

**MINUTES OF THE SCHOOL BOARD AUDIT AND BUDGET ADVISORY COMMITTEE  
OF MIAMI-DADE COUNTY PUBLIC SCHOOLS  
March 12, 2019**

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The School Board Audit and Budget Advisory Committee (ABAC or Committee) met on Tuesday, March 12, 2019, in the School Board Administration Building, Conference Room 916, at 1450 N.E. Second Avenue, Miami, Florida.

**Members Present:**

**Voting:**

Mr. Christopher Norwood, J.D., Vice Chair  
Mr. Juan del Busto  
Mr. Jeffrey Codallo  
Mr. Stephen Hunter Johnson, Esq.  
Mr. Jeffrey Kaufman  
Dr. Nancy Lawther, PTA/PTSA President  
Mr. Julio C. Miranda, CPA, CFE  
Mr. Rudy Rodriguez, CPA  
Ms. Mari Tere Rojas, School Board Member  
Mr. Isaac Salver, CPA

**Members Absent:**

Mr. Erick Wendelken, CPA, Chair  
Mr. Albert D. Lopez, CPA

**Non-Voting:**

Mr. Ron Steiger, Chief Financial Officer

**Call to Order**

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Mr. Christopher Norwood, ABAC Vice Chair called the meeting to order at 12:36 p.m.

**1. Welcome and Introductions**

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Mr. Christopher Norwood, ABAC Vice Chair opened the meeting by welcoming all and by introducing himself. He immediately notified the ABAC members, Board members and meeting attendees that he would be the acting ABAC Chair for this meeting, since Mr. Erick Wendelken, the current ABAC Chair was unable to attend. Next, he requested from those present at the meeting to introduce themselves. Introductions took place swiftly. The following persons were present:

Mrs. Perla Tabares Hantman, School Board Chair  
Dr. Steve Gallon III, School Board Member  
Dr. Lawrence S. Feldman, School Board Member  
Dr. Marta Pérez, School Board Member  
Mr. Alberto M. Carvalho, Superintendent  
Mrs. Valtena G. Brown, Dep. Supt./Chief Oper. Officer

Ms. Maria T. Gonzalez, CPA, Chief Auditor  
Mr. Jon Goodman, CPA, CFE, Assistant Chief Auditor  
Mr. Richard Yanez, CPA, District Audit Director  
Ms. Elvira Sanchez, CPA, CFE, District Director  
Mr. Luis Baluja, CISA, Executive Director  
Ms. Terry Rodriguez, CPA, Executive Director

Ms. Tabitha Fazzino, Chief Admin. and Comp. Officer  
Mr. Walter J. Harvey, School Board Attorney  
Ms. Mindy McNichols, Assistant School Board Attorney  
Mr. Jaime Torrens, Chief Facilities Officer  
Mr. Carl Nicoleau, Assistant Superintendent  
Ms. Daisy Naya, Controller  
Mr. Eugene P. Baker, Chief Information Officer  
Ms. Joyce Castro, Assistant Superintendent  
Dr. Sylvia Diaz, Assistant Superintendent  
Ms. Tiffanie Pauline, Assistant Superintendent  
Ms. Cynthia Gracia, Administrative Director  
Ms. Meyme Falcone, Administrative Director  
Ms. Denise Mincey-Mills, District Director  
Mr. Edward McAuliff, Executive Director  
Ms. Dana Vignale, Executive Director  
Ms. Michelle Denis, Fiscal Supervisor  
Mr. Leroy Anderson, Budget Supervisor  
Ms. Carlota Noguera, Paralegal  
Mr. Thomas Knigge, OIG, Supervisor Special Agent  
Mr. Brett Friedman, Partner, RSM US LLC  
Ms. Annette Lewis, Manager, S. Davis & Associates  
Mr. Pedro De Armas, Partner, VDT, LLP  
Ms. Monique Bustamante, Partner, VDT, LLP  
Ms. Regina Rodriguez, Audit Partner, HLB Gravier  
Ms. Juliána Delmas, Director, HLB Gravier  
Ms. Gina Cabral, Partner, GLSC & Co.  
Mr. Steven Zimmerman, Director, CPICS  
Mr. Wilmer Maradiaga, IT Auditor  
Mr. Michael A. Hernández, Charter School Coordinator  
Ms. Jackeline Fals, Chief of Staff  
Ms. Francys Vallecillo, Chief of Staff  
Mr. Nelson Diaz, Administrative Assistant  
Ms. Ingrid Feely, Administrative Assistant  
Ms. Ana Lara, Administrative Assistant  
Ms. Vivian Lissabet, Administrative Assistant  
Ms. Valentina Lopera, Administrative Assistant  
Ms. Addys Lopez, Administrative Assistant  
Ms. Natalie Perez, Administrative Assistant  
Ms. Mylena Vazquez, Administrative Assistant  
Ms. Elsa Berrios-Montijo, Staff Assistant  
Ms. Latisha Green, Administrative Assistant  
Ms. Sheila Rasco, Clerical Assistant  
Mr. Jorge Pichardo, Finance Director, Youth Co-Op  
Ms. Lucy Canzoneri-Golden, Co-Director, CRMACS  
Ms. Jennifer Jaynes, Principal, LBA Academy  
Mr. Erick Valderrama, Board Chair, LBA Academy  
Ms. Brittany Belletierre, Controller, Academica  
Ms. Natalie Gonzalez, Audit Compl., Academica  
Ms. Ana Martinez, CFO, Academica  
Ms. Lainette Perez, Director, Int. Audits, Academica  
Mr. Jabari Mickles, Youth Organizer, Power U  
Ms. Samantha Daley, Reproductive Just. Org., Power U  
Ms. Niki Franco, Civic Engagement Org., Power U

