

**MINUTES OF THE SCHOOL BOARD AUDIT AND BUDGET ADVISORY COMMITTEE  
OF MIAMI-DADE COUNTY PUBLIC SCHOOLS  
January 30, 2018**

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The School Board Audit and Budget Advisory Committee (ABAC) met on Tuesday, January 30, 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. Alvin L. Gainey, PTA/PTSA President  
Mr. Stephen Johnson, Esquire  
Mr. Jeffrey Kaufman  
Mr. Albert D. Lopez, CPA  
Mr. Julio C. Miranda, CPA, CFE  
Mr. Rudy Rodriguez  
Ms. Mari Tere Rojas, School Board Member

**Members Absent:**

Mr. Juan del Busto  
Mr. Isaac Salver, CPA

**Non-Voting:**

Mr. Ron Steiger, Chief Financial Officer

**Call to Order**

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The ABAC's Chair, Mr. Erick Wendelken called the meeting to order at 12:40 p.m.

**1. Welcome and Introductions**

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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. Jose L. Dotres, Chief Human Capital Officer
Dr. Lawrence S. Feldman, School Board Member	Ms. Tabitha Fazzino, Chief Administrative and Comp. Officer
Dr. Steve Gallon III, School Board Member	Ms. Daisy Gonzalez-Diego, Chief Communications Officer
Dr. Marta Pérez, School Board Member	Mr. José F. Montes de Oca, Chief Auditor
Mr. Alberto M. Carvalho, Superintendent	Ms. Melody Thelwell, Chief Procurement Officer
Mrs. Valtena G. Brown, Dep. Supt./Chief Oper. Officer	Mr. Carl Nicoleau, Assistant Superintendent
Mr. Walter J. Harvey, School Board Attorney	Ms. Tiffanie Pauline, Assistant Superintendent
Mr. Luis M. Garcia, Deputy School Board Attorney	Mr. Jaime Torrens, Chief Facilities Officer
Ms. Ana Rijo-Conde, Dep. Chief Fac. Eco-Sustainability Offcr.	Dr. Daniel Tosado, Chief of Staff

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Mr. Jose Bueno, Region Superintendent	Mr. Jerold Blumstein, Chief of Staff
Mr. John Pace, Region Superintendent	Ms. Dalia Rosales, Chief of Staff
Ms. Connie Pou, Controller	Ms. Francys Vallecillo, Chief of Staff
Ms. Maria T. Gonzalez, Assistant Chief Auditor	Mr. Nelson Diaz, Administrative Assistant
Mr. Trevor L. Williams, Assistant Chief Auditor	Ms. Addys Lopez, Administrative Assistant
Ms. Mindy McNichols, Assistant School Board Attorney	Ms. Gina Miles, Administrative Assistant
Ms. Daisy Naya, Assistant Controller	Ms. Natalie Perez, Administrative Assistant
Ms. Sally Alayon, Administrative Director	Mr. Matthew Tisdol, Administrative Assistant
Ms. Jennifer Andreu, Administrative Director	Ms. Elsa Berrios-Montijo, Staff Assistant
Dr. Jimmie L. Brown, Jr., Administrative Director	Ms. Latisha Green, Administrative Assistant
Ms. Cynthia Gracia, Administrative Director	Ms. Jacqueline Puig, Clerical Assistant
Mr. Jorge Rubio, District Director	Ms. Sheila Resco, Clerical Assistant
Mr. Jon Goodman, Executive Audit Director	Mr. Donovan Maginley, Partner, RSM
Mr. Luis Baluja, Executive Director	Mr. Thomas Knigge, OIG, Supervisor Special Agent
Ms. Ana M. Rodriguez, Executive Director	Mr. Felix Jimenez, OIG, Deputy Inspector General
Mr. Richard Yanez, Audit Director	Mr. Jorge Pichardo, Finance Director, Youth Co-Op
Ms. Elvira Sanchez, Audit Coordinator	Ms. Maritza Aragon, Principal, Youth Co-Op
Mr. Michael Hernandez, Audit Specialist	Mr. Dan Ricker, Watchdog Report

**2. a. Approval of the Minutes of the School Board Audit and Budget Advisory Committee (ABAC or Committee) Meeting of December 5, 2017**

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The Chair presented the minutes and asked if there were any questions or comments. There being none, a motion was made by Mr. Rodriguez and seconded by Ms. Rojas, for approval of the minutes to serve as a memorialization of the December 5, 2017, ABAC meeting. The motion carried unanimously.

