

Miami-Dade County  
Office of the Inspector General

# Annual Report 2015-2016



Detecting, investigating and preventing fraud, waste, mismanagement, and abuse of power within the school district





## A Message from the Inspector General

I am pleased to present the Office of the Inspector General's (OIG) 2015-2016 Annual Report. Our mission is to add value to the School District through independent oversight. On October 5th, the School Board voted unanimously to renew the Interlocal Agreement with the Board of County Commissioners, authorizing the OIG to continue providing inspector general services to the School District. This marks the third renewal.

Our relationship with the District dates back to 2007. I believe it has been a very good one, in part, because of the language the School Board put in the agreement. It states: "The organization and administration of the School Board Office of the Inspector General (SB OIG) shall be sufficiently independent to assure that no interference or influence external to the SB OIG adversely affects the independence and objectivity of the Inspector General." Those are not just empty words. That statement solidifies our credibility with our stakeholders. The School Board and the Administration have recognized the importance of external and independent oversight. That is commendable. Not every organization invites that type of oversight.

Our work entails many partnerships and I would like to thank the Office of Management and Compliance Audits, the School Police, the Office of Professional Standards and the Office of Civil Rights. At times our work overlaps and it is essential that we have collaborative partnerships to ensure efficiency in our work.

We look forward to another three years as the School Board's Office of Inspector General.

Sincerely,

A handwritten signature in blue ink that reads "Mary T. Cagle". The signature is fluid and cursive, written over a white background.

Mary T. Cagle  
Inspector General

# TABLE OF CONTENTS

What We Do.....	2
The OIG Executive Team.....	2
About The Office.....	3
Meet The SB OIG Team.....	3
SB OIG Budget and Staffing Levels.....	4
Professional Development.....	4
Complaint Intake and Processing .....	5
The Many Ways to Report Fraud .....	5
Investigative Highlights .....	6
• Charter School Dual Enrollment at an Unapproved Postsecondary School in Violation of Florida Statutes.....	7
• Baseball Recruiting in Violation of Florida High School Athletic Association.....	8
• Violation of Class Size Mandate.....	9
Updates of Prior Cases.....	9
• Post Arrest of Principal of North Miami Adult Education Center .....	9
• The Value Adjustment Board Review .....	11
• Follow-up in Prior OIG Audit Recommendations Pertaining to the Administration of Miscellaneous Continuing Contracts Awarded to Construction Management At-Risk Firms .....	12
Contract Oversight and Audits, General Obligation Bond Inspector General - GO BIG! .....	13
Disparity Study.....	14
Results.....	16
A Look at our Primary Numbers.....	17

## WHAT WE DO

The Miami-Dade County Office of the Inspector General (OIG) serves the School Board by detecting, investigating and preventing fraud, waste, mismanagement, and abuse of power within the School District. An Interlocal Agreement (ILA) between the School Board of Miami-Dade County and Miami-Dade County authorizes the operations 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. The SB OIG is a central point in promoting accountability, integrity and efficiency through its efforts in conducting investigations, audits, and oversight activities involving School District employees, contractors, projects, and programs.

The School Board's and the Superintendent's responses to the OIG have been very positive, and renewal of the ILA was unanimously approved by the School Board for another three-year term at the Board meeting of October 5, 2016. The ILA has been forwarded to the Board of County Commissioners for its approval.

Under the terms of the ILA between the School Board and the County, the SB OIG is required to submit an annual report covering its activities for the preceding fiscal year. Our report provides information on SB OIG activities during the fiscal year of July 1, 2015 through June 30, 2016.

## THE OIG EXECUTIVE TEAM

The SB OIG is led by an executive team with expertise in management, auditing, contract oversight, 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 for use on a reimbursable basis to offer guidance and assistance to Miami-Dade County Public Schools (M-DCPS).



