

**MINUTES OF THE SCHOOL BOARD AUDIT COMMITTEE  
OF MIAMI-DADE COUNTY PUBLIC SCHOOLS  
JUNE 27, 2006**

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The School Board Audit Committee met on Tuesday, June 27, 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. Lidia Monzon-Aguirre  
Mr. Manuel A. Gonzalez  
Mr. Robert Stein  
Mr. Vidal Marino Velis

Non-Voting:

Mr. Martin Berkowitz  
Mr. Allen M. Vann

**Members Absent:**

Ms. Betty Amos  
Mr. Robert Henderson, Jr.  
Mr. Jack Levine  
Mr. Robert W. Schomber

**Call to Order**

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Mr. Jeffrey B. Shapiro, Chair called the meeting to order at 12:44 p.m.

**Introductions**

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

Dr. Marta Perez, Board Member  
Ms. JulieAnn Rico Allison, School Board Attorney  
Ms. Claudia Sandoval, Asst. to Superintendent  
Mr. Freddie Woodson, Associate Superintendent  
Ms. Brucie Ball, Assistant Superintendent  
Ms. Maria Teresa Rojas, Asst. Superintendent  
Mr. Luis Garcia, Sr. Assistant Board Attorney  
Ms. Kimberly Hall, Associate Attorney  
Ms. Maria B. Diaz, Adm. Asst. to Dr. Perez  
Mr. Jerold Blumstein, Adm. Asst. to Dr. Karp  
Ms. Ana Lara, Adm. Asst. to Ms. Hantman  
Ms. Vivian Lissabet, Adm. Asst. to Ms. Logan

Mr. Carlos Saladrigas, Adm. Asst. to Mr. Barrera  
Mr. George Nuñez, Region Supt., Region III  
Dr. Essie S. Pace, Region Supt., Region IV  
Ms. Connie Pou, Controller  
Ms. Daisy Naya, Assistant Controller  
Mr. Jose F. Montes de Oca, Asst. Chief Auditor  
Ms. Maria T. Gonzalez, District Director  
Mr. Julio Miranda, District Director  
Mr. Trevor Williams, District Director  
Ms. Dina Pearlman, Supervisor  
Ms. Cynthia Gracia, Administrative Director  
Dr. Janice Cruse-Sanchez, Adm. Director

Mr. Norberto Ferradaz, Supervisor  
Mr. Lawrence Rubio, Supervisor  
Ms. Lourdes Amaya, Administrative Aide  
Ms. Elsa Berrios-Montijo, Rec. Secretary  
Ms. Alysia Carr, Administrative Secretary  
Mr. Michael Pattillo, Partner, Ernst & Young  
Ms. Claudia Dixon, Ernst & Young  
Mr. Jorge Fernandez, ITS

Mr. Eduardo Hernandez, OIT  
Ms. Jacqueline Del Rosario, CEO, RTV/Outreach  
Ms. Ana Someillan, Finance  
Achieve Through Education  
Mr. Guillermo Someillan, Executive Director  
Achieve Through Education  
Ms. Susan Kairalla, Director of Volunteer Service

### **1. Approval of the Minutes of the Audit Committee meeting of May 2, 2006**

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There was no discussion and a motion was made by Ms. Monzon-Aguirre, seconded by Mr. Gonzalez, which carried unanimously, to approve the Minutes of the Audit Committee of May 2, 2006.

### **2. Evaluation of External Auditors for the Audit of the Fiscal Year Ended June 30, 2005**

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Mr. Montes de Oca introduced Mr. Mike Pattillo, who is the new Partner for Ernst & Young, LLP. Mr. Montes de Oca noted that Mr. Vodnicker, who had been the partner-in charge retired and he looks forward to working with Mr. Pattillo. Mr. Montes de Oca summarized the results of the evaluations submitted and explained that they were very positive.

There was no action required, since this item was transmitted for informational purposes.

### **3. Proposed School Board Audit Committee Future Meeting Dates**

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After some discussion, the dates were approved by Audit Committee members.

