REPORT NO. 2011-171
MARCH 2011

MIAMI-DADE COUNTY DISTRICT SCHOOL BOARD

Federal Single Audit Report

For the Fiscal Year Ended
June 30, 2010

STATE OF FLORIDA
AUDITOR GENERAL
DAVID W. MARTIN, CPA

BOARD MEMBERS AND SUPERINTENDENT

Board members and the Superintendent who served during the 2009-10 fiscal year are listed below:

	District No.
Dr. Wilbert "Tee" Holloway	1
Dr. Solomon C. Stinson, Chair	2
Dr. Martin S. Karp	3
Ms. Perla Tabares Hantman, Vice Chair from 11-17-09	4
Mr. Renier Diaz de la Portilla	5
Mr. Agustin Barrera	6
Ms. Ana Rivas Logan	7
Dr. Marta Pérez, Vice Chair to 11-16-09	8
Dr. Lawrence S. Feldman	9

Mr. Alberto M. Carvalho, Superintendent

The Auditor General conducts audits of governmental entities to provide the Legislature, Florida's citizens, public entity management, and other stakeholders unbiased, timely, and relevant information for use in promoting government accountability and stewardship and improving government operations.

The audit team leader was Hector J. Quevedo, CPA, and the audit was supervised by Ramon A. Gonzalez, CPA. For the information technology portion of this audit, the audit team leader was Sue Graham, CPA, CISA, and the supervisor was Nancy M. Reeder, CPA, CISA. Please address inquiries regarding this report to Gregory L. Centers, CPA, Audit Manager, by e-mail at gregcenters@aud.state.fl.us or by telephone at (850) 487-9039.

This report and other reports prepared by the Auditor General can be obtained on our Web site at www.myflorida.com/audgen; by telephone at (850) 487-9175; or by mail at G74 Claude Pepper Building, 111 West Madison Street, Tallahassee, Florida 32399-1450.

MIAMI-DADE COUNTY DISTRICT SCHOOL BOARD
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EXECUTIVE SUMMARY

Summary of Report on Financial Statements

The District's basic financial statements, as of and for the fiscal year ended June 30, 2010, were presented fairly, in all material respects, in accordance with prescribed financial reporting standards. Our report on the District's financial statements is included in the District's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2010.

Summary of Report on Internal Control and Compliance

Our audit did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* issued by the Comptroller General of the United States.

Summary of Reports on Federal Awards

Information on the Schedule of Expenditures of Federal Awards (SEFA) is presented for purposes of additional analysis and is not a required part of the District's basic financial statements. Information on the SEFA is fairly stated, in all material respects, in relation to the District's basic financial statements taken as a whole.

We audited the District's Federal awards for compliance with applicable Federal requirements. The WIA Youth Activities; Magnet Schools Assistance; Teacher Incentive Fund; Special Education Cluster; Title I, Part A Cluster; Career and Technical Education – Basic Grants to States; Charter Schools; Twenty-First Century Community Learning Centers; English Language Acquisition Grants; Improving Teacher Quality – State Grants; State Fiscal Stabilization Fund Cluster; Education Technology State Grants Cluster; and Refugee and Entrant Assistance - State Administered programs were audited as major Federal programs. The results of our audit indicated that the District materially complied with the requirements that were applicable to the major Federal programs tested, except for the WIA Youth Activities program. Noncompliance and control deficiency findings are summarized below.

Federal Awards Finding No. 1: The District used Improving Teacher Quality program funds to supplant other District moneys, resulting in $286,441 of questioned costs.

Federal Awards Finding No. 2: Payroll expenditures were not always properly documented and supported for the Improving Teacher Quality, Special Education, and English Language Acquisition programs, resulting in $85,647 of Special Education program questioned costs.

Federal Awards Finding No. 3: Improvements were needed to ensure that invoices submitted to the grantor for reimbursement from the WIA Youth Activities program are properly supported and timely submitted.

Federal Awards Finding No. 4: Procedures over Federal funds provided to charter schools could be enhanced to demonstrate compliance with the OMB *Circular A-133* monitoring requirements.

Federal Awards Finding No. 5: Twenty-First Century program expenditures were not always properly documented and supported, resulting in $182,312 of questioned costs.

Federal Awards Finding No. 6: Controls over food service inventories and program operations could be enhanced.

Other Matters: The District's Office of Management and Compliance Audits (OMCA) performed an audit of the WIA Pilots, Demonstrations, and Research Projects program. However, as of February 2011, OMCA had not issued an audit report because of active criminal investigations relating to certain program matters.

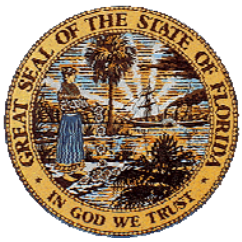
Audit Objectives and Scope

Our audit objectives were to determine whether the Miami-Dade County District School Board and its officers with administrative and stewardship responsibilities for District operations had:

- **Presented the District's basic financial statements in accordance with generally accepted accounting principles;**
- **Established and implemented internal control over financial reporting and compliance with requirements that could have a direct and material effect on the financial statements or on a major Federal program;**
- **Complied with the various provisions of laws, rules, regulations, contracts, and grant agreements that are material to the financial statements, and those applicable to the District's major Federal programs; and**
- **Taken corrective actions for findings included in prior year audit reports.**

Audit Methodology

The methodology used to develop the findings in this report included the examination of pertinent District records in connection with the application of procedures required by auditing standards generally accepted in the United States of America, applicable standards contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and Office of Management and Budget *Circular A-133*.



AUDITOR GENERAL
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The President of the Senate, the Speaker of the
House of Representatives, and the
Legislative Auditing Committee

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Miami-Dade County District School Board as of and for the fiscal year ended June 30, 2010, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 18, 2010. Our report on the basic financial statements was modified to include a reference to other auditors. We conducted our audit 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. Other auditors audited the financial statements of the aggregate discretely presented component units, as described in our report on the Miami-Dade County District School Board's financial statements. For the aggregate discretely presented component units, this report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

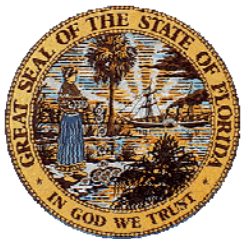
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to District management in our operational audit report No. 2011-099, dated February 2011.

