

**MINUTES OF THE SCHOOL BOARD AUDIT AND BUDGET ADVISORY COMMITTEE  
OF MIAMI-DADE COUNTY PUBLIC SCHOOLS  
September 16, 2014**

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The School Board Audit and Budget Advisory Committee (ABAC) met on Tuesday, September 16, 2014, in the School Board Administration Building, Conference Room 916, at 1450 N.E. Second Avenue, Miami, Florida.

**Members Present:**

**Voting:**

Mr. Roland Sanchez-Medina, Jr., Esq., Vice Chair  
Dr. Lawrence S. Feldman, School Board Vice Chair  
Mr. Joseph Gebara  
Ms. Marian L. Hasty, Esq.  
Ms. Susan Marie Kairalla  
Mr. Rayfield McGhee, Jr., Esq.  
Mr. Christopher Norwood, J.D.  
Mr. Jose I. Rasco, CPA  
Mr. Isaac Salver, CPA

**Members Absent:**

None.

**Non-Voting:**

Mrs. Judith M. Marte, Chief Financial Officer

**Call to Order**

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The ABAC's Vice Chair Mr. Roland Sanchez-Medina acted as Chair, in lieu of ABAC's Chair Mr. Jeffrey B. Shapiro, who resigned. The Vice Chair called the meeting to order at 12:32 p.m. and warmly welcomed everyone in attendance.

**1. Welcome, Introductions and Moment of Reflection**

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Mr. Sanchez-Medina requested everyone in attendance to introduce themselves, which they did. The following persons were present:

Ms. Perla Tabares Hantman, School Board Chair  
Dr. Marta Pérez, School Board Member  
Ms. Raquel A. Regalado, School Board Member  
Mr. Alberto M. Carvalho, Superintendent of Schools  
Mr. Walter J. Harvey, Esq., School Board Attorney  
Mr. Jose Dotres, Chief of Staff  
Mrs. Valtena G. Brown, Dep. Supt./Chief Oper. Officer  
Ms. Iraida Mendez-Cartaya, Associate Superintendent  
Mr. José F. Montes de Oca, Chief Auditor  
Mr. Scott B. Clark, Risk Benefits Officer  
Mr. Leonardo Fernandez, Treasurer  
Ms. Daisy Gonzalez-Diego, Chief Communications Offr.  
Ms. Deborah Karcher, Chief Information Officer  
Mr. Brian Williams, Economic Opport. Dev. Officer

Ms. Tiffanie Pauline, Assistant Superintendent  
Ms. Connie Pou, Controller  
Dr. Ana M. Rasco, Assistant Superintendent  
Mr. Ron Steiger, Chief Budget Officer  
Ms. Mindy McNichols, Asst. School Board Attorney  
Ms. Ana Craft, Asst. School Board Attorney  
Ms. Maria T. Gonzalez, Asst. Chief, School Audits  
Mr. Julio Miranda, Asst. Chief, Investigations  
Mr. Trevor L. Williams, Asst. Chief, District Audits  
Ms. Daisy Naya, Assistant Controller  
Ms. Tabitha Fazzino, Administrative Director  
Mr. Eugene Baker, District Director  
Ms. Joyce Castro, District Director  
Ms. Melissa Latus, District Director

Ms. Nicki Brisson, Executive Director  
Mr. Ivo Gomez, Claims Compliance Officer  
Mr. Jon Goodman, Executive Audit Director  
Mr. Chris Morgan, Director  
Ms. Roxana Vega, Director  
Ms. Tamara Wain, Director  
Mr. Rick Yanez, Audit Director  
Mr. Luis Baluja, Supervisor  
Mr. Evelio Rodriguez, Major  
Mr. Carlos Fernandez, Captain  
Mr. Felix Jimenez, Assistant Inspector General  
Mr. Tom Knigge, OIG, Supervisor Special Agent  
Mr. Mark Teitelbaum, OIG, Audit Supervisor  
Mr. Steve Pollock, OIG, Audit Manager  
Mr. Archie Moore, OIG, Special Agent  
Ms. Maria Curbelo, Audit Coordinator II  
Ms. Pamela Davis, Staff Auditor II  
Ms. Desiree Llopiz, Administrative Assistant  
Ms. Jackeline Fals, Chief of Staff  
Ms. Raquel Alexander, Administrative Assistant  
Ms. Ana Lara, Administrative Assistant  
Ms. Maria Teresa Rojas, Administrative Assistant  
Ms. Karen Graham-Sewing, Administrative Sec.  
Ms. Jacqueline Llama, Administrative Sec.

