



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF INSPECTOR GENERAL

AUDIT SERVICES
New York Audit Region

June 27, 2013

Control Number
ED-OIG/A02M0009

Dr. Tony Bennett
Commissioner
Florida Department of Education
Turlington Building, Suite 1514
325 West Gaines Street
Tallahassee, Florida 32399

Dear Commissioner Bennett:

As part of a nationwide U.S. Department of Education (Department) Office of Inspector General (OIG) review of final expenditures under the American Recovery and Reinvestment Act of 2009 (Recovery Act), we reviewed expenditures at Miami-Dade County Public Schools (Miami-Dade). The objective of the nationwide audit was to determine whether selected local educational agencies (LEAs) obligated and spent final Recovery Act funding on reasonable, allocable, and allowable activities in accordance with applicable Federal requirements. OIG plans to issue an audit report to the Department to present the results of the nationwide audit.

The purpose of this final audit report, "Florida: Final Recovery Act Expenditures Supplemental Report," is to separately address fiscal and management controls at Miami-Dade so that the Florida Department of Education (Florida SEA) can take appropriate corrective action. Our review covered January 1 through December 31, 2011, Recovery Act expenditures for the State Fiscal Stabilization Fund, Education Stabilization Fund (ESF); Elementary and Secondary Education Act of 1965 (ESEA) Title I, Part A (Title I); and Part B of the Individuals with Disabilities Education Act (IDEA) grant programs.

BACKGROUND

The Department awarded \$488,581,873 in Recovery Act Title I funds and \$625,539,420 in Recovery Act IDEA funds to the Florida SEA. The Department also awarded \$1,754,577,912 in ESF funds to the Florida SEA. Across the three grants, the Florida SEA awarded Miami-Dade about \$428 million, as shown in Table 1. The grant period for each of these grants ended September 30, 2011. The Title I, IDEA, and ESF programs had an obligation deadline of September 30, 2011.

Table 1: Recovery Act Grant Award Amounts for Miami-Dade

Recovery Act Grant	Miami-Dade
Title I	\$ 99,027,779
IDEA	\$ 89,162,412
ESF	\$239,713,997
Total	\$427,904,188

Source: Grant information provided by the Florida SEA.

AUDIT RESULTS

Miami-Dade generally obligated and spent Recovery Act Title I, IDEA, and ESF funds awarded in accordance with applicable laws, regulations, guidance, and program requirements for our audit period. However, we found that Miami-Dade did not perform due diligence when reviewing and approving a transaction which resulted in an improperly classified Title I expenditure. Also we found that Miami-Dade could not reconcile the Recovery Act Title I and IDEA grants for our audit period.

FINDING NO. 1 – Miami-Dade Did Not Properly Report its Recovery Act Expenditures

Miami-Dade Misclassified \$400,482 in Transportation Expenditures as Supplies

Miami-Dade charged its Recovery Act Title I supply account for \$400,482 of transportation costs. Miami-Dade initially charged the costs to its general fund transportation abatement account and then made an adjusting journal entry that transferred the cost to the Recovery Act Title I supply account. Miami-Dade officials indicated that the transportation costs included personnel costs, as well as materials and supplies, including fuel. We determined that the expenditure was solely for bus rental expenses for the 2011 summer school program and that no personnel, supplies or material costs were part of this expenditure.

Per Title 34 of the Code of Federal Regulations (C.F.R.) § 76.702, States and LEAs must use fiscal control and fund accounting procedures to ensure Federal funds are properly disbursed and accounted for. According to Miami-Dade’s approval process the assistant controller needed to review and approve journal entries that were equal to or greater than \$5,000 before posting them to the accounting system.

Miami-Dade’s controller stated that Miami-Dade made an error in classifying the transaction. Although we noted from documents received that Miami-Dade required four levels of approval for reclassification of expenditures, we found that Miami-Dade did not perform due diligence in the review and approval process because the approval screen included a note in the comments section that clearly identified that the expenditure was for transportation costs. As a result, Miami-Dade improperly classified \$400,482 in transportation costs by charging these costs as supplies to Recovery Act Title I funds.

