

**MINUTES OF THE SCHOOL BOARD AUDIT COMMITTEE
OF MIAMI-DADE COUNTY PUBLIC SCHOOLS
December 8, 2009**

The School Board Audit Committee met on Tuesday, December 8, 2009 at 12:30 p.m. in the School Board Administration Building, Conference Room 916, at 1450 N.E. Second Avenue, Miami, Florida.

Members Present:

Voting:

Mr. Frederick F. Thornburg, Esq., Chair
Mr. Manuel A. Gonzalez, CPA, Vice Chair
Ms. Perla Tabares Hantman, Board Member
Ms. Susan Marie Kairalla
Mr. Willie Kemp
Mr. Rayfield McGhee, Esq.
Mr. Robert Schomber
Mr. Nick Tootle, CPA

Non-Voting:

Dr. Richard H. Hinds, CFO
Mr. Jose F. Montes de Oca, CPA, Chief Auditor

Members Absent:

Ms. Wendy Lobos
Mr. Peter A. Lagonowicz, Esq.

Call to Order

Mr. Thornburg called the meeting to order at 12:38 p.m. and welcomed everyone in attendance.

1. Introductions

Mr. Thornburg asked everyone to introduce themselves. The following persons were present:

Dr. Marta Perez, School Board Vice Chair	Ms. Ana Rijo-Conde, Eco-Sustainability Officer
Dr. Lawrence Feldman, School Board Member	Ms. Silvia R. Rojas, Treasurer
Mr. Alberto M. Carvalho, Superintendent of Schools	Mr. Jose Dotres, Regional Superintendent
Mr. Freddie Woodson, Deputy Superintendent	Dr. Helen Blanch, Administrative Director
Mr. Walter J. Harvey, Esq., School Board Attorney	Ms. Consuelo Dominguez, Administrative Director
Mr. Luis Garcia, Deputy Asst. School Board Attorney	Mr. Bobby Gornto, Administrative Director
Ms. Milagros Fornell, Associate Superintendent	Ms. Marta Montaner, Administrative Director
Ms. Vera Hirsh, Assistant Superintendent	Mr. Nelson Perez, Administrative Director
Ms. Maria Teresa Rojas, Assistant Superintendent	Ms. Melinda McNichols, Senior Attorney
Dr. Daniel Tosado, Assistant Superintendent	Ms. Maria T. Gonzalez, Asst. Chief, School Audits
Ms. Enid Weisman, Assistant Superintendent	Mr. Trevor L. Williams, Asst. Chief, Operational Audits
Ms. Judith Marte, Chief Budget Officer	Ms. Kimberly Gaines, District Director
Mr. Jaime C. Torrens, Chief Facilities Officer	Mr. John Labonia, General Manager, WLRN
Mr. Charles Hurley, Chief of Police	Mr. Julio C. Miranda, District Director, OM&CA
Ms. Deborah Karcher, Chief Information Officer	Ms. Jose Martinez, District Director
Mr. John Schuster, Chief Communication Officer	Mr. Victor Ferrante, Executive Director
Ms. Connie Pou, Controllor	Ms. Tiffanie Pauline, Executive Director
Ms. Daisy Naya, Assistant Controllor	Mr. Miguel Torres, Principal, EAOP-8017