*Inspector General Mary T. Cagle,  
Assistant Inspector General for Investigations Felix Jimenez,  
General Counsel Patra Liu*

## ABOUT THE OFFICE

The Miami-Dade County Public Schools OIG is located on the third floor of the Annex Building of the School Board Administrative Complex, 1501 NE Second Avenue, Suite 343, Miami, Florida.

The SB OIG became operational in January 2008, and is allocated an annual budget to fund its operations. The Office is now comprised of five full-time School District employees. Four members of this team have extensive law enforcement backgrounds, and the fifth team member has thirty years of administrative experience with the School District.



*Supervisory Special Agent Tom Knigge, Special Agent Archie Moore,  
Special Agent Larry Riley, Administrative Assistant Angela Evans*

## THE NEWEST MEMBER OF THE SB OIG



This year, the SB OIG welcomed a new member to its School Board team. Special Agent Francisco Trujillo has had a distinguished career in law enforcement, starting with the Miami-Dade Police Department (MDPD). He spent thirty-one years with MDPD; eight of those years assigned to the Professional Compliance Bureau's Criminal Conspiracy Unit, which is tasked with investigating police criminal misconduct. In this position, he conducted many interviews of witnesses, suspects and arrestees, and numerous surveillances. Mr. Trujillo was involved in the preparation and execution of hundreds of search warrants, and directed and participated in oral intercept orders and counter-measure operations. Mr. Trujillo additionally directed multi-agency investigations, participated in the prosecutorial preparation of cases and testified in many criminal cases, at times as an expert witness in money laundering cases. His experience is highlighted in the landmark U.S. Supreme Court Case, *Florida v. Jimeno*, which overturned the lower courts' decision to exclude illicit drugs discovered during a search and seizure he performed. He last served as a Major in the Miami Gardens Police Department and was instrumental in the formation of its Internal Affairs Unit and the overall development of the newly formed police department. His knowledge and experience will be an asset to the SB OIG and should contribute greatly to the service provided to M-DCPS.

## **SB OIG BUDGET AND STAFFING LEVELS**

The 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 School District budget. The total budget includes funds to compensate the County for its expenses, funding for contracted School District employees assigned to the OIG and operating expenses (including office supplies, equipment and furnishings).

The SB OIG's approved budget for FY 2016-2017 is \$785,408, which covers operating needs and staffing. This includes \$169,050 dedicated under the sub-account Other Purchased Services for reimbursement to Miami-Dade County for staffing services provided to the School District under the terms and conditions of the ILA.

The SB OIG operates under the direction of one supervisor, and currently has three full-time special agents and one administrative assistant. All SB OIG are contracted managerial exempt personnel and serve at the will of the Inspector General.

In recognition of the increased amount of cases, the office will be increasing the staffing level by one Special Agent, all within our established budget parameters.

## **PROFESSIONAL DEVELOPMENT**



SB OIG staff regularly participates in professional development and field-specific training. SB OIG special agents are active members of the Association of Inspectors General and attend conferences and other training opportunities sponsored by the AIG and Florida Chapter of the AIG. During this school year, management staff attended

various seminars on relevant topics including: fraud, understanding evidence rules and legal elements, social media research and investigation, whistleblower safety and security legislative updates, impact of the underground economy, sponsored by the Association of Fraud Examiners; and, effective auditing of construction sponsored by the Construction Audit and Cost Control Institute. Executive staff maintains certification and keeps abreast of trends by attending the annually sponsored AIG Annual Training Conference.



## COMPLAINT INTAKE AND PROCESSING

In accordance with Section 3(h) of the ILA, the SB OIG is the School District's designee for purposes of receiving Florida Whistleblower's Act disclosures under Florida Statutes, Sections 112.3187-112.31895.