While the transportation cost was an allowable expenditure, the misclassified transportation cost was ultimately reported to the Department and to the Recovery Act website as a \$400,482 supplies expenditure. This misreporting impacted the Department's Recovery Act goal to foster accountability and transparency in government spending.

Miami-Dade Reporting of Recovery Act Expenditure Data Could Not be Reconciled

For our audit period of January 1, 2011, through December 31, 2011, we could not determine if Miami-Dade provided accurate quarterly recipient reporting as required in Section 1512 (c) of the Recovery Act. Although Miami-Dade was able to reconcile the Recovery Act Title I and IDEA funds for the overall grant period of April 30, 2009, to December 31, 2011, Miami-Dade could not reconcile Recovery Act Title I and IDEA expenditures for our audit period. As a result, we were unable to determine whether expenditure reports provided to the Florida SEA and ultimately to the Recovery Act website, FederalReporting.gov, were complete and accurate.

One of the Department's Recovery Act goals was to foster accountability and transparency in government spending. To ensure transparency and accountability of Recovery Act spending, Section 1512 (c) requires that recipients of Recovery Act funding report on the use of such funding no later than the 10th day after the end of each calendar quarter. Thus, the Florida SEA was required to collect from LEAs and maintain relevant information that Section 1512 (c) required, including information on the amount of Recovery Act funds expended or obligated to projects or activities, in order to fulfill its reporting obligations to the Department. The Florida SEA used its Cash Advance and Reporting of Disbursements System (CARDS) to provide Florida LEAs with information on the financial status of projects that were awarded with Federal funds. In addition, Miami-Dade reported cumulative expenditures on a monthly basis to the Florida SEA through CARDS.

Before beginning fieldwork, OIG asked Miami-Dade to provide detailed expenditure reports for our audit period. Miami-Dade provided a detailed expenditure report from its accounting system for transactions that were posted from January 1, 2011, through December 31, 2011. However, Miami-Dade could not reconcile the expenditures recorded in its accounting system with the expenditures reported in CARDS. As a result, detailed expenditure data from Miami-Dade's accounting system did not match to program expenditures reported in CARDS. For our audit period, we found that Miami-Dade could not match expenditures totaling about \$2.3 million for Recovery Act Title I funds and about \$1.2 million for Recovery Act IDEA.

Miami-Dade stated that the discrepancy was due to timing differences between the expenditures that it reported in CARDS and when such expenditures were recorded in Miami-Dade's accounting system. When asked to provide the reconciled expenditure data for Recovery Act Title I and IDEA funds for our audit period, Miami-Dade stated that it could not provide the data because quarterly or monthly reconciliations were not performed. Therefore, Miami-Dade did not compare or reconcile Recovery Act funds expended to Recovery Act funds reported to the Florida SEA on at least a quarterly basis.

Per 34 C.F.R. § 76.702, States and LEAs must use fiscal control and fund accounting procedures to ensure Federal funds are properly disbursed and accounted for. According to 34 C.F.R. § 76.730, records related to grant funds maintained by States and subgrantees should fully show the amount of funds under the grant or subgrant, how the State or subgrantee used the

funds, total cost of the project, the share of that cost provided from other sources, and other records to facilitate an effective audit.

Although Miami-Dade was able to reconcile the Recovery Act Title I and IDEA funds for the overall grant period, Miami-Dade could not reconcile Recovery Act Title I and IDEA funds for our audit period. Since Miami-Dade was unable to provide a reconciliation of the accounting system's detailed expenditures to the program expenditures reported in CARDS during our audit period, we were unable to determine whether expenditure reports provided were complete and accurate. As a result, we could not determine whether the quarterly reporting to the Florida SEA and ultimately to the Recovery Act website of Miami-Dade's quarterly expenditures during our audit period were accurate.

