

**MINUTES OF THE SCHOOL BOARD AUDIT COMMITTEE
OF MIAMI-DADE COUNTY PUBLIC SCHOOLS
DECEMBER 5, 2006**

The School Board Audit Committee met on Tuesday, December 5, 2006 at 12:30 p.m. in the School Board Administration Building, Room 916, at 1450 N.E. Second Avenue, Miami, Florida.

Members Present:

Voting:

Mr. Jeffrey B. Shapiro, Chair
Mr. Carlos M. Trueba, Vice Chair
Ms. Perla Tabares Hantman, Board Member
Ms. Betty Amos
Mr. Manuel A. Gonzalez
Mr. Robert W. Schomber
Mr. Nick Tootle
Mr. Vidal Marino Velis

Non-Voting:

Mr. Allen M. Vann

Members Absent:

Mr. Willie Kemp
Ms. Lidia Monzon-Aguirre
Mr. Robert Stein

Call to Order

Mr. Jeffrey B. Shapiro, Chair called the meeting to order at 12:39 p.m.

Introductions

Mr. Shapiro greeted everyone and asked them to introduce themselves, and they did. The following persons were present:

Ms. Perla Tabares Hantman, Board Member
Dr. Marta Perez, Board Member
Ms. Ana Rivas-Logan, Board Member
Ms. Ofelia San Pedro, Deputy Superintendent
Ms. Carolyn Spaht, Chief of Staff
Mr. Alberto Carvalho, Associate Superintendent
Ms. Bruce Ball, Assistant Superintendent
Ms. Maria Teresa Rojas, Asst. Superintendent
Ms. JulieAnn Rico, School Board Attorney
Mr. Luis Garcia, Sr. Assistant Board Attorney
Ms. Connie Pou, Controller
Ms. Daisy Naya, Asst. Controller

Mr. Jerold Blumstein, Adm. Asst. to Dr. Karp
Ms. Ana Lara, Adm. Asst. to Ms. Hantman
Ms. Denise Izquierdo, Asst. to Dr. Karp
Ms. Vivian Lissabet, Adm. Asst. to
Ms. Rivas-Logan
Ms. Dalia Rosales, Adm. Asst. to Dr. Perez
Mr. Carlos Saladrigas, Adm. Asst. to Mr. Barrera
Mr. George Nuñez, Regional Supt., Region III
Ms. Neyda Navarro, Regional Supt., Region VI
Mr. Felipe Noguera, Chief Communications
Ms. Rose Diamond, Chief Facilities Officer
Mr. Jaime Torrens, Inspections Officer

Minutes of the School Board Audit Committee

December 5, 2006

Page 2 of 11

Mr. Jose Montes de Oca, Asst. Chief Auditor
Dr. Elizabeth Alves, Administrative Director
Ms. Cynthia Gracia, Administrative Director
Ms. Maria T. Gonzalez, District Director
Mr. Leo Fernandez, District Director
Ms. Bertha Valcarcel, Part-time
Mr. Antonio Martinez, District Director
Mr. Julio Miranda, District Director
Mr. Trevor Williams, District Director
Ms. Roxana Vega, Executive Director
Mr. Orlando Alonso, Director
Ms. Maggie Bethancourt, Director
Dr. Steve Gallon, III, Director
Mr. Ivo Gomez, Director
Mr. Jon Goodman, Director
Mr. Will Gordillo, Director
Mr. Jerry Klein, Director
Mr. Nelson Perez, Director
Ms. Mary Lee Snipes, Director
Ms. Jeanethe D. Thompson, Director
Ms. Vivian Villaamil, Director
Ms. Geneva Woodard, Director
Ms. Ellen Wright, Director
Mr. Robert Kalinsky, Director, Region III
Ms. Janice Cruse-Sanchez, Director, Region VI
Mr. John Labonia, WLRN
Ms. Winifred Jones, Supervisor
Ms. Karen Echols, Friends of WLRN, CFO
Ms. Cecilia Lavina, Supervisor
Mr. Norberto Ferradaz, Audit Supervisor
Ms. Teresita Rodriguez, Audit Supervisor
Mr. Dario Rosendo, Audit Supervisor
Mr. Lawrence Rubio, EDP Audit Supervisor
Ms. Tamara Wain, Director
Ms. Dulce Castro, Coordinator
Ms. Nelly Fuentes-Lacayo, Audit Coordinator