Ms. Elsa Berrios-Montijo, Staff Assistant  
Ms. Lucila I. Gonzalez, Administrative Secretary  
Ms. Lawandra Houston, Administrative Secretary  
Mr. Fernando Zulueta, President, Academica  
Ms. Ana Martinez, CFO, Academica  
Ms. Christina Perdomo, Academica  
Mr. Antonio L. Roca, Mater Academy  
Mr. Jose Iglesias, HLB Gravier  
Mr. Nelson Pastor, HLB Gravier  
Mr. JC Quintana, Partner, Smart Management Sch.  
Dr. A. Michelle DiGirolamo, Principal, A&M Charter/Smart  
Mr. Joseph L Raia, Counsel for Mater Academy  
Mr. Donovan Maginley, Partner, McGladrey LLP  
Ms. Cristina Veiga, Miami Herald, Reporter  
Mr. Evensky Joseph, Intern

## **2. Approval of the Minutes of the Special School Board Audit and Budget Advisory Committee Meeting of August 14, 2014**

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The Chair drew the members' attention to the minutes for the Special ABAC meeting of August 14, 2014, and asked whether any members had any suggested revisions or questions related to the contents of the proposed minutes.

With an amendment to attach Form 8B "Memorandum of voting conflict for county, Municipal, and other local public officers" (recusal form) to the minutes, related to Mr. Norwood's action to recuse himself, Mr. McGhee moved and Dr. Feldman seconded the approval of the minutes, as amended, to serve as the memorialization of the August 14, 2014, special ABAC meeting. The motion carried unanimously.

## EXTERNAL AUDITS:

### **3. Miami-Dade County District School Board Florida Education Finance Program Full-Time Equivalent Students and Student Transportation for the FYE June 30, 2013 Report No. 2015-003**

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Mr. Montes de Oca introduced the above-referenced audit report which was produced by the State of Florida Auditor General and noted that these audits take place approximately every three years. He explained that the results of the assessment are in line with assessments from prior audits and pointed out that there is a very large assessment on charter schools which was not in line with prior audits. Mr. Montes de Oca indicated that Ms. Maria T. Gonzalez, Assistant Chief Auditor, facilitated the conduction of this audit and yielded the floor to her to entertain questions.

Superintendent Carvalho thanked Mr. Montes de Oca for facilitating this audit and noted the importance of this report, since it seriously impacts funding for the school system. He commented that it is practically impossible to have 100% accuracy because of the way the numbers are computed; nonetheless, he was pleased with the results.

There were no questions. A motion was made by Mr. Salver, seconded by Mr. Rasco, which carried unanimously, to recommend that the **Miami-Dade County District School Board Florida Education Finance Program Full-Time Equivalent Students and Student Transportation for the FYE June 30, 2013 Report No. 2015-003** be received and filed by the School Board.

### **4. Miami-Dade County Public Schools – Annual (un-audited) Financial Report Fiscal Year End June 30, 2014**

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Mr. Sanchez-Medina enthusiastically announced and congratulated Mrs. Judith M. Marte on being appointed Chief Financial Officer. Mrs. Marte thanked him and yielded the floor to Ms. Connie Pou, Controller, to entertain any questions.

Dr. Feldman shared with the Committee that Mrs. Marte had met with School Board members to entertain any questions or concerns and observed that she went through the District's financials with a fine-tooth comb when she met with him.

For the record, Mr. McGhee commented that in the future he would like to receive a hard copy of the reports such as the above-referenced report. The Chief Auditor explained that he had only provided the electronic document on-line to save paper, but understands Mr. McGhee's request, which will be granted.

Ms. Kairalla commented that the above-referenced report would be costly to duplicate and suggested to the audience to return any unused reports to the District, as she does.

There were no further discussions. This report was presented for informational purposes since it was already submitted to the School Board, due to deadline requirements; therefore, no transmittal was required.

#### **5. Office of the Inspector General – Audit Follow-up of the M-DCPS Workers' Compensation Pharmaceutical Benefits Program; IG Ref. SB 1213-1002**

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The Chief Auditor introduced the above-referenced report and noted that according to school board policy, he is required to deliver OIG reports to the ABAC for its information. He also informed the Committee that a representative from the Inspector General's Office was in attendance and available to answer questions.

There were no questions. This report was presented for informational purposes only; therefore, no transmittal to School Board by the ABAC was required.

