



OFFICE OF INTERNAL AUDIT

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April 20, 2020

Mr. Dennis Littky, Co-Director
Nancy Diaz-Bain, Co-Director
The Met Public School
325 Public Street
Providence, RI 02905

Dear Co-Directors Littky & Diaz-Bain:

The Office of Internal Audit (OIA) has completed its audit of the Metropolitan Regional Career and Technical Center (The Met). The audit was conducted in conformance with the Institute of Internal Auditors (IIA) International Standards for the Professional Practice of Internal Auditing and by the authority given to the unit as stated in accordance with the Rhode Island General Laws (RIGL) § 35-7.1-1- Establishment of office of internal audit. The recommendations included herein have been discussed with members of management, and we considered their comments in the preparation of this report.

RIGL §35-7.1-10 (d), entitled *Annual and interim reports*, states that "Within twenty (20) calendar days following the date of issuance of the management response copy of the draft audit report, the head of the department, agency, public body or private entity audited shall respond in writing to each recommendation made in the audit report..." Accordingly, management submitted its response to the audit findings and recommendation on April 16, 2020 and such response is included in this report. Pursuant to this statute, the OIA may contact you within one year following the date of issuance regarding management responses and corrective actions included in this report.

We would like to express our sincere appreciation to the staff of The Met for the cooperation and courtesy extended to the members of our team during the course of this audit.

Respectfully yours,

Dorothy Z. Pascale, CPA, CFF
Chief

cc--- Honorable William J. Conley, Jr., Chairperson, Senate Committee on Finance
Honorable Marvin Abney, Chairperson, House Finance Committee
Internal Audit Advisory Group
Steven Whitney, Senate Fiscal Office
David Tremblay, Senate Fiscal Office
Sharon Reynolds Ferland, House Fiscal Advisor

Audit Executive Summary

Why the Office of Internal Audit Did This Review?

The purpose of this engagement is to determine if the financial management processes and strategic mission initiatives at the Metropolitan Regional Career and Technical Center (The Met) are operating efficiently and effectively in accordance with applicable laws, rules, and regulations.

Background Information

The Met was opened under the direction of Rhode Island Commissioner Peter McWaters. Dennis Littky and Elliot Washor were tasked with designing and implementing a “hands-on” approach to learning. The school opened in the Fall of 1996.

At The Met, every student has an individualized learning plan incorporating learning goals. Parents and mentors are active members of the student’s learning plan team, working with the student’s advisor to develop the best curriculum for that child.

Twenty-three years since its launch, the Met design has been scaled up to become a network of more than 65 schools across 16 states and more than 80 schools internationally.

To Strengthen Controls, the Met School should

- Ensure teacher assistants meet requirements of Rhode Island General Law and RIDE regulations
- Adhere to purchasing policies and procedures
- Improve oversight of donation and student accounts
- Ensure bank reconciliations are prepared accurately and timely
- Execute documented lease agreements with the State

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Introduction

The Metropolitan Regional Career and Technical Center (The Met) is a network of six small, RI public high schools designed to provide an integrated academic and vocational curriculum tailored to the needs of individual students statewide. Met students are empowered to take charge of their learning, to become responsible citizens and life-long learners by participating in internships, individual learning plans, and college transition programs.

The Met is funded through direct general revenue and tuition paid by Local Education Authorities (LEA).¹

Recommendations for Improved Controls and Management Responses

Validate Credentials of Paraprofessionals

The Rhode Island Department of Education (RIDE) defines a “Teacher’s Assistant” (TA) as: someone (no matter the job title) who provides instructional or other direct services related to the school curriculum under the supervision and direction of the classroom teacher or other appropriately certified professional staff.

According to Rhode Island General Law (RIGL) §16-11.2-2 which states in pertinent part:

No person shall be employed as a teacher assistant in any school supported in whole or in part by public funds unless he or she . . . can demonstrate through a formal state or local academic assessment an appropriate level of: (i) knowledge of, and the ability to assist in instructing, reading, writing, and mathematics; or (ii) knowledge of, and the ability to assist in instructing, reading readiness, writing readiness, and mathematics readiness, as appropriate.

