AUDITOR GENERAL

WILLIAM O. MONROE, C.P.A.

MIAMI-DADE COUNTY DISTRICT SCHOOL BOARD
WORKFORCE DEVELOPMENT EDUCATION PROGRAM

OPERATIONAL AUDIT

Summary

This audit report is the eighth in a series of reports to be issued on audits conducted pursuant to Chapter 2001-253, Laws of Florida, Specific Appropriation 118, Chapter 2002-394, Laws of Florida, Specific Appropriation 105, Chapter 2003-397, Laws of Florida, Specific Appropriation 59, and Section 11.45, Florida Statutes. Additional reports will be issued as audit fieldwork is completed in areas we have selected for audit.

This operational audit focused on the Miami-Dade County District School Board's Office of Adult/Vocational, Alternative, and Community Schools in its administration of the Workforce Development Education (WDE) Programs, including the assessment, collection, and recording of student fees; the enrollment of students in the WDE Program courses; the completion by students of certain performance measures; and the administration of WDE Program resources by the District for the period July 1, 2001, through August 31, 2003. We noted that improvements were needed in compliance and controls as discussed below.

Finding No. 1:

Original student registration forms which support the school enrollment rates, classification of students based on residency, and classification of students based on English proficiency were discarded after each trimester. As a result, records were not available to determine on postaudit whether student fees were properly assessed and whether students were properly classified for State funding.

Finding No. 2:

Significant variances were noted between the average actual number of course hours attended by students and the standard course hours established by the Department of Education. Periodically evaluating the reasonableness of the actual hours necessary to achieve course completion would allow the District to make any necessary adjustments in the course content, methods of instruction, or the standard hours.

Finding No. 3:

We noted 24 students who had registered for adult or vocational education courses using the social security numbers belonging to individuals shown in the death records as deceased at the time the students registered for the courses. While the District utilizes a computer program to determine the validity of social security numbers, this program does not identify the inappropriate use of social security numbers. We recommend that the District refer these 24 instances to appropriate Federal and State agencies which have law enforcement responsibilities and expertise related to identity theft. In addition, we recommend that the District seek advice from these agencies in determining alternative means to verify the accuracy of social security numbers.

Introduction

The District's Office of Adult/Vocational, Alternative, and Community Schools (Office) administers the Workforce Development Education (WDE) Programs. The Office is administered by an Assistant Superintendent, who reports to the District's Associate Superintendent for Instructional Operations.

The WDE operations of the Office are divided into the following areas, each under the supervision of an Administrative Director:

Adult and Community Education - responsible for providing Adult General Education (AGE), such as English for Speakers of Other Languages (ESOL) and Vocational/Technical Education Programs, and the coordination of WDE Program activities with local agencies.

Adult Vocational Education - responsible for Vocational/Technical Education programs, including the coordination of WDE Program activities with local agencies and the South Florida Workforce.

Workforce Education - responsible for testing WDE Program students to determine competency achievement and for administrative supervision of educational centers that provide WDE Program courses.

There are approximately 3,360 employees in the WDE Programs, consisting of 1,000 administrative, supervisory and auxiliary service staff, 160 full-time teachers and counselors, and 2,200 part-time teachers.

The District provided the WDE Programs at 27 educational centers during the audit period. The expenditures incurred to operate these centers during the 2001-02 and 2002-03 fiscal years were as follows:

	2001-02	2002-03
Salaries and Benefits	$ 94,015,842	$ 87,567,029
Operating Expenditures	19,003,714	17,703,068
Furniture, Fixtures, and Equipment	1,289,339	1,227,065
Other Capital Outlays	690,141	820,180
	$ 114,999,037	$ 107,317,342

The Miami-Dade County District School Board has adopted rules that govern the operations of the Office. Some of the areas covered by these rules include the certification of non-degreed vocational and adult part-time teachers, registration of foreign students, agreements with non-school agencies to provide training to students enrolled in vocational education programs, establishing fees for adult and vocational students, financial aid, and tuition waivers. The District follows the guidelines prescribed in the Adult Education Program Courses Standards, the Workforce Education Frameworks, and the Workforce Development Information System (WDIS) published by the Department of Education (DOE) to administer the WDE Programs.

Finding No. 1: Verification of Students' Residency Status, Enrollment Information, and Student Classification

Section 1009.22, Florida Statutes, states that "The fee schedule shall be based on the amount of student fees necessary to produce 25 percent of the prior year's average cost of a course of study leading to a certificate or diploma. Except as otherwise provided by law, fees for students who are not residents for tuition purposes must offset the full cost of instruction." Board Rule 6Gx13-5A-1.11 provides procedures for the registration of foreign students in WDE Programs. This rule specifies that students in the United States as non-immigrants in any visa category are subject to established tuition and fees that apply to non-residents of the State of Florida. The District's fee schedule for WDE Programs was in accordance with the fee schedule approved by the State Board of Education (SBE).

