

STATE OF FLORIDA AUDITOR GENERAL

Operational Audit

Report No. 2020-203
May 2020

MIAMI-DADE COUNTY DISTRICT SCHOOL BOARD



Sherrill F. Norman, CPA
Auditor General

Board Members and Superintendent

During the 2018-19 fiscal year, Mr. Alberto M. Carvalho served as Superintendent of the Miami-Dade County Schools and the following individuals served as School Board Members:

	<u>District No.</u>
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Dr. Martin S. Karp, Vice Chair	3
Ms. Perla Tabares Hantman, Chair	4
Ms. Susie V. Castillo	5
Ms. Maria Teresa "Mari Tere" Rojas	6
Ms. Lubby Navarro	7
Dr. Marta Pérez	8
Dr. Lawrence S. Feldman	9

The team leader was Barbara S. Coleman, CPA, and the audit was supervised by Hector J. Quevedo, CPA.

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MIAMI-DADE COUNTY DISTRICT SCHOOL BOARD

SUMMARY

This operational audit of the Miami-Dade County School District (District) focused on selected District processes and administrative activities and included a follow-up on findings noted in our report No. 2017-196 and the management letter comment in the 2017-18 financial audit report. Our operational audit disclosed the following:

Finding 1: District procedures related to State school safety laws need improvement.

Finding 2: As similarly noted in our report No. 2017-196, the District did not always timely correct deficiencies noted in annual facility inspections.

Finding 3: The District disbursed Florida Best and Brightest Teacher Scholarship Program scholarship awards totaling \$444,055 to 485 prekindergarten instructors who were not classroom teachers and, therefore, not eligible for the awards.

Finding 4: District distributions of discretionary millage to District charter schools were \$1.8 million less than required by State law.

Finding 5: The District needs to establish a comprehensive information technology (IT) disaster recovery plan. A similar finding was noted in our report No. 2017-196.

Finding 6: IT security controls related to user authentication continue to need improvement.

BACKGROUND

The Miami-Dade County School District (District) is part of the State system of public education under the general direction of the Florida Department of Education and is governed by State law and State Board of Education rules. Geographic boundaries of the District correspond with those of Miami-Dade County. The governing body of the District is the Miami-Dade County District School Board (Board), which is composed of nine elected members. The appointed Superintendent of Schools is the Executive Officer of the Board. During the 2018-19 fiscal year, the District operated 357 elementary, middle, high, and specialized schools; sponsored 134 charter schools; and reported 345,551 unweighted full-time equivalent students.

FINDINGS AND RECOMMENDATIONS

Finding 1: School Safety

State law¹ requires the Board to formulate and prescribe policies and procedures for emergency drills associated with active shooter and hostage situations and the drills must be conducted at least as often as other emergency drills. Pursuant to the Florida Fire Protection Code (Fire Code),² fire emergency

¹ Section 1006.07(4), Florida Statutes, as amended by Chapter 2018-3, Laws of Florida (The Marjory Stoneman Douglas High School Public Safety Act).

² Section 20.2.4.2.3 of the Florida Fire Prevention Code, 6th Edition (2017).

drills must generally be conducted every month that a facility is in session. State law³ requires that the Board and the Superintendent partner with law enforcement agencies to establish or assign one or more safe-school officers, such as school resource officers (SROs), at each school facility. In addition, SROs must complete mental health crisis intervention training using a curriculum developed by a national organization with expertise in mental health crisis intervention. State law⁴ was revised, effective May 8, 2019, to authorize school district and charter school contracts with security agencies to provide school security guards, who meet certain licensure, training, psychological evaluation, and drug test requirements, to serve as safe-school officers.

To promote compliance with the statutory school safety requirements, the District designated a school safety specialist in July 2018. District procedures provide for District personnel at each school facility to enter emergency drill information into a centralized District application the same day the drills are conducted. The District also trains school principals on the type drills to be conducted each month and documents verifications that one or more safe-school officers were assigned and consistently present at each District school during each school day. However, the Board had not adopted policies, and the District had not established procedures, to require and document verifications that active shooter and hostage situation emergency drills were conducted monthly at each school. In addition, District procedures did not provide for documented verifications that officers met the mental health crisis intervention training requirements and were assigned and present at District charter schools during each school day.

To determine whether, during the 2018-19 fiscal year, the District and District-sponsored charter schools conducted the required emergency drills (11 active shooter and hostage situation and 11 fire emergency drills) at the District's elementary, middle, high, and specialized schools and charter schools, we requested for examination District records supporting the 880 drills (440 active shooter and hostage situation and 440 fire emergency drills) required at 30 of the 357 District schools and 10 of the 131 charter schools. District records were provided to support the required fire emergency drills; however, District records provided only evidenced 222 (50 percent)⁵ of the required active shooter and hostage situation drills.

In response to our inquiries, District personnel indicated that, before June 2019, the active shooter and hostage situation drills were not always conducted monthly at the schools. Board policies and District procedures were updated, as a result of FDOE guidance provided on May 31, 2019, to comply with State law and require that those drills be performed as often as the monthly fire emergency drills.

We also selected for examination District records supporting safe-school officer assignments at 30 selected District schools, including 18 schools with SROs provided by local law enforcement agencies and 12 schools with SROs provided by the District police department. We also requested support for safe-school officer assignments at 10 selected charter schools. However, District records were not provided to demonstrate that:

³ Section 1006.12, Florida Statutes.

