

Mayco Villafaña, Chief Communications Officer

SUBJECT: INTERNAL AUDIT REPORT – EXAMINATION OF THE CAPITAL OUTLAY BUDGET DECEMBER 2003, PRESENTED BY THE OFFICE OF MANAGEMENT AND COMPLIANCE AUDITS

In accordance with the audit plan for the 2003-04 fiscal year, we have performed an examination of the capital outlay budget. Our examination covered the operations of the capital outlay budget between July 1, 2001 and June 30, 2003. The objectives of the examination were to determine whether the process over the capital outlay budget establishes adequate controls over the monitoring of state funds; complies with applicable laws, regulations, rules and policies; contains adequate segregation of duties; offers guidance with respect to establishing budgets, budgetary controls and budget monitoring; is frequently reviewed and monitored; limits the risks of fiscal impact to the district and is appropriately administered.

The district's high-level capital outlay budget development process, particularly as it pertains to revenues projection, is adequate and conforms to a number of budgeting principles and practices. Budgetary controls that are built into the financial system, as well as the monitoring controls over state funds are also adequate. The current year's budget is frequently reviewed and monitored. There is also an adequate level of segregation of duties. The district was in compliance with laws, regulations, rules and policies **except for the budget development process, as it pertains to appropriations at the program and project levels, and budget controls and monitoring** at the project level. The examination indicated that the district needs to make further improvements in the administration of its Capital Construction Program. It is important to note that while these deficiencies are presented in this examination report, under the cover of Capital Outlay Budget, the majority of them are not specific to the budgeting process but are incidental to it.

In accordance with the procedures for the Office of Management and Compliance Audits, the Internal Audit Report – Examination of the Capital Outlay Budget, December 2003 is submitted to the School Board. The School Board Audit Committee reviewed the audit report at its March 16, 2004 meeting and will submit its recommendations to the School Board and the superintendent of schools by March 24, 2004.

Copies of this report will be distributed to Board members, the Superintendent of Schools and appropriate district staff and will be placed on file in the Office of the Recording Secretary to the School Board and in the Citizen Information Center.

RECOMMENDED: That The School Board of Miami-Dade County, Florida, receive and file the Internal Audit Report – Examination of the Capital Outlay Budget, December 2003, presented by the Office of Management and Compliance Audits.