

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

**May 12, 2015**

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The School Board Audit and Budget Advisory Committee (ABAC) met on Tuesday, May 12, 2015, in the School Board Administration Building, Conference Room 916, at 1450 N.E. Second Avenue, Miami, Florida.

**Members Present:**

**Voting:**

Mr. Rayfield McGhee, Jr., Esq., Vice Chair  
Dr. Lawrence S. Feldman, School Board Vice Chair  
Mr. Nestor Caballero, CPA MST CGAP  
Mr. Juan del Busto  
Ms. Marian L. Hasty, Esq.  
Ms. Susan Marie Kairalla  
Mr. Albert Lopez, CPA  
Mr. Isaac Salver, CPA  
Mr. Christopher Norwood, J.D.  
Mr. Erick Wendelken, CPA

**Members Absent:**

Mr. Roland Sanchez-Medina, Jr., Esq., Chair  
Mr. Joseph Gebara, PTSA/PTA President

**Non-Voting:**

Mrs. Judith M. Marte, Chief Financial Officer

**Call to Order**

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The ABAC's Vice Chair Mr. Rayfield McGhee acted as chair, in lieu of ABAC's Chair Mr. Sanchez-Medina who could not attend due to being ill. Mr. McGhee called the meeting to order at 12:30 p.m. and warmly welcomed everyone in attendance.

**1. Welcome, Introductions and Moment of Reflection**

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

Ms. Perla Tabares Hantman, School Board Chair	Mr. Luis Garcia, Deputy School Board Attorney
Ms. Lubby Navarro, School Board Member	Dr. Magaly Abrahante, Assistant Superintendent
Dr. Marta Pérez, School Board Member	Ms. Tiffanie Pauline, Assistant Superintendent
Mr. Alberto M. Carvalho, Superintendent of Schools	Dr. Ana M. Rasco, Assistant Superintendent
Mr. Walter J. Harvey, School Board Attorney	Ms. Connie Pou, Controller
Mr. Jose Dotres, Chief of Staff	Ms. Mindy McNichols, Asst. School Board Attorney
Mrs. Valtena G. Brown, Dep. Supt./Chief Oper. Officer	Ms. Maria T. Gonzalez, Asst. Chief, School Audits
Ms. Iraida Mendez-Cartaya, Associate Superintendent	Mr. Julio Miranda, Asst. Chief, Investigations
Ms. Daisy Gonzalez-Diego, Chief Communications Offr.	Mr. Trevor L. Williams, Asst. Chief, District Audits
Ms. Deborah Karcher, Chief Information Officer	Mr. Leonardo Fernandez, Treasurer
Ms. Enid Weisman, Chief Human Capital Officer	Mr. Ron Steiger, CBO
Mr. José F. Montes de Oca, Chief Auditor	Ms. Daisy Naya, Assistant Controller

Ms. Barbara A. Mendizabal, Region Supt.  
Dr. Albert Payne, Jr., Region Supt.  
Ms. Vivian M. Santiesteban-Pardo, Region Supt.  
Ms. Melba Brito, Administrative Director  
Ms. Joyce Castro, Administrative Director  
Ms. Tabitha Fazzino, Administrative Director  
Ms. Cynthia Gracia, Administrative Director  
Ms. Ann de las Pozas, Executive Director  
Mr. Jon Goodman, Executive Audit Director  
Ms. Roxana Vega, Director  
Ms. Tamara Wain, Director  
Mr. Christopher Morgan, Director  
Mr. Luis Baluja, Supervisor  
Ms. Elvira Sanchez, Audit Supervisor  
Ms. Terri Chester, Investigator  
Mr. Jerold Blumstein, Chief of Staff  
Ms. Jackeline Fals, Chief of Staff  
Ms. Marisol Marin, Administrative Assistant  
Ms. Maloy C. Morales, Administrative Assistant  
Ms. Anna Parekh, Chief of Staff  
Ms. Maria Teresa Rojas, Administrative Assistant  
Ms. Dalia Rosales, Administrative Assistant  
Ms. Elsa Berrios-Montijo, Staff Assistant  
Ms. Lucila I. Gonzalez, Administrative Secretary  
Ms. Lawandra Houston, Administrative Secretary