District procedures provide that when an individual registers for a course offered through the WDE Program, the personal and course information are documented either by a data input form, if it is a first-time registration, or a re-registration data input form, for subsequent registrations. Based on the personal information included on the registration form, registrar's staff at each center determine the individual's residency status and code the registration form for both the residency status (i.e., resident or non-resident) and the type of documentation provided by the student as proof of residency.

Students may be classified as Limited in English Proficiency (LEP) when the student originally registers at an adult education center. A student's LEP classification is based on an assessment by a counselor, through an oral interview, and the student's answers to a series of questions related to his or her knowledge of the English language. The answers to the questions and the LEP classification are documented on the data input form the student completes at the time of original registration. District personnel indicated that DOE may also identify a student as LEP when the information submitted by the District shows the student is enrolled in an English for Speakers of Other Languages (ESOL) course. Classification of a student as LEP provides the District the ability to earn additional weighted funding under the Workforce Development Education Program.

We selected a sample of 60 fee collection transactions for WDE Program courses during the audit period to determine whether the student files contained sufficient documentation to support the reported residency status. Also, from the enrollment information submitted during the audit period by the District to DOE, we selected a sample of 60 WDE Program students to determine the accuracy and validity of the enrollment information and the LEP classification, if applicable. The results of these audit procedures are discussed below.

Verification of Students' Residency Status

The student electronic files maintained for 60 fee collection transactions tested indicated the student's residency status and documentation codes; however, the accuracy of the codes was not verifiable to supporting documentation. District personnel informed us that the forms prepared during the registration process and copies of the documentation provided as proof of residency are discarded at the end of each trimester once the information is entered into the District's computer system. When records supporting the residency status are not retained to verify the appropriateness of the residency status reported, the District cannot, on postaudit, demonstrate the accuracy of the amount of student fees and tuition assessed and reported for the WDE Program courses.

Verification of Students' Enrollment Information

Our review of students selected from DOE records disclosed that all the student names and identification numbers on DOE records agreed with the District's electronic registration records. However, the validity of the registration information for 44 of the 60 students could not be verified on postaudit because the District did not retain the applicable registration form. For the remaining 16 students, we were able to verify the registration information through alternate procedures. District personnel stated that the enrollment rate affects each center's portion of funds distributed by management. The lack of retention of supporting registration information by the District increases the risk that students may be fictitiously or incorrectly registered at a center, resulting in an overstatement of the center's enrollment.

Verification of the Classification of Students as Limited in English Proficiency (LEP)

Our review of 60 students selected from DOE records disclosed 33 instances in which the students were identified as LEP on DOE records. All 33 students were also identified as LEP on the District's electronic registration records. However, the accuracy of the District's classification could not be verified on postaudit because the District did not retain the applicable registration form. The absence of supporting documentation to evidence that the students are appropriately classified increases the risk that the District may be incorrectly reporting LEP students to DOE. The incorrect classification of students may have an effect on the level of State funding received by the District for its WDE Programs.

State Board of Education Rule 6A-10.0381, Florida Administrative Code, provides that registration information may be collected and maintained in electronic or manual format and that such data is to be maintained in electronic or hard copy until the completion of all audits for the pertinent period or a minimum period of three years. However, when records supporting the students' residency status, enrollment information, and student classification are not retained or alternative control procedures are not in place to ensure the accuracy of the students' electronic file records, the District has limited assurance that it is assessing the appropriate fees for its WDE Program courses and reporting correct fee, enrollment, and classification information to DOE. Also, the conditions noted as a result of our audit procedures may have an effect on the level of funding received for the WDE Program and on the level of funding distributed by management to each center.

Recommendation:

We recommend that the District implement procedures to retain appropriate documentation to support the residency status, student enrollment information, and student classification recorded in the District's electronic system. As an alternative, to ensure the accuracy of the students' electronic file records, the District could implement control procedures whereby an independent person verifies the electronic records at each center and documents the review electronically.

