

INTERNAL AUDIT REPORT

SELECTED SCHOOLS AND CENTERS

MAY 2005

OFFICE OF MANAGEMENT AND COMPLIANCE AUDITS



Miami-Dade County Public Schools

giving our students the world

THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA

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Dr. Rudolph F. Crew
Superintendent of Schools

Ms. Carolyn Spaht
Chief of Staff

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

Contributors to this report:

Internal Audits Performed by:

Ms. Oria M. Lacayo
Mr. Reginald Lafontant
Ms. Liana Rangel
Ms. Latosha Styles
Ms. Tamara Wain, CPA

Internal Audits Reviewed by:

Mr. Jose F. Montes de Oca, CPA
Ms. Maria T. Gonzalez, CPA
Ms. Teresita M. Rodriguez, CPA
Ms. Tamara Wain, CPA

Internal Audits Supervised by:

Ms. Maria T. Gonzalez, CPA

Property Audits Supervised and Performed by:

Mr. Freddie Britt and Property Audits Staff



Miami-Dade County
Public Schools

Leading our students into the world

**INTERNAL AUDIT REPORT
SELECTED SCHOOLS AND CENTERS**

MAY 2005

AUDIT COMMITTEE MEETING

MAY 3, 2005

SCHOOL BOARD MEETING

MAY 18, 2005

OFFICE OF MANAGEMENT AND COMPLIANCE AUDITS



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

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Dr. Robert B. Ingram, Vice Chair
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Dr. Martin Karp
Ana Rivas Logan
Dr. Marta Pérez
Dr. Solomon C. Stinson

April 26, 2005

Members of The School Board of Miami-Dade County, Florida
Members of The School Board Audit Committee
Dr. Rudolph F. Crew, Superintendent of Schools

Ladies and Gentlemen:

The Office of Management and Compliance Audits has completed the audits of Hospitality Services, three adult education centers, two alternative education centers, and one specialized education center. The audit period was one fiscal year ended June 30, 2004.

The audits included a review of internal funds, property, and payroll records. We also reviewed the Community School Program records at those schools having the program, which is accounted through the internal funds. A review of the Purchasing Credit Card Program was also performed at one adult education center. Property inventory results are included in this report for those schools and centers where a property inventory was conducted. There were no property losses reported missing through Plant Security Reports for any of the schools and centers included in this report.

Our audits disclosed that six of the seven schools and centers in this report were in compliance with prescribed policies and procedures and their internal funds and payroll records were maintained in good order. At one center, there was an audit exception in the area of travel expenditures, which is currently being investigated by M-DCPS Police. Our review of the Purchasing Credit Card Program disclosed that procedures were followed at the school where such review was performed. The physical inventory results showed that except for one school where a few items were unlocated, the other schools and centers where an inventory was conducted were in compliance with the prescribed procedures related to property.

The findings noted in this report were discussed with the appropriate District staff, whose responses are included in this report and with which we concur. This report will be presented to the Audit Committee at its May 3, 2005 meeting and to the School Board at its May 18, 2005 meeting.

Sincerely,

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

AMV:mtg

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I. INTRODUCTORY SECTION

EXECUTIVE SUMMARY

The Office of Management and Compliance Audits has completed the audits of the internal funds of Hospitality Services, three adult education centers, two alternative education centers, and one specialized education center. The audit period was one fiscal year ended June 30, 2004.

The scope of the audit conducted at these schools and centers included the: (1) audit of the financial records for internal funds that includes a review of the community school records at those schools where there was a Community School Program; (2) review of the payroll records and procedures; (3) physical inventory of all property and the review of the procedures to account for and dispose of this property; and (4) review of the Purchasing Credit Card Program at one adult education center.

Financial Statements and Control over Financial Reporting

In our opinion, the financial statements of all seven entities in this audit report present fairly, in all material respects, the changes in fund balances arising from cash transactions of the schools during the 2003-04 fiscal year, on the cash basis of accounting. In addition, the internal controls at the schools and centers in this report generally functioned as designed by the District administration and implemented by the schools.

Summary of Audit Findings

- o We are pleased to report that the records were maintained in good order and in accordance with prescribed policies and procedures at six of the seven schools and centers in this report (See Schedule on page 7).
 - **We commend the administration and staff of these schools and centers, as well as corresponding Region Centers and District staffs, for supporting their efforts to strive for excellence in this area.**

Internal Funds

- o At Hospitality Services, we reviewed the travel expenditures up to the current year, pursuant to a request from senior management. Records disclosed that the Director of Hospitality Services was reimbursed for expenses incurred during two out of state trips he took to attend hospitality-related conferences, shows, and exhibits. Due to discrepancies and departures from travel policy and procedures, we recommended that the employee reimburse the school system the entire amount of travel expenses reimbursed to him, and that his payroll records reflect all related travel days as vacation days. As a result of our findings, senior management referred this incident to M-DCPS Police for further investigation. Also, food handler permits for the cafeteria staff had expired and the staff had not been trained and certified to renew the permits. A similar item was discussed with the cafeteria administration during the prior audit (Page 11). See responses from senior management on pages 9-10; and responses from the administrative director on pages 15-17.

