

Jose F. Montes de Oca, Chief Auditor
Office of Management and Compliance Audits

SUBJECT: ERNST & YOUNG, LLP'S AUDIT REPORT: THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA, SINGLE AUDIT REPORT (IN ACCORDANCE WITH OMB CIRCULAR A-133) YEAR ENDED JUNE 30, 2009

COMMITTEE: INNOVATION, EFFICIENCY & GOVERNMENTAL RELATIONS

LINK TO STRATEGIC FRAMEWORK: FINANCIAL EFFICIENCY/STABILITY

Ernst & Young, LLP has completed the Single Audit of the School Board of Miami-Dade County for the year ended June 30, 2009. The audit, which encompasses both financial and compliance components, was to determine the District's compliance with requirements described in the US Office of Management and Budget (OMB) Circular A-133 applicable to each of its major federal programs.

The external auditors reported that the School Board of Miami-Dade County prepared its financial statements in accordance with prescribed financial reporting standards. According to their opinion, there was no indication of any deficiencies in the District's internal control over financial reporting; and their tests of compliance did not disclose any material noncompliance with significant provisions of laws, regulations, contracts and grant agreements which could directly impact on the determination of financial statement amounts.

Major federal programs identified during this audit represented approximately \$297 million in expenditures reported by the District during the 2008-09 Fiscal Year. Regarding compliance with requirements applicable to each major federal program and on internal control over compliance pursuant to OMB Circular A-133 requirements, the external auditors qualified their opinion by reporting that the School Board did not comply with certain requirements regarding allowable costs for several of the major programs as identified on page 11 of the report. These noncompliance issues resulted in questioned costs of approximately \$663,000, which represents .22 percent of reported expenditures. There is no question, however, regarding the allowance of such expenditures. Their opinion regarding the other major programs tested did not disclose any material weaknesses.

Although District administration concurs that there is a need to correct those noncompliant issues identified in the findings cited in the report and has implemented the required correction, they disagree with the qualified opinion of the external auditors and view it from a standpoint of technical or procedural non-compliance, since the actual payroll expenditures and the transfers of expenditures made were deemed appropriate and acceptable by the auditors.

The auditor's comments were limited to the matter of the lack of employee payroll certifications directly associated with those transfers of payroll expenditures to the federal programs to which the costs were ultimately charged, based on the District's long-standing interpretation of payroll certification requirements.

The School Board Audit Committee reviewed this report at its May 11, 2010 meeting and recommended transmitting it to the School Board.

Copies of this report have been distributed and 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.

REVISÉD

RECOMMENDED: That The School Board of Miami-Dade County, Florida, receive and file the Ernst & Young, LLP's Audit Report: The School Board of Miami-Dade County, Florida, Single Audit Report (in accordance with OMB Circular A-133) Year Ended June 30, 2009.

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