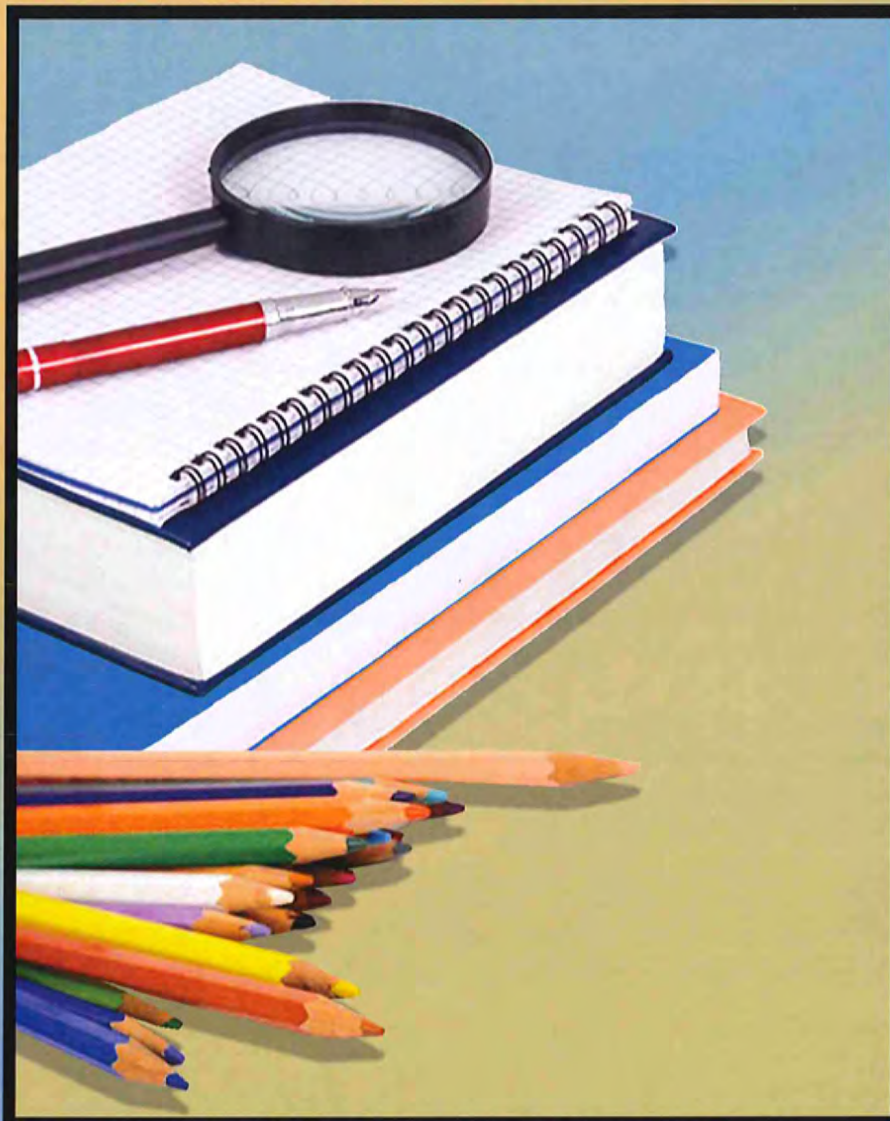




Annual Report 2013-2014



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



A Message From Inspector General Mary T. Cagle

Colleagues,

In February of this year, after being appointed by an Ad Hoc Selection Panel and approved by the Board of County Commissioners, I had the pleasure of assuming the role of Inspector General for Miami-Dade County and, through Interlocal Agreement, for the Miami-Dade County Public Schools. In my first six months I have had the pleasure of meeting many of you and in some instances of working collaboratively on issues. I want to especially thank the Chair and the Superintendent for reaching out and welcoming me to the School District and for their acknowledgement of our role as independent watchdog.

Our School Board Office of the Inspector General (SB OIG) currently has a Supervisor, an Office Manager, and three Special Agents on site, all of whom were hired by the OIG and are salaried School District employees. We supplement the school board team with County IG staff when appropriate. The cost of those additional resources is reimbursed to the County by the School District.

In the past year, we have moved our offices with the help of School District staff, hired new staff to enhance our role in the District, issued six reports and memoranda to the Board related to staff and vendor misconduct, and have assigned an employee with audit and contract oversight expertise to be intimately involved in the General Obligation Bond Program.

In the pages that follow you will learn more about the role we play in the School District as your Office of the Inspector General. It is our desire to work collaboratively with other oversight functions at the District, each of us lending our expertise to the issues that arise. Our independence is critical to our work and provides the School District management, staff and vendors assurance that we will be fair and objective in our work.

Miami-Dade's Public School System is one of the very best in the country. So many of our children have had the pleasure of receiving the finest of educations here. I count it a privilege to serve as the District's Inspector General. My door is open and there is much work to do. Please feel free to contact me at (305) 375-1946.

Sincerely,

A handwritten signature in blue ink that reads "M. Cagle". The signature is fluid and cursive.