Pursuant to Section 11.45(4), Florida Statutes, this report is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, Federal and other granting agencies, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

David W. Martin, CPA
November 18, 2010



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The President of the Senate, the Speaker of the
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB *CIRCULAR A-133*

Compliance

We have audited the Miami-Dade County District School Board's compliance with the types of compliance requirements described in the United States Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major Federal programs for the fiscal year ended June 30, 2010. The District's major Federal programs are identified in the **SUMMARY OF AUDITOR'S RESULTS** section of the **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major Federal programs is the responsibility of District management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB *Circular A-133*. Those standards and OMB *Circular A-133* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

As described in Federal Awards Finding No. 3 in the **SCHEDULE OF FINDINGS AND QUESTIONED COSTS** section of this report, the District did not comply with requirements regarding Allowable Costs/Cost Principles and Reporting that are applicable to its WIA Youth Activities program. Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the fiscal year ended June 30, 2010. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB *Circular A-133* and which are described in the **SCHEDULE OF FINDINGS AND QUESTIONED COSTS** section of this report as Federal Awards Finding Nos. 1, 2, 4, and 5.

Internal Control Over Compliance

District management is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to Federal programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major Federal program to determine auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB *Circular A-133*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified a deficiency in internal control over compliance that we considered to be a material weakness and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of control deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the **SCHEDULE OF FINDINGS AND QUESTIONED COSTS** section of this report as Federal Awards Finding No. 3 to be a material weakness.

A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the **SCHEDULE OF FINDINGS AND QUESTIONED COSTS** section of this report as Federal Awards Finding No. 1, 2, 4, and 5 to be significant deficiencies.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Miami-Dade County District School Board as of and for the fiscal year ended June 30, 2010, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 18, 2010. Our report on the basic financial statements was modified to include a reference to other auditors. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The

accompanying **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS** is presented for purposes of additional analysis as required by OMB *Circular A-133* and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS** is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Management's response to the findings described in the **SCHEDULE OF FINDINGS AND QUESTIONED COSTS** section of this report is included as Exhibit A. We did not audit management's response and, accordingly, we express no opinion on the response.

Pursuant to Section 11.45(4), Florida Statutes, this report is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, Federal and other granting agencies, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

David W. Martin, CPA
March 29, 2011

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

MIAMI-DADE COUNTY
DISTRICT SCHOOL BOARD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2010

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Pass - Through Grantor Number	Amount of Expenditures (1)	Amount Provided to Subrecipients
United States Department of Agriculture:				
Indirect:				
Child Nutrition Cluster:				
Florida Department of Education:				
School Breakfast Program	10.553	321	$ 19,781,430.48	$
National School Lunch Program	10.555	300	83,325,669.62	
Summer Food Service Program for Children	10.559	323, 324, 325	791,996.23	
Florida Department of Agriculture and Consumer Services:				
National School Lunch Program	10.555 (2)	None	5,761,348.01	
Total Child Nutrition Cluster			109,660,444.34	
Florida Department of Education:				
ARRA - Child Nutrition Discretionary Grants Limited Availability	10.579	371	101,876.75	
Fresh Fruit and Vegetable Program	10.582	None	30,235.83	
Florida Department of Health:				
Child and Adult Care Food Program	10.558	591, 592, 593	126,060.48	
Total United States Department of Agriculture			109,918,617.40	
United States Department of Housing and Urban Development:				
Indirect:				
City of Miami Beach:				
Community Development Block Grant	None	None	7,446.10	
United States Department of Justice:				
Direct:				
Gang Resistance Education and Training	16.737	N/A	55,096.50	
United States Department of Labor:				
Direct:				
WIA Pilot, Demostration, and Research Projects	17.261	N/A	1,063,947.69	
Indirect:				
South Florida Workforce Investment Board:				
ARRA - WIA Youth Activities	17.259	None	3,721,084.92	
Florida Department of Education:				
Incentive Grants - WIA Section 503	17.267	None	2,357.26	
Total United States Department of Labor			4,787,389.87	
United States Department of Transportation:				
Indirect:				
Florida Department of Transportation:				
State and Community Highway Safety	20.600	TR-10-09-09	54,895.00	
National Aeronautics and Space Administration:				
Direct:				
Aerospace Education Service Program	43.001	N/A	7,688.46	
Indirect:				
Paragon Tec, Inc.:				
Science, Engineering, Mathematics and Aerospace Agency Aerospace Academy	None	None	153,066.46	
Total National Aeronautics and Space Administration			160,754.92	
National Endowment of the Arts:				
Direct:				
Promotion of the Arts - Grants to Organizations and Individuals	45.024	N/A	10,450.00	
National Science Foundation:				
Indirect:				
University of Miami:				
Education and Human Resources	47.076	ESI-0353331	16,132.10	
United States Department of Education:				
Direct:				
Student Financial Assistance Cluster:				
Federal Supplemental Educational Opportunity Grants	84.007	N/A	147,889.70	
Federal Pell Grant Program	84.063	N/A	4,657,506.28	
Total Student Financial Assistance Cluster			4,805,395.98	
Impact Aid	84.041	N/A	7,640.86	
Magnet School Assistance	84.165	N/A	3,872,273.60	
Safe and Drug-Free Schools and Communities - National Programs	84.184	N/A	611,474.42	
Funds for the Improvement of Education	84.215	N/A	10,037,264.09	
Foreign Language Assistance	84.293	N/A	152,709.04	
Transition to Teaching	84.350	N/A	240,701.11	
Arts in Education	84.351	N/A	164,068.45	
Voluntary Public School Choice	84.361	N/A	2,655,013.58	
School Leadership	84.363	N/A	12,170.17	
Teacher Incentive Fund	84.374	N/A	4,351,383.28	
Total Direct			26,910,094.58	
Indirect:				
Special Education Cluster:				
Florida Department of Education:				
Special Education - Grants to States	84.027	262, 263	73,319,299.65	
Special Education - Preschool Grants	84.173	266, 267	1,203,796.78	
ARRA - Special Education - Grants to States, Recovery Act	84.391	263	32,070,279.42	
ARRA - Special Education - Preschool Grants, Recovery Act	84.392	267	1,290,510.81	
Total Special Education Cluster			107,883,886.66	
Title I, Part A Cluster:				
Florida Department of Education:				
Title I Grants to Local Educational Agencies	84.010	212, 223, 226	125,141,125.35	3,860,957.00
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	226	39,108,282.81	112,690.00
Total Title I, Part A Cluster			164,249,408.16	3,973,647.00

