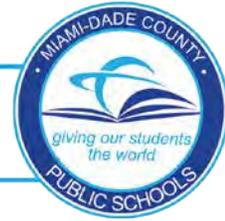




Office of the Inspector General
for Miami-Dade County Public Schools



To: The Honorable Chair, Ms. Perla Tabares Hantman
and Members, School Board of Miami-Dade County
Mr. Alberto M. Carvalho, Superintendent of Schools

From: Ms. Patra Liu, Interim Inspector General

cc: See Distribution Below

Date: August 21, 2013

Subject: FY 2012-2013 Annual Report

I am pleased to present the Office of the Inspector General's (OIG) Annual Report for fiscal year (FY) 2012-2013. Background information about the OIG and its functions, including its historical development at the School Board, can be accessed by reviewing previous annual reports that are posted on our website at: <http://www.miamidadeig.org/MDCPS2.html>.

We are proud of our efforts at Miami-Dade County Public Schools (M-DCPS) to boost program integrity and root out acts of misconduct. I hope you find that the work performed by the OIG provides value to this Board, the Administration, and all M-DCPS stakeholders, especially the taxpayers of Miami-Dade County. We are very thankful for your support.

Distribution List:

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2012-2013 ANNUAL REPORT

INTRODUCTION

The Office of the Inspector General (OIG) for Miami-Dade County Public Schools (M-DCPS) operates pursuant to an Interlocal Agreement (ILA) between the School Board of Miami-Dade County and Miami-Dade County. The ILA is authorized by School Board Rule that serves as the OIG’s enabling authority. The ILA sets forth the responsibilities, functions, authorities and jurisdiction of the Office. The ILA also requires that the Inspector General annually submit a written report describing the work and activities of the Office. This serves as that report.

BUDGET AND STAFFING

To fund OIG activities for FY 2012-2013, the School Board approved a budget of \$837,963.¹ This amount represents a decrease of 9% from the prior year’s budget of \$923,874 for FY 2011-2012. The approved budget for FY 2012-2013 provided for a staff of one part-time and four full-time employees. Additionally, this budget supported Miami-Dade County (County) resources used on a reimbursable basis to assist the OIG in its oversight of Miami-Dade County Public Schools (M-DCPS). For fiscal year 2012-2013, the OIG only expended \$503,760 (60%) of its original \$837,963 budget.²

The OIG’s budget for its operations at M-DCPS has decreased each and every year since 2008—the first year the OIG operated under the Interlocal Agreement. The budget for FY 2013-2014 is no different. It is only \$773,615, a decrease of 9% from the last fiscal year. For FY 2013-2014, our staffing levels remain the same. There are four full-time employees and one part-time employee. The charts below depict our full-time and part-time positions.

Full-Time Employees, Location 9010 – MDCPS OIG

Count	Job Code	Position Description
1	8546	Supervisory Special Agent
2	8540	Special Agent
1	8545	Administrative Assistant

Part-Time Employee, Location 9010 – MDCPS OIG

Count	Job Code	Position Description
1	8540	Special Agent

¹ The original budget was supplemented by \$82,346 that was carried over from the previous year. The carried over funds were the balance of a purchase order that was set up to reimburse Miami-Dade County for County OIG services.

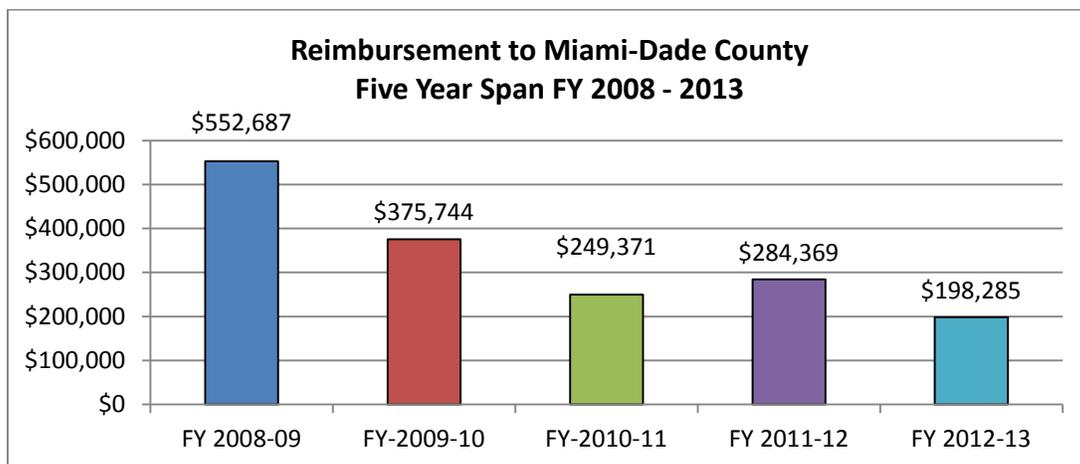
² Based on the supplemented budget of \$920,310, end of year figures were: \$503,760 expended; \$89,577 encumbered; and \$326,973 remaining.