**b. Approval of the Minutes of the ABAC Sub-Committee Meeting of January 9, 2018 on the GOB External Audit**

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The Chair presented the minutes and asked if there were any questions or comments. There being none, a motion was made by Mr. Rodriguez and seconded by Mr. Gainey, for approval of the minutes to serve as a memorialization of the January 9, 2018, ABAC Sub-Committee meeting. The motion carried unanimously.

**3. a. Recommendation of an Interim Chief Auditor**

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The Chair called attention to the above-noted item and asked the Committee members if they had any suggestions for the School Board, as far as recommendations.

Mr. Miranda noted that there are two Assistant Chief Auditors who he and Mr. Montes de Oca believe are both more than qualified to serve as Interim Chief Auditor, until a permanent Chief Auditor is hired. He recommended Mr. Trevor Williams for the Interim Chief Auditor position.

Ms. Rojas asked if there was anyone else in the department of OMCA interested in the position of Interim Chief Auditor.

The Chief Auditor replied that to his knowledge Mr. Williams was the only employee in his office who is interested in the Interim Auditor position.

Ms. Rojas thanked Ms. Hantman for introducing School Board Agenda Item H-2 for the School Board meeting of January 17, 2018, which requests the Committee to recommend an Interim Chief Auditor, as well as Mr. Montes de Oca for his thorough report that was submitted. She inquired about a Special Meeting being called as soon as possible to recommend the Interim Chief Auditor. She emphasized that the person hired should be someone who not only holds the credentials and necessary experiences, but someone who is willing to work with the Board and will have an open line of communication with all Board Members.

Mr. Wendelken asked if the ABAC was required to request a special meeting according to item H-2 or could this meeting be utilized as that meeting. Mr. Harvey responded that item H-2 is very descriptive as far as the ABAC is concerned. It calls for a special meeting to identify an Interim Chief Auditor and to formulate recommendations for a search process for the position of Chief Auditor to be provided to the School Board by February 21, 2018. He concluded that both will go to the School Board as recommendations but the School Board will make the ultimate decision.

The Chair reiterated his inquiry of H-2's request for a special meeting. The School Board Attorney replied that he believes the item is referencing the hiring of the Interim Chief Auditor and the search process in which the Board is expecting a recommendation.

Ms. Hantman thanked Mr. Miranda and Mr. Montes de Oca for their recommendation on nominating Mr. Williams for the Interim Chief Auditor position.

Mr. Wendelken yielded the floor for the recommendations to be voted upon. Mr. Gainey informed Mr. Wendelken that the candidate would need to vacate the room before the voting proceeded. The Chair apologized for the meeting being out of order.

Dr. Gallon asked the School Board Attorney if it is required for the nominee to exit the room prior to the voting proceeding. Mr. Harvey replied that it is not required.

Mr. Norwood asked the Chief Auditor why did he recommend Mr. Williams for the Interim Chief Auditor position. Mr. Montes de Oca replied his reasoning for recommending Mr. Williams is that he has worked with his office for 27 years, he is extremely qualified for the job, and has also served as an Assistant Chief Auditor.

The Committee then discussed whether the appointment of the Interim Chief Auditor should be parallel to that of the permanent Chief Auditor. Mr. Harvey pointed out that there is no guidance specifically in the policy as to the appointment process for Interim

Chief Auditor. He reiterated that the Chief Auditor very clearly is a recommendation that comes from the ABAC.

The Superintendent pointed out that even though the policy does not address the appointment of the Interim Chief Auditor by practice, the selection process or appointment of the Interim Chief Auditor is running parallel to the one embedded in the policy of the actual Chief Auditor.

Dr. Gallon pointed out that if there is a parallel process in the policy, and if the exact same policy is being utilized for the regular Chief Auditor as for the Interim Chief Auditor, there may be an element that is being omitted. Dr. Gallon recalled reading in the policy that mentions the process of collaborating with the Superintendent and the ABAC prior to the recommendation being made to The Board. He reiterated that if we are talking about that past process being parallel and if the Superintendent has not been included in the collaboration process with the ABAC, then it is not parallel and is deviating from the policy that is articulated for a regular Chief Auditor.

The Superintendent asked for clarification on what process is being used. He also confirmed the statement made by Dr. Gallon regarding collaboration between himself and ABAC in reference to a recommendation being submitted to the Board.

Ms. Hantman pointed out that policy 6840 under the duties and responsibilities with regards to the Chief Auditor and OMCA serves as the Committee, in consultation with the Superintendent, to make recommendations to the Board on the person to fill the position.