Mary T. Cagle
Inspector General
Miami-Dade County

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WHAT WE DO



The Miami-Dade County Office of the Inspector General (OIG) serves the School Board by detecting, investigating and preventing fraud, mismanagement, waste and abuse of power within the school system's management, employees, contractors, vendors, and in any breach of policy. The OIG is a central point in promoting accountability, integrity and efficiency through its efforts in conducting audits, investigations, contract oversight, and with other consulting and technical assistance. The Interlocal Agreement (ILA) between the School Board of Miami-Dade County and Miami-Dade County authorizes the operations of the Office of the Inspector General for Miami-Dade County Public Schools (SB OIG). The ILA sets forth the responsibilities, functions, authority and jurisdiction of the SB OIG. Renewal of the ILA was approved by the School Board on July 17, 2013 and by the Board of County Commissioners on September 17, 2013. Under the terms of the ILA between the School Board and County, the SB OIG is required to submit an annual report covering its activities for the preceding fiscal year. We present this report, which provides information on SB OIG activities during the fiscal year of July 1, 2013 through June 30, 2014.

OIG's EXECUTIVE TEAM



The SB OIG is led by a Miami-Dade County Executive Team with expertise in management, litigation and investigations involving matters related to fraud, corruption and misconduct. This team leads the Miami-Dade County Office of the Inspector General and the SB OIG. Together, this allows the SB OIG to draw from broader resources that are available to use on a reimbursable basis to offer guidance and assistance to the school district.



MARY T. CAGLE

Ms. Mary Cagle serves as the Inspector General for Miami-Dade County and the Miami-Dade County School District. Ms. Cagle's career includes many years of leadership and distinguished service at the Office of the State Attorney for the Eleventh Judicial Circuit (SAO). Her twenty-two year career focused on the litigation and management of major investigations and prosecutions related to public corruption and organized crime.

Ms. Cagle left the SAO in 2004 when she was recruited to lead CHARLEE Homes for Children, a non-profit foster care agency, as Florida was

privatizing their child welfare system. In 2007, she was tapped by Bob Butterworth, Secretary of the Department, to change the way legal services were delivered by the Department. She served as Director of Children's Legal Services from 2007 through the end of 2013.

Ms. Cagle received her Juris Doctor Degree from Thomas M. Cooley Law School in Lansing, Michigan and attained her Bachelor of Arts Degree in History from Calvin College in Grand Rapids, Michigan. Ms. Cagle is a member of the Michigan and Florida Bar Associations. She recently earned her designation as a Certified Inspector General from the Association of Inspectors General.

FELIX JIMENEZ

Mr. Felix Jimenez is the Assistant Inspector General for Investigations. He has been with the OIG since 2009 and is a 28-year veteran of the Miami-Dade Police Department, where he served ten years supervising homicide investigations and the public corruption unit. He has taught at law enforcement agencies throughout the United States, including the South Florida Metropolitan Police Institute and the FBI Academy, in the areas of Public Corruption Investigation and Violent Crime Investigation.

While in the Public Corruption Unit, Mr. Jimenez supervised investigations involving government employees, contractors, and elected officials. He was later selected to supervise a task force consisting of FBI, state and local law enforcement agents. Mr. Jimenez was instrumental in several criminal investigations involving a \$5 billion capital improvement project at Miami International Airport. These multiple cases resulted in the arrest and conviction of the Aviation Department's assistant director, its telecommunications manager, several corporate officers, and an elected official.

Mr. Jimenez received his Bachelor in Public Administration Degree from Barry University in Miami Shores, Florida. He received his certification as a Certified Inspector General Investigator in 2011.

PATRA LIU

Ms. Patra Liu is the Assistant Inspector General for Audit and Contract Oversight, and also serves as the OIG Legal Counsel. Ms. Liu has been with the OIG since 2000, almost since its inception. Ms. Liu brings her extensive knowledge of County government and superb writing and analytical skills to the Office.

Ms. Liu began her legal career as a criminal prosecutor with the Miami-Dade State Attorney's Office. After working her way through various assignments within the State Attorney's Office, she was last assigned to the Economic

Crimes Unit where she investigated and prosecuted cases involving health care fraud, insurance fraud, embezzlement, money laundering, and other schemes to defraud. Directly before joining the OIG, Ms. Liu was a Florida Assistant Attorney General in the Medicaid Fraud Control Unit. There, she served as the Miami Bureau's in-house legal advisor, coordinating legal actions with Federal prosecutors and handling civil cases involving the False Claims Act, Florida's civil theft statute, applications for other injunctive relief involving the proceeds of Medicaid fraud, and forfeiture actions.

Ms. Liu received her Juris Doctor Degree from the University of Washington in Seattle, Washington. She has a Bachelor of Arts Degree in History from the same institution. She is a member of the Florida and the Washington State Bar Associations. Ms. Liu became a Certified Inspector General in 2003 and earned the designation of Certified Inspector General Auditor in 2009.

ABOUT THE OFFICE



The Miami-Dade County Public Schools Office of the Inspector General was recently relocated to the third floor of the Annex Building of the School Board Administrative Complex, located at 1501 NE 2nd Avenue in Suite 343. We want to recognize and thank James Dillard from District Inspections, Operations and Emergency Management, for the smooth transition to the new space. The SB OIG became operational in January 2008, and is allocated a budget to fund its operations. The Office is now comprised of five full-time district employees. Four members of this team have extensive law enforcement backgrounds, and the fifth team member has almost thirty years of administrative experience with the school system.

MEET THE SB OIG STAFF

The SB OIG has been very fortunate to hire experienced former law enforcement investigators who bring their extraordinary expertise to the SB OIG.

TOM KNIGGE



Mr. Thomas A. Knigge leads the School Board office as the Supervisory Special Agent. Mr. Knigge was appointed to the position of OIG Special Agent in January 2012, and was promoted to the open position of Supervisory Special Agent in July 2012.

