

**MINUTES OF THE SCHOOL BOARD AUDIT AND BUDGET ADVISORY COMMITTEE
OF MIAMI-DADE COUNTY PUBLIC SCHOOLS
October 10, 2017**

The School Board Audit and Budget Advisory Committee (ABAC) met on Tuesday, October 10, 2017, in the School Board Administration Building, Conference Room 916, at 1450 N.E. Second Avenue, Miami, Florida.

Members Present:

Voting:

Mr. Erick Wendelken, CPA, Vice-Chair
Mr. Alvin L. Gainey, PTA/PTSA President
Mr. Stephen Johnson, Esquire
Mr. Rudy Rodriguez
Ms. Mari Tere Rojas, School Board Member
Mr. Jeffrey Kaufman
Mr. Albert D. Lopez, CPA
Mr. Julio C. Miranda, CPA, CFE
Mr. Christopher Norwood, J.D.

Members Absent:

Mr. Juan del Busto
Mr. Jeffrey Codallo
Mr. Isaac Salver, CPA

Non-Voting:

Mr. Ron Steiger, Chief Financial Officer

Call to Order

The ABAC's Vice-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:

Dr. Lawrence S. Feldman, School Board Chair	Mr. Luis M. Garcia, Deputy School Board Attorney
Dr. Marta Pérez, School Board Member	Ms. Ana Rijo-Conde, Dep. Chief Fac. Eco-Sustainability Offcr.
Ms. Susie V. Castillo, School Board Member	Ms. Tabitha Fazzino, Chief Administrative and Comp. Officer
Dr. Steve Gallon III, School Board Member	Ms. Daisy Gonzalez-Diego, Chief Communications Officer
Ms. Perla Tabares Hantman, School Board Member	Ms. Lisa Martinez, Chief Strategy Officer
Dr. Martin Karp, School Board Member	Mr. José F. Montes de Oca, Chief Auditor
Ms. Lubby Navarro, School Board Member	Ms. Tiffanie Pauline, Assistant Superintendent
Mr. Alberto M. Carvalho, Superintendent	Mr. Jaime Torrens, Chief Facilities Officer
Mrs. Valtena G. Brown, Dep. Supt./Chief Oper. Officer	Dr. Daniel Tosado, Chief of Staff
Mr. Walter J. Harvey, School Board Attorney	Ms. Connie Pou, Controller

Minutes of the School Board Audit and Budget Advisory Committee

October 10, 2017

Page 2 of 13

Ms. Maria T. Gonzalez, Assistant Chief Auditor	Ms. Natalie Perez, Administrative Assistant
Mr. Trevor L. Williams, Assistant Chief Auditor	Mr. Matthew Tisdol, Administrative Assistant
Ms. Mindy McNichols, Assistant School Board Attorney	Mr. John Labonia, General Manager, WLRN
Ms. Daisy Naya, Assistant Controller	Ms. Elsa Berrios-Montijo, Staff Assistant
Mr. Edgardo Reyes, Administrative Director	Mr. Christopher Gardner, Staff Assistant
Mr. Jon Goodman, Executive Audit Director	Ms. Latisha Green, Administrative Assistant
Mr. Luis Baluja, Executive Director	Mr. Daniel Garó, Clerical Assistant
Mr. Richard Yanez, Audit Director	Ms. Enid Weisman, M-DCPS, Consultant
Ms. Tamara Wain, District Supervisor	Ms. Cynthia Borders-Byrd, C Borders-Byrd, CPA LLC
Ms. Jeny Priante, Staff Auditor	Mr. Anil Harris, Manager, RSM
Mr. Jerold Blumstein, Chief of Staff	Mr. Dwight Hill, Chair, WLRN
Ms. Adreina Espina, Chief of Staff	Mr. Thomas Knigge, OIG, Supervisor Special Agent
Ms. Francys Vallecillo, Chief of Staff	Mr. Felix Jimenez, OIG, Deputy Inspector General
Mr. Nelson Diaz, Administrative Assistant	Ms. Patra Liu, OIG, General Counsel
Ms. India George, Administrative Assistant	Mr. Ronald Frazier, Community Stakeholder
Ms. Pavielle James Phillips, Administrative Assistant	Ms. Maria Garcia, Senior Associate
Ms. Ana Lara, Administrative Assistant	Mr. Darryl Sharpton, CEO, TSG
Ms. Gina Miles, Administrative Assistant	Ms. Brittany Sharpton, Economic Consultant, TSG
Ms. Carmen Naumann, Administrative Assistant	Mr. Dan Ricker, Watchdog Report