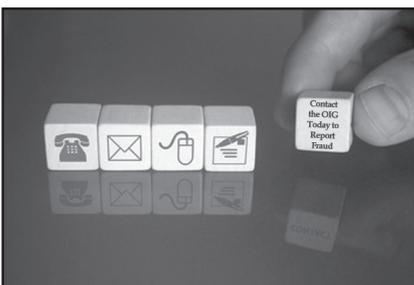
There are several methods that citizens, employees, students, vendors, or contractors can register their concerns about waste, fraud, and abuse. Complaints can be sent by mail, via our website, through the OIG fraud hotline, by facsimile, or reported in person.

During FY 2015-2016, the SB OIG responded to 145 complaints, of which 48 were anonymous.

- 104 received via the OIG website
- 25 received via mail and/or fax
- 10 via the OIG fraud hotline
- 6 made in person

As part of the intake process, all complaints are reviewed for appropriate routing and disposition. Forty-one complaints were referred to M-DCPS staff or the Schools Police Department. Ninety-one complaints were addressed by a preliminary inquiry, or were incorporated into an ongoing investigation or review. Eighteen complaints had no action, as there was insufficient information or the complaint was a duplicate. During the 2015-2016 school year, seven investigations were opened.

## THE MANY WAYS TO REPORT FRAUD



- Miami-Dade Office of the Inspector General  
601 NW 1st Court  
South Tower, 22nd Floor  
Miami, Florida 33136
- On our Hotline: (305) 579-2593
- On-line at: [www.miamidadeig.org](http://www.miamidadeig.org)
- By Fax: (305) 579-2656
- In Person: Annex Building of the School Board Administrative Complex  
1501 NE Second Avenue, Suite 343  
Miami, Florida 33132



## INVESTIGATIVE HIGHLIGHTS

OIG special agents investigate a variety of criminal and non-criminal allegations. Our investigative findings and recommendations, which are aimed at improving operations and procedures, are then shared with the School Board, the Superintendent, and district staff. Preliminary investigations can

be conducted on a variety of allegations. The following are some of our highlighted investigations and findings.

During the 2015-2016 school year, the SB OIG conducted preliminary inquiries on allegations originating from school sites on the following issues:

- The collection of funds for team/sports activities where the accounting and receipting procedures were incomplete or non-existent
- Inadequate provisions for exceptional student education post Individualized Education Plan
- Principal falsifying school's teacher roster
- Manipulation of the school budget
- Nepotism
- Use of extra period teaching supplement to benefit friends or family
- Verification of vendor credentials
- Favoritism in the selection process of subcontractors during bid opening process
- Subcontractor's failure to disclose outside employment
- Failure to adhere to the terms and conditions of personal leave of absence to engage in personal business

In addition to conducting internal preliminary inquiries, the SB OIG has developed a process to refer certain complaints to the M-DCPS Administration for research and resolution. The administration reports their results back to the SB OIG for our assessment. Last fiscal year, the SB OIG forwarded 41 complaints to the School District. This is the third year where, with the support of School Operations, the SB OIG implemented a referral process with the Region Offices. As incoming complaints are screened, those deemed to be most suitably handled by the district are forwarded to the corresponding Region Office for review and response. The OIG is pleased with the prompt responses from the Region Offices.

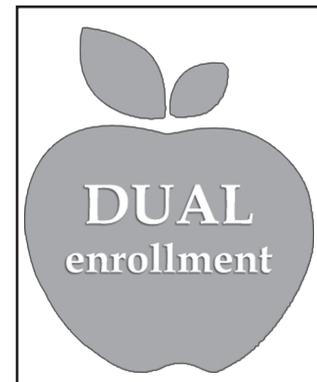
When responses are received, the SB OIG evaluates the School District's response and may close the complaint, return it to the School District for additional action or initiate an investigation into the matter.

The SB OIG is appreciative of the time and information provided by the management team of School Operations, Payroll, Office of Management and Compliance Audits, Regional Offices, Office of Charter School Compliance and Support, Office of Federal and State Compliance, and the Office of Advanced Academics Programs.

