

**MINUTES OF THE SCHOOL BOARD AUDIT AND BUDGET ADVISORY COMMITTEE  
OF MIAMI-DADE COUNTY PUBLIC SCHOOLS  
January 26, 2016**

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The School Board Audit and Budget Advisory Committee (ABAC) met on Tuesday, January 26, 2016, 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  
Mr. Juan del Busto  
Mr. Juan Carlos del Valle  
Mr. Jeffrey Codallo  
Mr. Joseph Gebara, PTSA/PTA President  
Dr. Lawrence S. Feldman, School Board Member  
Ms. Susan Marie Kairalla  
Mr. Albert Lopez, CPA  
Mr. Christopher Norwood, J.D.  
Mr. Erick Wendelken, CPA

**Members Absent:**

Mr. Roland Sanchez-Medina, Jr., Esq., Chair  
Mr. Nestor Caballero, CPA MST CGAP  
Mr. Isaac Salver, CPA

**Non-Voting:**

Mrs. Judith M. Marte, Chief Financial Officer (Absent)

**Call to Order**

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The ABAC's Vice Chair Mr. Rayfield McGhee, Jr. acted as chair because the ABAC's Chair, Mr. Sanchez-Medina, could not attend due to a personal matter. Mr. McGhee called the meeting to order at 12:31 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. Alberto M. Carvalho, Superintendent  
Mr. Kimrey Newlin, Alt. ABAC Member  
Mr. Walter J. Harvey, School Board Attorney  
Mrs. Valtena G. Brown, Dep. Supt./Chief Oper. Officer  
Mr. Jose L. Dotres, Chief Human Capital Officer  
Mr. José F. Montes de Oca, Chief Auditor  
Ms. Connie Pou, Controller  
Ms. Lisa Martinez, Chief Strategy Officer  
Mr. Ron Steiger, Chief Budget Officer  
Ms. Enid Weisman, Human Capital

Mr. Jaime Torrens, Chief Facilities Officer  
Ms. Daisy Gonzalez-Diego, Chief Communications Officer  
Ms. Melody Thelwell, Chief Procurement Officer  
Mr. Brian Williams, Economic Development Officer  
Mr. Leonardo Fernandez, Treasurer  
Ms. Daisy Naya, Assistant Controller  
Mr. Luis Garcia, Deputy School Board Attorney  
Ms. Joyce Castro, Assistant Superintendent  
Ms. Tricia Fernandez, Assistant Superintendent  
Ms. Tiffanie Pauline, Assistant Superintendent  
Dr. Ana M. Rasco, Assistant Superintendent

**Minutes of the School Board Audit and Budget Advisory Committee**

**January 26, 2016**

**Page 2 of 11**

Ms. Barbara Mendizabal, Region Superintendent  
Ms. Vivian M. Santiesteban-Pardo, Region Supt.  
Ms. Maria T. Gonzalez, Asst. Chief, School Audits  
Mr. Julio Miranda, Asst. Chief, Investigations  
Mr. Trevor L. Williams, Asst. Chief, District Audits  
Mr. Luis Diaz, Administrative Director  
Ms. Cynthia Gracia, Administrative Director  
Mr. Jon Goodman, Executive Audit Director  
Ms. Nicki L. Brisson, Executive Director  
Ms. Terri Chester, Executive Director  
Mr. Charles D. McMillon, Director  
Ms. Vivian Villaamil, Director  
Ms. Michelle Denis, Budget Supervisor  
Ms. Tamara Wain, District Supervisor  
Mr. Luis Baluja, Supervisor  
Ms. Elvira Sanchez, Audit Coordinator  
Ms. Ana Lara, Administrative Assistant  
Ms. Maloy Castro Morales, Administrative Assistant  
Ms. Carmen Naumann, Administrative Assistant  
Ms. Maria Teresa Rojas, Administrative Assistant  
Ms. Maria E. Delgado, Administrative Secretary  
Ms. Elsa Berrios-Montijo, Staff Assistant  
Ms. Lucila I. Gonzalez, Administrative Secretary  
Ms. Lawandra Houston, District Adm. Asst.