RECOMMENDATIONS

We recommend that the Assistant Secretary for the Office of Elementary and Secondary Education, in conjunction with the Assistant Secretary for the Office of Special Education and Rehabilitative Service, require the Florida SEA to require Miami-Dade to:

- 1.1 Develop and implement adequate fiscal and management controls to maintain reliable financial records, to ensure compliance with applicable laws and regulations, and to achieve effective and efficient accounting practices.

Florida SEA and Miami-Dade Comments

The Florida SEA agreed with the factual information provided in the draft report; however, because the finding identified control weaknesses for Miami-Dade, the Florida SEA requested that we revise draft Recommendations 1.1 and 1.2 to direct them to Miami-Dade for corrective actions. The Florida SEA did not address draft Recommendation 1.3. In addition, the Florida SEA attached a response to our findings from Miami-Dade. The Florida SEA did not state whether it agreed or disagreed with Miami-Dade's comments.

Miami-Dade disagreed with the draft finding and did not comment on the draft recommendations. Miami-Dade agreed it improperly classified \$400,482 of transportation costs to Recovery Act Title I funds as "supplies." However Miami-Dade noted that the expenditure was still allowable under the Title I Recovery Act grant.

Miami-Dade stated it provided reconciling items amounting to \$2.3 million for Recovery Act Title I and \$1.2 million for Recovery Act IDEA. Miami-Dade stated the amounts resulted from timing differences between Miami-Dade's monthly closing dates and when it reports grant expenditures in CARDS. Miami-Dade stated it provided reconciliations and detailed supporting documentation of total expenditures recorded in its accounting system for the Recovery Act Title I and IDEA grants to the Single Audit Reports and to CARDS for the entire grant award period. Miami-Dade stated that the Florida SEA did not require its LEAs to perform month-to-month reconciliations. In addition, Miami-Dade disagreed that it was difficult to provide the month-to-month expenditure data for reconciling the Recovery Act Title I and IDEA grants as a result of the migration to a new accounting system. Further, Miami-Dade stated that the report should not reference the "Manual of Internal Fund Accounting" because it does not address policies for Recovery Act funds.

Miami-Dade disagreed with our draft finding on its internal control policy to account for computer assets and requested that we remove it from the report. Miami-Dade stated that it complied with applicable Florida statutes and administrative code related to recording and inventorying property. Miami-Dade also stated that the safeguarding of all property is the responsibility of administrators, that all nonconsumable items purchased with Title I funds are labeled as Title I property, and that the Title I administration provided the auditors with a listing of the schools that received the computers.

OIG Response

We considered the comments from the Florida SEA and Miami-Dade. We agreed with the Florida SEA comments and revised the draft Recommendation so that it is directed to Miami-Dade.

In response to Miami-Dade's comments, we revised the draft finding for the improper classification of transportation expenditures and the reporting of Recovery Act expenditures that could not be reconciled. Also, we removed the reference to Miami-Dade's "Manual of Internal Fund Accounting", March 17, 2004, and the draft report section that stated that Miami-Dade could improve its internal control policy to account for computer assets. In addition, we removed the related draft Recommendations 1.1 and 1.3.

We agree that the misclassified \$400,482 Recovery Act Title I expenditure was still allowable under the grant. However, the finding did not question the allowability of the purchase. As stated in the finding, Miami-Dade misclassified the \$400,482 transportation expense as if it were for a supply expense in its accounting system. A review of the journal entry approval showed that a Miami-Dade official reviewed and approved the journal entry. In addition, the comments section of the journal entry clearly indicated that the expense was for transportation costs. As a result, we determined that Miami-Dade did not perform due diligence in reviewing and approving the journal entry document to ensure that Federal funds were properly disbursed and accounted for, in accordance with 34 C.F.R. § 76.702.

Miami-Dade was unable to provide the reconciliation covering our audit period. We acknowledged in our finding that Miami-Dade was able to reconcile the grant award in total. However, without providing reconciliations at least quarterly, we could not determine whether the Section 1512 (c) reporting to the Florida SEA and ultimately to the Recovery Act website of Miami-Dade's quarterly expenditures during our audit period were accurate.