The Chief Auditor requested a personal point of privilege to formally introduce Mr. Stephen Johnson, Esq., representing Dr. Gallon and lamented the resignation of the former Chair, Mr. Rayfield McGhee, because he had to relocate out of county. Mr. Montes de Oca informed the audience that School Board Policy 9140 states that committee members must reside in Miami-Dade County.

Mr. Johnson thanked Mr. Montes de Oca for his introduction and acknowledged that the ABAC is an active committee, in which he is looking forward to participate.

Dr. Feldman requested a moment of silence to honor the former ABAC member, Ms. Susan Karailla, who distinguishably served for many years.

2. Approval of the Minutes of the School Board Audit and Budget Advisory Committee (ABAC or Committee) Meeting of July 18, 2017

The Chair presented the minutes and asked if there were any questions or comments. There being none, a motion was made by Ms. Rojas and seconded by Mr. Rodriguez, for approval of the minutes to serve as a memorialization of the July 18, 2017, ABAC meeting. The motion carried unanimously.

AUDIT REPORTS:

Mr. Rodriguez requested that agenda item 6 to be moved to the top of the agenda. A motion was made by Ms. Rojas, seconded by Mr. Kaufman and unanimously approved.

3. Miami-Dade County Public Schools – Annual (un-audited) Financial Report Fiscal Year Ended June 30, 2017

The Chief Auditor introduced the above-referenced report and noted that it was submitted to the School Board at its September 6, 2017 meeting. Ms. Connie Pou, Controller and Mr. Steiger, Chief Financial Officer satisfactorily addressed some questions posed by ABAC members.

Committee member, Mr. Lopez, referencing the statement of activities Exhibit A-1, page 1-E, inquired about the \$98.3 million increase in revenues and \$150.3 million increase in Instructional Services expenses.

Ms. Pou, Controller, explained that those increases represent a consolidated view of all of the District Funds (General, Special Revenue, Capital, Debt and Proprietary), and a significant amount of the increases is attributable to grant funds accounted for in the special revenue funds.

Mr. Steiger, CFO, suggested that the best way to judge the performance of the District is to look at the fund statements. For example fund balance in the General Fund increased from \$175.3 million to \$222.3 million during the year.

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

4. Office of Management and Compliance Audits 2017 Annual Report and 2018 Annual Audit Plan and Budget

The Chief Auditor introduced the annual report which details what transpired in the prior year regarding audits contained in the prior year's Audit Plan, along with the Audit Plan that he's planning to perform during the coming year. He stated that School Board member Ms. Castillo had previously requested to augment the scope of the construction audits and that the proper protocol is for someone on the committee to move that the recommendation be accepted by the committee.

The motion was made by Ms. Rojas and seconded by Mr. Lopez.

Mr. Montes de Oca acknowledged that the School Board Member that recommended to amend the scope of the construction projects was not present at this ABAC meeting; however, he stated that he will review the recording of the prior meeting and add to the scope of this audit

what the request was and how it's approved as well as update the report and submit to the School Board.

The Committee voted unanimously to approve the motion and that a revised Audit Plan would be presented at the next ABAC meeting.

Dr. Gallon inquired about the engagement of business and development support services, and OMCA's role in the process.

The Chief Auditor replied that OMCA is asked every now and then to attend some meetings, but that OMCA is very careful not to vote at these meetings. Mr. Williams also made a distinction between the contractor certification and prequalification processes.

Dr. Gallon asked about the planning process input from the School Board referencing page 41 of the OMCA Audit Plan. He inquired whether the School Board's input is platform in terms of a plan for the upcoming school year or whether there another process by which the Board will provide some thoughts about what areas they want to have considered.