- **We recommend that the corresponding District office closely monitor the center's adherence to the procedures in the new Manual of Internal Fund Accounting¹ to prevent recurrence of these findings.**

Payroll

- o At Hospitality Services, the compensatory time earned by the Director of Hospitality Services was not pre-approved, exceeded the limits, and the related records showed discrepancies. Also, he did not always sign in on the Daily Payroll Attendance Sheets when reported present. In addition, payroll reported for other employees showed some errors, and several payroll records were incomplete or not signed. Reporting errors were corrected at the request of the auditor (Page 11). See responses from senior management on pages 9-10; and responses from the administrative director on pages 15-17.
- **We recommend that the corresponding District office closely monitor the center's adherence to the procedures in the Payroll Processing Procedures Manual to prevent recurrence of these findings.**

Property

- o Physical inventories of property items with an individual cost of \$1,000 or more were conducted at five of the seven schools and centers reported herein. Property inventories are currently in progress at J.R.E. Lee and Robert Renick Educational Centers and those results will be reported at the next audit committee meeting. Results indicated that four of the five schools and centers were in compliance with property procedures and there were "no unlocated" items. Approximately \$1.6 million was inventoried with only two items at a cost of \$2,464 and a depreciated value of zero reported missing at one adult education center (Page 8). There were no property losses reported through Plant Security Reports for any of these schools and centers.

Purchasing Credit Card Program

- o A review of the Purchasing Credit Card Program's records and procedures at one school disclosed that there was general compliance with the Purchasing Credit Card Program Policies & Procedures Manual.
- **We commend the administration and staff of these schools and centers, as well as the corresponding Region Center and District staffs for supporting their efforts to strive for excellence in these areas.**

¹At the School Board meeting of March 17, 2004, the School Board repealed the Manual of Internal Accounting and promulgated a new Manual of Internal Fund Accounting under the final approval to amend School Board Rules 6Gx13-3D-1.021 and 6Gx13- 3D-1.061, and to repeal School Board Rule 6Gx13- 3D1.06. Although this action took effect, the Manual of Internal Accounting is cited in this Audit Report, because it was the official document during the 2003-04 fiscal year. As agreed by the Office of the Controller and this office, enforcement of the new Manual of Internal Fund Accounting will take effect, for audit purposes, beginning with the 2004-05 fiscal year.

BACKGROUND

The Office of Management and Compliance Audits has performed the audits of the schools enumerated in the Table of Contents section of this report, as required by Section 1011.07, Florida Statutes, and State Board of Education Rule 6A-1.087, which requires an annual audit 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. Internal funds monies are collected in connection with summer program activities, school athletic events, fund-raising activities, gifts and contributions made by the band or athletic booster clubs, civic organizations, parent-teacher organizations, and commercial agencies and all other similar monies, properties or benefits.

Prior to spending internal funds some schools invest their cash in designated depositories, while others invested them in the MDCPS-Money Market Pool Fund. The Fund's interest rate as of June 30, 2004 was 1.86%.

The principal of each individual school, and his/her staff, are primarily responsible for performing the actual internal accounting functions in accordance with the Manual of Internal Accounting and maintaining adequate internal controls. The financial statements are similarly the responsibility of management and were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than generally accepted accounting principles.

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.

Property

At M-DCPS, 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. Accordingly, our office conducts yearly inventories at each school of all property items with an individual value of \$1,000 or more, the results of which are reported herein.

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.

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. Once the checks/advices are printed, they are distributed throughout the District by Treasury Management.

Purchasing Credit Card (P-Card) Program

At the schools, the principal administers the credit card program, which must comply with the guidelines established in the Purchasing Credit Card Program Policies & Procedures Manual.

The credit card program was designed to streamline the acquisition process by enabling employees at the schools to make small dollar purchases (less than \$1,000 per individual transaction) for materials and supplies. The program is managed by the Office of the Controller.

OBJECTIVES, SCOPE, AND METHODOLOGY

In accordance with the Audit Plan for the 2004-05 Fiscal Year, the Office of Management and Compliance Audits has audited the financial statements for the fiscal year ended June 30, 2004, of the schools listed in the Table of Contents section of this report.

The objectives of our audits were to:

- express an opinion on the financial statements of the schools;
- evaluate compliance by the schools with the policies and procedures prescribed by the Manual of Internal Accounting;
- evaluate the internal control at the schools to determine the extent to which the control components promote compliance with the policies and procedures prescribed by the Manual of Internal Accounting; and
- provide assurances to the administration regarding compliance with current payroll procedures, as well as compliance with the current purchasing credit card programs procedures.

In addition to the audit of internal funds we performed the following:

- An inventory of **all** property items with an individual value of \$1,000 or more was taken at the schools to verify compliance with the Manual of Property Control Procedures.
- A review of selected payroll procedures **currently in effect** at **all** the schools to evaluate the propriety of the preparation and processing of the payroll, and to determine adherence to the Payroll Processing Procedures Manual.
- A review of the purchasing credit card program records and procedures **currently in effect** was made at **selected** schools to determine compliance with the Purchasing Credit Card Program Policies & Procedures Manual.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Accordingly, we planned and performed the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. We examined, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Using sampling techniques, we selected and tested a representative sample of receipts and disbursements of all the audited schools. We also analyzed selected activities where the schools generated significant resources.

Internal Controls

In planning and performing our audits, we obtained an understanding of the internal control components established by the District administration. We documented our understanding of the internal control and assessed control risks. Our purpose in obtaining an understanding of the internal control and assessing control risks was to determine the nature, timing and extent of substantive tests of procedures to be performed. We ascertained what control policies and procedures were placed in operation by the school(s) administration concerning the reliability of financial reporting, especially those relevant to cash receipts and disbursements and the safeguarding of assets as of June 30, 2004.

The scope of our audits also included an assessment of the controls in place at the schools to promote compliance with applicable laws, administrative rules, and District policies as codified in the Manual of Internal Accounting, which contains the procedures established to control the use of the internal funds. The internal control environment at the schools is generally characterized by a lack of segregation of incompatible accounting duties, which are typically performed by the bookkeeper/treasurer including collecting, receipting, and depositing funds, as well as posting and reconciling the books. This condition, which we consider to be a material weakness, results from the small size of the office staff, and is offset by the close supervision generally provided by the principal, who is the administrator responsible for all aspects of the operation of the school. We appropriately respond to these risks through the level of audit testing performed for each of the aforementioned categories.

