the yearbook sponsor reviewed Section 4, Chapter 6 of the Manual of Internal Fund Accounting pertaining to yearbook sales.
- The Principal, Treasurer, Assistant Principal for curriculum, Assistant Principal for internal funds, and yearbook sponsor reviewed previously completed yearbook reports.
- The Principal developed a systematic process to monitor yearbook activity.
 - The Principal will meet with the Assistant Principal for curriculum and the yearbook sponsor prior to the commencement of the school year to determine the yearbook deadlines. The Principal will also communicate directly with the yearbook representative regarding deadlines.
 - The Principal and Assistant Principal will add these deadlines into their calendars. Monthly monitoring meetings with the yearbook sponsor will occur. At each monthly meeting the following will be reviewed:
 - Progress towards the deadline
 - Completion of monthly yearbook reports
 - Yearbook Sales
 - Action steps to be completed prior to the next meeting will be established.
- The Principal, the Assistant Principals, the Treasurer, and yearbook sponsor have begun to pre-sell the yearbook using a variety of marketing strategies to ensure sales are progressing. Advertisements for the pre-sales will take place over the school Public Address system, via school telephone system (Connect-Ed), through flyers, and morning television announcements. These sales and advertisements will be monitored by school administration and treasurer.
- The Principal, Assistant Principal for curriculum, and the Assistant Principal for internal funds will monitor yearbook sales and conduct school events to encourage sales.
- At the conclusion of the school year, the Principal, the Assistant Principal for curriculum, the Assistant Principal for internal funds, and the yearbook sponsor will meet to review all yearbook documentation including:
 - Confirm signatures on all documents, including the bids for the following school year.
 - Make any necessary adjustments to the number of books ordered for the following year based on current year's sales.

- The Principal met with the school's staff on January 11, 2012, to review the procedures pertaining to yearbook sales.

Responsible Person(s):

North Regional Center Administration

Management Response:

The North Regional Center Financial Business Operations Director and the Principal established an organized marketing and sales plan for the yearbook. The plan includes strict monitoring of submission deadlines and pre-sales.

The North Regional Center Financial Business Operations Director will conduct on-site mini-reviews each quarter to ensure that all sales and page submissions are made in accordance with district policies and within timeline. Additionally, based on the 2011-2012 yearbook sales results the Principal and the regional director will confer and discuss yearbook bid stipulations and procedures prior to making signing the contract for the 2012-2013 school year.

Responsible Person(s):

District/School Operations Administration

Management Response:

Refer to page 63 of this report and page 143 in the report's Appendix Section for District/School Operations' comprehensive response addressing the recommendations to the school finding of Highland Oaks Middle School.

**13. Inadequate Recordkeeping,
Documenting, And
Reporting Of Payroll
*Highland Oaks Middle***

The *Payroll Processing Procedures Manual* and *Payroll Highlights* published by the Payroll Department establish the procedures for documenting, recording and reporting the payroll. According to these manuals, the Daily Payroll Attendance Sheet is one of the most important documents in the payroll process. Accordingly, its accuracy and completeness are of paramount importance to school site administration that would customarily rely on this document to certify that the payroll information being reported is correct.

Also, the payroll procedures require the use of the *Temporary Instructors Daily Payroll Attendance Sheet (Pool And Emergency Substitutes)* [FM-7090] to document time worked by substitutes. In addition to recording substitute attendance on this form, *the absent employee's number and name should also be indicated on the same form. In those instances where the Temporary Instructor is not being charged against an absent teacher or an open position, a "memo of explanation" must be kept on file with the payroll records.*

Our review of three recent pay periods approved by the current administration disclosed the following:

- 13.1. In nine instances, hourly paid employees signed in and out in the Daily Payroll Attendance Sheets at the same time; while in eight other instances, hourly paid employees did not sign in or out in the Daily Payroll Attendance Sheets and were paid for hours worked. After the issue was brought to their attention, the employees claimed they worked the hours and signed after-the-fact.
- 13.2. In several instances the Temporary Instructor Daily Payroll Attendance Sheet (Pool and Emergency Substitutes) FM-7090 was incomplete. Specifically, the absent employees' information and the type of coverage were not always indicated, and some substitutes did not sign in/out.
- 13.3. In seven additional instances, when temporary substitutes were hired, the name of the absent teacher being substituted for was not indicated on either Temporary Instructor Daily Payroll Attendance Sheet (Pool and Emergency Substitutes) FM-7090 or the Input Detail Report and a memorandum of explanation was not on file.

RECOMMENDATIONS

- 13.1. Review with staff and administration the sign-in/sign-out payroll procedures and the proper documentation of payroll hours, especially part-time employees.
- 13.2. Review with staff the procedures for documenting leave, especially when substitutes are required to cover instructional personnel.
- 13.3. Strengthen the overall review of payroll and all payroll records to ensure that documentation supports the payroll reported.

Responsible Person(s): Principal, Assistant Principals and Treasurer

Management Response:

- The Principal re-issued a memorandum on January 10, 2012 to all staff members that was previously issued on August 18, 2011 reiterating the policies and procedures for all school personnel regarding the importance of signing in/out as it pertains to being a part of their professional duties and responsibilities and for accurate payroll recording.
- The Principal met with the payroll clerk and substitute locator for the school on January 3, 2012 to review the procedures regarding locating substitutes and maintaining accurate records regarding payroll especially with regard to any open positions in the building.
- The Principal, the Assistant Principal and the Payroll Clerk will ensure that all substitutes are secured for an employee who is absent and that this is reflected on the Temporary Instructors Daily Payroll Attendance Sheet. In the event that a temporary instructor is secured for an open position or other reason, the Principal will sign the memorandum providing the explanation.
- The Principal and the Assistant Principals will review the payroll daily in the morning as part of their walk-through to ensure that all personnel is signing in and out according to procedures. This will include monitoring the cafeteria payroll for both locations.

Responsible Person(s): North Regional Center Administration

Management Response:

The North Regional Center Financial Business Operations Director instructed the Principal to thoroughly review the Payroll Processing Procedures Manual and develop a systemic approach for properly maintaining payroll procedures to include review of Payroll Sign-in Rosters and the Temporary Instructors Daily Payroll Attendance Sheet, verify that the daily payroll corresponds to employee's actual attendance and attach appropriate documentation as needed to match the temporary instructor's log.

The Financial Business Operations Director will conduct quarterly site-reviews to ensure compliance with all guidelines found in the *Payroll Processing Procedures Manual* to make sure that the daily and hourly payrolls are accurate and that there is proper documentation to support the rosters.

Responsible Person(s): **District/School Operations Administration**

Management Response:

Refer to page 63 of this report and page 143 in the report's Appendix Section for District/School Operations' comprehensive response addressing the recommendations to the school finding of Highland Oaks Middle School.

**14. Ineffective Monitoring Of Title I
Accounts Resulted In
Salary And Non-Salary
Accounts' Under Utilization
Of Funds
*Miami Springs Middle***

Schools that received Title I funds were generally those where a significant percentage of the student population originated from low-income families. The Title I Administration Office distributes Title I funds according to a formula based on student participation in the free and reduced meals program at the school sites which varies every year, depending on available funding. During the 2010-2011 fiscal year, the percentage of participation started at 57%.

Obligations made with Title I program funds not liquidated and the corresponding disbursement not made by the grant's liquidation date cannot be re-budgeted the following year. Similarly, resources not utilized by the end of the year cannot be recaptured for future use, as these cannot be rolled over and re-budgeted for the following year.

For the 2010-2011 fiscal year, this school received a total of \$430,280 in Title I Schoolwide program funds. Of this total approximately \$351,825 was budgeted for full-time payroll. The remainder or \$78,455 was budgeted to cover expenditures associated with hourly faculty and staff, temporary instructor payroll, and for the procurement of goods and services.

Our review of expenditures posted to the Schoolwide program disclosed that of the \$78,455 budgeted for the various hourly and non-payroll expenditures cited above, the school only spent \$40,063 (51%), thus leaving a total of \$38,392 (49%) in the various Schoolwide Title I program fund accounts unspent and unable to carry forward for the next fiscal year. Details follow:

- 14.1. The school budgeted \$38,100 for payroll expenditures of temporary instructors and hourly employees. As of June 30, \$20,738 (54%) of the total budgeted amount remained unspent.

Similarly, the school had budgeted \$40,355 under several account structures for the procurement of goods and services. However, as of June 30, \$17,654 (44%) of the total budgeted amount remained unspent.

- 14.2. Aside from the Schoolwide funds cited above, the school received \$9,716 for parental activities associated with Title I. However, as of June 30, \$9,360 (96%) of the total budgeted amount remained unspent. Funds were to be used toward in-country travel reimbursements and the purchase of supplies associated with parental activities.

According to supporting documentation, the school submitted two purchase orders in February 2011 totaling approximately \$12,518; however, these were not approved by the Title I Administration Office because they had been submitted for approval after the February 11, 2011 deadline.

RECOMMENDATION

While funds should not be spent unnecessarily as identified in Section B of the Title I Administration Handbook, good budget planning and continuous monitoring of account balances are essential to ensure that funding resources are used to their maximum intended purpose. Consequently:

- 14. Develop appropriate spending plans for Title I program funds in order to maximize their use and periodically monitor the spending of Title I Program funds to ensure funds are spent accordingly.**

Responsible Person(s): Principal, Assistant Principal and Payroll Clerk

Management Response:

The Principal developed a plan to systematically review the Title I budget on a weekly basis. The Principal will meet with the treasurer and review all accounts under Title I during their weekly meeting. A copy of the account balances will be saved at this time for future reference if needed. The Principal will also set a timeline by which the funds in all accounts dealing with Title I will be spent.

In addition, the Principal reviewed Section B – Expenditures and Budgets of the Title I Administration Handbook with appropriate staff and the handbook was distributed to Title I employees and a signed receipt acknowledging receipt has been filed for future audits.

Responsible Person(s): North Central Regional Center Administration

Management Response:

- The North Central Regional Center Director instructed the Principal to thoroughly review the Title I Administration Handbook.
- The North Central Administrative Director will remind all Principals of the February 10, 2012 deadline by which requisitions must be approved for Title I funds.

- Principals that have a negative Title I balance or a surplus will be contacted individually by the North Central Administrative Director.

Additionally, the affected Principal will participate in the District's Money Matters Support Program. North Central Regional Center staff will continue to work with the Principals to promote efficient fiscal practices.

Responsible Person(s): **District/School Operations Administration**

Management Response:

Refer to page 63 of this report and page 143 in the report's Appendix Section for District/School Operations' comprehensive response addressing the recommendations to the school finding of Miami Springs Middle School.

**15. Inadequate Controls Over
Community School Program
Collections Resulted
In Misappropriation
*Coral Way K-8 Center***

MDCPS *Weekly Briefing #5164* issued in November 8, 2008 delineates the current procedures for safeguarding school funds, including implementation of the *Collections/Deposits Log* form at the schools [FM-7249]. According to the procedures, in those instances where deposits are left at the school overnight, the form must be completed and signed as evidence that two individuals were present when the deposit bag was placed in a safe place for safeguarding; and when the bag was removed for deposit. Signatures also indicate that both individuals verified the amount of the deposit.

At this school, Before/After School Care Program and Community School classes are held at the main school campus and at the satellite location. The collection of funds is similarly conducted at both locations.

At the request of the new principal, we conducted an investigation regarding an alleged misappropriation of funds from the school's Community School Program. Before our visit, the administrator in charge of the program had identified instances where it appeared that monies receipted by staff had not been deposited in the school's checking account.

Our review of the school's financial records for the period of July 1, 2010 to April 22, 2011 disclosed that some of the Before/After School Care and Community School Program collections receipted throughout this time period totaling \$46,370 could not be traced to any of the deposits made by the former school treasurer. Our investigation was unable to identify the individual(s) responsible for the misappropriation, because the exchange of monies between the various individuals involved in the process was not properly documented. The former treasurer has retired and some of the individuals involved in the handling of these funds are no longer employed in this capacity or at this school.

During our second visit in November 2011 to finalize the audit, we found that the school had implemented stricter controls over the financial operation of the program; however, program attendance records could not be readily located. Some of these attendance records were located after-the-fact.

Details of our findings are as follows:

- 15.1. *The exchange of monies between individuals was not properly documented.* The program was managed at the school and at a satellite location by several administrative staff members. A Community School Program manager was housed at the main location and at the satellite to oversee the collection process. In addition, Community School staff was assigned to each location to receipt and collect funds. At the end of the evening, the program managers would deliver the monies to the main campus for safeguarding. The next day, one of the managers and the former treasurer would remove the monies from storage and would sign the Collections/Deposits log prior to the treasurer taking the monies to the bank. However, we found that receipts were not issued every time monies exchanged hands and the Collections/Deposits logs available were incomplete or showed several inconsistencies.
- 15.2. *Procedures for documenting the exchange of funds between the former treasurer and Community School management were not being followed and documentation provided was incomplete.* Monies collected by the Before/After School Care and Community School Program were turned over to the former treasurer for deposit. According to the former treasurer and as corroborated by Community school personnel, the Collections/Deposits Log would be completed and signed at the time funds were turned in for deposit; however, the deposit amount would not be verified. We found several instances where the amount of the deposit was altered to a different, smaller amount, as well as one instance where a deposit that was listed could not be traced to the bank. Some of these logs were found in the former treasurer's office and the Community School office; others could not be found.
- 15.3. *The school's former treasurer was not verifying the receipts that were turned in for deposit and was not maintaining a set of records that would provide an audit trail of monies deposited.* According to Section II, Chapter 2 of the *Manual*, staff in charge of the collections must present the receipt book to the treasurer at the time that collections are turned in to verify monies collected against receipts issued; and upon posting the transaction to the system, staple the computer generated receipt produced by the system to the copy of the last receipt in the book which corresponds to the collection submitted. However, our review of official receipt books disclosed computer generated receipts were not stapled to any of the books; thus indicating that the monies and the books were not being brought in at the same time for the required verification.
- 15.4. *Records were not properly safeguarded and reimbursements from the subsidizing agency were not timely processed.* Before/After School Care Program attendance records for the 2010-2011 school year for the main campus could not be located. Subsequent to our visit, the principal contacted our office

and informed us that the records in question had been found. According to staff, records were subsequently located during a routine review of file cabinet records. However, records corresponding to the portion of the program that is subsidized by Department of Children and Families-Child Development Service Bureau (CDS) for the months of May through September 2011 were incomplete. It also appears that some reimbursement requests were not remitted to the agency in a timely manner.

During the third and final visit, we reviewed with school staff and administration the procedures for the receipting, exchanging of collections between staff, and the safeguarding of monies; and it appears that these procedures have been revamped and strengthened. Also, it appears that the school has reinforced the monitoring over the program.

RECOMMENDATIONS

Given that some of the records could not be located:

- 15.1. Ensure that records are maintained in a secure area and direct the Assistant Principal for the Community School to monitor and safeguard all attendance and reimbursement records.**
- 15.2. Ensure that CDS reports are timely prepared and submitted to the agency for reimbursement.**

Going forward the administration should:

- 15.3. Continue oversight of the program and periodically meet with the Assistant Principal for Community School to review the activity of the program.**
- 15.4. Discuss the receipting and depositing procedures with new personnel for awareness and understanding of the requirements and expectations.**
- 15.5. Continue enforcing the issuance of a receipt every time monies exchange hands.**
- 15.6. Continue ensuring that the Receipts/Deposits Log is used consistently.**
- 15.7. Continue ensuring that Community School staff members bring the receipt books along with the collections to the treasurer to verify amounts receipted and deposited; and that computer generated receipts are being attached to the receipt books.**

Person(s) Responsible:

**Principal
and Assistant Principal for the Community School**

Management Response:

In order to safeguard the Before/After School Care and Community School Program collections and records, on April 18, 2011 and on August 8, 2011, the Principal met with the Assistant Principal for the Community School, the Program Manager, and the Treasurer to review Section II, Chapter 2 of the Manual of Internal Fund Accounting which establishes the procedure for the collection of money at the school and the Community School Procedures Manual which provides procedural guidelines over the management and recordkeeping of Community School and Before/After School Care Program records.

To ensure that records are maintained in a secure area, the Principal directed the Assistant Principal for Community School to monitor and safeguard all attendance and reimbursement records, and ensure that CDS reports are timely prepared and submitted to the agency for reimbursement.