Dr. Gallon also expressed his concern that we have a \$1.2 billion GOB, and there has not been a comprehensive audit.

Dr. Gallon asked Mr. Montes de Oca at what point do School Board members have an opportunity to discuss with him items or areas that they would like to have included in the Audit Plan for the upcoming year.

Mr. Montes de Oca responded that a proposed Audit Plan was submitted to the ABAC in July 2017. He pointed out that all the material that is submitted to the ABAC is also submitted to the School Board Members. He explained that in his cover letter to the proposed plan he asked for input from the stakeholders, which can be incorporated during the summer, resulting in the final Audit Plan that is presented to the ABAC in September (in this case it was October due to September's meeting being rescheduled due to the hurricane). However, if there's a Board Member or ABAC Member who feels that he or she needs for whatever reason provide him with directions at this point to amend the plan, this is definitely the venue to do it and he will be glad to change and/or amend the Audit Plan to incorporate the request from the ABAC or School Board Member provided the proper protocol is followed.

Ms. Rojas asked if a School Board member wants to make any recommendations or suggestions for audit, would this be the only time or could they do it after the ABAC meeting. Mr. Montes de Oca replied that he reports to the School Board, so he could not tell a Board member that he is not going to do something that is reasonable now or in the future. However, he said it must be kept in mind that the Audit Plan is for the entire year and he and his staff dedicate considerable thought to the resources needed to complete this Audit Plan. He reminded Ms. Rojas, however, that if something additional is added to the Audit Plan, that something existing would need to be removed from the Audit Plan.

Ms. Rojas thanked Mr. Montes de Oca for his response.

Mr. Rodriguez asked the Chief Auditor if he will provide a follow-up to the audit of WLRN by the CPB's OIG. Mr. Montes de Oca responded that what he intends to do is bring back to the ABAC and the School Board whatever actions or decisions CPB makes, based on the recommendations of the OIG.

Mr. Rodriguez also inquired regarding the allocation within the audit of the WLRN, if there would be a review of this allocation between Radio and TV. Mr. Montes de Oca replied that the certification of the financial report has been completed and the current auditor for WLRN now requires and verifies a certification of this allocation.

Dr. Feldman, referencing pages 52 and 54 of the audit plan, inquired about the audits the Impact Fees Collection and the Tax Collector's Commissions. Mr. Montes de Oca responded that he had an audit of Impact Fees on the audit plan years ago and after checking with some county entities it was represented to him that they had done some audits and there was not much money to be obtained from these audits. However, recently it came to his attention that at least one of the big buildings surrounding this area had not paid the impact fees, which amounted to several hundred thousand dollars. In view of these facts, he decided to add the impact fees audit to the Audit Plan. He also mentioned that the audit will be completed as soon as he can determine which audits have the highest priority, pending the conversation currently taking place.

The Chief Auditor explained that the tax collector's commission is really not a fee assessed, but deductions from revenues due to the school system. He also mentioned from the conversation with a former Treasurer that those amounts in his opinion were not very large. Therefore, this audit is kept in the long-range section of the audit plan in case there is time to dedicate to it.

Dr. Feldman asked Mr. Montes de Oca if he was satisfied that the commissions were appropriate. The Chief Auditor replied that he could not state this without looking into it, but according to what he has heard from reliable sources, it is not as critical or important as some other areas.

Ms. Rojas inquired about the status of the vacant information technology audit position referenced in the Audit Plan. The Chief Auditor informed Ms. Rojas that a candidate for this position was being presented to the School Board at its October 11, 2017, meeting for approval. Ms. Rojas then asked if the IT audits will be initiated right away. Mr. Montes de Oca mentioned that he plans to do just that, with the caveat that the person coming in would require some training to become familiar with the systems in order to conduct the audits.

Mr. Lopez asked the Chief Auditor if he felt there were enough hours budgeted to complete the audits that were in the plan. Mr. Montes de Oca replied that he was comfortable with the plan as presented; however, with the additions that have been proffered he will have to revisit the plan to see what he can and cannot do and determine what has to be removed.