ATTENDANCE CONTINUED

Mr. Jon Goodman, Director, OM&CA	Mr. Christopher Mazzella, Inspector General
Mr. Christopher Morgan, Director	Ms. Cynthia Borders-Byrd, C Borders Byrd, CPA
Ms. Tamara Wain, Director, OM&CA	Ms. Patrice Jones, E&Y
Mr. Dylan Hughes, Supervisory Special Agent, OIG	Ms. Alyson Silva, E&Y
Ms. Mary A. Paz, Supervisor	Mr. Michael Pattillo, E&Y
Ms. Eileen Reilly, Financial Supervisor, WLRN	Mr. Anthony Brunson, Sharpton
Mr. Luis Baluja, Audit Supervisor, OM&CA	Mr. Dan Ricker, Watchdog, Editor and Publisher
Mr. Jimmy Hicks, Coordinator	Ms. Ana Martinez, Academica
Mr. Jerold Blumstein, Administrative Assistant	Mr. Michael Messer, ARC
Ms. Jackeline Fals-Chew, Admin. Assistant	Ms. Sonia Lopez, Exec. V.P., Cuban American Nat'l
Ms. Denise Izquierdo, Administrative Assistant	Mr. Andres Pazos, CFO, Cuban American Nat'l
Ms. Ana Lara, Administrative Assistant	Mr. Carlos Trueba, CPA, Cuban American Nat'l
Ms. Vivian Lissabet, Administrative Assistant	Mr. Jay Lipsey, CFO, Rise Academy
Ms. Jeanette Montalvo, Administrative Assistant	Ms. Liz McGettigan, Director, Sandor Wiener No.
Ms. Bertha Valcarcel, Administrative Assistant	Ms. Vicky Burly, Director, Sandor Wiener
Ms. Lourdes Amaya, Admin. Asst.	Mr. Henry Neyra, Controller, Sandor Wiener
Ms. Elsa Berrios-Montijo, Admin. Secr.	Ms. Nicki Salfer, Manager, TOKLA
Ms. Sheryl Ragoo, Admin. Secr.	

2. Approval of the Minutes of the Audit Committee meeting of September 8, 2009

A motion was made by Mr. Gonzalez and seconded by Mr. Schomber to approve the minutes of the September 8, 2009 Audit Committee meeting. The motion carried unanimously.

3. General Observations and Comments

The Chair noted that at the School Board meeting when presenting the Audit Committee's Annual Report he intended to make some observations but the report was accepted on consent and he was unable to make any remarks. For that reason he wanted to take this opportunity to publicly commend Mr. Montes de Oca for all his hard work since returning as the Chief Auditor. He also commended the Superintendent and Dr. Hinds and his staff for the phenomenal and creative work that has been done to bring the school district back from the brink of financial collapse, although he noted that there is still a myriad of challenges to confront including the sunseting of the stimulus money, the dramatic drop in state revenues, the continuing reduction in real estate taxes, etc. Mr. Thornburg reiterated his appreciation for all the hard work.

(a) New Standardized Approach for Addressing Audit Committee Duties

Mr. Thornburg suggested a strategy to review the items presented to the Audit Committee, whereby different members of the Committee will have primary responsibility for reviewing assigned items on the agenda, thus reducing the volume of reading that would otherwise be necessary and would also allow more time to concentrate on the particular items assigned and preparing for the possibility of assuring a non policy making role in the school districts' budgeting process. Mr. Thornburg, however, cautioned that Committee members should still endeavor to read the entire package. He invited suggestions from the Committee, and after brief discussions, the Committee members endorsed the idea.

(b) Report of Ad Hoc Sub-Committee on Budgetary Proposal

Mr. Gonzalez reported on the results of the Ad Hoc Sub-Committee on the Proposed Audit and Finance Committee Board Rule which met on Monday, November 23, 2009 to explore the proposed expanded role and name change of the Audit Committee to the Audit and Budget Committee (ABC). He said the sub-committee had endorsed basically all the proposed changes except for the change that two additional voting members be appointed to the ABC by the Audit Committee itself.

The Chair suggested that, if the Superintendent agreed, some members of his Business Advisory Council should be invited to attend the ABC meetings dealing with budget issues and provide their advice and assistance to the ABC in carrying out any budgetary duties assigned to it.

After further discussion, a motion was made by Ms. Kairalla, seconded by Mr. Gonzalez, and carried unanimously, to accept Dr. Feldman's changes to the proposed rule.

The Committee completed the review of the rule, suggested a few additional minor changes and agreed to have their recommendations incorporated into the proposed Board rule and have Mr. Harvey and Mr. Montes de Oca finalize the rule and report back to the Audit Committee. After the foregoing revisions are made to the rule, the Chair recommended that the revised rule be reviewed by the Committee at its January 26, 2010 meeting and by the Superintendent.