⁴ Chapter 2019-22, Laws of Florida.

⁵ The documented active shooter and hostage situation drills supported 190 (58 percent) of the 330 District school drills and 32 (29 percent) of the 110 charter school drills required for the selected schools.

- The 18 SROs provided by local law enforcement agencies had completed the mental health crisis intervention training required by State law. In response to our inquiries, District personnel indicated that the executed agreements with the local law enforcement agencies required the agencies to assign officers who completed the training and, therefore, the District relied on the local law enforcement agencies for compliance with the statutory training requirements. Notwithstanding, the agreements and District reliance on those agencies do not relieve the District's responsibility to verify that the SROs' completed the required training. Absent verification of the completed training and records thereof, District assurance that the SROs will appropriately respond to mental health crises is limited.
- 5 of the charter schools were assigned a qualified safe-school officer. District personnel provided documentation showing that 4 of the charter schools contracted to obtain armed security guard services. However, although we requested, records were not provided to demonstrate that the security guards met the safe-school officer requirements, including licensure, training, psychological evaluation, and drug test requirements.

Without procedures to verify that active shooter and hostage situation drills are conducted and documented and that one or more qualified safe-school officers are assigned at each school during school hours, there is an increased risk that the District will not comply with State law or demonstrate that appropriate measures have been taken to promote student and staff safety.

Recommendation: The District should enhance procedures to demonstrate compliance with State school safety laws. Such procedures should include documented verifications that:

- **Active shooter and hostage situation drills are conducted every month a facility is in session.**
- **Safe-school officers provided by local law enforcement agencies completed required mental health crisis intervention training.**
- **Qualified safe-school officers are assigned to each charter school.**

Finding 2: Annual Facilities Inspections

State law⁶ requires the District to provide for periodic inspections of each educational and ancillary plant at least once during each fiscal year to determine compliance with standards of sanitation and casualty safety prescribed in State Board of Education rules. In addition, fire safety inspections are required to be performed annually by persons certified by the Division of State Fire Marshal as being eligible to conduct fire safety inspections in public educational and ancillary plants.

During the 2018-19 fiscal year, the District provided for the required annual inspection of its 403 educational and ancillary plant facility locations. We examined the inspection records for 4 selected school locations and verified that the District performed the required annual inspections for these schools. However, the inspection records for the 4 schools disclosed 694 deficiencies or facility maintenance needs that remained unresolved for 2 or more years after the date the inspections were performed. The deficiencies included, for example, rooms lacking smoke detectors, rooms without secondary exits or escape windows, loose stair handrails, and a main electrical room missing fire retardants.

In response to our inquiries, District personnel indicated that the District is actively correcting operational or maintenance deficiencies identified in the inspection reports and that major general obligation bond

⁶ Section 1013.12(2), Florida Statutes.

renovation projects are either being planned or currently under construction at these locations. Timely correction of facility deficiencies is important to reduce risks to the occupant's health and safety and to avoid future additional costs. Similar findings were noted in report Nos. 2017-196 and 2015-089.

Recommendation: The District should continue efforts to ensure the timely correction of deficiencies and facilities maintenance needs identified in annual inspection reports.

Finding 3: Florida Best and Brightest Teacher Scholarship Program

The Florida Legislature established the Florida Best and Brightest Teacher Scholarship Program⁷ to reward classroom teachers⁸ who achieved high academic standards during their own education. District personnel were responsible for determining teacher eligibility for scholarship awards and annually submitting the number of eligible teachers to the Florida Department of Education (FDOE). The FDOE then disbursed scholarship funds to the District for each eligible classroom teacher to receive a scholarship as provided in State law. According to District personnel, charter schools provided the District a list of the eligible scholarship recipients along with documentation supporting recipient eligibility.

During the 2018-19 fiscal year, the District awarded scholarships totaling \$17.6 million to 16,497 District teachers and \$4.1 million to 3,372 charter school teachers. To determine whether the recipients met the eligibility requirements for the scholarships awarded for the 2018-19 fiscal year, we requested for examination District records supporting scholarship awards totaling \$75,057 to 25 selected District recipients and \$29,019 to 5 charter school recipients. We found that the District awarded a scholarship totaling \$709.41 to a District prekindergarten instructor who did not meet the statutory definition of a classroom teacher. We expanded our examination of District records to determine whether other prekindergarten instructors received scholarships and found that, while no charter school scholarship recipients were prekindergarten instructors, 485 District prekindergarten instructors were awarded scholarships totaling \$444,055 during the 2018-19 fiscal year.

In response to our inquiries, District personnel indicated that District staff had not been trained to exclude prekindergarten instructors from the teachers who could be awarded scholarships. According to District personnel, prekindergarten instructors were considered eligible because they deliver instruction as defined for classroom teachers, are evaluated and certificated as other classroom teachers, may serve as teachers for other grade levels, and work under the same statutory K-20 education code. Notwithstanding this response, State law does not include prekindergarten instructors in the definition of classroom teachers, limits the definition of classroom teachers to K-12 personnel, and separately defines prekindergarten instructors.⁹

Absent effective procedures to limit scholarships to statutorily defined classroom teachers, there is an increased risk that scholarships will be awarded to ineligible recipients.

