

**MINUTES OF THE SCHOOL BOARD AUDIT AND BUDGET ADVISORY COMMITTEE  
OF MIAMI-DADE COUNTY PUBLIC SCHOOLS  
September 17, 2013**

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The School Board Audit and Budget Advisory Committee (ABAC) met on Tuesday, September 17, 2013, 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 Member  
Ms. Susan Marie Kairalla  
Mr. Rayfield McGhee, Jr., Esq.  
Mr. Benjamin Moscowicz, CFP®  
Mr. Mayowa Odusanya, Esq.  
Mr. Isaac Salver, CPA  
Mr. Frederick F. Thornburg, Esq.

**Members Absent:**

Mr. Jeffrey B. Shapiro, Esq., Chair  
Ms. Kelly Borroto-Garcia  
Mr. Jose I. Rasco, CPA

**Non-Voting (Absent):**

Dr. Richard H. Hinds, Associate Superintendent/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's absence, who could not attend due to a business commitment. The Vice Chair called the meeting to order at 12:35 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	Mr. John Schuster, Chief Communications Officer
Dr. Marta Pérez, School Board Member	Ms. Connie Pou, Controller
Ms. Raquel Regalado, School Board Member	Ms. Silvia Rojas, Treasurer
Mr. Alberto M. Carvalho, Superintendent	Mr. Ron Steiger, Chief Budget Officer
Mr. Walter J. Harvey, Esq., School Board Attorney	Ms. Maria T. Gonzalez, Asst. Chief, School Audits
Mr. José F. Montes de Oca, Chief Auditor	Mr. Trevor L. Williams, Asst. Chief, District Audits
Mrs. Valtena G. Brown, Chief Operating Officer	Mr. Julio Miranda, Asst. Chief, Investigations
Ms. Judith Marte, Deputy Chief Financial Officer	Ms. Mindy McNichols, Asst. SB Attorney
Mr. Luis M. Garcia, Deputy School Board Attorney	Ms. Daisy Naya, Assistant Controller
Ms. Milagros R. Fornell, Chief Academic Officer	Ms. Iraida Mendez-Cartaya, Assistant Superintendent
Ms. Enid Weisman, Chief Human Capital Officer	Ms. Tiffanie Pauline, Assistant Superintendent
Mr. Ian Moffett, Chief of M-DCPS Police	Ms. Patra Liu, Interim Inspector General
Mr. Jaime G. Torrens, Chief Facilities Officer	Mr. Tom Knigge, OIG, Supervisor Special Agent
Ms. Martha M. Diaz, Executive Director	Mr. Arnold R. Montgomery, Administrative Director

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

September 17, 2013

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Ms. Dulce M. Palacio, Executive Director  
Mr. Eric Ojeda, Executive Director  
Ms. Magda Pereira, Principal  
Mr. Evelio Rodriguez, Major  
Ms. Raquel Alexander, Administrative Assistant  
Ms. Jackie Fals-Chew, Administrative Assistant  
Ms. Erzsebet Horvath, Administrative Assistant  
Ms. Ana Lara, Administrative Assistant  
Ms. Carmen Naumann, Administrative Assistant  
Ms. Anna Parekh, Administrative Assistant  
Ms. Bertha Valcarcel, Administrative Assistant  
Ms. Corina Betancourt, Community Liaison  
Ms. Terri Chester, CIU Investigator  
Mr. Jon Goodman, Executive Director  
Ms. Odalis Garces, District Director  
Mr. Robert Strickland, District Director  
Ms. Silvia Diaz, Administrative Director  
Ms. Charlene Burks, Administrative Director  
Ms. Cynthia Gracia, Administrative Director

Mr. Robert Gornto, Administrative Director  
Dr. Ana M. Rasco, Administrative Director  
Mr. Chris Morgan, Director  
Ms. Tamara Wain, Director  
Mr. Luis Baluja, Supervisor  
Ms. Jeanette Polynice, Audit Coordinator II  
Ms. Glendys Valls, FTE Auditor  
Ms. Elsa Berrios-Montijo, Administrative Secretary  
Ms. Lucila I. Gonzalez, Administrative Secretary  
Ms. Monica Troutman, Property Auditor  
Mr. Ivo Gomez, Claims Compliance Officer  
Ms. Dannie McMillon, Board President (Stellar Ldshp Academy)  
Ms. Catherine Bonnewell, Principal, (SIA Tech)  
Ms. Mary Chambers, SIA Tech  
Ms. Christina Perdomo-Fernandez, Asst. to CFO (Academica)  
Ms. Giselle Morera, Academica  
Mr. Donovan Maginley, Partner, McGladrey LLP  
Mr. Steve Gallon, Tristar Leadership  
Mr. Dan Ricker, Publisher and Editor

There was a moment of reflection.