The Principal will continue to oversee the after school care program and meet with the Assistant Principal for Community School on a monthly basis to review the activity of the program.

The Principal will discuss proper procedures for receipting and depositing with new personnel.

The Principal, Assistant Principal for Community School, Program Manager, and Treasurer implemented a systematic plan for receipting and depositing Before/After School Program collections. The plan includes procedures for recording payments on the Collections/Deposits Log form, FM-7249, submitting monies to the school Treasurer, and depositing funds in a timely manner.

The Assistant Principal for Community School will ensure that a receipt is issued once monies are submitted to the treasurer for deposit.

The Principal in cooperation with the Assistant Principal of Community School will periodically monitor the Receipt/Deposit Log to ensure that Log is used consistently.

The Assistant Principal has directed the Community School staff members to attach computer generated receipts to the receipt books. The Assistant Principal for Community School will ensure that the receipt books along with the collections are submitted to the Treasurer and that amounts are verified by computer generated receipts that are attached to the receipt books.

The Assistant Principal of Community School in cooperation with the Principal has identified a secure cabinet to safeguard attendance records and reimbursement records.

The Program Manager will verify that attendance is taken on a daily basis, that monies are collected and receipted, and that the CDS reimbursement is prepared and submitted in accordance with the established timelines. The Assistant Principal of Community School will review attendance and receipts on a weekly basis in collaboration with the Program Manager to ensure record accuracy.

On November 7, 2011, the Principal instructed the Assistant Principal for Community School and the Program Manager to verify that student attendance rosters are properly completed and maintained on file as part of the program's documentation.

The Principal will conduct in-house mini-reviews of the attendance and payment records on a monthly basis.

The Principal and Assistant Principal for the Community School will review attendance and CDS records monthly to ensure accurate documentation and storage of records. The Principal and Treasurer will meet with the Assistant Principal for the Community School, and the Program Manager, on a bi-weekly basis to ensure all Deposit/Collection procedures are being followed as delineated above.

Person(s) Responsible: **South Central Regional Center Administration**

Management Response:

- The South Central Regional Center Financial/Business Operations Administrative Director instructed the Principal to develop a systematic plan for monitoring all aspects of record keeping of the Community Education and Before/After School Care Program. A copy of the plan will be maintained at the Regional Center.
- The South Central Regional Center Financial/Business Operations Administrative Director, cooperatively with the Principal, will schedule technical training with the Office of Community Education and Before/After School Care Programs for the community school and after care staff.

Responsible Person(s): **District/School Operations Administration**

Management Response:

Refer to page 63 of this report and page 143 in the report's Appendix Section for District/School Operations' comprehensive response addressing the recommendations to the school finding of Coral Way K-8 Center.

16. Inadequate Controls Over Disbursements *Riviera Middle*

Section II, Chapters 4 and 5 of the *Manual of Internal Fund Accounting* provide the guidelines for making and documenting disbursements. According to the guidelines, before a purchase is made, the use of an Internal Purchase Order is required for all purchases costing \$100 or more. Additionally, once a check is issued, it should be posted to the automated accounting system in a timely manner.

For the 2010-2011 fiscal year, the school issued close to 300 checks and disbursed nearly \$63,400. Of this total, the school reimbursed the former principal approximately \$9,700 (15%) in 63 separate disbursements. Many of these reimbursements were for school supplies, food items and technology purchases that the former principal made on behalf of the school. We sampled a total of 32 internal fund disbursements from these as well as from other school disbursements including those charged to the Educational Excellence School Advisory Council (EESAC) and grant accounts. We also sampled purchases made with the Purchasing credit card (P-Card) and found the following discrepancies:

- 16.1. The school purchased a number of technological devices with individual costs of less than \$1,000, *and some of these devices were not readily locatable at the school site*. Our sample included 12 hard drives with storage capability ranging between 500-Gigabytes and 1-Terabyte, an iPad assigned to staff from the school's Special Education department, a bluetooth device and specialized software for an administrator, and two wireless internet access point devices. At the time of the audit visit, *ten of these items were not on the school premises*; and the *Use of School Board Property* forms [FM-2380] issued to staff/administration documenting the temporary removal of related school equipment *did not include any of these devices*. We also noted that some of the forms had not been signed by the employees. We were able to physically observe these devices after several requests.

According to Section III, Chapter 4 of the *Manual*, trust funds (such as designated grants and donations) shall be expended only for the purpose for which collected and received, unless the donor/grantor designate an alternative purpose *in writing*.

- 16.2. During the 2009-2010 fiscal year, the school received a \$2,000 mini-grant to implement a health and wellness school program for students and employees. Of this total, \$1,144 was carried over to the 2010-2011 fiscal year for spending. According to the grant budget documentation provided by the school, funds were intended to purchase various gift cards of \$5 and \$10 denominations to be given as incentives. Instead, the school used these funds to purchase various library books related to nutrition and dieting. Although it appears that the books relate to

the program, the school did not contact the grantor to receive approval for the alternative use of the funds.

- 16.3. In 24 instances, the treasurer had not posted checks to the automated system in a timely manner. Delays ranged from a few days up to 50 days.
- 16.4. In 17 instances, the corresponding purchase orders had been approved subsequent to the date of the actual purchase.

The Miami-Dade County's *Educational Excellence School Advisory Council (EESAC) Resource* addresses the fiscal responsibility of the EESAC Committee. It also includes the guidelines issued by the Controller for Miami-Dade County Public Schools for the use of EESAC funds to procure small purchases through the school's internal funds. According to the memorandum from the Office of the Controller issued on February 4, 2005, later updated on October 3, 2008, internal funds purchases made with EESAC funds are limited to small food purchases and incentives otherwise not allowed through Fund 9, the P-Card or district purchasing guidelines. Furthermore, and pursuant to the memorandum, the amount to be accessed through internal funds is a single yearly transaction that cannot be higher than \$2,999 per fiscal year. EESAC Committee decisions and directions regarding the use of these monies must be made at the beginning of the school year and must clearly be documented in the EESAC minutes.

- 16.5. Our review of the EESAC Committee's official minutes for the 2010-2011 fiscal year disclosed that none of the official minutes indicated the approval of the Committee to transfer \$2,999 to the internal funds of the school. According to the minutes from the meeting held in September 2010 "the committee agreed to financially support refreshments for the student activities when warranted and the activities related to the EESAC committee meetings". We are of the opinion that this description is too vague to be able to determine the propriety of all the purchases made and the amount allowed to be spent by the school.

The school transferred \$2,999 to the internal funds-EESAC account and spent it in its entirety. Purchases made included food and hospitality items associated with various meetings; however, it also included disbursements for holiday decorations, flowers and supplies, basketball team shirts as well as the purchase of a trampoline for the SPED department. Some of these purchases were made by the former principal with personal funds and reimbursed by the school.

According to the Purchasing Credit Card Policies & Procedures, purchases made with the P-Card require that the Purchasing Card Purchase Authorization Form [FM-5707] be submitted to the location administrator for prior approval. Also, the guidelines require that the monthly reconciliation be made within ten days of receipt of the monthly statement. We reviewed three monthly reconciliations in March, April and May 2011. These represented 13 transactions totaling \$4,355. Our review disclosed that:

- 16.6. In ten of the 13 instances, the Purchase Authorization Form was approved by an administrator subsequent to the date of purchase. Additionally, all three monthly P-Card reconciliations and corresponding journal voucher transactions (to report the charges to the appropriate district accounts) were not processed in a timely manner. According to school staff, the delay resulted because the overall discretionary funds were not sufficient to cover these purchases.

RECOMMENDATIONS

- 16.1. Review the disbursement procedures with staff to ensure a proper understanding of the requirements and expectations and strengthen review over disbursements.
- 16.2. Any decisions to change the intended purpose of grant/donations should be communicated to the grantor/donor to obtain approval in writing.
- 16.3. Ensure that there are sufficient uncommitted funds available before approving/making purchases and ensure that staff obtains approval prior to making any disbursements. Direct the staff in charge of processing P-Card disbursements to inform the administration of available balances *prior* to requesting authorization to spend any funds. This should also include not approving P-Card disbursements unless funds are available and the authorization form is signed *prior* to the school processing any such disbursements.
- 16.4. Provide the EESAC Committee with a copy of the Miami-Dade County's Educational Excellence School Advisory Council (EESAC) Resource Guide and discuss with them for awareness and understanding of the procedures.
- 16.5. Ensure that the EESAC official committee minutes include clear and accurate description as to the use of the funds, amount to be spent and the corresponding approval prior to spending funds.

Person(s) Responsible:**Principal, Assistant Principal and Treasurer****Management Response:**

In order to ensure that proper disbursements are made, the Principal met with the staff on November 1, 2011, and reviewed the requirements and expectations regarding disbursements. Furthermore, technology items that do not have a PC number will be labeled and tracked with the *Destiny* system by the Media Specialist with a bar code number. During the Faculty meeting of November 1, 2011, the Principal and the Media Specialist stressed the importance of following proper procedures and completing required forms for the usage of School Board Property off-site.

In order to ensure that grant funds and donations are used for their intended purpose, a copy of each Grant written will be kept in the treasurer's office in order to monitor that funds are appropriately spent. Request to purchase unauthorized items as delineated by the grant will not be approved for purchase.

In order to ensure that there are sufficient uncommitted funds available before approving/making purchases and ensure that staff obtains approval prior to making any disbursements, the Principal requested a Treasurer Mentor to be allocated and assigned to train the Treasurer in the appropriate procedures for making disbursements. The Treasurer has been instructed to review the Manual of Internal Fund Accounting which establishes the appropriate guidelines for purchases and disbursements.

The staff has been given an in-service training in proper accounting procedures. The Treasurer has been made aware that all purchases are to be preapproved by the Principal prior to placing a purchase order.

A copy of *A Resource Guide for Effective EESAC Implementation* has been printed and given to the EESAC chair to review with the committee members. During the EESAC meeting held on November 1, 2011, the members were advised of the importance of delineating the distribution of EESAC funds and documenting the authorization for the transfer of funds prior to spending any funds. The EESAC committee delineated and authorized the transfer during their December meeting. As per the procedures, once the minutes are approved during the January meeting, the transfer of monies will be authorized.

The Principal reviewed with the Treasurer the *Purchasing Credit Card Policies & Procedures*. Furthermore, staff has been made aware that no purchases are to be made prior to receiving signed authorization of their purchase order from the Principal. In regards to funds being available, the Treasurer will review with the Principal or Principal's Designee on a monthly basis available fund prior to processing purchasing requests. The Treasurer will participate in additional training on utilizing and navigating the new SAP program in order to better monitor budget availability.

The Principal has implemented a spreadsheet to assist the Treasurer's ability to track purchases made but not posted to the budget. Additionally, the Treasurer is providing a print out of the current account balance prior to the purchases so that the Principal may review and approve prior to authorizing the purchase order.

Person(s) Responsible: **South Central Regional Center Administration**

Management Response:

- The South Central Regional Center Financial/Business Operations Administrative Director, instructed the Principal to thoroughly review Section II, Chapters 4 and 5 of the **Manual of Internal Fund Accounting** and to develop a systematic plan to follow regarding disbursement functions.
- The South Central Regional Center Financial/Business Operations Administrative Director, cooperatively with the Principal, will solicit assistance from the Office of Internal Funds to provide necessary training for selected staff.
- The South Central Regional Center Financial/Business Operations Administrative Director, cooperatively with the Principal, will coordinate quarterly Internal Funds mini-reviews. Results will be examined, discrepancies will be corrected immediately and a copy of the review will be submitted to the Regional Center.

The South Central Regional Center Financial/Business Operations Administrative Director will monitor that the principal and treasurer conduct on-site mini-reviews each quarter to ensure that all purchases are made in accordance with district policies. Additionally, Purchase Order Requisition Logs, invoices, and all related documentation will be reviewed to ensure that record keeping procedures are intact, organized and dealt with in a timely manner.

Responsible Person(s): **District/School Operations Administration**

Management Response:

Refer to page 63 of this report and page 143 in the report's Appendix Section for District/School Operations' comprehensive response addressing the recommendations to the school finding of Riviera Middle School.

**17. Bookkeeping Function Not Working As
Designed Resulted In Discrepancies
(Adult Education Center)
*Miami Lakes Educational Center***

Section II, Chapters 1 and 7, and Section V, Chapter 1 of the *Manual of Internal Fund Accounting* establish the guidelines for the posting of transactions related to the checking account and any savings or investment account of the school. These include transactions involving the recording of interest, funds transfers, bank charges/credits or similar financial transactions.

At this school, the treasurer was on leave toward end of the 2010-2011 fiscal year and ultimately retired during the audit. Our review of financial records and transactions corresponding to the 2009-2010 and 2010-2011 fiscal years and the current year disclosed various delays and errors in the posting and processing of financial transactions related to the checking account and the credit card account activity corresponding to the 2010-2011 fiscal year. This resulted in the overstatement of cash receipts reported in the 2010-2011 financial statement, and checking account and credit card account year-end balances that were incorrect and that required adjustment. Additionally, we found discrepancies with the deposit and disbursement documentation reviewed. Details of our findings are as follows:

Financial Statement and Transactions Non-Compliant With District Policy

17.1. The June 2011 monthly bank reconciliation listed a questionable adjustment totaling \$101,196 that materially overstated the actual position of cash for this school at the end of the fiscal year. The adjustment included duplicate entries for wire transfers received from an agency⁸, as well as bank charges, deposit overages/shortages, posting errors and other adjustments to the checking and credit card accounts from several months' activity that were not posted to the system⁹. The school obtained the assistance of staff from the district and other school locations to research the sources of the adjustment, and make the necessary corrections to clear it from the reconciliation. By the end of the audit

⁸ During 2010-2011, the school received several payments from a students' sponsoring agency to subsidize tuition fees. Method of payment consisted of wire transfers made to the schools' internal funds checking account; however, it appears that the former treasurer posted some of the wire transfer receipts twice in the automated accounting system. This occurred during March 2011 and June 2011. Total wire transfers duplicated in error was approximately \$70,745.

⁹ In addition to the duplicate entry of \$70,745, the adjustment included a deposit from the merchant bank account of approximately \$30,600, posted to the operational checking account in anticipation of its actual receipt, and a myriad of smaller adjustments from bank charges and errors and omissions.

fieldwork, staff have identified most of the associated transaction errors and omissions, and are in the process of posting the appropriate entries to balance the system.

We adjusted the 2010-2011 financial statement and checking account balance based on the actual and pending corrections. Once adjusted, we found that the operational checking account would have closed the year with a deficit balance of close to \$(64,000). However, the checking account was never overdrawn since the deficit represented a snapshot of available funds on paper at year-end, taking into account checks issued by the school that remained outstanding. The school received additional funds in July, which again prevented the account from being overdrawn.

At this educational center, students may use personal credit cards to pay for their tuition, fees and book purchases. Cashiers ring the credit card payment through the cash registers and the school processes the credit card transactions on a daily basis. The school receives the credit payment electronically into the credit card checking account (referred to as the “merchant bank account”). Funds in both the operational checking and the merchant bank accounts represent total cash at the school. According to the guidelines in the *Adult and Applied Technology Education Procedures Manual*, the treasurer should transfer funds from the merchant bank account into the operational checking account via check after the merchant bank account has been reconciled. The school must reconcile this account on a monthly basis. However,

- 17.2. The school was not transferring funds from the merchant bank account to the operational checking account periodically. As of June 1, 2011, the balance on the merchant bank account was \$289,412 from credit card receipts dated before the month of June. On June 30, 2011, the operational checking account received a \$169,978 deposit that consisted of two checks issued from the merchant bank account to transfer funds. This left a balance of close to \$139,400 in the merchant bank account¹⁰. The school issued a third check for \$31,602 dated June 30, to transfer additional funds from the merchant bank account to the operational checking account; however, the operational checking account did not receive the funds until July 11, 2011, almost two weeks after the closing of the year. In the meantime, the school had posted the transaction to the MSAF system in anticipation of the bank activity, which overstated the MSAF checking account and understated the merchant bank account balances by said amount. This was part of the overall adjustment previously discussed.

Other posting errors noted during our review of receipts disclosed the following:

¹⁰ The balance included close to \$20,000 from June credit card sales.