⁷ Section 1012.731, Florida Statutes (2018). Chapter 2019-23, Laws of Florida, renamed the Program the Florida Best and Brightest Teacher Program and substantially revised the award process effective July 1, 2019.

⁸ Section 1012.01(2), Florida Statutes, defines classroom teachers as K-12 staff members assigned the professional activity of instructing students in courses in classroom situations, including basic instruction, exceptional student education, career education, and adult education, including substitute teachers.

⁹ Section 1002.51(6), Florida Statutes, defines prekindergarten instructors to include teachers who provide instruction to students in a prekindergarten program.

Recommendation: The District should appropriately train employees responsible for administering scholarship awards. In addition, the District should take appropriate actions to remedy the Florida Best and Brightest Teacher Program scholarship awards totaling \$444,055 made to prekindergarten teachers contrary to State law.

Finding 4: Charter School Capital Outlay Funding

State law¹⁰ required school districts to distribute to eligible charter schools by February 1st each year a portion from the discretionary millage revenue authorized in State law.¹¹ State law also required the FDOE to calculate the eligible charter school funding allocations and reduce the allocation by the school district's annual debt service obligation that will be paid with discretionary millage resources as of March 1, 2017. According to our discussions with FDOE staff, school districts are not required to deduct anticipated Federal interest rate subsidies from the annual debt service obligation amount reported but are required to adjust payments to charter schools when the subsidies are received. To assist in determining charter school funding calculations, the FDOE issued guidance¹² to school districts requesting that school districts report the debt service amount to the FDOE by November 17, 2017.

In November 2017, the District reported to the FDOE that the District's discretionary millage debt service obligation totaled \$281.3 million as of March 1, 2017. Our examination of District records disclosed that the obligation included Certificates of Participation (COPs) payable totaling \$225.7 million, Qualified Zone Academy Bonds (QZAB) payable totaling \$4.7 million, Qualified School Construction Bonds (QSCB) and Build America Bonds (BAB) payable totaling \$26.2 million, and Master Equipment and Technology Lease payable totaling \$24.7 million. Based on the information reported to the FDOE, the District was instructed to distribute, and the District distributed, \$16.9 million from the District's discretionary millage revenue to the District's 117 eligible charter schools for the 2017-18 fiscal year. Notwithstanding, we found that:

- The Master Equipment and Technology lease payable of \$24.7 million included estimated obligations totaling \$3 million for computer technology leases, which were not executed as of March 1, 2017.
- The District did not adjust payments to eligible charter schools for the anticipated receipt of Federal interest rate subsidies totaling \$6.8 million that were received in November 2017 and June 2018 for the QZAB, QSCB, and BAB payables totaling \$30.9 million.

In response to our inquiries, District personnel indicated that the estimated payable for computer technology leases were included in the information reported to the FDOE because the District intended to execute the leases during the 2017-18 fiscal year. In addition, District personnel indicated that FDOE did not provide a mechanism to the District for recalculating and adjusting the payments when the Federal interest rate subsidies were received.

Had the \$3 million estimated lease payable been properly excluded from the annual debt service obligation of \$281.3 million, the annual debt service obligation reported by the District and used in the FDOE calculation would have been \$278.3 million. In addition, based on the Federal interest rate subsidies totaling \$6.8 million in November 2017 and June 2018, the District debt service obligation

¹⁰ Section 1013.62, Florida Statutes (2017).

¹¹ Section 1011.71(2), Florida Statutes.

¹² Technical Assistance Note No. 2017-04, *Local Capital Improvement Revenue for Eligible Charter Schools*.

should have been reduced to \$271.5 million, resulting in adjusted payments to the 117 eligible charter schools. Using the \$271.5 million discretionary millage annual debt service obligation, the District should have distributed \$18.7 million to the charter schools. Accordingly, for the 2017-18 fiscal year, the District distributed \$1.8 million less than required by State law.

Recommendation: The District should enhance procedures to ensure that accurate information is reported to the FDOE and used in the calculation of charter school funding allocations and that, when Federal interest rate subsidies are received by the District, additional funding allocations are distributed to eligible charter schools. In addition, the District should consult with the FDOE regarding the appropriate disposition of the \$1.8 million under-distributed amount.

Follow-Up to Management's Response:

In their response, management indicated that they disagree that procedures need to be enhanced as management believes the District fully complied with State law. Notwithstanding this response, District procedures did not exclude anticipated lease payables from the funding allocation calculation nor did procedures recalculate the funding allocation upon receipt of Federal interest rate subsidies. As such, District procedures need enhancement to accurately report information to the FDOE, to use that information in calculating funding allocations, and, upon receipt of Federal interest rate subsidies, distribute additional funding allocations to eligible charter schools. In addition, regarding consideration of a retroactive calculation adjustment based on the difference between estimated and actual discretionary millage revenue, the District is advised to consult the FDOE as to whether an adjustment to disbursements should be made. Consequently, our recommendation stands as presented.

Finding 5: Disaster Recovery Plan

Disaster recovery planning is an important element of information technology (IT) controls established to manage the availability of valuable data and IT resources in the event of a processing disruption. The primary objective of disaster recovery planning is to provide the entity a plan for continuing critical operations in the event of a major hardware or software failure. An effective disaster recovery plan identifies key recovery personnel and critical applications, provides for backups of critical data sets, and describes a step-by-step plan for recovery. Plan elements should be tested at least annually to disclose any areas not addressed and to facilitate proper conduct in an actual disruption of IT operations.