Mr. Michael Hernandez, Audit Coordinator
Ms. Veretas Fernandes, Staff Auditor II
Ms. Tenaye Arneson, Staff Auditor
Ms. Maite Jimenez, Staff Auditor
Ms. Cynthia Johnson, FTE Support Specialist
Ms. Betsy Nadal, FTE Support Specialist
Ms. Glendys Valls, FTE Support Specialist
Ms. Jeannie P. Vilato, FTE Support Specialist
Ms. Lourdes Amaya, Administrative Aide
Ms. Alysia Marsh, Administrative Secretary
Ms. Elsa Berrios-Montijo, Rec. Secretary
Mr. Anthony Brunson, Sharpton, Brunson Co.
Mr. Rudy Larrimore, Sharpton, Brunson Co.
Mr. Michael Patillo, Ernst & Young
Ms. Claudia Dixon, Ernst & Young
Ms. Cynthia Borders Byrd, C Borders-Byrd
Ms. Ana Martinez, Academica, CFO
Mr. George Kofkoulis, Archimedean Academy
Mr. Willy Someillan, Achieve Through Education
Ms. Ana Someillan, Adult Mankind Organization
Ms. Irene Farinas, Adult Mankind Organization
Mr. Raul A. Martinez, Aspira, President
Ms. Aymet Chaples, Aspira, Vice President
Mr. George Cabrera, Director
Ms. Manuel A. Valdes, Aspira, Accountant
Mr. Fernando Lopez, Aspira M. de Hostos, Prin.
Ms. Miream Sierra, Aspira, Chair Bd. of Directors
Ms. Iliana D. Pena, Aspira, Youth head Ch. Prin.
Ms. Juliet King, Coral Reef Montessori
Ms. Alexandra Mirabal, Coral Reef Montessori
Mr. Michael Roegge, Dade Marine Inst., Director
Ms. Jennifer Morgan, Dade Marine Inst., Mgr.
Mr. Miguel Torres, Outreach, Principal
Ms. Vickie G. Burley, Sandor Weiner, So. & No.
Mr. Michael Messer, Sandor Weiner, So. & No.
Mr. Frank Gaitan, Sandor Weiner, So & No.
Mr. Dan Ricker, Watchdog Reporter
Ms. Tania de Luzuriaga, Herald Reporter
Ms. Susan Kairalla, Director of Volunteer Svs,

1. Approval of the Minutes of the Special Audit Committee meeting of November 15, 2006

Ms. Amos pointed out that the minutes reflected that Mr. Trueba chaired the meeting, when in fact Mr. Shapiro did; She asked that the minutes be so amended.

Mr. Shapiro referred to pages 9 through 15 and asked if the respective parties of Mater Charter Schools have been notified of the special audit committee meeting in January where they would be asked to make presentations. Mr. Vann responded that he has met with one of their representatives and went over the list of items the Audit Committee expects to receive from them at the January 2007 meeting.

Ms. Rivas Logan inquired about the Mater Academy package that was promised to the Audit Committee from the school's administration, as discussed at the November 15th meeting and asked whether it has been received. Mr. Vann answered that no package has been received.

Ms. Hantman inquired if Mater Academy was notified in writing of these follow ups. Mr. Vann responded that he provided Mater Academy's administration a copy of the transmittal letter that was sent to the School Board, which contains the follow up items.

Mr. Shapiro requested that a copy of the minutes be provided to the representatives of Mater Academy, so that there be no questions as to what is expected from them. Mr. Vann promised to send them a copy of the minutes.