2012-2013 ANNUAL REPORT

For FY 2013-14, the allocation for direct personnel costs in the annual budget for the OIG operations at Location 9010 was \$285,978 for a staff of four full-time employees. The budget also contains an allocation of \$100,000 for part-time/hourly Special Agent(s), which will only be used on an as-needed basis. Overall, the OIG has been very fortunate that we have been able to hire experienced former law enforcement investigators who, because of present retirement status with their prior employers, provide the OIG’s budget with certain cost savings. All OIG employees are exempt from classified service and serve at the will of the Inspector General.

The Interlocal Agreement between the County and the School Board provides that the Inspector General may make County OIG³ staff available to provide services to the OIG’s M-DCPS operation. The School Board reimburses Miami-Dade County for these services based upon the County OIG employees’ actual hourly rate, inclusive of salary, fringe and other benefits. At the beginning of the ILA engagement, almost all of the OIG’s oversight activities were performed by County OIG employees. As time went on, the OIG’s operation at M-DCPS Location 9010 began to hire its own staff, and now the need for County OIG personnel is not as great. At present, the County OIG still provides resources to its M-DCPS operations that are generally in the areas of managers, auditors, attorneys, and contract oversight specialists.

The next chart illustrates the reduction in the amount of School Board reimbursement paid to the County during the last five fiscal years for the inspector general services.



The FY 2013-2014 budget contains an allocation of \$250,000 to reimburse the County for use of its County OIG personnel and services, as necessary.

³ The term “County OIG” is used in reference to the Miami-Dade County OIG employees that provide services to M-DCPS pursuant to the terms of the ILA.

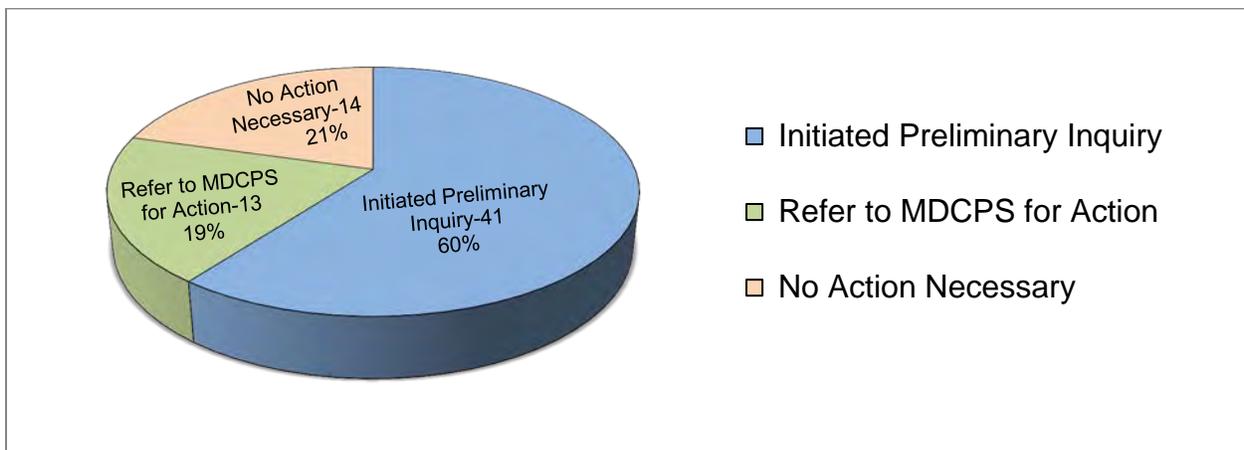
2012-2013 ANNUAL REPORT

COMPLAINT INTAKE AND PROCESSING

The ILA designates the OIG as the principal clearing house within M-DCPS to receive and investigate Florida Whistleblower Act disclosures made by employees of the school district, as well as members of the public. Since the start of operations in January 2008, the OIG has received 550 complaints related to M-DCPS. During fiscal year 2012-2013, the OIG responded to 68 complaints of which 14 were anonymous. Of these 35 were made on our website, 29 were by mail or fax, three through our hotline, and one in person. These concerns were brought to our attention by the parents of district or charter school students, students themselves, district staff, and concerned residents of Miami-Dade County.