SCOPE AND METHODOLOGY

One objective of the nationwide audit of final Recovery Act expenditures was to determine whether selected LEAs (including Miami-Dade covered by this report) obligated and spent final Recovery Act funding in accordance with applicable Federal requirements. The purpose of this supplemental report was to address our findings related to internal control weaknesses so that the Florida SEA develops and implements appropriate corrective action.

Our review covered January 1 through December 31, 2011, and Recovery Act expenditures for three education-related grants:¹ (1) State Fiscal Stabilization Fund, Education Stabilization Fund, 84.394; (2) Elementary and Secondary Education Act of 1965, Title I, Part A, 84.389; and (3) Individuals with Disabilities Education Act, Part B, 84.391.

For the findings contained in this report, we interviewed the Florida SEA officials responsible for administering and overseeing the three Recovery Act grants and reviewed State policies, procedures, and guidance to gain an understanding of the processes and controls for monitoring LEAs' Recovery Act expenditures. At Miami-Dade, we interviewed officials responsible for administering the Recovery Act grants. We also reviewed district policies and procedures to gain an understanding of their processes for financial and inventory management and procurement. In addition, we considered the results and findings of prior Single Audit reports as well as State monitoring reports on Recovery Act plans and expenditures.

We performed a limited assessment of Miami-Dade's policies and procedures by judgmentally selecting samples of nonpersonnel expenditure transactions from July 1 through December 31, 2011, to determine whether the costs charged to Recovery Act grants complied with applicable Federal requirements. Using a risk-based approach, we sampled 10 nonpersonnel transactions totaling \$3,868,939, from a universe of \$7,065,483 for Title I, and 7 nonpersonnel transactions totaling \$1,091,463, from a universe of \$1,791,974 for IDEA.²

As stated in Finding No. 1, Miami-Dade was able to reconcile the accounting system expenditures to the program expenditures reported in CARDS from FY 2009 to FY 2012. Miami-Dade was also able to reconcile the Recovery Act Title I and Recovery Act IDEA accounting system expenditures to program expenditures reported in CARDS for the month of June 2011. However, after multiple requests for information regarding the reconciliation, Miami-Dade did not provide adequate documentation for the reconciliation for the remaining months of the audit period of January 1, 2011, through December 31, 2011; therefore, Miami-Dade could not reconcile its accounting system expenditures to the program expenditures reported in CARDS for our audit period. We conducted personnel and nonpersonnel testing based on the universe of expenditures provided. Subsequently, Miami-Dade provided year-end journalized transactions. We did not receive the year-end journalized transactions in time to be

¹ We also provide the Catalog of Federal Domestic Assistance number assigned for grant-tracking purposes.

² We did not test ESF nonpersonnel expenditures because there were no transactions to test from July 1 through December 31, 2011.

included in our sample testing. Therefore, the journal entries were not included in the universe of expenditures to derive our sample.

Because we judgmentally selected samples of personnel and nonpersonnel transactions, the results presented in this report cannot be projected to the universe of expenditures for the period covered by our testing. In addition, there is no assurance that the judgmental sample of expenditures was representative of the entire universe. Therefore, the audit results cannot be projected over the personnel and nonpersonnel universe of expenditures.

We relied on computer-processed data contained in the Florida SEA and Miami-Dade accounting systems for purposes of determining Recovery Act grant awards, revenue, and expenditure amounts. We reconciled the districts' Recovery Act grant amounts with the overall amounts in the Florida SEA's accounting system. We also reviewed the fiscal years 2009, 2010, and 2011 Single Audit reports to identify findings at the Florida SEA or Miami-Dade related to internal controls or other matters that might negatively affect data reliability. Based on our assessment, we determined that the computer-processed data were sufficiently reliable for the purposes of our review.