EXTERNAL AUDITS:

4. Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2009 and Summary of Audit Results (CAFR)

The Chair proffered high accolades to Dr. Hinds and Ms. Pou and their staffs on the preparation of the CAFR.

Mr. Pattillo also recognized Ms. Connie Pou, Dr. Hinds and their staff for their hard work and long hours that were spent in producing this report. Mr. Pattillo summarized and reviewed the highlights in the report and noted that the School Board received an unqualified opinion, which is the highest level of assurance that can be provided by an auditor. He also pointed out the increase in the unreserved fund balance, which quadrupled since last year. Mr. Pattillo explained the accounting for the economic stimulus funds (ARRA funds), which are being recorded into a new fund that was added. He pointed out that the Committee will hear about the activity in this fund, and on how it is being used over the next two fiscal years. Mr. Pattillo then provided an overview of the audit results on the School Board of Miami-Dade County, Florida financial statements for the fiscal year ended June 30, 2009. Upon motion duly made and seconded, the CAFR was transmitted to the School Board for receipt and filing.

5. Management Letter for Fiscal Year Ended June 30, 2009

Mr. Pattillo summarized the report and was pleased to announce that for the first time in recent years, the management letter had no current year findings and pointed out that two of the four prior years' recommendations have been addressed and that the remaining two carry over recommendations are in the continued process of being addressed by management, the School Board and Superintendent.

In respect to the E&Y recommendations, the Chair strongly suggested and urged that the financial emergency points of the Management letter be focused on by the School Board in supplement to Dr. Hinds repeated cautions and reminders of the difficult financial status and challenges facing the school district and despite the creative turnaround that has been achieved in the last year.

Mr. Schomber said he felt good about most of the reports, but he believes that the management letter, particularly the details on what happened in regards to the financial condition of the school system, is completely inadequate. He said he could not understand how a system as large as M-DCPS, with all the financial problems it had encountered during the audit period could receive a management letter without any findings and more importantly without any recommendations to address future problems that are almost certain to come. Mr. Schomber complained about the lack of details, and said that he expected more guidance based on the available national resources to Ernst & Young, and their experience with other school systems.

Mr. Pattillo said that this report is only a summary of last year's report and he agrees that perhaps there should be more details.

The Chair concurred with some of Mr. Schomber's comments and observations but noted it is important to recall that some of the problems and challenges are beyond management and School Board's control. There was substantial discussion about what Ernst & Young could and could not do, given the scope of their engagement. Mr. Tootle and Mr. Gonzalez reminded the committee that some of the requests being made may not be reasonable and may necessitate a separate engagement.

Mr. Carvalho made extensive remarks about what had brought the school system into a financial crisis. He pointed out that any internal solutions have already been put into place and that the remaining financial threats are all external. Therefore, there is very limited action that can be taken by the administration. Mr. Carvalho also stated that even in the face of this situation he and his team continue to look for solutions. He also warned that there is no way to avoid a financial crisis when the stimulus funds run out, given the fact that the real estate tax base continues to decline and the State support continues decreasing not only in total funds, but more dramatically as a percentage basis. Mr. Carvalho concluded by saying that he welcomes and invites new ideas to confront the many financial challenges.

Lastly, Mr. Kemp asked if there were any internal reports that address the financial condition of the school system throughout the year. Dr. Hinds offered to forward to the Audit Committee the Monthly Financial Reports, which show the financial pulse of school system and are submitted to the School Board every month. The Committee endorsed Dr. Hinds' well-taken offer. There was no further discussion. A motion was made by Mr. McGhee, seconded by Mr. Tootle, that

carried unanimously, to recommend that the Management Letter for Fiscal Year Ended June 30, 2009 be received and filed by the School Board.