## **FEATURED CASES**

### **Charter School Dual Enrollment at an Unapproved Postsecondary School in Violation of Florida Statutes**

The OIG initiated an investigation based on information received from the M-DCPS Charter School Support Office. The information received alleged that Mater Academy Charter High School, Mater Performing Arts and Entertainment Academy Charter High School, Pinecrest Preparatory Academy Charter High School and Mater Academy Lakes Charter High School (Mater Lakes), had students taking dual enrollment courses at a non-State approved postsecondary school, in violation of Florida Statutes.



The investigation revealed that the aforementioned schools intentionally used the school code of Miami Dade College and Florida Keys Community College in the Integrated Student Information System (ISIS) for students who were, in fact, enrolled in dual enrollment classes at Florida National University (FNU), a non-approved postsecondary school.

All of the referenced charter schools, with the exception of Mater Lakes, withdrew their students from ISIS once the SB OIG and M-DCPS had notified the schools of the violation. Mater Lakes top administrators, principal and vice-principal, however, ignored the SB OIG's repeated warnings that they were violating Florida law by having their students enrolled in dual enrollment courses using the school code of Miami Dade College (MDC) when, in fact, they were taking postsecondary courses at FNU during the 2013 fall semester. Mater Lakes additionally enrolled its students in ISIS using the school code of MDC for students attending FNU during the 2013-2014 spring semester. These students were removed from ISIS after the SB OIG met with the principal and vice principal of Mater Lakes in February 2014. However, Mater Lakes did not remove the students from ISIS for the 2013 fall semester, as requested by the SB OIG and M-DCPS. Instead, they

entered the students' final grades in ISIS using the Miami Dade College school code for courses taken as dual enrollment at FNU. This resulted in Mater Lakes students receiving credit for 111 dual enrollment courses towards graduation for courses taken at FNU a "for profit" institution unauthorized by Florida Statutes to participate in the dual enrollment program. Florida Statutes only authorizes dual enrollment for "not for profit" colleges and universities.

As a result of this investigation, the SB OIG stopped the five Charter Schools from continuing to miscode the courses taken at FNU using the school code of Miami Dade College and Florida Keys Community College, and had them remove the students' dual enrollment credits and grades from ISIS.

### **Baseball Recruiting in Violation of Florida High School Athletic Association**

The SB OIG initiated an investigation based on an anonymous complaint alleging that a former M-DCPS baseball coach was recruiting baseball players from Mexico and Puerto Rico to play baseball for the Miami Springs Senior High School (Miami Springs) Varsity Baseball Team.

The SB OIG substantiated the allegations that the former M-DCPS baseball coach had in fact recruited foreign athletes, in violation of the Florida High School Athletic Association (FHSAA) rules and bylaws, to play baseball for M-DCPS. All four students—two athletes from Mexico and two athletes from Puerto Rico—were living full time with the former coach in a rented house in Virginia Gardens. The investigation also revealed the involvement of the head coach (at the time) for the Miami Springs Varsity Baseball Team, and the head coach for the Miami Southridge Senior High School (Southridge) Varsity Baseball Team, in the events surrounding these four student athletes. The four student athletes eventually came to reside at a house located in Virginia Gardens, and all four attended



Miami Springs. Three of the four student athletes (two from Puerto Rico and one from Mexico) played on the Miami Springs Varsity Baseball Team.

The investigation also uncovered that in 1999 the FHSAA found this former M-DCPS baseball coach guilty of similar recruiting violations for having foreign athletes he coached living with him during his employment at Miami Senior High School. The former baseball coach acknowledged during the SB OIG interview that he had been "sponsoring" baseball athletes to play for M-DCPS senior high schools since 1983. He estimated that he had recruited 14 athletes over the years, including the four athletes in question in this complaint.

The SB OIG investigation revealed that the head baseball coach for Miami Springs (who, as of August 1, 2015, is no longer an M-DCPS employee) had also signed the rental lease agreement for the Virginia Garden House where all four student athletes were living for free, in violation of FHSAA rules.