Ms. Mary T. Cagle, Inspector General  
Mr. Felix Jimenez, Assistant Inspector General  
Mr. Thomas Knigge, OIG, Supervisor Special Agent  
Mr. Donovan Maginley, Partner, RSM LLP  
Mr. Anthony Brunson, Anthony Brunson P.A.  
Mr. Demetrio Perez, Administrator  
Ms. Ana Martinez, Academica  
Ms. Christina Perdomo-Fernandez, Academica  
Mr. Wendell Carr, Coral Reef Montessori  
Ms. Juliet King, Coral Reef Montessori  
Mr. Stuart Lones, Coral Reef Montessori  
Ms. Lucy Canzoneri-Golden, Coral Reef Montessori  
Mr. Alex Trujillo, Verdeja, De Armas & Trujillo  
Mr. Pedro M. De Armas, Verdeja, De Armas & Trujillo  
Mr. Joseph L. Raia, Counsel

Dr. Feldman enthusiastically introduced his new ABAC member appointee, Mr. Jeffrey Codallo, who he has had the pleasure of working with on multiple occasions. Mr. Codallo provided a brief background of his professional experience, including his service with the U.S. Air Force from where he retired in 1990. He also noted his recent retirement from the Community Bank of Florida and expressed how much he enjoys serving the community where he lives.

## **2. Approval of the Minutes of the School Board Audit and Budget Advisory Committee Meeting of December 1, 2015**

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The Chair drew the members' attention to the minutes for the ABAC meeting of December 1, 2015, and asked whether any members had suggested revisions or questions related to the contents of the proposed minutes.

There being no questions, Mr. Gebara moved and Ms. Kairalla seconded the approval of the minutes to serve as the memorialization of the December 1, 2015, ABAC meeting. The motion carried unanimously.

## **AUDIT REPORTS:**

### **3. (a) Internal Audit Report – Selected Schools/Centers**

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Ms. Maria T. Gonzalez, Assistant Chief Auditor, presented the Internal Audit Report – Selected Schools/Centers and noted that the report contained the results of 30 audits in which two schools had findings.

Dr. Feldman made some remarks about his dissatisfaction with the manner in which school staff, as depicted in the school findings, continued to breach fiscal procedures at the schools, in spite of training. He urged the administration to consider seeking restitution of funds from staff members whenever applicable and possible.

Ms. Kairalla commented about athletic admission ticket sales repeated discrepancies and suggested exploring the process to electronically sell these tickets to eliminate these repeated findings. Additionally, she commented on the FTE discrepancies and that it is her understanding that teachers are being pulled out of classrooms to assist with the FTE process and believes that teachers should not be part of this process.

Mr. Montes de Oca deferred to the administration to follow up on those issues.

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

## **(b) Internal Audit Report – Hospitality Services**

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Ms. Maria T. Gonzalez, Assistant Chief Auditor, presented the above-noted report and said that the audit results were satisfactory and there were no findings. She thanked Mr. Whitehead and the hospitality staff for their time.

Mr. McGhee asked why the Committee was being presented with a seven-year audit.

Ms. Gonzalez explained that the audit delay resulted from the limited audit resources of OMCA over the last years, noting that resources have been concentrated on school audits.

Dr. Feldman commented that although this was a seven-year audit, he was pleased that there were no findings.

Mr. Del Busto and other Committee members voiced concerns about the potential risk attached to an activity that generates substantial revenues not being audited more frequently.

Mr. Montes de Oca echoed Ms. Gonzalez's comment and stated that he visits the cafeteria on a daily basis and has never observed anomalies in the daily operations of that center, which would trigger concerns. In addition, his office interacts with the cafeteria staff often when they have questions or concerns and he felt confident that the operation was running smoothly. Mr. Montes de Oca further stated that even though he would have liked to perform the audit on a timely manner his resources precluded him from doing so. However, he is now committing to perform the audit at least every other year.

Mr. Carvalho agreed with Mr. Montes de Oca that this is a very low risk operation. However, he pointed out that an audit on the cost of meals and the District's subsidy, may be beneficial.

