

**MINUTES OF THE SCHOOL BOARD AUDIT AND BUDGET ADVISORY COMMITTEE  
OF MIAMI-DADE COUNTY PUBLIC SCHOOLS  
September 18, 2018**

---

The School Board Audit and Budget Advisory Committee (ABAC or Committee) met on Tuesday, September 18, 2018, in the School Board Administration Building, Conference Room 916, at 1450 N.E. Second Avenue, Miami, Florida.

**Members Present:**

**Voting:**

Mr. Erick Wendelken, CPA, Chair  
Mr. Christopher Norwood, J.D., Vice-Chair  
Mr. Jeffrey Codallo  
Mr. Juan del Busto  
Mr. Jeffrey Kaufman  
Dr. Nancy Lawther, PTA/PTSA President  
Mr. Albert D. Lopez, CPA  
Mr. Julio C. Miranda, CPA, CFE  
Mr. Rudy Rodriguez, CPA  
Ms. Mari Tere Rojas, School Board Member

**Members Absent:**

Mr. Stephen Hunter Johnson, Esquire  
Mr. Isaac Salver, CPA

**Non-Voting:**

Mr. Ron Steiger, Chief Financial Officer

**Call to Order**

---

The ABAC's Chair, Mr. Erick Wendelken called the meeting to order at 12:35 p.m.

**1. Welcome and Introductions**

---

The Chair requested all in attendance to introduce themselves, which they did. The following persons were present:

Mrs. Perla Tabares Hantman, School Board Chair  
Dr. Martin Karp, School Board Vice Chair  
Dr. Steve Gallon III, School Board Member  
Dr. Marta Pérez, School Board Member  
Mr. Alberto M. Carvalho, Superintendent  
Mrs. Valtena G. Brown, Dep. Supt./Chief Oper. Officer  
Ms. Tabitha Fazzino, Chief Administrative and Comp. Officer  
Ms. Daisy Gonzalez-Diego, Chief Communications Officer  
Mr. Jaime Torrens, Chief Facilities Officer  
Mr. Jose L. Dotres, Chief Human Capital Officer  
Mr. Eugene P. Baker, Chief Information Officer  
Ms. Melody Thelwell, Chief Procurement Officer  
Mr. Walter J. Harvey, School Board Attorney  
Mr. Luis M. Garcia, Deputy School Board Attorney  
Ms. Mindy McNichols, Assistant School Board Attorney  
Ms. Iraidia Mendez-Cartaya, Associate Superintendent

Ms. Maria T. Gonzalez, Chief Auditor  
Mr. Jon Goodman, Assistant Chief Auditor  
Mr. Richard Yanez, District Audit Director  
Ms. Elvira Sanchez, District Director  
Mr. Luis Baluja, Executive Director  
Ms. Tamara Wain, Executive Director  
Mr. Wilmer Maradiaga, IT Auditor  
Mr. Ernesto Gonzalez, Director  
Ms. Vanessa Lopez, Director  
Mr. Jerold Blumstein, Chief of Staff  
Ms. Jackeline Fals-Chew, Chief of Staff  
Ms. Dalia Rosales, Chief of Staff  
Ms. Francys Vallecillo, Chief of Staff  
Ms. Patricia Betancourt, Administrative Assistant  
Mr. Nelson Diaz, Administrative Assistant  
Ms. Ingrid Feely, Administrative Assistant

## Minutes of the School Board Audit and Budget Advisory Committee

September 18, 2018

Page 2 of 18

Mr. Phong T. Vu, Treasurer	Ms. Vivian Lissabet, Administrative Assistant
Ms. Daisy Naya, Controller	Ms. Addys Lopez, Administrative Assistant
Dr. Magaly Abrahante, Assistant Superintendent	Ms. Gina Miles, Administrative Assistant
Ms. Lisette Alves, Assistant Superintendent	Ms. Natalie Perez, Administrative Assistant
Ms. Joyce Castro, Assistant Superintendent	Mr. Matthew Tisdol, Administrative Assistant
Mr. Steffond Cone, Assistant Superintendent	Ms. Elsa Berrios-Montijo, Staff Assistant
Ms. Tiffanie Pauline, Assistant Superintendent	Ms. Latisha Green, Administrative Assistant
Mr. Torey Alston, Economic Equity/Diversity Compliance Officer	Ms. Sheila Resco, Clerical Assistant
Ms. Martha Montiel, Employment and Recruitment Officer	Mr. Felix Jimenez, OIG, Deputy Inspector General
Ms. Jennifer Andreu, Administrative Director	Ms. Patra Liu, OIG, General Counsel
Ms. Melba Brito, Administrative Director	Mr. Thomas Knigge, OIG, Supervisor Special Agent
Mr. Jorge Fernandez, Administrative Director	Dr. Lisa Robertson, Alternate ABAC Member
Ms. Gisela Feild, Administrative Director	Ms. Tanya Davis, Partner, S. Davis & Associates
Ms. Ava Goldman, Administrative Director	Mr. Kevin Adderley, Senior Manager, S. Davis & Associates
Ms. Cynthia Gracia, Administrative Director	Ms. Annette Lewis, Manager, S. Davis & Associates
Mr. Edgardo Reyes, Administrative Director	Ms. Miream Sierra, President/CEO, ASPIRA of Florida
Ms. Nicki Brisson, District Director	Mr. Andy Bezanilla, Director of Operations, ASPIRA of Florida
Ms. Denise Mincey-Mills, District Director	Ms. Marie Caceres, Principal, ASPIRA Arts Deco
Ms. Arlene Diaz, Executive Director	Mr. Jose L. Rodriguez, Principal, ASPIRA LCPA Charter
Ms. Brittnee Robinson, Executive Director	Ms. Enid Weisman, Consultant
Ms. Dana Vignale, Executive Director	

After introductions, the Chair recognized Mr. Juan del Busto, ABAC member, who was recently honored at the Board meeting of July 25, 2018, for his many contributions to the school system. He received a round of applause. Mr. del Busto thanked the meeting attendees for the recognition bestowed upon him.

