

**MINUTES OF THE SCHOOL BOARD AUDIT AND BUDGET ADVISORY COMMITTEE
OF MIAMI-DADE COUNTY PUBLIC SCHOOLS
December 11, 2018**

The School Board Audit and Budget Advisory Committee (ABAC or Committee) met on Tuesday, December 11, 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
Dr. Lawrence S. Feldman, School Board Member (Alternate)¹
Mr. Jeffrey Kaufman
Dr. Nancy Lawther, PTA/PTSA President
Mr. Albert D. Lopez, CPA
Mr. Julio C. Miranda, CPA, CFE
Mr. Rudy Rodriguez, CPA
Mr. Isaac Salver, CPA

Members Absent:

Mr. Stephen Hunter Johnson, Esquire
Ms. Mari Tere Rojas, School Board Member

Non-Voting:

Mr. Ron Steiger, Chief Financial Officer (**Absent**) (Ms. Daisy Naya, Controller, represented Mr. Steiger)

Call to Order

The ABAC Chair, Mr. Erick Wendelken called the meeting to order at 12:34 p.m.

1. Welcome and Introductions

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

Mrs. Perla Tabares Hantman, School Board 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. Maria T. Gonzalez, CPA, Chief Auditor
Mr. Jon Goodman, CPA, Assistant Chief Auditor
Mr. Richard Yanez, CPA, District Audit Director
Ms. Elvira Sanchez, CPA, CFE, District Director
Mr. Luis Baluja, CISA, Executive Director

¹Under the new term, the Honorable Chair of the School Board, Mrs. Perla Tabares Hantman has appointed School Board member Ms. Mari Tere Rojas as the ABAC's voting Board member and School Board member Dr. Lawrence S. Feldman as the ABAC's alternate voting Board member.

Ms. Tabitha Fazzino, Chief Admin. and Comp. Officer
Ms. Daisy Gonzalez-Diego, Chief Communications Officer
Mr. Jaime G. 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. Iraida Mendez-Cartaya, Associate Superintendent
Mr. Edwin Lopez, Chief of Police
Mr. Phong T. Vu, Treasurer
Ms. Daisy Naya, Controller
Ms. Joyce Castro, Assistant Superintendent
Mr. Luis E. Diaz, Assistant Superintendent
Mr. Carl Nicoleau, Assistant Superintendent
Ms. Tiffanie Pauline, Assistant Superintendent
Ms. Cynthia Gracia, Administrative Director
Ms. Meyme Falcone, Administrative Director
Mr. Edgardo Reyes, Administrative Director
Dr. Robert Strickland, Administrative Director
Ms. Nicki Brisson, District Director
Ms. Arlene Diaz, Executive Director
Mr. Edward McAuliff, Executive Director, ITS
Ms. Jaquelyn Calzadilla, Director
Mr. Jerold Blumstein, Chief of Staff
Ms. Jackeline Fals, Chief of Staff
Ms. Francys Vallecillo, Chief of Staff
Mr. Nelson Diaz, Administrative Assistant
Ms. Ingrid Feely, Administrative Assistant
Ms. Ana Lara, Administrative Assistant
Ms. Vivian Lissabet, Administrative Assistant
Ms. Teresita Rodriguez, CPA, Executive Director
Ms. Tamara Wain, CPA, Executive Director
Mr. Neil R. Singh, CPA, Audit Director
Mr. Wilmer Maradiaga, IT Auditor
Mr. Michael Hernandez, CPA, Audit Coordinator
Ms. Wanda Ramirez, FTE Auditor
Ms. Michelle Denis, Fiscal Supervisor
Mr. Leroy Anderson, Budget Supervisor
Ms. Carlota Noguera, Paralegal
Ms. Valentina Lopera, Administrative Assistant
Ms. Addys Lopez, Administrative Assistant
Mr. Matthew V. Tisdol, Administrative Assistant
Ms. Elsa Berrios-Montijo, Staff Assistant
Ms. Latisha Green, Administrative Assistant
Ms. Sheila Resco, Clerical Assistant
Mr. Felix Jimenez, OIG, Deputy Inspector General
Mr. Thomas Knigge, OIG, Supervisor Special Agent
Mr. Brett Friedman, Partner, RSM US LLC
Mr. Anil Harris, Senior Manager, RSM US LLC
Ms. Gaby de la Cruz, Supervisor, RSM US LLC
Ms. Cynthia Borders-Byrd, Managing Member, C Borders-Byrd, CPA
Ms. Tanya Davis, Partner, S. Davis & Associates
Mr. Shawn Davis, Partner, S. Davis & Associates
Ms. Annette Lewis, Manager, S. Davis & Associates
Dr. William Stronge, Economist, S. Davis & Associates
Mr. Alex Trujillo, Partner, Verdeja, De Armas & Trujillo, CPA
Mr. William McAuliff, Executive Director, MECA
Ms. Ana Martinez, CFO, Academica
Dr. Ruth E. Pacheco, Board Chair, ASPIRA
Ms. Marie Caceres, Principal, ASPIRA Arts Deco
Mr. Rafael Mestre, Manager, Building Hope
Ms. Colleen Wright, Reporter, Miami Herald

After introductions, the ABAC Chair congratulated Mrs. Perla Tabares-Hantman for her recent appointment as Chair of the School Board of Miami-Dade County. The ABAC Chair also announced the recent and unfortunate passing of Mr. Donovan Maginley, Partner of RSM US LLC who led the external audit of the district for several years and expressed his sentiments for this loss.

Next, ABAC Chair Mr. Wendelken introduced Mr. Brett Friedman, Partner of RSM US LLC, who will be responsible for overseeing the external audit of the district going forward.

Mr. Friedman gave a brief eulogy of his colleague and friend of over 25 years, expressed that Mr. Maginley will be missed, and thanked the Committee for this opportunity to recognize him. Mr. Friedman also gave a synopsis of his extensive external audit work experience with several public schools' systems. At the request of Mr. Jeffrey Codallo, ABAC member, the Committee held a moment of silence and reflection to posthumously honor Mr. Maginley.

2. Election of the Chair and Vice-Chair of the Audit and Budget Advisory Committee (ACTION)

Ms. Maria T. Gonzalez, Chief Auditor conducted the election of the Chair and Vice-Chair of the Audit and Budget Advisory Committee. This took place at the onset of the meeting, after introductions, recognitions and remembrances.

At the Chief Auditor's request for nominations to the position of Chair of the ABAC, Mr. Julio Miranda, ABAC member nominated Mr. Erick Wendelken, and this nomination was seconded by Mr. Jeffrey Kaufman, ABAC member. There being no other nominations, the Committee unanimously voted to elect Mr. Wendelken as Chair of the Committee.

At the Chief Auditor's request for nominations to the position of Vice-Chair of the ABAC, Mr. Jeffrey Codallo, ABAC member nominated Mr. Christopher Norwood, and this nomination was seconded by Mr. Albert Lopez, ABAC member. There being no other nominations, the Committee unanimously voted to elect Mr. Norwood as Vice-Chair of the Committee.

The Chief Auditor congratulated Mr. Wendelken and Mr. Norwood for their appointments and those present congratulated them with a round of applause. Mr. Wendelken proffered that he will continue his commitment of service to the Committee and to the School Board of Miami-Dade County.

