

**MINUTES OF THE SCHOOL BOARD AUDIT COMMITTEE
OF MIAMI-DADE COUNTY PUBLIC SCHOOLS
SEPTEMBER 11, 2007**

The School Board Audit Committee met on Tuesday, September 11, 2007 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
Ms. Perla Tabares Hantman, Board Member
Ms. Betty Amos
Mr. Frank Carollo
Mr. Manuel A. Gonzalez
Mr. Willie Kemp
Mr. Robert Stein
Mr. Nick Tootle
Mr. Vidal Velis

Non-Voting:

Mr. Allen M. Vann

Members Absent:

Mr. Carlos M. Trueba, Vice Chair
Ms. Lidia Monzon-Aguirre
Mr. Robert W. Schomber

Call to Order

Mr. Jeffrey B. Shapiro, Chair called the meeting to order at 12:30 p.m.

Introductions

Mr. Shapiro greeted everyone and asked them to introduce themselves, and they did.

The following persons were present:

Ms. Evelyn Langlieb Greer, Board Member
Dr. Marta Perez, Board Member
Ms. Ofelia San Pedro, Deputy Superintendent
Ms. Carolyn Spaht, Chief of Staff
Ms. JulieAnn Rico, School Board Attorney
Dr. Geneva K. Woodard, Associate Supt.
Mr. Freddie Woodson, Associate Supt.
Mr. Joseph A. Gomez, Asst. Superintendent
Ms. Maria Teresa Rojas, Asst. Supt.
Mr. Luis Garcia, Sr. Assistant Board Attorney
Ms. Connie Pou, Controller

Ms. Daisy Naya, Asst. Controller
Mr. Jaime G. Torrens, Chief Fac. Officer
Ms. Maria T. Gonzalez, Asst. Chief Auditor
Mr. Trevor Williams, Asst. Chief Auditor
Ms. Silvia Rojas, Treasurer
Ms. Rose Barefield-Cox, Adm. Director
Ms. Consuelo Dominguez, Adm. Director
Jeanethe Thompson, Adm. Director
Ms. Cynthia Gracia, Administrative Director
Ms. Bertha Valcarcel, Staff Member,
Ms. Hantman's Office

Attendees Continued

Ms. Denise Izquierdo, Adm. Asst. to Dr. Karp
Ms. Ana Lara, Adm. Asst. to Ms. Hantman
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. Richard Tapia, Adm. Asst. to
 Diaz de la Portilla
Mr. James Dillard, Inspection Officer
Mr. Julio Miranda, District Director
Ms. Barbara D. Jones, Executive Director
Ms. Tiffanie Pauline, Executive Director
Ms. Patricia Freeman, Director
Ms. Tamara Wain, Director
Ms. Dina Pearlman, Inf. Sys. Design
Mr. Norberto Ferradaz, Audit Supervisor
Mr. Luis Baluja, EDP Audit Supervisor
Ms. Nelly Fuentes-Lacayo, Sr. Audit Coordinator
Mr. Michael Hernandez, Sr. Audit Coordinator
Ms. Lourdes Amaya, Administrative Aide
Ms. Alysia Marsh, Secretary
Ms. Elsa Berrios-Montijo, Rec. Secretary
Mr. Dan Ricker, Watchdog Reporter
Ms. Susan Kairalla, Director of Volunteer Svs.

Mr. Shapiro announced the passing of Dr. Robert Ingram, School Board Member. Dr. Ingram's colleagues Ms. Hantman, Dr. Perez, and Ms. Greer made some remarks reflecting on his lifelong contributions to children.

1. Approval of the Minutes of the Audit Committee meeting of June 26, 2007

There was no discussion and a motion was made by Mr. Gonzalez, seconded by Mr. Tootle, which carried unanimously, to approve the Minutes of the Audit Committee of June 26, 2007. Mr. Carollo made a noble vote since he was not part of the Audit Committee for the meeting mentioned.

2. Introduction of new Audit Committee member, Mr. Frank Carollo, CPA

The Chair welcomed Mr. Frank Carollo. Mr. Carollo made a brief introduction and noted that it was an honor to serve in the Audit Committee.