**SELECTED SCHOOLS AND CENTERS
SUMMARY SCHEDULE OF AUDIT FINDINGS BY SCHOOL/CENTER**

Schools and Centers	Page No.	CURRENT YEAR AUDIT FINDINGS		PRIOR YEAR AUDIT FINDINGS	
		Total per School	AREA OF FINDINGS	Total per School	AREA OF FINDINGS
<u>Other Center</u>					
Hospitality Services	11	3	<ul style="list-style-type: none"> • Travel • Food Handler Permit • Payroll 	None	
<u>Adult Education Centers</u>					
American Adult Education Center	18	None		None	
Hialeah Adult Education Center	20	None		None	
Hialeah-Miami Lakes Adult Ed. Ctr. ⁽¹⁾	22	None		1	• Payroll
<u>Alternative Education Centers</u>					
C.O.P.E. Center North	24	None		2	<ul style="list-style-type: none"> • Disbursements • Payroll
J.R.E. Lee Educational Center	26	None		None	
<u>Specialized Education Center</u>					
Robert Renick Educational Center	28	None		None	
TOTAL		3		3	

Note:

(1) Purchasing Credit Card Program records and procedures reviewed at this school (1 school).

PROPERTY SCHEDULES

**SELECTED SCHOOLS AND CENTERS
COMPARATIVE PROPERTY INVENTORY RESULTS**

SCHOOLS AND CENTERS	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>Other Center</u>							
Hospitality Services	51	\$ 145,627	None			None	
<u>Adult Education Centers</u>							
American Adult Education Center	230	301,526	None			None	
Hialeah Adult Ed. Center	295	412,303	2	\$ 2,464	0	3	\$ 3,407
Hialeah-Miami Lakes Adult Ed. Center	275	272,233	None			None	
<u>Alternative Education Centers</u>							
C.O.P.E. Center North	313	443,253	None			None	
J.R.E. Lee Educational Center	*						
<u>Specialized Education Centers</u>							
Robert Renick Educational Center	*						
TOTAL	1,164	\$ 1,574,942	2	\$ 2,464	\$ -	3	\$ 3,407

Notes:

* Property inventory in progress. Results will be published at the next Audit Committee meeting.


There were no property losses reported through the Plant Security Report process for any of these schools and centers.

RESPONSES FROM SENIOR MANAGEMENT

MEMORANDUM

OSP: 207
April 21, 2005

TO: Mr. Allen Vann, Chief Auditor
Office of Management and Compliance Audits

FROM: Ofelia San Pedro, Deputy Superintendent 
Office of School Facilities

**SUBJECT: RESPONSE TO 2003-2004 INTERNAL FUNDS AUDIT FOR
HOSPITALITY SERVICES**

The response to the internal funds audit conducted for the 2003-2004 fiscal year by the Office of Management and Compliance Audits at Hospitality Services is attached.

Dr. Bhagwan Gupta, Administrative Director for Business Services, will provide assistance to the affected personnel at this location. This office will monitor the ongoing actions of the administrator at this location in order to prevent future audit exceptions in the internal funds.

OSP:BSG:lt
Attachments

cc: Ms. Rose Diamond
Mr. Martin Berkowitz

CONFIDENTIAL

MEMORANDUM

MAB:074
April 21, 2005
MAB (305) 995-2643

TO: Mr. Allen M. Vann, Chief Auditor
Office of Management and Compliance Audits

FROM: Martin A. Berkowitz, Chief Financial Officer
Financial Operations



**SUBJECT: SPECIAL REVIEW OF THE DISTRICT FUNDS TRAVEL
EXPENDITURES OF HOSPITALITY SERVICES**

On March 24, 2005, you issued a report on the captioned review. The review had been scheduled based on request I made after observing some potential irregularities on a travel expense report. Your findings confirmed my concerns and provided substantive detail that in my opinion warranted additional investigation.

In accordance with School District procedures, the matter was immediately referred to School Police for an investigation as to whether there were any criminal charges to be brought. It is my understanding that this investigation is near completion. If no criminal action is warranted, the matter will be referred to the Office of Professional Standards (OPS) for further consideration and appropriate administrative actions will be taken. This will include requests for reimbursement of any and all funds owed to the School District.

As you will note in management's response to your overall audit of this Internal Funds account, controls have been tightened to prevent any recurrence.

Please let me know if you have any questions.

MAB:ya

cc: Ms. Ofelia San Pedro

II. INDIVIDUAL AUDIT REPORTS

OTHER CENTER

HOSPITALITY SERVICES
 AUDIT REPORT
 FOR THE 2003-04 FISCAL YEAR
 JULY 1, 2003 THROUGH JUNE 30, 2004

PROFILE OF THE FACILITY

Address: 1450 N.E. Second Avenue, Seventh Floor, Miami, Florida 33132

Administrator in Charge: Mr. Jairo Garzón, Director of Hospitality Services

Bookkeeper: Ms. Martha Diaz

CASH AND/OR INVESTMENTS SUMMARY

	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>6/30/04</u>
Checking Account:			
Wachovia Bank, N. A.	--	0.10	\$ 39,469.06
Investment:			
MDCPS-Money Market Pool Fund	Open-end	1.86	<u>358,032.19</u>
TOTAL			<u><u>\$ 397,501.25</u></u>

BACKGROUND

Hospitality Services is located on the seventh floor of the School Board Administration Building and operates a dining facility for the convenience of M-DCPS employees. It also operates another smaller dining facility located in the Annex Building. The District bears most of the cost associated with payroll expenditures, which were budgeted at \$650,911 for the 2003-04 fiscal year, and are not included in the financial statement. Of that amount, \$53,890 was transferred from its internal funds to the District account to cover some of the payroll costs. In addition to the dining facilities, Hospitality Services operates 22 vending machines located throughout the administrative buildings. Profits from these machines are transferred to the Hospitality account to provide food services for meetings held by District offices, as authorized by School Board Rule 6Gx13-3D-1.022.

