

Maria T. Gonzalez, Chief Auditor  
Office of Management and Compliance Audits

**SUBJECT: INDEPENDENT AUDITOR'S REPORT-PERFORMANCE AUDIT OF MIAMI-DADE COUNTY PUBLIC SCHOOLS GENERAL OBLIGATION BOND (GOB) FUNDED SCHOOL IMPROVEMENT PROGRAM FOR THE PERIOD FROM JULY 1, 2012 TO JUNE 30, 2018**

**COMMITTEE: FISCAL ACCOUNTABILITY AND GOVERNMENT RELATIONS**

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

Pursuant to Request for Proposal RFP 17-017-CH, the external audit firm of S. Davis & Associates, P. A. was selected and awarded a contract to conduct a performance audit of the GOB Funded School Improvement Bond Program from fiscal year 2012-2013 through fiscal year 2017-2018 (midpoint GOB audit/review).

The audit engagement was pursuant to School Board Agenda Item H-3, proffered by School Board Member Ms. Mari Tere Rojas, and co-sponsored by School Board Member, Dr. Steve Gallon III, that was approved by the School Board at its meeting of November 17, 2017. Subsequent to Board action, a sub-committee of the Audit and Budget Advisory Committee (ABAC) was established at its December 5, 2017, meeting. The sub-committee met on January 9, 2018, to develop the audit scope and anticipated deliverables. These were discussed by the ABAC at its meeting of January 30, 2018, transmitted to the School Board for approval, and approved by the Board on February 21, 2018, Board Agenda Item E-89 Revised. The Request for Proposal for these external independent auditing services was developed in conjunction with Procurement Management Services and in compliance with all District's procurement processes for the vendor selection and contract award.

The scope of services to be performed involved the following 23 objectives/deliverables:

Administrative Deliverables:

- 1) Perform the audit/review in accordance with generally accepted government auditing standards promulgated by the US Government Accountability Office;
- 2) Provide a draft audit report to the Chief Auditor by April 15, 2019;
- 3) Present a final audit report containing management's responses by May 3, 2019 (42 hard copies to be provided and an electronic copy sent to the Chief Auditor);
- 4) Attend and present the status of the work and final audit report to the Audit and Budget Advisory Committee at their scheduled meetings;

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- 5) Hold conference call or meeting with the Chief Auditor bi-weekly;
- 6) Hire an economist within 15 calendar days of execution of contract;
- 7) Provide the economist's information and credentials to the Chief Auditor when hired.

Audit Objectives/Deliverables:

- 8) Provide a determination if property values in Miami-Dade County, Florida, have increased/improved;
- 9) Provide a determination if student attendance has increased/improved;
- 10) Reconciliation of the voter-approved referendum master project funding allocation to the total budgeted allocation of funds;
- 11) Review of the project phasing procedures;
- 12) Evaluation of cost and time variances for projects completed and in progress solely for GOB funding. Cost/expenditures represents actual payments made between July 1, 2012 through and including June 30, 2018;
- 13) Review roles and effectiveness of committees established to monitor or oversee the overall construction program, as well as those that perform assessment functions;
- 14) Evaluation of the selection criteria for contractors and vendors/suppliers;
- 15) Evaluation of staffing levels of monitoring/administrative staff;
- 16) Identification of any bottlenecks that may have hindered the operation of the program;
- 17) Determination of improved or built student stations along with the number of these student stations solely for GOB funded student stations;
- 18) Determination of fluctuations in level of local effort millage (property taxes);
- 19) Verification of total amount paid from GOB funds for construction. Cost/expenditures represents actual payments made between July 1, 2012 through and including June 30, 2018;
- 20) Verification of total amount paid from GOB funds to vendors/suppliers. Cost/expenditures represents actual payments made between July 1, 2012 through and including June 30, 2018;
- 21) Verify if technology equity is being achieved;
- 22) Determination of overall program participation has increased in the following categories: SBE, MBE, and MWBE; and
- 23) Verify that the assumptions in the report by the Washington Economics Group dated April 15, 2012, titled "The Economic Development Impacts of the Proposed General Obligation Bond (GOB) to Miami-Dade County" are being realized.

Under the \$1.2 Billion Bond Program, allocations for the candidate schools were based on projects derived from the District's facilities deficiencies database. The total amount expended for the Bond Program from July 1, 2012, through June 30, 2018, was \$624,833,469.

The performance audit was conducted in accordance with Government Auditing Standards. According to the report, the external auditor's assessment over internal control over the Bond Program did not identify any deficiencies in internal controls considered material weaknesses; noted that there were no findings related to project cost or budget variances; indicated that expenditures were properly recorded and reconciled in the SAP accounting system; and recognized the District's consistency and reliability of effort and implementation of best practices in a number of key construction-related areas, including increased participation in the GOB Program by certified MBE, SBE and M/WBE entities over the six-year period reviewed. Furthermore, regarding their economist's verification of the assumptions in the *Economic Impact Study*<sup>1</sup>, the report concluded that 1) the GOB Issue was on track to deliver the projected short-term

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<sup>1</sup> This refers to the report by the Washington Economics Group dated April 15, 2012, titled "The Economic Development Impacts of the Proposed General Obligation Bond (GOB) to Miami-Dade County".

benefits; 2) regarding long term benefits, insufficient time has passed to readily determine whether the long run recurring effects are on track; and 3) regarding test scores, insufficient time had passed to determine whether the expected improvements in test scores have passed.

Nevertheless, the results of the external auditor's audit procedures disclosed three minor findings and two potential opportunities for improvement as cited in the report. According to the report findings: 1) some of the dates populated on the projects listed under the District's Dashboard were out of sequence or did not appear to match the type of project that was defined; 2) several of the routine forms and procedures reviewed were outdated; and 3) it was not clear how project expenditures related to Furniture Fixtures and Equipment (FF&E) and FF&E Logistics were organized and the process flow. Potential opportunities for improvement included: 1) communicating performance issues or incidents of non-compliance in the workplace by the WSP<sup>2</sup> workforce to WSP in a more formal manner, such as through a standard form; and 2) implementing a more centralized way of keeping project records. Management generally concurred with the findings, opportunities for improvement and recommendations.

The School Board Audit and Budget Advisory Committee reviewed this report at its May 14, 2019, meeting and recommended its transmission to the School Board.

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 Independent Auditor's Report-Performance Audit Of Miami-Dade County Public Schools General Obligation Bond (GOB) Funded School Improvement Program For The Period From July 1, 2012 To June 30, 2018.

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<sup>2</sup> Firm contracted by the District to perform program management support (construction) services for the GOB Program.