There was no action required, since this item was transmitted for informational purposes.

### **4. Audit Plan for Annual Financial Statements for Fiscal Year 2006**

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Mr. Pattillo spoke about his role in the audit process and introduced Ms. Claudia Dixon, Audit Manager, who will be in charge of the day to day operations in the audit.

He announced that Ms. Dixon attended the Convention of the National Association of Black Accountants and was a major player in organizing that event, she was also recognized in the Miami Herald for one of the 40 most influential women under 40 years of age.

Mr. Pattillo walked the Audit Committee through the Audit Plan. He explained and emphasized certain areas, in what he categorized as a high level overview.

Mr. Trueba asked Mr. Pattillo where he is located. Mr. Pattillo answered that it is in Orlando, Florida. Mr. Trueba expressed concern about the capital project system because of its complexity and large

expenditures. He urged E&Y to pay close attention to the Office of Management and Compliance Audits' Audit Plan, so that both entities can be in concert with their audit coverage. Mr. Pattillo agreed and thanked Mr. Trueba for the input.

There was no further discussion and a motion was made by Mr. Trueba, seconded by Mr. Gonzalez, which carried unanimously, to recommend that the Audit Plan for Annual Financial Statements for Fiscal Year 2006 be received and filed by the School Board.

## **5. Office of Management and Compliance Audits Activity Report**

Mr. Vann summarized the report and noted that the internal funds audits for 92 schools were being presented only a handful of schools were not audited during the year. Those audits, he said will be carried over to next year. Mr. Vann was honored to announce that we received the Bronze Medal Award from the National Association of Local Government Auditors on behalf of the OM&CA for the Audit of Payroll and Timekeeping Practices at Maintenance Operations and Facilities Construction. He explained the significance of the recognition and the prestige that it entails and he believes the auditing department is doing very well. He introduced a new staff member, Ms. Dina Pearlman, who will be involved with the IT projects.

There was no action required, since this item was transmitted for informational purposes.

## **6. External Audits of Community Based Organizations (CBO's)**

Mr. Williams gave a brief introduction on the Community Based Organizations and noted that the financial statements were fairly stated.

Mr. Stein inquired about the related party transaction noted in the Achieve Through the Education Report and asked how the related party transaction was determined and on what standard was it based. Representatives explained that the amount was determined from the value of space provided for meetings and other events at buildings owned by a related company.

Mr. Shapiro explained that he was advised by Mr. Vann that the line item on retirement in the amount of \$52,000 will be eliminated; thus, substantially reducing the deficit balance.

Mr. Trueba inquired about the Adult Mankind Organization and asked when it will be audited by OMCA. Mr. Vann responded the audit will be presented to the Audit Committee at one of its first meetings next fiscal year.

Mr. Gonzalez asked about the comment on the management letter of the Ombudsman's report. Mr. Williams explained that the company action plan for a written policy in regards to the capitalization of assets was not implemented but, is in fact, in progress.

Ms. Monzon-Aguirre inquired about the expenses on the Recapturing the Vision report. She noted large increases in travel and payroll and decreases in program materials, as compared to the prior

year. Representatives for the agency explained that the variances are due to grant funds which are sometimes used to cover the expenses but they vary from year to year.

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 External Audits of Community Based Organizations: Achieve Through Education, Inc., Recapturing the Vision International, Inc., Ombudsman Educational Services, Ltd. and Cuban-American National Council, Inc. be received and filed by the School Board.

## **7. Audit Plan and Proposed Budget for Fiscal Year 2007**

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Mr. Vann made a presentation on the Proposed Fiscal Year 2007 Audit Plan and Budget.

Mr. Trueba made emphasis on the need of OMCA having sufficient resources to continue completing audits successfully as they have been. He asked if OMCA need more resources. Mr. Vann explained that he will have a better idea when he does the future audits of administration and construction, but currently, he has sufficient resources.

Mr. Stein inquired about the status on the ERP system.

Mr. Berkowitz provided an overview on the ERP System. He also spoke about the recurring finding by Ernst & Young that was given to the district regarding the existing system three years ago, and how the ERP system will eliminate the finding.

