

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

**SUBJECT: INTERNAL AUDIT REPORT – AUDIT OF QUESTIONED
FINANCIAL TRANSACTIONS OF DORAL ACADEMY CHARTER
HIGH SCHOOL**

COMMITTEE: INNOVATION, EFFICIENCY & GOVERNMENTAL RELATIONS

**LINK TO STRATEGIC
FRAMEWORK: FINANCIAL EFFICIENCY/STABILITY**

The subject audit was discussed and tabled at the December 3, 2013, Audit and Budget Advisory Committee (ABAC) to provide the auditee more time to review and react to the commentaries made to their responses by the Office of Management and Compliance Audits. We performed the audit as approved by the ABAC and the School Board at their meetings of January 29 and February 13, 2013, respectively. This audit needed to be performed based on our identification of two financial transactions we questioned during our annual review of the School's June 30, 2012, financial statements.

The audit report contains two findings and four recommendations. Three of the four recommendations are primarily directed to the Governing Board of Doral Academy Charter High School, and one is primarily directed to the District's Office of Charter School Support. The School's response to the audit's findings and recommendations, along with our commentaries, is found in Appendix E, beginning on page 33 of the report. Additional commentaries provided by the school can be viewed at <http://mca.dadeschools.net/AuditCommittee/AC Jan 28 2014/item4c.pdf>.

Our audit discovered that a "recoverable grant" of \$400,000 made by the school from education tax dollars to Doral College, a "private," "independent", unaccredited institution of higher learning, was executed on the last day of a fiscal year without the approval of the school's own Governing Board. The grant lacked transparency and provided no contractual assurance of benefit to the School.

We also discovered that the same Governing Board approved a lease agreement with an early termination clause of 150 days in favor of the landlord only, and construction contracts, which together contractually subjected the school to the risk of losing several million dollars of publicly derived funds to its landlord.

The School Board Audit and Budget Advisory Committee again reviewed this report at its January 28, 2014, meeting. After extensive discussion regarding the contents of the report and the responses provided by the auditee, the Committee unanimously recommended transmitting the report as submitted, with all the appropriate materials, to the School Board for its consideration; and that the School Board attorney be prepared to comment on attendant legal issues at the School Board meeting.

Copies of this report were 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.

RECOMMENDED: That The School Board of Miami-Dade County, Florida, receive and file the Internal Audit Report – Audit of Questioned Financial Transactions of Doral Academy Charter High School.

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