**2. Approval of the Minutes of the School Board Audit and Budget Advisory Committee Meeting of February 5, 2019 (ACTION)**

The acting Chair presented the minutes of the February 5, 2019, ABAC meeting and inquired if there were any questions or comments. There being no questions posed, a motion was made by ABAC member Mr. Isaac Salver, and seconded by School Board member/ABAC member Ms. Mari Tere Rojas, for the approval of the minutes of the February 5, 2019, ABAC meeting. The motion carried unanimously.

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

The Chief Auditor, Ms. Maria T. Gonzalez, introduced the subject item by stating that this was the presentation from the external audit firm of S. Davis & Associates to provide an update to the ABAC on the status of their work related to the external independent audit of the GOB. Ms. Gonzalez introduced Ms. Annette Lewis, manager of the external audit firm to make the presentation.

Ms. Lewis opened by noting that Ms. Tanya Davis, the firm's managing partner could not attend today due to a death in the family and attendance to the funeral. She then explained that the presentation (of the audit deliverables) segregated the tasks into six different categories. At present, categories 1 through 3 were on the drafting stage, while categories 4, 5, and 6 involved some testing, follow up interviews and wrap up work. She

added that the testing was complete; however, some follow up was being conducted regarding clarification from the administration in order to wrap up the project.

School Board member/ABAC member Ms. Mari Tere Rojas congratulated Ms. Lewis and her team for their work and inquired from Ms. Lewis if her team was adhering to the timelines initially set for this project. Ms. Lewis replied that the timelines were being adhered to and she did not anticipate any changes.

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

**4. Monthly Financial Report Unaudited – For the Period Ending December 2018 (INFORMATIONAL)**

The Chief Auditor introduced the subject item and stated that this report had been previously presented to the School Board members at their recent Board meeting; and it is presented to the ABAC today for informational purposes only. She closed by stating that the Chief Financial Officer, Mr. Ron Steiger, was in attendance in case of any questions. No questions were posed. This report was presented for information purposes only; therefore, no transmittal to the School Board by the ABAC is required.

**5. Internal Audit Report – Audit of The District’s Procurement Operations: Solicitation, Selection and Award Processes (ACTION)**

Ms. Gonzalez introduced the subject internal audit report by stating that this was an audit that was part of the FY 2017-2018 Annual Audit Plan of her office, whose main objective was to determine whether the District’s processes of solicitation, selection and awarding of firms to supply goods and services complied with Florida Statutes, School Board Policies, and best practices. She noted that the scope of the audit involved the two fiscal years ended June 30, 2018; however, included certain transactions prior and subsequent to this period. She pointed out that awards related to construction and maintenance are not processed through Procurement Management Services; therefore, these were not within the scope of this audit. She also pointed out that the process of contract administration and monitoring after the awarded contract is put in place, was not within the scope of the audit.

Regarding the audit samples, Ms. Gonzalez stated that from a universe of 88 Invitations to Bid (ITB) and Requests for Proposals (RFPs), the selection consisted of eight ITBs and one RFP, which in turn included a total of 51 bidders and 24 awarded vendors.