MIAMI-DADE COUNTY
DISTRICT SCHOOL BOARD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2010

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Pass - Through Grantor Number	Amount of Expenditures (1)	Amount Provided to Subrecipients
United States Department of Education (Continued):				
Education of Homeless Children and Youth Cluster:				
Florida Department of Education:				
Education for Homeless Children and Youth	84.196	127	$ 140,800.69	$
ARRA - Education for Homeless Children and Youth, Recovery Act	84.387	127	97,871.64	
Total Education of Homeless Children and Youth Cluster			238,672.33	
Educational Technology State Grants Cluster:				
Florida Department of Education:				
Education Technology State Grants	84.318	121, 122	1,187,605.19	
ARRA - Education Technology State Grants, Recovery Act	84.386	121	2,097,551.90	
Total Educational Technology State Grants Cluster			3,285,157.09	
State Fiscal Stabilization Fund Cluster:				
Florida Department of Education:				
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	591	120,714,674.40	
ARRA - State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	84.397	592	11,201,469.02	28,774.48
Total State Stabilization Fund Cluster			131,916,143.42	28,774.48
Florida Department of Education:				
Adult Education - Basic Grants to States	84.002	191, 193, 194	5,502,147.87	
Migrant Education - State Grant Program	84.011	211, 217	128,699.60	
Career and Technical Education - Basic Grants to States	84.048	151, 161	6,251,545.44	
Safe and Drug-Free Schools and Communities - State Grants	84.186	103	1,900,833.01	
Even Start - State Educational Agencies	84.213	219	292,274.55	
Fund for the Improvement in Education	84.215	219	80,687.14	
Charter Schools	84.282	298	6,314,947.94	6,251,253.08
Twenty-First Century Community Learning Centers	84.287	244	1,421,254.11	
State Grants for Innovative Programs	84.298	113	1,193.23	
Reading First Grants	84.357	211	1,287,612.50	
English Language Acquisition Grants	84.365	102	7,556,068.41	
Mathematics and Science Partnerships	84.366	235	468,645.66	
Improving Teacher Quality State Grants	84.367	224	19,922,754.23	
School Improvement Grants	84.377	126	38,540.94	
Center for Civics Education:				
Civic Education - We the People and the Cooperative Education Exchange Program	84.304	None	79,451.27	
Total Indirect			458,819,923.56	10,253,674.56
Total United States Department of Education			485,730,018.14	10,253,674.56
United States Department of Health and Human Services:				
Direct:				
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	N/A	159,432.02	
Comprenhensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	93.938	N/A	281,328.66	
Total Direct			440,760.68	
Indirect:				
Florida Department of Children and Families:				
Refugee and Entrant Assistant - State Administered Programs	93.566	LK904	5,327,477.65	
Florida Department of Education:				
Refugee and Entrant Assistant - Discretionary Grants	93.576	137	833,118.95	
Florida Developmental Disabilities Council:				
Developmental Disabilities Basic Support and Advocacy Grants	93.630	758HC09	60,267.07	
Total Indirect			6,220,863.67	
Total United States Department of Health and Human Services			6,661,624.35	
Corporation for National and Community Service:				
Indirect:				
Florida Department of Education:				
Learn and Serve America - School and Community Based Programs	94.004	232, 233, 234	149,340.71	
United States Department of Homeland Security:				
Indirect:				
Florida Division of Emergency Management:				
Homeland Security Grant Program	97.067	532	202,021.80	
United States Department of Defense:				
Direct:				
Army Junior Reserve Officers Training Corps	None	N/A	2,198,266.72	
Total Expenditures of Federal Awards			$ 609,952,053.61	$ 10,253,674.56

Notes: (1) Basis of Presentation. The Schedule of Expenditures of Federal Awards represents amounts expended from Federal programs during the fiscal year as determined based on the modified accrual basis of accounting. The amounts reported on the Schedule have been reconciled to and are in material agreement with amounts recorded in the District's accounting records from which the basic financial statements have been reported.

(2) Noncash Assistance - National School Lunch Program. Represents the amount of donated food used during the fiscal year. Donated foods are valued at fair value as determined at the time of donation. Includes cash received in lieu of donated foods of $177,971.75.

MIAMI-DADE COUNTY
DISTRICT SCHOOL BOARD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be a material weakness(es)?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified that are not considered to be a material weakness(es)?	Yes
Type of report the auditor issued on compliance for major programs:	Unqualified for all major programs except for the WIA Youth Activities (CFDA No. 17.259) program, which was qualified
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB *Circular A-133*?	Yes
Identification of major programs:	WIA Youth Activities (CFDA No. 17.259-ARRA); Magnet Schools Assistance (CFDA No. 84.165); Teacher Incentive Fund (CFDA No. 84.374); Special Education Cluster (CFDA Nos. 84.027, 84.173, 84.391-ARRA, and 84.392-ARRA); Title I, Part A Cluster (CFDA Nos. 84.010 and 84.389-ARRA); Career and Technical Education – Basic Grants to States (CFDA No. 84.048); Charter Schools (CFDA No. 84.282); Twenty-First Century Community Learning Centers (CFDA No. 84.287); English Language Acquisition Grants (CFDA No. 84.365); Improving Teacher Quality – State Grants (CFDA No. 84.367); State Fiscal Stabilization Fund Cluster (CFDA Nos. 84.394-ARRA and 84.397-ARRA); Education Technology – State Grants Cluster (CFDA Nos. 84.318 and 84.386-ARRA); and Refugee and Entrant Assistance - State Administered Programs (CFDA No. 93.566)
Dollar threshold used to distinguish between Type A and Type B programs:	$3,000,000
Auditee qualified as low-risk auditee?	No

MIAMI-DADE COUNTY
DISTRICT SCHOOL BOARD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Federal Awards Finding No. 1:
Federal Agency: United States Department of Education
Pass-Through Entity: Florida Department of Education
Program: Improving Teacher Quality State Grants (CFDA No. 84.367)
Finding Type: Noncompliance and Significant Deficiency
Questioned Costs: $286,441

Matching, Level of Effort, Earmarking – Supplement not Supplant. Title 20, Section 6623(b), United States Code, provides that Improving Teacher Quality (ITQ) program funds must be used only to supplement, and not supplant, the funds that would be available in the absence of these program funds. In addition, the United States Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* provides that it is presumed supplanting has occurred if the District has used Federal funds to provide services that the District provided with non-Federal funds in the prior year.