Mr. Kimrey Newlin, Alternate ABAC Member  
Mr. Felix Jimenez, Assistant Inspector General  
Mr. Thomas Knigge, OIG, Supervisor Special Agent  
Mr. Antonio L. Roca, President, Mater Academy  
Ms. Ana Martinez, CFO, Academica  
Ms. Christina Perdomo-Fernandez, Academica  
Mr. Jose Iglesias, HLB Gravrier LLP  
Mr. Donovan Maginley, Partner, McGladrey LLP  
Mr. Anil Harris, Manager, McGladrey LLP  
Mr. Joseph L. Raia, Esq., Mater Academy

The Committee members welcomed Mr. Albert Lopez and Mr. Ernie Saumell, as new member and alternate to the ABAC appointed by School Board member Ms. Lubby Navarro.

## **2. Approval of the Minutes of the School Board Audit and Budget Advisory Committee Meeting of March 10, 2015**

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The Chair drew the members' attention to the minutes for the ABAC meeting of March 10, 2015, and asked whether any members had any suggested revisions or questions related to the contents of the proposed minutes.

Mr. Wendelken moved and Mr. Busto seconded the approval of the minutes, with a minor change, to serve as the memorialization of the March 10, 2015, ABAC meeting. The motion carried unanimously.

### **3. The School Board of Miami-Dade County, Florida Audit Plan and SAS 114 Communication for the Fiscal Year Ending June 30, 2015**

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Mr. Donovan Maginley, Engagement Partner, McGladrey LLP, presented the Audit Plan and explained the communication requirements with the School Board members, management and ABAC members related to the upcoming audit of the basic financial statements of the School Board of Miami-Dade County for the fiscal year ending June 30, 2015. Mr. Maginley gave an overview of management's responsibilities, explained the deliverables, engagement timetable and pointed out areas of emphasis. In addition, he noted that the District will be implementing GASB 68, which addresses the reporting for pension liability, and pointed out that this issue deals with a very large amount that will be reflected on the financial statements. There were some general questions which were properly addressed by Mr. Montes de Oca.

There were no further comments. A motion was made by Ms. Kairalla, seconded by Mr. Wendelken, which carried unanimously, to recommend that the **The School Board of Miami-Dade County, Florida Audit Plan and SAS 114 Communication for the Fiscal Year Ending June 30, 2015** be received and filed by the School Board.

#### **AUDIT REPORTS:**

### **4. Financial Statements on Educational Facilities Impact Fees Agency Funds of Miami-Dade County, Florida as of September 30, 2014**

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The Chief Auditor introduced the above-referenced report and stated that pursuant to the Interlocal Agreement between the School Board and Miami-Dade County, a certified annual report on the County's Educational Facilities Impact Fees paid to the County was received from the County for the 2013-2014 fiscal year. He noted that this audit was performed by McGladrey LLC and had no audit findings. He yielded the floor to Mr. Leonardo Fernandez, Treasurer, to entertain any questions from the Committee.

There were no questions. A motion was made by Dr. Feldman, seconded by Mr. Salver, which carried unanimously, to recommend that the **Financial Statements on Educational Facilities Impact Fees Agency Funds of Miami-Dade County, Florida as of September 30, 2014** be received and filed by the School Board.

## **5. Financial Statements of The Foundation for New Education Initiatives, Inc. for the Year Ended June 30, 2014**

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The Chief Auditor explained that this self-explanatory report is provided to the School Board to attest to the accounting transactions of the foundation. He yielded the floor to Ms. Iraida Mendez-Cartaya, Associate Superintendent, Intergovernmental Affairs, Grants Administration, and Community Services, to entertain any questions from the Committee.

Mr. Caballero inquired about the decrease in revenue during the year and the expectancy for 2014-2015.

Ms. Mendez-Cartaya responded that the decrease was timing, resulting from a payment of \$1.7 million, made on behalf of the District to match E-rate funds received from the Federal Government. She then explained that for the 2014-2015 fiscal year they have implemented strategies such as fund raising, signature events and campaigns to raise funds and they do not anticipate major expenditures thus far.