As to audit results, Ms. Gonzalez explained that the audit resulted in four findings and corresponding recommendations: 1) updating of the procedures manual; 2) reinforcing the process of receiving and opening bids; 3) improving Master Bid File documentation and verification in the award process; and 4) enhancing the process of identifying bidders

that have been convicted of a public entity crime. Management concurred with the recommendations and responses are included in the report.

Last, she turned the floor over to Mr. Jon Goodman, Assistant Chief Auditor in charge of this audit and noted that the administration was in attendance in case of any questions. Mr. Goodman stated that he was prepared to answer any questions that the Committee may have.

ABAC member Mr. Juan del Busto stated that it appeared that management had corrected issues immediately and inquired whether the auditors felt these were corrected. Mr. Goodman replied that a follow-up audit will be conducted within a year, and that follow-up should provide the Committee with a definitive answer. Mr. del Busto further inquired on the matter of corrected procedures, and the Chief Auditor addressed the inquiry by referring to the Administration to reflect on the procedures manual that was in current draft mode.

Superintendent Mr. Alberto Carvalho replied that the Administration had recently presented a draft of the procedures manual to the School Board during one of their Committees. He stated that this is a dynamic manual that can be updated periodically, and that, embedded in the updated manual are some of the processes required to address the areas highlighted in the audit report. He indicated that all issues have been addressed with staff, corrective action is straightforward to implement, further elaborated on each of the findings and how they would be corrected.

School Board member/ABAC member Ms. Mari Tere Rojas thanked both Mr. Steiger and Ms. Thelwell (in absentia) for acknowledging the findings. She was very pleased that the Administration had concurred with the findings and recommendations and had provided a sound corrective action plan for each. Ms. Rojas further commented that she was satisfied that the audit had not disclosed any instances of fraud or incompetence.

However, going over the specific findings, Ms. Rojas was concerned that the procedures manual had not been updated for several years since 2013, given that we are in 2019. She recommended that going forward the manual be updated on a regular basis; and her recommendation was not just referring to this manual, but to all the MDCPS manuals currently active, considering these are living documents that should be maintained up to date. Regarding the rest of the findings, Ms. Rojas elaborated on the individual issues, pointed out that some were administrative in nature; and although she acknowledged that the electronic processes referred to in some of the report's recommendations and responses may correct some of the shortfalls disclosed by the audit, she stressed that the Administration must improve their overall monitoring, supervision and documentation efforts going forward to avoid future problems.

School Board member Dr. Steve Gallon III commended the internal audit department for the body of work involved in this report. He stated that this was a much-needed audit; and added that he would be sharing additional comments with Mr. Steiger at a subsequent

time. Same as his colleague School Board member Ms. Rojas, Dr. Gallon expressed concern that it has taken six years to update the manual. Also, he disagreed with the reason provided by the Administration for withholding the update, and proffered a clear distinction between policies and procedures. He pointed out that policies relate to when the Board speaks, takes action upon and approves; and these actions, he said, are not dynamic. He contrasted on the procedures by stating that these must be dynamic and up to date in order to be in alignment with such policy. Dr. Gallon specifically referred to page 9 of the report where it is stated that according to management, its procedures had not been updated in anticipation of the completion of the (Phase 2) Disparity Study. He said that "if that is what is being sold, I am not buying it." According to him, the timeline is not analogous to the Disparity Report. He further stated that policies have been adopted outside the scope and this timeline, and he does not see a nexus between not having our policies updated and reflected in the procedures pursuant to an anticipated Disparity report.

Dr. Gallon also requested clarification on page 11 of the report where finding 2.1 states that only three of 51 bids submittals contained evidence of a date/time stamp or other recording of the date and time received, therefore disclosing that 48 of 51 did not provide such evidence. Based on these numbers, he calculated a 94 percent non-compliance rate and requested confirmation from the auditors. Mr. Goodman replied that Dr. Gallon's calculation was correct. At this point, Dr. Gallon requested clarification from the School Board Attorney as to possible legal implications/legal exposure going forward that may result from similar non-compliant issues that are significant and that are deemed material. He described an example of a grieving party in a bid protest and potential legal exposure faced by the District due to a lapse in compliance with policy. Mr. Walter Harvey, School Board Attorney, agreed with Dr. Gallon.

Dr. Gallon requested from the Administration an explanation as to the process moving forward that is in place to make sure that procedures comply with policy.