We performed fieldwork from April 10, 2012, through April 12, 2012, at the Florida SEA's office, located in Tallahassee, Florida, and from April 30, 2012, through May 4, 2012, and May 21, 2012, through May 24, 2012, at Miami-Dade's office, located in Miami, Florida. We held our exit conference with the Florida SEA and Miami-Dade officials on October 15, 2012.

We conducted the audit work related to this supplemental report in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

ADMINISTRATIVE MATTERS

Statements that managerial practices need improvements, as well as other conclusions and recommendations in this report, represent the opinions of OIG. Determinations of corrective action to be taken will be made by the appropriate Department of Education officials.

If you have any additional comments or information that you believe may have a bearing on the resolution of this audit, you should send them directly to the Department action officials listed below, who will consider them before taking final Departmental action on this audit.

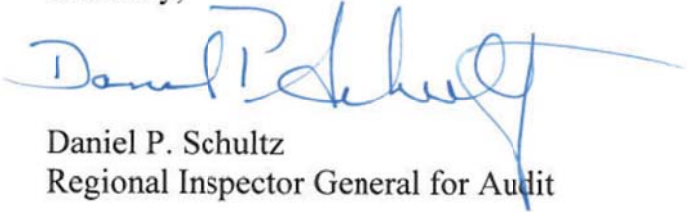
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Office of Elementary and Secondary Education
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U.S. Department of Education
550 12th Street S.W., Room 5107
Washington, DC 20202

It is the policy of the U.S. Department of Education to expedite the resolution of audits by initiating timely action on the findings and recommendations contained therein. Therefore, receipt of your comments within **30 days** would be appreciated.

In accordance with the Freedom of Information Act (5 U.S.C. §552), reports issued by OIG are available to members of the press and general public to the extent information contained therein is not subject to exemptions in the Act.

Sincerely,



Daniel P. Schultz
Regional Inspector General for Audit

Enclosure

Enclosure: Florida SEA Comments

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Dr. Tony Bennett
Commissioner of Education



February 22, 2013

Daniel Schultz
Regional Inspector General for Audit
U.S. Department of Education
Office of Inspector General
Financial Square, 32 Old Slip, 26th Floor
New York, NY 10005

Dear Mr. Schultz:

The following responses are provided with respect to the draft audit report, "Florida: Final Recovery Act Expenditures Supplemental Report," dated January 22, 2013.

As noted in your January 22, 2013, letter, the findings of this report represent only those findings generated by field work conducted in Miami-Dade County Public Schools (Miami-Dade) and do not represent the entire state. We appreciate the opportunity to comment on the findings and recommendations as expressed in the draft audit report. Our response is directed primarily to the recommendations; however, Miami-Dade has prepared a response specific to the findings relevant to that local education agency (LEA). That response is enclosed for your consideration. In general, the Florida Department of Education (FDOE) agrees with the factual information provided in the report as it relates to the situation in Miami-Dade; however, we do have concerns with the approach taken in the recommendations.

In this context, it is important to differentiate between the accounting systems and fiscal and management controls in place at the state level and those in place at the local level. These are separate and distinct systems. The finding ("Miami-Dade Had Internal Control Weaknesses in Accounting for its Recovery Act Expenditures") delineates three separate areas of concern. In each instance, the control weakness identified is specific to the circumstances in Miami-Dade and does not result from flaws or weaknesses in either the state's accounting system(s) or internal controls. The accounting system(s) and internal controls are rigorously audited every year by the Florida Auditor General in accordance with OMB Circular A-133.