On another important topic, Mr. Carvalho announced that the Honorable Perla Tabares Hantman had been recently appointed to the Miami-Dade Metropolitan Planning Organization (MPO) Fiscal Priorities Committee, which is not only a very important organization, but a federally commissioned and state authorized entity of which Ms. Hantman has been an integral part since 1999. Mr. Carvalho explained that this committee concentrates on the planning and programming of transportation funds to better address the needs of the community. He expressed the need to inform the ABAC of this significant appointment, since the MPO Committee deals with relatively similar issues to those of the ABAC.

On the subject of the Hospitality Services audit, Mr. McGhee commented that it is the responsibility of the ABAC to question an anomaly such as a seven-year audit, but he was nevertheless pleased to hear that the results of the audit had no findings and is confident on the Chief Auditor's ability to establish audit priorities.

There were no further questions. A motion was made by Mr. Lopez, seconded by Dr. Feldman, which carried unanimously, to recommend that the **Internal Audit Report – Hospitality Services** be received and filed by the School Board.

**4. (a) Independent Internal Auditors' Agreed-Upon Procedures Report on The Office of Economic Opportunity Inaugural Report covering Fiscal Years 2013-2014 and 2014-2015**

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Mr. Trevor Williams, Assistant Chief Auditor, presented the Independent Internal Auditors' Agreed-Upon Procedures Report on The Office of Economic Opportunity (OEO) Inaugural Report covering Fiscal Years 2013-2014 and 2014-2015. He explained that they had reviewed the financial aspects of the report, and made recommendations regarding some inconsistencies in the data. He noted that any deficiencies identified during the audit had been corrected by OEO and reflected in the report.

There being no questions, a motion was made by Dr. Feldman, seconded by Mr. Wendelken, which carried unanimously, to recommend that the **(a) Independent Internal Auditors' Agreed-Upon Procedures Report on The Office of Economic Opportunity Inaugural Report covering Fiscal Years 2013-2014 and 2014-2015** be received and filed by the School Board.

**(b)The Office of Economic Opportunity Inaugural Report Covering Fiscal Years 2013-2014 and 2014-2015**

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Mr. Brian Williams, Economic Development Officer, observed that this report highlighted the commitment of the District and its economic development regarding to the participation of certified women and minority business enterprises. He referred to pages 24 and 25 which contain the fiscal information that the auditors specifically reviewed related to payments to certified women and minority businesses.

Mr. Carvalho gave accolades to the internal audit department for taking on the work and verifying the financial aspects of the report, which he added, was made at his request. He also highlighted the progress made in the area of minority business participation after the passing of the General Obligation Bond referendum.

The Committee gave kudos to the District staff members for the remarkable work they had done, and continue to do, to provide fair and equal business opportunities to the local small business community.

There being no questions, a motion was made by Dr. Feldman, seconded by Mr. Wendelken, which carried unanimously, to recommend that the **(b)The Office of Economic Opportunity Inaugural Report Covering Fiscal Years 2013-2014 and 2014-2015** be received and filed by the School Board.

**OTHER REPORTS:**

**5. (a) Monthly Financial Report Unaudited – For the Period Ending November 2015**

Ms. Connie Pou, Controller, presented the Monthly Financial Report for the period ending November 2015 and noted that this report had been transmitted to the School Board on January 13, 2016, for its consideration.

**(b) Summary of Governor's 2016-2017 Budget**

Mr. Ron Steiger, Chief Budget Officer, made a brief presentation on the Governor's Budget for the 2016-2017 fiscal year and informed the ABAC that the budget was not final until reviewed and approved by the House and Senate. However, he cautioned the Committee that although the economy is improving, the investment in K-12 education continues to rely heavily on local tax dollar efforts.

Mr. Carvalho expressed concern about the level of investment in K-12 education by the State, which is not keeping up pace with an improving economy.

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

**6. Presentation for 26 of 125 Charter Schools Audited Financial Statements and Three Community Based-Organizations FYE June 30, 2015**

Mr. Montes de Oca introduced the above-noted report and explained that OMCA had reviewed the audited financial statements for 26 charter schools and three community-based organizations, which his office is charged to do. In addition, he informed the Committee that a representative from the Lincoln-Marti Schools wanted to address the Committee.

Mr. Demetrio Perez, Administrator, Educational Management Association, respectfully requested a postponement of the financial statements of four Lincoln Marti schools to allow the administration to better address the audit concerns of OMCA.