Chief Financial Officer Mr. Ron Steiger stated that the department was complying with policies and procedures for the most part; however, the department was not relying on the manual because the manual was so outdated that it had to be re-written to align with procedures. Going forward, he stated that the procedures are clearly documented in this manual to ensure alignment with policy 100 percent of the time.

Dr. Gallon still expressed his concern that prospectively, there needs to be a process where these updates to procedures manuals are made over a period of time, as the Board takes action and approves policy, to ensure that procedures align with current policy. In this case, he is very much concerned since procurement is a significant area.

ABAC member Mr. Juan del Busto suggested a review and sign-off of these procedures manuals against policy once a year to prevent any lag time.

Dr. Gallon replied to Mr. del Busto that this annual review is such an excellent idea that the Board has already a policy for that to be done. He added that there is a requirement for an annual review of the procedures to ensure they are updated accordingly; and if an audit of compliance with that policy were to take place as in this case, it would show a six-year gap.

Ms. Rojas posed two additional comments. First, she reiterated the issue that she referred updating all manuals not just this manual. Second, she inquired about personnel turnover in the procurement department. Mr. Steiger replied that all central offices have undergone reductions. In the case of Procurement Management Services, under former CFO Ms. Judith Marte and upon Ms. Thelwell being hired to direct the department, there was a drastic turnover that happened when personnel skillset was first assessed; however, since that time, there has been turnover; however, not considered abnormal and some positions remain open.

Ms. Rojas was still concerned that supervision and monitoring may have happened at one level. Mr. Steiger agreed that at one point, upon the initial department's turnover, Ms. Thelwell was not able to delegate supervision; however since that initial time, this has been rectified. He is confident that in one year's time, when the audit department follows up on the department and the department's organizational chart, that all issues have been resolved. Lastly, she inquired about training provided to staff in the department including supervisory management. Mr. Steiger replied that training is provided regularly; however, he could not say how often. He added that Ms. Thelwell could not attend due to illness; however, he will consult with her and provide a response at a later time.

School Board member Dr. Lawrence Feldman commented that, based on the audit just completed, which according to the Chief Auditor's initial introduction was a phase one of a larger procurement audit, and subsequent commentary from CFO Mr. Steiger regarding the assessment of personnel skillset that took place at the start of Ms. Thelwell's tenure, he would recommend an audit of Procurement that would include the benchmarking of job descriptions/job requirements, and personnel skillsets against other Procurement departments of large districts. The Chief Auditor replied that his recommendation was made at a very opportune time and would be taken into consideration since her office is in the process of formulating the Annual Audit Plan for the coming year.

ABAC member Mr. Rudy Rodriguez commented that he reviewed the report in detail, and said that considering the human factor involved in the process, the budgetary/personnel limitations, and having done the implementation of SAP, he proffered that automation in the area of procurement would provide certain functionalities to the District for achieving greater controls and efficiencies. He used some examples to illustrate how automation in procurement would facilitate the requisition of goods, the selection of vendors and best prices, and the promotion of efficiencies. Mr. Rodriguez concluded that he would be available to the Administration to discuss his solution for automating this area if interested. Mr. Steiger replied that he would be more than happy to discuss this issue with Mr. Rodriguez.

There being no more questions or comments, a motion was made by School Board member/ABAC member Ms. Mari Tere Rojas, and seconded by ABAC member Mr. Jeffrey Kaufman, which carried unanimously, to recommend that the **Internal Audit Report – Audit of The District’s Procurement Operations: Solicitation, Selection and Award Processes**, be received and filed by the School Board.

## **6. Internal Audit Report - Selected Schools/Centers (ACTION)**

The Chief Auditor introduced the subject report. According to her presentation, the report contains the results of 50 schools and centers with no findings to report, a very small loss in property at one of the schools; and commended the Principals and the Region Office administrations for their work and their efforts. She acknowledged that this is hard work and congratulated those involved for the propitious results. She added that Ms. Elvira Sanchez, District Director in charge of school audits was available for any questions.

School Board member/ABAC member Ms. Mari Tere Rojas was elated with the results and commended staff and administration involved in these audits. She extended congratulations not just to the principals but to their team including the treasurer and the custodial staff. In addition, she congratulated Deputy Superintendent/Chief Operating Officer Ms. Valtena Brown, who is in charge of School Operations, Ms. Cynthia Gracia, Administrative Director in charge of coordinating the training of principals at the district level, as well as Region Superintendents and Directors and any other region staff involved with these audits. She concluded by stating that the custodial staff assigned to handle property at the school sites was key to the success of property audits.