#### **6. Charter School Matters**

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##### **a. Follow-up on Arts & Minds Charter School Investigation**

Mr. Montes de Oca introduced the above-referenced report and reminded the Committee that when the results of this investigation were presented back in June 2012, the presentation was very contentious. He observed that the results of the follow-up, however, show a totally different situation. He explained that he was impressed with the turnaround of the school's finances and the changes made in the school's administration and Board of Directors. He also noted that all the findings were corrected.

Mr. Salver expressed his satisfaction with the results of this audit and commended OMCA's staff for their work and his colleagues on the Committee for their involvement in obtaining positive results.

There were no further discussions. A motion was made by Mr. Salver, seconded by Dr. Feldman, which carried unanimously, to recommend that the **Follow-up of Arts & Minds Charter School Investigation** be received and filed by the School Board.

##### **b. Transfers of \$7.4 million by four Mater Academy Schools are not transparent**

Mr. Montes de Oca introduced another follow-up, this one related to Mater Academy Charter Schools. He reminded the audience that during the required review of charter schools' financial statements, his office staff found \$7.4 million transfers from four Mater schools to Mater Academy, Inc., the entity with which the School Board has the charter. He explained that this issue was brought to the attention of the Committee at its May 2014 meeting because his office was denied access to the audited financial statements of Mater Academy, Inc., and without these statements, they could not provide the ABAC or the School Board any assurance that charter school funds were properly expended. Mr. Montes de Oca explained that at the May meeting, counsel for

the schools promised to provide information to satisfy the Chief Auditor's concerns, but the information provided was insufficient and they were so notified in July. Mr. Montes de Oca further explained that on Monday evening, hours prior to the ABAC meeting, he had received via e-mail some more information, which obviously OMCA staff was unable to properly analyze. Therefore, he requested the Committee to table this follow-up until the Committee's December 2014 meeting.

School Board members in attendance registered their frustration with the delays in providing information and strongly urged representatives of the charter school to provide any additional information that may be required on time, so the issues can be resolved by the December 2014 Committee meeting.

There were no further discussions. A motion was made by Dr. Feldman, seconded by Mr. Salver, which carried unanimously, to table the **Transfers of \$7.4 million by four Mater Academy Schools are not transparent** until the December 16, 2014, ABAC meeting.

## **7. Office of Management and Compliance Audits 2014 Annual Report and 2015 Annual Audit Plan and Budget**

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The Chief Auditor presented his office's 2014-15 Annual Audit Plan and Budget noting that he has included in the plan feedback provided by the administration. He also shared with the Committee that his office will soon be fully staffed and he is looking forward to doing more for the school system in the coming year.

There were no questions. A motion was made by Mr. Rasco, seconded by Mr. Salver, which carried unanimously, to recommend that the **Office of Management and Compliance Audits 2014 Annual Report and 2015 Annual Audit Plan and Budget** be received and filed by the School Board.

## **INTERNAL AUDITS:**

### **8. Internal Audit Report – Selected Schools**

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The Chief Auditor presented the Internal Audit Report – Selected Schools that contains the audit results of 40 schools, none of which had any audit exceptions.

Superintendent Carvalho was thrilled to congratulate the forty principals whose efforts delivered these flawless audits.

There were no questions. A motion was made by Ms. Kairalla, seconded by Mr. McGhee, which carried unanimously, to recommend that the **Internal Audit Report – Selected Schools** be received and filed by the School Board.

## **9. Internal Audit Report – Audit of Grants Management and Controls**

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The Chief Auditor introduced the above-referenced report, which contains some recommendations for the administration to improve the operation, but noted that the department as a whole was very well run. He welcomed questions.

There were no questions. A motion was made by Ms. Kairalla, seconded by Mr. Rasco, which carried unanimously, to recommend that the **Internal Audit Report – Audit of Grants Management and Controls** be received and filed by the School Board.

## **10. Internal Audit Report – Audit of Disparity Study Phase 1**

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Mr. Montes de Oca introduced the above-referenced audit report and explained that this audit was conducted at the request of the Superintendent in order to afford transparency to the process of the disparity study. He explained that the audit found some inaccuracies and inconsistencies in the data used by MGT of America, the firm that conducted the study, which agreed in its written responses to the audit to incorporate the audit's recommendations into its final report.

Superintendent Carvalho thanked the Chief Auditor and his staff for conducting this audit of the draft disparity report. Mr. Carvalho noted that he has intentionally not seen the draft disparity report and only after it has been debated, examined and audited, will the report be presented to him. He explained that there will be a deeper examination of the data because there has been some controversy regarding the participation of minority subcontractors. Mr. Carvalho assured the audience that the final product would be as accurate and transparent as can possibly be. In addition, he thanked the School Board for making the decision to engage in this process.

