

Allen M. Vann, Chief Auditor  
Office of Management and Compliance Audits

**SUBJECT:           AUDIT OF HOSPITALITY SERVICES**

**COMMITTEE:       INNOVATION, EFFICIENCY & GOVERNMENTAL RELATIONS**

This audit report presents the audit results of Hospitality Services for the three-year period ended June 30, 2008. Based on our audit, apart from the exceptions noted, the internal funds' financial statements present fairly, in all material respects, the changes in fund balances during the three years audited.

Historically, Hospitality Services has operated the SBAB and Annex dining facilities for the convenience of staff, business guests, and visitors of Miami-Dade County Public Schools. Consequently, most of the associated payroll costs are subsidized by the District since this activity does not generate sufficient revenues to be self-sufficient. Based on the deteriorating financial condition of the District and the likelihood of further budget cuts that may require cutting core functions, management should evaluate the pricing and cost structure of the operation and look into the potential for outsourcing this activity. Additionally, purchases were made from food vendors who did not have preexisting food contracts with MDCPS, or without obtaining the bids/quotes required by the *Manual of Internal Fund Accounting*; contract management over the outsourcing of vending machines operations needs better oversight; formal procedures for providing hospitality services for staff and guests should be formally implemented; and hospitality spending should be curtailed. Some of these conditions were cited in our prior audit report. Management has pursued corrective actions.

The School Board Audit Committee reviewed this report at its January 27, 2009 meeting and recommended that the School Board receive the report.

Copies of this report were previously distributed and will be placed on file in the Office of the Recording Secretary to the School Board and in the Citizen Information Center. Additional copies will be provided upon request.

**RECOMMENDED:** That The School Board of Miami-Dade County, Florida, receive and file the Internal Audit Report – Audit of Hospitality Services.