Ms. Rojas inquired as to the status of recruitment efforts and training efforts for school treasurers, and how many treasurer positions remain open. Ms. Valtena Brown replied that at the current time, there are no open treasurer positions. Regarding training and support, Ms. Gracia replied that the apprenticeship program has commenced and School Operations is working closely with the Controller’s Office in that endeavor. She also pointed out that treasurers and registrars attend the *Money Does Matter* Program and the region offices oversee the Fiscal Review Teams that are charged with visiting schools as a means of technical support. Upon a question as to the makeup of the Fiscal Review Teams, Ms. Gracia replied that the team involves the District Business Directors, a list of Principals that have proven leadership in fiscal management, and the team puts together protocols and best practices that are shared with the schools.

ABAC member Dr. Nancy Lawther wanted to echo congratulatory remarks made at the last ABAC meeting regarding some of the schools that had multiple exceptions in past audits and that now reported clean audits. She said this improvement is simply commendable.

School Board member Dr. Lawrence Feldman posed a follow up question that goes back to the time that Board Chair Mrs. Perla Hantman represented the Board at this Committee. His question referred to the updating of the job description, qualifications and

responsibilities of Treasurers; what is the status of this work and if someone could bring a response, possibly to the next ABAC meeting. Ms. Brown replied that she would follow up with HR.

Acting Chair Mr. Norwood commented that this is one of several school audit reports in a row that are presented to the ABAC and that do not present findings and this should be recognized by this Committee. The Chief Auditor agreed.

There being no more questions or comments, a motion was made by School Board member Ms. Mari Tere Rojas, and seconded by ABAC member Mr. Jeffrey Kaufman, which carried unanimously, to recommend that the **Internal Audit Report - Selected Schools/Centers**, be received and filed by the School Board.

#### **7. Presentation for 25 of 130 Charter Schools Audited Financial Statements FYE June 30, 2018 (ACTION)**

Acting Chair Mr. Norwood inquired from the Committee members whether anyone was to recuse himself/herself from this discussion to prevent a conflict of interest. None replied.

The Chief Auditor introduced the item by stating that there were a number of charter schools with no issues to report and three with fiscal issues. Regarding two of the charter schools in the first group, she brought to the Committee's attention the last two schools listed: Youth Co-Op and Youth Co-Op Preparatory High School. Those two charter schools were last reviewed in January 2018, and the concern at the time was that they were connected to the parent and rent expenditures were not recognized in the individual charter schools' financial statements. A recommendation to include the rent expense in the individual financials was given to the schools in the prior audit and they have complied. However, it required that a prior period adjustment be recognized in the current financials, and due to the adjustment, the external auditors issued a material weakness finding in the current audit report.

Ms. Gonzalez closed by stating that the schools have engaged a new audit firm this year and her office has communicated with them regarding this matter. According to the external auditors, barring any unforeseen circumstances, going forward the corrective action has taken place.

Mr. Jorge Pichardo, Finance Director, Youth Co-Op, acknowledged that they have addressed the recommendation that was given in the previous year, and corrective action has been implemented. He said that their goal is to serve the students and the community. He concluded that school management is satisfied with the opportunity to correct the prior year matter.

After this presentation, at the request of acting Chair Mr. Norwood, Mr. Jon Goodman introduced the three charter schools with fiscal issues and provided a brief synopsis of each:



- At Coral Reef Montessori Academy Charter School, the School's total fund balance declined from \$(26,454) in the previous school year to \$(276,275) as of June 30, 2018. School management stated the deficit was attributable to recent construction and anticipated that revenues would improve due to an expected increase in student enrollment. He added that enrollment had increased.
- At Integrated Science and Asian Culture Academy, Inc. (ISAACA), the external auditor's management letter contained two findings. One related to the collection of revenues, while the other related to a bank reconciliation issue. Management agreed with the findings.
- At Latin Builders Association Construction and Business Management Academy (LBA) the School reflected a deficit unrestricted net position of \$(114,138) at year-end. This also resulted from expenditures related to improvement to its facilities. According to LBA's management, plans are to increase enrollment and fundraising in the current school year. Mr. Goodman added that enrollment had increased. In response to a prior year's finding, Mr. Goodman noted that the school provided evidence that the School's Governing Board had received ethics training, as agreed upon at the ABAC meeting where last year's report was discussed.