3. Approval of the Minutes of the School Board Audit and Budget Advisory Committee Meeting of September 18, 2018 (ACTION)

The ABAC Chair presented the minutes of the September 18, 2018, ABAC meeting and the Chief Auditor inquired if there were any questions or comments regarding the minutes. There being none, a motion was made by Mr. Isaac Salver, ABAC member, and seconded by Dr. Lawrence Feldman, School Board member, for the approval of the minutes of the September 18, 2018, ABAC meeting. The motion carried unanimously.

4. General Obligation Bond (GOB) External Independent Audit Update (INFORMATIONAL)

The Chief Auditor introduced and welcomed the team from S. Davis & Associates, P. A. She stated that this presentation was being made at the request of the ABAC during their last meeting in September. She further stated that the purpose of this presentation was to provide an update of the GOB external audit fieldwork and introduce the work of the economist hired by the firm, Dr. William Stronge.

According to Ms. Tanya Davis, Engagement Partner for the firm of S. Davis & Associates, P. A., this presentation included a status update of the performance audit and a presentation from the economist hired by the firm. She then introduced the team members that included Mr. Shawn Davis, Managing Partner, Mr. Alex Trujillo, the Sub-contract partner, Ms. Annette Lewis, the Lead Engagement Manager and Dr. William (Bill) Stronge, the economist, and turned over the presentation to Ms. Lewis.

Ms. Lewis proceeded to the highlights of their fieldwork covering the contract deliverables (not including the reporting portion of the project at this time).

She explained that the deliverables were segregated into 16 different fieldwork-related tasks. She covered each task and provided a status update, except for task 3.3 that was specific to Dr. Stronge's presentation. According to Ms. Lewis, the fieldwork corresponding to each enumerated task was currently in progress, and the team is currently working with district staff responsible for each particular area with the goal to complete the fieldwork by the end of January 2019. She noted that the team would be working through the winter recess. In some of the tasks, she acknowledged that the challenges had involved understanding and identifying the data specific to the GOB in order to analyze and address the task. She then turned over the floor to Dr. William Stronge, the economist, for his part of the presentation.

Dr. Stronge stated that his starting point is the study that was done in 2012 by the Washington Economic Group (WEG), which was an economic impact study of the bond program. He stated that such economic impact study divides the economic impact of a program into two parts. One part is the economic impact that occurs during the construction phase of the project, where new jobs are created, and earnings and new benefits arise when income is coming into the system from an external source. According to the study, the floating bonds are bought throughout the country and monies are coming into Miami-Dade, thus creating new jobs and new sources of income. He observed that the study took into account the full amount of the bonds; however, because the full amount has not been spent yet, the full impact has yet to be experienced.

Dr. Stronge proceeded that the second part of the study focuses on the improvements that would come about to the school system. These would involve the children now attending better schools furnished with more equipment and other improvements. This part made assumptions about measures on improved student performance, graduation rates, retention rates and test scores. As a result of these improvements, the students would experience increased earnings, once finished with their studies and having joined the labor force better trained than previously; therefore, receiving increased earnings over their lifetime. Further, if they remain in Miami-Dade County, then they would be contributing to increased consumer spending in the community, thus creating jobs and employment for the consumer goods supplying industries in the county.

Dr. Stronge pointed that both impacts made the assumption that there would be a two-percent increase in attendance, made certain assumptions as best as they could, as to what would drive that increased performance, including test scores and so on, which are spread even more into the future. Construction benefits represent temporary improvements, since once the bonds are spent and the construction phase is finished, those construction workers must find jobs elsewhere. The improvements from the second phase are permanent improvements; however, these will be delayed, long term, since they are invested in the children who benefited from those improvements to complete elementary, middle and high school. He noted that, when the study was done, it did not divide the improvements in stages, by year or time. Instead, it stated that when the bond issue has its full effect, so much improvement will be achieved.

According to Dr. Stronge, his review will look into those benefits from the amount of bond funds expended, to track the construction benefits in phase one; and on the improvements on student performance to determine whether results are on track to meet the assumptions made by the study. He stated that there is a complication with

using test scores as a measure of performance because the testing system was changed. He noted that the study pointed to FCAT testing scores; however, there is no more FCAT testing. According to him, a before/after measure of performance cannot be accomplished because the systems are different. He continued with an explanation as to how he would do this part of the review; namely, that he would identify those schools where the money was spent on, that benefitted from the dollars and compare to those schools where monies were not spent to determine whether improvements that were anticipated would have occurred. He clarified that he would not proceed far into the impact to the economy because some of the children still need to complete their schooling before the impact would show in a significant way. He stated that he would be focusing on testing and attendance and student retention and those measures that were discussed in the 2012 report.

Mr. Juan del Busto, ABAC member posed several questions to Dr. Stronge related to the attributes that can be measured, whether they would be sufficient to measure economic impact, and if the schools selected to compare to those improved with bond funds were schools yet to be improved, not improved at all, or whether they could be compared pre/post construction. Dr. Stronge answered that there are measurable attributes that can be used for the review.

Dr. Marta Pérez, School Board member pointed that she was opposed to this part of the review, because it is not scientifically sound. She explained that for the study to be scientific, the variable being measured must be isolated; and there is much subjectivity in the area of student achievement, because the measures could be influenced by other factors, such as a new principal bringing in new teachers or new books, and not just because of the bond improvements. Although Dr. Stronge attempted to provide an explanation as to how the schools improved with the bond monies/not improved with the bond monies would be tested based on the variety of factors, the variables, as a statistical problem where certain assumptions would have to be made, Dr. Pérez still disagreed on this issue.

Regarding a question from Mr. Erick Wendelken, ABAC Chair regarding the schools to be selected for comparison testing, Dr. Stronge clarified that he would be looking at different school projects on a year-by-year basis, from the time that the bond was issued to the present; and that each year, there will be completed projects, ongoing projects, and projects not yet started, from which he will select for comparison. He would make selections from these groups, rather than selecting the same school and comparing pre/post project improvement.

Dr. Steve Gallon III, School Board member agreed with Dr. Pérez's comments and reiterated that there is no direct correlation between student achievement outcomes and the bond construction. However, he qualified his statement by saying that this area needed to be examined because it is an area that was represented in the presentation and the justification for the bond. He recommended to wait until the findings are presented to have a segregated discussion on this area. He thanked S. Davis & Associates and Dr. Stronge for agreeing to this presentation and added that he anticipates the results of this study as it relates to improved student performance with great caution.

Mr. Juan del Busto, ABAC member and Mr. Erick Wendelken, ABAC Chair, agreed that the Committee must wait to see the audit results and report in order to engage in a discussion on this area.

The Chief Auditor clarified that soon after this presentation is completed, the firm of S. Davis & Associates will be attending the GOB Advisory Committee (scheduled to meet later today) to make a presentation in reference to the GOB Audit Plan, and thanked the firm for agreeing to present to the GOB Advisory Committee.

Ms. Davis closed their presentation by stating that at present, they are fully staffed in the field and that at this time, they do not foresee any delays. She indicated that they will be working through the holidays and Administration will be providing space and files so the firm can continue with the work.

Mr. Alberto M. Carvalho, Superintendent agreed with what Board members Dr. Pérez and Dr. Gallon had previously stated regarding the economic study, but added that technology was one significant investment from the bond funds that schools benefited from; and concurred with Dr. Stronge's statement that the testing changed during the period. However, Mr. Carvalho believes that there are ways to compare testing scores from different systems. He further discussed technology improvements, test scores and test complexities.