6. Annual Financial Statements, Educational Impact Fee Fund, Special Purpose for Fiscal Year Ended June 30, 2009

Ms. Borders-Byrd presented her report to the Audit Committee noting that the financial statements for fiscal year ended June 30, 2009 present fairly, in all material respects the financial position of the Educational Facilities Impact Fee Fund. She also noted that the report contains an unqualified opinion and there were no adverse findings. Ms. Borders-Byrd pointed out that due to the dire economic situation experienced over the recent several months, the assets and revenues in this fund continue declining at a rapid pace. She also noted that these fees are being used to fund debt payments.

There was no discussion. A motion was made by Mr. McGhee, seconded by Ms. Hantman, that carried unanimously, to recommend that the Educational Facilities Impact Fee Fund Special-Purpose Financial Statements June 30, 2009 and 2008 be received and filed by the School Board.

The following agenda items were presented together:

- 7. Audit of the WLRN Television and Radio Stations for Fiscal Year Ended June 30, 2009**
 - 8. Audit of the Magnet Education Choice Association Inc. (MECA) for Fiscal Year Ended June 30, 2009**
 - 9. Audit of the Dade Schools Athletic Foundation, Inc. for Fiscal Year Ended June 30, 2009**
 - 10. Audit of the Miami-Dade Coalition Community Education, Inc. for Fiscal Year Ended June 30, 2009**
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Mr. Thornburg recused himself from participation in the discussion of this item since he had been the Chair of WLRN and a member of its Community Advisory Board for most of the audit period under review.

Mr. Brunson made a power point presentation combining agenda items 7, 8, 9, and 10 in order to save time and provided an overview of each organization's responsibility. With respect to WLRN, Mr. Brunson concluded that the financial statements present fairly in all material respects the financial position of the stations and no material findings were reported. He noted that total revenues for the television and radio stations were \$11 million and \$7.1 million, respectively. Mr. Brunson explained that the remaining three organizations are all non-profit and operate as Miami-Dade County School Board direct-support organizations. These organizations adopted requirements of FASB 117 "Financial Statements of Non-Profit Organizations". He provided a snapshot of the Assets, Liabilities and Equity and noted that the Liabilities are minimal. He also reviewed the revenues and expenses of the group.

Mr. Schomber expressed concern with the delay of the distribution of the WLRN report.

After extensive discussion, the Superintendent requested that the Audit Committee extend an invitation to FRIENDS of WLRN, a support organization of the TV and Radio Stations, to present their audited financial statements and tax returns at the next Audit Committee meeting for discussion and also review the operating relationship among Friends of WLRN, WLRN and the Miami-Dade County School Board. In addition, the Committee requested the School Board Attorney to review the legal relationship among FRIENDS of WLRN, WLRN and the Miami-Dade County School Board. The Audit Committee unanimously agreed to undertake the Superintendent's request.

There was no further discussion. A motion was made by Mr. McGhee, seconded by Mr. Schomber, that carried unanimously, to recommend that the Audits of WLRN Television and Radio Stations, Magnet Education Choice Association, Inc. (MECA), Dade Schools Athletic Foundation, Inc., Miami-Dade Coalition Community Education, Inc. for Fiscal Year Ended June 30, 2009 be received and filed by the School Board; that the School Board Attorney review and report on the relationship and that an invitation be extended to Friends of WLRN to discuss its financial statements, tax return and operating and legal relationships with the Miami-Dade County School Board and WLRN.

11.(a) Auditor General Report No. 2010-022, Report on Financial Trends and Significant Findings in Audits of District School Boards, for the Fiscal Year Ended June 30, 2008

(b) Auditor General Report No. 2010-042, Report on Financial Trends and Significant Findings Identified in Charter School and Charter Technical Career Center Audit Reports

Mr. Montes de Oca presented the two above-captioned reports from the Auditor General of the State of Florida. He noted that these reports simply summarize financial trends and significant findings for the 67 counties throughout the State of Florida for the fiscal year ended June 30, 2008; one report is for all 67 school districts and the other is for all charter schools. Mr. Montes de Oca also noted that the specific reports for Miami-Dade County Public Schools were already brought before the Audit Committee.