Mr. McGhee asked if there is an endpoint to receive the final draft and will there be any additions or reforms to the process of procuring services from small and/or minority firms.

Mr. Carvalho responded that the final report is expected in the next 45 to 60 days, but it hinges on the completion of the last review from the independent economist at which time it will enter into the last phase to finalize the report. Responding to the question on the reforms he explained that they have been ongoing and began even before the approval of the General Obligation Bond (GOB). He further explained that the School Board adopted a local preference policy that advantages locally owned firms, but it has accelerated the process through the development of specific policy to advantage micro and small entities, as the GOB funds are spent.

Ms. Kairalla reminded the audience that it was the ABAC which started the ball rolling, regarding the use of minority firms, a couple of years ago and congratulated the Committee for doing what it is supposed to do, which is keep an eye on how District funds are being spent.

Dr. Feldman commented that he feels very comfortable with the steps taken by the Superintendent and the School Board in this process.

There were no further discussions. A motion was made by Mr. Salver, seconded by Dr. Feldman, which carried unanimously, to recommend that the **Internal Audit Report – Audit of Disparity Phase I** be received and filed by the School Board.

#### **11. Office of Management and Compliance Audits' Activity Report**

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The Chief Auditor presented the Office of Management and Compliance Audits' Activity Report, and noted that it enumerates what has transpired since the last ABAC meeting.

There were no questions. This report was presented for informational purposes only; therefore, no transmittal to School Board by the ABAC was required.

#### **12. Conduct Election of Chair and Vice Chair**

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Mr. Montes de Oca explained that the Chair and Vice Chair terms have expired; therefore, elections needed to be conducted. He then opened the floor for the nominations. Mr. Salver nominated Mr. Sanchez-Medina for Chair. Dr. Feldman nominated Mr. McGhee for Vice Chair. These were the only nominations and their peers unanimously elected both members, Mr. Sanchez-Medina for Chair and Mr. McGhee for Vice Chair.

#### **New Business:**

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#### **13. Amended School Board Policy 6840, Audit and Budget Advisory Committee**

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Mr. Montes de Oca introduced the above-referenced subject and explained that the intent of this amendment is to facilitate the establishment of a quorum at the ABAC meetings, which would allow the Committee to transmit audit reports and other documents to the School Board for consideration, while satisfying the bylaws requirement. In order to remedy the quorum issue, he is recommending that along with the appointment of each ABAC member, an alternate also be appointed.

Mr. Sanchez-Medina commented that the key is to notify the alternate member in a timely manner to attend the meetings.

Mr. Salver expressed his dissatisfaction about the action taken to resolve the quorum situation and inquired about the procedures to appoint the alternate member and type of training that will be provided. In addition, he expressed concern about how the alternates will be kept abreast of discussions and actions taken at the meetings in order to be productive members.

Mr. Montes de Oca explained the appointment process noting that the School Board Members and the PTA President will name an alternate in addition to their appointee. He further explained that the alternate will be able to attend the ABAC meetings; however, if both members are in attendance the alternate cannot cast a vote. He reiterated that having an alternate will provide the ability to have quorum with more certainty. Mr. Montes de Oca noted that he will endeavor to reach out to the alternates and inform them of all the intricacies of the ABAC and how it functions, and as far as the training, the alternates will be apprised in the same manner as the regular ABAC members have been.

Ms. Regalado stated that appointing an alternate member is a function of the School Board member and it depends on how engaged the School Board member wants his/her alternate to be. She recommends that School Board members be reminded that it is crucial to communicate with their appointee and alternate members and assure that if there will be an absence, notification be given in a timely manner.

The Chief Auditor indicated that he will provide the alternate member the same package as the appointee and noted that he will also send both, the appointees and the alternates, the customary notice reminding them about upcoming meetings. If he receives feedback about absences he will call upon the respective alternate member to attend on the appointee's behalf.

Ms. Hantman asked if there is any training provided to the newly appointed members that she is not aware of.

Responding to Ms. Hantman's inquiry, Mr. Montes de Oca explained that the training he is referring to is informal and entails familiarizing the ABAC members with the function of the ABAC and what is basically expected of them, but there is no formal training.

There were no further discussions. This information was presented for informational purposes only; therefore, no transmittal to School Board by the ABAC was required.