During the investigation, the SB OIG discovered that the head baseball coach for Southridge was actually involved in the recruitment of the two Puerto Rican athletes, having met in Puerto Rico with the baseball players' parents, as well as an individual who runs a baseball school in Puerto Rico, regarding their attendance at Southridge to play baseball. He was also the one that made arrangements for the baseball players to reside with the former M-DCPS coach when their original housing arrangements fell through.



As a result of this investigation, the head baseball coach was removed from coaching at Southridge for the school year 2016-2017. As of this annual report, the case is still pending in the Office of Professional Standards.

## **UPDATES OF PRIOR CASES**

### **North Miami Adult Education Center Criminal Conduct**

This investigation was reported in last year's Annual Report 2014-2015. The defendant, former principal of North Miami Adult Education Center (NMAEC), was arrested last year and is still awaiting trial.

In the summer of 2014, the SB OIG began an investigation concerning alleged wrongdoing by the principal at NMAEC. The allegations span a variety of hiring and employment fraud schemes, including: "pay-to-play" arrangements, ghost employees and no-show employees on the payroll. Employees were required to "kick back" a part of their salary to the principal, and perform non-school related work at the principal's home or for his

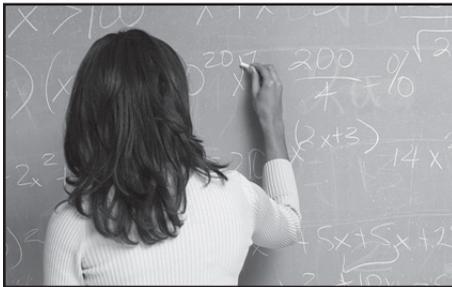


outside private business. The SB OIG, with the collaborative effort of the City of Miami Police Department, the State Attorney's Public Corruption Task Force, and the Miami-Dade Schools Police Department (MDSPD), gathered intelligence and initiated an undercover operation. During the undercover operation, the defendant accepted from the undercover officer \$1000 in cash in exchange for his employment. Thereafter, the undercover officer was officially placed on the School District's payroll as an NMAEC Community Schools Activity Leader III. Forty hours were submitted on behalf of the undercover officer for the two-week pay period of September 4 through September 17, 2015, even though

he did not work nor did he show up for work. Subsequently, the undercover officer agreed to kick back half of his paycheck to the defendant. After this exchange of funds, the defendant was arrested and charged with Unlawful Compensation, Official Misconduct, and Grand Theft.

Subsequent to this arrest, the SB OIG has been involved in extensive investigation. Part of this extensive investigation, includes serving a search warrant at NMAEC for records, documents, computers, specified cellular and other communication devices, as well as numerous post arrest interviews of witnesses, and suspects. The OIG continues its investigation to uncover the full extent of this fraudulent activity.

### **Violation of Class-Size Mandate Florida's Class Size Reduction Amendment of 2002**



In 2015, the SB OIG released a report substantiating allegations that the Math Coach at Madie Ives Elementary School was listed as the teacher of record for students that she did not actually teach in order to make it appear that class size requirements were being met. The Math Coach and the Vice Principal were suspended without pay, and the Principal retired from her position in lieu of disciplinary action.

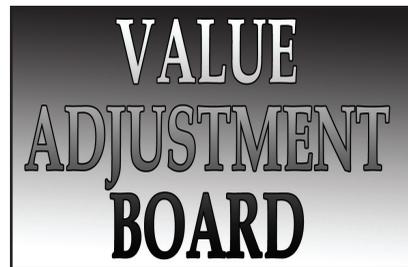
As a result of this report and disciplinary actions taken by the Office of Professional Standards, in the beginning of the 2015-2016 school year, following October FTE Survey Week, the OIG received 55 complaints from classroom teachers, employed throughout the school district, that they were being forced to accommodate extra students in their classrooms thereby exceeding the class size maximum requirements, in violation of Florida Statutes and the Florida Constitution. After a review of these complaints, the SB OIG held discussions with the School District's executive staff to explore a global solution to resolving these issues.