Mr. Montes de Oca declared that since there were some differences of opinion between his office and the school's external auditors, and in the spirit of cooperation with the schools' representative, he agreed to postpone the presentation of the audited financial statements until the March 15, 2016, ABAC meeting to allow them more time to better address the concerns.

After some discussion by several Committee members expressing concern as to whether the school administration was given sufficient time to address the concerns, Mr. Montes de Oca stated that he had received a phone call in the morning from the representative of Lincoln-Marti schools requesting the postponement. Since the item was already in the agenda for this meeting he advised the representative that they had to appear at the meeting and make the request to the Committee.

The Chief Auditor explained that his office was in communication with the charter schools administration well before the letter dated January 20, 2016 relating to OMCA's concerns. He explained that the letter dated January 20, 2016 was the final communication to the school administration.

Mr. Del Busto (for the record) expressed concern about the last minute request and that the school should have reacted more expeditiously.

A motion was made by Ms. Kairalla, seconded by Mr. Wendelken, which carried unanimously, to table the four Lincoln-Marti Schools financial statements and place them on the agenda for the March 15, 2016, ABAC meeting.

Due to the tabling of the Lincoln-Marti Schools, another motion was made by Ms. Kairalla, seconded by Dr. Feldman, which carried unanimously, to recommend that the **Audited Financial Statements for 22 Charter Schools and Three Community Based Organizations FYE June 30, 2015** be received and filed by the School Board.

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

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The Chief Auditor presented the above-referenced report and noted that this is a customary report summarizing what has transpired since the last ABAC meeting and what OMCA's staff members are currently engaged in.

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

## **8. (a) Settlement Agreement to Recover Unauthorized Value Adjustment Board-Related Payments to the Miami-Dade County Property Appraiser**

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Mr. Montes de Oca was thrilled to inform the Committee that a \$4.4 million settlement agreement to recover unauthorized payments to the Miami-Dade County Property Appraiser was approved by the School Board and the County Commission this month. In addition, he explained, that going forward the District would no longer have to pay \$1.7 million annually to the Property Appraiser. Mr. Montes de Oca thanked the ABAC members for their support and endorsement, the School Board for unanimously approving the change in the Audit Plan and the Superintendent for his request to perform the Value Adjustment Board Audit. He also acknowledged the superb audit conducted by the staff members in his office.

Addressing questions from ABAC members regarding the settlement amount, the Superintendent and School Board Attorney explained that due to the statute of limitations, this was the best settlement the District could obtain, and the most monies that the District could recoup.

Dr. Feldman gave accolades to all the members of M-DCPS who were involved in the recovery of \$4.2 million and the withholding of the \$1.7 million payment. He also expressed hope that if anyone was offended during the process they could see the process as finished and behind us.

Mr. McGhee referring to an earlier discussion related to the Hospitality Services audit report not being timely, recognized the Chief Auditor for his initiative to postpone that audit and use the resources necessary to perform the VAB audit, which at the end benefited the District to the tune of \$6.1 million in revenue.

Ms. Mary T. Cagle, presented a follow-up report on the implementation of the recommendations in the Office of the Inspector General's report on the Value Adjustment Board, which was very positive.

Mr. McGhee acknowledged School Board Member, Ms. Raquel Regalado, for her work in this whole process.

Mr. Carvalho commended Ms. Cagle for her work since she was appointed and extended his appreciation to Mr. Montes de Oca, his staff and the School Board for their great work. In addition, he explained how Ms. Cagle took the initiative to prioritize this major concern and was pleased to recognize what has been accomplished. He informed the Committee that the action, recommendations and progress of this process has encouraged the Dade Delegation to take action. He expressed confidence that the legislation will further address some of the concerns about statutory loopholes at the State level that have resulted in the revenue shortfalls faced by the District. He thanked the ABAC for their attention and all involved in the process.

Mr. McGhee voiced his appreciation to the Inspector General and her staff for their hard work and dedication.

**(b) Update on Keys Gate Charter School Audit Report**

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Mr. Montes de Oca stated that pursuant to the request of Mr. McGhee, at the last Committee meeting, he was providing this update to keep the ABAC apprised on the above-mentioned subject. However, he explained that there was really nothing new to report at this time, since the Inspector General is still considering this case.

