



AUDITOR GENERAL

William O. Monroe, CPA



OPERATIONAL AUDIT STATUS OF LAND ACQUISITION PROCEDURES FOR MIAMI-DADE DISTRICT SCHOOL BOARD AS OF NOVEMBER 2001

SUMMARY

This audit report is the first in a series of reports to be issued on audits conducted pursuant to Chapter 2001-253, Laws of Florida, Specific Appropriation 118, and Section 11.45, Florida Statutes. Additional reports will be issued as audit fieldwork is completed in areas selected by the Auditor General for audit.

The District has addressed most of the recommendations made by the Legislative Office of Program Policy Analysis and Government Accountability (OPPAGA) in its Special Review, Land Acquisition Practices of the Miami-Dade County School District, regarding the District's land acquisition procedures. However, as of November 2001, the District had not completed the development of performance measures for its planning and land acquisition functions.

A Land Acquisition and Facilities Advisory Board (Advisory Board) was appointed by the Governor, the President of the Senate, and the Speaker of the House of Representatives for the Miami-Dade County School District. The Advisory Board is scheduled to convene in

December 2001 to begin an assessment of the District's progress and corrective actions to address the deficiencies noted by OPPAGA, and report to the Commissioner of Education. Approximately \$44.4 million in capital outlay appropriations are being held in reserve by the Governor, pending a satisfactory review of the District's land acquisition and facilities operational processes by the Advisory Board.

From May 2001 through November 2001, the District has made no acquisitions of land pending the adoption and implementation of the revised policies and procedures.

INTRODUCTION

In May 2001, the Legislative Office of Program Policy Analysis and Government Accountability (OPPAGA) issued a report titled *Special Review: Land Acquisition Practices of the Miami-Dade County School District* (Special Review). The Special Review included several recommendations for strengthening the District's land acquisition procedures.

The 2001 Legislature provided for the establishment of Land Acquisition and Facilities Advisory Boards (Advisory Boards)

to provide expert advice and assist in improving school districts' land acquisition and facilities operational processes when significant deficiencies have been noted in these processes by OPPAGA or the Auditor General. Seven members were appointed by the Governor (3), Speaker of the House of Representatives (2), and the President of the Senate (2), to the Advisory Board for the Miami-Dade County School District to assess the District's progress and corrective actions to address the deficiencies noted in the Special Review.

AUDIT SCOPE, OBJECTIVES, AND METHODOLOGY

The scope of this audit included a review of the status of the District's land acquisition procedures. The objectives of this audit were to assess the District's actions to address the deficiencies in land acquisition procedures noted in the Special Review, determine that personnel in the District's Office of Governmental Affairs and Land Use Policy and Acquisitions meet the minimum job qualifications, and report on the status of the Land Acquisition and Facilities Advisory Board established by the 2001 Legislature.

This audit does not extend to the District's actions to address the recommendations in the Special Review related to matters other than land acquisition, including options for additional facilities financing and utilization of facilities.

FINDINGS AND RECOMMENDATIONS

District Actions to Address the Special Review Recommendations on Land Acquisition Procedures

In response to the findings and recommendations included in the Special Review, personnel in the District's Office of Governmental Affairs and Land Use Policy and Acquisitions developed a comprehensive policy for the Miami-Dade District School Board's consideration on facility planning, site selection, acquisition, and construction. The School Board also engaged the services of a consultant to assist District staff in the development of the policy.

The proposed policy entitled *Educational Facilities Planning, Site Selection and Acquisition, and Construction* was presented to the School Board on October 24, 2001. The School Board approved the proposed policy on first (initial) reading. However, a second and final reading by the School Board is required before the policy can be implemented. District personnel indicated that the second and final reading is scheduled for December 12, 2001.

The proposed policy addresses the recommendations included in the Special Review as described below.

Special Review Recommendation:

The District should establish a broad-based facilities planning committee to include school district personnel, parents, construction professionals, and other community stakeholders. This committee should help identify and develop priorities for the District's construction needs.

District's Actions:

The proposed policy provides for the establishment of an external oversight committee titled the School Site Planning and Construction Committee (SSPCC). The SSPCC will be comprised of seven members, including representatives from the business community, construction and real estate professionals, and other community stakeholders. Under the proposed policy, the SSPCC's responsibilities will include providing input and monitoring the District's five-year facilities work plan, the educational plant survey, the annual capital outlay budget, the site facilities planning, site selection and acquisition, and construction programs. The SSPCC will also provide recommendations to the School Board on the annual capital outlay budget, site facilities planning, site selection and acquisition, and construction programs. The SSPCC will also provide periodic reports to the School Board on the status and progress of site selection and acquisition activities, and make recommendations for improved accountability and efficiency.