### **2. Approval of the Minutes of the School Board Audit and Budget Advisory Committee Meeting of June 25, 2013**

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The Vice Chair drew the members' attention to the minutes for the ABAC meeting of June 25, 2013, and asked whether any members had any suggested revisions or questions relating to the contents of the proposed minutes.

Mr. Thornburg moved to amend his statement on page 3 of the minutes to reflect "possible lack of staff." The move was seconded by Mr. Salver to approve the minutes, as amended, to serve as the memorialization of the June 25, 2013, ABAC meeting. The motion carried unanimously.

### **3. Approval of the Minutes of the Special School Board Audit and Budget Advisory Committee Meeting of August 20, 2013**

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The Vice Chair then drew the members' attention to the minutes for the Special ABAC meeting of August 20, 2013, and asked whether members had any suggested revisions or questions relating to the contents of the proposed minutes.

Mr. Thornburg requested to amend his statement on page 4 of the minutes regarding clarification on Medical Reserve Calculator, where he suggested for the District to explore the possibilities of becoming a member of the United Benefit Advisors that offers the services of the Medical Reserve Calculator.

Ms. Kairalla also asked to amend the minutes by reflecting a statement she made at the Special ABAC August 20, 2013, meeting on behalf of the Parent and Principal Committees, recognizing Ms. Marte and her staff for a great job in working together for the benefit of students and teachers.

There was no further discussion. A motion was duly made by Mr. Thornburg and seconded by Dr. Feldman to approve the minutes, as amended, to serve as the memorialization of the August 20, 2013, Special ABAC meeting. The motion carried unanimously.

#### **4. Final Adoption of the FY 2013-14 Budget**

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Ms. Judith M. Marte, Deputy Chief Financial Officer, introduced the Final Adoption of the FY 2013-14 Budget; Agenda Items E-14, E-15 and E-16. In her presentation, Ms. Marte explained that this is the final chapter in the budget development process, but caution that there will be amendments throughout the year to reflect needed changes, and noted that the School Board approved all three items unanimously. She mentioned that the Budget has been uploaded and accepted and without changes by the State of Florida. Ms. Marte also observed that it reflects a three percent undesignated fund balance to protect the fiscal stability of the District.

Committee members were very impressed with the budget and the presentation and complimented Ms. Marte and her staff for both.

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

#### **5. Miami-Dade County Public Schools – Annual (un-audited) Financial Report Fiscal Year Ended June 30, 2013**

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Ms. Connie Pou, Controller, presented the above-referenced report. She emphasized that it was submitted for School Board approval at its September 3, 2013, meeting and was transmitted to the State by the due date of September 11, 2013.

Mr. Salver asked Ms. Pou to explain the item on page 1-D of the report “accumulated decrease in fair value hedging derivatives.” Ms. Pou responded that this fiscal year the District had to implement the Governmental Accounting Standards Board (GASB) Statement number 63, which addresses deferred up-close and in-flow of resources and for this year they had to reclassify since in prior years it was considered deferred charges. Ms. Pou stated that going forward they had to separate the decreases or increases in the derivatives in a separate caption (deferred outflow) which incurred a decrease in market value of the derivatives.

Mr. Salver asked if the District has its own derivative financial product. Ms. Pou responded in the affirmative. She explained that the acquisition derivatives was vetted by the Treasury Advisory Committee and it is part of the District’s investment policy.

The Committee complimented Ms. Pou for the content and presentation of the report.

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

## **6. Fifth Annual Report Fiscal Year 2012-2013**

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Ms. Patra Liu, Interim Inspector General (IG), introduced the above-referenced report and thanked the School Board Chair, Ms. Perla Tabares Hantman for initiating Amendment 2 to the Interlocal Agreement between the County and M-DCPS which was also approved at the County meeting on that day. She also thanked the School Board members present for supporting the IG's office through the Interlocal Agreement. Ms. Liu explained that the IG's budget funds two activities: 1) the agents employed at M-DCPS and 2) the reimbursement for work performed by County employees, for activities completed on behalf of the District. Ms. Liu pointed out that there was a 9% decrease in the budget for fiscal year 2013-14, as compared to the prior year.

Ms. Liu noted that most of their activities involving M-DCPS employee's misconduct are submitted to the Office of Professional Standards (OPS) and the Superintendent for administrative action. She emphasized that her staff is involved with the General Obligation Bond ensuring that events are monitored and inspected from time to time.