Our tests of expenditures for 10 employees charged to the ITQ program during the 2009-10 fiscal year disclosed that the District charged salaries, totaling $286,441, for 6 teachers primarily to the ITQ program. However, for the 2008-09 fiscal year, the salaries for these employees were primarily charged to other funding sources. We noted that the salaries for 5 of these 6 employees were not charged to the ITQ program during the 2008-09 fiscal year, and only 7 percent of the remaining employee's salary was charged to the ITQ program during that fiscal year. District personnel indicated that class size and school performance were the reasons for charging most of these employees' salaries to the ITQ program for the 2009-10 fiscal year; however, District personnel did not provide documentation evidencing that ITQ program funds were not used to supplant funds received from non-Federal sources. In addition, District records did not evidence an increase in the level of services provided by the ITQ program employees from the 2008-09 to the 2009-10 fiscal year. As such, to the extent that the amount charged to the ITQ program for these employees in the 2009-10 fiscal year exceeded the amounts charged in the 2008-09 fiscal year, salaries for these 6 employees, totaling $286,441, represent questioned costs.

Recommendation: The District should enhance procedures to ensure that Federal program funds are used only to supplement and not supplant District operating funds. In addition, the District should document to the grantor (Florida Department of Education) the allowability of the questioned costs, totaling $286,441, or restore applicable amounts to the ITQ program.

District Contact Person: Ms. Iraida Mendez-Cartaya, Assistant Superintendent, Office of Intergovernmental Affairs, Grants Administration and Community Services

Follow-up to Management's Response:

The District's response indicates that the costs should not be questioned based on documentation provided to audit staff, and refers to declining enrollment at certain schools that employed staff included in our audit

sample. However, while student enrollment declined from the 2008-09 fiscal year to the 2009-10 fiscal year at some schools, the number of personnel paid by the General Fund during the same time periods also declined at those schools, resulting in higher student to staff ratios. Consequently, it was not evident of record that the District used Federal moneys to supplement, and not supplant, funds that would be available in the absence of the Federal funds.

Federal Awards Finding No. 2:
Federal Agency: United States Department of Education
Pass-Through Entity: Florida Department of Education
Program: Special Education Cluster (CFDA Nos. 84.027 and 84.391 - ARRA), English Language Acquisition Grants (CFDA No. 84.365), and Improving Teacher Quality State Grants (CFDA No. 84.367)
Finding Type: Noncompliance and Significant Deficiency
Questioned Costs: CFDA No. 84.391 - ARRA: $85,647

Allowable Costs/Cost Principles – Compensation of Personnel Services. United States Office of Management and Budget (OMB) *Circular A-87*, Attachment A, Section C.1., provides, in part, that costs must be necessary and reasonable for the proper and efficient performance and administration of Federal awards; consistent with policies, regulations, and procedures that apply uniformly to both Federal awards and other activities; adequately documented; and must not be included as a cost or used to meet cost sharing or matching requirements of any other Federal award. OMB *Circular A-87* also provides that charges to Federal awards for salaries and wages be based on payrolls documented in accordance with generally accepted practices of the governmental unit and approved by a responsible official of the governmental unit. Where employees are expected to work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by monthly personnel activity reports or equivalent documentation unless a substitute system has been approved by the cognizant Federal agency. These reports must reflect an after-the-fact distribution of the actual activity of each employee, the total activity for which each employee is compensated, and must be signed by the employee. Projected amounts may be used to charge salaries and benefits provided that, at least quarterly, comparisons of actual costs to budgeted distributions based on the monthly activity reports are made. Where employees are expected to work solely on a single Federal award or cost objective, charges for salaries and wages are to be supported by periodic certifications, prepared at least semiannually, that the employees worked solely on that program for the period of the certification.

The District was approved to use the Florida Department of Education (FDOE)'s Substitute System, approved by the United States Department of Education as a substitute system for allocating salaries to Federal projects, allowing employees to report their time and effort charged to Federal grants three months during the year instead of monthly. In response to a finding noted in the District's 2008-09 fiscal year Single Audit Report, relating to *Circular A-87* documentation, the District established procedures requiring employees working on multiple cost objectives to complete a single personnel activity report for the reporting period of April 30, 2010, through June 24, 2010. However, requiring employees to prepare a single report, instead of the three reports, would not comply with *Circular A-87* or the Substitute Time System approved for use by FDOE. In addition, as similarly noted in the District's 2008-09 fiscal year Single Audit Report, enhancements were needed in the District's procedures to adequately support transfers of personnel services charged to Federal programs, as discussed below.

Improving Teacher Quality (ITQ) Program. Our test of 60 ITQ program expenditures, totaling $2,641,189, disclosed that the District transferred a portion of the salary and benefits expenditures of a director of grants administration from the Title I program to the ITQ program. The employee did not complete the required personnel activity reports for the period covered by the transfer during the 2009-10 fiscal year. Subsequent to our inquiry, we were provided with two personnel activity reports for the employee, each covering a six-month period. However, the

personnel activity reports were signed on March 8, 2011, and only accounted for 40 percent of the total activities for which the employee was compensated. Consequently, the documentation provided to support the allowability of this transfer did not comply with FDOE's Substitute System, which requires that employees report their time and effort charged to Federal grants three months during the year and account for the total activities for which employees are compensated.

Our tests also included four additional employees whose salaries, totaling $109,397, were transferred to the ITQ program on May 21, 2010. For three of these employees, the certifications indicated that the employees worked on the Title I Grants, Recovery Act, program for the period of July 1, 2009, through April 29, 2010. For the remaining employee, the salary was originally charged to the General Fund, and there was no certification completed before April 29, 2010. We expanded our audit procedures and determined that on May 21, 2010, the District transferred to the ITQ program, salaries totaling $2,681,672, of an additional 91 employees. The certifications completed during the 2009-10 fiscal year for these additional employees did not evidence that the employees worked on ITQ program activities during the period covered by the transfer. Instead, the certifications indicated that 90 of the 91 additional employees worked on the Title I Grants, Recovery Act program while the remaining employee's salary was charged to the General Fund and the employee did not complete a certification. On March 9, 2011, the supervisors of the employees whose salaries were transferred to the ITQ program, completed new semiannual certifications, indicating that these employees worked in ITQ program activities during the period covered by the transfer.