ABAC member Mr. del Busto noted that these schools presented June 30, 2018, financials and inquired what their present status was as of March 2019. Mr. Goodman replied that the next fiscal year closing will be on June 30, 2019, and there is a mechanism to monitor these charter schools. According to him, Charter School Support receives quarterly, monthly unaudited financials. He added that typically, the internal audit department does not rely on unaudited financials to monitor the financial status of these charter schools.

Mr. del Busto was vehemently opposed to waiting a year to determine the next course of action on schools that may present fiscal issues. Mr. Goodman clarified that in those instances of concerning or looming fiscal issues, the internal audit department does not wait a year to discuss the issues. In the past there have been instances where schools have been brought in front of the Committee for discussion on several occasions; therefore, he does not want to give the impression that the office waits a year before any follow up is conducted.

School Board member Dr. Steve Gallon III brought to everyone's attention that it is important to clarify the status of these findings considering that state statute is specific in regards to certain conditions that need to be addressed. He pointed out the transmittal letter from the Chief Auditor summarizing the charter schools presented at today's meeting, where it is noted that although fiscal issues are involved at these three charter schools, none meets a condition of financial emergency or a deteriorating financial condition. These specific conditions are outlined in state statute and that statute requires certain triggers, one of them being the submission of a corrective action plan. Ms. Valtena Brown corroborated that none of the three charter schools are in a condition of financial

emergency or a deteriorating financial condition. She added that regarding these particular schools, two of them had financial setbacks because of construction-related issues and expect their enrollment to increase, and concurred with Mr. Goodman that the District must wait until the next fiscal year financials to determine whether the schools bounce back to a more solid condition. Although ABAC member Mr. Juan del Busto agreed with what was explained, he expressed that he did not want to wait until the conditions worsen and recommended that the Committee maintains a prudent but vigilant stance to prevent an excessive amount of time going by before making a recommendation for further action. Dr. Gallon replied that although he understands the concerns posed by ABAC member Mr. del Busto, the state statute's requirements prevail and must be followed. He noted that at this time, District staff is only permitted to continue monitoring the schools until such time further action can be implemented since the District does not have the authority to go beyond what the statute allows.

School Board member/ABAC member Ms. Mari Tere Rojas commended those charter schools without fiscal issues, and particularly, the principals, treasurers, custodial staff and any other staff member involved in the fiscal accountability process. This praise mirrored her previous commentary directed to the administration and staff of traditional schools that were issued clean audit reports. In regard to the three charter schools with fiscal issues, she did inquire whether this was the first time that a concern was raised regarding any of these three charter schools. Mr. Goodman replied that some of these charter schools had presented issues either last year or the previous year. He then referred to Latin Builders Association Construction and Business Management Academy (LBA), a charter school that presented a significant issue with governance last year. He clarified that the issue in question had been corrected as corroborated by the internal audit department and as noted in the transmittal letter from the Chief Auditor. This year's issue, although different from last year's, did not rise to the level of financial emergency or deteriorating financial condition. Nevertheless, it is an issue that was cited by their external auditors in the school's audit report, and the reason why it is brought to the attention of the Committee for discussion.

Ms. Rojas wanted some confirmation that the schools were willing to work cohesively with the District to remedy the situation and inquired whether they were going to provide any strategies in writing. Mr. Goodman replied that the charter schools did submit a response to the external auditors in writing acknowledging the findings and providing corrective measures and that response is not only incorporated in the individual audit reports but notated in the transmittal letter. Ms. Rojas expressed that she wanted to hear a response that provided timelines for completion to address Mr. del Busto's concerns. Mr. Goodman again clarified that in cases like this, statutorily, the issues do not rise to the provision of a full fledged corrective action plan. Ms. Brown further clarified that although it does not rise to that level, the Charter School Support office monitors the financials monthly, and any red flags that may rise from these monthly reviews are addressed with the charter schools.

School Board member/ABAC member Ms. Rojas was pleased with Ms. Brown's explanation that related to monthly reviews and periodic monitoring of their financials, and that point to a cohesive collaboration between the charter schools and the District.

In light of the discussion related to LBA, ABAC member Dr. Nancy Lawther inquired as to whether the District had procedures in place to address when charter schools present different/multiple issues in a short period of time. Ms. Brown replied that the Charter School Support Office is not only monitoring the schools but also interchanging ideas and recommendations.

School Board member Dr. Lawrence Feldman noted that the representative of Youth Co-Op had been encouraged to provide comments to the ABAC, which he did, and inquired whether the representatives of these three charter schools would be providing comments as well. The Acting ABAC Chair addressed Dr. Feldman's request by requesting comment from the LBA's representatives first. Mr. Erick Valderrama, Chair of the governing board for LBA stated that they were receptive to any recommendations from the District for corrective action.