Ms. Hantman asked Mr. Montes de Oca for clarification regarding the statement made about possible modifications of the existing Audit Plan. The Chief Auditor reiterated that when he includes the requests that have been asked of him, he will not be able to accommodate what

is currently in the plan and the additional requests. Therefore, additional resources will be needed or the Audit Plan will need to be modified accordingly.

Ms. Hantman pointed out that over the years whenever additional audit requests have been made, she had always inquired about the need for more audit staff, noting that she has been supportive of this over the years. The Chief Auditor recognized and thanked Ms. Hantman for her supportiveness to this matter throughout the years.

Mr. Lopez asked for clarification on Ms. Hantman's comment regarding additional resources to be provided to the Chief Auditor to accommodate the additional requests that have been submitted; and if he's unable to hire additional staff, then what happens to the Audit Plan?

Mr. Montes de Oca explained M-DCPS' hiring process and emphasized that in order to carry out the current Audit Plan with the additional requests he needs more staff members and asked the Committee to table the Audit Plan, so that he can incorporate the requests by Dr. Gallon and Ms. Castillo and determine the additional staff needed to carry out the plan.

Mr. Montes de Oca then requested a motion by the Committee to add Ms. Castillo's and Dr. Gallon's requests for a follow-up on the GOB audit on an annual basis.

Mr. Johnson inquired as to the effect of tabling the Audit Plan on future planned audits. The Chief Auditor responded that the delay in approving the Audit Plan would not affect the efficiency of the office.

Mr. Johnson moved to have Dr. Gallon's and Ms. Castillo's request added to the Audit Plan. Ms. Rojas seconded the motion, which carried unanimously.

The Chair recommended that this part of the plan be put on hold. The Chief Auditor agreed and asked if the ABAC would indulge him to bring back the Audit Plan to the December 2017 meeting.

A motion was made by Mr. Gainey, seconded by Ms. Rojas, which carried unanimously, to table the **Office of Management and Compliance Audits 2017 Annual Report and 2018 Annual Audit Plan and Budget** and bring a revised version to the December 2017 ABAC meeting.

5. Internal Audit Report – Selected Schools/Centers

Mr. Montes de Oca introduced the above-noted report and informed the Committee that the report included 45 schools, 43 of which had no audit exceptions.

He then yielded the floor to Ms. Maria T. Gonzalez to address any questions or concerns. She expressed her satisfaction in seeing that at 43 out of the 45 schools the records were in good standing, noting that at the two schools that had audit findings the principals reported the issues.

At Madie Ives Elementary the very proactive Principal contacted the auditors regarding cash collections that were missing. The auditors verified a shortfall of approximately \$1,000; however, they could not identify who was responsible. Likewise, at Ada Merritt K-8 Center another proactive Principal reported an incident of missing funds amounting to \$1,770. This incident was initially investigated by M-DCPS Police. However, neither the police nor the auditors could determine the person responsible for the misappropriation.

Ms. Rojas inquired whether there are cameras in the office area where the two situations occurred. Ms. Brown responded that according to M-DCPS Police, there were no cameras in the areas identified. Ms. Rojas suggested putting cameras in the office area. She mentioned that the thought of cameras being in many locations could probably deter these situations.

Ms. Rojas questioned the appropriateness of the disciplinary action taken for Ada Merritt, noting that the other Treasurer is on leave. Ms. Brown replied that there is a committee that looks at disciplinary actions and it's reviewed by the School Board Attorney's Office and that was deemed to be appropriate for the incident that occurred.

There being no further questions or comments, a motion was made by Mr. Gainey, seconded by Mr. Lopez, which carried unanimously, to recommend that the **Internal Audit Report – Selected Schools/Centers** be received and filed by the School Board.

6. Internal Audit Report – Audit of Selected Data Related to 65 Financially Closed Projects from Year 1 and Year 2 of the GOB Program and Miami Norland Senior High School

Mr. Montes de Oca presented the above-mentioned report which was requested by the Superintendent of Schools at a School Board meeting and was conducted by OMCA. He noted the objectives stated in the report and pointed out that the first two were materially complied with, but some issues were encountered with the third objective.