Special Education – Grants to States, Recovery Act. The District made an expenditure transfer of $1,399,254, from the General Fund to the Special Education – Grants to States, Recovery Act program based on projected payroll charges for 27 employees. However, the actual base salary expenditures for 26 of the 27 employees was less than the projected expenditures, resulting in an overcharge to the grant of $81,959. The overcharge above represents questioned costs, totaling $85,647, including indirect costs of $3,688, subject to disallowance by the grantor.

Special Education – Grants to States. The District transferred a portion of the salary and benefits expenditures of an assistant superintendent from the General Fund to the Special Education program, and the approved grant budget provided funding for 75 percent of the salary for one assistant superintendent to be responsible for the Division of Special Education and Psychological Services. However, the employee's position title as described in the payroll system was "Assistant Superintendent for Professional Development and Educational Services," and the District's Web site indicated that this employee was the contact person for professional development. Subsequent to our inquiry, we were provided with two personnel activity reports for the employee, indicating a position title of Administrative Director Exceptional Student Education, and each covering a six-month period. However, the personnel activity reports were signed on January 19, 2011, and only accounted for 75 percent, instead of the total activities for which the employee was compensated. Consequently, the documentation provided to support the allowability of this transfer did not comply with FDOE's Substitute System, which requires that employees report their time and effort charged to Federal grants three months during the year and account for the total activities for which employees are compensated.

English Language Acquisition Grants. A portion of the salary expenditures of 110 employees, totaling $770,221, was transferred from the General Fund to the English Language Acquisition (ELA) program, and the employees included in the transfer certified that 20 percent of their time and effort was spent in allowable program activities. District personnel indicated that the intent of the transfer was to charge 20 percent of the employees' base salary to the ELA program in accordance with the certifications. However, the employees whose salaries and benefit expenditures were transferred each completed a single personnel activity report to certify the allocation of their salaries to the ELA program for the payroll periods July 1, 2009, to May 4, 2010, contrary to provisions of FDOE's

Substitute System, which requires that employees report their time and effort charged to Federal grants three months during the year.

Recommendation: The District should enhance its procedures to ensure that expenditures are for allowable grant purposes, and payroll charges are properly documented and supported. In addition, the District should document the allowability of the questioned costs, totaling $85,647, to the grantor (Florida Department of Education) or restore applicable amounts to the Special Education program.

District Contact Person: Ms. Iraida Mendez-Cartaya, Assistant Superintendent, Office of Intergovernmental Affairs, Grants Administration and Community Services

Federal Awards Finding No. 3:
Federal Agency: United States Department of Education
Pass-Through Entity: South Florida Workforce Investment Board
Program: WIA Youth Activities (CFDA 17.259)
Finding Type: Material Noncompliance and Material Weakness
Questioned Costs: None

Allowable Costs/Cost Principles and Reporting. The United States Office of Management and Budget (OMB) *Circular A-87*, Attachment A, Section C.1 provides, in part, to be allowable under Federal awards, costs must be authorized and not prohibited under State or local laws or regulations, and necessary and reasonable for proper and efficient performance and administration of Federal awards. In addition, expenditures need to be in accordance with Federal, State, and other laws and regulations, and contract terms and conditions of the Federal award.

The District entered into a contract with the South Florida Workforce Investment Board (SFWIB) from May 1, 2009, to March 31, 2010, to provide summer employment activities, services that provide work readiness skills, and age-appropriate, work-based activities, to target economically disadvantaged youth facing barriers to finding stable employment. For allowable costs related to this contract, the District submitted invoices to the grantor and received Workforce Investment Act (WIA) program funds on a cost reimbursement basis. The contract provided that, to receive payment for allowable costs, the District would submit an invoice package no later than the seventh business day of the month following the month in which services were provided. Invoices submitted after the due date were subject to an automatic 5 percent penalty of the amount invoiced. In addition, invoices submitted more than five business days following the due date were subject to an additional 5 percent penalty of the amount invoiced.

The cumulative WIA program expenditures for the contract period totaled $4,281,065 ($559,980 for the 2008-09 fiscal year and $3,721,085 for the 2009-10 fiscal year). Our review of the final cash transactions report submitted to the SFWIB on August 25, 2010, disclosed that the cumulative WIA program expenditures for the contract period totaled $3,747,183, excluding disallowed expenditures totaling $533,882. The disallowed expenditures represent $387,196 disallowed due to ineligible expenditures and $146,686 disallowed for late invoicing. District personnel indicated that they were working with the SFWIB (grantor) in an attempt to resolve the disallowances for the WIA program.

Recommendation: The District should enhance its procedures to ensure that invoices submitted to the grantor for reimbursement from the WIA program are properly supported and timely submitted.

District Contact Person: Magaly C. Abrahante, Ed.D.; Assistant Superintendent, Title I Administration

Federal Awards Finding No. 4:
Federal Agency: United States Department of Education
Pass-Through Entity: Florida Department of Education
Program: Charter Schools (CFDA No. 84.282)
Finding Type: Noncompliance and Significant Deficiency
Questioned Costs: Not Applicable

Subrecipient Monitoring. The District had not established adequate procedures over Federal funds passed through to charter schools to demonstrate compliance with the monitoring requirements of United States Office of Management and Budget (OMB) *Circular A-133*, paragraph 400(d). Pursuant to *Circular A-133*, a pass-through entity is responsible, in part, for: (1) identifying to the subrecipients the Federal award information; (2) advising subrecipients of requirements imposed on them by Federal laws, regulations, and provisions of contracts or grant agreements; (3) monitoring the subrecipients' activities as necessary to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements, and that performance goals are achieved; and (4) ensuring that subrecipients expending $500,000 or more in Federal awards during the fiscal year have the required audit performed, and that appropriate corrective actions are taken on any audit findings. In addition, the pass-through entity is responsible for implementing procedures to timely track the Federal funds passed through to, and expended by, each subrecipient to determine the level of accountability required; adequately consider factors such as size of awards, percentage of the total program's funds awarded to the subrecipients, and the complexity of the compliance requirements; and properly documenting the process. Subrecipient monitoring normally occurs throughout the year and may include reviewing financial and performance reports submitted by subrecipient, performing site visits to review financial and programmatic records and observe operations, and regular contacts and appropriate inquiries with the subrecipients concerning program activities.