Special Review Recommendation:

The District should establish performance measures for the planning and land acquisition functions.

District's Actions:

The proposed policy requires periodic reviews and evaluations (quarterly and annually) of site acquisition and facility construction activities. Two oversight committees, the

internal Technical Review Committee and the external SSPCC, will perform these functions.

The internal Technical Review Committee is comprised of the five members including the Chief Facilities Officer – Construction; Deputy Superintendent, Management and Accountability; Chief Financial Officer; Chief Facilities Officer – Maintenance; and the Deputy Superintendent of School Operations. The purpose of the Technical Review Committee is to provide staff coordination, accountability and oversight of the formulation and implementation of the District's adopted five-year work plan.

Based on our inquiry in November 2001, the District had not completed the development of performance measures for the planning and land acquisition functions. The District indicated that the performance measures would be developed by the SSPCC.

We recommend that the District take appropriate action to ensure the development of performance measures for the planning and land acquisition functions. Such performance measures should allow for the District to evaluate its performance in long-term planning and the timely acquisition of land ahead of projected need.

Special Review Recommendation:

The District should better integrate the land acquisition function into the facility planning and construction practices.

District's Actions:

The proposed policy facilitates the integration of the land acquisition function with facility planning and construction by requiring that these associated activities be reviewed and acted upon by both oversight committees. The formulation, implementation, and oversight for site acquisition activities and facilities construction will be accomplished through the five-year work plan. The above-mentioned oversight committees will be responsible for ensuring that these activities are coordinated in terms of funding and prioritization.

Special Review Recommendation:

The District should institute a policy that requires an appraisal review when the District receives divergent appraisals.

District's Actions:

The proposed policy requires that a professional review appraisal be obtained in those instances where the variance between two appraisals exceeds 20 percent. In addition, the review appraiser's certification of recommended or approved value is required to explain the basis for the recommended or approved value.

Special Review Recommendation:

The land acquisition office should provide full information to the Board on all potential purchases, including information about the

estimated additional costs needed to make the land usable and the estimated value given by all of the appraisals the District obtained on the property.

District's Actions:

The proposed policy provides specific detailed site selection criteria for evaluating and selecting sites. These criteria include a criterion for documenting the extent of site development work that must be done to make the site usable for its intended purpose. A full and complete record of all information for each site is to be presented to the Technical Review Committee by the District's Chief Facilities Officer – Construction. After review by the Technical Review Committee, and further development or modification, if necessary, the full and complete record is to be transmitted to the SSPCC with the recommendations of the Technical Review Committee. Upon review by the SSPCC, recommendations on site acquisitions are to be provided to the School Board with all relevant site analyses and supporting documentation.

Review of Qualifications of Personnel Engaged in Land Acquisition

Our audit procedures included a review to determine whether employees engaged in land acquisition met the qualifications included in the District's written job descriptions. We reviewed the job descriptions and related

minimum qualification requirements for the 13 professional and technical staff in the Office of Governmental Affairs and Land Use Policy and Acquisitions.

We noted that employees generally met the written qualifications for their respective positions. However, we noted one instance in which an employee (Coordinator III, State/Government Liaison) did not meet the qualifications based on the job description. The employee was promoted to the current position in September 1998 without a Bachelor's degree, although the position requires a Bachelor's degree in Public Administration, Business Management, Planning, or related field.

When this exception was brought to the attention of District management, we were informed that the employee performs job tasks in a most competent manner and has agreed to return to college to complete the educational requirements to remain in the current position. Subsequent to our review, District procedures were revised to require that individuals recommended for direct appointment (i.e., promotions) submit appropriate documentation to demonstrate that they meet the specific qualifications and background applicable to the position as indicated on the job description. If properly implemented, the revised procedures should enhance controls in this area.

Status of Land Acquisitions

Subsequent to the release of the Special Review, the District suspended all land

acquisitions. From May 2001 through November 2001, the District has made no acquisitions of land pending the adoption and implementation of the revised policies and procedures. Once these policies and procedures are in place, District staff plans to present the results of its site searches and due diligence research for a total of five school facilities funded in the District's five-year work plan. Further delays in the implementation of the above policies and procedures could adversely affect the District's ability to acquire the land necessary for the planned school facilities.

Status of the Land Acquisition and Facilities Advisory Board


As of November 8, 2001, the seven members of the Land Acquisition and Facilities Advisory Board (Advisory Board) for the Miami-Dade County District School Board had been appointed. Pursuant to Section 230.23024, Florida Statutes, the Advisory Board is to convene within 30 days of formation and, within 60 days of convening, the Advisory Board shall assess the District's progress and corrective actions to address the deficiencies noted in the Special Review and report to the Commissioner of Education. Based on our inquiry with members of the Advisory Board, the Advisory Board is expected to convene in December 2001.