## **Old Business:**

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### **14. Friends' of WLRN 990 Forms for 2010-11, 2011-12 and 2012-13**

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The Chief Auditor emphasized that pursuant to directions from the Committee at its June 2014 meeting, he had included in the agenda package IRS 990 Forms for Friends of WLRN (Friends) for the last three years. He reminded the Committee that no representative of Friends had attended the June meeting and the Committee indicated that a representative should be present at the meetings to answer potential questions that may be posed by its members, but unfortunately invitations to several of their representatives were declined.

School Board members in attendance expressed their disappointment with the lack of responsiveness exhibited by Friends when declining to show up at this meeting.

Superintendent Carvalho spoke at length providing a chronology of events that led to the present situation and explained the purpose and mission of Friends as supporters of WLRN. He also made abundantly clear his frustration, echoing the sentiments expressed by School Board members. Mr. Carvalho solicited and obtained the Committee's support for a letter he plans to send to Friends communicating the sentiments of the School Board members, and his own, with the disrespect and lack of cooperation they have shown.

Ms. Regalado added that pursuant to discussions at a Committee meeting some time ago, a representative from the School Board was named to attend Friends meetings but to her knowledge only one meeting has been attended. She then stressed the need to have a representative from the School Board attend these meetings and report back to the School Board.

There was no further discussion. This information was presented for informational purposes only; therefore, no transmittal to School Board by the ABAC was required.

### **Unfinished Business:**

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#### **Tentative Date for June 2015 ABAC Meeting**

The Chief Auditor explained that at the August 14, 2014, ABAC meeting a Committee member noted that as outlined in the School Board Policy, the Committee is required to provide input to the School Board on budget matters. However, the proposed June 23, 2015 date will not be favorable to the ABAC relating to the review of the Tentative Budget. Mr. Montes de Oca commented that he had conferred with the Superintendent and Mrs. Marte to establish some proposed dates. He then noted that pursuant to School Board Policy, the last ABAC meeting of the year must be held in late June. Consequently, the School Board Policy would have to be amended in order to conduct the meeting in early July to facilitate this requirement.

Mrs. Marte suggested that the best date for the meeting will be sometime between July 9 and 14. Mr. Montes de Oca offered to poll the Committee members and schedule the meeting accordingly.

Mr. Carvalho mentioned that since there have been inquiries during past Committee meetings regarding the financial condition of the school system, he wanted to share with the Committee what constitutes the three largest liabilities, which are employee salaries, health insurance cost and the tax collection shortfalls. He reminded the Committee about Mr. Thornburg's constant concerns about self-insurance costs and reserves. Mr. Carvalho said that in Mr. Thornburg's absence he will continue the conversation, because he also considers it very important. He explained that the self-insurance program has matured and now has stability in funding, not only in good management of claims, but also in adequate reserves. He further observed that the cash reserves are \$71 million, and the accrued reserves are \$22 million, which constitute significant milestones for the school system. In terms of claims, Mr.

Carvalho explained that there is a huge amount of potential savings in claims processing that may be achieved by the District, which is being aggressively pursued through the RFP process. He concluded by reiterating that the school system is in a very good financial position.

Mr. Carvalho proudly announced the launching of a partnership between Miami-Dade County Public Schools and UHealth-University of Miami Health System to provide quality medical care at affordable prices for its employees, dependents and retirees. Some co-payments, he noted, are 50% less than anywhere else, and sometimes as low as \$10. Mr. Carvalho said he was their first patient when the center opened at Miami Jackson Senior High School, which is a state-of-the arts facility. He concluded by announcing the expansion of these centers throughout the county.

Mr. Salver suggested that the Committee should somehow recognize the valuable services provided by Mr. Jeffrey Shapiro during his many years of service in the ABAC, as well as those provided by Mr. Thornburg. Ms. Hantman offered to bring to the School Board proclamations for both members for their many years of service.

Mr. Sanchez-Medina asked for clarification regarding Mr. Thornburg's resignation.

Mr. Montes de Oca replied that he never received a formal resignation letter, only some correspondence regarding his departure from the ABAC; however, he indicated that the President of the PTA has made two appointments so in effect Mr. Thornburg is no longer a part of the ABAC.

Mr. Gebara commented that he received a formal resignation from Mr. Thornburg and noted that Mr. Thornburg will be honored at the PTA Gala for his years of service.

## **Adjournment**

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There being no further business to come before the Committee and upon motion duly made and seconded, the meeting was adjourned by Mr. Roland Sanchez-Medina at 1:40 p.m.

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