These reports were presented for informational purposes only; therefore, no transmittal by the Audit Committee was required.

12. KPMG Examination Report – Miami-Dade County Public Schools

Mr. Montes de Oca introduced the above-captioned report and noted that it is an examination, required by the Federal Government, of M-DCPS management assertions related to disbursements of \$11 million made from Federal Government funds (commonly referred to as E-rate funds), to purchase computer and equipment programs during the fiscal year ended June 30, 2008.

Ms. Karcher noted that there were no findings and pointed out that there have been no findings for several years now. Ms. Karcher gave credit for this accomplishment to Mr. Anthony Machado, the Director who operates this program.

This report was for informational purposes only; therefore, no transmittal by the Audit Committee was required.

13. Review of Audited Financial Statements FYE June 30, 2009 for 37 Charter Schools

Mr. Williams explained that 36 of the 72 schools' audited financial statements were presented for the Committee's review, input and approval at this meeting. Originally, the agenda contained 37 schools' statements for this meeting. However, one school, Excel Academy North, was deferred to the next Audit Committee meeting when significant financial issues were identified and the auditor had to reissue the report. The remaining 36 will be presented at the January 26, 2010 meeting. He noted that among these schools are five that met one or more conditions of financial emergency, as delineated in 218.503, Florida Statutes. Corrective action plans were required and received for those five schools, of which four of the five were deemed acceptable and one, Balere Academy's, was unacceptable. The unacceptable plan was forwarded to the Commissioner of Education, as required by Florida Statutes, for his review.

Mr. Goodman gave a presentation on the 36 schools submitted. He indicated that besides the five schools meeting the financial emergency conditions, three of the 36 schools had other significant issues that were addressed by the Office of Management and Compliance Audits to its satisfaction.

Mr. Kemp asked if the board of directors of Coral Reef Montessori Academy were elected or appointed. Ms. Weisman responded that they are appointed by the existing board of directors.

The Committee approved transmitting the 36 charter school audited financial statements and five corrective action plans to the School Board as follows:

(a) Acceptable Corrective Action Plan (4)

- Richard Allen Leadership Academy
- Rise Academy of Miami
- Sandor Wiener School of Opportunity, N
- Sandor Wiener School of Opportunity, S

(b) Other Financial Matters (3)

- Coral Reef Montessori Academy
- Miami Community Charter
- Oxford Academy of Miami

Unacceptable Corrective Action Plan (1)

- Balere Language Academy

(c) Charter Schools With No Significant Financial Matters (28)

- Aventura School of Excellence (1)
- Archimedean Schools (3)
- Doral Academies (4)
- Lawrence Academies (3)
- Mater Academies (13)
- Pinecrest Academies (4)

The Chair with the concurrence of the Committee invited Ms. Weisman to brief the Committee at its next meeting concerning possible guidelines designed to avoid granting charters to organizations that telegraph potential financial problems and to quickly resolve serious financial problems where they arise, and when necessary to expeditiously close troubled charter schools to avoid corresponding costs and troubles.

There was no further discussion. A motion was made by Mr. Tootle, seconded by Mr. Gonzalez that carried unanimously, approving the transmittal of the 36 financial statements

including the corrective action plans, consistent with the Chief Auditor's recommendations, be received and filed by the School Board.

(d) Review of Two Community Based Organization Financial Statements FYE June 30, 2009 and One Interim Financial Improvement Plan

Mr. Williams reported that the audited financial statements for the two community based organizations were satisfactory. In regards to the Cuban American National Council, Inc., Mr. Williams explained that this organization came before the Committee back in September 8, 2009 with a plan that was unacceptable. Their Financial Improvement Plan is an updated plan, which indicates that the organization continues to have various fiscal challenges, but that it is addressing those challenges.

Mr. Thornburg expressed continuing concerns with the financial condition of the Cuban American National Council, notwithstanding the updated plan submitted and requested the school to report its progress in the next few months.