- 17.3. The school incorrectly posted to the General Fund-General Miscellaneous account Pell grant funds totaling \$26,988¹¹ earmarked to pay the school for the cost of deferred student tuition. As of the completion of the audit, the school was unable to post to the tuition account because student schedule information was missing.
- 17.4. The school posted \$3,024 received from an agency to the General Fund-General Miscellaneous account. This represented funds in excess of tuition cost that should have been posted to the Trust Fund-Agency Adjustment account and returned to the agency. As of the completion of this audit, the school has not returned the funds to the agency.

Other posting errors noted during our review were discussed with staff from the school's Business Office for corrective action.

Section II, Chapter 5 of the *Manual* delineates the guidelines to process checks outstanding in the bank reconciliations for six months. Pursuant to these guidelines, schools must contact payees of school checks outstanding for three months or more. Checks outstanding six months or more for which the payee does not respond claiming payment, should be voided and amounts transferred to the Trust Program – Unclaimed Stale Dated Checks account until such time a payment for stale-dated checks is submitted to the State of Florida. We found that:

- 17.5. Six checks totaling \$933 remained outstanding in the monthly bank reconciliations in excess of six months, and there was no evidence that the school had followed procedures to contact the payees in order to expedite payment and remove the outstanding liability from the reconciliations. The dates on these checks ranged between January 21, 2010 and January 20, 2011.
- 17.6. The school administration was not initially receiving the checking account bank statements. Instead, the treasurer retrieved the bank statements from the online banking system. Effective during the audit, the principal changed the procedures to receive the statement directly from the bank.

¹¹ Pell Grant is money the federal government provides for students who need it to pay for obtaining post-secondary education. Federal Pell Grants are limited to students with financial need, who have not earned their first bachelor's degree or who are not enrolled in certain post-baccalaureate programs, through participating institutions. Students must complete the "Free Application for Federal Student Aid" (FAFSA). At Miami Lakes Educational Center, the Pell Grant is available to students who have an eligible EFC and enroll in an eligible program. Awards range from \$400 to \$5,550 for 900 hours of attendance (for the 2010-2011 school year).

Section III, Chapter 4 of the *Manual of Internal Fund Accounting* strictly prohibits Trust Fund accounts and Production/Service Fund accounts from closing the year with deficit balances. However,

- 17.7. During the two-year audit period, we noted that a few accounts within the internal funds of the school closed the fiscal year with a deficit balance.

Section V, Chapter 1 of the *Manual of Internal Fund Accounting* requires that an accurate and organized inventory of pre-numbered forms be prepared at the end of the fiscal year. However,

- 17.8. The senior high school and the adult education center maintain a separate accounting and a separate set of prenumbered forms. The inventory of prenumbered forms presented by the senior high school and the adult education center contained errors. Our review of these inventories also disclosed that some of the official forms were missing; however, before our audit, the school had completed Certificate of Loss reports to remove the missing items from the official inventory. According to one of the reports, unknown individuals had stolen a lockbox from a classroom said to contain \$300 and several yearbook receipts.

Students referred to the school by an agency for instruction must present official vouchers forms from the referring agency stating the courses for which the student is authorized to register. The school submits invoices to the referring agency to collect payment for the authorized courses. According to Chapter 4 of the *Adult and Applied Technology Education Procedures Manual*, unless otherwise documented in writing, the school must collect all tuition owed by an agency within six weeks of student registration. The Cumulative Agency Billing Summary Report is a monthly report that keeps track of all the billings made to the various agencies as well as payment activity and amounts outstanding.

- 17.9. The Cumulative Agency Billing Summary Report as of June 30, 2011 was not on file. The school printed the report at the request of the auditor. We noted that only 34% of the outstanding balances from the agencies were collected by the school. In addition, the principal's signature was not evident on the July report.

Deposit Documentation Non-Compliant With District Policy

Section II, Chapters 2 and 3 of the *Manual of Internal Fund Accounting* provide the procedures that schools must follow regarding the receipting and depositing of monies generated from internal fund activities. According to the general guidelines, the treasurer must post the deposit to the system in a timely manner, and must file the deposit package chronologically by manually assigned deposit numbers beginning with number 1 each year. The deposit package must include the validated copy of the deposit slip along with the rest of the supporting documentation. According to school

procedures, the day and night cashiers each prepare a separate deposit each representing the day shift/night shift collections. At the end of each shift, the cashier reconciles the daily receipts, an administrator verifies the total amount collected and the deposit is prepared for the armored car pick up service. The Business Office receives the deposit documentation for verification and posting to the automated system.

Because of the matter noted in the financial section of the audit, we sampled 38 receipts issued during the 2010-2011 fiscal year up to August 2011. Our review disclosed the following non-compliant matters regarding the deposit documentation:

17.10. In 11 of the 38 receipts sampled, we were unable to locate the corresponding deposit package during the audit visit. The current business manager and staff located nine of the 11 deposit packages after we discussed the matter with the school administration during the formal exit conference. The other two deposit packages could not be located. However, based on ancillary documentation provided by the school, we were able to trace these receipts to the corresponding deposit in the checking account.

Additionally, between 20-24 instances, the treasurer did not post the receipt to the automated accounting system in a timely manner, the validated deposit slip was not located in the deposit package, and/or the deposit was not numbered.

Disbursement Documentation Non-Compliant With District Policy

Section II, Chapters 4 and 5 of the *Manual of Internal Fund Accounting* require that disbursements made with checks issued from the school's checking account have proper documentation in the form of an original invoice itemizing the items purchased or the services rendered, or equivalent documentation as provided by the vendor. Vendor invoices must include the signature of the employee receiving the goods/services to confirm that the school received the merchandise and/or the service, and therefore payment is in order. In addition, vendors should receive payment within 30 days of satisfactory receipt of goods/services, unless special arrangements are agreed upon and obtained in writing.

We sampled and reviewed 15 disbursements made with internal funds during the 2010-2011 fiscal year up to September 2011. Our review disclosed the following discrepancies:

17.11. In 11 of 15 instances, the school did not remit payments to vendors in a timely manner and documentation supporting the purchase was incomplete. Specifically, we found that the principal or his designee did not always sign the purchase orders. Similarly, the individual(s) receiving the goods or services was not signing the invoices to indicate that goods or services, as specified, had been received and payments were in order.

On a monthly basis, adult education centers remit to the District the tuition fees collected from the students via an internal fund check. The school must submit the Tuition Cash Transmittal Report form [FM-0778] along with the payment. The form represents a reconciliation of fees collected and forwarded to the District. The transmittal of funds should occur by the 10th day of the following month.

17.12. A review of the Tuition Cash Transmittal Reports for the 2010-2011 fiscal year disclosed that the school was not remitting the tuition fees in a timely manner. Some remittances were delayed by as much as approximately three months.

RECOMMENDATIONS

- 17.1. Discuss the bookkeeping procedures with the new treasurer to ensure understanding of the expectations of the job. These procedures should include the preparation of the prenumbered inventory report, the deposit packages and the disbursements.**
- 17.2. Staff and administration should strengthen efforts to safeguard official forms and collections.**
- 17.3. Direct the Treasurer to perform the reconciliations and post the transactions in a timely manner, review the transactions for accuracy, deposit on time and pay on time.**
- 17.4. Assign an administrator to oversee the Treasurer's office and direct him/her to meet frequently with the treasurer to ensure the propriety of the bookkeeping function and the timeliness and accuracy of the bank reconciliations, the posting of transactions, and the deposit and disbursement of funds.**
- 17.5. Periodically meet with the assigned administrator to ensure that the bookkeeping function is working as designed and to discuss the timely implementation of corrective action resulting from any of these reviews.**
- 17.6. Monitor agency billings and ensure that the school is receiving payments in a timely manner. Similarly monitor the remittal of tuition to the District.**
- 17.7. Review the prenumbered forms inventory prior to filing to ensure it is complete.**
- 17.8. Ensure that the matter of the misposted Pell Grant funds and the agency funds pending return is cleared immediately with assistance from the school's Financial Aid Office. In the meantime, transfer funds to a Trust Fund account pending resolution.**

Responsible Person(s):**Principal, Business Manager and Treasurer****Management Response:**

The Principal met with the newly appointed Business Manager and Treasurer to review and ensure their understanding of the expectations of their respective jobs. This included a review of the procedures outlined in Section II, Chapters 1, 2, 3, 4, 5 and 7, Section III Chapter 4 and Section V, Chapter 1 of the Manual of Internal Fund Accounting. In addition, Chapter 4 of the Adult and Applied Technology Procedures Manual was reviewed.

The Principal and Business Manager have reviewed with the new school Treasurer the Internal Fund procedures for the preparation of the Prenumbered Forms inventory report, the documentation and preparation of deposit packages and disbursements, and the safeguarding and filing of financial records of the school. The Principal and Business Manager have reviewed and implemented strategies to ensure that procedures are in place to safeguard official forms, collections, the financial records, and deposit packages of the school.

The Principal has directed the Treasurer to perform the reconciliation and post all transactions on a monthly basis. The Business Manager will review the transactions for accuracy and ensure that deposits and payments are made on time. Each Friday the Principal, Business Manager and Treasurer will meet and review all financial transactions that have occurred for that week. The Principal has assigned the Business Manager to oversee and review the Treasurer's office and to ensure the propriety of the bookkeeping function, the timelines and accuracy of the bank reconciliations, the posting of transactions, and the deposit and disbursement of funds.

The Business Manager has been directed to monitor all agency billings and ensure that the school is receiving payments in a timely manner. Each month the Principal will review the Cumulative Agency Billing Summary Report with the Business Manager to ensure the school is in compliance with the agency billing procedures and timelines. Each month, the principal will review with the business manager the remittal of tuition to the District to ensure accuracy and submission in a timely manner. Prior to filing the Principal will review with the Business Manager the prenumbered forms inventory to ensure it is complete.

The school was able to locate the missing schedules and supporting documentation related to Pell Grant and agency funds that were not posted correctly and was able to post to the Tuition/Fees/Bookstore accounts.

The Principal will randomly review internal fund documents to ensure records are organized and procedures and timelines are in compliance. In addition, the school located 9 out of 11 deposit packages that were missing during the audit visit and continues its efforts to locate all pertinent financial records.

The Principal will randomly review internal fund documents to ensure records are organized and procedures and timelines are in compliance. Additionally, the Principal, will monitor the daily posting of transactions and checking account balances; any discrepancies will be addressed and the Business Manager will be required to correct them immediately.

Responsible Person(s): **Office of Adult
and Community Education Administration**

Management Response:

The Principal, Business Manager and Treasurer have met and reviewed District Funds policies and procedures. The Principal and Business Manager have implemented strategies to ensure that procedures are in place to ensure records are organized and transactions and timelines are in compliance.

It is expected that the corrective actions will address the internal control in the treasurer's office and will prevent the recurrence of the exceptions. District staff will continue to work with Miami Lakes Educational Center staff to promote efficient fiscal practices. Additionally, timelines and accuracy of the financial reports will be monitored by staff in the Office of Adult and Community Education.

Responsible Person(s): **District/School Operations Administration**

Management Response:

Refer to page 63 of this report and page 143 in the report's Appendix Section for District/School Operations' comprehensive response addressing the recommendations to the school finding of Miami Lakes Educational Center.

**18. Bookstore And Culinary Arts
Activities Showed Losses
And Reports Not Filed At
Year-End (Adult Education Center)
Miami Lakes Educational Center**

Based on instructions for mark-ups provided in the *Adult and Applied Technology Education Procedures Manual*, the bookstore operation is supposed to generate a profit of 16.7%. Our review of the bookstore activity for the 2009-2010 and 2010-2011 fiscal years disclosed the following discrepancies regarding the 2010-2011 fiscal year activity:

- 18.1. The Bookstore and Supplies Operating and Inventory Report as of June 30, 2011 contained many errors. The school revised the report with the assistance of the school's internal funds business manager. Nonetheless, the report disclosed a gross profit of only 12.8%. The lower profit percentage represents a shortfall in bookstore revenues of approximately \$3,050. Total bookstore sales amounted to \$66,630 while the gross profit reported was approximately \$8,470.

Section IV, Chapter 16 of the *Manual of Internal Fund Accounting* and the *Adult and Applied Technology Education Procedures Manual* establish the policies and procedures for conducting the financial activities of production shops. These include the preparation of a year-end Operating Report. Our review of the culinary activity for the 2009-2010 and 2010-2011 fiscal years disclosed the following discrepancies:

- 18.2. For the 2009-2010 and 2010-2011 fiscal years, the school prepared a Culinary Operating Report after-the-fact. In both years, the report showed errors as well as total operating losses of (\$3,758) and (\$13,484), respectively. The reports further disclosed a significant increase in the cost of food items utilized during instructional classroom time. In 2008-2009, this cost amounted to \$13,050. When compared to the 2008-2009 fiscal year, the 2009-2010 cost increased to \$21,600 or 65.6%, while it further increased to \$30,564 or 134% for the 2010-2011 fiscal year.

RECOMMENDATIONS

- 18.1. Discuss the procedures with faculty and staff involved in the accounting of these activities to ensure understanding of the procedures and expectations of the job. These procedures should include the preparation of inventory and year-end reports and the monitoring of sales.**

- 18.2. Assign an administrator to oversee the bookstore and culinary arts program and direct him/her to meet frequently with faculty and staff to oversee the activities and ensure that sales and costs are monitored closely and costs curtailed as much as possible.**
- 18.3. Periodically meet with the assigned administrator to ensure that the bookstore and culinary arts program activities are progressing as designed and that the implementation of any corrective action resulting from these reviews is timely.**

Responsible Person(s):

**Principal, Business Manager,
Manager III Food Service,
Assistant Food Service Manager
and Bookstore Clerk**

Management Response:

The Principal has met with the Business Manager, Manager III Food Service, Assistant Food Service Manager and the Bookstore Clerk and reviewed Section IV, Chapter 16 of the Manual of Internal Fund Accounting and the Adult and Applied Technology Education Procedures Manual to ensure each individual understands the procedures and expectations of their jobs. The Principal has assigned the Business Manager to oversee the Bookstore and financial aspects of the Culinary Arts program and has directed that the responsible individuals meet monthly to review and ensure that sales and costs are monitored closely and costs are curtailed. The Principal has directed the Bookstore Clerk and Manager III Food Service to generate a monthly operating report for review by the Business Manager. The Principal will meet monthly with the Business Manager to review the bookstore and Culinary Arts operating reports and will implement any corrective action resulting from these monthly reviews.

Additionally, the Principal will randomly review financial documents from the Bookstore and Culinary Arts program to ensure records are organized and procedures and timelines are in compliance. Any discrepancies will be addressed and corrected immediately.

Responsible Person(s):

**Office of Adult
and Community Education Administration**

Management Response:

The Principal has implemented procedures to ensure that sales and costs are monitored closely and that costs are curtailed.

It is expected that the corrective actions will address the internal control in the treasurer's office and will prevent the recurrence of the exceptions. District staff will continue to work with Miami Lakes Educational Center staff to promote efficient fiscal practices. Additionally, timelines and accuracy of the financial reports will be monitored by staff in the Office of Adult and Community Education.

Responsible Person(s):

District/School Operations Administration

Management Response:

Refer to page 63 of this report and page 143 in the report's Appendix Section for District/School Operations' comprehensive response addressing the recommendations to the school finding of Miami Lakes Educational Center.

OBJECTIVES, SCOPE AND METHODOLOGY

The objectives of our audits were to:

- express an opinion on the internal fund financial statements of the schools for the fiscal year ended June 30, 2010 and/or June 30, 2011, depending on the school audited, on the cash basis of accounting;
- evaluate compliance by the schools with the policies and procedures prescribed in the *Manual of Internal Fund Accounting*;
- provide assurances regarding compliance with *current payroll procedures*, as well as compliance with *current purchasing credit card program procedures*; and *certain information technology controls*;
- verify compliance by the schools with the policies and procedures prescribed by the *Manual of Property Control Procedures*, and determine the adequacy of controls over the safeguarding of property items with an individual cost of \$1,000 or more;
- evaluate compliance with the policies and procedures set forth by the *No Child Left Behind Act of 2001, Title I Program*, and the *Title I Administration Handbook*;
- ascertain compliance with State law, State Board of Education Rules, School Board Rules, manuals, directives and FTE reporting documentation procedures as they relate to student attendance, Special Education, English Language Learners, Cooperative Education and Teacher Certification; and

While the scope of our audits generally covered operations during the period of July 1, 2009 through June 30, 2010 and/or July 1, 2010 through June 30, 2011 (depending on whether the audit scope was one or two-year audit at the individual school being audited), payroll, purchasing credit card transactions, and information technology controls included current periods. Title I program covered the 2010-2011 fiscal year only. FTE audits covered the February 2011 survey period.