### **2. Approval of the Minutes of the School Board Audit and Budget Advisory Committee Meeting of July 17, 2018**

The Chair presented the minutes of the July 17, 2018, ABAC meeting and inquired if there were any questions or comments. Ms. Maria T. Gonzalez, Chief Auditor requested that a revision be made on page 13. It consisted of replacing the word “between” with the word “among”. A motion was made by School Board member Mari Tere Rojas, and seconded by Mr. Juan del Busto, ABAC member, for the approval of the minutes of the July 17, 2018, ABAC meeting with the requested revision. The motion carried unanimously.

### **3. Audit Plan for the General Obligation Bond (GOB) External Independent Audit**

Ms. Gonzalez provided a brief update of the external audit of the GOB and asserted that significant progress has been made since last discussed at the ABAC meeting of July 17, 2018. She informed the Committee that the contract with the external audit firm had been fully executed, the audit’s engagement letter had been signed, an audit entrance conference with district management had taken place on August 1, 2018, and the external audit team had commenced the fieldwork. She also informed the Committee that the external audit team had agreed to present their Audit Plan at today’s meeting. She then turned the floor over to the external audit team of S. Davis & Associates (SDA) for the presentation.

Ms. Tanya Davis greeted the Committee and introduced herself as the firm’s Engagement Partner. She then introduced audit team members Ms. Annette

Lewis, Consulting Manager and Mr. Kevin Adderley, Senior Manager. Ms. Davis stated that SDA was pleased to be of service to the School Board of Miami-Dade County.

Ms. Davis opened the presentation by stating that SDA was engaged to perform the performance audit of the midpoint of the GOB Funded School Improvement Program for fiscal years 2013 through 2018. She proffered that the engagement will be made pursuant to generally accepted government auditing standards and proceeded to explain the GOB External Audit Plan's highlights, which involved the various tasks, timelines and contract deliverables. According to her, the Plan was built upon information obtained during their inquiries with key level management, from initial reviews of reports and documents related to the GOB, and from the bi-weekly working teleconferences held with the internal auditors and management. She stated that the current plan may require some adjustments as the audit progresses; however, any changes will be discussed and communicated, so there are no surprises during the audit. She added that Mr. Shawn Davis, Coordinating Partner, and Mr. Alex Trujillo, Quality Review Partner will be key contributing members of the audit engagement team.

School Board member Mari Tere Rojas inquired about the GOB Collaboration Site. Ms. Davis explained that the district's Information Technology Services (ITS) had created and implemented a collaborative website where management from Facilities Management could upload documents that were remotely accessed by the external audit team. She stated that this site will be used throughout the course of the audit, and its implementation expedited the receipt of documents and information for this audit. The Chief Auditor thanked ITS for developing the site and Ms. Ana Rijo-Conde, Deputy Chief Facilities and Eco-Sustainability Officer, for acting as the key administrator responsible for channeling the information and documentation from the various district offices to the GOB Collaboration Site.

Ms. Annette Lewis, SDA Consulting Manager, outlined the Plan and its four phases. She described each phase in high-level detail and asserted that each encompassed certain audit tasks, each cross-referenced to the corresponding audit deliverable(s) being targeted. In addition, she discussed the engagement timetable that is included on page 9 of the document. This timetable illustrates the different phases of the audit and their individual timelines culminating in May 2019 with the drafting of the report as forecasted for this audit.

School Board member Mari Tere Rojas commended the team for the Plan that was easy to follow and understand, the chart with the timelines and page 10 of the Plan where the audit deliverables were clearly stated. Ms. Rojas said she was interested in task 3.3 on page 4 of the Plan (which relates to the work of the economist), and on task 3.15 on page 6 (which relates to technology).

Mr. Christopher Norwood, ABAC Vice-Chair inquired whether an economist had been hired for the project. Ms. Davis answered that the firm of Rupert Rhodd and Associates was hired for this project. The Chief Auditor stated that she had received the information and that she would submit to ABAC members via electronic mail the economists' resumes for their information. The economists hired to work on this project are Dr. Rupert Rhodd and Dr. William Stronge.

School Board member Dr. Steve Gallon III extended commendations to School Board Member Mari Tere Rojas for filing Item H-3 related to this audit that was approved by the School Board on November 2017; to the ABAC and ABAC sub-committee members for their work related to this audit project; to the Chief Auditor and the internal audit department for expediting the work and for assisting with the process; and to the SDA representatives for their succinct and targeted presentation. Having said that, he questioned the project's timespan.

The Chief Auditor provided a chronology of the process, starting with the approval of H-3 in November 2017 up to the entrance conference in August 2018 including each milestone between these two dates. Dr. Gallon further inquired whether the timeline was an anomaly or part of the regular course of action. Ms. Melody Thelwell, Procurement Officer, explained that the timeline involved additional steps which included holding several ABAC sub-committee meetings to discuss the scope of the audit and evaluate and select an external auditor. She stated these additional steps are required as part of the procurement process for selecting external auditors. He also questioned why it took from July 10 to July 24 to get the contract executed. Ms. Tabitha Fazzino, Chief Compliance Officer replied that there is a review process which includes routing the contract through the Chief Financial Officer. She also added that the Chief Auditor submitted a modification to one of the exhibits during the review.

Upon Dr. Gallon's concerns as to the relevance and validity of the documentation provided to the external audit team, the Chief Auditor provided an explanation of the process for obtaining and routing the information to the external auditors. Dr. Gallon questioned if Ms. Rijo-Conde was providing the information related to task 3.16 on page 7 of the Audit Plan. The Chief Auditor explained that Ms. Rijo-Conde's role was to facilitate the routing and uploading of the documents in the GOB Collaboration Site. However, other administrators would be included in the process. Specific to task 3.16, the Chief Auditor explained that administration from the Office of Economic Opportunity (OEO) would be responsible for providing that information. Mr. Jaime Torrens, Chief Facilities Officer, confirmed that other district offices are involved with the provision of the documentation/information, and that the information provided to the auditors that originates from his department is accurate and based on factual as well as actual documents and databases.