District's Response:

Although state board rule allows school districts not to retain manual documentation (as stated in the audit finding) it has been determined that electronic imaging of a modified data input form and storage on electronic media should suffice to meet this recommendation. The form will be modified, as follows, by March 1, 2004:

- *A student signature line will be added to denote verification of information.*
- *An "under penalty of perjury" clause will be added to inform the student of legal issues involved in supplying false information.*
- *A staff signature line will be provided to verify proper coding of all information on the form with specific emphasis on staff-coded values such as LEP.*

The forms will be delivered to the district office where they will be stored and sent for imaging to a contracted vendor. The imaged forms will be searchable by student identification and will be retained for the full audit period as prescribed by law.

Control procedures will be enacted and confidentiality agreements signed to ensure proper processing of forms by schools, the district, and the contracted vendor. Other imaging solutions involving in-house scanning were researched and deemed cost and labor prohibitive.

Finding No. 2: Comparison of Program Hours Recommended by DOE to the District's Actual Hours

Funding for the WDE Program is based, in part, on certain performance measures reported by the District to DOE. The performance measures represent student completions of certain courses or defined points within a course referred to as Occupational Completion Points (OCP) for Vocational Certificate Programs or Literacy Completion Points (LCP) for Adult General Education Programs.

Our review of completion performance data submitted by the District to DOE for the audit period included a comparison of the program hours recommended by DOE to the actual number of course hours that it took for students to achieve the required competency level. Through our review, we noted that 16 (27 percent) of the 60 students selected for testing had earned either OCPs or LCPs and that, for 14 (88 percent) of these 16 students, the actual number of course hours was significantly different from the number of program hours recommended by DOE. The differences between the number of actual course hours and the corresponding number of program hours recommended by DOE ranged from 279.55 hours above to 805 hours below the DOE recommended program hours, with an average of 101.03 below the DOE recommended program hours.

District personnel indicated that the number of program hours recommended by DOE is the estimated time it would take a student, with an average level of competency, to earn the OCP or LCP. District personnel further indicated that the District follows an "open entry/exit" policy that allows a student to take a given course as many times as necessary to achieve the necessary competency level. Consequently, the actual time needed for a given student may be either less or more than the DOE recommended hours, depending on the student's skill level.

Recommendation:

Inasmuch as funding for the WDE Programs has been established by DOE based on recommended course hours, we recommend that the District periodically evaluate the reasonableness of the actual hours necessary to achieve course completion by its students. In the event average actual hours to complete courses vary significantly from the established standard, the District may wish to consult with DOE regarding any adjustments necessary to the course content, methods of instruction, or the established standard hours.

District's Response:

District and school administrative staff currently perform reasonableness checks on the hours per performance benchmark discussed. Several reports available in the Data in Your Hands web site were created for just that purpose (LCP/OCP Summary Reports, LCP/OCP Detail Reports, Low Performance Registration Report, etc.) District supervisors are responsible for reviewing these reports and initiating program reviews at sites where the average hours per performance are unreasonable. In addition, reasonableness checks are performed at the detail student record level biennially in the comprehensive Site Assistance Review (SAR) process.

In order to increase the utilization and efficacy of the exiting systems, the district will provide increased one-on-one training to instructional supervisors, who are responsible for initiating program reviews, in the use of the current systems and reports. Also, additional training will be provided to school administrative staff on said systems. Since the hours per performance in vocational education is largely dependent on a student's previous skills upon entering training, a comprehensive tracking system to track a student's previous skills and skills learned via instruction will be instituted by July 1, 2004, to support the awarding of an Occupational Completion Point (OCP).

Consultation with FDOE on standard OCP hours will be initiated when it is evident there is a significant departure from standard hours for particular programs. This evidences a systemic problem that should be addressed with the FDOE.

Finding No. 3: Match of Student Records to Death Files

The Department of Education (DOE) requires the Districts to identify each Workforce Development Education student with a student number identifier to enable the State to track the students across Statewide systems. For example, tracking and comparing students' levels of education to actual earnings. The District generally uses a student's social security number as the student number identifier. If the student does not provide a social security number, the automated registration system generates an identification number for the student.

Our review of the District's WDE Program enrollment records submitted to DOE during the audit period included a comparison of the student number identifier to the social security numbers of deceased individuals found in the death records of the Bureau of Vital Statistics, as of July 24, 2003. Our examination found 24 students who had registered for adult or vocational education courses using social security numbers belonging to individuals shown in the death records as deceased. Further review of the District's academic records for the 24 students noted that 20 had earned either Literacy Completion Points (LCP) or Occupational Completion Points (OCP) for adult general or vocational education courses. The number of courses for which these students earned LCP or OCP ranged from one to seven courses.