Mr. Knigge had a distinguished 33-year career with the Miami-Dade Police Department, rising to the rank of Police Major. Mr. Knigge was the Commander of the Police Operations Bureau that was responsible

for police service to the Port of Miami, Metro-Rail system, the Rickenbacker Causeway, Viscaya, Jackson Memorial Hospital and the Government Center sectors.

Mr. Knigge is a product of Miami-Dade County Public Schools and graduated from Miami Coral Park Senior High. He received his Associate of Arts Degree from Miami-Dade College and a Bachelor of Criminal Justice Degree from Florida International University. He continued his education at the University of Miami and received a Master's Degree in Public Administration. He is currently a Certified Inspector General Investigator.

JORGE LOPEZ



Mr. Jorge Lopez was appointed to the position of OIG Special Agent in May 2012. Mr. Lopez is a 30-year veteran of the Miami-Dade Police Department and is highly experienced in conducting and coordinating investigations related to fraud, abuse, waste and mismanagement. Mr. Lopez's distinguished career with the Miami-Dade Police Department spans from initial assignment as a patrolman to detective, team supervisor, investigative squad supervisor in a major crimes unit, explosive detection, canine supervisor, and security escort team supervisor at Miami

International Airport. Mr. Lopez served in the United States Army for over six years in aviation-related fields.

Mr. Lopez attended Miami-Dade College and Troy State University in Fort Rucker, Alabama, majoring with special interest in aviation. Mr. Lopez attended the Association of Inspectors General Institute in August 2013 and was awarded his Certified Inspector General Investigator Certification.

ARCHIE MOORE



Mr. Archie Moore is a highly skilled law enforcement professional with over 30 years of law enforcement experience with the Miami-Dade Police Department. Mr. Moore is trained in all aspects of specialized criminal investigations and has over 24 years of experience working homicide investigations, police-involved shootings, internal affairs investigations, staff inspections, and public corruption cases. During his twelve years of supervisory experience, he has handled and supervised major case investigations.

Mr. Moore received a Bachelor of Arts in Criminal Justice from St. Thomas University in Miami, Florida. Mr. Moore also obtained a Master's Degree

in Business Administration from Nova Southeastern University. To further enhance his financial expertise, Mr. Moore is finalizing a second Master's Degree in Accounting, with an emphasis in Auditing.

LARRY RILEY



Mr. Larry Riley joined the SB OIG in June 2014 as a Special Agent. Mr. Riley was previously with the Office of the Inspector General for the Florida Department of Juvenile Justice. There, he was one of ten Inspector Specialists assigned to the Bureau of Investigations that worked to deter, detect and investigate crimes or misconduct that impacted the Juvenile Justice Department.

Prior to his assignment with the Department of Juvenile Justice, Mr. Riley worked as a detective with the Miami Police Department, where he held assignments in the Internal Affairs Unit and the Special Investigations Section. While assigned to the Special Investigations Section, he was detached to a Drug Enforcement Administration (DEA) Task Force for two years and subsequently to a Federal Bureau of Investigation (FBI) Task Force for three years. Mr. Riley also served nine years as a military police officer in the United States Air Force.

Mr. Riley received his Bachelor of Arts Degree in Organizational Leadership from St. Thomas University, and his Associate of Science Degree in Criminal Justice from the Community College of the Air Force. Mr. Riley is also a Certified Inspector General Investigator and a Certified Fraud Examiner.

ANGELA EVANS



Ms. Angela Evans has been employed as the Office Manager for the SB OIG since September 2011. Ms. Evans has held various positions within the school system since her initial hiring in April 1985. Ms. Evans' professional history began as an elementary school secretary; administrative secretary to the deputy in Human Resources, the Chief of Staff, and the deputy for Facilities and Construction; and held an administrative position with capital construction budgets for ten years.

Ms. Evans has a Bachelor of Public Administration and a Master's of Public Administration from Florida International University in Miami, Florida.

SB OIG BUDGET AND STAFFING LEVELS



The Miami-Dade County OIG provides inspector general services to the School District through an Interlocal Agreement (ILA). The ILA establishes a hybrid staffing model recognizing that County OIG personnel will directly provide services to the School District, whose costs will be fully reimbursed to Miami-Dade County. Additionally, the OIG is staffed with School District employees whose personnel costs are directly funded through the District's budget. The budget for the office includes funds to compensate the County for its expenses, funding for District employees assigned to the OIG, and operating expenses (including office supplies, equipment and furnishings).

To fund the SB OIG's activities for FY 2013-14, the School Board approved a budget of \$773,615. Of this amount, \$250,000 was designated to the budget's sub-account for Other Purchased Services, which is used to reimburse the County for time spent on School District activities by County OIG employees. The budget also funded four full-time positions and one part-time employee. In July 2014, the OIG added another full-time investigator. For the 2014-2015 fiscal year, the SB OIG will be staffed with one on-site supervisor, three full-time investigators, and one full-time administrative assistant. All SB OIG employees are contracted managerial exempt personnel (MEP) that serve at the will of the Inspector General. County OIG employees providing direct services include the OIG's executive team, OIG attorneys, and an OIG auditor who has been engaged in the oversight of the GOB Capital Program.

The SB OIG's budget for FY 2014-2015 was approved by the School Board at \$789,028.

