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# External Quality Control Review

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

Conducted in accordance with guidelines of the  
**National Association of Local  
Government Auditors**  
for the period July 1, 2001, to December 31, 2004

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## *National Association of Local Government Auditors*

May 5, 2005

Allen M. Vann, CPA  
Chief Auditor  
Miami Dade County Public Schools  
Office of Management and Compliance Audits  
1450 NE 2<sup>nd</sup> Ave, Rm 415  
Miami, FL 33132

Dear Mr. Vann,

We have completed a peer review of the Office of Management and Compliance Audits for the period July 1, 2001, to December 31, 2004. In conducting our review, we followed the standards and guidelines contained in the *Peer Review Guide* published in May 2004, by the National Association of Local Government Auditors (N.A.L.G.A.).

We reviewed your organization's internal quality control system and conducted tests in order to determine whether your internal quality control system operated to provide reasonable assurance of compliance with *Government Auditing Standards* issued by the Comptroller General of the United States. Due to variances in individual performance and judgment, compliance does not imply adherence to standards in every case, but does imply adherence in most situations.

Based on the results of our review, it is our opinion that the Office of Management and Compliance Audits' internal quality control system was suitably designed and operating effectively to provide reasonable assurance of compliance with *Government Auditing Standards* for audits and attestation engagements during the period July 1, 2001, through December 31, 2004.

We have prepared a separate letter offering suggestions to further strengthen your internal quality control system.

Sincerely,

Amanda Noble, CIA, CISA  
City of Kansas City, MO

Joan Turnbull, CGAP  
Chesapeake Public Schools

Lynda Brouchoud  
City of San Jose, CA



# *National Association of Local Government Auditors*

May 5, 2005

Allen M. Vann, CPA  
Chief Auditor  
Miami Dade County Public Schools  
Office of Management and Compliance Audits  
1450 NE 2<sup>nd</sup> Ave, Rm 415  
Miami, FL 33132

Dear Mr. Vann,

We have completed a peer review of the Office of Management and Compliance Audits for the period July 1, 2001, to December 31, 2004. We issued our report thereon dated May 5, 2005. We are issuing this companion letter to offer observations and suggestions to further strengthen your quality assurance system.

First, we would like to recognize some of the strengths of your office.

- Your new Policies and Procedures Manual provides excellent guidance for staff to follow in conducting their work including:
  - Clear descriptions on how to ensure evidence is sufficient, competent and relevant;
  - Guidance for assessing the reliability of computer-processed data and what to do when relying on others' work;
  - A risk based approach for setting the annual audit plan, which should help target the Office's resources;
  - Clear descriptions of how to plan performance audits, identify and assess relevant internal controls and develop findings;
  - Detailed guidance on assisting with fraud investigations; and
  - Guidance for support to include in the written audit report.
- We observed that the audit reports present organizational charts, which help the reader understand the area under audit.
- We observed in the audit documentation that the organization has implemented the recommendation from the last peer review that audits show calculations of materiality.

The Office's quality control system changed during the review period and improved with the issuance of an updated Policies and Procedures Manual. Therefore, some engagements we reviewed did not conform to the new manual, which was not in effect at the time the

audit work was completed. However, with some exceptions, the work we reviewed complied with *Government Auditing Standards*. We think that the new Policies and Procedures Manual will strengthen your work and provide the following observations and suggestions to assist your efforts.

### **Non-audit Services**

*Government Auditing Standards 2003 Revision* significantly changed requirements related to nonaudit services. The standard identifies two overarching principles that govern the auditors' role and identifies specific elements of a quality control system to ensure compliance with the standard. The revision applies to audits for periods beginning on or after January 1, 2003. The Office did not perform material amounts of nonaudit services throughout the period we reviewed. However, we recommend that you revise your Policies and Procedures Manual to fully address the revised standards (GAS 3.08a; 3.10-3.18).

### **Continuing Professional Education**

The organization is responsible for ensuring that auditors meet continuing education requirements and for maintaining documentation (GAS 3.47). The Office's current manual system for tracking CPE is difficult to use. Different auditors have different reporting periods. While some employee's records were incomplete, auditors were able to provide CPE records upon request. We recommend you revise your procedures to track CPE on a standard reporting period and periodically ensure that records are complete.

### **Audit Documentation**

The audit organization should establish reasonable policies and procedures for the safe custody and retention of audit documentation (GAS 7.69). The Office was unable to locate workpaper files for 1 of 11 engagements we selected for review and was missing at least one binder from one of other engagements we selected. We recommend that you revise your record retention procedures to ensure that all binders are stored together and numbered to ensure completeness.

### **Reporting**

*Government Auditing Standards* provide specific requirements for reporting the results of financial audits. Auditors should disclose in the audit report when an applicable standard wasn't followed, the reason, and how not following the standard could have affected the results (GAS 5.06). We observed that school audits present the results of annual property counts that the Office conducts to meet statutory requirements, but for which the Office does not follow auditing standards. We recommend that the Office disclose in the reports the extent to which property counts are not conducted under *Government Auditing Standards*.

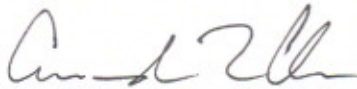
Auditors should separately communicate with management when they identify deficiencies in internal controls that are not reportable conditions and should refer to these separate communications in the report on internal control (GAS 5.16). We observed that auditors were communicating less significant deficiencies with management during the course of

school audits. We recommend that audit reports disclose any separate communications of deficiencies to management.