Lastly, Dr. Gallon, School Board member requested clarification as to who had commissioned and paid for the Washington Economic Group (WEG) study. The Superintendent replied that it was an entity outside the Administration and the School Board, and provided further details in response to Dr. Gallon's related inquiries. The Chief Auditor requested clarification from Ms. Iraida Mendez-Cartaya, Associate Superintendent. Ms. Mendez-Cartaya replied that the district had paid for the study, and explained it was done via a contract with WEG that was entered into and handled by the district's Financial Affairs department. Dr. Gallon was satisfied with the clarification.

There was additional commentary regarding the GOB external audit process, how the responses would be handled and responded to by the Administration, and these issues were clarified either by Ms. Davis or the Chief Auditor.

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

5. Presentation of the Comprehensive Annual Financial Report (CAFR), Auditor's Communication of Audit Results, Management Letter and The School Board of Miami-Dade County, Florida Single Audit Reports in Accordance with the Uniform Guidance for Fiscal Year Ended June 30, 2018 (ACTION)

The Chief Auditor introduced the *Comprehensive Annual Financial Report of The School Board of Miami-Dade County for the Year Ended June 30, 2018* (commonly referred to as the CAFR), the *Auditor's Communication of Audit Results, the Management Letter and Single Audit* performed by the external audit firm of RSM US LLC. The Chief Auditor stated that previously in September, the Annual Financial Report (AFR) of the district was presented to the ABAC. The CAFR is the audited

financials. She then introduced RSM representatives Mr. Brett Friedman, Partner and Mr. Anil Harris, Senior Manager for the presentation of these reports.

Mr. Friedman addressed the first three documents: *the CAFR, the Auditor's Communication of Audit Results and the Management letter*. He opened his comments with a general greeting to Committee members and attendees, and stated that the CAFR is very similar to the AFR, this last being the unaudited financials that the Committee had previously discussed in September. In terms of the CAFR, he pointed that as the external auditor performing the financial audit, his job is to issue an opinion as to whether the financial statements are fairly presented in accordance with generally accepted accounting principles. In this case, he issued a clean unmodified opinion, which is the strongest opinion that can be issued on a set of financials.

Mr. Friedman praised the district's finance team and stated they did a great job with the document. He then proceeded to present the next item, which is the communication of the results of the audit. He stated that these consist of the required communications to the advisory board, and went over basic communications first. Next, Mr. Friedman brought to the Committee's attention the implementation of a required change in accounting standards involving the accounting for post-employment benefits. He stated that this required change calls for the entire liability to be added to the face of the financial statements, which in turn had an effect on the beginning net position at the government-wide level of approximately \$157 million. He also stated that during the audit, there were no significant or unusual transactions, no past or proposed audit adjustments. These facts, he said, should give confidence on these financials, point to their high quality, and can be relied upon. He indicated that according to their review, the accounting estimates were properly prepared, were reasonable and reliable, and the management representation letter supports the audit work. Lastly, he pointed that the management letter had one recommendation for improvement in the IT environment that management has addressed.

Mr. Albert Lopez, ABAC member posed a question regarding disaster recovery and cybersecurity. The external auditors stated that they had performed a high-level review in this area and there were no issues to report.

The School Board of Miami-Dade County, Florida Single Audit Reports in Accordance with the Uniform Guidance for Fiscal Year Ended June 30, 2018 was presented by Mr. Anil Harris, Senior Manager, RSM US LLP. He stated that they did not identify any deficiencies in internal control over compliance considered to be a material weakness; however, from the student samples selected for testing, they reported two observations related to the Student Financial Assistance Cluster. Mr. Harris explained that these findings are typical on these types of grant compliance testing due to the complexity of the requirements, and acknowledged that questioned costs were small.

Mr. Rudy Rodriguez, ABAC member inquired as to what additional recommendations, if any, could be proffered by the auditors. The external auditors suggested additional training for good measure; however, they affirmed that additional recommendations would not be necessary.

The Superintendent was very pleased with the results. Mr. Albert Lopez, ABAC member congratulated the staff for the excellent results.

A motion was made by Mr. Isaac Salver, ABAC member, and seconded by Dr. Lawrence Feldman, School Board member/Mr. Albert Lopez, ABAC member, which carried unanimously, to recommend that the **Comprehensive Annual Financial Report (CAFR), Auditor's Communication of Audit Results, Management Letter and The School Board of Miami-Dade County, Florida Single Audit Reports in Accordance with the Uniform Guidance for Fiscal Year Ended June 30, 2018**, be received and filed by the School Board.

In response to a previous inquiry made regarding cybersecurity, the Superintendent informed the Committee and the audience that he had just received a letter from the FBI informing his office that the FBI had just wrapped up an audit that specifically targeted cybersecurity elements, criminal justice information services, information technology security audit, and it was 100 percent accurate. He said that he will be submitting those results to the School Board and the ABAC, and closed by noting that the issue of cybersecurity was reviewed by an entity independent of the external auditors.

6. Monthly Financial Report Unaudited – For the Period Ending September 2018 (INFORMATIONAL)

The Chief Auditor briefly introduced the item and turned it over to Ms. Daisy Naya, Controller. According to Ms. Naya, this is the unaudited monthly financial report for the Quarter ended September 2018. She informed the Committee that it had been previously presented to the School Board at its November 20, 2018, meeting.

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

7. Presentation of the Audit of Educational Facilities Impact Fee Fund, Special-Purpose Financial Statements for FYE June 30, 2018 (ACTION)

The Chief Auditor introduced the above-referenced report and noted that this external audit is required by the interlocal agreement between Miami-Dade County and the School Board. She yielded the floor to Ms. Cynthia Borders-Byrd, Managing Member, C Borders-Byrd, CPA (who performed this external audit) for presentation to the Committee.

Ms. Borders-Byrd re-introduced the report and stated that this report has an unmodified opinion. She brought to the Committee's attention the Certificates of Participation (COPS) information on pages 11 through 13 of the report. She explained that these represent the commitments of the impact fee fund for debt service and according to her, one of the most important issues to highlight in the report. Namely, that the district has between one and four years of outstanding payments from these COPS. Therefore, in the future, more funds will be available for construction that will no longer be required to cover debt service. She closed her presentation by stating that there were not findings in connection with the audit and there were no audit adjustments. ABAC members were satisfied with the report.

There being no questions or comments, a motion was made by Mr. Jeffrey Codallo, ABAC member, and seconded by Mr. Isaac Salver, ABAC member, which carried unanimously, to recommend that the **The Audit of the Educational Facilities Impact Fee Fund, Special-Purpose Financial Statements for FYE June 30, 2018**, be received and filed by the School Board.

8. Presentation of the Financial Statements of the Magnet Educational Choice Association, Inc. (MECA) for FYE June 30, 2018 (ACTION)

The Chief Auditor introduced the above-referenced report. She noted that this is an external audit that is required for this direct support organization of the district and yielded the floor to the external auditor, Ms. Cynthia Borders-Byrd. In the audit report, although the external auditor issued an unmodified opinion, the *Management Letter and Schedule of Audit Findings and Responses* presents a finding related to certain accounting control deficiencies over cash receipts and over the approval of and support for disbursements, and provides a recommendation for improvement. The external auditor stated that, although these matters did not affect the unmodified opinion, they were important enough to bring to the Committee's attention. She closed her statement by indicating that she had communicated these issues to MECA's Board Chair.