PROFESSIONAL DEVELOPMENT



Ongoing training of SB OIG staff is essential for staff development. Investigators participate in the Certified Inspector General Investigator Institute, sponsored by the Association of Inspectors General. These training opportunities afford SB OIG personnel with their required continuing professional education credits and enhance their knowledge. This year, SB OIG staff also participated in the Ethical Governance Day Conference presented by the Miami-Dade County Commission on Ethics and Public Trust, and attended training on building code requirements for public educational facilities. The School Requirements for Educational Facilities training was sponsored by the State of Florida Department of Education.

COMPLAINT INTAKE AND PROCESSING



In accordance with Section 3(h) of the ILA, the Inspector General shall be the District's designee for purposes of receiving Whistle-Blower's Act disclosures under Florida Statutes §112.3187(7), and investigating them in accordance with §112.3187-112.31895, Florida Statutes.



Whistle-Blower's disclosures are those disclosures that allege violations or suspected violations of law, rule or regulation that endanger health and public safety or allegations of gross mismanagement, malfeasance, misfeasance, gross waste of public funds, or gross neglect of duty by persons in an agency or independent contractors. Any individual who makes such a disclosure is entitled to have their identity kept confidential during the investigation, with limited exceptions. These disclosures are to be differentiated from complaints alleging retaliations against individuals who report fraud, waste and abuse.

Since its initial operations began in January 2008, the SB OIG has received 639 complaints related to M-DCPS. Complaints are received by mail, via our website, through the OIG fraud hotline, by facsimile, or reported in person. During fiscal year 2013-14, the Office responded to 89 complaints, of which 19 were made anonymously. All 19 anonymous complaints contained sufficient information to be addressed and a preliminary inquiry was opened. Of the 89 complaints warranting further action:

- 42 were received by mail or fax
- 38 were made via our website
- 6 were initiated through our hotline
- 3 were made in person
- 7% were referred directly to school district administration for resolution
- 90% resulted in the initiation of a preliminary inquiry or investigation
- 3% warranted no action due to various reasons such as insufficient information, or the matter was not under the jurisdiction of the OIG

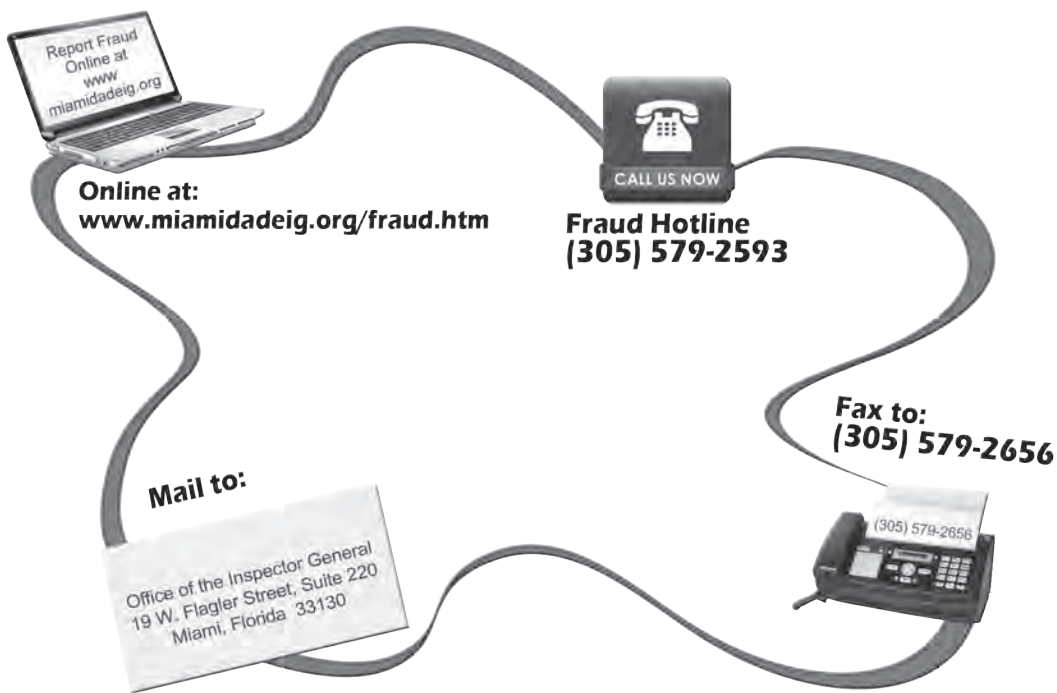


The complaints covered a wide range of issues including: abuse of leave time, misrepresentation in the contractor prequalification process, bribery, bid collusion, fraud, vendor misrepresentation, and a range of school-level matters including issues with the electronic gradebook, class size reduction, collection of funds, and issues with charter schools. Individuals requesting

assistance from the Inspector General’s team were brought to our attention by parents of district or charter school students, students themselves, district or school site teachers and staff members, vendors and contractors, and concerned residents of Miami-Dade County. All anonymous complaints that are received by the School District are redirected to the SB OIG.

Some of these complaints remain under review, pending the receipt of additional information. The OIG routinely dialogues with internal and external entities to ensure that complaints are forwarded to the appropriate department for resolution. Not all complaints result in a formal investigation, but all complaints are addressed judiciously. Internally, the District may address them administratively. The OIG has referred cases to Human Resources, District Regional Offices, and School principals, for example. Some complaints require further inquiry and may lead to formal investigations. Even after initial inquiry, some complaints are forwarded to other investigative agencies because the nature of the complaint is best suited for resolution by their area of expertise or jurisdiction—such as the Miami-Dade School Board Police, the Office of Civil Rights, and the Office of Management Compliance Audits. The cooperative effort established with the OIG allows for the efficient and effective use of available manpower so that there is no duplication of effort.