Mr. Daniel Schultz
February 22, 2013
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Unlike the findings, the recommendations contained in this draft report recommend that the “Assistant Secretary for the Office of Elementary and Secondary Education, in conjunction with the Assistant Secretary for the Office of Special Education and Rehabilitative Services, **require the Florida SEA to**” [emphasis added] take several actions that appear to be directed at the state-level accounting system(s) and controls. One example provided is “updating its accounting system with adjusting journal voucher entries when applicable, to ensure that its accounting system accurately identifies the source and use of Federal funds.” This recommendation could be appropriate in the context of requiring the SEA to work with Miami-Dade to ensure that its accounting system accurately identifies the source and use of federal funds; but is simply not applicable to the SEA’s accounting system which already provides for adjusting journal voucher entries. Thus, we respectfully request that the recommendation and its sub-sections 1.1 and 1.2 be revised as follows:

We recommend that the Assistant Secretary for the Office of Elementary and Secondary Education, in conjunction with the Assistant Secretary for the Office of Special Education and Rehabilitative Services, require the Florida SEA to:

- 1.1 Require Miami-Dade to make any necessary adjustments to its internal controls including, but not limited to, updating its accounting system with adjusting journal voucher entries when applicable, to ensure that its accounting system accurately identifies the source and use of federal education funds.
- 1.2 Require Miami-Dade to make any necessary adjustments to its fiscal and management controls to ensure the maintenance of reliable financial records and to achieve effective and efficient accounting practices, including performing monthly reconciliations.

Thank you for your consideration of these proposed revisions. If you need additional information or have questions, please contact Martha Asbury, Assistant Deputy Commissioner, Finance and Operations at (850) 245-0420 or via email at Martha.Asbury@fldoe.org.

Sincerely,



Tony Bennett

TB/as

cc: Linda Champion, Deputy Commissioner, Finance and Operations
Martha Asbury, Assistant Deputy Commissioner, Finance and Operations
Mike Blackburn, Inspector General
David Guido, Chief, Bureau of Contracts, Grants and Procurement
Matt Kirkland, Comptroller
Alricky Smith, Director, Monitoring and Audit Resolution

Miami-Dade County Public Schools (Miami-Dade)
Response to draft audit report "Florida: Final Recovery Act Expenditures
Supplemental Report," dated January 22, 2013
Prepared by the U.S. Department of Education - Office of Inspector General

Audit Period: January 1, 2011 through December 31, 2011

In reference to the draft audit report dated January 22, 2013, Miami-Dade respectfully disagrees with the finding and various comments throughout the report.

The reference made on page 1, second paragraph, to internal control weaknesses at Miami-Dade, and the label to finding No. 1 on page 2, are inaccurate and without merit. Two of the three items in the report are completely misrepresented, and the facts pertinent to the remaining item are not correctly stated either; hence, there is no merit to the use of this terminology on the draft report.

On page 2, the auditors base their finding on inaccuracies and misstatements. First, the auditors refer to the improper classification of *some* Title I expenditures by Miami-Dade, when in actuality there was only *one* instance noted by the auditors. Second, the statement that *Miami-Dade could not reconcile the Recovery Act Title I and IDEA Grants for the audit period* is also a misstatement, since reconciliations for both Title I and IDEA for the audit period was provided by Miami-Dade on several occasions. Third, the reference to the statement that *Miami-Dade did not maintain effective accountability over all of its assets* has no merit because Miami-Dade adheres to Section 274.02, Florida Statutes that specifically addresses the threshold of \$1,000.00 for recording Tangible Personal Property Owned by Local Governments.

Following are specific responses to each one of the items in the draft report:

MDCPS Improperly Classified \$400,482 in Transportation Expenditures as Supplies

Miami-Dade acknowledges that this was a coding error in a single journal entry, where the District used the code for supplies (5510) instead of purchased services (5330). Both supplies and student transportation were allowable expenditures under the Title I ARRA grant, and were approved in M-DCPS's grant application. The District fully expended Title I ARRA funds in accordance with the grant award. The miscoding of the \$400,482 resulted in eligible expenditures recorded in one category vs. another. This single transaction represents .00026% of the full population of transactions during the audit period for the awards under review, and .09% of the total award amount.

Miami-Dade assigns unique program numbers to record revenues and expenditures. Funds are never comingled and salary and non-salary expenditures are charged directly to the unique program number therefore accurately identifying the source and applications of Federal Funds.