In response to a question by Mr. Salver regarding the background of IG's full-time staff (special agents), Ms. Liu responded that the qualifications include an investigative background and noted that some of them are former law enforcement agents.

Dr. Feldman complimented Ms. Liu for her presentation of the report and for reducing the amount of expenditures associated with the IG's operation over the years. Referring to page 3 of the report, Dr. Feldman asked if the Board is advised of the final status of the 68 complaints that dealt with School Board issues. Ms. Liu responded that some of the complaints are referred to the Superintendent or various departments on a case by case basis. She explained that in order to provide a status, it would require a compilation and some of the complaints are under investigation or under preliminary inquiry and the disposition cannot be provided until the cases are closed.

Dr. Feldman remarked that since the School Board is responsible for the District's employees, that the School Board should be aware of the impact and disposition of closed investigations. Ms. Liu stated that in the future she will provide a more detail report with the actual complaint, by category; type of allegation; who it was referred to; and complaints that are handled internally, she will also provide a status as to whether the complaint is pending or there is no disposition.

Ms. Regalado asked Mr. Harvey for a solution pertaining to School Board members receiving the complaint when it is public record. Mr. Harvey explained that with regards to the reports from the IG (both through the interlocal agreement as well as School Board policy), once the reports are issued they become a matter of public record. With regards to personnel investigations (which is a separate issue), the investigations and the content related to the investigations remain confidential until a conference-for-the-record and finding is made through the OPS and Personnel Investigative Model (PIM) process. Mr. Harvey emphasized that OPS generates an annual report which is transmitted to the School Board members with the number of IG's complaints received and the disposition of those complaints.

Ms. Regalado suggests considering Executive Session pertaining to these complaints or receiving the report in a quarterly basis instead of annually. Ms. Enid Weisman will consider

Ms. Regalado suggestions and explained that at the closure of the IG's report, the information becomes public.

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

## **7. Audit Resource Guide for School Site Administrators (Oral Presentation)**

The Chief Auditor introduced Ms. Magda Pereira, Principal at Southwood Middle Schools, who interned in his office as part of the ILead Program established by the Superintendent and approved by the School Board. Ms. Pereira expressed that she was honored to be selected as a mentee in the Office of Management and Compliance Audits (OMCA) and thanked the Chief Auditor for his professionalism and leadership and also thanked his administrative staff. Ms. Pereira explained that her project was a product of her having to step into the role of a treasurer when she did not have a treasurer at her school for three months. She highlighted several sections of a draft manual she developed to assist school site administrators become better acquainted with school finances from the perspective of the treasurers, which is different from the traditional approach. These insights, she concluded, will also help principals avoid audit exceptions. Ms. Pereira received many accolades and a round of applause for the thoroughness and insight perspective on her document.

Ms. Kairalla congratulated Ms. Pereira for her presentation and for assuming the responsibilities of a treasurer.

Mr. Salver was impressed with Ms. Pereira presentation and asked if there is training in place for principals similar to this presentation. Ms. Valtena G. Brown, Chief Operating Officer, responded that Ms. Pereira's presentation is about a quick tip handbook for principals and all the information that she presented are in place for principals with on-going training supported through the District office. She also mentioned that School Operations are encouraging principals to speak to other principals on a monthly basis to disseminate this type of information.

Ms. Pou pointed out that on a monthly basis, the business managers from the Internal Funds Department provide presentations for principals to enlighten them about the management process for internal funds.

Dr. Feldman also complimented Ms. Pereira for her presentation and requested a status report of the District's review/revised experience and educational requirements for treasurers, which should be in line with the fiscal responsibilities for these positions, as was discussed at a prior ABAC meeting. He expressed concerns regarding student's safety in carrying cash to purchase school pictures and asked what is the status on parents and students using credit cards versus cash/checks to purchase various items, such as school pictures. Ms. Pou responded that the District's current system does not have the capacity to allow for purchases using credit cards, but they are currently in the process of negotiating a contract with a vendor that will be providing a software system for Internal Funds with a web-based collection application, where parents and students will be able to make purchases with credit cards. She emphasized that this process will be in effect starting with the Adult Education level this year and for all school levels, next year. Ms. Pou pointed out that the yearbooks are the only item that a student can currently purchase using credit cards.

Dr. Feldman again expressed concerns about students' safety and suggested that Ms. Pou explore the possibility to come up with a solution for school picture vendors to take over the responsibilities, liability and the accountability of collections through the use of credit cards to keep students out of harm's way when carrying cash.