Report Fraud Confidentially



The Many Ways to Report Fraud



In the summer of 2013, the OIG kicked off an oversight initiative of the School District's General Obligation Bond (GOB) Program hailed as "21st Century Schools." The oversight program, dubbed GO BIG, aims to provide independent and external assurances that School Board policies and procedures are being followed, that capital funds are appropriately spent and adequately accounted for, and that

processes are fair and transparent. GO BIG seeks to assist the School District by ensuring the prevention of fraud, waste, and abuse in the 21st Century Schools GOB Program.

The OIG seeks to heighten fraud awareness throughout the capital program by informing contractors and M-DCPS employees about the OIG and the many ways to report suspicious activity. Earlier this year, the OIG created a brochure geared towards educating consultants and contractors on the types of construction-related allegations that the OIG investigates. Our brochure has been distributed to over 500 potential consultants and contractors seeking contracting opportunities with M-DCPS. OIG representatives have spoken at numerous mandatory pre-bid conferences and at orientations with small and micro business enterprises, apprising them of the OIG's oversight role as an independent investigative agency.



A key oversight activity of our GO BIG initiative involves monitoring selected capital procurements and following the resulting design process and construction activities. Specific projects that we have selected for monitoring include Miami Norland Senior High School, MAST Academy, Frederick Douglass Elementary, Bunche Park Elementary, Miami Sunset Senior High, and Miami Southridge Senior High. Construction services for these projects have been or will be procured through Construction Manager at-Risk (CMR) contracts with individually set Guaranteed Maximum Prices (GMPs). OIG representatives have monitored the process utilized to qualitatively select the CMR firms, and the resulting bid and negotiations process that establishes the final GMP.

Your eyes and ears are key
Help Us Prevent Fraud and Abuse

On November 6, 2012, Miami-Dade County voters approved a bond referendum to issue \$1.2 billion in general obligation bonds to renovate and construct public school facilities, enhance their safety and security, and provide technological upgrades for all schools. This initiative has been labeled "21st Century Schools."

With the approval of the bond referendum, we need your eyes and ears more than ever! We are relying on you, each with an integral role in this massive \$1.2 billion construction program, to do the right thing and bring your concerns forward. You can become a key component in restoring trust in government by reporting any credible information alleging an act of fraud, waste, corruption, or financial mismanagement. And most importantly, you can report your concerns to the OIG confidentially.

WHO WE ARE AND WHAT WE DO
The Miami-Dade County Office of the Inspector General conducts investigations and audits involving fraud, waste and abuse of government funds.

The Office of the Inspector General (OIG) provides oversight on particular programs, procurement processes, construction projects, contracts, and transactions to determine whether they are financially reasonable, sound, necessary, or operationally deficient. We may also conduct audits and inspections regarding any matter within our jurisdiction. The OIG's jurisdiction extends to the School District and covers the 21st Century Schools Bond Program. This new area of significant oversight involvement by the OIG is in alignment with the School Board's and Superintendent's commitment to transparency.

Here are some examples of allegations that we investigate:

- Inferior materials substitution
- Contractor overbilling and payroll fraud
- Conspiracies and bid rigging
- Kickbacks and bid steering
- Undisclosed conflicts of interest
- Bribery and unlawful compensation
- Theft of materials
- Unlicensed contractors
- Jessica Lunsford Act violations
- Violations of Small Business Program integrity, such as "fronting"
- Contractor non-performance
- Unjustified Change Orders

GENERAL OBLIGATION BOND CAPITAL PROGRAM **21ST CENTURY SCHOOLS**

For architectural and engineering (A/E) services, OIG representatives independently monitor the qualitative process to select the A/E firms and the resulting negotiations that establish the A/E firm's fee. OIG representatives have attended A/E selection meetings for discrete pre-identified construction projects, as well as the establishment

of A/E pools made up of small business enterprises (SBEs) and micro business enterprises (MBEs). Eleven SBE firms were awarded A/E contracts. Each of the eleven firms will receive two to five projects each, for a total of 47 projects. Four MBE firms were awarded A/E contracts. Each received one to two projects, for a total of seven projects.

In addition to the CMR contracts awarded on a per project basis, M-DCPS also utilizes miscellaneous construction contracts (MCCs) to issue work to CMR firms. The MCCs are open-ended continuing contracts that can be used for authorizing individual contract values up to \$2 million. As part of the GOB program, nine SBE construction firms were selected for award of a miscellaneous contract, and seven MBE firms and sixteen non-restricted CMR firms have been commissioned. OIG staff also attended a two-day training involving the State's requirements for educational facilities, a training that was held for the benefit of the small and micro business enterprise community and others to introduce them to the School District's construction requirements.

In addition to monitoring these procurement processes, OIG representatives will select projects for random inspection and payment reviews. The Inspector General also contributes to the GOB Program's commitment to transparency by participating as an ex-officio member of the 21st Century Schools Advisory Board.