The District established some elements of a disaster recovery plan. For example, the District maintained offsite backup files, which were tested several times each year, for all District systems and entered into agreements with vendors to acquire replacement equipment to replicate the IT system from the backup files in the event of a disaster. In addition, District personnel indicated that the District had entered into an agreement with a vendor to perform a comprehensive evaluation of the District IT environment and that the vendor evaluation will serve as the foundation to establish a comprehensive IT disaster recovery plan. However, as of September 2019, the comprehensive IT disaster recovery plan had not been established.

The lack of an annually tested comprehensive disaster recovery plan that, among other things, details key components for maintaining and restoring core IT infrastructure and services, and identifies disaster recovery team members and documents their respective roles and responsibilities, increases the risk that

the District may not promptly and effectively resume IT operations, or maintain availability of IT data and resources, in the event of a disaster or other service interruption. A similar finding was noted in our report No. 2017-196.

Recommendation: The District should continue efforts to establish a comprehensive disaster recovery plan. The plan should include detailed procedures for maintaining and restoring core IT infrastructure and services, identify key recovery personnel and critical applications, provide for backups of critical data sets, and describe a step-by-step plan for recovery. In addition, the District should at least annually test applicable plan elements to provide reasonable assurance of the successful recovery of critical applications and continuity of critical operations in the event of a disaster.

Finding 6: Information Technology – User Controls – User Authentication

Security controls are intended to protect the confidentiality, integrity, and availability of District data and IT resources. Our audit procedures disclosed that certain District security controls related to user authentication need improvement. We are not disclosing specific details of the issues in this report to avoid the possibility of compromising District data and IT resources. However, we have notified appropriate District management of the specific issues.

Without adequate security controls related to user authentication, the risk is increased that the confidentiality, integrity, and availability of District data and IT resources may be compromised. Similar findings relating to user authentication were communicated to District management in connection with our report Nos. 2017-196 and 2015-089.

Recommendation: District management should improve security controls related to user authentication to ensure the continued confidentiality, integrity, and availability of District data and IT resources.

PRIOR AUDIT FOLLOW-UP

The District had taken corrective actions for findings included in our report No. 2017-196 and the management letter comment in the 2017-18 financial audit report except as noted in Findings 2, 5, and 6 and shown in Table 1.

Table 1
Findings Also Noted in Previous Audit Reports

Finding	2015-16 Fiscal Year Operational Audit Report	2012-13 Fiscal Year Operational Audit Report
	No. 2017-196, Finding	No. 2015-089, Finding
2	2	4
5	7	Not Applicable
6	8	15

OBJECTIVES, SCOPE, AND METHODOLOGY

The Auditor General conducts operational 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.

We conducted this operational audit from March 2019 to October 2019 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The objectives of this operational audit were to:

- Evaluate management's performance in establishing and maintaining internal controls, including controls designed to prevent and detect fraud, waste, and abuse, and in administering assigned responsibilities in accordance with applicable laws, rules, regulations, contracts, grant agreements, and other guidelines.
- Examine internal controls designed and placed in operation to promote and encourage the achievement of management's control objectives in the categories of compliance, economic and efficient operations, reliability of records and reports, and safeguarding of assets, and identify weaknesses in those controls.
- Determine whether management had taken corrective actions for findings included in our report No. 2017-196 and the management letter comment in the 2017-18 financial audit report.
- Identify statutory and fiscal changes that may be recommended to the Legislature pursuant to Section 11.45(7)(h), Florida Statutes.

This audit was designed to identify, for those programs, activities, or functions included within the scope of the audit, weaknesses in management's internal controls, instances of noncompliance with applicable laws, rules, regulations, contracts, grant agreements, and other guidelines; and instances of inefficient or ineffective operational policies, procedures, or practices. The focus of this audit was to identify problems so that they may be corrected in such a way as to improve government accountability and efficiency and the stewardship of management. Professional judgment has been used in determining significance and audit risk and in selecting the particular transactions, legal compliance matters, records, and controls considered.

As described in more detail below, for those programs, activities, and functions included within the scope of our audit, our audit work included, but was not limited to, communicating to management and those charged with governance the scope, objectives, timing, overall methodology, and reporting of our audit; obtaining an understanding of the program, activity, or function; exercising professional judgment in considering significance and audit risk in the design and execution of the research, interviews, tests, analyses, and other procedures included in the audit methodology; obtaining reasonable assurance of the overall sufficiency and appropriateness of the evidence gathered in support of our audit findings and conclusions; and reporting on the results of the audit as required by governing laws and auditing standards.

Our audit included transactions, as well as events and conditions, occurring during the 2018-19 fiscal year audit period, and selected District actions taken prior and subsequent thereto. Unless otherwise indicated in this report, these records and transactions were not selected with the intent of statistically projecting the results, although we have presented for perspective, where practicable, information concerning relevant population value or size and quantifications relative to the items selected for examination.

An audit by its nature does not include a review of all records and actions of management, staff, and vendors, and as a consequence, cannot be relied upon to identify all instances of noncompliance, fraud, waste, abuse, or inefficiency.