Mr. Isaac Salver, ABAC member requested a brief explanation as to the purpose of this organization. Ms. Borders-Byrd gave an explanation; however, Mr. William McAuliff, Management from MECA clarified this inquiry. He stated that some of the donors included JP Morgan Chase, Carnival Cruises and the Miami HEAT, and donations were intended for magnet programs and academies throughout the district. Mr. Erick Wendelken, ABAC Chair inquired if there was evidence of a cash deposit. Mr. McAuliff stated that there was only one instance. However, he clarified that in that instance, he did not handle the cash; that the monies were received at the credit union, counted by the credit union and directly deposited into the credit union's MECA account.

This audit report elicited deliberate discussion because of the finding and because some of the meeting participants requested clarification as to the sources of funding (mostly donations), and whether it involved student fundraising. It was clarified that no student fundraising was involved since student fundraising is managed at the schools.

Mr. Rudy Rodriguez, ABAC member inquired whether these funds could be placed in the internal funds of schools and he explained how he would envision the process.

Ms. Daisy Naya, Controller replied that MECA funds cannot be comingled with internal funds of the schools because MECA funds are not part of the agency fiduciary funds. Mr. Erick Wendelken, ABAC Chair inquired if MECA issued letters annually to contributors of charitable contributions. Mr. McAuliff replied that he would issue those letters if a letter was requested.

The Chief Auditor brought to the attention of the Committee that the district pays for this audit. She also brought to the Committee's attention an additional matter communicated to MECA's Board by the external auditor and requested clarification from Ms. Borders-Byrd. Ms. Borders-Byrd stated that MECA has experienced significant reductions in contributions, a net deficiency in unrestricted net assets; and the fact that key

management plans to retire and needs replacement for MECA to continue operations. However, MECA's Management and the Board of Directors have determined that they will find a replacement for key management and will seek additional contributions to manage the cash flow. Lastly, she communicated to the ABAC that there were some audit adjustments. Mr. Albert Lopez, ABAC member was still concerned with what appeared to be uncertainty going forward. Ms. Borders-Byrd provided a response to address his concern.

There being no more questions or comments, a motion was made by Mr. Isaac Salver, ABAC member, and seconded by Dr. Lawrence Feldman, School Board member, which carried unanimously, to recommend that the **Presentation of the Financial Statements of the Magnet Educational Choice Association, Inc. (MECA) for FYE June 30, 2018**, be received and filed by the School Board.

9. Internal Audit Report – Limited Scope Review of Certain Expenditures and Payroll Activities of the Schools Police Department – National Association of School Safety and Law Enforcement Officials Conference (NASSLEO) (ACTION)

Ms. Maria T. Gonzalez, Chief Auditor introduced the above-referenced report and stated that this audit was requested by the Superintendent and approved by the School Board as part of the Office of Management and Compliance Audit's Annual Audit Plan. According to Ms. Gonzalez, the audit focuses on the Miami-Dade Schools Police Department's (MDSPD) participation and use of resources for the National Association of School Safety and Law Enforcement Official's (NASSLEO) Annual Conference held at the Marriott Biscayne Bay in Miami, Florida, from June 26-30, 2017. She stated that the objective of the audit was to determine whether School Board resources used and expenditures made by the MDSPD for the NASSLEO conference held June 26-30, 2017 in Miami, Florida, comported with applicable laws, School Board policies and/or industry norms and best practices.

Chief Auditor Ms. Gonzalez stated that, according to the audit, commitment of certain resources and expenditures of funds for participation in and support of an outside organization such as NASSLEO, including attending and supporting its annual conference, is usually within the norms of industry standards. However, regarding NASSLEO, the audit concluded that MDSPD exceeded the norms regarding use of district resources and expenditures to support the conference. The audit found no evidence that the aforementioned resources and costs were presented to the Administration and/or the School Board for consideration and approval. Also, no written contract to use MDSPD personnel to provide security or courtesy transportation services to NASSLEO during their 2017 conference was provided, and NASSLEO did not reimburse the district for these services. In addition, MDSPD incurred significant overtime as well as payroll costs in carrying out these activities and in attending the Conference. The Chief Auditor closed her summation by stating that the events in question happened under the former Chief of Police. A new Chief of Police was appointed subsequent to these events.

The Superintendent thanked the internal audit department for this audit. He stated that the audit had validated the suspicion that there was a lack of appropriate approvals on a number of these issues and the reason for requesting the audit. According to him,

significant personnel changes had been made in anticipation of the audit findings; and additional controls had been implemented directly over expenditures and the overtime. He further stated that at present, there are no issues with the overtime, and monthly and periodic reviews of salary expenditures are taking place. He closed by stating that some additional personnel adjustments should be forthcoming in light of the findings.

Mr. Jeffrey Codallo, ABC member requested explanation regarding the calculation of expenditures. Mr. Jon Goodman, Assistant Chief Auditor aptly responded and further explained that overtime hours were captured based on the documentation located on file; but the work performed by police staff during their regular work schedule not specifically identified to the type of activity being performed could not be captured. The Chief Auditor further explained how the type of work was captured. The Superintendent agreed and expanded on this explanation.

Ms. Mari Tere Rojas, School Board member could not be present at this meeting due to medical reasons and had requested that Dr. Lawrence Feldman, School Board member read her written statement on this audit. According to her statement, she was troubled by some of the findings, and the fact that management's responses were brief in terms of accountability, the type of findings which included transferring attendees, the approval of overtime and the monitoring of expenditures. She was concerned as to the extent of assistance provided to transport attendees, some of this on overtime pay. She was very concerned that the report's executive summary indicated that "...given that the former Chief and former Major of the MDSPD Administrative Division held influential positions in both NASSLEO and the MDSPD, greater care in the vetting of these expenditures with the Administration should have taken place to obtain consensus, and prevent the appearance of irregularities". Ms. Rojas' statement concluded by noting that, although she will continue supporting the Police Department, these mistakes should not have happened, and they should be used as learning lessons going forward. She thanked the Superintendent for requesting the audit.

Dr. Steve Gallon III, School Board member pointed to page 3 of the report, where it was stated that a newspaper article on the report's subject matter had been published on October 17, 2017, and the article had indicated that the internal auditors would be conducting a review of the payroll expenditures associated with the conference. He also noted that according to the report, on October 13, 2017, the internal auditors had received the request for audit from the Superintendent.

Dr. Gallon proffered that normally, a request for audit is triggered when something is previously noted by the Administration. Regarding the gap between these dates, he requested that the Superintendent expand on what had happened between July 1st (the day after the conference) and October 12th, and whether any of these issues had been discovered.

The Superintendent cautioned that his reply would be limited, but could be expanded privately since some of the elements involved are part of administrative actions. He clarified that knowledge of these issues generated from information that trickled from members of the force themselves who began to question some of these issues. Also, simultaneous with some documentation provided to the district, some of the information came from some members of the media. Dr. Gallon stated that he would follow up privately with the Superintendent.

Next, Dr. Gallon commented that, given the brevity of management responses, he was not sure whether protocols had been implemented to address finding 1.2 that starts on page 6 of the report (related to the transportation for conference attendees and their family members). The Superintendent replied that no such activity is allowed unless approved. He stated that the district provides courtesy transportation to speakers that come to the Board; however, the events illustrated in the report appeared more like a service that went beyond what is customary at the district.

Dr. Gallon pointed to the third paragraph on page 9 and questioned whether internal controls over the overtime account were being implemented as part of standard operating procedures since the excess overtime of \$177,300 could not have happened all at once, but over a period of time. He explained that as part of operating procedure, schools receive monthly notice when an account such as this is exceeded; and inquired whether this department received similar notification.