In accordance with Chapter 2001-253, Laws of Florida (2001-2002 Appropriations Act), Specific Appropriations 15 and 16, the

District's Public Education Capital Outlay allocations for school construction and maintenance totaling approximately \$44.4 million are being held in reserve by the Executive Office of the Governor pending a report from the Advisory Board. The Advisory Board must address in its report the release of funds placed in reserve by the Executive Office of the Governor. If the Advisory Board does not recommend release of funds held in reserve, it shall provide additional assistance to the District and submit a subsequent report 60 days after the previous report.

AUTHORITY

Pursuant to the provisions of Section 11.45, Florida Statutes, I have directed that this report be prepared and submitted to the President of the Senate, the Speaker of the House, and the Legislative Auditing Committee.


William O. Monroe, CPA
Auditor General

DISTRICT SUPERINTENDENT'S RESPONSE

I was pleased with your Office's findings, which clearly show that the District has made substantial progress to proactively address past land acquisition procedural deficiencies.

The area noted in the audit that is still under development by the District is that which deals with the establishment of performance measures for its planning and land acquisition units. By way of this transmittal, I would like to provide further information on the District's progress in this regard, and to briefly outline the steps that will be taken to complete this last component of our procedural improvements.

Through the Governor's Sterling Program, the District has embarked on a quality improvement management initiative, the purpose of which is to evaluate current management practices, identify needed changes, and then proceed to implement them. The official kick-off for this initiative, as it pertains to the Bureau of Facilities Planning and Construction was August 9 of this year, subsequent to which a two-day intensive session was held on August 30 and August 31. I anticipate the full Bureau initiative will be completed sometime in early 2002, at which point specific performance measures will be established throughout, including land acquisition. Preliminary performance measures are being prepared for use until the training has been completed.

Lastly, I would like to further note two steps taken with the past week, which positively impact upon the District's ability to move forward with its educational facility planning and construction activities:

1. A new School Board rule establishing criteria and standards for site acquisition and educational facility planning and construction activities in the District, including adequate internal and external oversight, was adopted on final reading by the School Board on December 12, 2001; and

2. The state-appointed Miami-Dade Land Acquisition and Facilities Advisory Board met for the first time on December 7, 2001 to review the District's progress on the adoption of new procedures for land acquisition and facility planning and construction. The Board was impressed with that progress and was complimentary of the District's efforts.

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 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 (<http://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

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December 14, 2001

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Mr. William O. Monroe, CPA, Auditor General
State of Florida
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**Superintendent
of Schools**
Merrett R. Stierheim

Re: Preliminary and Tentative Audit Findings and Recommendations on Report – Status of Land Acquisition Procedures for Miami-Dade County School District as of November 2001

Dear Mr. Monroe:

I am in receipt of your office's preliminary and tentative audit findings and recommendations on the status of the District's efforts relative to the adoption of new land acquisition procedures, in direct response to the OPPAGA report of May 2001. I was pleased with your Office's findings, which clearly show that the District has made substantial progress to proactively address past land acquisition procedural deficiencies.

The area noted in the audit that is still under development by the District is that which deals with the establishment of performance measures for its planning and land acquisition units. By way of this transmittal, I would like to provide further information on the District's progress in this regard, and to briefly outline the steps that will be taken to complete this last component of our procedural improvements.

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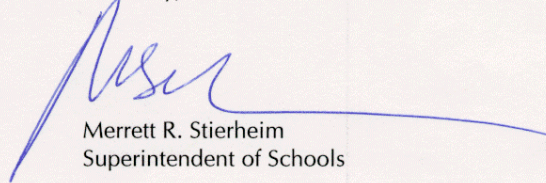
Letter to Auditor General
December 14, 2001
Page 2

Lastly, I would like to further note two steps taken within the past week, which positively impact upon the District's ability to move forward with its educational facility planning and construction activities:

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2. The state-appointed Miami-Dade Land Acquisition and Facilities Advisory Board met for the first time on December 7, 2001 to review the District's progress on the adoption of new procedures for land acquisition and facility planning and construction. The Board was impressed with that progress and was complimentary of the District's efforts.

Please feel free to contact me at 305-995-1430, should you have any questions or need additional information.

Sincerely,



Merrett R. Stierheim
Superintendent of Schools

MRS:arc
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SAM084

cc: School Board Members
Audit Committee Members
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