Our procedures were as follows:

- reviewed written policies, procedures, and School Board Rules;
- interviewed school staff and performed analytical analysis of account balances;
- examined, on a sample basis, transactions, processes, supporting documentation and records;
- performed current physical inventories of property items with an individual cost of \$1,000 or more;
- follow-up on prior audit recommendations; and
- performed various other audit procedures as deemed necessary.

We conducted our audits in accordance with generally accepted government auditing standards (GAGAS) issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures herein. An audit also includes assessing the accounting principles used and significant estimates made by the administration, if any. We believe that our audits provide reasonable basis for our opinion. The results of the property audits reported herein were in all material respects similarly conducted in accordance with GAGAS, with the exception of the continuing professional education requirement not followed by our property auditors.

Internal Control Matters

Our audits also included an assessment of applicable internal controls and compliance with the requirements of School Board rules and related policies and procedures that would satisfy our audit objectives. In accordance with GAGAS, we are required to disclose and communicate to management control deficiencies identified during our audits. Other matters found not significant within the context of the audit objectives were communicated orally and/or in writing to management.

BACKGROUND

INTERNAL FUNDS

Section 1011.07, Florida Statutes, and State Board of Education Rule 6A-1.087, require annual audits of internal funds.

Internal funds are monies collected and expended within a school which are used for financing activities not otherwise financed by the School Board. These monies are collected in connection with school athletic events, fund-raising activities, various student activities and class field trips, after school care and Community School programs, gifts and contributions made by the band or athletic booster clubs, civic organizations, parent-teacher organizations, commercial agencies and all other similar monies, properties or benefits.

Each school administers their internal funds separately through an operational checking account, following District guidelines as established in the *Manual of Internal Fund Accounting*.

Prior to spending internal funds, schools invest their cash in designated depositories. Funds not used in the daily operations may be invested in the MDCPS-Money Market Pool Fund. The Fund's interest rate as of June 30, 2010 and June 30, 2011 was 0.76% and 0.57%, respectively.

Various fund-raising activities are conducted by independent, school-related organizations such as booster clubs, parent-teacher associations, etc. If these fund-raising activities are conducted entirely by these organizations and no board employee handles or keeps custody of the funds or merchandise, these activities are not recorded in the schools' internal funds and consequently are not audited by us.

- ◆ Annual audits of internal funds are required by Section 1011.07, Florida Statutes, and State Board of Education Rule 6A-1.087
- ◆ Internal Funds are revenues generated from student activities at the school level which are not part of the school's budget process
- ◆ Each school administers its internal funds separately through an operational checking account, following District guidelines as established in the *Manual of Internal Fund Accounting*
- ◆ Banks for school funds must be approved by the School Board and certified by the State Treasurer
- ◆ Idle funds in the operational account may be invested to yield interest revenue in a savings account, certificate of deposit or in the MDCPS-Money Market Pool Fund
- ◆ At June 30, 2010 and June 30, 2011 the MDCPS-Money Market Pool Fund's interest rates were 0.76% and 0.57%, respectively.

PAYROLL

All payroll transactions must be processed following the *Payroll Processing Procedures Manual*, which establishes the guidelines for the recordkeeping, reporting, and maintenance of payroll and payroll records.

At M-DCPS, the Systems Applications and Products in Data Processing (SAP) Time, Payroll and Benefits module replaced the mainframe Payroll Absence Reporting System previously used by the school system to process the payroll. The changeover to the SAP module became effective on October 28, 2011 and the first pay date under SAP Time, Payroll and Benefits was November 18, 2011. At present, although the 'behind-the-scenes' system processes are significantly different and updated, the payroll procedures for documenting employees' time and attendance at the school sites have not changed when compared to the former system.

Each school processes its own biweekly payrolls. Timekeeping personnel enter the employees' time and attendance data on a centralized information system. After the information is entered into the system, it is approved by the principal on-line. Subsequently, the payroll department reviews the information and processes the payroll.

The process for distributing payroll checks and checks advices at the sites changed in 2009 in an effort to eliminate paper checks and paper advices. Employees who received paper checks at the sites were requested to enroll in direct deposit for all payroll-related payments, and were directed to the Employee Portal located in the District's website to access their payroll information and print the payroll check advices. Although payroll check distribution at the sites has been greatly minimized, sites are still required to maintain controls over the distribution of payroll checks for those employees who have not signed for direct deposit at this time.

PROPERTY

At MDCPS, the management of property items must comply with the guidelines established in the *Manual of Property Control Procedures*. According to Chapter 274.02 of the Florida Statutes, a complete physical inventory of all property shall be taken annually, be compared with the property record, and discrepancies must be identified and reconciled.

Our office conducts yearly inventories at each school of all property items with an original cost of \$1,000 or more. These inventories are customarily scheduled and performed at the sites after the first day of school and before the end of the school year. Consequently, the property inventories of schools audited during the summer months of July and August are customarily conducted at a later date, unless staff is available at the schools and time permits. Inventories pending at year-end will be conducted and reported for the next fiscal year.

PURCHASING CREDIT CARD (P-CARD) PROGRAM

At the schools, principals administer the purchasing credit card program, which must comply with the guidelines established in the *Purchasing Credit Card Program Policies & Procedures Manual*. The P-card program was designed to streamline the acquisition process by enabling employees at the schools to make small dollar purchases (less than \$3,000 per individual transaction) for materials and supplies. The program is currently managed by the Accounts Payable Department.

- *The P-Card Program enables schools to make small purchases of less than \$3,000 per individual transaction for materials and supplies*
- *It expedites the procurement process at the schools.*

TITLE I PROGRAM

Schools implementing Title I Programs are required to meet the requirements of the *No Child Left Behind Act of 2001*. Each year, an *Economic Survey* is conducted by the District to rank schools from highest to lowest, based on the percentage of participating students from low income families, and to allocate Title I funds to those eligible schools in rank order. The cut-off point for eligibility is based on the Title I allocation received from the State and other program components.

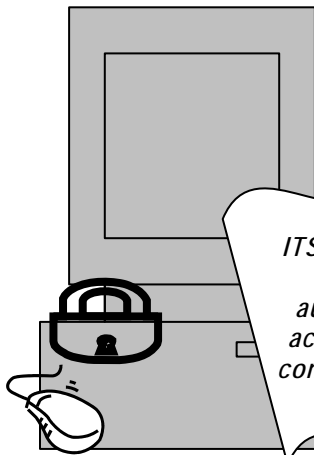


Schools follow specific criteria for the use of Title I funds as delineated in the *Title I Administration Handbook*. Purchases of supplies and equipment are processed through regular district channels or via use of the P-card Program, depending on the amount. Salary expenditures must comply with budgetary requirements and must be directly related to activities associated with the grant.

At the schools, principals administer Title I programs with oversight from the Regional Centers, under the overall direction of Title I Administration Office.

To promote schoolwide compliance with Federal, State, and District regulations and guidelines, and ensure that appropriate evidence sources document compliance, the Office of Management and Compliance Audits incorporated the audit of this program into the school audits at selected schools effective February 2007.

DATA SECURITY MANAGEMENT REPORT AND SCHOOL SITE IT SECURITY ASSESSMENT



ITS report reviewed to ensure that only authorized staff has access to designated computer applications.

Principals are responsible for ensuring that network security standards and related security procedures are being observed at the school sites. Part of their responsibility includes ensuring that only authorized staff has access to designated applications. Information Technology Services (ITS) produces a monthly report for each location titled "Authorized Applications for Employees by Locations Report". Principals are responsible for reviewing this report to determine the appropriateness of applications approved for each employee, as to whether they are required for his or her assigned duties; and to ensure that access to the computer application that allows for

changes to students' academic grades is limited to a specific and restricted number of authorized personnel. In addition, our school audits will selectively review information technology matters related to the proper safeguarding and location of servers and switches, software licensing documentation, proper authorization of Electronic Gradebook applications, and similar controls over data security.

FULL-TIME EQUIVALENT (FTE)

Miami-Dade County Public Schools receives a significant portion of its revenue from State funding through the Florida Education Finance Program (FEFP).

The funding provided by FEFP is based upon the number of individual students participating in particular educational programs. A numerical value is assigned to each student according to the student's hours and days of attendance in those programs. The individual student thus becomes equated to a numerical value known as an unweighted FTE. FEFP funds are primarily generated by multiplying the number of FTE students in each of the funded educational programs by a cost factor to obtain weighted FTEs.

Section 1010.305, Florida Statutes vests the Auditor General with the authority to periodically examine the records of school districts, determine compliance with State law and State Board of Education rules relating to the classification, assignment, and verification of full-time equivalent student enrollment and student transportation reported under FEFP. These audits are conducted every three years.

Schools are responsible for verifying student membership data submitted to the Florida Department of Education (FDOE) for funding purposes. This is accomplished through the FTE survey process. The results of these surveys are FTE reports which allow schools to verify the data and make corrections as needed. Once this process is completed, the district transmits the information to the FDOE. During the 2010-2011 fiscal year, months selected by the FDOE for these surveys are as follows:

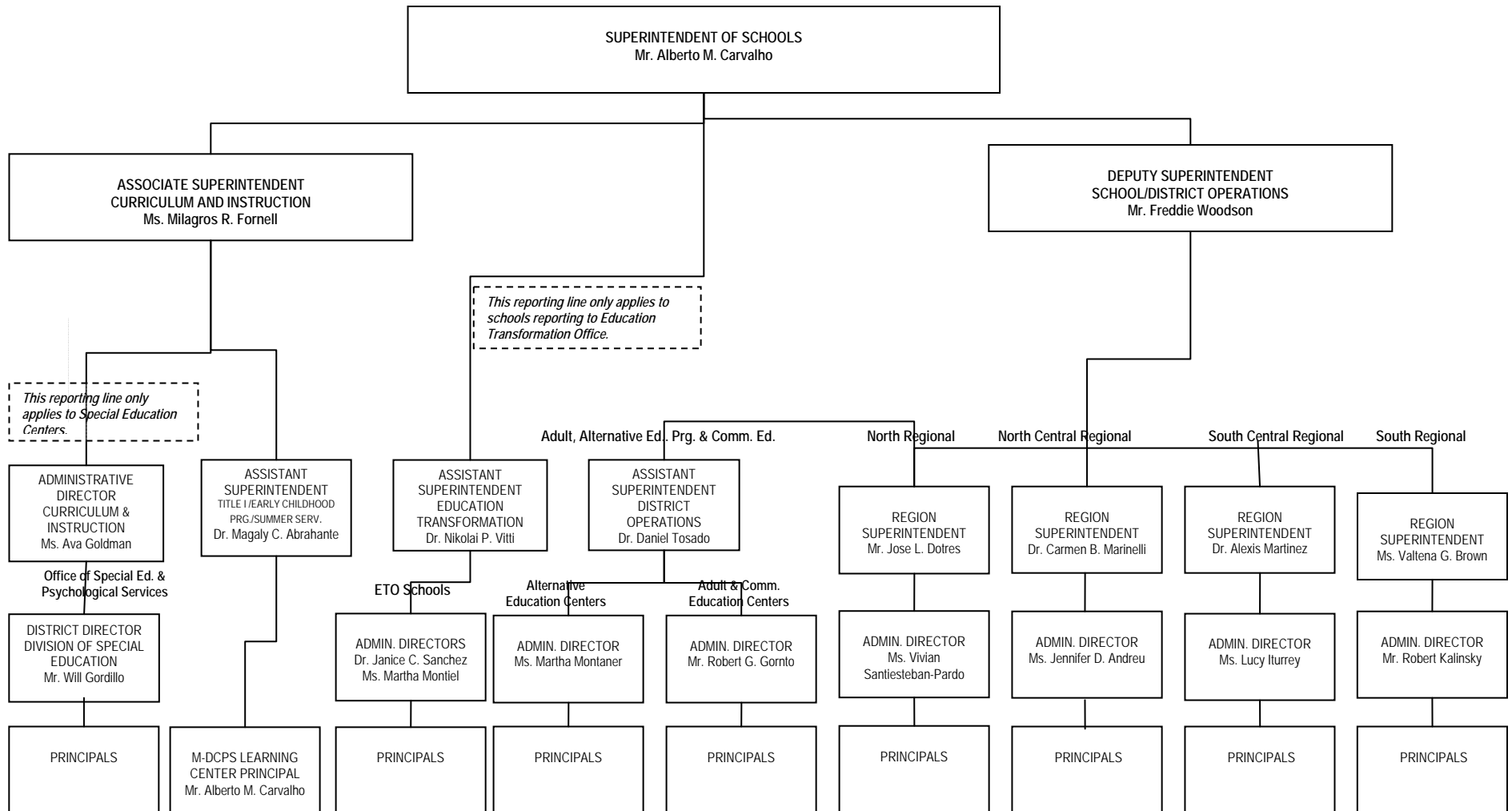
Survey Period No.	Time Period of Survey
1	July (Summer School only)
2	October
3	February
4	June (Summer School only)

Schools are also responsible for maintaining an audit trail to ascertain compliance with State law, State Board of Education and School Board Rules as they relate to student attendance, Special Education, English Language Learners, Cooperative Education and Teacher Certification.

Incomplete/inaccurate student records which do not adequately support/justify funding levels may give rise to losses in funding. Similarly, teacher certification is closely linked to FTE funding and must be monitored on an ongoing basis to prevent similar losses in funding to the District. Aside from the monetary losses, non-compliance issues are closely reviewed by the Auditor General and included in their reports.

As of the 2007-2008 fiscal year, FTE audits have been incorporated as part of the school audits routinely performed by the Office of Management and Compliance Audits. FTE audits are conducted at selected schools based on audit criteria developed by this office.

PARTIAL ORGANIZATIONAL CHART (SCHOOLS)




APPENDIX MANAGEMENT'S RESPONSES

MEMORANDUM

January 18, 2012

TO: Mr. Nikolai P. Vitti, Assistant Superintendent
Education Transformation Office

FROM: Pablo G. Ortiz, Ed.D., Provost
Miami Edison Senior High School 

SUBJECT: MIAMI EDISON SENIOR HIGH SCHOOL—LOCATION 7301 AUDIT RESPONSE FOR THE
2009-10 AND 2010-11 FISCAL YEAR

The cited audit findings for the period of July 1, 2009 through June 30, 2011, have been carefully reviewed by the Provost, Associate Provost over Internal Funds, Activities Director and Treasurer. As a result, the Provost has established an action plan comprised of explicit strategies to implement in order to prevent recurrence.

RECOMMENDATIONS

Former Treasurer Fabricated Documentation to Misappropriate Funds, and Controls Over Bookkeeping Function Were Inadequate

- 1.1 Direct staff to deliver unopened bank statements and bank correspondence to the Provost for the initial review before it is forwarded to the Treasurer.
- 1.2 Discuss receipting and depositing procedures with staff for understanding and awareness of the requirements.
- 1.3 Assign an administrator to oversee the financial activities of the school and direct the administrator to periodically meet with the treasurer to review the financial transactions.
- 1.4 Strengthen the management of the internal funds of the school by *periodically reviewing accounts and fund balances* and adjusting spending plans, accordingly. This should include plans for the proper utilization of vending commissions, donations, profits from fundraising activities and fees collected from students.
- 1.5 Strengthen the review and oversight of receipting/depositing activities to ensure that monies are timely receipted, deposited and properly recorded.
- 1.6 Ensure that the Collections/Deposits Log [FM-7249] is consistently utilized to document those deposit packages awaiting the armored car pickup service.
- 1.7 Ensure that collections from outstanding student fees, fines and lost textbooks are properly documented and maintain source documentation.
- 1.8 Strengthen the review and oversight over the disbursement function to ensure the propriety of the charges, the posting of charges to the appropriate accounts and the completeness of the documentation.
- 1.9 Prior to approving any expenditure, ensure that accounts have available funds and that the expenditure is not only allowable but comports with the intent of the monies collected/available in the account.
- 1.10 Ensure that official forms used to record the school collections are properly safeguarded and accounted for in the inventory.
- 1.11 Verify that transfers of funds between the checking and the money market account, as reflected in the bank statements, have received the prior approval of the administration.