INVESTIGATIONS AND AUDITS

MIAMI-DADE OFFICE OF THE INSPECTOR GENERAL

The ILA between the School Board and Miami-Dade County govern the jurisdiction and activities of the OIG. The primary responsibility and authority of the OIG is to make investigations of School Board affairs. The ILA expressly provides that the OIG shall have the authority to review past, present and proposed School Board programs, accounts, records, contracts and transactions. The OIG may, on a random basis, audit, inspect or review any contract. The OIG is also authorized to conduct any reviews, audits, inspections, investigations, or analyses relating to departments, offices, committees, activities, programs and agencies of the School Board. The OIG's jurisdiction extends from contractors and vendors doing business with the School District to District employees and officials. Last, but not least, the OIG is empowered to report our findings to the School Board and the Superintendent, make recommendations, and require reports back to us notifying whether recommendations and other corrective actions have been implemented.

HIGHLIGHTED CASES OF THE YEAR

PLEA AND SENTENCE REACHED IN THEFT OF FUNDS BY SCHOOL TREASURER

In August 2013, the former Miami Edison High School Treasurer, who had been stealing funds from the school's internal funds account for her personal benefit, entered a guilty plea to the charges. She was sentenced by Circuit Judge Stacy Glick to six months of incarceration, followed by two years of house arrest and 30 years of probation with special conditions to pay restitution (\$206,538) and the cost of the investigation (\$47,756). The 88-count indictment was filed in August 2011 in the Circuit Court of the Eleventh Judicial Circuit Miami-Dade County (Case Number F11020266), charging the former treasurer with organized scheme to defraud (1 count), forgery (14 counts), uttering forged documents (14 counts), and official misconduct (59 counts). As a result of this investigation, the OIG made the recommendation that the Provost or a designee be directed to open and review the bank statements before they are given to the treasurer.

PLEA AND RESOLUTION REACHED IN SCHOLARSHIP FRAUD COMMITTED BY M-DCPS ADMINISTRATOR TO OBTAIN MACKAY SCHOLARSHIP BENEFITS

In October 2013, the former instructional Supervisor of Psychological Services for the North Regional Center accepted a plea to close a case filed against her in 2010. The plea stipulated that the former administrator participate in a pre-trial intervention program (PTI) for a minimum of one

year and prohibits employment in any capacity with the Miami-Dade County Public Schools or from serving as a consultant to any Miami-Dade County Public school student or potential student during her term in the PTI program. This concluded the investigation that began in June 2009, when the OIG received a complaint that an M-DCPS administrator and her husband committed fraud by falsely enrolling their child at an M-DCPS school for only a limited time for the sole purpose of being counted as a public school student. This was done in an attempt to qualify for scholarship funds. Additionally, they used their positions within the school district to have certain processes—that would normally take months—expedited, and they subverted other application processes to facilitate their child’s qualification for the McKay Scholarship Program and subsequent enrollment in American Heritage Private School.



ADMINISTRATIVE ACTION UPHELD IN FREE LUNCH SCHEME

At the School Board meeting of February 12, 2014, the School Board upheld the termination against a teacher (DOAH Case 12-3972) suspending her without pay and dismissing her from further employment with the School Board. This investigation was initiated when an anonymous complaint was received that a high school teacher was fraudulently receiving free or reduced meal benefits for her three children. The family’s

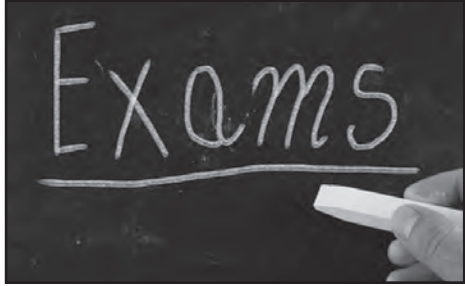
income was too high to qualify for such benefits. The OIG investigated and sustained the allegations. Our investigation revealed that her three children received free lunch benefits and other benefits for the 2009-2010 school year and were approved for reduced lunch benefits for the 2010-2011 year based upon misstated household income information on applications.

SCHOOL TOUR AGENCY COMPLICIT IN VENDOR MISREPRESENTATION

In September 2013, the OIG received a complaint from the M-DCPS Procurement Department regarding a suspicious new vendor application. The new vendor sought to provide travel agent and tour coordination services to students wishing to take tours, including college tours. It was suspected that the new applicant was operating as a front for a previously suspended vendor. During the course of the investigation, shortly after being questioned by OIG Special Agents, the new vendor withdrew its application. The OIG’s investigative findings were furnished to the Procurement Department in June 2014.




CHEATING ON INDUSTRY CERTIFICATION EXAMS



In May 2012, the SB OIG received a complaint alleging that the certification exam Proctor at Miami Norland Sr. High (Norland) was allowing students to cheat on the Adobe Photoshop and Dreamweaver Industry Certification exams. The OIG conducted an investigation and substantiated the allegations. The investigation revealed that the lead technology teacher at Norland, appointed as the Certification Exam Proctor (Proctor), provided students with actual test questions with highlighted answers during the certification exams. The Proctor, in the presence of an assisting teacher, also allowed students to use classroom study guides during the exam.

As a result of this investigation, the Proctor was suspended without pay pending termination. On appeal, the administrative judge concluded that the Proctor's conduct constituted misconduct in office, and on that basis, just cause existed to suspend him without pay and terminate his employment as a teacher. On August 24, 2014, in lieu of termination, the Proctor tendered his resignation. In November 2013, the School Board suspended the assisting teacher without pay for 30 workdays.