Mr. Albert Lopez, ABAC member questioned the timeline for completing this project. Ms. Davis stated that her goal was to complete the fieldwork by the Winter Holiday and deliver a draft by April 15, 2019. She anticipated that the process for drafting and discussing the findings, and the wrapping up of fieldwork would take place in January 2019. Mr. Lopez was satisfied with Ms. Davis' explanation.

Mr. Norwood inquired as to how the external auditors would be updating the ABAC on the audit progress, if they would be providing something in writing and if the update could demonstrate those deliverables that were being accomplished. Ms. Davis said they could provide something in writing. Mr. Norwood also requested that the economist be present at the next ABAC meeting for a presentation. Mr. Juan del Busto, ABAC member further requested that the economists explain their process on gathering data and the criteria used. The Chief Auditor said that she would work with the firm regarding these requests from the ABAC members.

There were concerns from ABAC members regarding the contract deliverables, and the delivery of the report to the Chief Auditor's office. Ms. Davis stated that the deliverables will be in the form of a draft report to the Administration and the Chief Auditor and a final report to the ABAC. Mr. Walter Harvey, School Board Attorney clarified that this report will be transmitted to the ABAC in the same form as any other external audit report of the District is being delivered. He provided as an example the external audit firm RSM that is responsible for reporting the results of the district's financial audit. In this case, the report is brought to the ABAC through the Chief Auditor's office. He cautioned that as the ABAC communicates with the auditors and the economists, the ABAC must be mindful that the requests are consistent with the contract, and do not go beyond what is set forth in the contract because it could cause a problem. Dr. Gallon concurred with the School Board Attorney because of the additional requests made by some ABAC members at today's meeting.

There was a spirited discussion as to whether it was appropriate to bring a draft report to the ABAC before the final report; whether the legal department had reviewed the contract to ensure it included all the deliverables; and/or whether the draft audit report would in any way be influenced by the internal audit department. There was also concern that the audit may take longer than what the external audit firm illustrated in the Audit Plan's timeline.

Ms. Davis stated that her firm will not allow the firm's independence to be impaired under any circumstances. In addition, the Chief Auditor clearly stated that her role in this process is to facilitate the audit as manager of the audit, but her office shall not inflict pressure or influence on the external audit results or the report. In closing, School Board member Mari Tere Rojas reiterated that the Chief Auditor reports to the Board and not to the Administration. There were no more questions.

The Chief Auditor thanked the SDA representatives for their presentation and the time afforded to the ABAC. This Plan was presented for information purposes only; therefore, no transmittal to the School Board by the ABAC is required.

**4. Miami-Dade County Public Schools – Annual (un-audited) Financial Report Fiscal Year End June 30, 2018**

The Chief Auditor introduced the unaudited annual financial report of the District for the fiscal year ended June 30, 2018. She stated that this report, which was presented to the Board at its meeting of September 5, 2018, consisted of four different sections, pointed out some of the report's financial highlights to the Committee, and turned the floor over to Mr. Ron Steiger, CFO and to Ms. Daisy Naya, Controller for their presentation. Ms. Naya stated that this is the unaudited report and that the comprehensive audited report will be presented to the Committee later in December 2018.

School Board Mari Tere Rojas commended Mr. Steiger and Ms. Naya for the great work performed by their offices. Questions posed by Ms. Rojas regarding the reorganization and its impact on the financials were aptly answered by Mr. Steiger.

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

**5. Presentation of the State of Florida Auditor General Attestation Examination of the Miami-Dade County District School Board Florida Education Finance Program Full-Time Equivalent Student Enrollment and Student Transportation For the Fiscal Year Ended June 30, 2017**

Subsequent to the approval of the July 17, 2018, minutes, the Chair informed the Committee of a request (made by the Administration) to bring item no. 5 for discussion ahead of its place in the agenda due to a scheduling conflict (the Superintendent was scheduled to catch a flight at 3 p.m. and this change would afford him the opportunity to participate in this item's discussion). A motion was made by School Board member Mari Tere Rojas, and seconded by Mr. Juan del Busto, ABAC member to place the item in front of the Committee for discussion ahead of schedule.

The Chief Auditor introduced the report and stated this was an audit that the State Auditor General performs every two years, based on a sample of traditional and charter schools, where FTE-related school site and teacher certification records are reviewed. Part of the report involves the review of records corresponding to student transportation. She stated that this review was for the fiscal year ended June 30, 2017, and concluded by stating that the AG's report received by the Committee presented the results of the audit, the findings and recommendations as well as the District's response to those findings and recommendations.

School Board member Mari Tere Rojas expressed to the Committee that audits are conducted to ensure compliance with guidelines and laws and to implement corrective action if necessary to correct the noted violations and deficiencies. She acknowledged that although desired, an audit does not always report clean results. In such cases, the goal is to take action, move on so that the conditions do not occur in the future, assist those responsible for the deficiencies, and closely monitor the affected areas for compliance going forward. Having said that, Ms. Rojas was nevertheless delighted that the transportation portion of the audit disclosed very satisfactory results and gave kudos to the Transportation Department's administration and to Mrs. Valtena Brown, Deputy Superintendent and Chief Operating Officer who oversees this area.

Ms. Rojas summarized that the District had received \$658.7 million in State funding through the FEFP program, and that of this total, \$1.345 million, of which approximately \$601,000 was from the charter schools, was disallowed. She said that of the 44 schools audited, 30 were traditional schools and 14 were charter schools. She was concerned about the audit findings in the report, mainly the repeated findings, and inquired about the District's measures to assist the schools to ensure that these issues do not reoccur. She also inquired as to who is responsible for supervising the district-managed charter schools.