As outcome of this collaboration, School Operations developed an action plan with newly-created accountability measures. These measures, which have been implemented in the 2016-2017 School Year, include compulsory teacher roster verification twice a year; require principals and registrars/data input specialists to attend technical assistance conferences to review schedules and correct anomalies; and lastly, through a collaborative share point site, the School District will generate a report of schools with noted exceptions, which will be available to the Region Offices for follow-up actions and corrections. The OIG will monitor these remedies and the reports to ensure that class size issues have been appropriately addressed.

## **THE VALUE ADJUSTMENT BOARD REVIEW continued...**

The OIG reviewed the Value Adjustment Board (VAB) in response to concerns raised by Miami-Dade County Public Schools Superintendent. The Superintendent's concerns arose from continuous delays in the VAB appeal process resulting in late certification of the tax rolls, consequently, delaying revenue to the School District. The School District's funding model is such that local property tax assessments make up approximately 50% of the School District's budget through what is termed the Required Local Effort funding. The Miami-Dade County School District suffered from a two-year lag in recouping funds as a result of the VAB's delays in hearing appeals and subsequent delay in certification of the tax rolls.

In September 2015, the OIG issued its final report regarding VAB. The final report contained sixteen recommendations resulting from our review of the processes and procedures of the Clerk of Courts (COC) and the processes and procedures of the Property Appraisal's Office (PAO) with respect to property valuation hearings and appeals.



On March 29, 2016, the OIG reported back to the M-DCPS and provided an update as to the COC and the PAO implementation of the recommendations the OIG made in its final report regarding the VAB. After receiving COC's and PAO's status reports and meeting with their administrators and the VAB attorneys, the OIG is pleased that twelve of the sixteen recommendations the OIG made were fully adopted. Some of the significant changes, amongst others, include:

1. A new intake system that ensures petitions are complete and petitions filed by unlicensed tax agents are signed or accompanied by the taxpayer's written authorization.
2. The VAB computer system has been modified to accept and differentiate non-licensed agents with a special agent number sequence.
3. The PAO has strengthened its policy requiring staff to sufficiently document the analysis undertaken in arriving at settlements.
4. Finally, the VAB appeals staff has been increased by reallocating staff and hiring new employees.

The PAO, COC and the VAB will continue working together to evaluate staffing formula in order to allocate the appropriate personnel to meet its needs for timely hearings. The POC, COC and the VAB will continue working together, developing and implementing a plan for timely completion of VAB hearings.

The OIG is confident that the actions implemented thus far will go a long way to ensuring that, prospectively, the VAB concludes its hearings in a timely manner and allows for timely certification of the tax rolls. Furthermore, the School District was highly successful in getting their legislative package passed in March 2016. The final bill that passed included amendments enacting new procedures pertaining to ad valorem taxation and value adjustment.

The COC has informed the OIG that the 2015 tax rolls have been certified and the 2016 VAB hearings began in October 2016. The COC was also confident that the 2016 VAB hearings would be complete prior to the June 1, 2017, deadline. Any delays past the deadline set by the Florida Legislature would have an adverse impact on the School Board's budget. Once the process is back on schedule, the timely completion of the hearings and certification of the tax rolls is paramount to School District funding.

In a VAB Organizational Meeting on October 27, 2016, among the agenda items discussed, the VAB selected a new counsel, approved the hiring of special magistrates for the 2016 tax year, and accepted the VAB Policies and Procedures Manual. The OIG will continue to monitor the VAB process and seek regular status updates to any outstanding recommendations.