In conducting our audit, we:

- Reviewed District information technology (IT) policies and procedures to determine whether the policies and procedures addressed certain important IT control functions, such as security, systems development and maintenance, network configuration management, system backups, and disaster recovery.
- Evaluated District procedures for maintaining and reviewing employee access to IT data and resources. We examined selected access privileges to the District's enterprise resource planning (ERP) system finance and human resources applications to determine the appropriateness and necessity of the access based on employees' job duties and user account functions and whether the access prevented the performance of incompatible duties. Specifically, we examined District records supporting selected user access privileges for 30 users who had update access privileges to selected critical ERP system application functions.
- Evaluated Board security policies and District procedures governing the classification, management, and protection of sensitive and confidential information.
- Evaluated District procedures for protecting the sensitive personal information of students, including social security numbers. Specifically, we examined the access privileges of the 32 employees who had access to sensitive personal student information to evaluate the appropriateness and necessity of the access privileges based on the employees' assigned job responsibilities.
- Determined whether a comprehensive IT disaster recovery plan was in place, designed properly, operating effectively, and had been recently tested.
- Examined selected operating system, database, network, and application security settings to determine whether authentication controls were configured and enforced in accordance with IT best practices.
- Determined whether a comprehensive, written IT risk assessment had been established to document the District's risk management and assessment processes and security controls intended to protect the confidentiality, integrity, and availability of data and IT resources.
- Evaluated IT procedures for requesting, testing, approving, and implementing changes to the District's business system.
- Evaluated the District data center's physical access controls to determine whether vulnerabilities existed.
- Determined whether a fire suppression system was installed in the District's data center.
- Examined Board meeting minutes to determine whether Board approval was obtained for policies and procedures in effect during the audit period.

- Examined District records to determine whether the District had developed an anti-fraud policy and procedures to provide guidance to employees for communicating known or suspected fraud to appropriate individuals. Also, we examined District records to determine whether the District had implemented appropriate and sufficient procedures to comply with its anti-fraud policy.
- Analyzed the District's General Fund total unassigned and assigned fund balances at June 30, 2019, to determine whether the total was less than 3 percent of the fund's revenues, as specified in Section 1011.051, Florida Statutes. We also performed analytical procedures to evaluate the District's ability to make future debt service payments.
- Interviewed District personnel and reviewed supporting documentation to evaluate whether the District effectively monitored charter schools.
- For the six charter schools that were terminated in the 2017-18 and 2018-19 fiscal years, evaluated District procedures to determine whether applicable funds and property appropriately reverted to the District; whether the District did not assume debts of the schools, except as previously agreed upon by the District; and whether independent audits were completed timely.
- Examined District records to determine whether taxes levied for operational purposes were the result of voter-approved referendums; and were based upon reasonable projections of the amount of funds needed to pay required debt service obligations or satisfy debt reserves.
- Determined whether the Board established investment policies and procedures as required by Section 218.415, Florida Statutes, and whether District investments during the audit period complied with investment policies and procedures. In addition, we examined District records to determine whether ownership of investments was in the name of the Board; investment account reconciliations were timely performed; investment income allocations were reasonable and accurate; and the types of investments were authorized.
- From the population of expenditures totaling \$191 million and transfers totaling \$412.4 million during the audit period from nonvoted capital outlay tax levy proceeds, Public Education Capital Outlay funds, and other restricted capital project funds, examined documentation supporting selected expenditures and transfers totaling \$1.9 million and \$165.9 million respectively, to determine District compliance with the restrictions imposed on the use of these resources.
- From the population of 30 significant construction projects with expenditures totaling \$71 million during the audit period, selected 6 construction projects with expenditures totaling \$36.1 million during the audit period to determine compliance with Board policies and District procedures and provisions of State laws and rules. Specifically, we:
 - o Examined District records to determine whether the construction manager was properly selected.
 - o Evaluated District procedures for monitoring subcontractor selection and licensure and examined District records to determine whether such procedures ensured subcontractors were properly selected and licensed.
 - o Examined District records to determine whether architects were properly selected and adequately insured.
 - o Determined whether the Board established appropriate policies and District procedures addressing negotiation and monitoring of general conditions costs.
 - o Examined District records to determine whether projects progressed as planned and were cost effective and consistent with established benchmarks, and whether District records supported that the contractors performed as expected.
- Examined District records to determine whether the District timely and accurately reported student station costs information to the Florida Department of Education (FDOE) for any construction

projects completed during the period January 1, through December 31, 2018, as required by Section 1013.64(6)(b)1., Florida Statutes.