Person(s) Responsible: Provost, Associate Provost over Internal Funds, Activities Director, and Treasurer

Management Response

The Provost assigned the Associate Provost to oversee the financial and fundraising activities of the school. Additionally, the Associate Provost will work directly with the Treasurer's office and directed him to inform the administration of any discrepancies for immediate corrective action. This Associate Provost will review the financial activities bi-weekly to ensure that collections are properly receipted, documented, and deposited in a timely manner.

The Provost directed all staff to immediately deliver the unopened bank statements, invoices, and bank correspondence to the Provost for the initial review. The Provost will review the statements and initial for verification. The bank statements will then be delivered to the Associate Provost for final review prior to delivering to the treasurer.

The Provost and Secretary/Treasurer will assess the checkbook balance on a weekly basis; periodically compare monthly bank statements with on-line banking information to verify authenticity and review accuracy of monthly reconciliation reports before submitting the report to the district.

The Provost, Activities Director, and Secretary/Treasurer facilitated a training session on October 11, 2011, with club sponsors and coaches to address district policies and procedures for the collection of money to include the proper use of Recap of Collection Form (FM-1004) and Employee (BPI) Receipts (FM-0976). Procedures were discussed with staff school wide to ensure their understanding of the receipting process and direct staff to promptly inform the administration of any instances where the Treasurer fails to follow proper receipting/depositing procedures. Signatures will be obtained from each sponsor as documentation for attending the training and receiving a copy of the Section of the manual outlining procedures for collection of funds.

The Provost will review the procedures for the collection of money with the entire staff during the February faculty meetings and again at the opening of the 2012-2013 school year.

The Provost will meet with the Associate Provost over Internal Funds, Dean of Curriculum, and the School's Secretary/Treasurer to review the guidelines for securing funds awaiting deposit. Collections awaiting Brinks pickup will be logged in and out on the Collection/Deposits Log (FM-7249) form by the Secretary/Treasurer and an administrator. The Provost and Associate Provost over Internal Funds and Dean will review the deposit packages and sign the Collection/Deposits Log (FM-7249) form before securing it in the school's vault.

The Provost will direct the Activities Director to inform the administration of school staff/sponsors who fail to conduct activities and receipt collections in compliance with district policy.

The Provost will meet with the Associate Provost and School Treasurer to ensure proper procedures are followed regarding approval of expenditures and authorization of transfers between checking and money market accounts.

Effective immediately, the internal funds function of the school will be strengthened by conducting bi-weekly *reviews of accounts and fund balances* and adjusting spending plans, accordingly. This review process will include plans for the proper utilization of vending commissions, donations, profits from fundraising activities and fees collected from students.

A meeting was held on January 13, 2012, with the District Athletic and Activities Department. Present at the meeting were the Provost, Associate Provost over Internal Funds, and the Treasurer. All athletic and activities accounts were reviewed. Recommendations for more efficient school site policies and procedures were made and implemented at the school. The Associate Provost over Internal Funds will meet bi-weekly with the Treasurer to ensure all policies are being followed.

Copies of Section II, Chapter 2 Collection of Money and Chapter 3 Deposit Procedures from the Manual of Internal Fund Accounting were provided and discussed with the Associate Provost, Secretary/Treasurer, and Activities Director. The Provost directed the treasurer to ensure that all official forms used to record the school collections are properly safeguarded and accounted for in the inventory. These forms must be made available during the bi-weekly reviews with the Associate Provost over Internal Funds.

The Provost reviewed procedures contained within the Manual of Internal Fund Accounting with the new Secretary/Treasurer. During the meeting, the Provost and the treasurer reviewed procedures for maintaining checkbook balances and adjustments needed to ensure accurate monthly reconciliation reports. Additionally, bookkeeping procedures and the accurate receipting of funds was discussed.

Inadequate Controls Over Athletic Fund And Ticket Inventory

- 2.1. Given the financial condition of the school and this Fund, spending should be curtailed by ensuring that only those expenditures critical to the operation of the Athletic Program are approved. Also, consideration should be given to devising a plan for raising funds to eliminate the deficit balance.
- 2.2. Review accounts in Classes and Clubs associated with sports to determine whether available funds can assist with part of the Athletic Fund deficit.
- 2.3. Review with staff from the Athletic Department those procedures regarding the preparation of athletic inventory, the reconciliation of ticket sales, and the preparation of deposits.
- 2.4. Periodically meet with the Athletic Business Manager and the Treasurer to review the Athletic Fund activity, the game reports and the associated deposits.

Person(s) Responsible: Provost, Vice Provost, Associate Provost over Internal Funds, Activities Director, and Treasurer

Management Response

A meeting was conducted on January 6, 2012, with the Associate Provost over Internal Funds, School's Secretary/Treasurer, Activities Director, Athletic Director, and Athletic Business Manager to advise of the financial condition of the school. The meeting addressed the need for spending to be curtailed and ensuring that only those expenditures critical to the operation of the school are approved by the Provost or the Associate Provost. At this meeting, a plan was shared for raising funds to eliminate deficit account balances.

A meeting was held on January 13, 2012 with the district athletic and activities department, and a mentor treasurer for guidance and support on determining available funds. Present at the meeting were the Provost, Associate Provost over Internal Funds, and the school Treasurer. A review of accounts was conducted in Classes and Clubs associated with sports to determine whether available funds can assist with part of the Athletic Fund deficit. Recommendations such as, funds in accounts with little or no activity not earmarked for any particular purpose will be transferred to the General Fund to assist with the deficit balance, and transferring approved expenditures to Trust accounts were made and immediately implemented.

Effective immediately, the internal funds function of the school will be strengthened by conducting bi-weekly reviews of accounts and fund balances by the Associate Provost over Internal Funds and adjusting spending plans, accordingly. This review process will include plans for the proper utilization of vending commissions, donations, profits from fundraising activities and fees collected from students.

Effective immediately, a system will be instituted to ensure that accounts have available funds prior to the submission and approval of funds requests, and that all supporting documentation is evident prior to approval by the administration. All expenditures will need to be allowable and used for the intent of the monies collected/available in the account.

A meeting will be held on January 25, 2012, with the Associate Provost, Athletic Director, Business Manager, and School Treasurer to review guidelines on the preparation of athletic inventory, the reconciliation of ticket sales, and preparation of deposits. As a result of the meeting, a system will be instituted to ensure compliance on all areas pertaining to the athletic department internal fund procedures.

School-Sponsored Activities Non-Compliant With Guidelines

- 3.1. Strengthen the review over fundraising activities, including the preparation, review and filing of Student Activity Operating Reports, Inventory and Operating Statements, and Fundraising Activities Log.
- 3.2. Review the procedures with sponsors to ensure awareness and compliance of the requirements; and consider the number of activities conducted at a given time by a sponsor.

Person(s) Responsible: Provost, Associate Provost over Internal Funds, Activities Director, Athletic Director, and Treasurer

Management Response

The Provost, Associate Provost over Internal Funds, Treasurer, Athletic Director, and the Activities Director will meet to review policies regarding the procedures for filing Student Operating Reports, Inventory and Operating Statements, and Fundraising Activities. A listing of all sponsors and fundraisers taking place will be reviewed bi-weekly to ensure efficiency and accuracy. Bi-weekly meetings will take place with the aforementioned individuals to establish a fundraising schedule to ensure compliance with all School Board policies.

Effective immediately, the Provost will discuss the collection procedures with the staff in order to make them aware of the need for proper collection documentation requirements and the timely payment of expenditures. Additionally, the Provost directed all sponsors and athletic coaches to conduct an inventory count of fundraising merchandise on hand and submit documentation to the Associate Provost over Internal Funds and the Treasurer.

The Provost assigned an administrator to oversee collection functions and the work of the Treasurer and directed him to inform administration of any discrepancies related to the collections, fundraising, and inventory for immediate corrective action.

Yearbook Activity Not in Compliance

- 4.1. Periodically meet with the yearbook sponsor to monitor the health and well-being of the activity and to make adjustments, as needed.
- 4.2. Ensure that staff understands and adheres to the procedures for completing yearbook reports, and for maintaining on file complete documentation related to the activity.
- 4.3. Contact the vendor to make arrangements to pay the outstanding liability.

Person(s) Responsible: Provost, Associate Provost over Internal Funds, Activities Director, Yearbook Sponsor, and Treasurer

Management Response

The Associate Provost will closely monitor 2011-12 sales activity to ensure that yearbook sales and fundraising efforts are sufficient to cover the related yearbook expenses and that Monthly Operating Reports are prepared in a timely manner.

Although the Provost has already ensured that yearbook prices are affordable to students, he will research the possibility of replacing the yearbook with a Memory Book to further reduce cost. The Provost will meet with the

Yearbook Sponsor and the Associate Provost to discuss fundraising activities to help support the cost of the books.

The Provost will direct the treasurer to make arrangements to pay the outstanding liability for the Yearbook account.

Donations Improperly Posted to the Special Purpose Account Were Misappropriated

- 5.1. Discuss guidelines over the Special Purpose account, donations and the rental of facilities with staff and administration for understanding and awareness of the requirements.
- 5.2. Direct staff to comply with the requirements for the rental and use of the facilities.
- 5.3. Strengthen the review and oversight over this account to ensure the propriety and the posting of charges.

Person(s) Responsible: Provost, Associate Provost over Internal Funds, Activities Director, and Treasurer

Management Response

The Provost will meet with the Administrative team, Activities Director in charge of rental of facilities, Athletic Director, and the Treasurer to ensure all policies and procedures are being implemented as it relates to donations and rental of facilities.

The Provost will meet with the Associate Provost over Internal Funds, The Activities Director, and the Athletic Director, to ensure all documentation procedures are followed as it pertains to rental of facilities and that no outside entities are using the facility without proper approvals.

The Provost will discuss with the entire staff the procedures to follow in reference to donations and collections during the faculty meeting in February.

The Provost, Associate Provost, and Treasurer will meet on a bi-weekly basis to review the Special Purpose account and all deposits posted for donations to ensure funds are deposited as per district guidelines.

The Provost assigned an administrator to oversee collections function and the work of the Treasurer and directed him to inform administration of any discrepancies related to the collections function for immediate corrective action. This administrator will also review the collection activities periodically to ensure that collections are properly documented.

Discrepancies In English Language Learners' (ELL) Student Records Resulted In Potential FTE Funding Disallowances

- 6.1. To reduce the probability of potential losses in funding and other non-compliance issues regarding ESOL criteria, ESOL staff and administration should review ESOL Program Record Folders to make certain that the information is accurate and that all pertinent forms are completed and filed in the folders immediately after the information is entered into ISIS.

Person(s) Responsible: Provost, Associate Provost, Dean over ESOL

Management Response

The Provost, Dean over ESOL, and ESOL Department Chairperson will review on a quarterly basis all ESOL Program Record Folders to make certain that the information is accurate and compliant.

The Provost reviewed the following with the Dean over ESOL and the ESOL Department Chairperson:

- Directed the Dean over ESOL to conduct an ESOL Program Record compliance audit immediately and to inform the Provost of any discrepancies. All noted deficiencies will be addressed immediately upon their finding.
- Discussed ESOL Program Record compliance procedures with the Dean over ESOL to ensure understanding of the expectations of the Federal, State, and District authorities.
- A work plan was developed that addresses the manner by which ESOL Program Records will be maintained and updated to ensure that the information is accurate and that all pertinent forms are completed and filed in the appropriate folders immediately after the information is entered into ISIS in a timely manner.

Discrepancies in On-The-Job Training Records**7.1. Ensure that all OJT records are properly completed and have required signatures.**

Person(s) Responsible: Provost, Associate Provost over Internal Funds, OJT Coordinator

Management Response

The Provost, the Associate Provost over Internal Funds, and the OJT Coordinator will review on a quarterly basis all OJT Program Record Folders to make certain that the information is accurate and that all pertinent forms and signatures are completed and filed in the folders immediately.

The Provost reviewed the following with the Associate Provost over Internal Funds, and the OJT Coordinator:


- Directed the Associate Provost over Internal Funds, and the OJT Coordinator to conduct an OJT Program Record compliance audit immediately and to inform the Provost of any discrepancies. All noted deficiencies will be addressed immediately upon their finding.
- OJT Program Record compliance procedures with the Associate Provost over Internal Funds, and the OJT Coordinator to ensure understanding of the expectations of the Federal, State, and District authorities.

cc: Ms. Martha Montiel
Maria T. Gonzalez

MEMORANDUM

January 11, 2012

TO: Mr. Nikolai P. Vitti, Assistant Superintendent
Education Transformation Office (ETO)

FROM: Keith A. Anderson, Principal 
Miami Edison Middle School

**SUBJECT: MIAMI EDISON MIDDLE SCHOOL – LOCATION 6481 AUDIT
RESPONSE FOR THE 2010-2011 FISCAL YEAR**

The cited audit findings for the period of July 1, 2010 through June 30, 2011, have been carefully reviewed by the Principal and Principal Secretary. As a result, the Principal has established an action plan comprised of explicit strategies to implement in order to prevent recurrence.

RECOMMENDATIONS

- 1.1 Review payroll procedures with the school staff and administration, particularly as they relate to payroll reporting, recordkeeping, and the preparation of leave cards to ensure understanding and awareness of the procedures.
- 1.2 Strengthen the overall review of the payroll process and all payroll records to ensure that documentation supports the payroll reported.
- 1.3 Ensure that potential hires are fully processed and cleared for work prior to issuing work assignments.

Person(s) Responsible: Principal, Principal's Secretary

Management Responsible

The Principal and Assistant Principal conducted a faculty meeting on December 6, 2011 to review and address payroll procedures regarding daily attendance signing in/out. Announcements are also made periodically during the week to remind faculty and staff employees of their duty to mark the attendance sheets accurately and in a timely manner. In addition, a memo will be sent to faculty and staff employees that fail to sign in/out appropriately.

The Principal and Principal's Secretary have thoroughly reviewed the Payroll Processing Procedures Manual. The Principal's Secretary will monitor the sign-in sheet daily and will notify the Principal and/or Assistant Principal of any discrepancies. Every

Thursday, the Principal and Principal's Secretary will review the payroll records (leave cards, substitute rosters, hourly payroll, etc.) to ensure the payroll records are accurate.

The Principal met with the Assistant Principal and Principal's Secretary to define roles and develop procedures when temporary instructors are recruited for the work site. The Assistant Principal will interview candidates and request a valid temporary instructor certificate prior to service. The Principal's Secretary will verify the validation of the certificate. The candidate will not be employed without absolute evidence of a valid temporary instructor certificate or cleared by Human Resources, Miami-Dade County Public Schools.

Currently, the individual in question, has been appropriately hired and payroll for the days worked in the capacity of a temporary instructor has been approved. This issue has been corrected and is now resolved.


It is expected that after implementation of the above mentioned recommendations, future audit exceptions will be avoided. If additional information is needed, please contact me at (305) 754-4491.

cc: Ms. Martha H. Montiel
Ms. Maria T. Gonzalez

MEMORANDUM

January 17, 2012
HHS/11-12/M#74
HHS 305/822-1500

TO: Mr. Jose L. Dotres, Region Superintendent
North Regional Center

FROM: Verena Cabrera, Principal 
Hialeah Senior High School

SUBJECT: **HIALEAH SENIOR HIGH SCHOOL AUDIT RESPONSE FOR THE 2009-2010 AND 2010-2011 FISCAL YEARS**

The following is a response to the findings in the Hialeah Senior High School Audit Report for the 2009-2010 and 2010-2011 fiscal years. The audit findings have been carefully reviewed by the Principal. As a result, the following corrective actions have been established to prevent recurrence.

FINDINGS

1. Receipts/Deposits Non-compliant with Guidelines

RECOMMENDATIONS

- 1.1 Discuss receipting and depositing procedures with staff for understanding and awareness of the requirements.
- 1.2 Strengthen the review and oversight of receipting/depositing activities to ensure that monies are timely receipted, deposited and properly recorded.
- 1.3 Ensure that the Collections/Deposits/Log (FM-7249) is consistently utilized to document those deposit packages awaiting the armored car pickup service.