Mr. Ron Steiger, Chief Financial Officer, responded that the charter schools themselves, namely, the Charter Board Chair and the Principal are responsible for their own actions. He stated that the District's role as manager is one of guidance, working with each individual district-managed charter to provide the services they need. Regarding the specific issues in the report related to South Florida Autism Charter (SFAC), he added that recently, the charter school had requested assistance from the District with those issues, and the District was providing that

assistance. According to Mr. Steiger, the appeal that took place earlier that morning (corresponding to this charter school's prior FTE audit findings and potential FTE disallowance) and that was successful never intended to argue that the findings were incorrect, but that this was a special case, where the school met the spirit of the law, and the actions taken by the school were in the best interest of the students and their families. He further said that the State understood that every action taken was in the best interest of the students, the parents, and the community. Provided the charter school submits the documents requested by the State and that the school agreed to provide, the State would be ready to make a recommendation to the Commissioner to waive all penalties. Regarding this current FTE audit, Mr. Steiger stated that the issue was similar and a little less severe, and he anticipated that the appeal will be similarly granted when this happens two years from now.

Ms. Jennifer Andreu, Administrative Director of Attendance Services with the District's Federal & State and Compliance Office stated that the District was very proud of the overall results of this audit and indicated that all the staff attending the ABAC today worked collaboratively to ensure that all the needs of the students are met. She added that Miami-Dade County Public Schools transmitted the FTE to the State following all the State guidelines; that this audit created no material impact on the budget at the district level or at the school site level; and that the audit did not report any discovery of fraud. Similar to Mr. Steiger, she was confident that the charter school would win the appeal related to the current audit findings resulting in dollar amounts that will actually be less than the prior audit results.

School Board member Mari Tere Rojas stated that as a former charter consultant, she was aware how charter schools function and that the District, through Ms. Tiffanie Pauline's office, did a fabulous job at providing assistance to the charters on a proactive level to ensure that prior to an audit, a pre-audit review was performed, and assistance was provided in those areas of concern. She inquired if the District provided the same oversight and proactive assistance to district-managed charters since the district-managed charter was now requesting assistance. She kept on pressing for an answer.

Mr. Steiger replied that through Ms. Tiffanie Pauline and the Charter School Office, the same level of service is provided to the charter schools, agnostic as to who the management company is. The School Board Attorney clarified that there are two separate functions within these charter schools: one is the district-managed function, which is a revenue-generating function, and the oversight/compliance function, which is separate and apart from the revenue-generating function. Ms. Tiffanie Pauline's office is responsible for the compliance function; and her office provides the same assistance to charters whether managed by the District or by another entity.

Mr. Steiger closed his comments by stating that during the appeal, the Committee was impressed with the level of collaboration that existed between the District and the charter, which was one of the predominant factors in their final decision.

Regarding the virtual school finding, Ms. Rojas inquired whether the State had provided guidance on the coding of the students that were enrolled in virtual courses. Ms. Andreu replied that this was not the result of the District not following

guidelines, but a state-level problem. She explained that the District submits FTE information to the State with several identifiers for each student; however, for some reason during the FTE recalibration process, the Department of Education was unable to link students enrolled in Florida virtual courses that were also enrolled in District programs already receiving 0.5 FTE during that survey. She believes the District has a strong case for this appeal.

Ms. Rojas inquired how Miami-Dade compared to other counties regarding this excess FTE finding. Ms. Andreu replied that this issue is so new, that the District has been unable to compare to other counties. She stated that she attended a State conference over the summer and this topic was brought up by every District in the State. Mr. Steiger stated his opinion that the recalibration process was not properly designed and not properly implemented, and this finding illustrates this issue.

The Superintendent clarified that for compliance and monitoring purposes, all charter schools, regardless of the type of charter school, report to the Charter School Office for compliance and oversight. On the other hand, charters managed by the District via a contract specifically relate to the provision of services contracted with the school system. Consequently, that office cannot fit under the Charter School Office because it would represent a potential conflict of interest.

According to the Superintendent, FTE audits are periodic and lengthy and the opportunity for an appeal will usually take two years after the audit is published, and until such time there is no financial impact of any sort. He further stated that the timing of the appeal corresponding to the prior audit was coincidental with this audit and resulted in a favorable outcome. He anticipated that this current audit's finding may result in a similar appeal and favorable outcome.

The Superintendent further expounded that an FTE audit is never finding-free. He went over several FTE-related issues at length, including two traditional schools with findings during this audit who recently received a high number of students arriving from Venezuela, and compared the current audit results to 2012-2013 findings which were more significant.

Mr. Rudy Rodriguez, ABAC member concurred with the Superintendent's comments. He stated that he had contacted the Auditor General (AG) in Tallahassee, and according to the AG, Miami-Dade was more diligent than any other District. Mr. Rodriguez added that it is very difficult for the District to be perfect given the influx of students from other countries and the special services provided to students with disabilities.

Dr. Gallon requested clarification regarding the Superintendent and Ms. Andreu's previous comments regarding the audit results and whether they posed a financial impact to the District. The Superintendent instantly clarified that there is a financial impact; however, not immediate. He acknowledged that there will be a financial impact approximately two years from now, independent of any appeal. According to his explanation, the total net potential impact of this audit is approximately \$1.3 million, and the actual assessment, the financial impact to the District, will be a deduction from whatever funding is received in approximately two years from now, after the window for appeal opens. He further stated that considering the top two



drivers in terms of weighted FTE and dollars, namely the South Florida Autism Charter and two district schools that provide services to students with significant disabilities, in addition to the FTE recalibration issue, and a solid standing to appeal based on current precedent, he calculated that the potential impact two years from now could be reduced as much as 50 percent, which would produce a number more in line with the results of the 2014-2015 audit, or approximately \$600,000. He added there was never a perfect year and much depends on circumstances. Dr. Gallon was satisfied with this detailed clarification from the Superintendent.