Charter Schools Program (CSP) funds are awarded for specific charter schools based on applications prepared by the charter schools and approved by the District and FDOE. The District received CSP funds from FDOE and passed the funds through to the charter schools (less any administrative cost allowance retained by the District). During the 2009-10 fiscal year, the District passed through $6,251,253 of CSP funds to charter school subrecipients. We selected 9 of 36 charter schools receiving CSP funds for testing and requested that Charter School Operations (CSO) Department personnel provide us with documentation evidencing that the District performed monitoring procedures over these charter schools. Examples of documentation requested included quarterly financial reports reviewed by CSO Department personnel, evidence that any unusual expenditures or amounts had been questioned by District personnel prior to our requests, evidence of site visits to review records and observe operations, and copies of monitoring checklists.

In response, CSO Department personnel provided monitoring procedures reflecting expectations of Federal regulations over subrecipient activity. However, no documentation was provided to evidence that the procedures had been implemented during the 2009-10 fiscal year. A similar finding was disclosed in the District's 2008-09 fiscal year Single Audit Report. According to District personnel, procedures were not implemented due to limited resources and untimely issuance of the District's 2008-09 fiscal year Single Audit Report. District personnel indicated that they intended to implement the subrecipient monitoring procedures after the quarter ending December 31, 2010. Absent subrecipient monitoring procedures, the risk increases that charter schools may use CSP funds for unauthorized purposes and without complying with laws, regulations, and contract and grant agreement provisions.

Recommendation: The District should continue its efforts to implement procedures for monitoring CSP funds provided to subrecipents to ensure compliance with Federal requirements.

District Contact Person: Ms. Iraida Mendez-Cartaya, Assistant Superintendent, Office of Intergovernmental Affairs, Grants Administration and Community Services

Federal Awards Finding No. 5:
Federal Agency: United States Department of Education
Pass-Through Entity: Florida Department of Education
Program: Twenty-First Century Learning Centers (CFDA No. 84.287)
Finding Type: Noncompliance and Significant Deficiency
Questioned Costs: $182,312 (2008-09 fiscal year)

Allowable Costs/Cost Principles. United States Office of Management and Budget (OMB) *Circular A-87*, provides that the charges to Federal awards follow basic guidelines affecting the allowability of costs including being necessary, reasonable, and allocable to a particular cost objective. In addition, expenditures need to be in accordance with Federal, State, and other laws and regulations, and contract terms and conditions of Federal awards. The objective of the Twenty-First Century Community Learning Centers program is to establish or expand community learning centers that provide students with academic enrichment opportunities outside of the regular school day.

The grantor, FDOE, performed on-site monitoring of the District's Twenty-First Century Learning Center program, including a review of certain documentation related to the 2008-09 project year. Our review of the preliminary monitoring report, dated May 2010, disclosed that FDOE questioned the following costs:

- A total of $7,369 in expenditures that related to the prior project year.
- Adjustments to payrolls, totaling $14,337, were not properly documented.
- A total of $131,135 in expenditures were incurred after the end of program activities.
- Personnel service expenditures, totaling $29,471, were not adequately documented.

On July 15, 2010, the District submitted additional documentation and explanations to the grantor and requested that the issues and concerns (i.e. expenditures) be reconsidered by the grantor. As of the end of our audit fieldwork, a final grantor determination had not been received by the District; consequently, the above expenditures, totaling $182,312, are subject to disallowance by the grantor.

Recommendation: The District should enhance its procedures to ensure that Twenty-First Century program expenditures are only for allowable grant purposes, and charges are properly documented and supported. In addition, the District should document to the grantor (Florida Department of Education) the allowability of the $182,312 of 2008-09 fiscal year questioned costs disclosed by the grantor's monitoring, or restore these amounts to the Twenty-First Century Program.

District Contact Person: Ms. Iraida Mendez-Cartaya, Assistant Superintendent, Office of Intergovernmental Affairs, Grants Administration and Community Services

Federal Awards Finding No. 6:
Federal Agency: United States Department of Agriculture
Pass-Through Entity: Florida Department of Education
Program: Nonmajor Federal Program - Child Nutrition Cluster (CFDA Nos. 10.553, 10.555, and 10.559)
Finding Type: Noncompliance and Significant Deficiency
Questioned Costs: Not Applicable

Program Administration. Non-Federal Finding Nos. 11 through 13 in our operational audit report No. 2011-099 address control deficiencies relating to the District's food service program. These control deficiencies include inventory recordkeeping deficiencies and lack of monitoring procedures over meal cost that impact the administration of the Federally-funded food service program. Similar findings were noted in previous audit reports, most recently in our report No. 2008-158.

Recommendation: The District should strengthen procedures necessary to provide enhanced control over food service inventories and adequately monitor the operations of the food service program.

District Contact Person: Ms. Iraida Mendez-Cartaya, Assistant Superintendent, Office of Intergovernmental Affairs, Grants Administration and Community Services

OTHER MATTERS

Workforce Investment Act (WIA) Pilots, Demonstrations, and Research Projects (CFDA No. 17.261). During the 2009-10 fiscal year, the Department of Labor provided the District funding for the Miami Partnership for Action in Communities Taskforce (MPACT). Generally, this program is used to provide comprehensive services to increase the employment rates of at-risk youth, and those who have barriers to employability, and the District reported program expenditures totaling $1,063,948 during the 2009-10 fiscal year. The District's Office of Management and Compliance Audits (OMCA) notified us that it performed an audit of the program, and had completed the audit fieldwork. However, an audit report was not released because of active criminal investigations relating to certain program matters. As of February 17, 2011, OMCA has not been given authorization by the investigative authority to release further information regarding this matter.

PRIOR AUDIT FOLLOW-UP

Except as discussed in the preceding paragraphs, and the **SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS – FEDERAL AWARDS,** the District had taken corrective actions for findings included in prior audit reports.