There was no further discussion and a motion was made by Ms. Amos, seconded by Mr. Trueba, which carried unanimously, to approve the Minutes of the Special Audit Committee of November 15, 2006, as amended.

2. Comprehensive Annual Financial Report (CAFR) for Fiscal Year Ended June 30, 2006

Ms. San Pedro made a suggestion to have Mr. Patillo introduce the Management Letter and Ms. San Pedro and Ms. Pou will entertain any questions on the CAFR. Mr. Shapiro agreed with the suggestion to have items #2 and #3 discussed together. A motion was made by Mr. Schomber, seconded by Ms. Amos, which carried unanimously, to discuss items #2 and #3 together.

Mr. Patillo made a presentation from his 2006 Audit Results Report. He summarized the audit results of the basic financial statements, and spoke about the scope of the engagement, and key observations and findings from the audit procedures to date. He noted that the report also contains the required communication to the Audit Committee by *Government Auditing Standards*. He expressed an unqualified opinion for the financial statements. He referred to page 2, which is the scope of the audit and noted that from the bullets listed all have been completed except the two that deal with the Circular OMB 133 audit. He noted that these are in the process and the fieldwork should be completed soon and will be presented in the following month. He commented that the scope of the single audit has nine major programs significantly double from the previous year. He referred to page 3, and highlighted the areas that differ from the planning meeting that was conducted in June. He noted that with the FEMA reimbursement process there was a lot of time spent understanding the accounting issues, and familiarization with management's interaction with Federal Emergency Management Agency Officials. He also noted that he is satisfied with the master

equipment lease presentation and accounting.

Mr. Patillo spoke about the unadjusted differences for each opinion, with the Annual Financial Report, and he concurs with management, that the financial statements continue to be fairly presented and noted that there is no independence impairment issues resulting from other audit work. Specifically, information systems penetration tests on the internet/intranet, which are permissible under the government auditing standards.

Mr. Patillo expressed concern with a future liability within the GASB 45. He noted that it includes post employment healthcare in which standards will be established for the measurement, recognition, and display of the expense and expenditures and related liabilities. He noted that implementation will be necessary in the 2008 fiscal year. He mentioned that M-DCPS has some derivatives that are not reflected on the balance sheet. He noted that with the revised GASB derivative instruments that are government involved will be required to be included in the report.

Mr. Patillo spoke briefly about the management letter and briefly mentioned that prior year recommendations are being addressed and implementation will be done. In conclusion, Mr. Patillo thanked management, Ms. Pou and staff.

Dr. Perez inquired about the implementation plan of the GASB 45 liability. Ms. San Pedro responded that an action plan has already been implemented and will be provided to the Audit Committee and School Board at their meeting in March 2007.

Ms. Hantman inquired about the reduction in attendance for the M-DCPS, caused by the increase in Charter Schools and asked how attendance is calculated. Ms. San Pedro responded that the total attendance includes charter schools and M-DCPS together. In addition, she noted that the charter school attendance is also calculated separately because 95% of the revenues are due to the charter schools. She also noted that the charter school enrollment has increased and the M-DCPS enrollment has declined.

Ms. Hantman referred to page 10, inquired about the \$129 million increase in local revenues. Ms. San Pedro explained the taxpayers are bearing a larger burden in financing education, which is likely unfair.

Dr. Perez referred to page V, of the CAFR, where it states, "the largest number of students for succeeding the Advance Placement Exam" she asked if that number are Hispanic students. Ms. San Pedro answered that those students are minority students.

Dr. Perez also asked if the FEMA reimbursements have been received. Ms. San Pedro answered that some FEMA reimbursements have been received, but not all.

Ms. Hantman referring to page 16, asked about the best method used for borrowing: COP's or Bonds. Ms. San Pedro explained that while bonds have decreased and COP's increased, M-DCPS' credit rating has been excellent using COP's. She noted that while bonds are generally less expensive they require approval by the electorate.

