



Superintendent of Schools
Alberto M. Carvalho

Chief Auditor
José F. Montes de Oca, CPA

Miami-Dade County School Board
Perla Tabares Hantman, Chair
Dr. Lawrence S. Feldman, Vice Chair
Dr. Dorothy Bendross-Mindingall
Carlos L. Curbelo
Renier Diaz de la Portilla
Dr. Wilbert "Tee" Holloway
Dr. Martin Karp
Dr. Marta Pérez
Raquel A. Regalado

September 6, 2012

Members of the School Board of Miami-Dade County, Florida
Members of the School Board Audit and Budget Advisory Committee
Mr. Alberto M. Carvalho, Superintendent of Schools

**SUBJECT: 60 DAY STATUS REPORT ON IMPLEMENTATION OF
RECOMMENDATIONS IN REPORT ON THE INVESTIGATION OF
ALLEGATIONS CONCERNING ACADEMY OF ARTS & MINDS
CHARTER HIGH SCHOOL**

Ladies and Gentlemen:

At the last Audit and Budget Advisory Committee (ABAC) meeting (June 26, 2012), after a lengthy discussion about the subject investigation, a motion was made recommending to the School Board:

- The recommendations of the Chief Auditor's report be accepted (it also noted that the School itself endorses those recommendations).
- The School will report back to the ABAC in 60 days as to the status of implementation of the recommendations.
- The School Board Attorney will issue an opinion based on the findings of OMCA and responses provided by the Academy.

Attached is our office's correspondence with the school's management asking them for the status of corrective actions, and the School's corresponding response dated August 31, 2012. Please consider the following in your reading of the Academy of Arts and Mind's response:

- First, upon our review of the response, we noted a substantial inaccuracy that rises to the level of requiring a correction of the record. The response states: *"The Academy has been very pleased ... your office found that the Academy did nothing illegal or unethical while providing high school students with the best education available in Miami-Dade County."* There are no such findings or conclusions in our report. In fact, we found what we consider to be structural conflicts of interest that we believe may not comport with section 501(c)(3) of the Internal Revenue Code, and we found that the school and landlord likely violated section 196.1983, Florida Statutes, relating to improper ad valorem tax exemptions claimed and received.

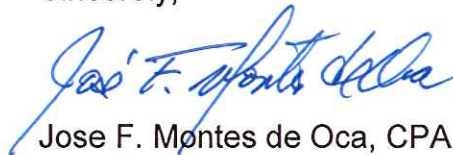
60 DAY STATUS REPORT ON IMPLEMENTATION OF RECOMMENDATIONS IN REPORT ON THE INVESTIGATION OF ALLEGATIONS CONCERNING ACADEMY OF ARTS & MINDS CHARTER HIGH SCHOOL

September 6, 2012
Page 2

- The school's corrective actions are largely still in progress. The school hired counsel to review its lease agreement, management agreement, food service contract and benefits arrangement. Said contract review is not scheduled to be completed until the school's September Board meeting. Also, the School is still in the process of negotiating with the Miami-Dade County Property Appraiser's office regarding the ad valorem tax lien on the School's leased facility.
- Changes to the governing board and the process of selecting its members and leadership positions also appear not to be finalized. Moreover, there is fundamental disagreement between our opinion that there are structural conflicts of interest that we believe may not comport with section 501(c)(3) of the Internal Revenue Code, and the School's attached response which states "... the Academy disagrees with your opinions and strongly believes that there are no structural conflicts within its organization that would threaten or jeopardize the Academy's 501(c)(3) exempt status."
- The school attached to its response its audited financial statements for the year ended June 30, 2012. We have recently received same for 106 other charter schools that were operating last year and we are in the process of reviewing them. We anticipate presenting our review of those statements, along with some of the others, to the ABAC at its December meeting.

The School Board Attorney's above referenced legal opinion is being prepared and will be presented to the ABAC under separate cover.

Sincerely,



Jose F. Montes de Oca, CPA
Chief Auditor

JFM:em
L017
Attachments

cc: Mr. Walter J. Harvey
Dr. Richard H. Hinds
Dr. Daniel Tosado
Mrs. Valtena G. Brown
Dr. Helen S. Blanch
Mr. Julio C. Miranda
Ms. Melinda L. McNichols
Ms. Tiffanie A. Pauline
Mr. Jon Goodman