MANAGEMENT'S RESPONSE

Management's response is included as Exhibit A.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

MIAMI-DADE COUNTY
DISTRICT SCHOOL BOARD
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2010

Listed below is the District's summary of the status of prior audit findings on Federal programs:

Audit Report No. and Federal Awards Finding No.	Program/Area	Brief Description	Status	Comments
Ernst & Young, LLP 2008-2 2009-1	Refugee and Entrant Assistance - Discretionary Grants (CFDA No. 93.576)/Level of Effort	The District should review its program objectives and requirements for this grant and make revisions as necessary to ensure that the grant's performance and deliverable requirements are met.	Corrected.	Corrective actions have been implemented, and the District is now in compliance.
2008-3	Refugee and Entrant Assistance - Discretionary Grants (CFDA No. 93.576)/Program Income	The District should review its current procedures and implement necessary changes and controls to ensure that interest earned on advanced funds is remitted, or applied against invoices submitted for riembursement, on a quarterly basis.	Corrected.	Corrective actions have been implemented, and the District is now in compliance.
2007-3	Fund for the Improvement of Education (CFDA No. 84.215)/Activities Allowed or Unallowed	The District should document to the grantor (United States Department of Education) the allowability of questioned costs, totaling $106,814, or the moneys should be restored to the program.	Partially Corrected.	The District has implemented procedures to obtain the approval of the grantor for any programmatic changes, such as changes in key grant personnel specified in the application or award document. A letter was submitted to grantor program administrators formalizing the positions of all grant directors. The grantor has not yet made a determination regarding restoration of questioned costs.
2007-4	Fund for the Improvement of Education (CFDA No. 84.215) and Refugee and Entrant Assistance - Discretionary Grants (CFDA No. 93.576)/ Matching, Level of Effort, Earmarking	The District should review its program objectives and requirements for the grants mentioned and make revisions as necessary to ensure the grant's performance requirements are met; thus ensuring that Federal moneys are properly used.	Corrected.	Corrective actions have been implemented, and the District is now in compliance.
2009-2	Charter Schools (CFDA No. 84.282)/Period of Availability	Payments were made to three charter school subrecipients were made subsequent to the grant liquidation date of August 20, 2008, resulting in questioned costs of $77,450.	Partially Corrected.	The situation was an isolated incident impacted by internal processing delays due to the District offices closing for Tropical Storm Fay. The grantor has not yet made a determination regarding restoration of questioned costs..
2009-3	Teacher Incentive Fund (CFDA No. 84.374), Special Education Cluster (CFDA Nos. 84.027, 84.173, 84.391, and 84.392), English Language Acquisition Grants (CFDA No. 84.365), Improving Teacher Quality State Grants (CFDA No. 84.367), Title I, Part A Cluster (CFDA Nos. 84.010 and 84.389), School Improvement Grants (CFDA No. 84.377), and Refugee and Entrant Assistance - Discretionary Grants (CFDA No. 93.576)/Allowable Costs	The District did not properly document salary and beneift expenditures charged to Federal programs, resulting in questioned costs of $586,792 (CFDA No. 84.374 - $15,522, Special Education Cluster - $205,923, CFDA 84.365 - $112,739, CFDA 84.367 - $40,589, Title I, Part A Cluster - $37,676, CFDA 84.377 - $101,464, and CFDA 93.576 - $72,879).	Not Corrected.	District is implementing procedures to ensure that salaries and benefits are properly documented and certified. The grantor has not yet made a determination regarding restoration of questioned costs. A similar finding is noted in the 2009-10 fiscal year audit report.
2009-4	Charter Schools (CFDA No. 84.282)/Subrecipient Monitoring	The District should enhance procedures to monitor its charter schools to ensure that award funds are expended for allowable purposes.	Not Corrected.	Procedures have been developed and implemented during the 2010-11 fiscal year. All charter schools have been notified of compliance requirements. A similar finding is noted in the 2009-10 fiscal year audit report.

EXHIBIT A

MANAGEMENT'S RESPONSE

Miami-Dade County Public Schools

giving our students the world

Superintendent of Schools
Alberto M. Carvalho

Miami-Dade County School Board
Perla Tabares Hantman, Chair
Dr. Lawrence S. Feldman, Vice Chair
Dr. Dorothy Bendross-Mindingall
Carlos L. Curbelo
Renier Diaz de la Portilla
Dr. Wilbert "Tee" Holloway
Dr. Martin Karp
Dr. Marta Pérez
Raquel A. Regalado

March 25, 2011

Mr. David W. Martin, Auditor General
State of Florida
G74 Claude Pepper Building
111 West Madison Street
Tallahassee, Florida 32399-1450

Dear Mr. Martin:

Attached are our responses for findings 2 through 6 of the preliminary and tentative findings and recommendations of the Single Audit of the Miami-Dade County District School Board for the Fiscal Year ended June 30, 2010.

We certainly appreciate the input provided by your audit staff regarding recommendations for improvement and efficiencies of operations. We disagree with the conclusion regarding supplanting as it pertains to Improving Teacher Quality described in finding 1, and have provided additional documentation to your onsite auditor, Mr. Hector Quevedo. We eagerly await the results of your review and respectfully request that a favorable consideration be given in order to modify the report accordingly.

For any questions or comments regarding this correspondence, please contact Ms. Iraida Mendez-Cartaya, Assistant Superintendent, Office of Intergovernmental Affairs, Grants Administration, and Community Engagement at 305-995-1497, or Mr. Jose F. Montes de Oca, Chief Auditor, at 305-995-1437. We thank you in advance for your consideration and the opportunity to respond to your draft report.

Sincerely,

Alberto M. Carvalho
Superintendent of Schools

AMC/ms
L925

Attachments

cc: Dr. Daniel Tosado
Ms. Iraida R. Mendez-Cartaya
Mr. Jose Montes de Oca

Office of Intergovernmental Affairs, Grants Administration, and Community Engagement
School Board Administration Building • 1450 N.E. 2nd Ave. • Suite 931 • Miami, FL 33132
305-995-2532 • 305-995-3088 (FAX) • www.dadeschools.net

EXHIBIT A

MANAGEMENT'S RESPONSE (CONTINUED)

FINDING NO. 1

MANAGEMENT RESPONSE:

(Awaiting reassessment by the on-site audit staff)

FINDING NO. 2

MANAGEMENT RESPONSE:

The District acknowledges that in certain instances, as cited in this report, procedures were not fully observed as far as performing required timely payroll certifications for transfers in accordance with the substitute system approved by the FDOE in 1996. The District is in the process of developing an automated system that will streamline this process, while further strengthening internal controls and accountability. The proposed system will utilize existing functionality of the SAP HR, Payroll and Finance modules to automatically perform the required periodic certifications for non-shared and shared time employees serving one or more programs, as well as the periodic transfers (i.e., every payroll cycle) of salary and benefit for shared time staff. The latter will result in increased accuracy of the amount transferred based on the approved percentage to be abated instead of relying on after-the-fact calculations. Additionally, we are exploring the implementation of an electronic approval of the A-87 and PARs certifications, similar to the IRS taxpayer electronic filing, as a means of improving accountability, as well as a means of meeting the District's mandated certification requirements within our shrinking State and Federal funding allocations. As required, the District will seek the approval of the FDOE for all proposed changes and improvements.