He then yielded the floor to Mr. Trevor Williams to elaborate on the report and to address any questions or concerns. Mr. Williams emphasized that the audit objectives were to answer three questions: Does the information on the spreadsheet agree with the data that is in the compliance monitoring system that the district has? Were payments made to prime and sub-contractors accurately reflected? and Is the level of M/WBE, SBE, and MBE utilization accurately reflected in the data that was provided to be audited? Mr. Williams reminded the audience to keep the objectives in mind as OMCA endeavored to answer these three questions. He reiterated the Chief Auditor's comment on the agreement of information on the spreadsheet with what is on the B2G monitoring system. Additionally, the payment compliance was accurately reflected in the data. However, with the utilization of sub-contractors OMCA found some exceptions, which are detailed in the report. Mr. Williams also stated that we found that the achievement of anticipated goals for certain projects established in some cases were met whereas in other cases they were not. Mr. Williams then asked if there were any questions or comments.

Superintendent Carvalho thanked the Chief Auditor for conducting the audit and provided a comprehensive overview of the GOB program and efforts by the Office of Economic Opportunity to certify companies, pointing out that the GOB program is at its midway point and he had asked the Chief Auditor for this audit, because he wanted to find out through an internal independent audit if there were any issues that his administration needed to address. He stated that he was pleased with the results of the audit and agreed with the conclusions reached in the audit report emphasizing that there will be renewed efforts to address the areas where issues were noted. Mr. Carvalho pointed out that a lot of the accusations, along with doubts and concerns publicly expressed regarding the validity and origin of the data should have been put to rest by the audit. The Superintendent emphasized that there will be additional efforts undertaken to address the issues noted with the certification process, along with the completion of payments to subcontractors. He also promised to provide the School Board with a more global perspective regarding M/WBE, SBE and MBE data.

Ms. Lisa Martinez, Chief Strategy Officer, delved deeper into the nature of the findings. She also committed to address and correct the findings and provided some details as to what has been done to address the findings. She also noted that the two firms which did not have a certificate at the time of award were not counted toward participation goals.

Mr. Rodriguez asked why there was such a large percentage in the undetermined category throughout the exhibits. The Chief Auditor explained that the undetermined categories refers to the ethnicity/gender not being identified/classified at the time the information was obtained.

School Board member Rojas registered concerns about the low percentage of participation by women, the high level of undetermined categories and the substitution of certified subcontractors, while School Board member Gallon asked a series of questions regarding the scope of the audit, the steps that were followed during the audit and the data maintained by the District. The auditors and administrators provided responses that appeared to have satisfied both Board members' concerns.

There were several more questions posed by School Board and ABAC members. Specifically, School Board member Castillo asked for a more extensive audit of the GOB construction program process and expenditures; and Dr. Gallon asked for a follow up to this audit and a closer look at compliance with rules and regulations regarding minority sub-contractors participation. The administration and the auditors appropriately responded to these questions.

Mr. Frazier, former Chairman of the SBE Advisory Committee and stakeholder, shared his involvement in this program since its inception, his appreciation that the audit was performed to have a reference point as to what is happening and expressed his view of the report, characterizing the audit as "soft". He wanted to know why the report only contained projects in years one and two of the program and did not specify verification, mention of policy violations, compliance reports, certification violations, lack of adequate documents, no evidence of date stamped on received documents, owner of license and income statements. (NOTE: These criteria were not part of the audit scope)

Mr. Montes de Oca pointed out that anyone can categorize things as they see fit. He emphasized that his audits deal with facts and analysis and he stands by his report 100

percent. The reason the report only included projects started in year 1 and 2, is that in order to come to a conclusion on what the participation level was, only projects that were completed could be used, and those were year 1 and 2 projects.

There being no further questions, a motion was made by Mr. Gainey, seconded by Ms. Rojas, which carried unanimously, to recommend that the **Audit of Selected Data Related to 65 Financially Closed Projects from Year 1 and Year 2 of the GOB Program and Miami Norland Senior High School** be received and filed by the School Board.

7. Office of Management and Compliance Audits' Activity Report

Mr. Montes de Oca introduced the above-noted subject and stated that this report details what has transpired from the last ABAC meeting to date and welcomed any questions.