3. Election of Vice Chair

Based on Mr. Trueba's voluntary resignation from the Audit Committee, a vacancy in the Vice Chair position resulted. A nomination was requested from the voting members of the Audit Committee and Mr. Velis nominated Ms. Amos for Vice Chair. This was seconded by Mr. Carollo. Based on a unanimous vote Ms. Betty Amos was elected Vice Chair.

4. Florida Sunshine Law Update

Mr. Garcia gave an informational overview of the basic requirements of the Florida Sunshine Law, Public Records Act, and Code of Ethics for Public Officers.

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

5. Draft Request for Proposal (RFP) for External Independent Auditing Services

Mr. Ferradaz provided an update on the RFP for External Independent Auditing Services. He explained that he was collaborating with Ms. Barbara Jones, an Executive Director in the Procurement Department. He noted that the previously existing rotation policy was dropped from the RFP, to afford wider participation. Mr. Ferradaz has reviewed the planned schedule for the procurement process and proposals will be opened on November 13th. On January 29, 2008, the proposals will be provided to the Audit Committee for review. If required, oral presentations of these proposals will be conducted on March 18th and recommendations for award will be made in April.

Ms. Hantman asked if this is the official RFP. She mentioned that at the September 5th Board meeting there was a change to the rotation policy Board rule allowing the District more flexibility to secure the firm's services.

Mr. Vann responded that the previous RFP had a stipulation on the rotation policy and it was removed. Currently there is no stipulation and it is consistent with current Board rule.

Mr. Stein referred to page 18 of the RFP report and stated that the insurance deductible is very low. Mr. Shapiro also commented that a \$25,000 deductible is not feasible, he suggested a higher deductible of \$250,000 or \$1 million could be more appropriate.

Mr. Vann suggested surveying other organizations to get an approximate amount.

Mr. Shapiro proposed to consider adding to the engagement letter a dispute resolution provision, rather than having litigation. He made reference to a past situation with a firm in which there was a dispute regarding payment for additional work.

Ms. Rico said she will review the contract and assure that the current provisions are proper.

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

6. Annual (un-audited) Financial Report for 2006-2007

Ms. San Pedro introduced the Annual (un-audited) Financial Report for 2006-2007 and noted that this report was presented to the School Board at its meeting of September 5, 2007, along with a series of Budget resolutions to closeout 2006-2007. The final budget was also presented to the School Board at this same meeting. She mentioned that the Annual Financial Report will become the Comprehensive Annual Financial Report (CAFR) after it is audited by Ernst & Young. The CAFR will be brought back in December to the Audit Committee.

Ms. Hantman expressed concern with the fund balance decrease of \$43.7 million.

Ms. San Pedro stated that the Final Adoption of the 2007-2008 budget included a number of reductions and appropriations that will restore reserves to appropriate levels.

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

7. Office of Management and Compliance Audits Activity Report

Mr. Vann gave a brief overview of the internal audits in progress. He stated that after being instructed by the Audit Committee, an audit of Oxford Academy Charter School was conducted, however, the audit could not be provided because it is under criminal review at the State Attorney's Office. Mr. Vann mentioned that the Impact Fees and WLRN audits will be performed by external auditors.

Ms. Hantman and Dr. Perez raised questions concerning the District's Custodial Services audit. Mr. Vann indicated that he would address those questions when the audit is discussed later in the agenda.

Dr. Perez also inquired on the number of audits conducted of the construction department. Mr. Williams responded that many audits have been conducted. Dr. Perez requested a list of the construction audits. Mr. Vann responded that he will comply with her request.

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

8. 2007 Annual Report on Audit Activities

Mr. Vann introduced the report and explained that this report summarizes the work of the Office of Management and Compliance Audits from the previous year. He thanked Ms. Pearlman for preparing the report. Mr. Vann highlighted the following areas: 1) Page 4, the School Audits section and referred to page 6, the comparison chart of findings year to year. He noted that findings have dropped and pointed out that training school staff has played a major role with these improvements. 2) Page 11, Other Internal Audits, these audits are unique and not routine. 3) Page 14, Investigative Audits (Office of the Inspector General), Mr. Vann noted that eleven investigations were completed and Mr. Miranda has worked almost single-handed on these investigations. Mr. Vann thanked his staff for their hard work.

There was no discussion and a motion was made by Mr. Gonzalez, seconded by Mr. Stein, which carried unanimously, to recommend that the 2007 Annual Report on Audit Activities be received and filed by the School Board.