Mr. Harvey commented that in regards to the policy, he agreed with Dr. Gallon and the Superintendent that the Superintendent should be consulted in the recommendation, whether it happens today or in the future, if the Committee is following the same parallel process.

After some discussion in regards to process and protocol to address this topic, ABAC Committee member Mr. Julio Miranda again recommended Mr. Trevor Williams, current Assistant Chief Auditor, to serve as Interim Chief Auditor for the Office of Management and Compliance Audits (OMCA).

Responding to a question as to whether he was willing to presently engage in the consultation, the Superintendent objected on the grounds that it would not be fair to him or to anyone else since a recommendation to fill the position had already been made. The Committee then decided to schedule a special meeting to discuss the matter of the Interim Chief in consultation with the Superintendent and transmit the Committee's recommendation to the School Board. The Committee also agreed to hold discussion for the search process of the new Chief Auditor until the special meeting.

A motion was made by Mr. Gainey, seconded by Mr. Johnson, which carried unanimously, to schedule a special meeting regarding the **Recommendation of an Interim Chief Auditor** on February 6, 2018.

**b. Recommendation for search process of Chief Auditor**

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After a brief discussion a motion was made by Mr. Gainey, seconded by Mr. Lopez, which carried unanimously, to hold the discussion on the **Recommendation for search process of Chief Auditor** until the special meeting on February 6, 2018.

**4. Recommendation by the ABAC Sub-Committee on the GOB External Audit**

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The Chair introduced the summary of suggested scope for the audit proffered by Mr. Rodriguez and noted that it provides a road map for the companies that would propose on the intended audit.

Mr. Rodriguez noted that the first seven items listed are the basis and that the proposing auditors may have additional scope items, depending on the procedure that they want to establish. He also mentioned that the ABAC should receive a copy of the intended scope proposed by the proposing auditor and after the audit is completed, there will likely be findings and recommendations.

Ms. Rojas thanked the ABAC Sub-Committee members for their diligent participation on this endeavor. She also inquired about the determination of property values and student attendance and how it relates to the GOB. Mr. Rodriguez responded that his recommendations were the first seven items and the remaining items were added; however, they can be discussed. Mr. Gainey replied that the two points were added as a result of promises made during the GOB campaign.

Mr. Steiger provided input on the point referencing fluctuations in level of local effort millage noting that it was one of the promises made by the Superintendent and other promises regarding the GOB came from outside entities.

Dr. Feldman asked if items listed on the Summary of suggested scope for the Independent Audit/Review of the GOB compromised the fieldwork for the \$200,000. The Chief Auditor replied that they are a part of the entire scope of the audit the cost of which can not exceed \$200,000. Dr. Feldman then asked for clarification on both pages of the summary being voted on. Mr. Montes de Oca responded that both will be included as the scope, one will be more of a traditional audit and the second page is more of an economic analysis.

There being no further questions or comments, a motion was made by Ms. Rojas, seconded by Mr. Gainey, which carried unanimously, to recommend that the **Recommendation by the ABAC Sub-Committee on the GOB External Audit** be approved by the School Board.

## AUDIT REPORTS:

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

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Mr. Montes de Oca introduced the above-noted report and informed the Committee that the report included 26 schools, 20 of which had no audit exceptions. He then yielded the floor to Ms. Maria T. Gonzalez to address any questions or concerns.

Ms. Rojas asked what else is going to be done, specifically with the high schools that have audit findings. She noted that not only the principals should be helped, but treasurers also need to be involved. Ms. Rojas asked for elaboration on a plan of action to reduce the number of high schools that are having these audit exceptions.

Ms. Brown replied that most of the findings discussed in the past couple of audit committee meetings are relatively different from those discussed during the last two years. Ms. Brown stated that the Controller's office has the business managers working directly with these schools that have findings. In addition the Regions have actually mentored principals and they have monthly meetings which include activities and athletic directors on issues that have been noted on these audits.

Ms. Brown also noted that those administrators whose schools have audit findings have been paired and mentored by other principals and attend monthly meetings at the Regions.

Ms. Gonzalez provided additional information regarding the various transitions with Treasurers that had occurred at Miami Carol City Senior High School since the 2015-2016 school year.

Ms. Rojas asked if there were any open positions for treasurers and if all principals have treasurers at their site, either part-time or full-time. Ms. Brown replied that she could not state with certainty if all schools presently had treasurers because, every day is a revolving door, but that the information can be obtained.

Ms. Rojas then requested Ms. Brown to provide her and the rest of the Board with a report showing this information.