The Identity Theft and Assumption Deterrence Act of 1998 (Code 18 U.S.C., paragraph 1028) (Act) makes it a Federal crime when someone knowingly uses, without lawful authority, a means of identification of another person with the intent to commit or assist any unlawful activity that violates Federal law, or that constitutes a felony under any applicable state or local law. Under the Act, a social security number is considered a means of identification. Section 817.568, Florida Statutes, also includes social security numbers as personal identification information and indicates that the unauthorized use of personal identification information is a felony.

The District's registration policy indicates that a social security number is not required for enrollment, but such information allows the District to serve the students better. District personnel informed us that the District verifies the validity of social security numbers by using a computer program maintained by the District's Office of Information Technology. The computer program uses a formula obtained from the Social Security Administration office. However, if an individual uses a valid social security number assigned to another individual, the District does not currently have any means to detect the fraudulent or incorrect use of information unless the social security number matches that of an individual previously registered as a student with the District.

The District's limited ability to detect when students register with social security numbers assigned to other individuals may allow the fraudulent use of personal information, in violation of Federal and State laws, without timely detection, and may also affect the State's ability to track the students if the student subsequently obtains a valid social security number.

Recommendation:

We recommend that the District refer the 24 instances of improper use of social security numbers to appropriate Federal and State agencies which have law enforcement responsibilities and expertise related to identity theft. In addition, we recommend that the District seek advice from appropriate Federal and State agencies in determining alternative means to enhance their effectiveness in verifying social security numbers presented by students at registration.

District's Response:

The district will send the Florida Department of Education a letter requesting advice on how to further verify social security numbers by February 1, 2004. The recommendation in the letter will suggest that the state utilize the existing Florida Education and Training Placement Information Program (FETPIP) to match social security numbers and names submitted by all districts and community colleges to Social Security Administration's (SSA) files. The resulting exception report can then be used to determine invalid numbers or identity theft. We believe that FDOE is the institution more likely to successfully match data with SSA files.

Given the small number of records selected for this finding (24) as compared to the records researched (approximately 300,000), it is important to note that the issue of identity theft seems to not be one of critical concern.

The district will submit the 24 instances of improper use of social security numbers to local authorities upon immediate consultation with the School Board Attorney as to:

- *Our legal responsibility and/or liability in reporting them.*
- *Which law enforcement agency should receive the file.*

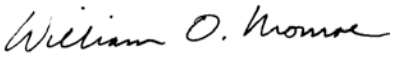
Scope, Objectives, and Methodology

The scope of this audit included a review of procedures and tests of management controls to determine whether the Workforce Development Education Program policies and procedures implemented by the Office of Adult/Vocational, Alternative, and Community Schools (Office), followed applicable laws, Board rules, and sound business practices. Our objectives were as follows:

- To obtain an understanding and make an overall judgment as to whether management controls over the Workforce Development Education Programs promote and encourage compliance with applicable laws, administrative rules, and other guidelines; the economic, effective, and efficient operation of the District; the reliability of records and reports; and the safeguarding of assets.
- To determine whether the Workforce Development Education Programs' expenditures complied with legal and administrative guidelines and sound business practices, and were reasonable.
- To determine whether student fees were properly assessed; fee collections were promptly deposited and accurately recorded in the District's financial records; student files documented residency status; fee exemptions and deferrals were granted in accordance with law; students whose deferred fees were not collected were not reported for funding purposes in subsequently registrations; and that fee waivers were not in excess of those prescribed by law.
- To determine whether at least 50 percent of the expenditures for the continuing workforce education program were derived from fees approved by the District's Board.
- To determine the accuracy of the records submitted by the District to DOE of students enrolled in the WDE Programs.
- To determine that DOE recommended program hours agreed with the course hours established by the District.
- To determine that courses reported for funding were taught or supervised by instructional personnel employed or under contract with the District.
- To determine that students exempted from taking a course or granted credit through means other than actual coursework completed at the District were not counted for enrollment purposes.

Authority

Pursuant to the provisions of Section 11.45, Florida Statutes, I have directed that this report be prepared to present the results of our operational audit.



William O. Monroe, CPA
Auditor General

District's Response

The Superintendent's response letter, dated January 8, 2004, can be viewed in its entirety on the Auditor General's Web site.

To promote accountability in government and improvement in government operations, the Auditor General makes operational audits of selected programs, activities, and functions of district school boards. This operational audit was made in accordance with applicable ***Government Auditing Standards*** issued by the Comptroller General of the United States. This audit was conducted by Enrique A. Alonso, CPA, and supervised by Ramon A. Gonzalez, CPA. Please address inquiries regarding this report to David W. Martin, CPA, Audit Manager, via e-mail at davidmartin@aud.state.fl.us or by telephone at (850) 487-9039.