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

## **INTERNAL AUDITS:**

### **8. Office of Management and Compliance Audits 2013-2014 Audit Plan and Adopted Budget**

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The Chief Auditor introduced the OMCA 2013-14 Audit Plan and Adopted Budget and noted that during the summer at the June 2013 Committee meeting, he had introduced the proposed audit plan and considered feedback from stakeholders. He explained that the Plan contains a summary of the activities his office carried out throughout the year.

The report was praised by the Committee.

There was no further discussion. A motion was made by Mr. Salver, seconded by Mr. Thornburg, which carried unanimously, to recommend that the Office of Management and Compliance Audits 2013-2014 Audit Plan and Adopted Budget be received and filed by the School Board.

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

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Ms. Maria T. Gonzalez, Assistant Chief Auditor, presented the Internal Audit Report - Selected Schools that contains the audit result of 47 schools, none of which had any audit exceptions.

The Committee members were pleased with the results and offered their compliments to the OMCA, School Operations and principals.

There was no further discussion. A motion was made by Mr. Thornburg, seconded by Mr. McGhee, which carried unanimously, to recommend that the Internal Audit Report – Selected Schools be received and filed by the School Board.

### **10. Charter School Investigations**

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#### **a) Investigation of Attendance and Full-Time Equivalency (FTE) Reporting Practices at the Florida School for Integrated Academics (SIA Tech)**

The Chief Auditor introduced the above-referenced investigation noting that it was prompted by a referral from the District's Office of Charter School Support and welcomed questions.

Dr. Feldman asked if the Auditor General is also conducting an investigation on the above-referenced subject. The Chief Auditor responded in the affirmative and explained that the Auditor General has two offices that conduct audits for the District, one conducts financial audits, while the other conducts FTE audits.

Mr. Thornburg asked if the decision on the investigation was initiated by the Auditor General or the District. The Chief Auditor responded that it was made collectively.

Mr. Salver asked the representative of the school how did this situation arise. Ms. Catherine Bonnewell, Principal of the school explained that they are in partnership with the Federal Job Corps Program (Job Corps) and that the students enrolled in their charter school also attend a vocational trades program with Job Corps, while earning a high school diploma. She stated that in her opinion after meeting with staff members from OMCA, the discrepancies came from the attendance reporting procedures in partnership with Job Corps, which needs to be revised.

Mr. Salver asked what type of revisions would be appropriate to eliminate this problem going forward. Ms. Bonnewell stated that she was advised to work with the Federal Compliance Office and the Adult Education Office to address the problem, because the District's Integrated Student Information System is not setup to accommodate the Job Corps Program. Mr. Salver asked how many students are enrolled in this program and

Ms. Bonnewell responded that approximately 150 students are enrolled.

Dr. Feldman asked Ms. Bonnewell if there is anyone in her school that may have contact with a student, or may be within the physical boundaries of the school, who has not been fingerprinted or has not been cleared. Ms. Bonnewell responded she was not 100 percent sure everyone has been cleared.

Dr. Feldman expressed deep concern about students coming into contact with employees whose compliance with the Jessica Lundsford Act (JLA) has not been documented and demanded that immediate action be taken to address this issue.

Mr. Thornburg concurred with Dr. Feldman's point. Mr. Harvey then reminded Ms. Bonnewell that having employees at the school site who are not compliant with the JLA is a violation of the Charter and could lead to termination of the school's charter.

Ms. Bonnewell clarified that SIA Tech works in partnership with the Federal Job Corps campus and 100 percent of the employees of SIA Tech comply with the JLA and noted that she has worked diligently with the U.S. Department of Labor and the Center Directors of the Management Company to resolve the issue of the fingerprinting. Ms. Bonnewell added that SIA Tech is in the process in moving out of all Job Corps campuses to avoid some of these issues, but they cannot move out until this investigation is concluded.

In response to a question by Mr. Moscowitz regarding timely compliance with the screening process, the Chief Auditor explained that the students cannot be exposed to employees that are not in compliance with JLA and invited Ms. Tiffanie Pauline, Assistant Superintendent, Charter Schools, to expand on this issue.

Ms. Pauline explained that SIA Tech noted in their response that they will be concluding the screening process by August 19, 2013, and pointed out that the school only submitted to her office fingerprinting clearance of five names, but there are still some employees who have not been cleared. She emphasized that SIA Tech is in violation of the Charter School contract. Ms. Pauline pointed out that these students live on campus.