Dr. Gallon expressed his concerns regarding treasurers' experience and referred to page 34 of the audit report, which showed a treasurer with no prior experience in a high school setting. He expressed concerns with all the schools, but particularly with this school regarding the timeline in which the previous treasurer was assigned to the school. Dr. Gallon inquired about what steps are taken to address this and whether the school has the appropriate staff to cover the critical areas. Ms. Brown responded, that two high school treasurers did have prior bookkeeping experience; however, they were new to the high school level.

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

#### **6. Internal Audit Report – Investigation of Unitech Builders Corp. – Direct Purchase Order (DPO) Forgery**

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The Chief Auditor introduced the above-mentioned report and explained that this was an investigation of a vendor who allegedly forged a purchase order. He mentioned that this investigation was requested by Administration, then yielded the floor to Mr. Williams to address any questions or concerns.

The Superintendent expressed his gratitude to the Chief Auditor on the good work that has been done. He pointed out that although the administration was aware of what had happened they requested a confirmation and that there was no financial benefit to the entities. The investigation showed that the person in that company who forged the documents did so to expedite the process, not for any type of personal or corporate benefit.

Ms. Rojas inquired about the appropriate next steps to be taken and where are we in the process. Mr. Torrens responded that the next step has to do with the Contractors Disciplinary Review Committee and that they will be submitting a recommendation to that committee for actions to be taken.

Dr. Gallon referenced page 9 of the report and inquired if there was a response to the assertions made by Unitech Builders Corp (UBC) and noted that it is essential to acknowledge for the record whether the administration disputes these assertions, or agree that it happened. Mr. Torrens responded that page 11 of the report contains a response from Mr. Raul Perez, Assistant Superintendent, Construction Management related to the issues raised in the contractor's letter, specifically disputing some of the statements made. Mr. Williams pointed out that page 15 of the report contains comments on OMCA's response to UBC.

Ms. Rojas commented for the record that she carefully read the report and acknowledged that the response from Mr. Perez was exemplary, professional and she commended him for the wonderful job that he is doing.

There being no further questions or comments, a motion was made by Ms. Rojas, seconded by Mr. Gainey, which carried unanimously, to recommend that the **Internal Audit Report – Investigation of Unitech Builders Corp. – Direct Purchase Order (DPO) Forgery** be received and filed by the School Board.

## OTHER REPORTS:

### **7. Monthly Financial Report Unaudited – For the Period Ending November 2017**

Mr. Montes de Oca introduced the above-referenced report and explained that these reports are presented at every committee meeting and yielded the floor to Ms. Connie Pou, Controller and Mr. Ron Steiger, Chief Financial Officer to entertain any questions.

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

### **8. Presentation for 38 of 128 Charter Schools Audited Financial Statement FYE June 30, 2017**

Mr. Montes de Oca introduced the above-referenced report and mentioned that there are two schools with issues which will continue to be monitored, Youth Co-Op Charter and Youth Co-Op Preparatory High School. He then yielded the floor to Mr. Jon Goodman, Executive Audit Director, to address any questions.

Ms. Rojas inquired about what is being done to proactively prevent reoccurring issues along with what assistance is being provided to the charter schools. Additionally, she wanted to know when will there be a follow-up audit for the charter schools. The Chief Auditor responded that the follow-up will be a part of the financial statement review that takes place every year. He mentioned that school administration members were present to address the first part of her question.

Mr. Pichardo, the schools' CFO, provided explanatory information in response to Ms. Rojas' questions.

Mr. Norwood also asked about the bond issuances associated with the schools. Mr. Goodman explained that the bond issuance is a fairly complex process with many moving parts, and that the OMCA has had much dialogue with the schools' representatives regarding this. So, he would expect this reporting issue to be fully corrected at the next review.

There being no further questions or comments, a motion was made by Mr. Gainey, and seconded by Mr. Lopez, which carried unanimously, to recommend that the **Presentation for 38 of 128 Charter Schools Audited Financial Statements Fiscal Year Ended June 30, 2017**, be received and filed by the School Board.



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

The Chief Auditor introduced the above-noted subject and stated that this report details what has transpired from the last ABAC meeting to date and welcomed any questions. Ms. Rojas commended the Civilian Investigative Unit on a wonderful job. She inquired about the number of cases that were moved to another entity. Mr. Baluja responded that the subjects sometimes become a moving target during the investigations and various situations may affect the case, such as retirements, deaths or resignations. Due to the moving target nature of the subjects, victims and witnesses in a personnel investigation, sometimes the case may be returned to the incident review team for reassignment to a better entity or perhaps rejections. In some cases, a criminal act may be discovered and the case will then be referred to General Investigative Unit (GIU).