MAJORETTES SPONSOR MISHANDLES FUNDS COLLECTED FROM STUDENTS



The OIG received a complaint alleging that between 10 and 15 students in the majorette program at American Senior High School each paid \$1,018 for uniforms and equipment that they did not receive. Specifically, the complaint alleged that the sponsor improperly collected funds for a school sponsored activity, deposited improperly collected funds into her personal bank account, and failed to issue official school receipts—in violation of School Board Policies. The OIG substantiated the allegations and also confirmed that contrary to School Board policy, checks and money orders were made payable directly to the sponsor and were never turned in to the school treasurer for deposit. The OIG investigation also revealed that the majorette sponsor failed to follow school board procurement procedures and failed to pay Florida sales tax. Additionally, the OIG found some of the majorettes affected by the sponsor's failure to follow School Board rules had already graduated without receiving all of their uniforms and equipment. In June 2014, the OIG issued a report to the School Board that recommended the Principal prohibit the majorette sponsor from handling any monies for any school sponsored activity and to take steps to ensure that all financially-related policies and procedures are followed by the successor. The OIG has requested a follow-up status report from the Principal in mid-October 2014.

AUDIT OF MISCELLANEOUS CONSTRUCTION CONTRACTS (MCCs)

M-DCPS has a pool of pre-qualified construction manager at-risk (CMR) firms contracted on a continuous basis to provide pre-construction and construction management services for miscellaneous renovation, remodeling and new construction projects. These CMR firms provide these services



according to Miscellaneous Construction Contracts (MCCs) awarded to them by the School Board. Such services include design review, value engineering analysis, establishment of a guaranteed construction price, construction activities, and project close-out. MCCs are the prevalent acquisition method to task and complete construction work for M-DCPS. CMR firms are

commissioned for a period of up to four years with extensions that can be exercised at the option of the School Board.

The OIG initiated an audit of projects completed under the MCC Program by CMR firms that were commissioned in 2007 through 2011. A total of 10 CMR firms worked on approximately 200 construction and renovation projects with individual contract values of up to \$1 million. Collectively, \$71.9 million of construction work was issued to these 10 CMR firms during the 4-year period. The objective of the audit is to evaluate M-DCPS administration of the MCC projects with a focus on project assignment, utilization, and supervision. The audit will also evaluate whether the MCC program promotes a competitive, transparent and accountable process. The audit is in its final stage and a report will be issued in fiscal year 2014-15. This audit is a precursor to the OIG's oversight activities of the General Obligation Bond Program for 21st Century Schools.

FOLLOW-UP AUDIT VERIFIES SIGNIFICANT SAVINGS

In June 2014, the OIG completed a follow-up audit involving the M-DCPS workers' compensation (WC) program. In November 2009, the OIG issued an extensive audit report of the M-DCPS WC program.



Several of the audit's findings involved pharmaceuticals, specifically the lack of a process to direct injured workers to the approved pharmaceutical benefits program, and the third-party administrator's inability to manage service providers and deter them from issuing prescriptions in the form of repackaged drugs. The dispensing of repackaged drugs directly by medical service providers (doctors) instead of through the pharmacy benefits program was significantly more expensive—often costing two or three times more.

The OIG's 2009 audit contained eight recommendations related to the District's pharmaceutical benefits program. The objectives of the

follow-up audit were to assess whether M-DCPS had implemented the recommendations made in our 2009 report related to the program's pharmacy component, and to assess the adherence of the third-party administrator to the current contract requirements regarding the pharmaceutical benefits manager.

Our follow-up shows that all eight recommendations have been or are in process of being implemented under the direction of the M-DCPS Risk and Benefits Officer. During the course of our audit we reviewed the procedures to make pharmaceuticals available to injured workers and reviewed 30 WC files with various dates of injury during the current contract period. The 30 injured workers reviewed obtained over 500 prescriptions at a cost to M-DCPS of \$67,994.



In addition, we reviewed over 1,000 WC's adjuster notes and reviewed third-party periodic reviews provided to the M-DCPS Risk and Benefits Officer.

Our audit shows that the third-party administrator is performing in accordance with the contract requirements regarding the pharmaceutical benefits program and that adjusters are encouraging employees to participate in the pharmaceutical benefits program. During the first 18 months of the previous contract, M-DCPS spent \$2.9 million on pharmaceuticals in its WC program compared to \$2.6 million spent on pharmaceuticals during the first 18 months of the current contract. Additional savings will be realized as the result of a change in Florida Statutes imposing price controls on entities repackaging and selling pharmaceuticals, and by proactive steps taken by the Risk and Benefits Officer.

In June 2014, OIG Auditors conducted an exit conference with the Risk and Benefits Officer and key staff members where we provided our comments. First, adjusters should continue to inform injured workers about the pharmaceutical benefits program and this information should be given at the inception of the injury. Second, third-party reviews should verify that dispensed medicines are paid in accordance with statutory limitations, applying recent changes in Florida Statutes. Our review showed positive trends and that performance has improved, as reflected by the reduced costs for pharmaceuticals and increased participation in the M-DCPS pharmaceutical benefits program. Both the OIG and the M-DCPS Risk and Benefits Officer were extremely pleased with the results.