Mr. Jose L. Dotres, Chief Human Capital Officer, Human Capital Management replied that the review with the Budget Department was shared with the Cabinet member, in this case, the former Chief of Police, but some flexibility was provided. However, Mr. Dotres clarified that the monthly reviews are conducted to reconcile what is budgeted to what is expended. The Superintendent corroborated that the flexibility was allowed in light that the force was diminished by 15 officers and some latitude was given; however, this flexibility did not include the overtime of the NASSLEO conference. Moving forward, he said, there is no flexibility and the process of overtime requires pre-approval, and the budget line to be reviewed monthly and approved.

Lastly, Dr. Gallon pointed to the responses on pages 11 and 13 where it references directives to address the findings, and questioned the basic payroll discrepancies and the fact that there was no indication in these responses that training would be provided as part of the rehabilitation process.

The Superintendent replied that although he understands Dr. Gallon's concern and agrees that these are basic payroll findings, he stated that these issues are not going to be solved with training since in his opinion, some were a clear intent to not seek approval in order to get away with something.

There being no more questions or comments, a motion was made by Mr. Isaac Salver, ABAC member, and seconded by Dr. Nancy Lawther, ABAC member, which carried unanimously, to recommend that the **Internal Audit Report – Limited Scope Review of Certain Expenditures and Payroll Activities of the Schools Police Department – National Association of School Safety and Law Enforcement Officials Conference (NASSLEO)**, be received and filed by the School Board.

10. Internal Audit Report - Selected Schools/Centers (ACTION)

Ms. Maria T. Gonzalez, Chief Auditor introduced the above-referenced report. According to her presentation, the report contains the results of 58 school audits, 55 of which complied with the guidelines, and three schools reported findings. Ms. Elvira Sanchez, District Director, School Audits provided a summary of the schools included in

the report and briefly illustrated the findings. These involved monetary discrepancies, non-compliance with Full-Time Equivalent procedures, as well as discrepancies with bookkeeping, fundraising and student activities' procedures.

According to Mr. Albert Lopez, ABAC member, it appears that (school) treasurers are left on their own and inquired as to oversight of these staff members. Superintendent Mr. Carvalho replied that the treasurer's position has been amply discussed and presented the issues in detail. However, he clarified that at present, this position is being recalibrated, looking at pay and skills set; and there is the equivalent of a treasurer academy to better educate these individuals.

Mr. Lopez still posed additional concerns, and questioned whether additional oversight should be considered. Mrs. Valtena Brown, Deputy Superintendent/Chief Operating Officer replied that the processes for oversight are in place, not only at the school level, but at the region level through their fiscal reviews of school sites. She said ultimately, this is a function of ensuring that principals are fully implementing and following those processes.

Mr. Rudy Rodriguez, ABAC member also reminded the participants that the Office of the Controller provides assistance to the school sites, and requested clarification from the Administration. Ms. Daisy Naya, Controller, confirmed her office has four Business Managers that operate as a call center, not only remotely but physically via on-site school visits, to provide assistance and/or to address any issues that may be detected.

Mr. Juan del Busto, ABAC member proffered that some surprise counts should be conducted internally as part of the controls. Mrs. Brown stated that these are some of the best practices actually implemented at the schools.

Dr. Feldman, School Board member acknowledged that the number of incidents in this report compared to the number of district schools is small. However, having said that, he made several comments over payroll controls and payroll findings.

Regarding the report findings, Dr. Feldman also inquired whether processes were in place to have an opportunity to collect when the individual resigns and there are monetary losses. The Chief Auditor replied that there is a process that her office follows in conjunction with the Office of Professional Standards (OPS) and the Payroll Department. In those cases where there is money missing and the person has resigned/plans to resign from his/her post, she explained that there is a conversation with OPS and the Payroll Department to ensure that any monies left over in the vacation/sick leave bank of the individual in question is withheld until the matter is resolved. As far as new treasurers, Dr. Feldman was satisfied that there is a new program geared to educate the new treasurers prior to employment.

Mr. Rudy Rodriguez, ABAC member, brought forth the matter of the payroll automation. He said that he envisioned the day where the district processed the payroll automatically. According to him, "if you forget your thumb, you don't get paid", and added that current technology involving a unique identifier (such as a person's thumbprint) to automatically keep track, control, and process the payroll is available, and the district should look into this technology. Dr. Nancy Lawther, ABAC member agreed with Mr. Rodriguez's comments. She stated that during her recent participation

as *Principal for a Day* at one of the school sites, which coincided with the day that payroll was being approved, she was surprised to find out that the payroll was documented and processed manually and not automatically.

Mr. Rodriguez continued to provide an overview of the payroll process in reference to the time when he worked for the school system several years ago as Controller. He explained how his office was involved in the streamlining of the payroll process, and his participation in meetings with the unions to agree on payroll sign-in procedures.

Some ABAC members wanted to make a recommendation on this issue. The ABAC Chair expressed caution forwarding a recommendation on payroll automation without having input from the Superintendent (who had temporarily stepped out of the conference room and had not partaken in the discussion of payroll automation). At the request of the Chief Auditor, Mr. Eugene Baker, Information Technology Officer, clarified that logging in (the system) with your credentials, and then pushing the button to indicate "I am here" has been considered, but not the use of biometrics. Mr. Rodriguez was not in agreement with the credentials' log in procedure, and replied that employees can sign in for each other by sharing their credentials. This brought some discussion.

School Board member Dr. Steve Gallon III requested an opinion from Mr. Walter Harvey, School Board Attorney regarding one of Mr. Rodriguez's comments that in past years, the unions had expressed concerns when implementing new payroll sign-in methods; and whether this would be an issue that would require collective bargaining. Mr. Harvey replied that these automated payroll sign-in methods could be a part of the collective bargaining process with certain unions if payroll sign-in procedures are included in the agreement.

The ABAC Chair concluded that this topic should be brought for further discussion at the next meeting under "*Old Business*" to allow the Superintendent an opportunity to engage in the discussion and express his comments.

There being no more questions or comments, a motion was made by Dr. Lawrence Feldman, School Board member, seconded by Mr. Erick Wendelken, ABAC Chair, which carried unanimously, to recommend that the **Internal Audit Report - Selected Schools/Centers**, be received and filed by the School Board.

11. Internal Audit Report - Audit of Inventories as of June 30, 2018 (ACTION)

The Chief Auditor introduced the above-referenced report. According to her, this is part of the work that her office performs to assist the external auditors verifying the information in the CAFR. According to the report, this was an audit of the inventory balances as reported in the unaudited Annual Financial Report for the fiscal year ended June 30, 2018, for the Department of Food and Nutrition, Stores and Mail Distribution, Maintenance Materials Management, and Department of Transportation. In the audit report, it was concluded that the inventory balance of \$10,274,507 reported in the unaudited Annual Financial Report as of June 30, 2018, was fairly stated, in all material respects. Ms. Gonzalez stated that the inventory had slightly increased since the prior audit and there was no material adjustment to the inventories resulting from our physical

counts. She then introduced Mr. Richard Yanez, District Auditor Director who oversaw the audit for any questions.

School Board member Dr. Feldman congratulated the staff responsible for maintaining all four inventories. The Chief Auditor agreed with Dr. Feldman, and further added that Ms. Melody Thelwell, Chief Procurement Officer, Mr. Ron Steiger, CFO, and Mr. Steffond Cone, Assistant Superintendent, among others involved with these inventories, should be congratulated.