There were no further comments. A motion was made by Mr. Salver, seconded by Mr. Lopez, which carried unanimously, to recommend that the **Financial Statements of The Foundation for New Education Initiatives, Inc. for the Year Ended June 30, 2014** be received and filed by the School Board.

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

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Mr. Montes de Oca introduced the above-referenced report that contained the audit results of 40 schools, eight of which had findings. He yielded the floor to Ms. Maria T. Gonzalez, Assistant Chief Auditor and the administration to entertain questions.

Dr. Feldman registered some disappointment with findings related to payroll and data security, and questioned the common sense of the administrators at the schools where findings were noted.

Ms. Kairalla asked what corrective action is taken when a school has several findings.

Ms. Gonzalez briefly explained the criteria used to determine what constitutes an audit finding and observed that the principal and the respective region administration have to develop a response on how they will achieve compliance with the requirements and thus avoid future findings.

There were no further questions. A motion was made by Ms. Kairalla, seconded by Mr. Salver, which carried unanimously, to recommend that the **Internal Audit Report – Selected Schools/Centers** be received and filed by the School Board.

## **OTHER REPORTS:**

### **7. Presentation for 25 of 126 Charter Schools Audited Financial Statements FYE June 30, 2014**

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The Chief Auditor presented the above-referenced report and stated that his office is charged with the responsibility of reviewing the charter schools financial statements and bringing any relevant issues to the attention of the ABAC and the School Board. He noted that 22 of the 25 charter schools had no issues, but expressed concerns about three schools which he will discuss in more details under item number 8 (the following item) and also noted that he obtained a special report that addressed some of the concerns they have had.

Dr. Feldman asked if the schools identified as having concerns with transfers, was it this the only issue and were the rest of the financials in order?

Mr. Montes de Oca responded yes and noted that he will further explain in the next item.

A motion was made by Mr. Caballero, seconded by Ms. Kairalla, which carried unanimously, to recommend that the **Presentation for 25 of 126 Charter Schools Audited Financial Statements FYE June 30, 2014** be received and filed by the School Board.

### **8. Letters to the Florida Department of Education (FLDOE) Requesting Guidance and Clarification as to Legality and Propriety of Certain Charter Schools' Fiscal and Governance Practices**

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Mr. Montes de Oca introduced the above-referenced item and reminded the committee about the concerns he has had for some time regarding the transfers of money from schools to governing agencies and issues of the governing boards of some of the schools. He then pointed out that he received, just prior to the meeting, a communication from the Florida Department of Education addressing his letter to the Department which requested guidance and clarification on the multi-million dollar transfers. However, he noted that he could not share the contents of this communication, because the e-mail he had just received had been recalled. Mr. Montes de Oca agreed to the request made by the Committee to include this communication in the next ABAC agenda. In addition to honoring the request, he would provide a copy of whatever communication he receives from FLDOE to the School Board, ABAC members and the Superintendent.

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

## **9. Monthly Financial Report Unaudited – For The Period Ending February 2015**

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Mr. Montes de Oca introduced the above-referenced report and explained that these reports are presented at every committee meeting to keep the Committee apprised as to how the District is doing and yielded the floor to Mrs. Judith M. Marte, Chief Financial Officer, and Ms. Connie Pou, Controller, to entertain any questions.

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

## **10. Office of the Inspector General Final Report of Investigation: Improper Use of Mathematics Coach Position and False Gradebook Entries to Conceal Non-Compliance with Class Size Maximum Requirements: SB1314-1006**

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The Chief Auditor stated that he is required to present the Committee the published reports from the Office of the Inspector General (OIG).

Mr. Tom Knigge, Supervisory Special Agent, gave a brief synopsis of the investigation explaining that this was an anonymous complaint and informed the Committee that they honor anonymous and confidential complaints. He then explained that this two part complaint surrounded irregularities of the utilization of Title I funds to pay for a Mathematics Coach who was not working in that capacity. This employee was listed as the teacher of record for several students who she did not actually teach. Mr. Knigge concluded that the allegations were substantiated and that the disciplinary action process rests with the District administration.