HOSPITALITY SERVICES (Continued)

AUDIT EXCEPTIONS

Travel

1. Pursuant to a request from senior management, we reviewed the internal funds travel records of Hospitality Services for the period of July 2003 to February 2005. Travel expenditures amounted to \$2,110 during the 2003-04 fiscal year and \$2,122 during the current fiscal year, for a total of \$4,232. According to travel documents, the Director of Hospitality Services was reimbursed for expenses incurred during out of state trips to New York City that he took to attend one-day hospitality-related conferences and several days of hospitality-related shows and exhibits. Discrepancies and departures from travel policy and procedures were noted in our review of these records and the amounts reimbursed. As a result, we recommend that the employee reimburse the school system the entire amount of \$4,232, which represents both travel reimbursements. In addition, we recommend that payroll records be changed to reflect all seven days involved in both travels as vacation days taken by the employee. We further recommend that all future travel arrangements and reimbursements be processed through the District's Payroll Department to ensure compliance with travel procedures.

Renewal of Food Handler Permits

2. During our review of the cafeteria procedures we noted that the Food Handler Permit, which had expired in February 2004, had not been renewed. Also, Florida Law 509.049 requires all food service establishments to train and certify all food handler employees. According to the cafeteria staff, the training manuals have been obtained; but the training had not been conducted. We recommend this training be conducted immediately and that permits be renewed to avoid possible citations. A similar item was discussed with the cafeteria administration during the prior audit.

Payroll

3. During our review of payroll records we noted the following exception:
 - a. Between July 2004 and February 2005, the Director in charge of Hospitality Services accrued a total of 63.5 hours of compensatory time without evident supervisory pre-approval. In addition, 13.5 hours of compensatory time earned in 2003-04 should not have been carried over to the 2004-05 fiscal year. We also noted one instance where this employee used 7.5 hours of compensatory time; however, the compensatory time used was not deducted in his compensatory time log or shown in the Final Roster. In addition, in some instances he did not sign in on the Daily Payroll Attendance Sheets, but was shown present on the Final Rosters.
 - b. There were a few instances where daily paid employees were reported present while out on leave and vice versa. These errors were corrected at the request of the auditor.
 - c. Several Final Rosters and leave cards were not signed.

HOSPITALITY SERVICES (Continued)

Chapters 1 and 2 of the Payroll Processing Procedures Manual establish the procedures for reporting compensatory time; and also provide the guidelines for maintaining the payroll records. According to payroll guidelines, overtime must be pre-approved, however, locations that choose to grant compensatory time in lieu of overtime must ensure that, once an employee has accrued the maximum of 30 hours of compensatory time at any given time, then those hours must be taken by the employee within 60 calendar days after accrual. In addition, compensatory time earned cannot be carried over from one fiscal year to another; and the compensatory time log must be maintained and updated by the employee's supervisor. This work location has a limited number of staff members; therefore greater care must be placed in the preparation and reporting of payroll to avoid recurrence of these errors in the future.

OTHER COMMENTS

Internal Funds

The financial statement of the dining concession presents fairly, in all material respects, the changes in fund balances arising from cash transactions during the 2003-04 fiscal year, on the cash basis of accounting. Our assessment of the controls in place to promote compliance with the Manual of Internal Accounting indicated that the internal control structure at the dining concession was generally functioning as designed by the District administration, except as noted above. With respect to the items tested, the dining concession was in general compliance with the policies and procedures in the Manual of Internal Accounting, except as noted above.

Property

There were no significant audit exceptions noted in our review of property records.

SPECIALIZED EDUC

SCHOOL - 9026 HOSPITALITY SERVICES

FUNDS	BEGINNING BALANCE	RECEIPTS	DISBURSE- MENT	NET TRANSFER	ENDING BALANCE
TRUST	9,602.21	41,771.06	43,711.39	2,160.20	9,822.08
GENERAL	316,881.93	53,391.17	87,322.37	106,971.44	389,922.17
FOOD SERVICE	2,243.00-	490,586.11	381,454.47	109,131.64-	2,243.00-
TOTAL	324,241.14	585,748.34	512,488.23	.00	397,501.25

CHECKING 39,469.06 INVESTMENTS .00 SBMMF 358,032.19 TOTAL 397,501.25
 ACCOUNTS PAYABLE .00

MEMORANDUM

April 21, 2005
BSG/2004-05/008
305-995-1843

TO: Ms. Ofelia San Pedro, Deputy Superintendent
Business Operations

FROM: Bhagwan S. Gupta, Administrative Director
Office of School Facilities 

SUBJECT: RESPONSE TO INTERNAL FUNDS AUDIT OF HOSPITALITY SERVICES

This is a response to the Audit Report for the Fiscal Year 2003-2004. The Audit Report cited exceptions in the following three areas: travel, renewal of food handler permits, and payroll. The hospitality services unit was assigned to report to this Administrative Director, effective January 2005. A staff meeting was held with affected staff to thoroughly review the Audit Report and the guidelines established in the Manual of Internal Fund Accounting, the Travel Policies and Procedures Manual, and the Payroll Processing Procedures Manual for implementing procedures in the aforementioned areas. In addition, the Administrative Director will review the monthly internal funds report with the treasurer and the Director of Hospitality Services prior to its submittal to accounting department and periodically spot check disbursements to ensure compliance with new internal controls and the Manual of Internal Fund Accounting.