- Examined copies of the most recent annual fire safety, casualty safety, and sanitation inspection reports for 4 of the 403 District school locations to determine whether deficiencies noted in previous reports were timely corrected.
- Examined District records to determine whether the Board had adopted appropriate school safety policies and the District implemented procedures to ensure the health, safety, and welfare of students and compliance with Sections 1006.07, 1006.12, 1006.13, 1011.62(15) and (16), and 1012.584, Florida Statutes.
- Evaluated District procedures and examined District records to determine whether the procedures were effective for distributing the correct amount of local capital improvement funds to eligible charter schools by February 1, 2018, pursuant to Section 1013.62(3), Florida Statutes (2017).
- Evaluated District procedures to ensure that only qualified individuals performed maintenance projects. Also, we determined whether school volunteers were allowed to perform maintenance projects and evaluated whether the District had implemented procedures to ensure that only qualified volunteers performed the projects.
- Reviewed the 2019 independent audit of the District construction projects funded by the voter-approved 2012 General Obligation Bonds to evaluate whether any significant deficiencies were identified by the audit process.
- Analyzed workforce development funds expenditures totaling \$98.2 million for the audit period to determine whether the District used the funds for authorized purposes (i.e., not used to support K-12 programs or District K-12 administrative costs).
- From the population of 317 industry certifications eligible for the 2018-19 fiscal year performance funding, examined 30 selected certifications to determine whether the District maintained documentation for student attainment of the industry certifications.
- Evaluated District controls over reporting instructional contact hours for adult general education instructional students through discussions with District personnel and analytical comparisons of the number of students and hours reported for the 2018-19 fiscal year with the 2017-18 fiscal year. In addition, from the population of 1.7 million contact hours for 16,734 adult general education instructional students during the Spring 2019 term, we examined District records supporting 3,130 reported contact hours for 30 selected students to determine whether the District reported the instructional contact hours in accordance with State Board of Education Rule 6A-10.0381, Florida Administrative Code.
- Evaluated District controls over student diplomas and certificates at selected high schools and adult education centers.
- Examined District records, direct-support organization (DSO) audit reports, and made inquiries to District personnel to determine whether the District made any transfers to DSOs.
- Evaluated severance pay provisions in the Superintendent's contract to determine whether the severance pay provisions complied with Section 215.425(4), Florida Statutes.
- Evaluated District controls over employee compensation through discussions with District personnel and analytical comparisons of the number of employees and compensation reported for the 2018-19 fiscal year with the 2017-18 fiscal year. In addition, from the compensation payments totaling \$1.4 billion to 59,952 employees during the period July 1, 2018, through March 31, 2019, we examined District records supporting compensation payments totaling \$38,548 to 30 selected employees to determine the accuracy of the rate of pay and whether supervisory personnel reviewed and approved employee reports of time worked.

- Examined District records to determine whether the Board adopted a salary schedule with differentiated pay for both instructional personnel and school administrators based on District-determined factors, including, but not limited to, additional responsibilities, school demographics, critical shortage areas, and level of job performance difficulties in compliance with Section 1012.22(1)(c)4.b., Florida Statutes.
- Examined documentation for 30 employees, selected from the population of 20,246 instructional personnel and 1,189 school administrators during the audit period, to determine whether the District had developed adequate performance assessment procedures for instructional personnel and school administrators based on student performance and other criteria in accordance with Section 1012.34(3), Florida Statutes, and whether a portion of each selected instructional employee's compensation was based on performance in accordance with Section 1012.22(1)(c)4. and 5., Florida Statutes.
- Examined District records supporting the eligibility of:
 - o 25 selected District recipients of the Florida Best and Brightest Teacher Scholarship Program awards from the population of 16,497 District teachers who received scholarships awards totaling \$17.6 million during the audit period.
 - o 5 selected charter school recipients of the awards from the population of 3,372 charter school teachers who received scholarships awards totaling \$4.1 million during the audit period.
- Expanded our examination of District records to determine the total Florida Best and Brightest Teacher Scholarship Program awards to prekindergarten instructors during the 2018-19 fiscal year.
- Evaluated the District's procedures to implement the Florida Best and Brightest Principal Scholarship Program pursuant to Section 1012.732, Florida Statutes. We also examined District records to determine whether the District submitted to the FDOE accurate information about the number of classroom teachers and the list of principals, as required by Section 1012.731(4), Florida Statutes, and whether the District timely awarded the correct amount to each eligible principal.
- Evaluated Board policies and District procedures for ethical conduct for instructional personnel and school administrators, including reporting responsibilities of employee misconduct which affects the health, safety, or welfare of a student, to determine compliance with Section 1001.42(6), Florida Statutes.
- From the population of purchasing card (P-card) transactions totaling \$9.8 million during the audit period, scanned District records to identify unusual P-card transactions and examined documentation supporting 31 of these transactions totaling \$49,481 to determine whether P-cards were administered in accordance with Board policies and District procedures. We also determined whether the District timely canceled P-cards for the 24 cardholders who separated from District employment during the audit period.
- Reviewed Board policies and District procedures related to identifying potential conflicts of interest. We also reviewed Florida Department of State, Division of Corporation, records to identify any potential relationships that represent a conflict of interest.
- Evaluated District procedures for allocating Title I funds to ensure compliance with Section 1011.69(5), Florida Statutes. We also examined District records to determine whether the District identified eligible schools, including charter schools, limited Title I allocations to eligible schools based on the threshold established by the District for the 2017-18 school year or the Statewide percentage of economically disadvantaged student, and distributed all remaining funds to all eligible schools in accordance with Federal law and regulations.
- Evaluated District controls over non-compensation expenditures through discussions with District personnel and analytical comparisons of functional expenditures during the 2018-19 fiscal year

with expenditures during the 2017-18 fiscal year. In addition, we examined District records to determine whether selected expenditures were reasonable, correctly recorded, adequately documented, for a valid District purpose, properly authorized and approved, and in compliance with applicable State laws, rules, contract terms and Board policies; and applicable vendors were properly selected. Specifically, from the population of non-compensation expenditures totaling \$1.8 billion for the audit period, we examined documentation relating to 30 payments for general expenditures totaling \$39.6 million.