Dr. Gallon required a second clarification in response to Ms. Rojas' inquiry regarding the services that district managed-charters and other charters receive. He stated that the district managed-charters receive additional support based on contractual agreements, and to say that the support provided is the same, one must debunk that notion because one has a contract that provides certain levels of support while the others do not.

The Superintendent replied that district-managed charters do receive additional services that they pay for based on the contractual engagement. However, he believed that the comment previously made regarding level of service was intended to address the area of accountability and monitoring over charters. In this area, the district-managed charter and the other charters receive the same level of service, oversight and support. He further clarified that SFAC had requested assistance in light of this year's findings. Prior to this audit, assistance was actually offered by the District; however, at that time, SFAC did not solicit assistance. Dr. Gallon again thanked the Superintendent for the additional explanation.

The Superintendent closed this discussion by thanking the State of Florida Auditor General, the Chief Auditor Ms. Gonzalez and her staff, and his staff for their efforts during this audit.

A motion was made by Mr. Rudy Rodriguez and seconded by Mr. Juan del Busto, ABAC members, which carried unanimously, to recommend that the **State of Florida Auditor General Attestation Examination of the Miami-Dade County District School Board Florida Education Finance Program Full-Time Equivalent Student Enrollment and Student Transportation For the Fiscal Year Ended June 30, 2017**, be received and filed by the School Board.

**6. Office of Management and Compliance Audits 2018 Annual Report and 2019 Annual Audit Plan and Budget**

The Chief Auditor introduced the report and pointed out that the first part of the report up to page 32 is a summary of her office's activities for the year, the different sections within the office and the office's accomplishments. Pages 33 to 40 of the report comprise the Annual Audit Plan initially proposed and brought to the ABAC for review and feedback back in July 2018. This time, the Plan would become final for the office once transmitted to the Board. ABAC member Albert Lopez inquired about the office's budget, whether there was additional staff, and whether the size of the office can accommodate the plan requirements. The Chief Auditor replied that the Plan was devised with the intent to be accomplished with available staff. For that matter, she recently reorganized the office to maximize the resources,

promoted from within her office to fill the vacant top-level positions, and is actively advertising for hiring two positions that are currently open.

Ms. Rojas requested clarification regarding the two open positions in the internal audit department. The Chief Auditor replied that she has advertised for hiring a capital construction audit director and a district auditor that would generally perform internal audits in the area of construction and facilities. She has closely worked with Human Resources to place advertising in various sites to reach as many minority and diverse groups as possible.

Mr. Lopez inquired if the office had any plans for cyber security audits involving penetration audits. The Chief Auditor replied that customarily those services would be outsourced since at present her office has one informational technology auditor that was recently hired. Ms. Rojas expanded on her concerns with cyber security. These concerns had prompted her to present a School Board Agenda Item in July 2018 to review current practices, procedures, and realistic recommendations to enhance cyber security. Mr. del Busto concurred with Ms. Rojas' comments. Mr. Gene Baker, Information Technology Officer, agreed that this is a critical area and noted some of the preventive measures that ITS applies to monitor this activity.

No other questions or comments were made. A motion was made by ABAC member Juan del Busto and seconded by School Board member Mari Tere Rojas, which carried unanimously, to recommend that the **Office of Management and Compliance Audits 2018 Annual Report and 2019 Annual Audit Plan and Budget**, be received and filed by the School Board.

## 7. **Internal Audit Report – Selected Schools/Centers**

The Chief Auditor introduced the Internal Audit report of Selected Schools/Centers to the Committee. According to her presentation, the report contains the results of 50 school audits with no findings to report. School Board member Mari Tere Rojas commended principals, assistant principals, school staff region and school administration and staff for the excellent work reflected in these audit results. Ms. Rojas posed a question related to the number of part-time treasurers working at the schools. Mrs. Valtena Brown replied that this number varies and although some may appear as part-timers, they may actually be full-time treasurers that are also working at other sites on a part-time basis. She added that she will follow up and will provide that information to Ms. Rojas. Ms. Rojas agreed.

ABAC member Rudy Rodriguez inquired from Ms. Daisy Naya if the new internal funds accounting system had been implemented. Ms. Naya stated that the system has been fully implemented district-wide covering all schools with internal funds, and provided a brief narrative of the implementation process, which was executed in several stages.

A motion was made by Mr. Juan del Busto and seconded by Mr. Albert Lopez, ABAC members, which carried unanimously, to recommend that the **Internal Audit Report – Selected Schools/Centers**, be received and filed by the School Board.

**8. Internal Audit Report – Audit of Draft Phase 2 Disparity Study Report Dated March 27, 2018**

The Chief Auditor introduced the report by stating that this audit was requested by the Administration in April 2018. She indicated that the Phase 2 of the Disparity Study was a follow-up to the Phase I Disparity Study that dates to 2014.

According to the Chief Auditor, the School Board commissioned Miller<sup>3</sup> to perform this Study to determine whether there is evidence showing that ready, willing and able Minority/Women-owned Business Enterprise Programs are significantly underutilized in goods/supplies, services and maintenance and maintenance-related services contracts issued by the School Board during fiscal years 2013, 2014, and 2015. The draft report includes several chapters, however, the audit focused on those chapters comprising the numerical/statistical section of the report presented in the form of tables. The audit found that the numerical information contained in the tables audited was accurate. Accordingly, she stated that the tables audited provide an objective basis of support for the Study. In addition, based on the accuracy of the numerical information and the underlying data that was tested, the general assumptions and methodology based on the statistical analysis of the Disparity Study are appropriate and reasonable.

Mr. Richard Yanez, District Audit Director, Operational and Performance Audits, described the audit and indicated that the few errors identified on three tables did not affect the draft report. A question posed by Mr. Lopez regarding the audit was aptly addressed by Yanez. The ABAC unanimously transmitted to the Board.

A motion was made by Mr. Jeffrey Codallo and seconded by Mr. Rudy Rodriguez, ABAC members which carried unanimously, to recommend that the **Internal Audit Report – Audit of Draft Phase 2 Disparity Study Report Dated March 27, 2018**, be received and filed by the School Board.