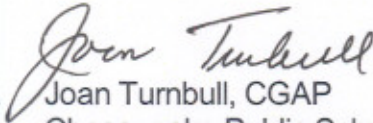
In financial audits, auditors are required to describe the scope of testing compliance with laws, regulations, contracts or grant agreements and whether the tests provide sufficient evidence to support an opinion on the effectiveness of internal controls for compliance (GAS 5.08-5.11). In one financial statement audit that we reviewed, we observed that the auditors did not address compliance with contracts and agreements. We recommend that planning for financial audits include a step to identify relevant contracts and agreements. If applicable, the financial audit should include a description of the scope of testing over compliance with provisions of contracts or grant agreements.

We appreciate the courtesy and hospitality of you and your staff during the review.

Sincerely,



Amanda Noble, CIA, CISA  
City of Kansas City, MO



Joan Turnbull, CGAP  
Chesapeake Public Schools



Lynda Brouchoud  
City of San Jose, CA



# Miami-Dade County Public Schools

*giving our students the world*

**Superintendent of Schools**  
*Rudolph F. Crew, Ed.D.*

**Chief Auditor**  
*Allen M. Vann, CPA*

**Assistant Chief Auditor**  
*Jose F. Montes de Oca, CPA*

**Miami-Dade County School Board**  
*Frank J. Bolaños, Chair*  
*Dr. Robert B. Ingram, Vice Chair*  
*Agustin J. Barrera*  
*Evelyn Langlieb Greer*  
*Perla Tabares Hantman*  
*Dr. Martin Karp*  
*Ana Rivas Logan*  
*Dr. Marta Pérez*  
*Dr. Solomon C. Stinson*

May 6, 2005

Ms. Amanda Noble, CIA CISA Audit Supervisor,  
City Auditor's Office, Kansas City, Missouri

Ms. Joan Turnbull, CGAP, Chief Auditor  
Chesapeake Public Schools

Ms. Lynda Brouchoud, Sr. Program Performance Auditor  
City of San Jose, California

Dear Ms. Noble, Ms. Turnbull and Ms. Brouchoud

We are pleased that the National Association of Local Government Auditors' quality control review of our office resulted in an unqualified opinion regarding our system of internal quality control and our compliance with Generally Accepted Government Audit Standards (GAGAS) issued by the Comptroller General of the United States, Government Accountability Office. Thank you for the favorable comments made in your management letter regarding our Policies and Procedures Manual and for your constructive comments and recommendations.

To further strengthen our procedures, we respond as follows to your recommendations:

#### **Non-Audit Services**

##### Recommendation:

Revise your Policies and Procedures manual to fully address the revised standards.

Response:

While we perform a minimal number of non audit services relative to our total workload, we agree to augment the Policies and Procedures manual to provide guidance to our auditors when they perform this type of work.

**Continuing Professional Education**

Recommendation:

Revise your procedures to track CPE on a standard reporting period and periodically ensure that records are complete.

Response:

While we are pleased that you concluded that the GAGAS training requirement for our staff was met, our past method of tracking mandatory training requirements based on the individual professionals' state licensing requirement contributed to our difficulty in record keeping. Henceforth, we will:

- track all employees training based on the School District's fiscal year,
- create a data base program to record and track all provided training, and
- maintain appropriate documentation in individual staff member's files.

**Audit Documentation**

Recommendation:

Revise your record retention procedures to ensure that all binders are stored together and numbered to ensure completeness.

Response:

The binder for an Audit of Payroll Procedures at Selected Locations issued in June 2003 could not be located. For the 2002 Inventory Audit, our records indicate that we sent all 16 binders constituting the support for this audit to the archives but were unable to retrieve 1 binder. An exhaustive search of the archives (and our office) did not result in finding the two missing binders.

Henceforth, all working paper binders will be turned in to the clerical staff at the conclusion of an audit and they will ensure that the binders were properly sequentially numbered and will also properly file them.

In order to avoid recurrence, archiving activities will be controlled by one member of the clerical staff, and will require verification by the auditor-in-charge and senior staff.

Further, the records of audits sent to archives will be reconciled to the audits presented to the School Board to ensure completeness.

## Reporting

### Recommendation:

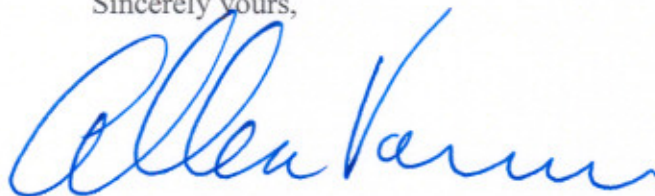
1. Disclose in reports the extent to which property counts are not conducted under Government Auditing Standards.
2. Audit reports [should] disclose any separate communications of deficiencies to management
3. Planning for financial audits should include a step to identify relevant contracts and agreements. If applicable, the financial audits should include a description of the scope of testing over compliance with provisions of contracts or grant agreements.

### Response:

We agree to include in the Objectives, Scope and Methodology section of the audit reports the limited nature of our property audits. We will also disclose in our audit reports instances where comments have been provided to management on matters that we considered non-reportable and inconsequential. Finally, we will include in our planning checklists for financial audits steps to identify contracts and agreements and we will disclose the scope of compliance testing where appropriate.

We would like to express our appreciation to the members of the peer review team for the time spent away from their jobs and family and the professional manner in which they conducted the review.

Sincerely yours,

A handwritten signature in blue ink that reads "Allen Vann". The signature is fluid and cursive, with the first name "Allen" being more prominent than the last name "Vann".

Allen M. Vann, CPA  
Chief Auditor  
Office of Management and Compliance Audits