This audit report, as well as other reports prepared by the Auditor General, can be obtained on our Web site at www.state.fl.us/audgen; by telephone at (850) 487-9024; or by mail at G74 Claude Pepper Building, 111 West Madison Street, Tallahassee, Florida 32399-1450.

Miami-Dade County Public Schools
giving our students the world

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Superintendent of Schools
Merrett R. Stierheim

January 8, 2004

The Honorable William O. Monroe
Auditor General
State of Florida
111 West Madison Street
Tallahassee, Florida 32399-1450

Dear Mr. Monroe:

As requested in your letter dated December 11, 2003, listed below are Miami-Dade County Public Schools' responses/explanations to the preliminary and tentative findings of the Workforce Development Education Program (WDE) audit. Each response contains specific steps which will be taken to address each issue. Given the enormous scope and the fact that this was the first audit on Workforce Development Education programs, I commend you and your team for a thorough and fair audit of our programs.

Recommendation #1
We recommend that the district implement procedures to retain appropriate documentation to support the residency status, student enrollment information, and student classification recorded in the district's electronic system. As an alternative, to ensure the accuracy of the students' electronic file records, the district could implement control procedures whereby an independent person verifies the electronic records at each center and documents the review electronically.

Response:
Although state board rule allows school districts not to retain manual documentation (as stated in the audit finding) it has been determined that electronic imaging of a modified data input form and storage on electronic media should suffice to meet this recommendation. The form will be modified, as follows, by March 1, 2004:

- A student signature line will be added to denote verification of information.
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Control procedures will be in enacted and confidentiality agreements signed to ensure proper processing of forms by schools, the district, and the contracted vendor. Other imaging solutions involving in-house scanning were researched and deemed cost and labor prohibitive.

Recommendation #2
Inasmuch as funding for the WDE programs has been established by the Florida Department of Education (FDOE) based on recommended course hours, we recommend that the district periodically evaluate the reasonableness of the actual hours necessary to achieve course completion by its students. In the event average actual hours to complete courses vary significantly from the established standard, the district may wish to consult with FDOE regarding any adjustments necessary to the course content, methods of instruction, or the established standard hours.

Response:
District and school administrative staff currently perform reasonableness checks on the hours per performance benchmark discussed. Several reports available in the *Data in Your Hands* web site were created for just that purpose (LCP/OCP Summary Reports, LCP/OCP Detail Reports, Low Performance Registration Report, etc.) District supervisors are responsible for reviewing these reports and initiating program reviews at sites where the average hours per performance are unreasonable. In addition, reasonableness checks are performed at the detail student record level biennially in the comprehensive Site Assistance Review (SAR) process.

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Consultation with FDOE on standard OCP hours will be initiated when it is evident there is a significant departure from standard hours for particular programs. This evidences a systemic problem that should be addressed with the FDOE.

Recommendation #3
We recommend that the district refer the 24 instances of improper use of social security numbers to the appropriate federal and state agencies which have law enforcement responsibilities and expertise related to identity theft. In addition, we recommend that the district seek advice from appropriate federal and state agencies in determining alternative means to enhance their effectiveness in verifying social security numbers presented by students at registration.

Response
The district will send the Florida Department of Education a letter requesting advice on how to further verify social security numbers by February 1, 2004. The recommendation in the letter will suggest that the state utilize the existing Florida Education and Training Placement Information Program (FETPIP) to match social security numbers and names submitted by all districts and community colleges to Social Security Administration's (SSA) files. The resulting exception report can then be used to determine invalid numbers or identity theft. We believe that FDOE is the institution more likely to successfully match data with SSA files.

Given the small number of records selected for this finding (24) as compared to the records researched (approximately 300,000), it is important to note that the issue of identity theft seems to not be one of critical concern.

The district will submit the 24 instances of improper use of social security numbers to local authorities upon immediate consultation with the School Board Attorney as to:

- Our legal responsibility and/or liability in reporting them.
- Which law enforcement agency should receive the file.

It is also requested that you submit to us the 24 records that you have identified. If further information is needed, please contact Ms. Carol Renick, Assistant Superintendent, Office of Adult/Vocational, Alternative and Community Education, at 305 995-1443.

Sincerely,

Merrett R. Stierheim
Superintendent of Schools

MRS/CR:dlv
L1171 (R687/E518)
Attachment

cc: Ms. Mercedes Toural
School Board Attorney
Dr. George M. Koonce, Jr.
Ms. Carol Renick