**9. Update of the District Websites and the Americans with Disabilities Act (ADA) Compliance**

The Chief Auditor stated that since the last update in May 2018, the District has implemented additional strategies related to compliance with district and schools' website ADA requirements. This included ITS publishing ADA-compliant guidance related to website and page building techniques. In addition, at the 2018 Synergy Summer Institute, ITS made a presentation on this topic to school site administrators during various sessions. A *Weekly Briefing* was published right before the beginning of the school year as reinforcement for the information provided during the trainings. In addition, School Operations established an ADA Website Compliance team with representatives from each region (North, Central and South). This team serves as a monitoring and support mechanism for school sites. Also, during the first week of May 2018, a *District Website Management Survey* was disseminated to all school sites with the purpose of gathering quantitative data regarding areas related to each individual school's website management.

Ms. Gonzalez concluded that as part of the monitoring process of the internal audit department, her staff may conduct future testing of the related strategies implemented by the District to ascertain compliance with website ADA requirements.

School Board member Mari Tere Rojas posed some questions regarding the matter of resources. Mr. Gene Baker replied that there are certain tools that ITS has that can be run against websites to determine compliance.

Ms. Rojas inquired who is going to be monitoring this area for compliance. The Chief Auditor stated this is the inception of this project, and her office will follow-up in this area. Ms. Rojas also inquired about the action plan and timeline for finalizing the plan. According to Mr. Baker, the plan is in progress, however, it will take time due to the numerous sites, possibly two to five years. Other related questions were addressed by the Chief Auditor and Mr. Gene Baker.

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

**10. Office of Management and Compliance Audits' Activity Report**

The Chief Auditor introduced the report which summarizes the activity of the internal audit department since the last meeting in July 2018. She presented the reorganization of the internal office and the staff promotions that ensued.

Ms. Gonzalez explained that after her promotion to Chief Auditor, her position was open. In addition, Mr. Trevor Williams subsequently resigned. This resulted in two top level positions that were open and that required a close review of the office and a realignment of resources. She then introduced the new organizational chart, which illustrated the changes, and introduced the staff that was recently promoted to the top-level positions (under the new Chief Auditor in alignment with the office's succession management plan). Namely, Mr. Jon Goodman is the new and only Assistant Chief Auditor, followed by Mr. Richard Yanez, District Audit Director in charge of operational audits, and Ms. Elvira Sanchez, District Director in charge of school and property audits. All three individuals hold CPA certifications and have experience in the field of auditing. At present, the office has two open positions that are being advertised as previously noted.

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

**11. Miami-Dade County Office of the Inspector General (OIG) Annual Report 2018-2019**

The Chief Auditor stated that this is a requirement of the Office of Management and Compliance Audits since reports of the OIG are brought to the ABAC. Mr. Tom Knigge, OIG Supervisory Special Agent presented the Annual Report. He introduced Ms. Patra Liu and Mr. Felix Jimenez from his office and stated that Ms. Mary Cagle, Inspector General, was unable to attend the meeting today.

Mr. Knigge thanked the Board for their support to promote transparency and the Superintendent and his staff for their assistance, particularly Mrs. Brown for her assistance since many of the OIG referrals go through her office. He also introduced Mr. David Hernandez, the newest member of his team who was a former police officer from the City of Miami Beach and has a distinguished background. Next, Mr. Knigge highlighted various areas of the Annual Report, the office's budget, the use of resources used by his office to perform the investigations, the various accomplishments of the office during the 2017-2018 fiscal year.

He also updated the ABAC on the results of the trial of Mr. Jean C. Ridori, former Principal at North Miami Adult Education Center, who is awaiting trial for accepting kickbacks and having ghost employees on the payroll of the adult education center. The other case regarding Mr. Joey Bautista, former Principal at Miami Jackson Adult Education Center, who placed his nanny/housekeeper on the District's payroll is set for trial. Following the report, he went over the different administrative cases on pages 19-23 of the report.

School Board member Mari Tere Rojas complimented the work performed by the OIG and asked several questions regarding complaints made through the website that were addressed by Mr. Knigge. He stated that the website allows for anonymity when filing complaints.

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

**12. OIG Administrative Case Closure – SB-1516-1006, Master Clean Cleaning Equipment & Supplies Inc.'s Suspension Violation**

According to the report, this investigation was predicated upon a referral from Procurement Officer Ms. Melody Thelwell. Regarding the recommendations on page 2 of the memorandum attached to the report, School Board member Mari Tere Rojas inquired about the recommendation from the OIG regarding the Weekly Briefing. Mr. Knigge stated that in this case, his office wanted everyone to be aware when a vendor is suspended and this notice must be made timely to ensure that the schools are not doing business with a vendor that is debarred. His office felt that the information needed to get out there quickly going forward. School Board member Mari Tere Rojas wanted to ensure that all concerns were addressed. Mr. Knigge stated that no concerns were left unresolved, and their recommendation was to ensure that notices go out there and they go out timely.

Mr. Rudy Rodriguez, ABAC member commended Mr. Knigge for their work and asked if his office reported to Tallahassee. Mr. Knigge replied that his office reports to the County IG. The School Board Attorney clarified the matter of the interlocal agreement with the County and the School Board. Mr. Rodriguez asked if this was the only agreement of this type and Mr. Knigge replied that his office reports to the IG for purposes of independence and not to the Board or to District management.

### **Old Business—a. Follow-up – Review of the (3) Aspira Charter Schools Financial Statements**

---

The Chief Auditor explained that these are the financial statements of three charter schools that were deferred for transmittal at the ABAC meeting of July 17, 2018, pending presentation of their action plan: 1) Aspira Arts Deco Charter School; 2) Aspira Leadership and College Preparatory Academy; and 3) Aspira Raul Arnaldo Martinez (RAM) Charter School.