Superintendent Carvalho gave accolades to the OIG, noting that he appreciates the partnership with them. He informed the Committee that these issues are taken seriously and the Office of Professional Standards is currently reviewing the findings to make the appropriate recommendations for personnel actions, which the School Board will be receiving shortly.

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

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

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The Chief Auditor presented the Office of Management and Compliance Audits' Activity Report, and noted that it enumerates what has transpired since the last ABAC meeting. Mr. Montes de Oca pointed out that this report contains an update pertaining to the second phase of our Value Adjustment Board (VAB) audit, which focuses on the operations of the Property Appraiser's Office (PAO). He also noted that he expected to present this report at the May ABAC meeting but due to the amount of fieldwork that remained, the report is scheduled to be presented to this Committee at its July 9, 2015 meeting.

Mr. del Busto again expressed his disbelief that this situation has been taking place for over two years and has not been resolved and asked what further involvement needs to take place to resolve it.

Mr. Montes de Oca explained that there are several moving parts in this situation. First, his staff performed the audit of the VAB and they are currently completing the audit of the PAO, since these two entities are integrated. In addition, there are some legislative efforts going on to address some of the issues noted in the VAB report.

Superintendent Carvalho provided a background on how this issue with the VAB originated and he explained that it was the Committee, the School Board and the Business Advisory Committee that three years ago recognized this to be a critical issue. He further explained that it was difficult to get to the root of the problem because sadly, the County and none of the entities involved wanted to assume responsibility. Mr. Carvalho enumerated several reasons that caused the delays and pointed out that there were two bills in the senate and house to address these VAB issues; however, given the current condition on the legislature (where the House of Representatives adjourned) the bills are not likely to pass.

Mrs. Marte addressed two critical issues, a commitment from the County indicating that they will be only one year behind by June 2016 and to the closeness of the initial roll which they have indicated would be closer this year. However, she expressed concerns about these achievements because the appeals are 30 days behind schedule and initial roll is not close to where it needs to be.

There were several questions posed from Committee members and School Board members which were properly addressed.

After a lengthy discussion, Ms. Kairalla made a motion, seconded by Dr. Feldman, which carried unanimously, to have the Vice Chair of the ABAC sign a letter, addressed to the entities involved in the shortfall of tax revenues for the School Board. The letter will advocate for a local solution to address what the legislative process has failed to do, namely; a reduction of outstanding appeals; to refine the local estimate of the final tax rolls to bring it more in line with the State of Florida estimate; and to support legislative solutions to this issue, including vesting the School Board with the authority to audit the VAB. Further, the letter is to be drafted by the Superintendent and cosigned by the School Board Chair, the Vice Chair of the ABAC and the Vice Chair of the Superintendent's Business Council.

On another subject matter, Mr. Norwood made reference to the Division Projects chart in this item, and asked the status on the *Review and Monitoring of the Capital Bond Program* which states that monitoring activity is on hold.

Mr. Montes de Oca reminded the Committee that back in February when he announced that he would be performing the audit of the VAB, he indicated that he would need a substantial amount of resources. So to achieve this endeavor, he utilized most of his district audit staff. He anticipates presenting phase 2 of the VAB audit in July, so by then district audit staff should carry on their assigned projects.

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

## **12. Investigation Conducted Pursuant to a Referral by the Florida Department of Education Inspector General**

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Mr. Montes de Oca introduced the above-referenced report and explained that this investigation was based on a complaint referred to School Board Chair, the Honorable Ms. Perla Tabares Hantman, by the Director of Investigations of the Florida Department of Education (FLDOE). Mr. Montes de Oca then explained that during the investigation his office did not find any evidence indicating intentional wrongdoing and that as a result of this investigation the FLDOE considered this matter closed.

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

### **Old Business:**

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None.

### **New Business:**

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Ms. Kairalla reported a complaint made to her concerning payroll issues at Arts & Minds Charter School.

Mr. Montes de Oca responded that he will follow-up on this complaint and bring back the information to the next ABAC meeting.

### **Adjournment**

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There being no further business to come before the Committee and upon motion duly made and seconded, the meeting was adjourned by Mr. Rayfield McGhee at 1:49 p.m.

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