Ms. Rivas Logan commented about information she obtained at the Florida School Board Association Conference. She noted that there was reportedly a critical decrease in the growth of students statewide compared to previous years. She also expressed concern that the increase of value of property from which we have seen revenue growth will likely evaporate next year.

Ms. Hantman referred to page 2, from the Management Letter Report, inquired if post employment benefit liability reporting in the financial statement would affect the M-DCPS credit rating. Mr. Patillo gave some examples, but he stated that he could not guess an amount or give a straight answer on the rating question; he believes he is not the appropriate person to answer those questions.

Ms. Amos commended the auditors and management.

There was no further discussion and a motion was made by Ms. Amos, seconded by Mr. Trueba, which carried unanimously, to recommend that the Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2006, be received and filed by the School Board.

3. Management Letter for Fiscal Year Ended June 30, 2006

This item was discussed in conjunction with item 2, the Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2006

4. Annual Financial Statement, Educational Impact Fee Fund for Fiscal Year Ended June 30, 2006

Ms. Cynthia Borders-Byrd summarized the report and noted several instances where substantial progress was evident in spending the impact fees for their intended purpose. She also noted that the audit had no findings and delivered the required communication to the Audit Committee.

Mr. Trueba asked what would be an ideal fund balance. Mr. Vann responded that ideally it should be zero, which will mean all funds have been used. Ms. Borders-Byrd added that according to the agreement with Miami Dade County, there is a six year requirement to spend dollars on a first in first out basis.

There was no further discussion and a motion was made by Ms. Amos, seconded by Mr. Trueba, which carried unanimously, to recommend that the Annual Financial Statement, Educational Impact Fee Fund for Fiscal Year Ended June 30, 2006, be received and filed by the School Board.

5. Audit of the WLRN Television and Radio Station for Fiscal Year Ended June 30, 2006

Mr. Brunson provided an additional handout that capsulated the scope and result of the requirements for conducting the TV and Radio Stations audits, as well as the direct support organizations audits that were addressed later. Mr. Brunson gave a summary of each report and noted that there were no material weaknesses or reportable conditions and also noted that each contained an unqualified opinion. There were some questions posed by Audit Committee and School Board members that were satisfactorily addressed by Mr. Brunson.

There was no further discussion and a motion was made by Ms. Monzon-Aguirre, seconded by Mr. Trueba, which carried unanimously, to recommend that the Audit of the WLRN Television and Radio Station for Fiscal Year Ended June 30, 2006 be received and filed by the School Board.

6. Audit of the Magnet Education Choice Association, Inc. (MECA) for Fiscal Year Ended June 30, 2006

7. Audit of the Dade Schools Athletic Foundation, Inc. for Fiscal Year Ended June 30, 2006

8. Audit of the Miami-Dade Coalition Community Education, Inc. for Fiscal Year Ended June 30, 2006

Mr. Brunson gave a brief summary of these audits, which are direct-support organizations, and noted that all reports had an unqualified opinion.

There was no discussion and a motion was made by Mr. Trueba, seconded by Ms. Amos, which carried unanimously, to recommend that the Audits of the Magnet Education Choice Association, Inc. (MECA), Dade Schools Athletic Foundation, Inc., Miami-Dade Coalition Community Education, Inc. for Fiscal Year Ended June 30, 2006 be received and filed by the School Board.

9. Review of Charter School Financial Statements

Mr. Williams introduced the charter schools item and explained that fifteen schools were scheduled for the Audit Committee's review; however, those which are associated with management company Academia, were postponed for review at the special audit committee meeting of January 10th, which will deal with schools that are clients of Academica.

Archimedean Academy

Mr. Williams explained that the reasons why this school was brought back to the Audit Committee were that the response was not submitted on time and a large amount of expenses (\$350,000) was not properly explained. He also pointed out that shortly before the Audit Committee meeting he received a copy of an executed note between the school and Academia addressing the matter of the management fees. He noted that the response received was satisfactory.