Mr. Jon Goodman, Assistant Chief Auditor stated that as discussed at the prior ABAC meeting, the three Aspira charter schools had met a condition of financial emergency, and the schools are working on a corrective action plan. That plan is still in progress. The process is for the school and the district to come to an agreement and forward to the State Department of Education. The current status is that the plan is still in progress, there are number of moving parts.

School Board member Mari Tere Rojas was very concerned that the issue has not been resolved as of this meeting date. Mrs. Valtena Brown replied that the deadline for submitting the corrective action plan had been extended. Ms. Tiffanie Pauline clarified that the charter school administration had received an extension to submit the plan until September 14, 2018. The Charter School Office is in the process of reviewing what the charter school has submitted. Mr. del Busto wanted to know the responsibility of the ABAC in regard to charter schools. He is concerned that the charter schools “are being hit with a wet noodle” and there is no corrective action in sight. He pressed the School Board Attorney to clarify the District and the ABAC’s responsibility, the liability and what can be done to eliminate these issues.

The School Board Attorney replied that he does not detect liability in this case and at this point. The determination of financial emergency is defined by statute. The school is required to pay payroll taxes on time, and if this does not happen, it automatically places them on a state of financial emergency. The State following the statutory process allows the school to provide a plan. At this point the School Board and the Superintendent would be placed in a difficult situation if they were to terminate the school without following statute. This plan was put in the statute for a reason, to allow the charter an opportunity to ameliorate financial condition.

Regarding the responsibility of the ABAC, the School Board Attorney stated that School Board Policy 6840 establishes the ABAC and governs the actions of the ABAC. It outlines the authority and what is relevant to the Committee, to review and make recommendations to the School Board and the Superintendent on fiscal management matters. Mr. Harvey explained that most ABAC members are part of the Committee because they hold a certain level of expertise in accounting and/or law. The Committee is to review audits and financial matters and make recommendations how things can be corrected or improved in a financial manner. Also, looking at risk, the Committee’s primary function is to make recommendations to mitigate and reduce risk. He stated that as far as taking formal action against a charter, that is the obvious function of the School Board through a recommendation from the Superintendent. This Committee can certainly make recommendations to the School Board and the Superintendent; however, ultimately, it is the decision of the Superintendent and the Board to put in place any punitive measures.

Mr. Harvey further explained that the process the internal audit department is following with charter schools is what is statutorily prescribed. He said that, although the Committee may not be satisfied with the process, it is what is required, the statute is very clear in that it allows the charter a year to make those changes, the charter school has a year to correct based on the action plan, and if not corrected within that time frame then the School Board can pursue forward.

Mr. Erick Wendelken, ABAC Chair asked how many extensions were afforded to the charter. Mr. Harvey stated that the Plan is what is required of the State Statutes to submit, then once the Commissioner of Education approves the plan, the school has one year to implement the plan and the corrective measures.

Representatives of the charter schools stated that they are making changes and recommendations as agreed upon with the District and the Charter School Office. According to Ms. Miream Sierra, Aspira's President/CEO, the charter submitted a plan, charter representatives met with the District and the internal auditors, and the charter supplied various documents to the Administration for review and feedback. She stated that in working together, a plan is forthcoming. According to her, the schools are making a number of changes, a first draft of the plan was submitted, then a second draft and documents as required; and she stated this issue started because of late taxes paid which caused this situation. At present, the charter schools are still transitioning from old accounting systems, working closely to come up with a plan that the District can approve and that it can go to the State. At present, the schools are in the middle of external independent financial audits and part of the reason for the delays.

School Board member Mari Tere Rojas inquired if a plan will be submitted by September 28, 2018.

Ms. Sierra replied that a second draft was submitted to the District for review. At present, the District and the internal auditors are reviewing the second draft; and although according to the State, there is no set deadline, the charters are working with the deadline established by the District, and recommendations are being put in place to bring the schools into compliance.

Mr. Goodman replied that regarding the plan, both the District and the internal auditors must be comfortable with the plan, and while not getting into details, there are significant issues that need to be agreed upon by both parties. If this agreement does not happen, as Mr. Harvey previously explained, the plan is then moved forward to the Department of Education for final determination.

The ABAC Chair inquired if not paying payroll taxes was a one-time issue. Mr. Goodman replied that this condition happened more than once, and the payroll taxes were not paid timely for a little over a year period.

Mr. del Busto was dissatisfied and inquired why the Committee is spending time discussing these issues.

School Board member Mari Tere Rojas inquired if September 28 was the definitive date to come up with the plan because it was not clear from the discussion. The

School Board Attorney reiterated that a plan must be submitted to the State, and if the State does not approve it, then the school will be facing major issues. Ms. Tiffanie Pauline stated that September 28, 2018, was established at the discretion of the District and the charter school. If not agreed upon, then the State will have to provide the solution. Nevertheless, September 28 is the deadline for purposes of an agreement between both parties. She closed by stating that every day that goes by unresolved has an impact on student learning. Ms. Rojas was satisfied with the clarification.

This resulted in a spirited discussion between ABAC members as to whether these charter school issues should be brought to the ABAC if no action could take place. Ms. Rojas reminded ABAC members that the ABAC is an advisory committee and as such the members can make recommendations to the Board. Ultimately, the Board can consider those recommendations and act upon the recommendations for the final decision.

According to Mr. Steiger, the issues related to these charter schools should not be brought to the ABAC at this time. According to him, the course of action is to wait for the State to act upon it. The Chief Auditor disagreed with the CFO and stated that the item should be brought back to the ABAC as “Old Business” since it has not been resolved, and Mr. del Busto agreed that it must come back for a decision. The ABAC Chair agreed that it must be under “Old Business” going forward. In addition, the ABAC Chair inquired how long can the ABAC table the financials and not submit them to the Board and the consequences. The School Board Attorney replied that he cannot foresee any consequences.