RIDE maintains a listing of formally approved training programs which satisfy the TA training requirements. Alternatively, an LEA may perform their own credential review if the *assessments developed at the local level . . . consist of performance assessments documenting teacher assistant skills.*²

The OIA reviewed employment information for all active teachers and noted that two individuals did not have active licenses from RIDE. These uncertified faculty included:

- Student Advisor – Expired August 2017
- Support Professional – No certification on record

¹ A public board of education or other public authority legally constituted within the State for either administrative control or direction of, or to perform a service function for, public elementary or secondary schools in a city, county, township, school district, or other political subdivision of the State, or for a combination of school districts or counties as are recognized in the State as an administrative agency for is public elementary or secondary schools.

² RIGL §16-11.2-2(4)(ii)

The Met was unable to provide documentation that the teachers assistants possessed the requisite skills through a formal training program, or a documented local performance assessment as noted in the above paragraph.

Failure to maintain a staff of licensed educators exposes students to the risk of a substandard education. Further, by failing to comply with the state law, the Met is at risk of losing lose state aid. As noted in RIGL §16-11-1 which states in pertinent part:

In case any city or town shall pay or cause to be paid any of the public money to any person for teaching who did not, at the time of teaching, hold a certificate, then the department of elementary and secondary education shall deduct a sum equal to the amount so paid from the amount of the state's money due, or which may thereafter become due, to the city or town, before giving his or her order in favor of the city or town for any of the public money under the provisions of §§ 16-1-10, 16-1-11, and 16-5-22.

Providing a quality education to the student body is the primary purpose of the Met. Valid teaching certifications provide assurance that teachers and teaching assistants maintain the training and credentials required to instruct students.

Recommendations

1. Require two staff noted in report to perform necessary training to receive certification.
2. Review all teacher assistant requirements to ensure continuous and documented compliance with RIGL §16-11.2-2.

Management Response:

The two staff members identified in this audit report fall under the category of a paraprofessional position. As shared with the internal audit team, RIDE requires that a Paraprofessional or Teacher Assistant meet the following minimum requirements:

Be of good character;

Have a high school diploma or general equivalency diploma;

Completion of a Teacher Assistant Pre-Employment Training Program approved by the RI Department of Education (RIDE). **Three (3) exceptions to this particular qualification:**

Those hired before January 1, 1999

Those with certification as a TA in another state,

Those with an associates degree or bachelors degree AND who have completed coursework or other training consistent with the [teacher assistant program standards](#).

It is a district's decision whether coursework or other training is consistent with the teacher assistant program standards.

Meet one (1) of the following requirements:

Successfully pass the [ParaPro Assessment](#). **OR**

Complete at least 2 years of study at an institution of higher education OR

Obtain an associates or higher degree.

See:

<https://www.ride.ri.gov/TeachersAdministrators/OtherToolsInformation/TeacherAssistants.aspx#1288663-become-a-teacher-assistant>

Both staff members identified have met and continue to meet the requirements as outlined above, specifically those emphasized by RIDE, and indicated in bold font above. Support was provided in the form of college transcripts/diplomas for these two individuals verifying that they both had completed and graduated from an accredited institution of higher education with a bachelor's degree. Such evidence supports the specific requirements as follows:

Have a high school diploma or general equivalency diploma - Paraprofessionals that have enrolled at, attended or graduated from accredited institutions of higher education could have not done so without a high school diploma or GED. Therefore, evidence of college transcripts/diplomas verifying completion of a bachelor's degree satisfies this requirement.

Completion of a Teacher Assistant Pre-Employment Training Program approved by the RI Department of Education (RIDE) – One of the three allowed exceptions to this particular qualification is that “[t]hose with an associate’s degree (sic) or bachelor’s degree (sic) AND who have completed coursework or other training consistent with the teacher assistant program standards.” Paraprofessionals that have graduated from accredited institutions of higher education therefore satisfy the allowed exception to this requirement.

As for “coursework or other training consistent with the teacher assistant program standards[,]” it is further stated that “[i]t is a district's decision whether coursework or other training is consistent with the teacher assistant program standards.” The Met school has determined locally that paraprofessionals meet this requirements and/or provide routine professional development to assure that all paraprofessionals meet and maintain adherence to this requirement.

During and after the audit, the Met was never asked to provide evidence of the latter. The only documents requested at any time by the auditors was proof of post-secondary education.