- From the population of 1,987 contractual services payments totaling \$100.7 million from July 2018 through April 2019, examined supporting documentation, including the contract documents, for 30 selected payments totaling \$6.2 million to determine whether:
 - o The District complied with competitive selection requirements.
 - o The contracts clearly specified deliverables, time frames, documentation requirements, and compensation.
 - o District records documented satisfactory receipt of deliverables before payments were made.
 - o The payments complied with contract provisions.
- Examined District records and evaluated construction planning processes for the audit period to determine whether processes were comprehensive, included consideration of restricted resources and other alternatives to ensure the most economical and effective approach, and met District short-term and long-term needs.
- Evaluated District procedures for identifying facility maintenance needs and establishing resources to address those needs.
- Evaluated District procedures for determining maintenance department staffing needs. We also determined whether such procedures included consideration of appropriate factors and performance measures that were supported by factual information.
- Communicated on an interim basis with applicable officials to ensure the timely resolution of issues involving controls and noncompliance.
- Performed various other auditing procedures, including analytical procedures, as necessary, to accomplish the objectives of the audit.
- Prepared and submitted for management response the findings and recommendations that are included in this report and which describe the matters requiring corrective actions. Management's response is included in this report under the heading **MANAGEMENT'S RESPONSE**.

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.

A handwritten signature in blue ink that reads "Sherrill F. Norman". The signature is fluid and cursive, with the first name "Sherrill" and last name "Norman" clearly legible.

Sherrill F. Norman, CPA
Auditor General

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. Steve Gallon III, Vice Chair
Dr. Dorothy Bendross-Mindingall
Susie V. Castillo
Dr. Lawrence S. Feldman
Dr. Martin Karp
Dr. Lubby Navarro
Dr. Marta Pérez
Mari Tere Rojas

March 27, 2020

Ms. Sherrill F. Norman, CPA
Claude Denson Pepper Building, Suite G74
111 West Madison Street
Tallahassee, Florida 32399-1450

Dear Ms. Norman:

Staff has reviewed your preliminary and tentative report providing a list of findings and recommendations to the Auditor General's 2018-2019 operational audit of the Miami-Dade County District School Board for the period ending June 30, 2019.

An Exit Conference was held on November 19, 2019, and a subsequent conference call was held on February 14, 2020, with staff from Miami-Dade County Public Schools (M-DCPS or District) and staff from the Office of the Auditor General, State of Florida (AG). At the completion of the exit conference and conference call, all documentation pertinent to this examination was provided to and accepted by Mr. Hector J. Quevedo, CPA, Audit Supervisor, Office of the Auditor General, who was the auditor in charge of the examination.

Pursuant to Section 11.45(4)(d), Florida Statutes, we are providing a written statement of explanation concerning the findings identified in your report, including proposed corrective action for each finding.

District staff generally agrees with these findings, and Management has implemented corrective actions to satisfy all recommendations pertinent to this audit report. District management welcomes this exercise as it ensures that the District remains focused on compliance and the implementation of best practices and efficiencies.

Furthermore, we would like to express our appreciation to you and your staff for the expedient and professional manner in which this audit was conducted. If you have any questions or need additional information, please contact Mr. Jaime G. Torrens, Chief of Staff, Office of the Superintendent, at 305 995-2393 (office) or 305 218-2705 (mobile).

Sincerely,

Alberto M. Carvalho,
Superintendent of Schools

AMC:ajo
L942

Attachment

cc: School Board Attorney
Ms. Maria T. Gonzalez
Superintendent's Cabinet

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

Preliminary Tentative Report
List of Findings/Management Responses

Finding 1: School Safety

Management's Response:

Recommendation: Active shooter and hostage situation drills are conducted every month a facility is in session.

MDSPD response:

The District has accounted for all fire and emergency drills in FASI, a computer mainframe system. In addition, staff has collaborated with the District Information Technology Department to develop a report that enhances monthly emergency compliance. Enhanced drill documentation guidance continues to be provided through the District Weekly Briefing System.

Recommendation: Safe-school officers provided by local law enforcement agencies completed required mental health crisis intervention training.

MDSPD response:

All certified law enforcement officers in the State of Florida, including those working in Miami-Dade County Public Schools through agreements with M-DCPS, receive training that is approved by FDLE pertaining to interacting with the mentally ill and de-escalation training as part of their Interactions in a Diverse Community curriculum at the police academy. This training equates to instruction taught in the Diverse Community curriculum received by all police officers throughout academies in the State of Florida.

Recommendation: Qualified safe-school officers are assigned to each charter school.

MDSPD response:

All Charter schools currently have at least one Safe-School Officer assigned to the school campus.

Finding 2: Annual Facilities Inspections

Management's Response:

Recommendation: The District should continue efforts to ensure the timely correction of deficiencies and facilities maintenance needs identified in annual inspection reports.

During the most recent audit, the Auditor General identified four schools and reviewed the Safety to Life Inspection Reports for these sites. The reports included the following 694 unresolved deficiencies categorized as either "Operational," "Maintenance" or "Capital" in nature:

Facility	FISH #	Unresolved Deficiencies from 2017 or earlier
North Miami Senior	7591	207
Dorsey D.A. Educational Center	8139	173
Miami Central Senior	7251	167
Graham Ernest K-8	5051	147

At this time, 100% of the Operational and Maintenance deficiencies have been corrected. The remaining 109 Capital deficiencies will be recorded in the District's master facilities database (Magellan Assessment and Project Planning System or MAPPS) to be addressed in upcoming capital projects at the respective schools.