**(c) Update on Proposed Amended Charter School Board Policy – Advances/Transfers**

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Mr. Montes de Oca introduced the above-noted subject explaining that the District is developing policy changes based in part on the opinion obtained by OMCA from the State of Florida Department of Education.



Mr. Norwood asked if a policy has been developed and proffered.

Responding to Mr. Norwood's question, Mrs. Valtena Brown, Deputy Superintendent/Chief Operating Officer, stated that the District is awaiting the results of the legislative session which is currently taking place. She explained that if policy changes are made now, something could happen during the session that may require additional changes to District policy; therefore, they want to wait to make all changes after the completion of the session, in order to avoid having to change the policy twice.

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

### **New Business:**

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- **Potential Date(s) for Special ABAC Meeting to Review Proposal and Select External Auditor**

Mr. Montes de Oca informed the Committee that the five-year contract with the external auditing firm RSM LLP has come to an end and the corresponding need to issue a Request for Proposal (RFP) for external auditing services. He explained the process for soliciting vendors, establishing dates to bring proposers before the ABAC for presentations and selection of a firm. He also explained that the process may require up to two special ABAC meetings: one to establish a short list if the number of proposers is extensive; and another for the proposers to make the presentation for the Committee's evaluation, selection, and recommendation to the School Board.

In addition, Mr. Montes de Oca asked the Committee's preference as it relates to a grading point system. He noted that they can rank the firms subjectively or by using a point system.

After some discussion, the Committee members voted unanimously to do the ranking using a point system.

Dr. Feldman reminded the audience about the Cone of Silence that will be in effect after an RFP is issued.

Mr. McGhee asked who decides the weight (the number of points assigned) of the different areas.

Mr. Montes de Oca responded that there will be a graph (prepared by the Procurement department) which lists the weight of the different areas.

Dr. Feldman inquired about school board members having a potential conflict by also being part of the selection process.

Mr. Harvey responded that the Procurement department will be establishing the rating system and the Committee members, as stipulated in the School Board Policy, will be making the recommendation to the School Board for the ultimate selection, based on this rating system. Mr. Harvey noted that this process does not constitute a conflict of interest for school board members.

Mr. Montes de Oca again explained the process and offered to forward the proposals, absent the fees, to the ABAC so that they would have ample time to review them before the special ABAC (selection) meeting(s). In addition, he noted that at the selection meeting, Committee members will hear presentations from the proposers and receive the fees from each firm, so that they can make their final decision.

The Committee agreed.

Ms. Melody Thelwell, Chief Procurement Officer, briefly explained the process for issuing the RFP, ranking proposers and consideration of the fees.

#### **Other Business:**

Ms. Kairalla sadly announced the passing of Dr. Richard Hinds, former Chief Financial Officer, for Miami-Dade County Public Schools. She expressed kind words about Dr. Hinds and informed the audience of the memorial services that will take place.

Mr. Montes de Oca added that a plaque recognizing his many years of valuable service had been sent to him, after many attempts to present the plaque to him at an ABAC meeting.

On a much happier note, Mr. Montes de Oca recognized Mr. Julio Miranda, Assistant Chief Auditor, on his well-deserved retirement, noting that this was his last ABAC meeting.

Mr. Carvalho spoke about his being part of the Board of Governors of the Children's Trust and announced that he wanted to have a conversation with the Chief Auditor to possibly request an audit of their contracts involving M-DCPS. He explained that the Children's Trust has annual revenues of over \$100 million and his concern with the sufficiency of the educational outcome of some of these contracts.

The Chief Auditor agreed to have the conversation, and if the decision is made to perform the audit, it will be included in the next Audit Plan which he will propose to the ABAC in July 2016 and bring to the School Board in September 2016.

Ms. Perla Tabares Hantman, School Board Chair, expressed concern as to the possible urgency of this request and whether it should be delayed.

Mr. Carvalho agreed to discuss the matter further with the Chief Auditor and School Board Chair and offered to provide additional resources to OMCA in the event the audit is performed.

## **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. McGhee at 2:22 p.m.

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