Meet one (1) of the following requirements: Successfully pass the ParaPro Assessment OR Complete at least 2 years of study at an institution of higher education OR Obtain an associates or higher degree – As stated in this requirement, only one of these requirements must be met. Paraprofessionals that have graduated from accredited institutions of higher education therefore satisfy this requirement.

It also must be clarified that the facts cited by the auditors in this report are inaccurate. The reference and recommendations regarding certifications are incorrect given that the Rhode Island Department of Education does not provide any sort of certification for a paraprofessional or teacher assistant role. In fact, at the “Becoming a Teacher Assistant” section of this Teacher Assistant/Paraprofessional guidance page, RIDE states: “The RI Department of Education ***does not certify individual teacher assistants***, but sets minimum qualifications that school districts must follow in hiring TAs. Applicants should always check with the district(s) where they want to apply to learn about their specific employment

requirements.” (emphasis added). Therefore, the notion that these two staff members lack the appropriate certification is misplaced in this analysis and not pertinent to the subject.

It should also be clarified that language referenced in this audit report regarding penalty for failure to comply with state law regarding licensed educators is not pertinent as well given the above. This language is specific to staff in a direct teaching role who have not met, obtained or maintained proper licensure, i.e. certification, per RIDE. Again, given that the Rhode Island Department of Education does not provide any sort of certification for a paraprofessional or teacher assistant role, reference to this provision of the statute is misplaced and irrelevant.

Responsible Party:

The Metropolitan Regional Career and Technical Center

Anticipated Completion Date:

Not applicable given that The Met is already in compliance with this requirement.

Auditor Comment to Management Response:

The OIA does not contend that paraprofessionals require licensing. The report states that we reviewed “all active teachers” and noted that there were individuals without documentation of active licenses. The paraprofessionals identified were maintained on a listing of active teachers provided by the MET and were subsequently identified as paraprofessionals. The Met did not provide documentation to substantiate the completion of required training as noted above.

The excerpt related to RIGL §16-11-1 in this report is paraphrased but the specific language related to applicability is provided below:

*No person shall be employed to teach, as principal **or assistant** [emphasis added], in any school supported wholly or in part by public money unless the person shall have a certificate of qualification issued by **or under the authority** [emphasis added] of the board of regents for elementary and secondary education. Provided, however, that any person who is employed as a part time speech and language pathologist at the Rhode Island School for the Deaf, for a period of not less than ten (10) years prior to July 11, 1990, shall not be required to have a certificate of qualification, and shall be exempt from the provisions of this section which require the certificate. In case any city or town shall pay or cause to be paid any of the public money to any person for teaching who did not, at the time of teaching, hold a certificate, then the department of elementary and secondary education shall deduct a sum equal to the amount so paid from the amount of the state's money due, or which may thereafter become due, to the city or town, before giving his or her order in favor of the city or town for any of the public money under the provisions of §§ 16-1-10, 16-1-11, and 16-5-22.*

While RIDE does not formally issue licenses to Para-Professionals, their employment is subject to minimum standards dictated by RIDE and therefore their qualifications are certified “under the authority” of the board of regents. RIDE delegates the responsibility to validate para-professional credentials to the employing LEA; districts are granted the latitude to increase standards in their community, but they must adhere to the minimum RIDE requirements. The applicability and determination of penalties provided under this specific law is the responsibility of RIDE. However, it is

the opinion of the OIA that the Met is at risk for non-compliance with standards related to qualifications of paraprofessionals as discussed above.

Furthermore, the representation of the citation for paraprofessional standards exemptions by the Met is incomplete. The specific language referenced exempts:

*Those with an associate's degree or bachelor's degree **AND** who have completed coursework or other training consistent with the teacher assistant program standards.
[emphasis added]*

In their response, the Met states "Paraprofessionals that have graduated from accredited institutions of higher education therefore satisfy the allowed exception to this requirement." This response addressed only the first part of the citation but does not address the need to verify the coursework and training received therein are consistent with teacher's assistant program standards.

Below is an excerpt from an email dated Wednesday, October 9, 2019 in which OIA specifically request the evidence of TA training program or minimum designated college coursework compliant with RIDE guidance.