There being no more questions or comments, a motion was made by Dr. Lawrence Feldman, School Board member, seconded by Mr. Albert Lopez, ABAC member, which carried unanimously, to recommend that the **Internal Audit Report - Audit of Inventories as of June 30, 2018**, be received and filed by the School Board.

12. Presentation for 57 of 130 Charter Schools Audited Financial Statements Fiscal Year Ended June 30, 2018 (ACTION)

The Chief Auditor introduced the above-referenced item by stating that these represent the 2017-2018 certified financials of 57 charter schools. Of this total, 54 posed no significant financial issues to report to the Committee; however, three of the charter schools, the ASPIRA charter schools, presented financial and fiscal management issues. She then turned over to Mr. Jon Goodman, Assistant Chief Auditor, to continue with the presentation.

Before proceeding with the presentation, the ABAC Chair inquired from the Committee members whether any one individual should be recused from discussing on this item. Mr. Christopher Norwood, ABAC Vice-Chair voiced his recusal regarding discussion of the ASPIRA charter schools.

Mr. Goodman opened his presentation by stating that this Committee has discussed the financial issues of the three Aspira charter schools in previous meetings. Today, he said, the financials of 57 charter schools for the 2017-2018 fiscal year are being brought forth, 54 of which present no problems. He noted that regarding the three ASPIRA charter schools, their audits for the 2017-2018 fiscal year "paint a dire picture" of their financials. He added that the district administration has been in the process of communicating with the Department of Education and the school representatives themselves as to what the appropriate action is regarding these charter schools.

Mr. Juan del Busto, ABAC member thanked Mr. Walter Harvey, School Board Attorney for the December 7, 2018, memorandum that the Board Attorney drafted at the request of the Committee on the Committee's authority over charter schools. Mr. del Busto stated that it was a very detailed and well written document that clearly delineates the responsibility of the Committee and the Board regarding charter schools. In the case of these three specific charters, he firmly expressed that the Committee has extensively discussed that these schools are not complying with the payment of payroll taxes and asserted that the Committee should start taking action and not allow this situation to continue unresolved.

In answer to a question posed by Dr. Nancy Lawther, ABAC member regarding certain responsibilities of this Committee, Mr. Harvey replied that the authority of this

Committee is to make recommendations either to the Superintendent or to the School Board, and based on what the Committee has determined on what has been presented and reviewed, the Committee can make recommendations. He said that, typically, regarding disciplinary actions to take on regarding charter schools and charter school contracts, the recommendation comes through the Superintendent. Dr. Lawther pressed on the definition of “clear and compelling” evidence and whether this Committee was to determine “clear and compelling” evidence. Mr. Harvey replied that this Committee is not held to that standard, that the Committee is simply responsible for making a recommendation. He added that the Administration and the School Board would have to make that determination. He closed by stating that ultimately, once an action is taken, it must be brought to the Division of Administrative Hearing (DOAH), and an Administrative Law judge will determine what clear and compelling evidence is.

Mr. del Busto stated that, based on Board Policies 6840 and 9800, the Committee has the right and responsibility to recommend specific action toward this institution, based on what the Committee decides. He further stated that he is making that recommendation. Mr. Albert Lopez, ABAC member requested clarification from Mr. del Busto on the recommendation. Mr. del Busto replied that the Committee should hold charter schools under the same standards as traditional schools, and the Committee can forward this recommendation.

Mr. Erick Wendelken, ABAC Chair requested clarification of the process to follow going forward, whether the Committee is in a solid position to follow these steps, and how is ASPIRA coming forth given the exigent issues they are facing.

According to Mr. Goodman, finances is one of the big areas that make up a charter school; however, there are additional areas involving academics and operational issues, and the Administration can weigh in on those additional issues. In this case, from a financial standpoint, all three charter schools face a going concern opinion, there is substantial doubt as to whether they can continue to exist, each has met condition of financial emergency for the second consecutive year, and their most current audits disclosed material weaknesses and deficiencies in internal controls, and they have material non-compliance. He added that this is what the audit shows; however, there may be other mitigating factors that the Committee may not be privy to at this time and the Administration is responsible for weighing in on those matters. Nevertheless, the ultimate decision will come from the Administration, as they are responsible for recommending to the School Board what needs to be done about this financial situation.

Dr. Steve Gallon III, School Board member requested from the School Board Attorney to establish a clear parameter as to what action this Committee can take specific to these issues.

Mr. Walter Harvey, School Board Attorney replied that, if there is a determination of condition of financial emergency, the charter schools are required to submit a financial recovery plan. The recommendation can be forwarded to the Administration to take action upon. This Committee can advise the Superintendent to do so. This school has been in a state of financial emergency for over two years, which may be a precedent, material facts that have not been met that are statutorily and legally required. This Committee can certainly advise the Superintendent and the School Board.

Mr. Juan del Busto, ABAC member requested clarification as to whether the recommendation should be addressed to the Superintendent and/or to the School Board. Mr. Jeffrey Codallo, ABAC member requested clarification on the limitations, on specific matters that the Committee can recommend on, whether providing a recommendation based on the audited financial statements or other financial matters. Mr. Harvey clarified that in this case, the charters are in clear violation of School Board policy, going concern, and those are financial matters that the Committee is well positioned to recommend.

Mr. del Busto inquired whether payroll taxes have been paid. Mr. Goodman replied that they were paid for 2016-2017; however, he could not respond regarding 2017-2018 and he deferred the response to the school representatives present at the meeting. He stated that his office does not have confirmation on this recent matter.

Dr. Ruth Pacheco, ASPIRA's Board Chair stated that payroll taxes were paid; however, she only addressed the payments corresponding to 2016-2017. She deferred the response to Mr. Rafael Mestre, Building Hope representative. The ABAC Chair tried to obtain clarification from the representatives as to the quarterly taxes in 2017-2018 that had not been paid. Mr. Mestre claimed that he could not confirm the payment information because his association with the schools has been recent.

Mr. Albert Lopez, ABAC member asserted that there is an obvious deterioration of a financial condition, and the schools were given an opportunity to provide a corrective action plan, however missed the deadline. He wanted clarification from the School Board Attorney as to the next course of action and what the Committee can suggest, since he understood that if the district and the charter are unable to agree on a corrective action plan, then notification must be sent to the Department of Education. According to Mr. Harvey, those are the legal requirements, and based on his understanding, that plan should have come in during August; however, the plan was not submitted. He then deferred to staff for a clarification.

Ms. Tiffanie Pauline, Assistant Superintendent, Charter School Support replied that, as discussed during the prior ABAC meeting held in September 18, 2018, over the past six months her office has tried to work with the ASPIRA charter schools to come up with a mutually agreed upon corrective action plan addressing the prior conditions. This plan was due back in August 2018; however, at this time, they do not have a mutually agreed upon corrective action plan. Today, there is a new set of financial issues presented where it is also indicated that the schools meet a condition of financial emergency. She closed by stating that in this case, according to Florida Statute, two consecutive years of a condition of meeting financial emergency and no corrective action plan in place is grounds for termination.

Mr. Erick Wendelken, ABAC Chair requested that representatives of the school have an opportunity to be heard by the Committee. Mr. Rafael Mestre again introduced himself as associated with Building Hope. He stated that Building Hope is involved to assist the charter schools with back office support and budget issues. He also stated that they recently became involved with ASPIRA and said that obviously, the schools have quite a bit of issues, and they are trying to help in financial matters. He claimed that he is not familiar with all the issues since he was hired a couple of months ago, less than three months ago.