After further discussion, a motion was made by Mr. Tootle, seconded by Mr. Schomber, which carried unanimously, to recommend that the financial statements for AMIkids Miami-Dade, Inc. and Richmond-Perrine Optimist Club, Inc. be received and filed by the School Board. In addition, the Cuban American National Council, Inc. is to report back in two or three months on the status of its financial condition.

INTERNAL AUDITS:

14. Office of Management and Compliance Audits' Activity Report

Mr. Montes de Oca introduced the report and noted that it is merely a summary of activities for the Office of Management and Compliance Audits and because of time constraints he will not spend the time going over the report.

The report was for informational purposes only; therefore, no action by the Audit Committee was required.

15. Internal Audit Report – Selected Schools

Ms. Gonzalez introduced the report and noted that it includes the results of 83 audits. Two of these schools had major findings.

Mr. Thornburg expressed concern about the findings in the Design & Architecture Senior High School (DASH) and asked for more explanation. Ms. Gonzalez explained in detail the findings of (DASH).

Mr. Carvalho explained that administrative action has been taken by the District to address the issues noted at the English Center and DASH.

Dr. Feldman commented that even though it is disheartening what has happened at the above-mentioned schools, he is content with the way the Audit Committee handled this situation and commended the audit staff.

Dr. Feldman also commended School Operations for their hard work and their Money Matters Program which goes a long way to assist the principals.

After some more discussion, a motion was made by Mr. Gonzalez, seconded by Mr. Schomber that carried unanimously, to recommend that the Internal Audit Report – Selected Schools be received and filed by the School Board with the notation that the Superintendent is addressing the DASH and English Center matters.

16. Audit of Miami-Dade Schools Police Department Procurement Card and Other Purchases

Mr. Montes de Oca pointed out that this audit was conducted at the request of the then Interim Chief of Police Mr. Hurley. Mr. Montes de Oca noted that it is evident that Mr. Hurley is monitoring financial issues within the police department, because the recommendations made in the audit report were addressed promptly and efficiently.

Mr. Williams introduced the report and noted that even though the report is disheartening because of the numerous findings, it was encouraging that the Chief of Police was concerned enough to request an audit of his department. Mr. Williams was pleased with the responses to the findings and complimented Chief Hurley for his efforts.

Dr. Feldman also complimented Chief Hurley for the tremendous turnaround that he has been able to achieve in his department. The Chair also added his compliments on Chief Hurley's performance.

There was no further discussion. A motion was made by Mr. Tootle, seconded by Mr. Schomber, and carried unanimously, to recommend that the Internal Audit Report - Miami-Dade Schools Police Department Procurement Card and Other Purchases be received and filed by the School Board.

17. Audit of Year-End Inventories-Textbook Inventory Services; Food & Nutrition; Stores and Mail Distribution; Maintenance Materials Management; and Transportation as of June 30, 2009

Mr. Williams introduced the report and explained that this audit disclosed a substantial decrease in inventory items when compared to the prior year and that except for some of the processes involved in the inventory reconciliations of the Department of Transportation which still need improvement, all other inventories were satisfactory.

There was no further discussion. A motion was made by Mr. McGhee, seconded by Mr. Schomber, that carried unanimously, to recommend that the Audit of Year-End Inventories-Textbook Inventory Services; Food & Nutrition; Stores and Mail Distribution; Maintenance Materials Management; and Transportation as of June 30, 2009 be received and filed by the School Board.

18. (a) Forensic Audits – Requested by School Board Member

(b) Results of Informal meeting of Audit Committee Chair, Chief Auditor and Ernst & Young, LLP

Mr. Montes de Oca introduced this item and explained that it came about as a result of an Agenda Item (H-13) submitted by Dr. Perez, which was approved by the School Board at its October 14, 2009 meeting. The item directs the Chief Auditor to obtain estimated costs for performing forensic audits of various departments and requests the Audit Committee to review and make recommendations that would strengthen the processes the School Board has in place.

After Mr. Pattillo's presentation recommending his proposed fee and scope related to the potential expansion of audit services, Mr. McGhee noted that he finds a conflict of interest for Ernst & Young to conduct this audit. He explained that there should be a fresh pair of eyes since Ernst & Young just completed an audit of the District.