Travel

The travel in question took place prior to my new administrative assignment in January 2005. The results of the Audit Report indicated that travel expenditures were reported to the Chief Financial Officer, who has reported this matter to the Miami-Dade School Police for further investigation. However, for the purpose of further strengthening internal controls, the following measures have been taken:

- All future travel arrangements and reimbursements will be processed through the District's Payroll Department in accordance with established travel and reimbursement procedures.
- Internal Funds will not be used to reimburse any travel related expenditures.
- All checks will require an administrative signature from outside the Hospitality Services area.
- Any non-travel reimbursement will require approval from the Administrative Director.

Renewal of Food Handler Permits

Immediate Corrective Actions consisted of the following:

- All food service staff received the required training under Florida Law 509.049 on Monday, April 11, 2005.
- This training was documented and forwarded to the Florida Restaurant Association located in Margate, Florida.
- The employees have received a Certificate of Completion as well as an identification card verifying that the requirements of the food-handling training have been met.
- The Food Handler Permit has been renewed and will expire in April, 2008.
- Copies of all documents related to this required training have been properly filed and available for audit in Room 769.

Preventive Monitoring Strategies include the following:

- Future Food Handler Permits will be current and posted in a conspicuous area in the Food Service Department.
- Prior to the next due date for renewal of food-handler permits, April, 2008, the Administrative Director will ensure that all affected employees are trained and certified in accordance with the law.
- In order to avoid any future re-occurrence, the Administrative Director will periodically review the status of any part time employee being hired by Hospitality Services.
- No new employee will be allowed to work beyond 20 work days without completing the required training.

PAYROLL

Immediate corrective actions consist of the following:

- The Hospitality Services Director was instructed to take no compensatory time unless he has requested and obtained in writing prior authorization from the Administrative Director.
- The Administrative Director has established a process to maintain and monitor all records pertaining to compensatory time, i.e., the Compensatory Log, and make them available upon request for future audits.
- The Administrative Director will deduct used compensatory time from the Compensatory Log as it is utilized.
- The Payroll Clerk was directed to reflect all approved compensatory time on the Final Roster and verify that no unused compensatory time is

carried over to the next fiscal year in accordance with Chapters 1 and 2 of the Payroll Processing Procedures Manual.

- The Payroll Clerk has been instructed to remind the affected employee when he has reached the maximum of 30 hours of compensatory time and advise the same to utilize the compensatory time within 60 calendar days after accrual.
- While the cited errors have been corrected, the Payroll Clerk was strongly reminded to reconcile the Daily Payroll Attendance Sheet with the actual attendance of all employees to ascertain that no employee is reported present while out on leave or vice versa.
- Effective immediately, both Final Rosters and leave cards will be checked and certified by Director of Hospitality Services prior to payroll approval by Administrative Director.

Preventive Monitoring Strategies consist of the following:

- The Daily Payroll Attendance Sheet and employee leave cards will be reconciled daily, including signatures and reasons for absence.
- The Administrative Director will spot check payroll documents to ensure compliance with payroll procedures and will approve payroll for Hospitality Services.

Should you have any questions, please contact me at 305-995-1843.

BSG/lt
Attachments

cc: Ms. Rose Diamond
Mr. Martin Berkowitz
Mr. Jairo Garzon

ADULT EDUCATION CENTERS

AMERICAN ADULT EDUCATION CENTER
 AUDIT REPORT
 FOR THE 2003-04 FISCAL YEAR
 JULY 1, 2003 THROUGH JUNE 30, 2004

PROFILE OF THE CENTER

Address: 18350 N.W. 67 Avenue, Hialeah, Florida 33015

Date Center Established: 1978

Principal: Mr. Alan J. Bashaw

Treasurers: Ms. Elizabeth Gendy (Through June 2004)
 Ms. Digna Diaz

Community School Assistant Principal: Mr. Lawrence Marfechuk

Community School Secretary: Ms. Rose Revuelta

CASH AND/OR INVESTMENTS SUMMARY

	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>6/30/04</u>
Checking Account:			
Bank of America, N. A.	--	--	\$ 13,938.98
Credit Card Accounts:			
SunTrust (American Adult Ed. Ctr.)	--	--	755.94
SunTrust (Palm Springs No. Community School)	--	--	2,725.00
SunTrust (Barbara Goleman Senior High School)	--	--	130.85
Investment:			
MDCPS-Money Market Pool Fund	Open-end	1.86	<u>162,943.03</u>
TOTAL			<u><u>\$ 180,493.80</u></u>

AUDIT EXCEPTIONS

None

OTHER COMMENT

There were no significant audit exceptions noted in our review of the internal funds and property records. In addition, there was general adherence to payroll procedures. The financial statement of the school presents fairly, in all material respects, the changes in fund balances arising from cash transactions during the 2003-04 fiscal year, on the cash basis of accounting. With respect to the items tested, the school was in general compliance with the policies and procedures in the Manual of Internal Accounting. Our assessment of the controls in place to promote compliance with the Manual of Internal Accounting indicated that the internal control structure at the school was generally functioning as designed by the District administration.