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

OTHER REPORTS:

8. Arrest of Joey Bautista, Former Principal of Miami Jackson Adult Education Center, Ref: SB1617-1001

The Chief Auditor introduced the above-reference report, noting that it was previously submitted to the School Board. He explained that pursuant to School Board policy the report must be presented to the ABAC for its consideration. He then yielded the floor to Mr. Knigge, representing the Office of the Inspector General.

Mr. Knigge provided a detailed background of the investigation and pointed out that it stemmed from the previous investigation at North Miami Adult Education Center, which was also presented to the ABAC, and where the principal also used school funds to pay for personal services performed by a school employee.

Mr. Rojas thanked the OIG team for their extensive investigation and the work that they have done. Also she inquired about what is being proactively done in order to avoid these situations in the Adult Education programs. Ms. Brown noted that the Adult Education Centers have biometric payroll systems and explained how the district administration is being proactive in utilizing this system hoping to avoid these types of incidents in the future, recognizing, however, the extent some people will go to do what they want to do.

Dr. Feldman just wanted to make sure for clarity purposes that Mr. Bautista was the principal for Miami Jackson Adult Education Center, not the Senior High School. Mr. Knigge affirmed that he was correct.

Ms. Hantman thanked the OIG for their investigation and the work they perform for M-DCPS. Mr. Knigge thanked the School Board members for their support.

There being no further questions or comments, this report was presented for informational purposes only; therefore, no transmittal to School Board by the ABAC was required.

9. Presentation of the Special-Purpose Financial Statements and Independent Certified Public Accountant Operation of WLRN Television and Radio Stations as of and for the Year Ended June 30, 2016

The Chief Auditor introduced the above-noted report and mentioned that this has been debated at the ABAC for quite some time. He expressed his appreciation in having the financial statements on the agenda for WLRN.

The Chair opened the floor to address questions or comments.

Mr. Norwood inquired about the response from management regarding the financial statements. He referenced page 46 of the report indicating the material weaknesses as noted. Ms. Borders-Byrd clarified that on page 47 of the report is the external auditor's recommendation along with the response from management of the School Board.

Mr. Carvalho elaborated on the management's response and how reading/reviewing both reports (CPB-OIG and the Financial Statements) and the findings of this external auditor are very much in line with what CPB-Inspector General found. He reiterated Ms. Gonzalez-Diego's comment of this being a learning experience on how Friends operates. For items that were legitimately found, Friends has been very gracious in terms of collaborating, addressing it, owning up to it, fixing it and moving forward. The Superintendent also referenced the notion of shared responsibility, including that our financial staff will review applicable documentation.

Dr. Karp asked who commissioned this audit, Friends or the School Board. The Chief Auditor responded that there are three different audits. Item 10 is an independent auditor that is retained by the School Board to review the financial statements and certification submitted to CPB. The second one was conducted by the CPB-Inspector General, and the third was an audit of Friends of WLRN.

Dr. Karp clarified his question, gearing specifically to the audit conducted by Ms. Borders-Byrd. Mr. Montes de Oca replied that this is an audit of the records of WLRN which is an entity that is a part of M-DCPS and that is conducted by an external independent auditor.

Mr. Johnson asked if the School Board pays for the audit. Mr. Montes de Oca confirmed that they do.

Mr. Johnson asked Ms. Borders-Byrd when you refer to management not giving you an indication of any potential liability correctly identified/able, which management were you speaking about Friends or School Board? Ms. Borders-Byrd replied that they were engaged last September to do the audit and working with an outsourced CPA firm that was engaged by the management of WLRN and as time when by in October, she requested the combining schedules that the prior auditor referred to from Friends. She indicated that she later learned in January that it did not exist. She mentioned the need of the combining schedule with an

opinion from Friends' CPA so that she could rely on it in connection with her audit. She stated that her firm received the said schedule and opinion in July 2017 for 2016.

Ms. Borders-Byrd further explained that management was unaware of the liability until January 2017 when Friends discovered and communicated it to the School Board.