FINDING NO. 3

MANAGEMENT RESPONSE:

The District consistently implements School Board policies and procedures addressing contractual provisions, billing, and invoicing for reimbursement. These procedures are reviewed and amended periodically by the office of Financial Services, as deemed necessary. As the procedures relate to the Workforce Investment Act program, the District has reviewed the conditions resulting in this finding to ensure that they do not occur again, as we continue to pursue a resolution to the disallowances with the grantor.

FINDING NO. 4

MANAGEMENT RESPONSE:

Charter School Operations (CSO), has devised a plan for sub-recipient monitoring going forward, and has proactively utilized the plan, albeit in an abbreviated manner, to review prior year's expenditures. Please be cognizant that the District had every intention to implement the recommendation; however, due to the lateness of the issuance of the Single Audit by Ernst & Young, full implementation of the recommendation was not possible prior to your audit.

EXHIBIT A

MANAGEMENT'S RESPONSE (CONTINUED)

Formal notification of the District's plan to monitor charter schools that are recipients of Federal Grant funding was given to all charter schools, regardless of eligibility. Charter schools were notified that beginning with the quarter ending December 31, 2010, they will be required to submit quarterly financial status reports for review by the District; and would be subject to random site visits. Charter schools were also made aware, in writing, of their responsibility to have a Single Audit performed by an independent auditor if they are recipients of Federal funding in excess of $500,000 (five hundred thousand) per year. The notification given to the charter schools provides evidence that the District has taken concrete steps to implement procedures to correct the noted deficiencies.

FINDING NO. 5

MANAGEMENT RESPONSE:

While the District has enhanced its procedures to ensure program expenditures are incurred in accordance with the approved grant award, there have been cases where procedures were not fully adhered resulting in questioned costs. The District will review its oversight procedures to assure that all outside contractor/vendors adhere to the reporting requirement necessary in order to fulfill our oversight responsibilities in accordance with OMB Circular A-87.

FINDING NO. 6

MANAGEMENT RESPONSE:

The District continues to strengthen procedures necessary to enhance control over food service inventories and adequately monitor food service operations. The Department of Food and Nutrition conducts data analysis of key performance indicators using the Decision Support System (DSS).

Currently, the DSS phase under implementation is the Manager's PRIORITY System for food inventory and menu management reporting at the site level. This phase of the monitoring system is under user acceptance testing and the first pilot test is scheduled for April 2011. The Decision Support System for food inventory and food production record keeping at the site level have been specifically developed to increase controls and enhance monitoring of food costs and usage at the site level for District food service programs.

Since 2008, significant performance improvement in operation of the federally-funded food service program have been achieved, and continued improvement of inventory recordkeeping and meal costs at the site level are anticipated with full implementation of the DSS PRIORITY System phase.

IRM-C:kcl

cc :

EXHIBIT A

MANAGEMENT'S RESPONSE (CONTINUED)

Miami-Dade County Public Schools

giving our students the world

Superintendent of Schools
Alberto M. Carvalho

Miami-Dade County School Board
Perla Tabares Hantman, Chair
Dr. Lawrence S. Feldman, Vice Chair
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Dr. Wilbert "Tee" Holloway
Dr. Martin Karp
Dr. Marta Pérez
Raquel A. Regalado

March 29, 2011

Mr. David W. Martin, Auditor General
State of Florida
G74 Claude Pepper Building
111 West Madison Street
Tallahassee, Florida 32399-1450

Dear Mr. Martin:

Attached is the response for finding 1 to the preliminary and tentative findings and recommendations of the Single Audit of the Miami-Dade County District School Board for the Fiscal Year ended June 30, 2010, as well as the updated Summary Schedule of Prior Audit Findings – Federal Awards.

The District respectfully is not in agreement with the finding regarding supplanting as it pertains to Improving Teacher Quality. We feel that the documentation provided supports the fact that the District did not supplant.

For any questions or comments regarding this correspondence, please contact Ms. Iraida Mendez-Cartaya, Assistant Superintendent, Office of Intergovernmental Affairs, Grants Administration, and Community Engagement at 305-995-1497, or Mr. Jose F. Montes de Oca, Chief Auditor, at 305-995-1437. We thank you in advance for your consideration and the opportunity to respond to your draft report.

Sincerely,

Alberto M. Carvalho
Superintendent of Schools

AMC:ms
L930

Attachments

cc: Dr. Daniel Tosado
Ms. Iraida R. Mendez-Cartaya
Mr. Jose Montes De Oca

School Board Administration Building • 1450 N.E. 2nd Avenue • Miami, Florida 33132
305-995-1000 • www.dadeschools.net

EXHIBIT A

MANAGEMENT'S RESPONSE (CONTINUED)

FEDERAL FINDING NO. 1

MANAGEMENT RESPONSE:

The District has complied with the Federal and State guidelines in the supplemental use of federally funded positions. The assertion that the District supplanted funds based on the fact that the employees in question were funded from the General Fund in the previous year and federal funds in the current audit period is unfounded. All schools were allocated at the same allocation ratio and were required to purchase all generated General Fund positions prior to the issuance of Title II funded positions.

For the audit sampled schools, three of the four selected had a decline in enrollment from the May budget conference to the September final budget conference, resulting in a reduction of positions generated requiring the surplus of positions. The Title II positions allocated at each of the schools in question were granted in order to comply with requirements for School Improvement. No state aid was provided to comply with the School Improvement mandate, and as a result federal funding was utilized as permitted by law. Moreover, at a time of declining state and local funding, the District could not have met the requirement of the Differentiated Accountability Plan as mandated using only non-federal funds detailed in the Technical Assistance memorandum issued by the Florida Department of Education, Federal Supplement/Not Supplant Requirement and the Differentiated Accountability Plan, dated December 16, 2008.

Therefore, these charges complied with federal fiscal requirements regarding supplement, not supplant. Accordingly, the District respectfully disagrees with this finding.