9. Audit of Schools with a Change of Principal

Ms. Gonzalez introduced the report and noted that this report includes the audit results of 20 schools. She also noted that the schools mentioned in the report are in good standing. In addition, she commends the schools for a job well done. Ms. Gonzalez explained that the report was reformatted as previously promised to the Audit Committee for easier readability.

There was no discussion and a motion was made by Mr. Stein, seconded by Ms. Amos, which carried unanimously, to recommend that the Internal Audit Report – Audit of Schools with a Change of Principal be received and filed by the School Board.

10. Audit of Custodial Services

Mr. Williams introduced the Audit of Custodial Services report and reviewed the objectives and scope. He summarized the audit findings.

Ms. Hantman asked why the surveys were worded differently and inquired if the custodians are responsible for maintaining the main office.

Mr. Williams explained the differences in the surveys and stated that custodians also clean the main office.

Dr. Perez asked for an explanation of the custodial staff allocation.

Mr. Williams referred to page 8, 1.4 to respond to her question.

Dr. Perez asked why the annual sanitation audits had not been conducted since 2003-2004.

Mr. Torrens responded that these sanitation audits have not been conducted due to personnel shortage.

Dr. Perez referred to page 25, where restroom conditions are observed and observers' comments are made. She asked how these conditions will be addressed.

Mr. Torrens responded that it is often a challenge to find ways to maintain soap dispensers and towels in the restrooms. He stated that at newer schools attempts had been made to use different designs of dispensers however there is no simple way to address this concern.

Ms. Greer pointed out that one of the complaints voiced is that custodians do not report directly to the principal. She inquired about the reporting line and progressive discipline procedures.

Mr. Woodson responded that the custodians do report to the principal and there is a contract that has to be abided by. Through progressive discipline, custodians may be terminated or disciplined.

Ms. Greer inquired about follow up to negative feedback from the schools on custodians.

Mr. Woodson explained the steps taken to provide cleaner and safer schools.

Ms. Hantman referred to page 8, and asked why allocation formulas were not submitted in a timely manner.

Mr. Torrens explained that the delay was due to reduction of staff in Plant Operations. He stated that the formulas were submitted albeit late.

Mr. Shapiro discussed some of his observations and requested a future update on the matters covered in this report.

Mr. Vann responded that an update will be provided by June 2008.

There was no further discussion and a motion was made by Ms. Amos, seconded by Mr. Gonzalez, which carried unanimously, to recommend that the Audit of Custodial Services be received and filed by the School Board.

11. Audit of Maintenance Materials, Equipment and Supplies, Purchases and Use

Mr. Williams introduced the report and noted that the main focus of this audit was in regards to materials, equipment and supplies that can be easily attributed for personal use. Overall, the audit disclosed that maintenance materials, equipment and supplies were properly used for their intended purposes in the District facilities. However, there is a need to ensure that an audit track and a chain of custody exist for certain equipment that is taken out of service. There is also a need to ensure that items requested from stock are in fact needed to complete planned work and are promptly picked up and installed. Mr. Williams concluded by stating that this was a positive audit.

Mr. Vann emphasized that this audit focused on the use of materials because of the past usage of maintenance materials.

There was no discussion and a motion was made by Mr. Stein, seconded by Ms. Hantman, which carried unanimously, to recommend that the Audit of Maintenance Materials, Equipment and Supplies Purchases and Use be received and filed by the School Board.

12. Minority/Women Business Enterprise Program (M/WBE) Expenditure Reports for Fiscal Years Ended June 30, 2005 and June 30, 2006

Mr. Williams stated that this report is pursuant to School Board Rule 6Gx13- 3G-1.02, and has been reviewed and concluded that the M/WBE Program Annual Expenditure Reports were properly compiled and adequately supported.

There was no discussion and a motion was made by Mr. Gonzalez, seconded by Mr. Tootle, which carried unanimously, to recommend that the Review of M/WBE Program Annual Expenditure Reports for the Fiscal Years Ended June 30, 2005 and June 30, 2006 be received and filed by the School Board.

13. Other Business

Mr. Vann suggested presenting a plaque to Mr. Trueba for his volunteer services as Audit Committee Member and Vice Chair. The Committee agreed.

Adjournment

The meeting was adjourned at 2:10 p.m.