OIG INVESTIGATES CONTRACTOR QUALIFICATIONS

In August 2013, the OIG received a complaint concerning irregularities in the proposed award of an M-DCPS job order contract (JOC). JOCs are open-ended contracts utilized by the Facilities Operations, Maintenance Division that employ pre-established pricing for the various scopes of work that make-up a work order. JOCs are awarded to the firm submitting the lowest weighted bid factor (i.e., an overhead rate). Firms that bid on JOCs or any other type of construction contract must first be pre-qualified by the School District in the field that they are licensed/certified in (plumbing contractor, roofing contractor, or general contractor). Firms must also meet minimum qualifications established in the contract that they are seeking to bid on. JOCs are typically awarded for a contract term of one year with two one-year options to renew, for a total possible contract term of three years. The allegations the OIG received challenged the qualifications of a firm that was poised to be awarded a JOC.



The OIG's investigation involved reviewing over eight years of pre-qualification determinations made by the District. This firm had actually been previously awarded two JOCs (in 2007 and in 2010) and had performed work for the District for a combined contract period of six years. The OIG's investigation, completed in August 2014, uncovered a series of mishaps that allowed this firm to be wrongly awarded two contracts that it was not qualified to receive.

The OIG's final report in this investigation is due to be issued in October 2014 and will contain our complete findings in this matter, as well as responses from the affected parties. The findings from this investigation will serve as a catalyst to strengthen the review process and heighten transparency in the procurement of construction services. The OIG will provide oversight support to the Office of Facilities and the Office of Economic Opportunity as they carry out their mandates to provide fair and equitable contracting opportunities to local contractors.

COLLABORATIVE PARTNERSHIPS



Section 4 of the ILA providing for inspector general services recognizes the importance of forming collaborative and professional relationships with internal and external entities. While independent and external to the units under the administration of the Superintendent and the School Board, the OIG often collaborates with these internal agencies in order to effectively achieve the mutually agreed upon goals of preventing and detecting fraud, waste, financial mismanagement, and other abuses. Working together we can jointly promote accountability, integrity, and efficiency within the School District.



The OIG coordinates with the Office of Management and Compliance Audits, the Office of Professional Standards, the Civilian Investigative Unit, the Office of Civil Rights, and the School Police. Along with these entities, the OIG is a member of the Integrity Council. The Integrity Council is a working group established by the School Board and the Superintendent to align the ethics and accountability functions within the School District. It provides coordinated ethics training and information on how to report wrongdoing.

We also regularly attend the Audit and Budget Advisory Committee meetings and the Ethics Advisory Committee meetings, where we often have occasion to present the findings of our investigations and audits. Attendance at these forums keeps us apprised of the activities of our peer agencies and facilitates opportunities where we can work together.

The OIG has also developed relationships with external entities. Our external partners have included the Federal Bureau of Investigation; the Internal Revenue Service; the U.S. Department of Education (DOE) and the Florida DOE OIG; the Department of Financial Services, Division of Insurance Fraud; the Department of Homeland Security; the Florida Department of Law Enforcement; the Florida Auditor General; the United States Attorney's Office of the Southern District of Florida; the Florida Department of Business and Professional Regulation; and the Miami-Dade State Attorney's Office. These relationships are vital to advancing investigations and ensuring successful case outcomes.

We recognize that we are not alone. Preventing fraud, waste and abuse is a common goal and a shared responsibility. Working together, we can continue to raise the bar, achieving new heights, and ensuring confidence and integrity in our public school system.



RESULTS



Through FY 2013-14, the audits and investigations performed by the SB OIG 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 the acceptance of recommended protocol aimed at increasing transparency in public contracting, the implementation of practices to improve record keeping, and improved controls to enforce adherence to basic internal controls in accounting practices. The SB OIG will continue its review and evaluation of proposals, contracts and programs on such criteria as cost and quality control, time management program and project management, performance standards, subcontracting assignments, contract compliance, and safety issues.

Through the ILA, the SB Office is bringing to the School Board experience, oversight, independence and professionalism. Providing these services through an ILA makes for an innovative way for the community at large to better achieve aggressive oversight in the most efficient and cost effective manner.



PRIMARY NUMBERS

1

2

3



4th largest school district in the USA

M-DCPS Budget for 2014-15	\$4,000,000,000
\$ Paid Out to M-DCPS Vendors	\$496,000,000
SB OIG Budget for 2014-15	\$789,028
# of Students	371,344
# of Employees	44,432
# of Vendors	3,700
# of Public Schools	343
# of Charter Schools	128

INDEPENDENT WATCHDOG

1

Prevent Fraud, Waste and Abuse at Miami-Dade County Public Schools



ENGINEERS **WIRING** **INTEGRITY** **QUALIFICATIONS**
BLUEPRINT **ENVIRONMENT** **21st** **CONTRACT** **SECURITY** **PLUMBERS** **FOUNDATION**
SURVEYORS **ENVIRONMENT** **21st** **CONTRACT** **SECURITY** **PAINTERS** **DRYWALL**
ENVIRONMENT **ENVIRONMENT** **21st** **CONTRACT** **SECURITY** **INVOICES** **FRAMING**
UPGRADES **DESIGN** **CENTURY** **CONTRACT** **SECURITY** **SCHOOLS** **PERMITS**
\$1.2 **BIDS** **BILLION** **CONTRACTOR** **TECHNOLOGY** **RULES** **SITE** **CHANGE ORDER**
GENERAL **HARDHAT** **OBLIGATION** **PLUMBERS** **ARCHITECTS** **A/C**
QUANTITIES **SCOPE** **BOND** **REGULATIONS** **ELECTRICIAN**
RENOVATION **ROOFER** **BOND** **ELECTRICIAN**