VOCATIONAL/ADULT

SCHOOL - 7012 AMERICAN SR HIGH ADULT

FUNDS	BEGINNING BALANCE	RECEIPTS	DISBURSE- MENT	NET TRANSFER	ENDING BALANCE
TRUST	27,003.09	33,284.02	29,139.33	574.75-	30,573.03
SCHOOL STORE	61,923.40	74,568.55	56,764.64	11,578.80	91,306.11
INSTRUCTIONAL AIDS	42,235.53	48,923.50	42,202.88	10,338.02-	38,618.13
GENERAL	1,195.55	12,487.77	12,745.92	195.86	1,133.26
INSTRUCTIONAL MATE	5,135.26	48,115.01	44,327.60	811.89-	8,110.78
ADULT EDUCATION	.00	17,855.00	17,855.00	.00	.00
COMMUNITY SCHOOL	9,061.03	681,913.75	681,324.84	50.00-	9,599.94
PRODUCTION/SERVICE	1,152.55	.00	.00	.00	1,152.55
TOTAL	147,706.41	917,147.60	884,360.21	.00	180,493.80

CHECKING 17,550.77 INVESTMENTS .00 SBMMF 162,943.03 TOTAL 180,493.80
 ACCOUNTS PAYABLE .00

HIALEAH ADULT EDUCATION CENTER
 AUDIT REPORT
 FOR THE 2003-04 FISCAL YEAR
 JULY 1, 2003 THROUGH JUNE 30, 2004

PROFILE OF THE CENTER

Address: 251 East 47 Street, Hialeah, Florida 33013

Date Center Established: 1960

Principal: Mr. James E. Bishop

Treasurer: Ms. Cristina Bernstein

CASH AND/OR INVESTMENTS SUMMARY

	<u>Maturity Date</u>	<u>Term</u>	<u>Interest Rate</u>	<u>6/30/04</u>
Checking Account:				
Bank of America, N. A.	--	--	0.10	\$ 38,228.25
Investments:				
Bank of America, N. A.	01/12/05	12 mos.	1.30	10,000.00
	09/20/04	6 mos.	0.95	10,000.00
	11/17/04	6 mos.	0.95	10,000.00
	09/19/04	3 mos.	0.90	10,000.00
MDCPS-Money Market Pool Fund	Open-end	--	1.86	37,384.09
TOTAL				<u>\$ 115,612.34</u>

AUDIT EXCEPTIONS

None

OTHER COMMENTS

Internal Funds and Payroll

There were no significant audit exceptions noted in our review of the internal funds records. In addition, there was general adherence to payroll procedures. The financial statement of the school presents fairly, in all material respects, the changes in fund balances arising from cash transactions during the 2003-04 fiscal year, on the cash basis of accounting. With respect to the items tested, the school was in general compliance with the policies and procedures in the Manual of Internal Accounting. Our assessment of the controls in place to promote compliance with the Manual of Internal Accounting indicated that the internal control structure at the school was generally functioning as designed by the District administration.

Property

An inventory of property items over \$1,000 or more individually indicated that two items with a cost of \$2,464 and a depreciated value of zero could not be located. The Manual of Property Control Procedures requires proper accounting of all items with an individual cost of \$1,000 or more.

VOCATIONAL/ADULT
 SCHOOL - 7112 HIALEAH HIGH ADULT ED

FUNDS	BEGINNING BALANCE	RECEIPTS	DISBURSE- MENT	NET TRANSFER	ENDING BALANCE
TRUST	24,932.78	19,358.96	15,205.44	7,037.21	36,123.51
SCHOOL STORE	39,836.44	36,236.63	34,722.56	6,263.73-	35,086.78
INSTRUCTIONAL AIDS	24,014.33	9,531.00	5,785.55	.00	27,759.78
GENERAL	7,031.88	1,777.74	3,719.30	749.00	5,839.32
INSTRUCTIONAL MATE	16,700.99	21,115.46	25,491.02	1,522.48-	10,802.95
ADULT EDUCATION	.00	177,161.00	177,161.00	.00	.00
COMMUNITY SCHOOL	.00	3,055.00	3,055.00	.00	.00
TOTAL	112,516.42	268,235.79	265,139.87	.00	115,612.34

CHECKING	38,228.25	INVESTMENTS	40,000.00	SBMMF	37,384.09	TOTAL	115,612.34
			ACCOUNTS PAYABLE		.00		

HIALEAH-MIAMI LAKES ADULT EDUCATION CENTER
 AUDIT REPORT
 FOR THE 2003-04 FISCAL YEAR
 JULY 1, 2003 THROUGH JUNE 30, 2004

PROFILE OF THE CENTER

Address: 7977 West 12 Avenue, Hialeah, Florida 33014

Date Center Established: 1972

Principal: Dr. Nilda J. Diaz

Treasurer: Ms. Ligia Arias

CASH AND/OR INVESTMENTS SUMMARY

	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>6/30/04</u>
<u>Checking Account:</u>			
Eastern National Bank	--	--	\$ 46,976.96
<u>Investment:</u>			
MDCPS-Money Market Pool Fund	Open-end	1.86	165,145.06
			<u>\$ 212,122.02</u>
TOTAL			\$ 212,122.02

AUDIT EXCEPTION

None

OTHER COMMENT

There were no significant audit exceptions noted in our review of the internal funds, purchasing credit card, and property records. In addition, there was general adherence to payroll procedures. The financial statement of the school presents fairly, in all material respects, the changes in fund balances arising from cash transactions during the 2003-04 fiscal year, on the cash basis of accounting. With respect to the items tested, the school was in general compliance with the policies and procedures in the Manual of Internal Accounting. Our assessment of the controls in place to promote compliance with the Manual of Internal Accounting indicated that the internal control structure at the school was generally functioning as designed by the District administration.