Finding 3: Florida Best and Brightest Teacher Scholarship Program

Management's Response:

Recommendation: The District should appropriately train employees responsible for administering scholarship awards. In addition, the District should take appropriate actions to remedy the Florida Best and Brightest Teacher Program scholarship awards totaling \$444,055 made to prekindergarten teachers' contrary to State law.

M-DCPS has informed all Best and Brightest team members and shared information made available by the FLDOE that clarifies the exclusion of PreK teachers from the Best and Brightest Teachers Program for 2019-2020. M-DCPS team members will take appropriate steps to ensure that PreK teachers are not included in the program. The District will do so by excluding any instructional personnel with job code/title indicating that the individual works as a PreK teacher.

Finding 4: Charter School Capital Outlay Funding

Management's Response:

Recommendation: The District should enhance procedures to ensure that accurate information is reported to the FDOE and used in the calculation of charter school funding allocations and that, when Federal interest rate subsidies are received by the District, additional funding allocations are distributed to eligible charter schools. In addition, the District should consult with the FDOE regarding the appropriate disposition of the \$1.8 million under-distributed amount.

The District disagrees with the Florida Auditor General's Preliminary and Tentative Audit Finding #4. In FY 2017-18, the District fully complied with Florida Statute 1013.62 as written for FY 2017-18 when it provided its annual debt service obligation incurred as of March 1, 2017 to the FDOE. The debt service amount provided was based on the most accurate information available as of the required reporting date of November 17, 2017. On December 19, 2017, the District provided clarification and justification to the FDOE regarding exclusion of the federal subsidies from the calculation. On January 9, 2018, the FDOE instructed the District via memorandum to distribute the full capital allocation amount calculated by the FDOE to charters. This allocation included the debt service the District had previously provided, which excluded the subsidies and included the best available estimate for the Master Equipment Lease (MEL) debt service.

The AG report references that \$3 million of the \$24.7 million MEL payable was not executed as of March 1, 2017. Please note that the District entered into a legal obligation on September 7, 2016 (prior to the March 1, 2017 date) and awarded the Master Lease Purchase Agreement to Banc of America Public Capital Corp for the implementation of the District's 21st Century Technology Upgrade and Digital Convergence Initiative. For the November 2017 reporting date, the District did include a \$3 million anticipated debt service payment related to the 2nd tranche of this Master Lease Purchase Agreement. It was the District's intent to implement this portion of the MEL debt as evidenced by the fact that it was part of the adopted budget for FY 2017-18 and as such the District included the related debt service payment when calculating the total anticipated debt service to be paid during FY 2017-18.

The AG report references that the District did not adjust payments to eligible charter schools for the anticipated receipt of Federal interest rate subsidies totaling \$6.8 million that were received in December 2017 and June 2018 for the \$30.9 million QZAB, QSCB, and BAB debt. Please note that pursuant to 1013.62 Florida Statutes, if a school board levies the discretionary capital millage authorized in 1011.71(2), it is this millage revenue that is required to be shared with charter schools. There is no provision in law that requires school boards to share revenue received from the IRS as interest rebates. Furthermore, this federal revenue, which is not guaranteed, has experienced reductions through sequestration, and is at continued risk for reduction and elimination. As a result, to be fiscally prudent, the District opted to budget its debt service gross to ensure that it has sufficient funds to pay the debt service for which it is liable.

If retrospective adjustments to the calculation are considered, then variances from estimated tax roll and collection rate should also be included. FDOE calculated the District Revenue Sharing amount on the 2017 estimated tax roll for Miami-Dade of \$305,125,757,799, based on 1.5 mills and a 96% collection rate which would total a revenue amount of \$439,381,091. Actual local capital improvement millage collections for FY 2017-18 were \$436,254,639, representing a shortage of revenue collected in the amount of \$3,126,452.

Finding 5: Disaster Recovery Plan

Management's Response:

Recommendation: The District should continue efforts to establish a comprehensive disaster recovery plan. The plan should include detailed procedures for maintaining and restoring core IT infrastructure and services, identify key recovery personnel and critical applications, provide for backups of critical data sets, and describe a step-by-step plan for recovery. In addition, the District should at least annually test applicable plan elements to provide reasonable assurance of the successful recovery of critical applications and continuity of critical operations in the event of a disaster.

The District concurs with this finding. The framework for the Disaster Recovery (DR) plan is currently in progress and is based on information documented in the District's Business Continuity Plan. Funds have been requested to establish an environment to test the proposed DR strategy. Once details of the strategy have been successfully tested, the established process will be documented within the plan.

Findings 6: Information Technology – User Controls – User Authentication
<u>Management's Response:</u> <i><u>Recommendation: District management should improve security controls related to user authentication to ensure the continued confidentiality, integrity, and availability of District data and IT resources.</u></i> There were two concerns conveyed within this confidential finding. The more significant of the two concerns is related to the previous findings referenced (2015-089 and 2017-196). This finding references an outstanding concern that we believe was mitigated by a recent and significant change to the user authentication process. Additional corrective action to address the underlying concerns of both current findings is in the planning stage.