### **FOLLOW-UP OF PRIOR OIG AUDIT RECOMMENDATIONS PERTAINING TO THE ADMINISTRATION OF MISCELLANEOUS CONTINUING CONTRACTS AWARDED TO CONSTRUCTION MANAGEMENT AT-RISK FIRMS**

In August 2015, the OIG issued a final report on its audit of M-DCPS's Administration of Miscellaneous Continuing Contracts Awarded to Construction Management At-Risk Firms. The audit report, which was summarized in last year's annual report, contained one finding and five observations related to M-DCPS project administration and documentation. The finding emanated from incomplete and/or inconsistent M-DCPS records, which precluded timely close-out of completed projects. Twenty-three of forty projects reviewed had not been closed, with one delayed up to 1,706 business days. Unreleased retainage from these completed projects totaled \$135,393. The OIG recommended that M-DCPS take steps necessary to close these 23 projects, and to ensure timely closure of future projects. The OIG made several additional recommendations and requested that the Administration provide us with a status report detailing its progress taken towards our recommendations.

In February 2016, the Administration provided the OIG with its status report indicating how it was addressing the OIG's audit recommendations. The

update reported on the District's progress in closing out the identified 23 projects. The update also stated the Administration's status in revising its construction practices and procedures, specifically addressing a way to streamline project close-out, subcontractor substitution, as well as project procurement and GMP (guaranteed maximum price) negotiation and approval.

Additional follow-up by OIG Auditors on remaining open items resulted in the District providing the OIG with a supplemental status report in September 2016. This report identified additional steps taken by the District on the phasing-out of its legacy computer databases and the enhancement of its current system; the close-out of the remaining projects identified in the audit report, including retainage paid; as well as additional revisions to its procurement procedures.

Overall, the OIG is pleased with the District's acceptance and implementation of our recommendations and we believe that these steps will further enhance M-DCPS construction administration as well as improve transparency and strengthen accountability for the overall construction program.

## **CONTRACT OVERSIGHT**

### **General Obligation Bond Inspector General – GO BIG!**



The SB OIG's GO BIG oversight initiative continued its fourth year of monitoring procurement and construction activities. Initiated in 2013, GO BIG seeks to assist the School District by detecting and preventing fraud, waste and abuse in the 21st Century Schools Capital Improvements Program, funded by the issuance of \$1.2 billion in general obligation bonds. Key to these efforts is the SB OIG's fraud awareness outreach. The SB OIG continues its outreach to professionals in the construction industry by handing out our informational brochures at many of the School District's mandatory pre-bid conferences and other industry events. The brochure outlines how vendors, contractors, and district employees can report their concerns confidentially and directly to the SB OIG.

Another key component to our oversight activities includes monitoring selected procurements and following the resulting design process and construction activities, including the monitoring of the construction activities for the new MAST Academy Senior High and the new Miami Norland Senior High. Current OIG oversight activities include monitoring the number of projects assigned to small business enterprise, monitoring the minority



goals of small businesses, submission of pay applications, and attending construction progress meetings and reviewing meeting minutes; and reviewing project close-out documentation. Some of our 2015-2016 activities included:

- Investigating complaints on conflict of interest, potential bid manipulation, and fronting
- Providing legal input on revisions of A/E and contractor agreements
- Attending Madie Ives Elementary contractor GMP bid opening
- Monitoring MAST Academy Key Biscayne construction minority goals
- Attending project scope and budget approval meetings
- Attending Bond Advisory Committee meetings and Quarterly Chats sponsored by the School District
- Attending and monitor architect and engineering selection and construction management at risk selection process for numerous schools
- Attending the Myrtle Grove K-8 Center Phase II Project trade firm bid opening
- Attending the Cutler Bay Middle School Phase I Project trade firm bid opening

## **DISPARITY STUDY**

In 2013, the School Board commissioned MGT of America, Inc. (MGT Disparity Study) to conduct a disparity study to examine the issue of disparity in school contracts being awarded to minority and women-owned firms. In September 2014, the SB OIG received a complaint alleging that the preliminary draft of the study submitted to the School Board examining the issue reflected a “probable” fraud in the study. The complaint further indicated the study alleged the Board was over-utilizing African-American subcontractors in awarding construction contracts.