Academy of Arts and Minds Charter High School

Mr. Williams explained that he was generally satisfied with the response; however, he expressed concerns about the property taxes issue and suggested that the Board Attorney's Office review this issue further. Ms. Rico recognized the issue and agreed to review it.

Aspira Eugenio Maria de Hostos, Aspira North, Aspira South

Mr. Williams said that he had concerns on three issues: (1) financial statements showed no assets; (2) the lease terms and conditions; and (3) the internal control findings on food service accounting. He noted that the responses received, however, were satisfactory.

Coral Reef Montessori Academy Charter School

Mr. Williams said he had concerns with the net assets of the school and the issues of nepotism and conflict of interest. He noted that on the net assets issue, an adopted budget was provided and the numbers looked reasonable. However, the responses submitted for the issues of nepotism and conflict of interest were not satisfactory and the Audit Committee should seek further explanation.

Ms. King, Co-Director, referred to article 4 and noted that it should be sufficient. Mr. Williams said the bylaws speak to members of the Board, not the administration. He noted that the policy needs to be strengthened. Mr. Trueba pointed out that it is a positive piece to institute a conflict of interest in the bylaws. Mr. Williams suggested that the school adopt a rule similar to the Conflict of Interest Rule that is used by M-DCPS.

Florida International Academy, Inc.

Mr. Williams said that satisfactory responses were obtained from the school to the three concerns communicated by Office of Management and Compliance Audits: (1) increase in administrative expenses; (2) whether fees were included in revenues reported in the financial statements as community services revenues; and (3) management fees.

Ms. Amos referring to the management fees, noted that in the minutes provided by the school there was no dollar amount identified and suggested that the minutes be more complete and reflect fees. Mr. Williams responded that appropriate action had been taken.

Sandor Wiener School of Opportunity, North and South

Mr. Williams told the Audit Committee that the issues with this school were the decrease in the net asset and administrative expenses exceeding the budgeted amounts. He explained that according to the response provided by the school, which he found reasonable, the decrease in the net asset was due to the split of the school into two and the net asset decreased accordingly. Also, administrative expenses exceeded the budgeted amounts because they were budgeted incorrectly.

Mr. Trueba referred to page 17 in the North School report and pointed out a mathematical error in the budgeted amount.

There was no further discussion and a motion was made by Mr. Trueba, seconded by Ms. Amos, which carried unanimously, to recommend that the audit reports of the nine charter schools for the fiscal year ended June 30, 2006 listed above be received and filed by the School Board.

10. Review of Community Based Organization (CBO) Financial Statements ended 03/31/06

Mr. Williams introduced the reports of *Dade Marine Institute, Inc.* and *Recapturing the Vision International, Inc.* and noted that the financial statements were satisfactory. Ms. Amos referred to page 2 of the Dade Marine Institute, Inc. report and expressed concern about the amount due from AMI having increased drastically. Mr. Roggy explained the increase.

There was no further discussion, and a motion was made by Mr. Schomber, seconded by Ms. Amos, which carried unanimously, to recommend that the Financial Statements of Dade Marine Institute, Inc. and Recapturing the Vision International, Inc. For the Fiscal Year Ended 03/31/06 be received and filed by the School Board.

11. Office of Management and Compliance Audits' Activity Report

Mr. Vann welcomed back Ms. Gonzalez from an injury she suffered that had kept her away from the office for several months. He prefaced the activity report by noting that the school audits are nevertheless ahead of schedule. He announced that intra and internet penetration tests that are being conducted by Ernst & Young and explained that the purpose of these tests is to attempt to get into the school's system database from remote locations, as well as from school sites, and so far Ernst & Young has not been successful. He also mentioned that he received information from the IT Department that Universal Services a Federal Agency conducted audits of E-rate program and found it satisfactory.