In response to Ms. Pauline earlier statement, Ms. Bonnewell clarified that they have cleared more than five people; they have fingerprinted close to a 100 individuals including vendors.

After extensive discussion involving School Board members, ABAC members, the School Board Attorney and District administrators, the Committee went on record supporting Dr. Feldman's demands that School Board Attorney look into the matter of the appropriate approach to assuring that fingerprinting was done timely and that students not be allowed to come into contact with individuals at charter schools who are not compliant with the JLA. Dr. Feldman then moved and Mr. Thornburg seconded the motion, which carried unanimously, to recommend that the Investigation of Attendance and FTE Reporting Practices at the Florida School for Integrated Academics (SIA Tech) be received and filed by the School Board.

**(At its December 11, 2013, meeting the School Board approved the initial reading to Board Policy 9800, *Charter Schools* adding vendors and third party service providers to the list of individuals who must meet level 2 screening requirements, which is the subject of the above discussion.)**

**b) Investigation of Complaint Concerning Stellar Leadership Academy, Inc. (f/k/a Life Skills Center Miami-Dade, Inc.) and Life Skills Center Opa Locka, Inc. Charter Schools**

The Chief Auditor introduced the above-referenced investigation and stated that the investigation was conducted by his office at the request of the Inspector General of the Florida Department of Education through a referral by the School Board Chair, Ms. Perla Tabares Hantman. He emphasized that the investigation resulted in the return of approximately \$145,000 to M-DCPS.

Ms. Hantman complimented the Chief Auditor and his staff for handling this investigation expeditiously and obtaining very good results.

There was no further discussion. A motion was made by Mr. Salver, seconded by Mr. Moscowitz, which carried unanimously, to recommend that the Investigation of Complaint Concerning Stellar Leadership Academy, Inc. (f/k/a Life Skills Center



Miami-Dade, Inc.) and Life Skills Center Opa Locka, Inc. Charter Schools be received and filed by the School Board.

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

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The Chief Auditor introduced the above-referenced report reflecting activities that were completed since the prior ABAC meeting and welcomed questions.

There was no further discussion. 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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The Chief Auditor noted that the elections of Chair and Vice Chair must be conducted annually, as provided in the School Board Policy governing the ABAC and explained the process. He then opened the floor for the nominations. Mr. Moscovitz nominated Mr. Jeffrey Shapiro for Chair. Mr. Salver nominated Mr. Sanchez-Medina for Chair. Mr. Sanchez-Medina thanked Mr. Salver for nominating him, but declined the nomination of Chair. Dr. Feldman then nominated Mr. Sanchez-Medina for Vice Chair. These were the only nominations and their peers unanimously elected both members, Mr. Shapiro for Chair and Mr. Sanchez-Medina for Vice Chair.

Ms. Hantman congratulated the elected nominees and asked whether the appointed member of the School Board be elected as Chair or Vice Chair of the ABAC. The Chief Auditor explained that the School Board Policy provides that the Chair or Vice Chair of the ABAC be elected from amongst the community members; therefore, the School Board appointee is excluded. Ms. Hantman suggested that consideration be given to revising the School Board Policy in order to allow the School Board appointee to be elected as Chair or Vice Chair.

There was no further discussion.

### **NEW BUSINESS**

No discussions.

### **OLD BUSINESS**

#### **13. M-DCPS 2014 State Legislative Program**

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The Chief Auditor noted that there was a commentary by an ABAC member at a prior meeting regarding the proposed legislation for Charter Schools and issues regarding funding. He then introduced Ms. Iraida Mendez-Cartaya, Assistant Superintendent, Intergovernmental Affairs and Grants Administration, for an update. Ms. Cartaya explained that the proposed M-DCPS 2014 State Legislative Program is scheduled for School Board approval on October 16, 2013, and it includes new language that will establish clear academic and financial standards for the purpose of distribution of Charter Schools Capital Outlay funds. She stated that the current Charter Schools

State Statutes provide that the charter school has to have financial stability and satisfactory student achievement but it does not define it. She is in the process of drafting legislation to provide more detail standards and started preliminary discussions with key legislative leaders in the house and senate to achieve this goal.

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

#### **14. Evaluations – Office of Management and Compliance Audits**

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The Chief Auditor explained that every year his office compiles evaluations for the external auditor, OMCA and his own evaluation. At the suggestion of an ABAC member that evaluations be compiled by another department, he recommends that the Director of Program Evaluation and Research for the District tabulate the evaluations.

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

#### **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. Sanchez-Medina at 2:21 p.m.

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