Mr. Julio Miranda, ABAC member posed a question regarding certain information in the certified financial statements of ASPIRA Raul Arnaldo Martinez Charter School as reflected on page 3 of the school's certified financials. He pointed to that page noting that the school reported very little cash but had reported approximately \$1.2 million under the caption "Due from Aspira of Florida, Inc." and wanted to know what happened to that money, and the whereabouts of that money. He added that the school could probably pay their payroll taxes if that money was available. In response, Dr. Pacheco stated that Ms. Miream Sierra, ASPIRA's CEO was out. Dr. Pacheco replied to the Committee that she could not speak on the financials and was not prepared to provide an answer.

Dr. Steve Gallon III, School Board member stated that this Committee is in a position, based on the available information before it, to make a proper recommendation. This has been an open forum, and this is an opportunity to make recommendations to the Administration. The Administration is then required to do its due diligence according to the laws over charter schools to either forward to the School Board, modify, or decline the recommendation.

The ABAC Chair inquired if the motion was to be made to the Superintendent or to the School Board and it was clarified to recommend to the Superintendent to enter into the process of termination. The final motion made by Mr. Jeffrey Codallo, ABAC member is: *to recommend that the Superintendent commence the process for terminating all three ASPIRA charter schools.* Mr. Jeffrey Kaufman, ABAC member seconded the motion. With the exception of Mr. Christopher Norwood, ABAC Vice-Chair (who had previously recused himself from deliberating on these three schools), the Committee voted to transmit this recommendation to the Superintendent.

The Chief Auditor requested guidance from the School Board Attorney as to how to transmit the recommendation. Mr. Harvey recommended to either include this action in a formal correspondence addressing this particular issue; in the Transmittal Letter submitted to the Superintendent and the School Board that reflects all the actions of the Committee; or to transmit the recommendation as part of the Committee minutes.

Mr. del Busto stated that the Committee waited too long to provide this recommendation. School Board member Dr. Feldman read comments prepared by School Board member Ms. Mari Tere Rojas, and in particular, the future placing of these children.

Dr. Gallon clarified that this matter will not be immediately acted upon and requested that the Board Attorney describe the process. According to the Board Attorney, the process starts with the Superintendent making a determination as to whether accept the Committee's recommendation, move forward, draft the 90-day termination letter, and have the approval of the Board to proceed. Still, he said, the charter school has the right to appeal, to appear in front of the Division of Administrative Hearing and even the 3rd District Court of Appeals. He said that this is how the process works.

There being no more questions or comments, a motion was made by Dr. Lawrence Feldman, School Board member, seconded by Mr. Albert Lopez, ABAC member, to recommend that the **Presentation for 57 of 130 Charter Schools Audited Financial**

Statements Fiscal Year Ended June 30, 2018, be received and filed by the School Board.

Subsequent to this motion and its approval, Dr. Lawrence Feldman requested, in an abundance of caution, that the Board Attorney encapsulate the process for the record. The School Board Attorney did in detail. Mr. Christopher Norwood, ABAC Vice Chair made some additional comments regarding the Committee's actions that are under the purview of the Committee and thanked the School Board Attorney for the memorandum provided.

13. Legislative Update (INFORMATIONAL)

The Chief Auditor introduced this item by stating that this update had been requested by the ABAC during a prior ABAC meeting, and turned it over to Ms. Iraida Mendez-Cartaya, Associate Superintendent, Intergovernmental Affairs and Grants Administration to proceed with the presentation.

According to Ms. Mendez-Cartaya, now that elections have passed, the Florida Legislature held its organizational meeting to formally select their presiding officers. She stated that officially, Senator (Bill) Galvano was elected as President of the Florida Senate, and Representative (José) Oliva as the Speaker of the Florida House of Representatives. She noted that the Senate President has appointed all of its Committee Chairs and members, and key committees over K-12 include the Senate Education Committee that is chaired by Senator Manny Diaz, Jr., and the Vice-Chair is Senator (Bill) Montford. She added that other committee members include Senators Baxley, Berman, Cruz, Perry, Simmons and Stargel. Another is the Appropriations Subcommittee on Education that is chaired by Senator Kelli Stargel, while Senator Manny Diaz, Jr. is the subcommittee's Vice-Chair. Other subcommittee members include Senators Baxley, Book, Flores, Montford, Pizzo and Simmons.

Regarding leadership, Ms. Mendez-Cartaya noted that Senate leadership includes Senator (David) Simmons serving as the Senate President Pro Tempore, Senator (Kathleen) Passidomo as the Senate Majority Leader and Senator Audrey Gibson as the Senate Minority Leader.

In reference to the House of Representatives, Ms. Mendez-Cartaya stated that the House Speaker has appointed its "Big Chairs"; however, at this time, has not appointed its subcommittee chairs or its committee members. Related to K-12, the "Big Chairs" for the House Appropriations Committee is Representative (W. Travis) Cummings; for the House Education Committee is Representative Jennifer Sullivan. She added that House Representative (Kionne) McGhee serves as the Minority Leader.

According to Ms. Mendez-Cartaya, this is the first committee week in Tallahassee when legislators are attending a training called "Legislators University". During this time, they are reviewing ethics, how to file a bill, how to present a bill, the whole legislative process.

Ms. Mendez-Cartaya noted that Governor-Elect Ron DeSantis appointed Florida House Speaker (Richard) Corcoran as the Commissioner of Education, and pointed that the State Board of Education has to select and vote, and this is scheduled for next Monday.

DeSantis also appointed a 41-member transition team on education composed of members with a variety of backgrounds and the team plans to meet three times over the next three weeks. Further, she noted that Governor-Elect De Santis' education agenda includes boosting classroom spending, emphasis on career and technical education, expansion of choice programs, and there are discussions on an educational savings account. Lastly, she enumerated other issues of importance such as health care, the environment, safety and security, and mental health among others.

The Chief Auditor thanked Ms. Mendez-Cartaya for the presentation.

Mr. Christopher Norwood, ABAC Vice-Chair posed some questions regarding certain committee appointments on the Senate Appropriations Committee that are from Miami, and he also had some questions regarding funding and revenue issues. Ms. Mendez-Cartaya and the Superintendent aptly addressed his questions.

Topics 14 and 15 are informational and were jointly addressed by the Chief Auditor.

14. Update of the District Websites and the Americans with Disabilities Act (ADA) Compliance (INFORMATIONAL)

The Chief Auditor presented this informational topic and went over the corresponding memorandum that was included in the package, pointing to all the actions that the district has taken regarding this matter. The Committee was pleased and posed no questions.

15. Office of Management and Compliance Audits' Activity Report (INFORMATIONAL)

Regarding this informational topic, the Chief Auditor summarized the internal audit reports discussed and provided the ABAC with an update on the progress of the casework corresponding to the Civilian Investigative Unit and the work of the internal audit department. She added that finally (through the HR process), her office was able to hire a candidate, Mr. Neil Singh for the position of Capital Construction Auditor, and introduced him to the Committee. She pointed that he had worked at the County for several years, and added that Mr. Singh possesses extensive internal audit experience and is a Certified Public Accountant. The Committee was pleased and posed no questions.

16. Conviction of Mr. Jean Ridore, Former Principal of the North Miami Adult Education Center, Ref. SB-1314-1014 (INFORMATIONAL)

Mr. Tom Knigge, OIG Supervisory Special Agent, updated the Committee concerning Mr. Ridore's final case disposition, and provided a summary of the case.

