

Dr. Steve Gallon III, Board Member

**SUBJECT: ACCOUNTING, REPORTING, AUDITING AND TRANSPARENCY OF
GENERAL OBLIGATION BOND EXPENDITURES**

COMMITTEE: FACILITIES AND CONSTRUCTION

**LINK TO STRATEGIC
BLUEPRINT: EFFECTIVE AND SUSTAINABLE BUSINESS PRACTICES**

On November 6, 2012, nearly 70% of voters in Miami-Dade County supported a measure on the ballot to invest in their local public schools by approving the issuance of a \$1.2 billion General Obligation Bond (GOB) for the Miami-Dade County Public Schools (M-DCPS). This investment was explicitly earmarked for renovating facilities, updating technology, building school replacements, expanding student capacity, and enhancing facility safety. The last such measure to invest in facility enhancements of M-DCPS' public schools was approved over two decades prior in 1988.

In addition to providing the long-term capital needed by the District which was to be repaid over time, the GOB promised to *"create 9,200 jobs during the first three years of the bond and more than 18,000 sustainable jobs during the course of construction."* Thus, employment and economic development opportunities were proffered not simply as tangential benefits of the GOB, but as one of the fulcrums for soliciting and gaining community support, and subsequent voter approval. This premise of employment and economic development was further confirmed by M-DCPS' retention of the Washington Economics Group (WEG) to provide an independent and professional analysis estimating the economic impacts and economic development benefits that could be generated by the General Obligation Bond (GOB).

Since the implementation of the GOB program, M-DCPS has successfully launched an ambitious program of technology upgrades and enhancements, facility renovations and repairs, and new school construction. The scope of the work associated with the GOB has been reported to be timely, at or below budget, and at a standard of high design and construction quality that the District and community should be proud. However, the promises and commitments of the GOB were not circumscribed to the delivery of technology, facility enhancements, and new school construction. They also included promises and commitments to principles and practices of accountability and transparency in areas that included but were not limited to inclusion, contracting, procurement, and financial expenditures.

To date, GOB expenditures and contracted work in M-DCPS has exceeded \$500 million with more than 148 projects completed and of which \$85 million having been spent on technology purchases alone. An additional \$86 million is presently under contract and, according to the presentation made at the School Board General Obligation Bond Workshop held on October 25, 2017, there are approximately \$665 million additional dollars to be expended on subsequent GOB projects.

Despite such expenditures and additional contractual commitments made, there has not been a comprehensive annual audit of expenditures and policy compliance provisions for the GOB.

At the October 10, 2017 Meeting of the Audit and Budget Advisory Committee Meeting, it was determined that an annual audit of the GOB would be recommended to the Board. The conducting of an Annual Independent Financial Audit of the GOB would serve to provide a review and accounting of expenditures related to the GOB as well as support best practices that included but are not limited to the following:

- Ensuring compliance with legal requirements, best practices and internal controls;
- Conducting a periodic review of internal controls;
- Facilitating ongoing monitoring of the effectiveness of internal control;
- Providing for effective provision of information and communication to the public; and
- Reviewing the maintenance of records, including but not limited to material documents relating to capital expenditures financed, construction contracts, invoices, payment records, assets or portion of assets financed, etc.

Lastly, the implementation of an improved process for accounting, reporting, and auditing of all expenditures of GOB funds should be augmented with an intentional, and innovative strategy and structure to engage the public and garner and maintain its confidence and trust. A technology-based plan and program to provide for ease of access to information regarding levels of GOB inclusion and financial expenditures would support the achievement of this effort.

This item has been reviewed and approved by the School Board Attorney's office as to form and legal sufficiency.

**ACTION PROPOSED BY
DR. STEVE GALLON III:**

That The School Board of Miami-Dade County, Florida directs the Superintendent to:

1. establish a system and structure for quarterly reporting of GOB expenditures to the Board by each cost category and related project;
2. provide an expenditure report for all GOB expenditures to date by each category, school board voting district, and school name, and provide same to Board on a quarterly basis;
3. establish and implement a process and system to report all GOB expenditures by each category and related projects for public access and review on the District and specific school location website to be updated quarterly and in alignment with the timeline that the Board receives the same;
4. provide a summary report of the names and amounts paid to each vendor/contractor and sub-contractor to date and a subsequent quarterly report regarding same to the Board. This information is also to be made available for public access and review on the District website;
5. continue to work with the Chief Auditor to ensure and facilitate the conducting of an audit of GOB expenditures to date by each cost category and related projects and subsequent annual audits through the expenditure of all remaining GOB funds; and
6. provide an update on the status and/or completion of the above actions to the Board at the School Board Meeting of February 21, 2018.