Ms. Ana Martinez, Chief Financial Officer for Academica provided a response on behalf of Integrated Science and Asian Culture Academy. She noted that the school did not have prior issues, and the matter in this current audit report related to the school's internal account which had been identified prior to the audit. It involved the previous treasurer's failure to follow established procedure and the matter has been corrected since it occurred.

Mr. Pedro De Armas, Partner of VDT, the external audit firm responsible for the audit, replied on behalf of Coral Reef Montessori Academy Charter School. He said that the comments provided were spot on, that the school did undergo over the past two years a \$2.9 million upgrade to its facilities; and it did so with the issuance of \$2 million debt, and the rest or \$900 thousand from its operating reserves and Fund Balance. Going forward, he stated that part of the corrective action is increased enrollment but budgeting as well, since the school must account for debt service, interest and principal payouts. Additionally, their budget is affected because it is one of the few charter schools that participate in the Florida Retirement System and the school takes on significant liability which recurs every year and is also part of their budget.

The Acting ABAC Chair thanked the representatives of the charter schools for their explanations. Lastly, the Chief Auditor brought to the Committee's attention the improvement made to the charter schools' transmittal letter. The improvement to the charter schools' transmittal letter starting with this meeting and going forward is the inclusion of the link to the charter school's annual financial reports. This request had been made by Mr. Norwood at the previous ABAC meeting. Ms. Gonzalez stated that these annual reports provided very useful information that surpassed fiscal matters of the school. Mr. Norwood concurred and stated that Ms. Tiffanie Pauline's office has

established this “fact sheet” for every charter school that contains academic as well as financial statement information.

At the request of the Chief Auditor, one of the schools’ annual reports was projected in the screen and the acting ABAC Chair had the opportunity to go over the report and share it with the rest of the ABAC members. School Board member/ABAC member Ms. Mari Tere Rojas commended Ms. Tiffanie Pauline for this wonderful and comprehensive report.

The Chief Auditor clarified that the transmittal letter provides two links: the first link is to access the financial statements and the second link is to access the annual reports.

There being no more questions or comments, a motion was made by School Board member/ABAC member Ms. Mari Tere Rojas, and seconded by ABAC member Mr. Isaac Salver, to recommend that the **Presentation for 25 of 130 Charter Schools’ Audited Financial Statements FYE June 30, 2018**, be received and filed by the School Board.

#### **8. Office of Management and Compliance Audits’ Activity Report (INFORMATIONAL)**

The Chief Auditor introduced this informational item by stating this was a snapshot of her office, listing all the internal audit work that has been conducted so far since the last ABAC meeting; as well as the work progress of the Civilian Investigative Unit, namely the number of cases received and their current status and disposition. She added that the report also shows the number of ongoing audit assignments, the staff’s participation in various committees of the district, and other projects of the office. Lastly, she brought to the Committee’s attention current staffing issues, open positions, and current hires which involves the hiring of a new CIU investigator. She explained that the new investigator is an outside hire that comes with investigative experience. Ms. Rojas commented that she was pleased that CIU was being staffed with a new investigator since staffing that office appropriately is necessary to complete these investigations.

As segue to Ms. Rojas’ comments, Board Chair Mrs. Perla Tabares Hantman inquired about CIU’s current staffing issues. The Chief Auditor replied that at the last meeting, she had informed the Committee of her recent request to the Superintendent for funding two additional CIU investigator positions in order for that office to process the caseload efficiently; however, that request was still in progress. Regarding other staffing issues related to CIU, Ms. Gonzalez explained that prior to her tenure as Chief Auditor, the supervisor overseeing CIU was also in charge of IT audits and she considered this dual function organizationally difficult to perform. However, this issue was being resolved at tomorrow’s School Board meeting via School Board Agenda item D-21, where that supervisor was being appointed to Executive Director of IT Audits, thus leaving the CIU Executive Director position open and providing the opportunity to hire someone with legal expertise for the exclusive oversight of the CIU division. Board Chair Mrs. Hantman followed up by inquiring as to the current staffing level of CIU. The Chief Auditor replied

that at present, there were four positions established under the CIU division: 1) the CIU Executive Director, 2) a supervisor which was also an investigator, 3) the investigator about to be hired; and 4) a position currently open ready to be advertised for hiring.