For the most part, complaints involved allegations of fraud, waste, or mismanagement. Specifically, the subject matters covered a wide range of issues at the school level, such as: the performance of duties, by either administrators or staff; cheating; conflicts of interest; theft of school property; preferential treatment and cronyism; hostile work environment; discrimination; staff intimidation; financial fraud and irregularities; outside employment; and no-show employees. Anonymous complaints were also addressed when sufficient information was provided by the maker of the complaint.

Of the complaints received by the Office, 19% of referrals were directed to the school district administration for resolution. Leads from 60% of complaints resulted in the initiation of a preliminary inquiry or investigation. Some complaints remain under review, pending additional information. The remaining 21% of the complaints received warranted no action due to various reasons, or the matter was not under the jurisdiction of the OIG.



2012-2013 ANNUAL REPORT

INVESTIGATIONS AND OTHER OVERSIGHT ACTIVITIES

The OIG was contacted by and collaborated with district staff and external agencies on investigations of a fraudulent nature, such as unemployment compensation claims, contracting practices, and dual employment of state/county employee(s). Furthermore, the Office is currently conducting a follow-up audit relating to our previously issued audit on the district's workmen's compensation program.

Listed below are a few brief examples of cases investigated by the OIG in the past year:

- In July 2012, the OIG issued a final report concerning an M-DCPS school teacher who was alleged to have submitted false applications for free or reduced school lunches for her own children. The OIG substantiated the allegations and determined that in just one year, the teacher understated her gross income by over \$58,000. As a result, benefits (in the form of free lunches, free tutoring, free test waivers, and free college applications) totaling over \$2,000 were unfairly obtained. By School Board action on November 21, 2012, the subject of the OIG investigation was suspended without pay and dismissal proceedings were initiated pending appeal.
- Another final report, issued in July 2012, completed our investigation into several Supplemental Education Services (SES) providers. Earlier in November 2011, the OIG investigation found probable cause against one SES provider that resulted in felony fraud charges. The continuing investigation uncovered gratuities provided to two school officials by SES providers that were operating (or were looking to operate) on the school's premises. The final report, including as exhibits the evidence obtained, was provided to the Superintendent and the School Board for any action that they wished to take. Both school officials were subsequently re-assigned to new school sites.
- As to the criminal case against the SES provider, Divine Sports and its owner (who were charged with 47 felonies for program fraud committed during the 2009-2010 school year), a plea was reached in February 2013 that included five years of probation and restitution of over \$150,000 to the U.S. Department of Education. Other conditions included that Divine Sports and its owner be debarred for a period of five years with the State of Florida and be listed as excluded parties with the federal government.

2012-2013 ANNUAL REPORT

- An itinerant social worker was accused of abusing his work schedule by not responding to his assigned schools and not being involved in supporting students or school staff. The OIG investigation substantiated the allegations. We found that the employee, who was an itinerant social worker assigned to three different school sites, also held an undisclosed full-time job with the Jackson Health System as a social worker assigned to the Dade County Jail. We determined that the M-DCPS employee had been working back-to-back, full-time schedules (7:30 am to 2:30 pm; then 3:30 pm to 11 pm) five days a week since 2002. The investigation also determined that there was very limited to no accountability for this itinerant employee's whereabouts during his M-DCPS shift. School site personnel—for some of the sites that he was assigned to—weren't even aware of his assignment there. During his second interview with OIG Special Agents, the employee advised that he had tendered his resignation. He gave no further explanations and declined to answer any additional questions. The OIG investigation resulted in a memorandum addressed to the Superintendent that reported our observations and provided several recommendations.
- During FY 12-13, the OIG investigated an allegation of cheating taking place on Industry Certification Exams. These exams involved testing for proficiency of certain popular and commonly utilized software programs—namely Adobe Photoshop and Dreamweaver. Unfortunately, the investigation found credible evidence to substantiate the allegation that cheating took place at one senior high school. At the fiscal year's end, the report was provided to the subjects of the investigation for their review and comment, as required by the ILA. The final report will be issued in the very near future and will be reported on in next year's annual report.
- A plea agreement was recently completed, concerning the former school treasurer for Edison High School, who embezzled \$160,000 from the school system. Through the efforts of the OIG (with the significant contribution and cooperation of the Office of Management and Compliance Audits, the Miami-Dade Schools Police Department, and the State Attorney's Office), the former treasurer was charged with: 1 count of Organized Scheme to Defraud; 14 counts of Forgery; 14 counts of Uttering a Forged Instrument; and 59 counts of Official Misconduct. The former treasurer pled guilty recently and received 6 months of jail, followed by 2 years of house arrest, and 30 years probation with the special conditions that she pay restitution and costs of the investigation. She has made an initial lump sum payment of \$13,000. She is also prohibited from public employment during the term of her sentence.