Mr. Vann announced that Mr. Rubio, an IT Auditor in OMCA, received a promotion and will be working in the Budget Office. Mr. Vann thanked Mr. Rubio for his many years of dedicated service and wished him success in his new endeavors. He also announced the hiring of two new auditors, Ms. Arneson and Ms. Jimenez and welcomed them aboard. Mr. Shapiro thanked and congratulated Mr. Vann and his staff for all the accomplishments.

There was no action required, since this item was presented to the Audit Committee for information purposes only.

12. Audit of District Fleet Utilization Practices

Mr. Williams noted that this report was tabled at the September 6, 2006, Audit Committee meeting in order for District management to provide more comprehensive strategies to address the internal auditors' findings and recommendations. Consequently the revised report contains new and extensive revisions to the responses.

Mr. Shapiro asked how all these issue will be addressed. Ms. San Pedro explained that the three issues that were of concern to the Audit Committee were: the development of a policy and procedures manual; a review of the records of vehicles authorized to be taken home by employees; and a review of the use of the gas cards. She noted that new strategies have been incorporated into the responses that will satisfactorily cover all of these.

Mr. Shapiro referred to pages 8 and 9 and expressed concern that 60% of the use of take home vehicles is for personal use. Ms. San Pedro explained that this large percentage is because commuting to and from work is considered personal use. She pointed out that employees are authorized to use the vehicles, Monday through Friday only. Mr. Shapiro asked if there is monitoring of the use of these vehicles. Ms. San Pedro explained that each employee has to complete a monthly log, which is submitted to Financial Affairs, which is used to monitor the use of these vehicles. Mr. Shapiro asked if any abuses have been found. Ms. San Pedro responded that the logs have not been reviewed, but there are only 27 vehicles assigned to take home. Ms. Hantman urged Ms. San Pedro to continue monitoring these issues. There were some more questions and discussion from Audit Committee and School Board members about the take home vehicles and use of gas credit cards.

Mr. Schomber commended Ms. San Pedro for her efforts and for the work she does. He noted that the construction equipment should be surveyed, in order to determine whether to cut down on equipment costs. Mr. Schomber suggested to Ms. San Pedro to review the issue of renting vs. owning vs. sharing expensive equipment. Ms. San Pedro explained that they will be reviewing the utilization of equipment and if it is not being efficiently used, it will be disposed of.

Mr. Trueba thanked management for strengthening their responses and taking the right steps.

There was no further discussion and a motion was made by Mr. Trueba, seconded by Ms. Amos, which carried unanimously, to recommend that Audit of District Fleet Utilization Practices be received and filed by the School Board, with a further recommendation to conduct a follow up audit within one year, at the discretion of Mr. Vann.

13. Audit of Adult Mankind Organization – Education Division, Inc.

Mr. Williams introduced the report and reminded the Audit Committee that this report was provided to satisfy their concerns, which came about as a result of the review of the 2004-2005 financial statements of this entity. The primary findings of the report were the need for controls over expenditures, lack of compliance with contract terms, and FTE overpayments. Mr. Williams said that the greater concern is that the organization has received overpayments of FTE revenues and owes the district over \$260,000. He also noted that the organization's response states that the District owes the organization monies.

Mr. Shapiro asked if the responses were satisfactory. Mr. Williams responded that he had some differences of opinion, but as a whole the responses were satisfactory.

Ms. Rivas Logan inquired about JESCA and asked if JESCA will have to repay the District for the amounts over reimbursed. Ms. Spaht responded that there have been some discussions among the Superintendent, the auditors, and management and a pay back plan will be established to recover the money.

Mr. Trueba inquired about the overpayment finding and suggested that the transmittal of this report to the Board include a recommendation for performing an analysis on the funding, which may be the reason for insufficient funds been available to pay for expenditures. Mr. Schomber urged not transmitting this report, noting that there are too many unresolved issues. He also noted that the District administration has to be more direct in their responses. Ms. Hantman agreed that the report should be brought back to the Audit Committee for further review. Mr. Gonzalez asked if there are any procedures in place to avoid having these issues reoccur and not have to table these reports.