- **Teachers certificates**

- We currently have an outstanding question pending with RIDE legal. If they confirm that your interpretation of the regulations regarding "para-professionals" is correct, then we will remove the issue from the report once you provide documentation that the individuals comply with the para-professional regulations. Specifically:
 - Evidence of completion of a TA Training Program
 - Evidence of Para-pro Assessment or minimum designated college coursework

In response to the above note email excerpt, the Met provided a transcript for a bachelor's degree in "English" for one individual and a photocopy of a bachelor's degree diploma in "General Studies" for the other. The Met did not identify how the college work complies with minimum teaching standards and did not provide evidence of any formal training program which meets RIDE standards. Until such documentation is provided, the OIA will continue to track this as an outstanding management corrective action.

[Improve Competitive Bidding for Goods and Services](#)

RIGL establishes a formal procurement process designed to foster effective competition. Although the Met is not a state agency, the State provides approximately \$9 million dollars in annual funding. As such, The Met follows state law related to purchasing and has adopted procurement policies that align with the State of Rhode Island Division of Purchases rules and regulations.

The Met Policy states that "All purchases over \$5,000 are subject to the public competitive bidding process." A competitive environment is considered to exist when two or more items or offers can be compared to determine relative merit. Additionally, the Met purchasing policy states that a minimum of three bid quotes shall be obtained on all purchases exceeding \$500. In order to comply with the

competitive bidding process, the Business Manager and requesting department creates bid specifications that are made available to the public via the Met website and local advertisements.

The OIA selected a judgmental sample of 25 purchases during State fiscal year 2018.

- Three of the 25 purchases (12%) did not have the required number of quotes
- Five of these purchases were greater than \$5,000
 - 4 out of the 5 tested had one offer

Documentation was not provided to indicate the quotes were solicited. The OIA was unable to determine if the Met procurement activities foster effective competition as stated in RIGL §37-2-3(2)(f).

Recommendations:

3. Improve bid solicitation and advertisement to foster effective competition and obtain optimal value for expended funds.
4. Ensure that competitive quotes are obtained for all purchases exceeding \$500 in adherence to purchasing policy.

Management Responses:

The matter of procurement is something that is much discussed lately given a recent report regarding a local Rhode Island school district whose staff, faculty and students were without paper due to procurement policies that prevented said district from procuring a pallet of paper which cost in excess of \$5,000 in a timely manner given multiple controls, signatures and competitive bidding processes required.

It is of extreme importance to The Met, the State of Rhode Island and the Rhode Island taxpayers that state funding be used in the most efficient and effective manner possible and that controls are applied and adhered to to prevent mismanagement of said funds. However, when such processes inhibits a school from providing an adequate education for students because of the inability to timely acquire school supplies, then such controls may be too restrictive.

In a review of other states threshold amounts which contracts and services must be competed through a sealed-bid process, threshold amounts ranged widely but with the majority of states having thresholds well above \$5,000 such as Illinois at \$25,000, Texas at \$50,000, Nevada at \$100,000. The federal threshold is \$100,000.

As for our neighbor Massachusetts, the procurement of supplies and services in excess of \$10,000 require three written or oral quotes and procurements in excess of \$35,000 requiring public competitive sealed bids or proposals.

According to RIGL §37-2-22, Rhode Island’s procurement threshold for construction is \$10,000 and for all other purchases, \$5,000.

The Met currently takes part in joint competitive bidding with the Rhode Island Department of Education and other school districts in the state. Most school supplies procured are obtained through W. B. Mason which was awarded a state contract through a competitive bidding process. The Met also relies on state master price agreement to procure goods and services. For capital projects at The Met managed by the

Rhode Island Department of Education, related building construction contracts are bid and procured directly by the Rhode Island Division of Purchases.

Locally, the Met solicits competitive public bid opportunities through its website, <http://www.themethighschool.org/bidspecs>, the Providence Journal and its website <https://www.providencejournal.com/>, as well as through direct solicitation to vendors.

Rhode Island state procurement laws also allow for emergency purchases and sole source purchases.

For all other such procurements that occur locally, we will be recommending to our Board of Trustees at their January 9, 2020 meeting a revision to our procurement policy that for all procurements less than the \$5,000 limit as imposed by RIGL §37-2-22, The Met will continue to rely on and give priority to existing and upcoming competitive contracts such as W. B. Mason, state master price agreements, etc. and use sound business practices in all other such instances. Furthermore, the policy will emphasize the competitive bidding be required for purchases exceeding the amount provided by RIGL § 37-2-22.

