

Dr. Marta Pérez, Vice Chair

SUBJECT: FORENSIC AUDITS

COMMITTEE: INSTRUCTIONAL EXCELLENCE AND COMMUNITY ENGAGEMENT

LINK TO DISTRICT STRATEGIC PLAN: IMPROVE TRANSPARENCY OF DECISION-MAKING THROUGHOUT THE DISTRICT

Recent events in Broward County, if true, are very concerning because that school district and ours mirror many financial practices. Although serious allegations must be substantiated under the law, the arrest of a Board Member was made with questions of wrongdoing regarding construction contracts. If true, it is alarming because these alleged problems were undetected and uninvestigated by their Audit Department.

If we study the past few years and under the previous administration, our Board was not apprised of significant financial and operational problems. The problems with the \$89 million dollar Enterprise Resource Planning project (ERP) were discovered only after some Board members insisted on transparency and asked the new administration to investigate and subsequently correct contractual and budgetary problems associated with the project. Additionally, although for several years I cautioned the Board repeatedly about concerns with the project, it was not until recently, when a new Chief Financial Officer was hired, that the Board took seriously the significant flaws in this and other departments.

Importantly, our School Board is responsible for presenting a balanced budget annually to the State, and many knowledgeable people have expressed doubts as to whether or not the district broke the law in submitting budgets to the State that contained questionable calculations. Some believe we were or came perilously close to bankruptcy. Although peer reviews have been conducted, their results have not really been helpful to the Board, perhaps because of the precarious positions of our finances and the limited knowledge of our specific budget that other districts can be expected to comment on.

While we hope that the district operates responsibly and efficiently, it is clear that many past practices were faulty and that the structure of our audit oversight was insufficient. A forensic audit should be conducted, under the leadership of our new Chief Auditor, of departments that generate multi-million dollar contracts, particularly Transportation, Construction, and Risk Management. It is the duty of this board to scrutinize contracts, transactions, and practices of these departments to ensure maximum efficiencies and transparencies. Additionally, Broward County Public Schools is proactively looking at ways to strengthen their processes, as reported in today's Miami Herald.

**ACTION PROPOSED BY
DR. MARTA PÉREZ:**

That The School Board of Miami-Dade County, Florida, direct the Chief Auditor to:

1. report to the School Board on the estimated cost of performing forensic audits of the Transportation, Construction, and Risk Management Departments, and any other departments as necessary, no later than the November 17, 2009 School Board Meeting; and
2. request that the Audit Committee, at its next meeting, review and make recommendations that would strengthen the processes we have in place.

A
D
D
E
D

R
E
V
I
S
E
D