In that regard, Mr. Knigge stated that a jury was selected on September 24, and that the prosecutors involved in the case included one from the Inspector General's Office (OIG) and one from the State Attorney's Office-Public Corruptions Unit. He added that the first case witness presented was Mr. Larry Riley, OIG Special Agent, who was the OIG's lead investigator in the case.

Next, Mr. Knigge provided background of the case and how the investigation started, which he said was from a complaint to the OIG's office. He explained how they discovered that a part-time employee was being paid (through the school's payroll) during the time that the employee was traveling outside the country in China. He also stated that Mr. Ridore used biometrics for the payroll; however, the biometrics payroll system was being manipulated.

Regarding the success of this case, Mr. Knigge pointed to the expertise of the OIG investigators which included the undercover work that was part of the case. He explained that in this case, there was an exchange of funds, \$1,000 to hire an undercover employee, process his employment application and report payroll hours that the undercover employee had never worked.

Mr. Knigge closed by stating that on September 28, the case went to the jury and Mr. Ridori was found guilty of all charges. On December 4, the sentencing consisted of 6 years in jail, 2 years of community service, 7 years of probation, \$10,000 in fines, \$13,000 restitution to the OIG for the investigation (these funds will go back to the General Fund), and \$3,000 to the City of Miami Beach for their part on the investigation.

The Committee congratulated the OIG for a job well done and Mr. Knigge received a round of applause for this presentation.

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 3:55 p.m.

MTG/
Attachment (Recusal Form)

FORM 8B MEMORANDUM OF VOTING CONFLICT FOR COUNTY, MUNICIPAL, AND OTHER LOCAL PUBLIC OFFICERS

LAST NAME—FIRST NAME—MIDDLE NAME <i>Norwood, Christopher</i>	NAME OF BOARD, COUNCIL, COMMISSION, AUTHORITY, OR COMMITTEE <i>audit + Budget Committee</i>
MAILING ADDRESS <i>14844 Breckness Pl.</i>	THE BOARD, COUNCIL, COMMISSION, AUTHORITY OR COMMITTEE ON WHICH I SERVE IS A UNIT OF: <input type="checkbox"/> CITY <input type="checkbox"/> COUNTY <input checked="" type="checkbox"/> OTHER LOCAL AGENCY
CITY COUNTY <i>Miami Lakes, FL 33064</i>	NAME OF POLITICAL SUBDIVISION: <i>Miami Dade School Board</i>
DATE ON WHICH VOTE OCCURRED <i>12/11/18</i>	MY POSITION IS: <input type="checkbox"/> ELECTIVE <input checked="" type="checkbox"/> APPOINTIVE

WHO MUST FILE FORM 8B

This form is for use by any person serving at the county, city, or other local level of government on an appointed or elected board, council, commission, authority, or committee. It applies to members of advisory and non-advisory bodies who are presented with a voting conflict of interest under Section 112.3143, Florida Statutes.

Your responsibilities under the law when faced with voting on a measure in which you have a conflict of interest will vary greatly depending on whether you hold an elective or appointive position. For this reason, please pay close attention to the instructions on this form before completing and filing the form.

INSTRUCTIONS FOR COMPLIANCE WITH SECTION 112.3143, FLORIDA STATUTES

A person holding elective or appointive county, municipal, or other local public office **MUST ABSTAIN** from voting on a measure which would inure to his or her special private gain or loss. Each elected or appointed local officer also **MUST ABSTAIN** from knowingly voting on a measure which would inure to the special gain or loss of a principal (other than a government agency) by whom he or she is retained (including the parent, subsidiary, or sibling organization of a principal by which he or she is retained); to the special private gain or loss of a relative; or to the special private gain or loss of a business associate. Commissioners of community redevelopment agencies (CRAs) under Sec. 163.356 or 163.357, F.S., and officers of independent special tax districts elected on a one-acre, one-vote basis are not prohibited from voting in that capacity.

For purposes of this law, a "relative" includes only the officer's father, mother, son, daughter, husband, wife, brother, sister, father-in-law, mother-in-law, son-in-law, and daughter-in-law. A "business associate" means any person or entity engaged in or carrying on a business enterprise with the officer as a partner, joint venturer, coowner of property, or corporate shareholder (where the shares of the corporation are not listed on any national or regional stock exchange).

* * * * *

ELECTED OFFICERS:

In addition to abstaining from voting in the situations described above, you must disclose the conflict:

PRIOR TO THE VOTE BEING TAKEN by publicly stating to the assembly the nature of your interest in the measure on which you are abstaining from voting; *and*

WITHIN 15 DAYS AFTER THE VOTE OCCURS by completing and filing this form with the person responsible for recording the minutes of the meeting, who should incorporate the form in the minutes.

* * * * *

APPOINTED OFFICERS:

Although you must abstain from voting in the situations described above, you are not prohibited by Section 112.3143 from otherwise participating in these matters. However, you must disclose the nature of the conflict before making any attempt to influence the decision, whether orally or in writing and whether made by you or at your direction.

IF YOU INTEND TO MAKE ANY ATTEMPT TO INFLUENCE THE DECISION PRIOR TO THE MEETING AT WHICH THE VOTE WILL BE TAKEN:

- You must complete and file this form (before making any attempt to influence the decision) with the person responsible for recording the minutes of the meeting, who will incorporate the form in the minutes. (Continued on page 2)

APPOINTED OFFICERS (continued)

- A copy of the form must be provided immediately to the other members of the agency.
- The form must be read publicly at the next meeting after the form is filed.

IF YOU MAKE NO ATTEMPT TO INFLUENCE THE DECISION EXCEPT BY DISCUSSION AT THE MEETING:

- You must disclose orally the nature of your conflict in the measure before participating.
- You must complete the form and file it within 15 days after the vote occurs with the person responsible for recording the minutes of the meeting, who must incorporate the form in the minutes. A copy of the form must be provided immediately to the other members of the agency, and the form must be read publicly at the next meeting after the form is filed.

DISCLOSURE OF LOCAL OFFICER'S INTEREST

I, Christopher Norwood, hereby disclose that on Dec. 11, 20 18:

(a) A measure came or will come before my agency which (check one or more)

- inured to my special private gain or loss;
- inured to the special gain or loss of my business associate, _____;
- inured to the special gain or loss of my relative, _____;
- inured to the special gain or loss of _____, by whom I am retained; or
- inured to the special gain or loss of _____, which is the parent subsidiary, or sibling organization or subsidiary of a principal which has retained me.

(b) The measure before my agency and the nature of my conflicting interest in the measure is as follows:

I've provided services to the institution prior to the year being audited. In the abundance of caution I recuse myself nonetheless.

Classification: Institution re: Aspra Charter Schools added by: Marc T Gonzalez, Chief Auditor. 12/12/2018

If disclosure of specific information would violate confidentiality or privilege pursuant to law or rules governing attorneys, a public officer, who is also an attorney, may comply with the disclosure requirements of this section by disclosing the nature of the interest in such a way as to provide the public with notice of the conflict.

12/11/18
Date Filed

[Handwritten Signature]
Signature

NOTICE: UNDER PROVISIONS OF FLORIDA STATUTES §112.317, A FAILURE TO MAKE ANY REQUIRED DISCLOSURE CONSTITUTES GROUNDS FOR AND MAY BE PUNISHED BY ONE OR MORE OF THE FOLLOWING: IMPEACHMENT, REMOVAL OR SUSPENSION FROM OFFICE OR EMPLOYMENT, DEMOTION, REDUCTION IN SALARY, REPRIMAND, OR A CIVIL PENALTY NOT TO EXCEED \$10,000.