Responsible Person(s): Principal, Principal's Designee, Treasurer, Activities Director, Club Sponsors

Management Response:

- The Principal met on January 12, 2012, with the Principal's Designee, the Activities Director, the Treasurer, and all Club Sponsors to discuss receipting and depositing procedures to ensure understanding and awareness of the requirements prior to said activities taking place.
- A copy of Section II, Chapters 2 and 3 of the Manual of Internal Fund Accounting will be provided to all club sponsors outlining the policies and procedures regarding the collection, accounting, and depositing of money generated from internal fund activities prior to their conducting said activities to ensure compliance.
- The Treasurer will secure an administrator's signature on the Collections/Deposits/Log (FM-7249) verifying money deposits to be stored in the school vault on a daily basis.
- The Principal will monitor to ensure that monies are deposited and properly recorded in a timely manner.
- The Principal's Designee will ensure that monies are deposited and properly recorded in a timely manner through the use of the Collection/Deposit Log.
- The Principal will meet with the Principal's Designee and the Treasurer once a month to ensure that

the Collections/Deposits Log (FM-7249) is properly utilized to document those deposit packages awaiting the armored car pickup service.

FINDINGS

2. Disbursements Non-compliant with Guidelines

RECOMMENDATIONS

- 2.1 Review disbursement procedures with staff to ensure a proper understanding of the requirements and expectations.**
- 2.2 Prior to approving any expenditures ensure that the expenditure is allowable.**
- 2.3 Adhere to aware cost thresholds established by the School Board and obtain all necessary approvals.**
- 2.4 Document telephone quotes and include with disbursement documentation.**
- 2.5 Make appropriate corrections by charging the faculty gown rental and the flower disbursements to the proper accounts.**

Responsible Person(s): Principal, Principal's Designee, Activities Director, Athletic Director, Treasurer, Club Sponsors

Management Response:

- The Principal met with the Treasurer on January 12, 2012, to review guidelines for the disbursement of funds in Section II, Chapter 8, Section IV, Chapter 7 and Section III, Chapter 9 of the Manual of Internal Fund Accounting to ensure compliance.
- Prior to approving any expenditure, the Treasurer will ensure that the expenditure is allowable and, if applicable, the bid process will be implemented with fidelity by securing the three required quotes for all purchases over \$1000.00. The Principal will review said expenditures to ensure compliance.
- A correction was made to charge the disbursements for the faculty graduation gown rentals and flower arrangements to the proper accounts on September 26, 2011. The Principal and the Principal's Designee will conduct mini-audits of expenditures on a quarterly basis to ensure that charges are posted to appropriate accounts.
- The Principal met with the Principal's Designee, the Athletic Director, the Activities Director, and the Treasurer to review, discuss and ensure adherence to School Board Policy 6680 Awards and Incentives.
- The Principal, the Principal's Designee, the Athletic Director, and the Activities Director met on January 13, 2012, with the Treasurer and all club sponsors to ensure that proper documentation is included with all disbursements including telephone quotes when applicable. The Principal will review all documentation prior to final approval.

For further information regarding this response, please contact Dr. Verena Cabrera, Principal, Hialeah Senior High School, at (305)822-1500.

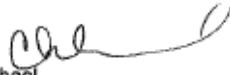
VC/mt

cc: Dr. Daniel Tosado
Ms. Cynthia Gracia
Ms. Vivian Santiesteban-Pardo

MEMORANDUM

January 18, 2012

TO: Mr. Jose L. Dotres, Region Superintendent
North Regional Center

FROM: Cheryl Kushi, Principal 
Highland Oaks Middle School

**SUBJECT: ADMINISTRATIVE RESPONSE TO SCHOOL AUDIT REPORT FOR
HIGHLAND OAKS MIDDLE SCHOOL 6241**

The following is a response to the findings in the Audit Report for Highland Oaks Middle School for the 2010-2011 fiscal year.

The audit findings have been carefully reviewed by the Principal. As a result, the Principal has implemented the following corrective measures in order to prevent the recurrence.

FINDINGS

1. Inadequate Controls Over Disbursements

RECOMMENDATIONS

- 1.1 Review the disbursement procedures with staff to ensure a proper understanding and awareness of the requirements.**
- 1.2 Strengthen the review over the disbursements to ensure quotes are obtained as applicable and the purchases are properly documented.**
- 1.3 Ensure that equipment purchases with an individual cost of \$1,000.00 or more purchased through internal funds are made from the proper accounts and tagged.**

Responsible Person(s): Principal, Assistant Principal, and Treasurer

Management Response:

- The Principal, Assistant Principal and Treasurer have reviewed Section 3, Chapter 9 of the *Manual of Internal Fund Accounting* regarding the allowable expenditures for the Educational Support (Fund 9) Program. Each designee maintains a copy of the listing for quick reference in a folder on their desks.
- The Principal, Assistant Principal and Treasurer reviewed Section 2, Chapters 4 and 5 of the *Manual of Internal Fund Accounting* pertaining to payments to vendors and the acquisition of three documented quotes for purchases over \$1,000.00.
- The Principal developed a systematic process for purchases made through internal funds accounts:
 - Upon completion of the purchase order, the Treasurer will attach a school created checklist identifying the funding source, verification that it is an allowable expenditure through the desired account, and the documentation of the three required quotes for purchases over \$1,000.00. The checklist will require the Treasurer's initials next to each line.
 - Upon preparation of the check requisition package, the Treasurer will again review the checklist documentation. Additionally, the Treasurer will check the date of the invoice against the date of receipt and the date of the check requisition. The Treasurer will initial the checklist to verify that the dates are in compliance.
 - Upon receipt of the check requisition package, the Principal will review the attached documentation and check the date of the invoice against the date received and the date of the check requisition. The Principal will initial the

checklist to verify the dates are in compliance. The Treasurer, as verified by the principal will ensure that purchases are made from Storage and Distribution whenever possible.

- The Principal met with the school's staff and reviewed the procedures for internal funds purchases on January 12, 2012.
- The Principal, the Assistant Principal over internal funds, the Treasurer, and the Assistant Principal over property control, reviewed Section 2.2 of the Manual of Property Control Procedures pertaining to receipt of property reported by the school as purchased through internal funds, including the use of FM-1669, "Incoming Controlled Equipment."
 - The Treasurer upon receipt of purchased equipment that should be tagged will complete FM-1669 and submit it to the Assistant Principal over property to be reviewed.
 - The Assistant Principal over property will review FM-1669 and submit it to the principal to be signed and secure the equipment.
 - The Principal will review and sign FM-1669 and ensure that the form is submitted to property accounting in a timely manner.
- The Principal met with the school's staff on January 13, 2012 to review the procedures for tagging equipment purchased through internal funds.

2. Inadequate Controls Over Yearbook Sales

RECOMMENDATIONS

- 2.1 Ensure that staff understands and adheres to the procedures for completing yearbook reports, and for maintaining on file complete documentation related to the activity.**
- 2.2 Periodically meet with the yearbook sponsor to monitor the health and well-being of the activity and to make adjustments, as needed.**

Responsible Person(s): Principal, Assistant Principals, Treasurer, and Yearbook Sponsor

Management Response:

- The Principal, Treasurer, the Assistant Principal for curriculum, the Assistant Principal for internal funds, and the yearbook sponsor reviewed Section 4, Chapter 6 of the Manual of Internal Fund Accounting pertaining to yearbook sales.
- The Principal, Treasurer, Assistant Principal for curriculum, Assistant Principal for internal funds, and yearbook sponsor reviewed previously completed yearbook reports.
- The Principal developed a systematic process to monitor yearbook activity.
 - The Principal will meet with the Assistant Principal for curriculum and the yearbook sponsor prior to the commencement of the school year to determine the yearbook deadlines. The Principal will also communicate directly with the yearbook representative regarding deadlines.
 - The Principal and Assistant Principal will add these deadlines into their calendars. Monthly monitoring meetings with the yearbook sponsor will occur. At each monthly meeting the following will be reviewed:
 - Progress towards the deadline
 - Completion of monthly yearbook reports
 - Yearbook Sales
 - Action steps to be completed prior to the next meeting will be established.
- The Principal, the Assistant Principals, the Treasurer, and yearbook sponsor have begun to pre-sell the yearbook using a variety of marketing strategies to ensure sales are progressing. Advertisements for the pre-sales will take place over the school Public Address system, via school telephone system (Connect-Ed), through flyers, and morning

television announcements. These sales and advertisements will be monitored by school administration and treasurer.

- The Principal, Assistant Principal for curriculum, and the Assistant Principal for internal funds will monitor yearbook sales and conduct school events to encourage sales.
- At the conclusion of the school year, the Principal, the Assistant Principal for curriculum, the Assistant Principal for internal funds, and the yearbook sponsor will meet to review all yearbook documentation including:
 - Confirm signatures on all documents, including the bids for the following school year.
 - Make any necessary adjustments to the number of books ordered for the following year based on current year's sales.
- The Principal met with the school's staff on January 11, 2012 to review the procedures pertaining to yearbook sales.

3. Inadequate Recordkeeping, Documenting, and Reporting of Payroll

RECOMMENDATIONS

- 3.1 Review with staff and administration the sign-in/out payroll procedures and the proper documentation of payroll hours, especially part-time employees.**
- 3.2 Review with staff the procedures for documenting leave, especially when substitutes are required to cover instructional personnel.**
- 3.3 Strengthen the overall review of payroll and all payroll records to ensure that documentation supports the payroll reported.**

Responsible Person(s): Principal, Assistant Principals, and Treasurer

Management Response:

- The Principal re-issued a memorandum on January 10, 2012 to all staff members that was previously issued on August 18, 2011 reiterating the policies and procedures for all school personnel regarding the importance of signing in/out as it pertains to being a part of their professional duties and responsibilities and for accurate payroll recording.
- The Principal met with the payroll clerk and substitute locator for the school on January 3, 2012 to review the procedures regarding locating substitutes and maintaining accurate records regarding payroll especially with regard to any open positions in the building.
- The Principal, the Assistant Principal and the Payroll Clerk will ensure that all substitutes are secured for an employee who is absent and that this is reflected on the Temporary Instructors Daily Payroll Attendance Sheet. In the event that a temporary instructor is secured for an open position or other reason, the Principal will sign the memorandum providing the explanation.
- The Principal and the Assistant Principals will review the payroll daily in the morning as part of their walk-throughs to ensure that all personnel is signing in and out according to procedures. This will include monitoring the cafeteria payroll for both locations.

For further information regarding this response, please contact, Cheryl Kushi, Principal of Highland Oaks Middle School at 305-932-3810.

cc: Dr. Daniel Tosado
Ms. Cynthia Gracia
Ms. Vivian Santiesteban-Pardo

MEMORANDUM

January 9, 2012

TO: Dr. Carmen B. Marinelli, Regional Superintendent
North Central Regional Center

FROM: Javier Perez, Principal
Miami Springs Middle School

SUBJECT: **ADMINISTRATIVE RESPONSE TO THE INTERNAL AUDIT REPORT OF MIAMI SPRINGS MIDDLE SCHOOL FOR THE 2010-2011 FISCAL YEAR**

The cited audit findings for the period of July 1, 2010 through June 30, 2011 have been carefully reviewed by the Principal. As a result, the Principal has established corrective and preventive measures in order to avoid future occurrences

Recommendation:

1. **Develop appropriate spending plans for Title I Program funds in order to maximize their use and periodically monitor the spending of Title I Program funds to ensure funds are spent accordingly.**

Responsible Person(s): Principal, Assistant Principal, Payroll Clerk

Management Response:

The Principal developed a plan to systematically review the Title I budget on a weekly basis. The Principal will meet with the treasurer and review all accounts under Title I during their weekly meeting. A copy of the account balances will be saved at this time for future reference if needed. The Principal will also set a timeline by which the funds in all accounts dealing with Title I will be spent.

In addition, the Principal reviewed Section B – Expenditures and Budgets of the Title I Administration Handbook with appropriate staff and the handbook was distributed to Title I employees and a signed receipt acknowledging receipt has been filed for future audits.

It is expected that after implementation of the above mentioned recommendations, future audit exceptions will be avoided.


If you require additional information, please contact me at (305) 885-6021.

cc: Dr. Daniel Tosado
Ms. Jennifer Andreu
Ms. Cynthia Gracia

MEMORANDUM

January 13, 2012

TO: Dr. Alexis Martinez, Region Superintendent
South Central Regional Center

FROM: Josephine Otero, Principal 
Coral Way K-8 Center

SUBJECT: **SCHOOL SITE AUDIT CORRECTIVE ACTION PLAN – RESPONSE TO
SCHOOL SITE AUDIT REPORT – CORAL WAY K-8 CENTER**

The following is a response to the audit findings for Coral Way K-8 Center Audit Report for the 2010-2011 Fiscal Year. The audit findings have been carefully reviewed by the Principal as a result; the following corrective actions have been established to prevent recurrence.

FINDINGS

1. Inadequate procedures and control in receipting, safeguarding of the Before/After School Care and Community School Program collections and records resulted in misappropriation.

RECOMMENDATION:

- 1.1 Ensure that records are maintained in a secure area and direct the Assistant Principal for the Community School to monitor and safeguard all attendance and reimbursement records.
- 1.2 Ensure that CDS reports are timely prepared and submitted to the agency for reimbursement.
- 1.3 Continue oversight of the program and periodically meet with the Assistant Principal for Community School to review the activity of the program.
- 1.4 Discuss the receipting and depositing procedures with new personnel for awareness and understanding of the requirements and expectations.
- 1.5 Continue enforcing the issuance of a receipt every time monies exchange hands.
- 1.6 Continue ensuring that the Receipts/Deposit Log is used consistently.
- 1.7 Continue ensuring that Community School staff members bring the receipt books along with the collections to the treasurer to verify amounts receipted and

Responsible Person(s): Principal, Assistant Principal for the Community School

MANAGEMENT RESPONSE

In order to safeguard the Before /After School Care and Community School Program collections and records, on April 18, 2011 and on August 8, 2011, the Principal met with the Assistant Principal for the Community School, the Program Manager, and the Treasurer to review Section II, Chapter 2 of the *Manual of Internal Fund Accounting* which establishes the procedure for the collection of money at the school and the Community School Procedures Manual which provides procedural guidelines over the management and recordkeeping of Community School and Before/After School Care Program records.

To ensure that records are maintained in a secure area, the Principal directed the Assistant Principal for Community School to monitor and safeguard all attendance and reimbursement records, and ensure that CDS reports are timely prepared and submitted to the agency for reimbursement.

The Principal will continue to oversee the after school care program and meet with the Assistant Principal for Community School on a monthly basis to review the activity of the program.

The Principal will discuss proper procedures for receipting and depositing with new personnel.

The Principal, Assistant Principal for Community School, Program Manager, and Treasurer implemented a systematic plan for receipting and depositing Before/After School Program collections. The plan includes procedures for recording payments on the Collections/Deposits Log form, FM-7249, submitting monies to the school Treasurer, and depositing funds in a timely manner.

The Assistant Principal for Community School will ensure that a receipt is issued once monies are submitted to the treasurer for deposit.

The Principal in cooperation with the Assistant Principal of Community School will periodically monitor the Receipt/Deposit Log to ensure that Log is used consistently.

The Assistant Principal has directed the Community School staff members to attach computer generated receipts to the receipt books. The Assistant Principal of Community School will ensure that the receipt books along with the collections are submitted to the Treasurer and that amounts are verified by computer generated receipts that are attached to the receipt books.

The Assistant Principal of Community School in cooperation with the Principal has identified a secure cabinet to safeguard attendance records and reimbursement records.

The Program Manager will verify that attendance is taken in a daily basis, that monies are collected and receipted, and that the CDS reimbursement is prepared and submitted in accordance with the established timelines. The Assistant Principal of Community School will review attendance and receipts on a weekly basis in collaboration with the Program Manager to ensure record accuracy.

On November 7, 2011, the Principal instructed the Assistant Principal for Community School and the Program Manager to verify that student attendance rosters are properly completed and maintained on file as part of the program's documentation.

The Principal will conduct in-house mini-reviews of the attendance and payment records on a monthly basis.