Mrs. Hantman further inquired as to the training required to hold a position in CIU. The Chief Auditor stated that part of her request was to receive a budget for training. She clarified that CIU had been assigned to her office several years ago; and the office was originally staffed with investigative personnel that originated from school sites or from other offices that were involved in the investigating process. She closed by stating that at the time of inception of CIU, Board member/ABAC member Ms. Rojas was in charge of CIU and perhaps Ms. Rojas could provide further clarification.

Ms. Rojas clarified that the CIU Division was conceived at the time, and the personnel that was hired received very thorough training and ongoing training in order to effectively perform the investigative duties. She added that it was imperative that training continue to be provided similar to the ongoing training that is provided to the General Investigative Unit of the School Police. She added that the job descriptions of CIU personnel detailed the requirements for investigative expertise, and this came along with the Personnel Investigative Model which address the duties and responsibilities for handling the civilian investigations.

Upon Mrs. Hantman's direct question to the Chief Auditor as to whether the CIU investigators required specific training, the Chief Auditor responded that the staff had investigative experience; however, they had not received investigative training recently. Dr. Gallon was concerned that professional development for the investigators was not provided since their work involves sensitive issues as well as logistic and legal implications; and this is something that needs to be explored further.

The Chief Auditor made a final clarification regarding the investigative experience of the CIU staff that is currently employed or about to be employed in that office. She stated that some of the staff dates back to the time when CIU was implemented. According to her, the CIU staff had either received prior training in investigations or had originated from agencies where they worked as investigators. She concluded that during her tenure as Chief Auditor, the CIU staff had not received training specific to investigative matters; however, the staff possesses investigative experience. Dr. Gallon thanked the Chief Auditor for the clarification; however, he firmly stated that the issue of training and professional development needs to be addressed following a standard across the board and it needs to be consistent.

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

**9. OLD BUSINESS: Follow -Up to Discussion Regarding Certain Information in Chambers Charter High School and C. G. Bethel Charter High School's Audited Financial Statements (INFORMATIONAL)**

According to the Chief Auditor, this follow-up is to address inquiries made by ABAC members at the last Audit and Budget Advisory Committee meeting and by School Board member/ABAC member Ms. Mari Tere Rojas at the recent School Board meeting regarding the makeup of some of the receivables reported in the audited financial statements of Chambers Charter High School and C. G. Bethel Charter High School. Specifically, the totals in question reported for Chambers Charter High School and C. G. Bethel Charter High School were \$326,357 and \$97,242, respectively.

The Chief Auditor explained that last Thursday, after several communications with the management company and the external auditors responsible for the audit reports, her office finally received an email from Mr. Kenneth Edwards (the representative of the management company that provided responses for these schools during the last ABAC meeting) providing the breakdown of the totals previously questioned. The following day, she corresponded with the Board/ABAC members/Superintendent to communicate the information. She closed by stating that her intent today was to bring this matter to the attention of the Committee for possible discussion.

ABAC member Mr. Jeffrey Codallo went over the school findings and inquired as to the former management company. Mr. Goodman replied that it was Mavericks in Education. Other questions asked by Mr. Codallo related to e-rate funds were aptly answered by Mr. Goodman. ABAC member Mr. Julio Miranda expressed dissatisfaction as to the management firm providing the response and not the external auditors. The Chief Auditor replied that her office tried to obtain the response from the external auditors; however, they could not provide one, and were bringing what they were able to obtain from the management firm.

School Board member/ABAC member Ms. Mari Tere Rojas inquired about possible legal implications for using some of the funds to pay for a legal settlement and legal fees and whether allowed. Mr. Harvey replied that it was permissible as long as they used general funds and apparently its use was signed off by their external auditors; therefore, it appears consistent with accounting guidelines. The Chief Auditor inquired from Ms. Tiffanie Pauline if her office had contacted the Chair of the charter school's governing board for clarification. Ms. Pauline said that she received information verbally, and that most balances have been paid.

Several questions were posed by ABAC members as to the validity of the totals, and whether additional written confirmation could be received from the school. It was determined that the next set of audited financials (which should be coming to the School Board around September 2019) should be able to validate that the account balance is zero or close to zero. At that time, staff from the internal audit department would have a conversation with the external auditors to inquire on any leftover balances for validation.

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

## **ADJOURNMENT**

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Since there was no further business to come to the Committee, and upon a motion duly made and seconded, the meeting was adjourned at 2:10 p.m.