The complaint included concerns that the number of African-American subcontractors, alleged by the MGT Disparity Study to have been utilized during fiscal years 2006-2012, substantially exceeded the number of M-DCPS certified African-American subcontractors operating in the market during that time frame. Moreover, the complainant was also concerned about the MGT Disparity Study’s conclusion that the only disparities were against Asian-American and Native American companies as construction subcontractors.

The Board, after its review of the MGT Disparity Study and subsequent review by the Board's Office of Management and Compliance Audits, retained the services of Dr. Thomas Boston of EuQuant Inc., to conduct an analysis of the MGT data and an analysis of African-American subcontracting. As a result of EuQuant's analysis and opinion, the Board amended Board Policy 6320.02 "Small/Micro and Minority/Women-Owned Business Enterprise Programs" (SBE and M/WBE) to include African-American construction subcontractors. The Board also proposed amendments that included the development and implementation of programs providing incentives for bidders to increase diversity in the use of subcontractors consistent with the new Board Policy 6320.06, Diversity, Equity and Inclusion in Business Operations and Practices.

Since receiving this complaint, the SB OIG has been actively involved in monitoring the awarding of contracts. During this period, the SB OIG conducted a preliminary review of the number of contracts that were awarded to African-American subcontractors through the General Obligation Bond Program for years one and two, 2014 and 2015, respectively. The Complainant's concerns were addressed through EuQuant's review of the MGT Disparity Study, and the Board's subsequent changes to Board policies addressing fairness in the selection of minority and women-owned business enterprises. The SB OIG will continue to monitor the School District's SBE and M/WBE programs to ensure fairness in the awarding of construction contracts in accordance with current M-DCPS policies and goals for the awarding of school district contracts.

## **COLLABORATIVE PARTNERSHIPS**



Preventing fraud, waste and abuse continues to be the 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. While independent and external to the units under the

administration of the Superintendent and the School Board, the SB OIG appreciates the importance of the relationship it has developed with the Superintendent, the School Board, and the Office of Management and Compliance Audits, the Office of Professional Standards, the Office of Civil Rights, and the School Police Department, to name a few.

The OIG also continues to maintain its contacts with external entities such as

the Federal Bureau of Investigation; the Internal Revenue Service; the U.S. and the Florida Department of Education OIGs; 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 U.S. 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 are some of the relationships that are vital to advancing investigations and ensuring successful case outcomes.

## RESULTS



The SB OIG provides investigative and audit findings, along with recommendations for consideration, to the members of the School Board, the Superintendent and the district administration. The SB OIG audits and investigations have resulted in over \$2,545,537 in averted losses, projected savings, financial recoveries, and increased revenue for the School District.

It has been and continues to be a privilege to serve the School District over the past seven years.



# A Look at the Primary Numbers



**M-DCPS is the 4th Largest  
School District in the Nation**

<b>M-DCPS Budget for 2016-17</b>	<b>\$5,132,479,756</b>
<b>\$ Paid out to M-DCPS Vendors</b>	<b>\$553,399,260</b>
<b>SB OIG Budget for 2016-17</b>	<b>\$785,408</b>
<b># of Students</b>	<b>356,480</b>
<b># of Employees</b>	<b>38,944</b>
<b># of Vendors</b>	<b>3,190</b>
<b># of Public Schools</b>	<b>339</b>
<b># of Charter Schools</b>	<b>126</b>
<b>INDEPENDENT WATCHDOG</b>	<b>1</b>

Report Fraud, Waste, and Abuse to  
the Office of the Inspector General  
Hotline: (305) 579-2593  
[www.miamidadeig.org](http://www.miamidadeig.org)



601 NW 1<sup>st</sup> Court  
South Tower, 22<sup>nd</sup> Floor  
Miami, Florida 33136  
Phone: (305) 375-1946