Responsible Party:

The Metropolitan Regional Career and Technical Center

Anticipated Completion Date:

March 31, 2020

Improve Oversight of Fundraising Disbursements

The Met performs various fundraising events to raise money for student activities and general education. It maintains a bank account containing two classifications of funds: student accounts, and donations. Custody of these funds is maintained by the Met management and recorded in the school accounting system on behalf of students, as is standard practice in most school districts.

The Student Account Policy states that requests for the issuance of checks from this account are required to be submitted to the Business Office for approval. However, there is no approved list of allowable and unallowable expenses for these funds. Without such listing, advisors and students could purchase items which do not adhere to the purpose of the funds.

The bank reconciliations reviewed included expenses for restaurants, coffee shops, bakeries, food stores, etc. from the donation fund. Management stated that the Met incurred these expenses to support staff appreciation, food for staff meetings and professional development, snacks for visitors, gift cards for staff, etc. While these types of purchases are not explicitly forbidden, the standard intent of fundraising proceeds is to support student activities, not general operations.

The OIA reviewed ten of these cash disbursements and found that two disbursements were made without supporting documentation; as a result, we could not determine if the expenses had a legitimate business purpose. Donated funds may be misused in the absence of detailed policies.

Recommendations

5. Ensure adequate supporting documentation is collected and approved for all disbursements from student funds.

6. Develop and implement a policy which details allowable and unallowable expenses for student funds.

Management Responses

In regards to The Met's responses on these matters, we have detailed each matter separately as follows;

1. Ensure adequate supporting documentation is collected and approved for all disbursements from student funds. – As stated in the report, The Met collects money from students and holds it on behalf of students to support their specific education programs. Students may be collecting money to support their own community outreach/fundraising activity, their student-run business, their senior thesis project (STP), or some other education program-related activity. Instead of going to a bank and opening their own bank account, students have the ability to place their money on deposit into a holding account with The Met. All such activity is monitored by the students advisor (teacher) and it is required that the advisor sign off on all activity to ensure that it is in line with the intended purpose. This is the process that has been followed by The Met. The Met is in the process of hiring a part-time bookkeeper position to manage the student accounts who along with the Business Manager will ensure that all documentation is properly approved by the student's advisor.
2. Develop and implement a policy which details allowable and unallowable expenses for student funds. – Given the vast array of possible uses of student funds pursuant to The Met's unique education programs, The Met can reflect in policy its current practice of a student's advisor approving all student activity to ensure that it is in line with the intended purpose. Unallowable expenses will include those expenses that do not align with the education purpose and have not been properly approved.

As for the statement in this report regarding expenses for restaurants, coffee shops, bakeries, food stores, etc., these are expenses paid for by non-restricted donations received by The Met from its related, support organization, Big Picture Learning. As shared with the auditors, Big Picture Learning donated these funds to The Met not to support student activities or even general operations rather they are to support activities that could not otherwise be procured with taxpayer funds and that support The Met staff and its community.

One of the many successes to the Met's model is the inclusive and appreciative environment that it creates amongst the community, not just with Met staff and students but their families and our neighbors. Their tie and involvement with The Met is one of the greatest reasons for our continued success. Sometimes, it is the simplest gestures or showing of appreciation that aids in this. Whether it be buying flowers for a staff family member who has passed, or buying a Stop & Shop gift card for a student's parent who cannot afford groceries, or taking a staff member out to lunch that is having a hard time in their personal life, it is these acts that have proven beneficial and that could not otherwise be supported with general fund operating dollars.

Instead, Big Picture Learning raises and disburses these funds to The Met to "provide opportunities that could not otherwise be afforded due to limited budgets or expense restrictions that prevent schools from supporting staff and student initiatives and incentives in individualized and unique ways." This is

language directly from the Big Picture website, and is part of Big Picture’s mission. It is clear that The Met receives and utilizes these funds consistent with the intent of its donor, Big Picture.

The Met will continue to utilize these funds for their intended purpose; however, should there be any concerns about the matter, The Met will request Big Picture Learning to forgo such donations to The Met and instead retain these funds under their care and have Big Picture directly procure such items or reimburse individuals for their personal expenditures directly.

Responsible Party

The Metropolitan Regional Career and Technical Center

Anticipated Completion Date

1. March 31, 2020
2. March 31, 2020

Improve Reconciliation Procedures

Reconciliation is the process of comparing transactions and activity to supporting documentation. Reconciliation is an important internal control as it provides retrospective oversight of cash expenditures. However, for it to be effective it must be performed timely and accurately so that discrepancies can be resolved appropriately.