VOCATIONAL/ADULT
 SCHOOL - 7132 HIALEAH MIA LKS ADULT

FUNDS	BEGINNING BALANCE	RECEIPTS	DISBURSE- MENT	NET TRANSFER	ENDING BALANCE
TRUST	72,690.76	35,414.93	42,860.79	4.00	65,248.90
SCHOOL STORE	48,333.75	82,452.54	66,946.40	16,364.03-	47,475.86
INSTRUCTIONAL AIDS	30,950.40	19,391.36	771.31	.00	49,570.45
GENERAL	21,247.62	6,239.11	9,586.71	18,150.91	36,050.93
INSTRUCTIONAL MATE	11,000.00	21,034.19	16,467.43	1,790.88-	13,775.88
ADULT EDUCATION	.00	9,663.00	8,567.00	1,096.00-	.00
COMMUNITY SCHOOL	.00	11,767.00	12,863.00	1,096.00	.00
TOTAL	184,222.53	185,962.13	158,062.64	.00	212,122.02

CHECKING 46,976.96 INVESTMENTS .00 SBMMF 165,145.06 TOTAL 212,122.02
 ACCOUNTS PAYABLE .00

ALTERNATIVE EDUCATION CENTERS

C.O.P.E. CENTER NORTH
 AUDIT REPORT
 FOR THE 2003-04 FISCAL YEAR
 JULY 1, 2003 THROUGH JUNE 30, 2004

PROFILE OF THE CENTER

Address: 9950 N.W. 19 Avenue, Miami, Florida 33147

Date Center Established: 1968

Grades: 6-12

Principal: Ms. Mary M. Richards

Treasurer: Ms. Rhonda Miller

CASH AND/OR INVESTMENTS SUMMARY

	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>6/30/04</u>
Checking Account:			
Union Planters Bank, N. A.	--	0.05	\$ 12,991.17
Investment:			
MDCPS-Money Market Pool Fund	Open-end	1.86	<u>37,527.97</u>
TOTAL			<u>\$ 50,519.14</u>

AUDIT EXCEPTIONS

None

OTHER COMMENT

There were no significant audit exceptions noted in our review of the internal funds and property records. In addition, there was general adherence to payroll procedures. The financial statement of the school presents fairly, in all material respects, the changes in fund balances arising from cash transactions during the 2003-2004 fiscal year, on the cash basis of accounting. With respect to the items tested, the school was in general compliance with the policies and procedures in the Manual of Internal Accounting. Our assessment of the controls in place to promote compliance with the Manual of Internal Accounting indicated that the internal control structure at the school was generally functioning as designed by the District administration.

ALTERNATIVE EDUC
 SCHOOL - 8121 C.O.P.E. CENTER - NORT

FUNDS	BEGINNING BALANCE	RECEIPTS	DISBURSE- MENT	NET TRANSFER	ENDING BALANCE
CLASSES AND CLUBS	3,292.63	7,373.90	8,508.08	794.45	2,952.90
TRUST	11,303.59	17,504.47	19,559.49	1,353.46	10,601.94
PROPERTY DEPOSITS	1,121.50	93.00	.00	.00	1,214.50
INSTRUCTIONAL AIDS	155.00	.00	.00	.00	155.00
GENERAL	1,944.22	3,178.06	1,865.68	2,147.91-	1,108.69
INSTRUCTIONAL MATE	6,000.00	3,244.26	3,560.38	.00	5,683.88
PRODUCTION/SERVICE	17,035.89	67,744.37	55,978.03	.00	28,802.23
TOTAL	40,852.74	99,138.06	89,471.66	.00	50,519.14

CHECKING 12,991.17 INVESTMENTS .00 SBMMF 37,527.97 TOTAL 50,519.14
 ACCOUNTS PAYABLE .00

J.R.E. LEE EDUCATIONAL CENTER
 AUDIT REPORT
 FOR THE 2003-04 FISCAL YEAR
 JULY 1, 2003 THROUGH JUNE 30, 2004

PROFILE OF THE SCHOOL

Address: 6521 S. W. 62 Avenue, Miami, Florida 33143

Date School Established: 1955

Grades: 6-8

Principal: Ms. Claire Warren

Treasurer: Ms. Maria Alvarez

CASH AND/OR INVESTMENTS SUMMARY

	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>6/30/04</u>
Checking Account:			
First National Bank of South Miami	--	0.25	\$ 5,457.66
Investment:			
MDCPS-Money Market Pool Fund	Open-end	1.86	<u>3,631.88</u>
TOTAL			<u><u>\$ 9,089.54</u></u>

AUDIT EXCEPTIONS

None

OTHER COMMENTS

Internal Funds and Payroll

There were no significant audit exceptions noted in our review of the internal funds records. In addition, there was general adherence to payroll procedures. The financial statement of the school presents fairly, in all material respects, the changes in fund balances arising from cash transactions during the 2003-04 fiscal year, on the cash basis of accounting. With respect to the items tested, the school was in general compliance with the policies and procedures in the Manual of Internal Accounting. Our assessment of the controls in place to promote compliance with the Manual of Internal Accounting indicated that the internal control structure at the school was generally functioning as designed by the District administration.

Property

The property inventory for this school is currently in progress. Results will be published at the next audit committee meeting in June 2005.