2012-2013 ANNUAL REPORT

In the course of investigations, the OIG interacts with school district department heads, school principals, teachers, clericals, custodians, students, parents, concerned community members, and vendors. The Office also maintains an amicable relationship and shares information as appropriate with the Miami-Dade Schools Police Department, the Office of Professional Standards, the Office of Management and Compliance Audits, and the Civilian Investigative Unit. We appreciate everyone's cooperation and assistance, especially when it comes to obtaining copies of the documents and records needed to sustain our findings.

RESULTS

Through the end of fiscal year 2012-2013, the OIG's M-DCPS audits and investigations have resulted in over \$2.6 million in averted losses, projected savings, financial recoveries, and increased revenues for the school district. Non-financial results include several recommendations aimed at increasing transparency in public contracting, increasing span of control in the supervision of field personnel, better record keeping to account for employee work hours, and the adherence to basic internal controls in accounts payable transactions. There were also reports concerning individual misconduct that resulted in administrative employment actions.

OTHER ENDEAVORS

In other arenas, the OIG consistently attends meetings of the Audit and Budget Advisory Committee and the Ethics Advisory Committee. Staff keeps abreast of Board Policy changes (e.g., in the areas of Purchasing, Policy 6320; and Local Vendor Preference, Policy 6320.05) as they impact contracts and vendor selection.

In April and May 2013, the OIG conducted criminal history background checks on each candidate for the position of M-DCPS Chief of Police and District Security. The results of these checks were forwarded to Human Resources to complete the applicant screening process.

Continued training of OIG staff is encouraged to further develop professionalism, accountability, and integrity in their practices. Investigators participate in the Certified Inspector General Investigator Institute, which is sponsored by the Association of Inspectors General (AIG). OIG staff also attended the Public Corruption Investigations Conference sponsored by the Miami-Dade County Ethics Commission. These training opportunities afford OIG personnel with Continuing Professional Education credits.

2012-2013 ANNUAL REPORT

In January 2013, the OIG attended the inaugural meeting of the Integrity Council. This Council was created in response to a Board item that sought to align the ethics and accountability functions of the District to provide transparency, ease of public reporting, and the coordination of ethics training, advice, and oversight. The OIG looks forward to working collaboratively with the District's internal entities to promote and sustain high ethical standards for all public employees.

NEW OIG INITIATIVES

A new area of significant involvement by the OIG is in alignment with the Superintendent's and School Board's commitment to transparency. The OIG has undertaken its own independent and external Oversight Project related to the 21st Century General Obligation Bond (GOB) Program. Our activities in the last several months include:

- Commenting on the preliminary draft of the Agreement for Program Management Support Services (PMSS). OIG recommendations were incorporated into the final Agreement, which was approved by the School Board in May 2013. The recommendations concerned increased access to records and audit rights, and heightened scrutiny of conflicts of interest that could be had by consultant employees.
- Reviewing the PMSS Procurement Process from advertisement to award. The OIG concluded, in a report issued May 23, 2013, that there were no exceptions to the process. Nonetheless, the OIG made two suggestions that we believe should be implemented. We received a positive response from the Office of School Facilities to our recommendations.
- OIG staff has attended several Architectural/Engineering Selection and Contract Negotiation meetings and, as a rule, is advised of future contract negotiation meetings. To date, there has been an OIG presence throughout the selection/negotiation phase for architectural services for projects scheduled at Mast Academy, New Charter Elementary School at Doral, and Miami Norland Senior High School.
- Presently, as construction projects roll out, OIG staff will be attending and monitoring Construction Management @ Risk pre-selection meetings through the

2012-2013 ANNUAL REPORT

final contract award, and the establishment of a Guaranteed Maximum Price for the above-noted projects.

This commitment, as well as our participation as an ex officio member of the 21st Century Bond Advisory Committee, will be ongoing through the duration of the GOB Program.

CONCLUSION

As the OIG finalizes reviews and investigations underway, reports on our findings will be provided when appropriate. We continue to make our services available to the School Board Administration and to School Board Members. I hope this report assists you in assessing our performance. I much appreciate the support the School Board has provided the OIG – in particular and most recently, in the School Board’s approval to extend the Interlocal Agreement for an additional three years.