Best practices for reconciliations include the following:

- Compare transactions to supporting documentation to provide assurance that transactions are valid and are correct in purpose.
- Ensure that transactions have been properly authorized.
- Establish expectations for timeliness of error correction.

The OIA reviewed a sample of six bank reconciliations for fiscal year 2018 and found the following deficiencies:

- Bank reconciliations were not prepared within 30 days of the bank statement;
- Two September 2017 deposits in transit totaling \$ 1,290 for the student account remained unresolved as of March 2019
- Two general fund checks, each greater than \$5,000, were signed by one individual in violation of the Business and Fiscal Controls policy
- Disputed bank charges totaling \$14,800 on November 2017 bank reconciliation remained unresolved as of the date of our audit procedures³
- Outstanding checks dated as far back as 2015 were not escheated to the General Treasurer in accordance with RIGL §33-21.1-17
- Fundraising bank account reconciliations were not signed by the preparer or approved by the accounting supervisor

³ The OIA confirmed that these disputed charges were appropriately refunded prior to the issuance of this report.

The reconciliation process ensures the accuracy and validity of financial information and provides risk mitigation that unauthorized transactional changes have not occurred.

Recommendations

7. Establish clear expectations for reconciliation process and provide training to staff with bank reconciliation responsibilities to ensure they possess knowledge and skills to:
 - Timely and accurately complete month-end reconciliations,
 - Investigate and resolve discrepancies and reconciling items.
8. Implement procedures for management review and attestation of completed reconciliations.
9. Develop written policies and procedures to comply with RIGL governing unclaimed property.

Management Responses:

In regards to The Met's responses on these matters, we have detailed each matter separately as follows:

1. Bank reconciliations were not prepared within 30 days of the bank statement – All general fund bank reconciliations are prepared and completed by the 15th day of the proceeding month unless the 15th falls on a weekend, holiday or school closure. We have found no evidence nor have we been provided with any support for the allegation that general fund reconciliations have been prepared in excess of 30 days. As for the non-taxpayer student holding account, the Met will ensure that reconciliations are performed in a timely manner. The Met is in the process of hiring a part-time bookkeeper position to manage the student accounts who along with the Business Manager will ensure that these are completed timely.
2. Two September 2017 deposits in transit totaling \$ 1,290 for the student account remained unresolved as of March 2019 – The two deposits were erroneous as they had already been posted prior and therefore were double postings. These recordings have since been corrected.
3. Two general fund checks, each greater than \$5,000, were signed by one individual in violation of the Business and Fiscal Controls policy. – This matter was identified by our third party financial audit firm in our FY2018 audit. The Met has already instituted additional controls to ensure all checks in excess of \$5,000 receive two signatures. The Met's Accounts Payable Manager and the Business Manager are both responsible for ensuring prior to check issuance.
4. Disputed bank charges totaling \$14,800 on November 2017 bank reconciliation remained unresolved as of the date of our audit procedures⁴ - As stated in the footnote to this report, these disputed charges were appropriately refunded prior to the issuance of this report. The delay is due to our credit card company's investigation and paperwork processing of the disputed charges. This matter is outside the control of The Met as it is the credit card company which must satisfy their investigation requirements before providing a refund.
5. Outstanding checks dated as far back as 2015 were not escheated to the General Treasurer in accordance with RIGL §33-21.1-17 – All general fund checks have been properly escheated to the General Treasurer as The Met does so on an annual basis. However, checks issued from the non-taxpayer student holding accounts have not been escheated as stated in this report. The Met is in the process of hiring a part-time bookkeeper position to manage the student accounts who along with the Business Manager will ensure that these are completed annually.
6. Fundraising bank account reconciliations were not signed by the preparer or approved by the accounting supervisor. - All general fund bank reconciliations are properly signed by the preparer

⁴ The OIA confirmed that these disputed charges were appropriately refunded prior to the issuance of this report.

or approved by the accounting supervisor. However, reconciliations for the non-taxpayer student holding accounts were not signed by the preparer or approved by the accounting supervisor as stated in this report. Reconciliations were however signed off by the Business Manager. For the non-taxpayer student holding accounts, The Met is in the process of hiring a part-time bookkeeper position to manage the student accounts who along with the Business Manager ensure that these reconciliations are completed and signed off on as appropriate.