ALTERNATIVE EDUC

SCHOOL - 2861 J.R.E. LEE CENTER

FUNDS	BEGINNING BALANCE	RECEIPTS	DISBURSE- MENT	NET TRANSFER	ENDING BALANCE		
CLASSES AND CLUBS							
STUDENT COUNCIL	128.95	102.00	.00	.00	230.95		
(STUDENT) CHAMBE	366.18	.00	.00	.00	366.18		
CLASSES AND CLUBS	495.13	102.00	.00	.00	597.13		
TRUST							
DONATIONS	89.13	.00	.00	89.13-	.00		
FIELD TRIPS	38.30	200.00	189.00	.00	49.30		
LIBRARY	55.22	213.24	61.05	.00	207.41		
SPECIAL EVENTS	900.92	300.00	691.01	.00	509.91		
SPECIAL PURPOSE	146.46	703.87	1,101.29	332.81	81.85		
UNITED WAY	.00	465.30	465.30	.00	.00		
SCHOLARSHIP 20	82.12	.00	.00	82.12-	.00		
VANDALISM	243.57	3.00	.00	.00	246.57		
DONATION TWO	4.42	298.75	110.38	.00	192.79		
DONATION THREE	198.29	.00	.00	198.29-	.00		
DONATION FOUR	628.50	.00	368.94	.00	259.56		
DONATIONS FIVE	1,288.59	.00	1,205.53	.00	83.06		
DONATIONS 6	.00	1,000.00	630.62	.00	369.38		
TRUST	3,675.52	3,184.16	4,823.12	36.73-	1,999.83		
PROPERTY DEPOSITS							
LOCKS - P.E.	138.20	.00	.00	138.20-	.00		
PROPERTY DEPOSITS	138.20	.00	.00	138.20-	.00		
GENERAL							
GENERAL MISCELLA	1,514.70	.00	699.47	507.74	1,322.97		
INTEREST	.00	89.00	.00	.00	89.00		
VENDING MACHINES	.00	332.81	.00	332.81-	.00		
DONATIONS	.00	80.61	.00	.00	80.61		
GENERAL	1,514.70	502.42	699.47	174.93	1,492.58		
INSTRUCTIONAL MATERI							
FUND-9 INST. MAT	3,353.07	7,660.76	6,013.83	.00	5,000.00		
INSTRUCTIONAL MATE	3,353.07	7,660.76	6,013.83	.00	5,000.00		
TOTAL	9,176.62	11,449.34	11,536.42	.00	9,089.54		
CHECKING	5,457.66	INVESTMENTS	.00	SBMMF	3,631.88	TOTAL	9,089.54
		ACCOUNTS PAYABLE	.00		.00		

SPECIALIZED EDUCATION CENTER

ROBERT RENICK EDUCATIONAL CENTER
 AUDIT REPORT
 FOR THE 2003-04 FISCAL YEAR
 JULY 1, 2003 THROUGH JUNE 30, 2004

PROFILE OF THE CENTER

Address: 2201 N.W. 207 Street, Miami, Florida 33056

Date Center Established: 1991

Grades: 6-8

Principal: Ms. Eugenia Smith

Treasurers: Ms. Patsy Francis (Through January 2005)
 Ms. Sakinah Nelson

CASH AND/OR INVESTMENTS SUMMARY

	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>6/30/04</u>
Checking Account:			
Wachovia Bank, N. A.	--	0.10	\$ 15,508.15
Investment:			
MDCPS-Money Market Pool Fund	Open-end	1.86	<u>8,277.91</u>
TOTAL			<u>\$ 23,786.06</u>

AUDIT EXCEPTIONS

None

OTHER COMMENTS

Internal Funds and Payroll

There were no significant audit exceptions noted in our review of the internal funds records. In addition, there was general adherence to payroll procedures. The financial statement of the school presents fairly, in all material respects, the changes in fund balances arising from cash transactions during the 2003-04 fiscal year, on the cash basis of accounting. With respect to the items tested, the school was in general compliance with the policies and procedures in the Manual of Internal Accounting. Our assessment of the controls in place to promote compliance with the Manual of Internal Accounting indicated that the internal control structure at the school was generally functioning as designed by the District administration.

Property

The property inventory for this school is currently in progress. Results will be published at the next audit committee meeting in June 2005.

SPECIALIZED EDUC
 SCHOOL - 8151 ROBERT RENICK ED. CTR.

FUNDS	BEGINNING BALANCE	RECEIPTS	DISBURSE- MENT	NET TRANSFER	ENDING BALANCE
MUSIC	309.35	60.00	.00	.00	369.35
CLASSES AND CLUBS	2,632.15	4,174.13	4,908.36	1,019.82	2,917.74
TRUST	7,873.03	22,387.68	18,989.08	2,374.77-	8,896.86
INSTRUCTIONAL AIDS	514.00	90.00	.00	.00	604.00
GENERAL	172.13	3,823.21	3,073.13	1,354.95	2,277.16
INSTRUCTIONAL MATE	10,000.00	7,430.19	8,709.24	.00	8,720.95
TOTAL	21,500.66	37,965.21	35,679.81	.00	23,786.06

CHECKING 15,508.15 INVESTMENTS .00 SBMMF 8,277.91 TOTAL 23,786.06
 ACCOUNTS PAYABLE .00

The School Board of Miami-Dade County, Florida, adheres to a policy of nondiscrimination in employment and educational programs/activities and programs/activities receiving Federal financial assistance from the Department of Education, 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 sex 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.

School Board Rules 6Gx13- 4A-1.01, 6Gx13- 4A-1.32, and 6Gx13- 5D-1.10 - prohibit harassment and/or discrimination against a student or employee on the basis of gender, race, color, religion, ethnic or national origin, political beliefs, marital status, age, sexual orientation, social and family background, linguistic preference, pregnancy, or disability.

Veterans are provided re-employment rights in accordance with P.L. 93-508 (Federal Law) and Section 295.07 (Florida Statutes), which stipulate categorical preferences for employment.

Revised 5/9/03