Following a lengthy discussion, most of the Committee and several School Board members concluded that more avenues need to be explored to support this item.

In conclusion, a motion was made by Mr. Schomber and seconded by Ms. Hantman, that carried unanimously, to establish an Ad Hoc Sub-Committee to analyze the many issues and bring back recommendations to the Committee at its March 16, 2010 meeting.

OTHER REPORTS:

19. (a) Inspector General Report – Falsification of Overtime Hours Worked by a Former Miami-Dade County Schools Police Department Sergeant at Campbell Drive Middle School

(b) M-DCPS Office of the Inspector General – Annual Report Fiscal Year 2008-2009

(c) Ethics Advisory Committee Annual Report Fiscal Year 2008-2009

Mr. Mazzella introduced the report about Falsification of Overtime Hours Worked by a Former Miami-Dade County Schools Police Department Sergeant at Campbell Drive Middle School and addressed a few questions posed by some Committee members.

Mr. Montes de Oca noted that Items 19 (a), 19 (b) and 19 (c) were presented for informational purposes; therefore, no action was required by the Committee.

FOLLOW-UPS

20. Legal Opinion on TOKLA FTE Revenue Disallowance

Mr. Thornburg observed and reminded the Committee that this item resulted from the discussion that ensued at the presentation of an audit report submitted to the Committee at the September 8, 2009, meeting, and asked Mr. Harvey to explain the opinion. Mr. Harvey explained that the request was for a legal opinion on whether the School Board should file an action against the Tree of Knowledge Learning Academy (TOKLA), a defunct charter school

in Miami-Dade, to recover \$106,685 in FEFP overpayments by the State of Florida. Mr. Harvey concluded that since the School Board has not suffered damages due to TOKLA's error, the state would need to authorize the School Board to take legal action on its behalf. Mr. Harvey further advised that significant legal resources would likely be required to successfully prosecute this case and that any funds recovered would have to be remitted to the State.

The Chair extended kudos to Counsel Harvey on his excellent opinion letter and analysis.

The Committee expressed satisfaction with the opinion.

OTHER BUSINESS:

21. New Business

- **Request from Ernst & Young LLP for Additional Audit Fees Due to Work Related to ARRA Funds**

Mr. Pattillo explained that the economic stimulus (ARRA) monies received by the District require considerable additional work as part of the Single Audit. Therefore, he is requesting the Audit Committee to approve additional fees of \$60,667 to compensate Ernst & Young for the additional work.

After negotiations, Mr. Thornburg and the Chief Auditor asked Mr. Pattillo to reduce the \$15,000 proposed ARRA fee cluster by half, thus making the additional fees \$53,167. Mr. Pattillo accepted a reduction and the Audit Committee recommended the increase.

Mr. Thornburg thanked Mr. Pattillo for his gracious concession and acceptance of the fee reduction.

There was no further discussion. A motion was made by Mr. Schomber, seconded by Mr. Tootle, that carried unanimously, to accept the proposal from Ernst & Young LLP for Additional Audit Fees in the amount of \$53,167 due to the required additional work related to the ARRA Funds.

Adjournment

Mr. Thornburg adjourned the meeting at 4:41 p.m.

The agenda items were discussed in the following order: 1, 2, 3a, 3b, 19a,19b, 4a, 4b, 5, 6, 21, 18a, 18b, 7, 8, 9, 10, 11a, 11b, 12, 13a,b,c,d, 14, 15, 16, 17, 19,c, 20.

In this connection, it is relevant to note that the Committee meeting was unavoidably disrupted due to the unexpected but welcomed presentation by the Inspector General on item 19a and b and the unanticipated break in the meeting to enable the Superintendent, and School Board Vice-Chair Ms. Hantman, and School Board members Dr. Feldman and Dr. Perez to attend an unscheduled press conference to announce certain historic and outstanding academic results, achievements and national recognitions.