Responsible Party:

The Metropolitan Regional Career and Technical Center

Anticipated Completion Date:

1. March 31, 2020
2. Already completed as of the date of this report.
3. Already completed as of the end of fiscal year 2018.
4. N/A – Outside of The Met’s control.
5. March 31, 2020
6. March 31, 2020

[Improve Procedures for Rental Agreements](#)

A rental contract defines the agreed-upon terms between a landlord and tenant during the business relationship. It is a legal document with critical business details such as the duration of tenant occupancy, rights and obligations of each party, fees, and all other terms and conditions imposed by the landlord or tenant.

The Met is an independent legal entity separate and distinct from the State; however, it is a component unit of the State of Rhode Island financial report because it receives direct funding from the State of Rhode Island through an annual budgetary appropriation. In addition to the annual financial resources received from the State, the Met also operates rent free at state-owned facilities. Met staff and students occupy eight state-owned buildings in Providence and Newport. Although there is an understanding that the Met is permitted to occupy the property, there is currently no documented agreement in place between the two parties.

Standard practice for third party occupants of state-owned properties is for documented lease agreements to be maintained by the Division of Capital Asset Maintenance and Management (DCAMM). These agreements contain standard language related to property insurance requirements, limitations of liability, and prohibitions regarding subrogation of claims. DCAMM has not identified the properties utilized by the Met as third-party occupied and, therefore, has not executed documented lease agreements.

Without documented lease agreements, the State is exposed to legal risk and liability from the Met use of properties.

Recommendation - DCAMM:

10. Perform a comprehensive analysis of state-owned buildings occupied by the Met and execute formal lease agreements.

Management Response: DCAMM has responsibility for most buildings occupied by State agencies. The Schools and Colleges are typically not within our direct purview. We are exploring solutions for such properties as part of our Real Estate Governance Council (R.E.G.C) which meets monthly. The R.E.G.C was scheduled to meet the week of 3/16; however, that meeting was cancelled as a result of the COVID19 crisis. We have recorded this as a property that needs to be added to the discussion when we do reconvene.

Responsible Party: Sagree Sharma, Chief of Staff

Anticipated Completion Date: October 2020

Recommendation - MET:

11. Work cooperatively with DCAMM to execute a lease agreement which details rights and responsibilities of utilizing state-owned real property.

Management Response:

The state-owned buildings that the Metropolitan Regional Career and Technical Center occupy were specifically constructed for The Met School. In fact, such language was approved by the voters of the State of Rhode Island as the matter and the financing for these buildings went to the voters as a bond referendum in 1994 (see attached). This is evidence that these buildings exist solely to accommodate The Met. The state does not merely permit The Met to occupy these buildings and this property, it is a mandate from the citizenry and the voters.

As for the safeguards, limitations of risk and liability, and other protections that are established within a lease agreement, we too see the value in such an agreements. However, given that the Met is likely not the only independent legal entity separate and distinct from the State but a component unit of the State of Rhode Island without such a lease agreement, , we would be amendable to partaking in a larger group discussion about the matter with all such similar entities before finalizing a lease.

Responsible Party:

State of Rhode Island

Anticipated Completion Date:

Unknown

Objective and Scope

The Office of Internal Audits (“OIA”) conducted a limited scope audit of the Metropolitan Regional Career and Technical Center. The audit focused primarily on financial controls over purchasing, cash management, and asset maintenance as well as compliance with RIDE education and certification regulations. All financial and compliance activity reviewed took place during fiscal year 2018.

Methodology

As part of our audit work, we gained an understanding of the fiscal and compliance operations of the Metropolitan Regional Career and Technical Center. To address our audit objective, we performed the following:

- Interviewed personnel, including financial and administrative staff;
- Researched Rhode Island General Laws and agency rules and regulations;
- Tested controls over teacher certifications;
- Tested a sample of purchasing transactions for compliance with Met policy;
- Tested a sample of LEA tuition payments;
- Reviewed and analyzed disputes between Met and LEAs;
- Tested a sample of rental transactions;
- Reviewed the student activity funds;
- Tested bank reconciliations;
- Reviewed policies and procedures;
- Reviewed facility asset insurance and maintenance plans.