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

## **10. Association of Local Government Auditors (OMCA's Peer Review) Certificate of Compliance**

Mr. Montes de Oca introduced the above-referenced report noting that this review occurred in December 2017 and it was the best Peer Review OMCA has ever had. He noted that OMCA began having peer reviews in the 1990's even though they were not required. ABAC members Mr. Lopez and Mr. Rodriguez commended the Chief Auditor on the results of the peer review.

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

## **11. Changes to Audit and Budget Advisory Committee Board Policy**

The Chief Auditor introduced the above-referenced policy and noted that the changes came as the result of the discussions at the last ABAC meeting about what rules apply. He mentioned that the School Board Attorney incorporated the Robert's Rules of Order. Mr. Montes de Oca pointed out that the Robert's Rules of Order had been exercised, now it is incorporated into the ABAC Board policy. He noted that the changes to the policy will be presented to the ABAC at a future meeting.

Mr. Harvey explained that there was a Board item presented by School Board Member Ms. Rojas, at the last School Board meeting requesting that the Superintendent initiate rulemaking to incorporate the Robert's Rule at all of the School Board Policies Advisory Committee meetings.

The Chair inquired if a notification will be issued regarding the changes in the School Board Policies Advisory Committee meetings. The School Board Attorney replied, in the affirmative and indicated that typically the notification will be issued through the Chief Auditor's office.

Mr. Johnson requested clarification of this item whether it was informational or did it require an action. The Chief Auditor responded that it is an action item but, it does not necessarily require an action by the ABAC. He mentioned to his understanding that it will be through the School Board Attorney's Office.

There being no further questions or comments, a motion was made by Mr. Johnson, and seconded by Ms. Rojas, which carried unanimously.

## **12. Chief Auditor's Exit Report**

Mr. Montes de Oca introduced the above-noted report and mentioned that it was produced at the request of The School Board and it is presented to the ABAC for their information.

Dr. Feldman, noted for the record, the Chief Auditor's recommendation of an OMCA staff member to be appointed as Interim Chief Auditor and be strongly considered as a candidate for the position of Chief Auditor.

Mr. Johnson reiterated a question he had asked earlier regarding a designee to supervise the Office of Economic Opportunity (OEO). The Superintendent responded that an individual was appointed two Board meetings ago. Mr. Johnson then inquired about the name of the appointee and Mr. Carvalho replied his name is Mr. Torey Alston.

Mr. Lopez inquired about the status of the two positions that were previously discussed at the October 2018 ABAC meeting to accommodate the additional audit requests that had been added to the Audit Plan. The Chief Auditor responded that there have been some questions regarding the two additional positions as to whether the report that was submitted to the School Board and their acceptance of filing the report constitutes authority to add the two positions. He mentioned that communication in writing and discussion with administration and the School Board Attorney as to whether or not that constitutes authority to add the positions are needed to carry out the Audit Plan. Mr. Montes de Oca noted his uncertainty as to whether Mr. Harvey is prepared to answer the inquiry.

Mr. Harvey replied that they are in the process of responding to the request. He stated generally the authority to make provisions to hire, to classify, etc. is the authority of the School Board. Typically, it becomes an item D-21, the positions are established and classified as the persons are hired. Furthermore, there would need to be additional actions by The Board to effectuate the recommendations of this committee.

The Chair inquired if an item needs to be put forward. He mentioned that the Chief Auditor presented the Audit Plan and there were some items added at the end which would require additional consideration.

Mr. Montes de Oca emphasized that he has been prudent in requesting additional positions throughout the years, and explained that the Audit Plan that was presented to the ABAC in October 2017 could be carried out with the resources that he had. However, based on the feedback provided by the Committee and some Board members at that meeting, he revised the Plan to incorporate these requests and now the Plan cannot be carried out with the available staff.

On an unrelated topic, Mr. Lopez thanked Mr. Montes de Oca for his years of service, but wanted to make sure with him leaving the Chief Auditor position, that there are no concern on his part about control issues or circumstances where he is not in agreement.

The Chief Auditor replied that he submitted his resignation of his own free will, acknowledging his age, and expressed the desire to relax a little bit and that he is leaving on his own accord.

ABAC Members Mr. Rodriguez and Mr. Miranda acknowledged their positive history of knowing and working with Mr. Montes de Oca.

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

**Old Business:**

None.

**New Business:**

None.

**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. Wendelken, at 3:12 p.m.

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