The Principal and Assistant Principal for the Community School will review attendance and CDS records monthly to ensure accurate documentation and storage of records. The Principal and Treasurer will meet with the Assistant Principal for the Community School, and the Program

Manager, on a bi-weekly basis to ensure all Deposit/Collection procedures are being followed as delineated above.


If you have any further questions or concerns regarding this matter, please contact me at (305)854-0515.

cc: Lucy Iturrey, Administrative Director

MEMORANDUM

January 13, 2012

TO: Dr. Alexis Martinez, Region Superintendent
South Central Regional Center

FROM: Dr. Winston A. Whyte, Principal 
Riviera Middle School

**SUBJECT: ADMINISTRATIVE RESPONSE TO SCHOOL AUDIT REPORT FOR
RIVIERA MIDDLE SCHOOL – LOCATION #6801**

The following is a response to the findings in the Riviera Middle School Audit Report for the 2010-2011 fiscal year. The audit findings have been carefully reviewed by the principal and, as a result, the following corrective actions have been established to prevent recurrence.

FINDINGS

1. Inadequate controls over disbursements

RECOMMENDATIONS

- 1.1 Review the disbursement procedures with staff to ensure a proper understanding of the requirements and expectations and strengthen review over disbursements.
- 1.2 Any decisions to change the intended purpose of grant/donations should be communicated to the grantor/donor to obtain approval in writing.
- 1.3 Ensure that there are sufficient uncommitted funds available before approving/making purchases and ensure that staff obtains approval prior to making any disbursements. Direct the staff in charge of processing P-Card disbursements to inform the administration of available balances prior to requesting authorization to spend any funds. This should also include not approving P-Card disbursements unless funds are available and the authorization form is signed prior to the school processing such disbursements.
- 1.4 Provide the EESAC Committee with a copy of the Miami-Dade County's Educational Excellence School Advisory Council (EESAC) Resource Guide and discuss with them for awareness and understanding of the procedures.

1.5 Ensure that the EESAC official committee minutes include clear and accurate description as to the use of the funds, amount to be spent and the corresponding approval prior to spending funds.

Responsible Person: Principal, Assistant Principal and Treasurer

Management Response:

In order to ensure that proper disbursements are made, the Principal met with the staff on November 1, 2011, and reviewed the requirements and expectations regarding disbursements. Furthermore, technology items that do not have a PC number will be labeled and tracked with the *Destiny* system by the Media Specialist with a bar code number. During the Faculty meeting of November 1, 2011, the Principal and the Media Specialist stressed the importance of following proper procedures and completing required forms for the usage of School Board Property off-site.

In order to ensure that grant funds and donations are used for their intended purpose, a copy of each Grant written will be kept in the treasurer's office in order to monitor that funds are appropriately spent. Request to purchase unauthorized items as delineated by the grant will not be approved for purchase.

In order to ensure that there are sufficient uncommitted funds available before approving/making purchases and ensure that staff obtains approval prior to making any disbursements, the Principal requested a Treasurer Mentor to be allocated and assigned to train the Treasurer in the appropriate procedures for making disbursements. The Treasurer has been instructed to review the *Manual of Internal Fund Accounting* which establishes the appropriate guidelines for purchases and disbursements.

The staff has been given an in-service training in proper accounting procedures. The Treasurer has been made aware that all purchases are to be preapproved by the Principal prior to placing a purchase order.

A copy of *A Resource Guide for Effective EESAC Implementation* has been printed and given to the EESAC chair to review with the committee members. During the EESAC meeting held on November 1, 2011, the members were advised of the importance of delineating the distribution of EESAC funds and documenting the authorization for the transfer of funds prior to spending any funds. The EESAC committee delineated and authorized the transfer during their December meeting. As per the procedures, once the minutes are approved during the January meeting, the transfer of monies will be authorized.

The Principal reviewed with the Treasurer the *Purchasing Credit Card Policies & Procedures*. Furthermore, staff has been made aware that no purchases are to be made prior to receiving signed authorization of their purchase order from the Principal.

In regards to funds being available, the Treasurer will review with the Principal or Principal's Designee on a monthly basis available fund prior to processing purchasing requests. The Treasurer will participate in additional training on utilizing and navigating the new SAP program in order to better monitor budget availability.

The Principal has implemented a spreadsheet to assist the Treasurer's ability to track purchases made but not posted to the budget. Additionally, the Treasurer is providing a print out of the current account balance prior to the purchases so that the Principal may review and approve prior to authorizing the purchase order.

If you have any further questions or need any additional information, please contact me at 305-226-4286.

cc: Ms. Lucy Iturrey

MEMORANDUM

JVP/2011-2012/#059
January 18, 2012

TO: Dr. Daniel Tosado, Assistant Superintendent
District/School Operations

FROM: James V. Parker, Principal
Miami Lakes Educational Center

**SUBJECT: ADMINISTRATIVE RESPONSE TO INTERNAL AUDIT REPORT
OF MIAMI LAKES EDUCATIONAL CENTER – 7391 AND 8901**

The following is submitted in response to the Internal Audit Report of Miami Lakes Educational Center (7391/8901) for 2009-2010 and 2010-2011 Fiscal years.

The audit findings have been carefully reviewed by the Principal and as a result an action plan comprised of strategies has been developed in order to prevent a recurrence and ensure that the school is in compliance with School Board policies and procedures.

1. **Bookkeeping Function Not Properly Monitored Resulted in Financial Transactions Related To Checking Account And Bank Reconciliation Untimely Processed And Other Similar Discrepancies (Adult Educational Center)**

RECOMMENDATIONS

- 1.1 **Discuss the bookkeeping procedures with the new treasurer to ensure understanding of the expectations of the job. These procedures should include the preparation of the prenumbered inventory report, the deposit packages and the disbursements.**
- 1.2 **Staff and administration should strengthen efforts to safeguard official forms and collections.**
- 1.3 **Direct the Treasurer to perform the reconciliations and post the transactions in a timely manner; review the transactions for accuracy, deposit on time and pay on time.**
- 1.4 **Assign an administrator to oversee the Treasurer's office and direct him/her to meet frequently with the treasurer to ensure the propriety of the bookkeeping function and the timelines and accuracy of the bank reconciliations, the posting of transactions, and the deposit and disbursement of funds.**

- 1.5 Periodically meet with the assigned administrator to ensure that the bookkeeping function is working as designed and to discuss the timely implementation of corrective action resulting from any of these reviews.
- 1.6 Monitor agency billings and ensure that the school is receiving payments in a timely manner. Similarly monitor the remittal of tuition to the District.
- 1.7 Review the prenumbered forms inventory prior to filing to ensure it is complete.
- 1.8 Ensure that the matter of the misposted Pell Grant funds and the agency funds pending return is cleared immediately with assistance from the school's Financial Aid Office. In the meantime, transfer funds to a trust Fund account pending resolution.

Person(s) Responsible: Principal, Business Manager, Treasurer

Management Response:

The Principal met with the newly appointed Business Manager and Treasurer to review and ensure their understanding of the expectations of their respective jobs. This included a review of the procedures outlined in Section II, Chapters 1, 2, 3, 4, 5 and 7, Section III Chapter 4 and Section V, Chapter 1 of the Manual of Internal Fund Accounting. In addition, Chapter 4 of the Adult and Applied Technology Procedures Manual was reviewed.

The Principal and Business Manager have reviewed with the new school Treasurer the Internal Fund procedures for the preparation of the Prenumbered Forms inventory report, the documentation and preparation of deposit packages and disbursements, and the safeguarding and filing of financial records of the school. The Principal and Business Manager have reviewed and implemented strategies to ensure that procedures are in place to safeguard official forms, collections, the financial records, and deposit packages of the school.

The Principal has directed the Treasurer to perform the reconciliation and post all transactions on a monthly basis. The Business Manager will review the transactions for accuracy and ensure that deposits and payments are made on time. Each Friday the Principal, Business Manager and Treasurer will meet and review all financial transactions that have occurred for that week. The Principal has assigned the Business Manager to oversee and review the Treasurer's office and to ensure the propriety of the bookkeeping function, the timelines and accuracy of the bank reconciliations, the posting of transactions, and the deposit and disbursement of funds.

The Business Manager has been directed to monitor all agency billings and ensure that the school is receiving payments in a timely manner. Each month the Principal will review the Cumulative Agency Billing Summary Report with the Business Manager to ensure the school is in compliance with the agency billing procedures and timelines. Each month, the principal will review with the business manager the remittal of tuition to the District to ensure accuracy and submission in a timely manner. Prior to filing the Principal will review with the Business Manager the prenumbered forms inventory to ensure it is complete.

The school was able to locate the missing schedules and supporting documentation related to Pell Grant and agency funds that were not posted correctly and was able to post to the Tuition/Fees/Bookstore accounts.

The Principal will randomly review internal fund documents to ensure records are organized and procedures and timelines are in compliance. In addition, the school located 9 out of 11 deposit packages that were missing during the audit visit and continues its efforts to locate all pertinent financial records.

The Principal will randomly review internal fund documents to ensure records are organized and procedures and timelines are in compliance. Additionally, the Principal, will monitor the daily posting of transactions and checking account balances; any discrepancies will be addressed and the Business Manager will be required to correct them immediately.

2. Bookstore and Culinary Arts Activities Showed Losses and Reports Not Filed At Year-End (Adult Educational Center 8901)

Person(s) Responsible: Principal, Business Manager, Manager III Food Service, Assistant Food Service Manager, Bookstore Clerk.

RECOMMENDATIONS

- 2.1 Discuss the procedures with faculty and staff involved in the accounting of these Activities to ensure understanding of the procedures and expectations of the job. These procedures should include the preparation of inventory and year-end reports and the monitoring of sales.**
- 2.2 Assign and administrator to oversee the bookstore and Culinary Arts program and direct him/her to meet frequently with faculty and staff to oversee the activities and ensure that sales and costs are monitored closely and costs curtailed as much as possible.**
- 2.3 Periodically meet with the assigned Administrator to ensure that the bookstore and Culinary Arts program activities are progressing as**

designed and that the implementation of any corrective action resulting from these reviews is timely.

Management Response:

The Principal has met with the Business Manager, Manager III Food Service, Assistant Food Service Manager and the Bookstore Clerk and reviewed Section IV, Chapter 16 of the Manual of Internal Fund Accounting and the Adult and Applied Technology Education Procedures Manual to ensure each individual understands the procedures and expectations of their jobs. The Principal has assigned the Business Manager to oversee the Bookstore and financial aspects of the Culinary Arts program and has directed that the responsible individuals meet monthly to review and ensure that sales and costs are monitored closely and costs are curtailed. The Principal has directed the Bookstore Clerk and Manager III Food Service to generate a monthly operating report for review by the Business Manager. The Principal will meet monthly with the Business Manager to review the bookstore and Culinary Arts operating reports and will implement any corrective action resulting from these monthly reviews.

Additionally, the Principal will randomly review financial documents from the Bookstore and Culinary Arts program to ensure records are organized and procedures and timelines are in compliance. Any discrepancies will be addressed and corrected immediately.

It is expected that the above corrective actions will help strengthen the internal controls of the Treasurer's office and prevent future audit exceptions.

JVP/sbh

cc: Mr. Jose L. Dotres
Ms. Vivian M. Santiesteban-Pardo
Mr. Robert Gornto

MEMORANDUM

January 12, 2012
JLD#048/2011-2012
305-572-2800

TO: Mr. Freddie Woodson, Deputy Superintendent
District/School Operations

FROM: Jose L. Dotres, Region Superintendent
North Regional Center

SUBJECT: **RESPONSES TO AUDIT REPORT OF NORTH REGIONAL CENTER SCHOOLS**

Please find attached the responses to the audit finding for the 2010-2011 fiscal year for Highland Oaks Middle School, and the 2009-2010 and 2010-2011 fiscal years for Hialeah Senior High School. North Regional Center has reviewed the exceptions cited. The following support activities will be implemented at the Region level.

Highland Oaks Middle School

- 1.1 **Review the disbursement procedures with staff to ensure a proper understanding and awareness of the requirements.**
- 1.2 **Strengthen the review over the disbursements to ensure quotes are obtained as applicable and the purchases are properly documented.**
- 1.3 **Ensure that equipment purchases with an individual cost of \$1,000.00 or more purchased through internal funds are made from the proper accounts and tagged.**

The North Regional Center Financial Business Operations Director and the Principal established an organized plan for the Principal to implement and monitor after review with affected staff. The plan encompasses tracking a purchase from its initiation through its completion of payment including monitoring of disbursement function and documentation related to Internal Funds and Fund 9 accounts as well as guidelines for timelines of payment.

The North Regional Center Financial Business Operations Director will conduct on-site mini-reviews each quarter to ensure that all purchases are made in accordance with district policies. Additionally, Purchase Order Requisition Logs, invoices and all related documentation will be reviewed to ensure that record keeping procedures are in compliance and processed in a timely manner.

- 2.1 **Ensure that staff understands and adheres to the procedures for completing yearbook reports, and for maintaining on file complete documentation related to the activity.**
- 2.2 **Periodically meet with the yearbook sponsor to monitor the health and well-being of the activity and to make adjustments, as needed.**

The North Regional Center Financial Business Operations Director and the Principal established an organized marketing and sales plan for the yearbook. The plan includes strict monitoring of submission deadlines and pre-sales.

The North Regional Center Financial Business Operations Director will conduct on-site mini-reviews each quarter to ensure that all sales and page submissions are made in accordance with district policies and within timeline. Additionally, based on the 2011-2012 yearbook sales results the Principal and the

regional director will confer and discuss yearbook bid stipulations and procedures prior to making signing the contract for the 2012-2013 school year.

- 3.1 **Review with staff and administration the sign-in/out payroll procedures and the proper documentation of payroll hours, especially part-time employees.**
- 3.2 **Review with staff the procedures for documenting leave, especially when substitutes are required to cover instructional personnel.**
- 3.3 **Strengthen the overall review of payroll and all payroll records to ensure that documentation supports the payroll reported.**

The North Regional Center Financial Business Operations Director instructed the Principal to thoroughly review the Payroll Processing Procedures Manual and develop a systemic approach for properly maintaining payroll procedures to include review of Payroll Sign-in Rosters and the Temporary Instructors Daily Payroll Attendance Sheet, verify that the daily payroll corresponds to employee's actual attendance and attach appropriate documentation as needed to match the temporary instructor's log.

The Financial Business Operations Director will conduct quarterly site-reviews to ensure compliance with all guidelines found in the Payroll Processing Procedures Manual to make sure that the daily and hourly payrolls are accurate and that there is proper documentation to support the rosters.

Hialeah Senior High School

- 1.1 **Discuss receipting and depositing procedures with staff for understanding and awareness of the requirements.**
- 1.2 **Strengthen the review and oversight of receipting/depositing activities to ensure that monies are timely receipted, deposited and properly recorded.**
- 1.3 **Ensure that the Collections/Deposits/Log (FM-7249) is consistently utilized to document those deposit packages awaiting the armored car pickup service.**

The North Regional Center Financial Business Operations Director instructed the Principal to thoroughly review Section II Chapters 2 and 3 of the Manual of Internal Fund Accounting to ensure adherence to all policies and procedures regarding the collection, accounting securing and depositing of money generated from Internal Fund activities.

The North Regional Center Financial Business Operations Director cooperatively with the Principal will solicit assistance from the Office of Internal Funds to provide necessary training for selected staff.

The North Regional Center Financial Business Operations Director will conduct quarterly site reviews to ensure that the collections/Deposits log is properly utilized to document those deposit packages in school custody.

- 2.1 **Review disbursement procedures with staff to ensure a proper understanding of the requirements and expectations.**
- 2.2 **Prior to approving any expenditures ensure that the expenditure is allowable.**
- 2.3 **Adhere to aware cost thresholds established by the School Board and obtain all necessary approvals.**
- 2.4 **Document telephone quotes and include with disbursement documentation.**

2.5 Make appropriate corrections by charging the faculty gown rental and the flower disbursements to the proper accounts.

The North Regional Center Financial Business Operations Director instructed the Principal I to thoroughly review the guidelines for the disbursement of funds in Section II, Chapter 6 Section IV, Chapter 7 and Section III, Chapter 9 of the Manual of Internal Funds Accounting and develop a systematic plan to follow regarding disbursements.

The North Regional Center Financial Business Operations Director cooperatively with the Principal will solicit assistance from the Office of Internal Funds to provide necessary training for selected staff.