Mr. Stein also inquired about the sufficiency of resources to monitor the charter schools. Mr. Vann explained that a lot of time is spent reviewing the financials of the charter schools already. He said that he will address emerging issues and shift resources as deemed appropriate. Mr. Stein insisted that the OMCA should have a more active role in monitoring the charter schools before the financial statements are audited.

Mr. Shapiro requested a follow-up on the new legislation contract of the charter schools. Ms. Rico-Allison agreed to provide a follow-up.

There was no further discussion and a motion was made by Ms. Monzon-Aguirre, seconded by Mr. Trueba, which carried unanimously, to accept the Annual Plan and Proposed Budget for Fiscal Year 2007.

## **8. Internal Audit Report – School Audits**

**Regional Center V Elementary, Secondary Schools and Centers  
Regional Center VI Elementary, Secondary Schools and Centers  
Selected Schools**

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Ms. Gonzalez introduced the reports and explained that 92 audits were completed and 12 of those audits had audit exceptions. She pointed out what the audit exceptions entailed. On the other hand, she said, she was happy to announce that despite the challenges brought about by the hurricanes, 323 school audits were completed out of the 334 schools in the District.

Mr. Shapiro inquired about Kenwood's payroll attendance audit exception. Ms. Gonzalez explained that the principal provided assurance that employees were in fact present.

Mr. Woodson pointed out that exceptions will be considered as part of principal's evaluation. He commended the OMCA staff for their support with the new principals and their assistance with the Money Matters Workshop. He believes with the support of the OMCA there will be a reduction in the number of audit exceptions at the schools.

Ms. Gonzalez recognized Ms. Gracia for her assistance in coordinating the schools responses to the audit exceptions.

Mr. Trueba asked Mr. Vann what has been the result of audits since the modification of the audit plan establishing different levels of audit coverage. Mr. Vann explained that this new approach has expedited the work and the audits were brought up to an appropriate level. Ms. Gonzalez also agreed that the risk assessment is working well.

Mr. Shapiro expressed concern about the selected report, because of the large number of exceptions. Ms. Gonzalez explained that this report is a catch-all for all the schools that had pending issues and investigations; therefore, the report contains more schools with exceptions than other reports throughout the year contained.

Mr. Shapiro referred to Miami Senior and asked about the nature of the sponsorship agreement. Ms. Gonzalez explained that the School Board Attorneys office will assist the school administration in terminating this agreement.

Mr. Shapiro then expressed concern about the payroll finding of Charles Drew Middle and asked how it happened. Ms. Gonzalez explained that it was an oversight on the part of the staff and the school administration has indicated corrective action has been taken to avoid recurrence of this situation in the future.

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

## **9. Other Business**

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Ms. Monzon-Aguirre requested an update on the JESCA Audit. Mr. Vann explained that JESCA's financial statements for the 2006 year were not submitted because they had not been received. Mr. Shapiro requested a follow-up on the submission of JESCA's financial statements and that its representatives be present for the next scheduled Audit Committee meeting.

### **Update on Inspector General Selection Process**

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The Chair briefed the Audit Committee on the status of the Inspector General selection process and noted that no candidate had been selected as finalist. He explained that the Selection Committee

proposed modifying the Board rule to provide a larger pool of applicants, but that the School Board was not in agreement. He stated that the School Board then decided that a search firm will be retained to continue the search for the appropriate candidates for the slot of the Inspector General.

Ms. Hantman added that the School Board directed the Superintendent to include in the budget funds to hire a search firm.

Dr. Perez stated that she was in agreement with the selection committee's recommendation to modify the Board rule, and pointed out that retaining the search firm will cost \$112,000. Therefore, she is not in agreement with the decision.

The Chair promised to continue informing the Audit Committee on the selection of the Inspector General as more information is obtained.

Mr. Vann gave a presentation of the renovation of the Office of Management and Compliance Audits.

### **Adjournment**

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The meeting was adjourned at 2:00 p.m.