Dr. Gallon explained that the District administration is reviewing procedures for monitoring these contracts and programs and there are some procedures that are already in place. Mr. Woodson added that school operations was recently given the responsibility to oversee these contracts and it has been difficult to address all these issues in such a short period of time; however, the good news is that the contracts are being revised and these revisions should help in the future to avoid reoccurrence of these problems.

Ms. Hantman expressed concern about the large amount being paid to these organizations that may result in losses to the District.

A motion was made by Mr. Schomber and seconded by Ms. Amos, which carried unanimously, not to transmit the report to the School Board and requested the auditors and the District administration to report back to the Audit Committee on the open issues, providing a more concrete explanation.

**14. Internal Audit Report – School Audit(s)
Selected Schools
Region VI – Elementary and Secondary Schools**

Ms. Gonzalez summarized the contents of the reports and noted that the Selected report consisted of schools where there have been changes in school principals and two of the schools contained findings. She also noted that the Region VI Elementary Schools report had only one school with a finding and in the Region VI Secondary Schools report there were four schools with several findings.

Ms. Gonzalez recognized School Operations for the timely manner in which they submitted the responses, which aided tremendously in compiling the reports. Ms. Gonzalez also recognized her co-workers, Ms. Rodriguez and Ms. Wain, for a great job in completing these reports while she was out of the office. Mr. Woodson reciprocated the recognition and thanked the Office of Management and Compliance Audits for their support and assistance to School Operations. Mr. Shapiro pointed out that over all, the improvement in the school audits is noticeable and appreciated.

There being no discussion, a motion was made by Mr. Trueba, seconded by Mr. Schomber, which carried unanimously, to recommend that the Internal Audit Reports of Regional Center VI Elementary Schools, Secondary Schools and Selected Schools, December 2006 be received and filed by the School Board.

15. Audit of Inventories as of June 30, 2006

Mr. Montes de Oca introduced the report noting that the inventory balances at year-end were properly reported and pointed out that there were two findings related to the Transportation Department. There being no discussion, a motion was made by Mr. Schomber, seconded by Mr. Trueba, which carried unanimously, to recommend that the Audit of Inventories as of June 30, 2006 be received and filed by the School Board.

16. Follow-up to Auditor General FTE Audit Report

Mr. Vann gave an update on the future plan for FTE Audits. He explained that the Office of Management and Compliance Audits will work in conjunction with Attendance Services, as the Audit Committee previously suggested. He pointed out that part of the personnel from Attendance Services, who are already doing this job, will be transferred to OMCA at no additional cost to the District. He also pointed out that the plan is to audit one third of the schools every year, so that when the Auditor General conducts its audit the next-time around, all the schools would have audited by OMCA, since the Auditor General conducts its audits every three years. Mr. Vann anticipates starting the FTE audits in April 2007 and noted that follow ups to prior exceptions will also be conducted. Mr. Woodson added that he was going to set up a committee to review the results of prior FTE audits, to determine whether appropriate corrective action has been taken and if not, deal with the situation.

He also concurred that the best way to perform these audits and report any findings is to conduct the FTE Audits in conjunction with the audits of schools.

There was no action required, since this item was presented to the Audit Committee for information purposes.

17. Inspector General Update

The Chair expressed frustration with the manner and the process the search has taken.

Ms. Rivas Logan asked who is in charge of the selection committee. Mr. Vann answered that Ms. Vidal has been providing logistical support to the Committee.

Ms. Hantman inquired about the list of candidate names. Mr. Shapiro responded that he has not received any correspondence; therefore, he has no names.

There was no action required, since this item was presented to the Audit Committee for information purposes.

18. Other Business

Mr. Vann provided an update on the investigation of the Mater Academy and noted that a week after the November 15 Special Audit Committee meeting he met with representatives of the State Attorney's Office and they are anxious to begin an investigation.

Adjournment

The meeting was adjourned at 3:28 p.m.