Should you need additional information, please contact me a (305) 572-2800.


JLD/VSP/SR

cc: Dr. Daniel Tosado
Ms. Cynthia Gracia
Ms. Vivian Santiesteban-Pardo

MEMORANDUM

January 9, 2012
CBM#114/2011-12

TO: Mr. Freddie Woodson, Deputy Superintendent
District/School Operations

FROM: Carmen B. Marinelli, Regional Superintendent
North Central Regional Center 

SUBJECT: **RESPONSE TO INTERNAL AUDIT REPORT OF NORTH CENTRAL
REGIONAL CENTER SCHOOLS**

The following is a response to relevant findings in the school audit report of Miami Springs Middle School.

North Central Regional Center has reviewed the audit response for the above mentioned school. As a result of the audit finding, the following support activities will be implemented at the Regional level:

Miami Springs Middle School

1.0 Develop appropriate spending plans for Title I Program funds in order to maximize their use and periodically monitor the spending of Title I Program funds to ensure funds are spent accordingly.

- The North Central Regional Center Director instructed the Principal to thoroughly review the Title I Administration Handbook.
- The North Central Administrative Director will remind all Principals of the February 10, 2012, deadline by which requisitions must be approved for Title I funds.
- Principals that have a negative Title I balance or a surplus will be contacted individually by the North Central Administrative Director.

Additionally, the affected Principal will participate in the District's Money Matters Support Program. North Central Regional Center staff will continue to work with the Principals to promote efficient fiscal practices.

For further information regarding this response, please contact me at (305) 687-6565.

CBM/JDA/rad

cc: Dr. Daniel Tosado
Ms. Jennifer Andreu
Ms. Cynthia Gracia

MEMORANDUM

January 13, 2012

TO: Mr. Freddie Woodson, Deputy Superintendent
District/School Operations

FROM: Dr. Alexis Martinez, Region Superintendent
South Central Regional Center

SUBJECT: **RESPONSES TO AUDIT REPORT OF SOUTH CENTRAL
REGIONAL CENTER**



Please find attached the responses to the audit finding for the 2010-2011 fiscal year for Coral Way K-8 Center and Riviera Middle School. South Central Regional Center has reviewed the exceptions cited. The following support activities will be implemented at the Region level.

Coral Way K-8 Center

- 1. Inadequate Procedures and Control In Receipting
Safeguarding of the Before/After School Care and
Community School Program
Collections and Records Resulted in Misappropriation**
 - The South Central Regional Center Financial/Business Operations Administrative Director instructed the Principal to develop a systematic plan for monitoring all aspects of record keeping of the Community Education and Before/After School Care Program. A copy of the plan will be maintained at the Regional Center.
 - The South Central Regional Center Financial/Business Operations Administrative Director, cooperatively with the Principal, will schedule technical training with the office of Community Education and Before/After School Care Programs for the community school and after care staff.

Riviera Middle School

- 1. Inadequate Controls Over Disbursements**
 - The South Central Regional Center Financial/Business Operations Administrative Director, instructed the Principal to thoroughly review Section II, Chapters 4 and

5 of the *Manual of Internal Funds Accounting* and to develop a systematic plan to follow regarding disbursement functions.

- The South Central Regional Center Financial/Business Operations Administrative Director, cooperatively with the Principal, will solicit assistance from the Office of Internal Funds to provide necessary training for selected staff.
- The South Central Regional Center Financial/Business Operations Administrative Director, cooperatively with the Principal, will coordinate quarterly Internal Funds mini-reviews. Results will be examined, discrepancies will be corrected immediately and a copy of the review will be submitted to the Regional Center.

The South Central Regional Center Financial/Business Operations Administrative Director will monitor that the principal and treasurer conduct on-site mini-reviews each quarter to ensure that all purchases are made in accordance with district policies. Additionally, Purchase Order Requisition Logs, invoices, and all related documentation will be reviewed to ensure that record keeping procedures are intact, organized and dealt with in a timely manner.

Should you need additional information, please contact me at (305) 595-7022.

Attachments

cc: Dr. Daniel Tosado
Ms. Cynthia Gracia
Ms. Lucy Iturrey

MEMORANDUM

January 19, 2012
NPV/2011-2012 #231
305-995-3091

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

FROM: Nikolai P. Vitt, Assistant Superintendent
Education Transformation Office

**SUBJECT: ADMINISTRATIVE RESPONSE TO INTERNAL AUDIT REPORT OF
MIAMI EDISON MIDDLE SCHOOL AND MIAMI EDISON SENIOR HIGH SCHOOL**

Please find attached the response to the internal funds audit for the 2010-2011 fiscal year for Miami Edison Middle School and the 2009-2010 and 2010-2011 fiscal year for Miami Edison Senior High School. The Education Transformation Office has reviewed the audit exceptions cited. The following support activities will be implemented.

MIAMI EDISON MIDDLE SCHOOL

Inadequate Reporting and Documenting Of Payroll

- 1.1 Review payroll procedures with the school staff and administration, particularly as they relate to payroll reporting, recordkeeping, and the preparation of leave cards to ensure understanding and awareness of the procedures.
- 1.2 Strengthen the overall review of the payroll process and all payroll records to ensure that documentation supports the payroll reported.
- 1.3 Ensure that potential hires are fully processed and cleared for work prior to issuing work assignments.
 - The Education Transformation Office Administrative Director will review and monitor the systematic approach developed to ensure that payroll procedures are properly maintained. This will include a review of the calculations of hours recorded for hourly employees, verify that the daily payroll corresponds to employee's actual attendance, identify appropriate leave types on leave cards, attach appropriate documentation to leave cards, etc.
 - The Education Transformation Office Administrative Director will conduct bi-monthly site-reviews to ensure compliance with all guidelines found in the Payroll Processing Procedures Manual.

MIAMI EDISON SENIOR HIGH SCHOOL

Former Treasurer Fabricated Documentation to Misappropriate Funds, and Controls Over the Bookkeeping Function Were Inadequate

- 1.1 Direct staff to deliver unopened bank statements and bank correspondence to the Provost for the initial review before it is forwarded to the Treasurer.
- 1.2 Discuss receipting and depositing procedures with staff for understanding and awareness of the requirements.
- 1.3 Assign an administrator to oversee the financial activities of the school and direct the administrator to periodically meet with the treasurer to review the financial transactions.
- 1.4 Strengthen the management of the internal funds of the school by *periodically reviewing accounts and fund balances* and adjusting spending plans, accordingly. This should include plans for the proper utilization of vending commissions, donations, profits from fundraising activities and fees collected from students.

- 1.5 Strengthen the review and oversight of receipting/depositing activities to ensure that monies are timely receipted, deposited and properly recorded.
- 1.6 Ensure that the Collections/Deposits Log [FM-7249] is consistently utilized to document those deposit packages awaiting the armored car pickup service.
- 1.7 Ensure that collections from outstanding student fees, fines and lost textbooks are properly documented and maintain source documentation.
- 1.8 Strengthen the review and oversight over the disbursement function to ensure the propriety of the charges, the posting of charges to the appropriate accounts and the completeness of the documentation.
- 1.9 Prior to approving any expenditure, ensure that accounts have available funds and that the expenditure is not only allowable but comports with the intent of the monies collected/available in the account.
- 1.10 Ensure that official forms used to record the school collections are properly safeguarded and accounted for in the inventory.
- 1.11 Verify that transfers of funds between the checking and the money market account, as reflected in the bank statements, have received the prior approval of the administration.
 - The Principal was directed to monitor the checkbook on a weekly basis and verify bank statements with the online banking information.
 - The Education Transformation Office Administrative Director will conduct site reviews to ensure compliance with all guidelines found in Section II, Chapters 2 and 3 of the Manual of Internal Fund Accounting, ensuring procedures for deposit and money collections are adhered and proper documentation is maintained.

Inadequate Financial Oversight Resulted in Deficit Fund Balances and Questionable Expenditures

- 2.1 Given the financial condition of the school and this Fund, spending should be curtailed by ensuring that only those expenditures critical to the operation of the Athletic Program are approved. Also, consideration should be given to devising a plan for raising funds to eliminate the deficit balance.
- 2.2 Review accounts in Classes and Clubs associated with sports to determine whether available funds can assist with part of the Athletic Fund deficit.
- 2.3 Review with staff from the Athletic Department those procedures regarding the preparation of athletic inventory, the reconciliation of ticket sales, and the preparation of deposits.
- 2.4 Periodically meet with the Athletic Business Manager and the Treasurer to review the Athletic Fund activity, the game reports and the associated deposits.
 - The Education Transformation Office Administrative Director will meet with the Principal bi-monthly to review internal funds financial activities including those associated with the school's athletic program.

Deposits and Disbursements Not Compliant with Documentation Guidelines

- 3.1. Strengthen the review over activities, including the preparation, review and filing of Student Activity Operating Reports, Inventory and Operating Statements, and Fundraising Activities Log.
- 3.2. Review the procedures with sponsors to ensure awareness and compliance of the requirements; and consider the number of activities conducted at a given time by a sponsor.

- The Education Transformation Office Administrative Director will monitor compliance with internal funds procedures by reviewing monthly financial reports and conducting site visits to verify the financial activity associated with school sponsored activities and fundraisers.

Yearbook Sales Not Sufficient to Cover Yearbook Costs

- 4.1. Periodically meet with the yearbook sponsor to monitor the health and well-being of the activity and to make adjustments, as needed.
- 4.2. Ensure that staff understands and adheres to the procedures for completing yearbook reports, and for maintaining on file complete documentation related to the activity.
- 4.3. Contact the vendor to make arrangements to pay the outstanding liability.
 - The Principal has been directed to closely monitor 2011-12 sales activity to ensure that yearbook sales and fundraising efforts are sufficient to cover the related yearbook expenses and that Monthly Operating Reports are prepared in a timely manner.
 - The Education Transformation Office Administrative Director will meet with the principal to establish appropriate method of payment to ensure outstanding liability is resolved.

Donations Improperly Posted to the Special Purpose Account were Misappropriated

- 5.1. Discuss guidelines over the Special Purpose account, donations and the rental of facilities with staff and administration for understanding and awareness of the requirements.
- 5.2. Direct staff to comply with the requirements for the rental and use of the facilities.
- 5.3. Strengthen the review and oversight over this account to ensure the propriety and the posting of charges.
 - The Education Transformation Office Administrative Director directed the Principal to meet with the new Treasurer to thoroughly review the policies and procedures as it relates to monies received from the rental of facilities and Special Purpose account guidelines.

Discrepancies in English Language Learners' (ELL) Student Records Resulted in Potential FTE Funding Disallowances

- 6.1. To reduce the probability of potential losses in funding and other non-compliance issues regarding ESOL criteria, ESOL staff and administration should review ESOL Program Record Folders to make certain that the information is accurate and that all pertinent forms are completed and filed in the folders immediately after the information is entered into ISIS.
 - The Education Transformation Office Administrative Director will solicit assistance from the Office of Bilingual Education and World Languages to conduct mini-reviews each semester for compliance in selected areas of the ELL Program
 - Results from the District's mini-reviews will be submitted to the Education Transformation Office Administrative Director. Discrepancies will be discussed with the Principal and corrections will be made accordingly.
 - The affected Principal will be required to attend the FTE training when offered by the District.

Discrepancies in On-The-Job Training Records

7.1. Ensure that all OJT records are properly completed and have required signatures.

- The Principal has been directed to immediately conduct a SPED/OJT Program Record compliance audit in order to address discrepancies.
- The Education Transformation Office will review the work plan developed to address the manner in which records will be maintained, updated for accuracy, and that all pertinent forms are completed and filed appropriately.

The school Principal will be required to participate in the mandatory District Money Matters Support Program during the 2011-2012 school year.

The Education Transformation Office will continue to work with the Principals to promote efficient fiscal practices. Should you have any questions, please contact me at (305) 995-3091.


NPV:wcjr
M231

cc: Dr. Daniel Tosado
Ms. Cynthia Gracia
Ms. Martha Montiel
Mr. Keith Anderson
Dr. Pablo G. Ortiz

MEMORANDUM

January 18, 2012

TO: Mr. Freddie Woodson, Deputy Superintendent
District/School Operations

FROM: Daniel Tosado, Assistant Superintendent 
District/School Operations

SUBJECT: RESPONSE TO INTERNAL AUDIT REPORT OF MIAMI-LAKES
EDUCATIONAL CENTER – 2009-2010 AND 2010-2011

In response to the audit results, the Principal has implemented corrective and preventive strategies to avoid recurrence of the existing audit exceptions. District staff has reviewed the audit response and as a result of the audit findings, action plans comprised of definitive strategies have been established to prevent recurrence.

Miami Lakes Educational Center

- 1.0 Bookkeeping function not properly monitored resulted in financial transactions related to checking account and bank reconciliation untimely processed and other similar discrepancies.

Person(s) Responsible: Principal, Business Manager, Treasurer

The Principal, Business Manager and Treasurer have met and reviewed District Funds policies and procedures. The Principal and Business Manager have implemented strategies to ensure that procedures are in place to ensure records are organized and transactions and timelines are in compliance.

- 2.0 Bookstore and Culinary Arts activities showed losses and reports not filed at year-end.

Person(s) Responsible: Principal, Business Manager, Manager III Food Service, Assistant Food Service Manager, Bookstore Clerk

The Principal has implemented procedures to ensure that sales and costs are monitored closely and that costs are curtailed.

It is expected that the corrective actions will address the internal control in the treasurer's office and will prevent the recurrence of the exceptions. District staff will continue to work with Miami Lakes Educational Center staff to promote efficient fiscal practices. Additionally, timelines and accuracy of the financial reports will be monitored by staff in the Office of Adult and Community Education. Should you have any questions, please feel free to contact me at 305 995-4809.

DT:dlv
M006

cc: Mr. Robert G. Gornito
Ms. Cynthia Gracia

MEMORANDUM

January 20, 2012

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

FROM: Freddie Woodson, Deputy Superintendent
District/School Operations

SUBJECT: DISTRICT/SCHOOL OPERATIONS' RESPONSE TO INTERNAL AUDIT FOR
SCHOOLS IN NORTH, NORTH CENTRAL AND SOUTH CENTRAL REGION
CENTERS AND MIAMI LAKES TECHNICAL CENTER

District/School Operations has reviewed the audit exceptions cited in the 2009-2010 and/or 2010-2011 fiscal year(s) audit reports of the following six schools reporting to the North, North Central, South Central Regional Centers or to the Division of Adult and Community Education: Highland Oaks Middle School, Hialeah Senior High School, Miami Springs Middle School, Riviera Middle School, Coral Way K-8 Center and Miami Lakes Educational Center.

- District/School Operations will review results quarterly of the District/Region Business Director reviews of selected areas of Internal Funds including Bank Reconciliations, Deposits and Disbursements, Student Activities, and Operating Activities of adult education centers. Similar quarterly reviews in the areas of payroll, Title I records and Community School procedures will take place.
- Discrepancies with the areas cited above will be investigated through the appropriate District/Regional Center office.
- District/School Operations will work collaboratively with Region Centers and facilitate appropriate training from District Offices in Title I, Internal Accounting and Payroll, respectively.
- District/School Operations will work cooperatively with the Region in providing assistance from the Office of Internal Fund Accounting, respectively. Furthermore, District/School Operations will keep on file Region results of the mini-reviews held with Principals in selected areas noted in these schools' audit responses.
- The Money Matters Support Program will provide information on the proper implementation of Internal Funds and appropriate purchases and disbursement procedures.
- District/School Operations will work collaboratively with the corrective plan of action from Region and District administration to ensure that property issues undergoing relocation from one site to another are closely monitored and judiciously expedited.

District/School Operations will continue to work with principals to promote efficient fiscal practices. Should you have any questions, please contact me at (305) 995-2938.

 FW

FW:cg
M150

cc: Dr. Daniel Tosado
Region Superintendents
Region Business Directors

MIAMI-DADE COUNTY PUBLIC SCHOOLS ANTI-DISCRIMINATION POLICY

Federal and State Laws

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

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

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

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

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

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

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

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

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

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

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

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

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

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

In Addition:

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

Revised: (07-11)

MIAMI-DADE COUNTY PUBLIC SCHOOLS

INTERNAL AUDIT REPORT SELECTED SCHOOLS JANUARY 2012



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