Ms. Borders-Byrd pointed out to the Committee that her FY 15-16 audit of WLRN contains a qualified or modified opinion due to lack of any accrued liability for monies owed to the CPB. Mr. Lopez questioned whether the District and external auditor should restate and re-issue the FY 15-16 WLRN audit to reflect a proper accrual and an unmodified audit opinion. A lengthy discussion on the pros and cons of doing this followed. Ultimately, the committee reached a consensus that this should not be done.

There being no further questions, a motion was made by Ms. Rojas, seconded by Mr. Johnson, which carried unanimously, to recommend that the **Presentation of the Special-Purpose Financial Statements and Independent Certified Public Accountants Operation of WLRN Television and Radio Stations as of and for the Year Ended June 30, 2016** be received and filed by the School Board.

10. Presentation of the Evaluation of WLRN-TV/FM's Restatement of its Underwriting Revenue Split between Television and Radio for the period July 1, 2007 through June 30, 2015, Report no. ESJ1708-1710

The Chief Auditor introduced the above-noted report in conjunction with presenting the financial statements of WLRN.

Ms. Gonzalez-Diego provided an overview of the evaluation of CPB-OIG report that the AFR has been certified and submitted. She noted the CPB has 180 days to make a final determination of the recommendations provided by the IG. Ms. Gonzalez-Diego also provided an overview on the plan of action and preventive measures to ensure future mishaps.

Ms. Rojas inquired on the written response by WLRN's manager since The School Board is ultimately responsible what is the School Board's management response.

Ms. Gonzalez-Diego replied that management is working on an agreement to negotiate the repayment of the \$1.1 million, timelines and the number of days to prepare AFRs by November 30th and to ensure that time.

Ms. Rojas asked for clarification on the penalty written response whether it was from management of The School Board or from Friends.

Ms. Gonzalez-Diego responded that the written responses are prepared by the school district; however, they are submitted by the General Manager. She also mentioned that M-DCPS is questioning the penalty since they are the ones who discovered/presented issue of self reporting.

Ms. Rojas wanted to know who from the School Board would monitor the corrective actions required by WLRN, what measures are put in place to ensure the accuracy of the financial reports submitted to CPB?

Ms. Gonzalez- Diego replied that they are working with Friends on this process. The Office of Financial Services, Budget office has been working in collaboration with newly appointed CFO (Shelia Reikes) in establishing a good relationship and working in collaboration with the corporation to ensure applicable documents are quickly forthcoming and provided.

Ms. Rojas reiterated that the Inspector General's audit covered the time frame from July 1, 2007 through June 30, 2015. Now that two more audit periods have passed (2015-2016 and 2016-2017) she wanted to know if there is another audit going to take place for those two years.

Ms. Gonzalez-Diego affirmed yes, there is another audit taking place for 2014-2015 which is in process, we are looking at a timeline of October when we should get the first draft.

Ms. Rojas asked how do we know or what assurances do we currently have that the same reporting that took place in previous years and the related penalty will not transpire during the next cycle.

Ms. Gonzalez-Diego indicated that we have learned a lesson from this, and that thankfully we have obtained an independent auditor who has been the first to come and notice this. She stated that Ms. Borders-Byrd did her due diligence in asking for compliance statements and also in separating TV and Radio, something that has not been done before. She indicated that the District and its Financial Services department are now very knowledgeable on everything that has to do with WLRN.

There being no further questions, a motion was made by Ms. Rojas, seconded by Mr. Gainey, which carried unanimously, to recommend that the **Presentation of the Evaluation of WLRN-TV/FM's Restatement of its Underwriting Revenue Split between Television and Radio for the period July 1, 2007 through June 30, 2015, Report No. ESJ1708-1710** be received and filed by the School Board.

New Business:

None.

Old Business:

- **Charter School Compliance Documentation**

Mr. Montes de Oca mentioned that there was some discussion at the last ABAC meeting regarding some of the reports that were put together by the Office of Charter Schools Operations and they are here to answer any questions.

There being no questions or comments, this report was presented for informational purposes only; therefore, no transmittal to School Board by the ABAC was required.

Adjournment

There being no further business to come before the Committee and upon motion duly made and seconded, the meeting was adjourned by Mr. Wendelken at 4:11 p.m.

/lg