Ms. Rojas requested a legal opinion from the School Board Attorney and made a motion to receive a legal opinion from the School Board Attorney in reference to the authority that ABAC has in reference to the charters that have issues that are brought before the ABAC; and hopefully with that response that the ABAC receives from the School Board Attorney, any liabilities that the ABAC may have, any implications that the ABAC may need to be apprised of, all will be addressed, and as the School Board Attorney previously stated, include additional documentation so the ABAC is comfortable with the opinion.

The motion was seconded by Dr. Lawther, ABAC member. The Committee voted unanimously to approve the motion. The motion did not include a specific deadline for submission since Mr. Harvey verbally agreed to draft and submit after the meeting.

This follow-up report was for informational purposes; therefore, it did not require transmittal to the Board.

**Old Business—b. Follow-up – Duties, Responsibilities/Authority of the ABAC regarding Charter Schools with Fiscal Accountability**

Mr. Harvey explained that under School Board Policy 6840-*Audit and Budget Advisory Committee*, the ABAC acts as an advisory committee to the School Board and the Superintendent. Duties and responsibilities of the ABAC include the reviews of audited financial statements that are coming from the charter schools, the financial statements are reviewed by the Chief Auditor and then forwarded to



Committee for their review and discussion, and once everything deemed appropriate, the ABAC transmits the financial statements to the School Board. In the past, the ABAC has made recommendations and has advised charters to correct certain deficiencies. In the case of inter-county funds transfers which originated with this Committee, the Committee made a recommendation that actually made it to law, where the conclusion was that inter-county transfers violated State Statutes, and ultimately the charter transferred funds back to those counties from where it originated.

Regarding issues discussed today, Mr. Harvey stated that he understood the Committee's frustration when issues are being presented to the Committee, and the Committee can't act, however, certainly, the ABAC recommendations whenever made, provide value to the School Board, to his office and to the Chief Auditor. He explained the financial emergency statute under Chapter 218, particularly the conditions of financial emergency and the series of steps involved. One is that the plan must be approved by the Commissioner of Education. That plan is something that is worked collaboratively between the school and the District. Once the plan is approved by the Commissioner of Education, the charter has one year to implement to the satisfaction of the District and the Department of Education. If that does not happen, then the District can take some formal action, whether not renewing or terminating the contract and these provisions are under State Statute. These protections were placed into law to safeguard charters because some districts have been heavy-handed in terms of how they reacted to charter schools. This is not in the case of this District, where the administration has been deliberately working with charter schools, following the statutes and giving them an opportunity to go through the process to correct.

The ABAC Chair said that he understood that charter schools appreciate the sponsorship and the services provided by the District, whether paid or unpaid, and does not understand why they are not required to follow the same guidelines. He further inquired why do charter schools need sponsorship and services from the District. Ms. Iraida Mendez-Cartaya, Associate Superintendent, Intergovernmental Affairs and Grants Administration, stated that it is part of the State Statutes, and although much has been written for the past several months to attempt modify the Florida Constitution, as it currently stands, a charter school is a public school and the School Board is the main sponsor of the charter school in the State of Florida. Why not follow the same level of regulation that is also stipulated in State Statute. In the School Board's legislative platform, the District has advocated a level-playing field. Some flexibility has been achieved, however, it is not expected to work in the same regulatory environment.

Mr. Norwood stated that in his opinion, this Committee holds power when it comes to charter schools. He explained that the District sponsors charter schools. Namely, the school files an application with the School Board to open a charter; the School Board reviews it and there is significant dispute when reviewing the application. Once vetted, it approves it and charters these organizations. The contract requires that they must submit a financial statement that has been audited by an independent external auditor. The ABAC Committee reviews these statements and if the ABAC determines that it is wrong, or the school should not exist, the ABAC could make a recommendation that the charter school should be terminated. He believes that this is a powerful statement from a group of experts.

He further stated that Florida Statutes establish terminations and non-renewals of charters. The School Board works with the charters since these are students attending schools with public funding. In the event that the School Board does not like how the charter is being run, the School Board can issue a 90-day notice of termination for any violation of the charter. The likelihood of success is another question that the attorney needs to determine. One of the reasons to terminate the contract in statute is for not following general standards of financial management. As the ABAC, the Committee can make a determination, and this is a powerful statement to send to the School Board. As far as the financial recovery piece, they have to submit a plan. If after that year, it has not been applied, the Committee can predicate to terminate or not renew. To have a better understanding of the power of the ABAC, it is more important to determine the role of the School Board when governing charters and its ability to terminate or not renew. He closed by stating that the role of the ABAC in the charter oversight process does involve the receipt and review of financial statements.

Mr. Norwood's explanation elicited additional discussion between several of the ABAC members. Mr. Julio Miranda, ABAC member, agreed with Mr. Norwood that the internal audit department should review the audited financials of the charters and bring forth any issues of concern to the ABAC members.

There were no more questions. This follow-up report was for information purposes; therefore, no transmittal to the School Board by the ABAC is required.

#### **Old Business—c. Follow-up – Capital Outlay Distribution to Charter Schools relating to Schools with 75% of Free and Reduced Meals**

The Chief Auditor stated that this was a follow-up to a question posed at the last ABAC meeting regarding capital outlay distribution to charter schools. Ms. Tiffanie Pauline stated that she was requested to confirm with the State the capital outlay disbursements regarding a group of students. She reached out to the Department of Education on August 28, 2018, and they validated the statement that the calculations are made at the state level; and these funds are distributed by the District to those schools as allocated by the State. They offered that any particular concerns related to any particular schools, to provide a contact name for follow-up and analyze the data.

The Chair asked if follow-up was needed. Ms. Pauline replied that Mr. Norwood had made the request. Mr. Norwood said he was satisfied and he had the information that he required.

There were no more questions. This follow-up report was presented for information purposes; therefore, no transmittal to the School Board by the ABAC is required.

#### **ADJOURNMENT**

Since there was no further business to come to the Committee, and upon a motion duly made and seconded, the meeting was adjourned at 4:05 p.m.

MTG/