Miami-Dade Did Not Reconcile the Recovery Act Title I and IDEA Grants for Our Audit Period

Miami-Dade does not agree with this statement as it contains several inaccuracies and irrelevant references. First, Miami-Dade prepared and provided the auditors a reconciliation of expenditures reported in the CARDS system to the General Ledger for the audit period of January 1, 2011 through December 31, 2011. In these reconciliations Miami-Dade presented to the auditors reconciling items amounting to \$2.3 million for Title I and \$1.2 million for IDEA and demonstrated that these amounts resulted from timing differences.

These timing differences are as a result of Miami-Dade annually published monthly closing dates. Month-end closing usually occurs the last Friday of the month, except for certain holidays and the end of the fiscal year which is always June 30th. Miami-Dade reports grant expenditures in the CARDS system by the 20th of the month in compliance with the Florida Department of Education requirements. Therefore, there is always a timing difference between the CARDS reporting period and the month-end closing in the General Ledger. Miami-Dade reports expenditures on a reimbursement basis on CARDS.

There is no Florida Department of Education requirement to do reconciliations on a month-to-month basis. Therefore Miami-Dade does not perform month-to-month reconciliations. However, expenditures are reported on the 20th of each month in the CARDS system based on the delta of expenditures in the general ledger between the current period and the previous reported period.

Miami-Dade provided reconciliations of total general ledger expenditures for both Title I and IDEA to the Single Audit Reports and the CARDS from inception to the end of the grant award with detailed supporting documentation. These reconciliations demonstrate that Miami-Dade complied with laws, regulations and grant agreements.

The auditor's comments pertaining to Miami-Dade's difficulty in providing data as a result of the migration to a new financial system are without merit. As a result of Miami-Dade's implementation of SAP, financial information for the programs under review was maintained in both the legacy system and the SAP system. The ability to grasp and understand information that was partially recorded in both legacy and SAP for the different time periods proved to be a complex task for the audit team.

Miami-Dade maintains a sound internal control system as demonstrated in previous audits performed by independent external auditors as well as the State of Florida Auditor General. Miami-Dade was recently recognized with a top national financial honor and received the "Award for Excellence in Financial Management", a prestigious award from the Council of Great City Schools, previously awarded to only two school districts in the nation.

The auditors' reference to Miami-Dade's "Manual of Internal Fund Accounting" in the draft audit report points to the audit team's difficulty in grasping the intricacies of Miami-Dade's financial systems, as the Manual of Internal Fund Accounting is not germane to grants since it only addresses policies and procedures for the School's Internal Funds. Furthermore, no American Recovery and Reinvestment funds flowed through the school's Internal Fund.

Miami-Dade Could Improve its Internal Control Policy to Account for Computer Assets

Miami-Dade does not agree with this statement. Miami-Dade adheres to Florida Statutes 274.02 Record and Inventory of certain property, and Florida Administrative Code Rule Chapter 691-73.002 and 691-73.003 that specifically addresses the threshold of \$1,000.00 for recording Tangible Personal Property Owned by Local Governments.

Miami-Dade's Property Manual delineates the responsibility of administrators for the safeguarding of all property, and steps to follow for those assets that because of their value are more subject to theft. Additionally, Title I Administration provided the auditors with a listing of the schools that received the computers and advised the auditors that all non-consumable items purchased with Title I funds are labeled as being Title I Administration property.

This finding should be eliminated as it is based on inaccurate conclusions and opinions derived by flawed auditors' assumptions, specifically, simply because Miami-Dade avails itself of the opportunity to buy in large quantities achieving economies of scale and making more efficient use of available funds, individual items are still below the threshold established in Florida Statutes 274.02 and are not subject to property for inventory purpose. Additionally, the statement by the auditors that Miami-Dade should improve its internal controls over computers is not supported by applicable laws and regulations. Specifically The Florida Statute and the Florida Administrative Code are actually more stringent than the Federal Regulations 34 CFR, Sec. 80.3 which defines equipment as items with a value of \$5,000.00 or more per unit.