

**MINUTES OF THE SCHOOL BOARD AUDIT AND BUDGET ADVISORY COMMITTEE
OF MIAMI-DADE COUNTY PUBLIC SCHOOLS
July 21, 2020 (VIRTUAL MEETING)**

The School Board Audit and Budget Advisory Committee (ABAC or Committee) met on Tuesday, July 21, 2020, via the virtual ZOOM webinar platform. This meeting happened during the COVID-19 pandemic.

It is important to note that the part of the meeting related to introductions, attendance and vote-taking differed from the traditional meeting procedures because of the limitations of conducting such procedures under a virtual platform setting. The minutes reflect how these procedures were conducted.

Customarily, the ABAC meeting starts at 12:30 p.m. However, ABAC Chair Mr. Erick Wendelken started the meeting at 12:40 p.m. The extra ten minutes allowed all meeting panelists and attendees to join the meeting virtually, and for the meeting co-host to “lock”¹ the meeting for security purposes.

Call to Order

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

1. Welcome and Introductions

The ABAC Chair welcomed the ABAC members to their second virtual meeting. He then turned the meeting over to the Chief Auditor, Ms. Maria T. Gonzalez, so that she would go over the introductory statements to be read for the record.

The Chief Auditor introduced herself and welcomed all those virtually joining the meeting. She recognized this is the second time that the Audit and Budget Advisory Committee holds a virtual meeting (scheduled for today, July 21, 2020). She then proceeded to read the following introductory statement which declared the authority vested in local governments operating under the Sunshine Law to hold public meetings using technology such as video conferencing during an emergency setting (such as the COVID-19 pandemic):

This Regular Meeting conducted by members of the Audit and Budget Advisory Committee and facilitated by the Chief Auditor from the Office of Management and Compliance Audits, is pursuant to the procedures delineated in Board Policy 6840 - Audit and Budget Advisory Committee, and is being held in accordance with Governor DeSantis’ Executive Order 20-69 Emergency Management – COVID-19 – Local Government Public Meetings, suspending certain statutory public meeting requirements that require a quorum to be present in person, or requires a local government body to meet at a specific public place.

Additionally, local government bodies may utilize communications media technology, such as telephonic and video conferencing, as provided in section 120.54(5)(b)2., Florida Statutes. This Executive Order does not waive any other requirement under the Florida Constitution and “Florida’s Government in the Sunshine Laws,” including Chapter 286, Florida Statutes.

Last, on June 23, 2020, Executive Order 20-150 was signed by Governor DeSantis extending Executive Order 20-69 until 12:01 a.m. on August 1, 2020.

¹ “Locking” the meeting is a procedure in ZOOM designed for security purposes. It is done virtually to prevent unauthorized individuals from joining the virtual meeting session and disrupting the meeting deliberations.

Attendance of ABAC Members

The Chief Auditor requested that each ABAC member respond “present” after each ABAC member’s name is called out to record the member’s attendance and ensure that a quorum was achieved for this virtual meeting. Following this procedure, the following ABAC members were present and a quorum for this meeting was achieved:

ABAC Members	
1.	Mr. Erick Wendelken, CPA, ABAC Chair
2.	Mr. Christopher Norwood, J.D., ABAC Vice-Chair
3.	Mr. Jeffrey Codallo, ABAC Member
4.	Mr. Juan del Busto, ABAC Member
5.	Mr. Stephen Hunter Johnson, Esq., ABAC Member
6.	Mr. Jeffrey Kaufman, ABAC Member
7.	Mr. Albert D. Lopez, CPA, ABAC Member
8.	Mr. Julio C. Miranda, CPA, CFE, ABAC Member
9.	Mr. Rudy Rodriguez, CPA, ABAC Member
10.	Ms. Mari Tere Rojas, School Board Member/ABAC Member
11.	Mr. Isaac Salver, CPA, ABAC Member
12.	Ms. Sharon Watson, ABAC Member

In addition to the ABAC members and following similar attendance-taking procedures, the Chief Auditor recognized the following meeting panelists that were in attendance:

13. Mr. Ron Y. Steiger, CFO, Ex Officio (Non-Voting) Member of the ABAC;
14. Ms. Maria T. Gonzalez, Chief Auditor and the ABAC’s liaison;
15. Mr. Walter J. Harvey, School Board Attorney;
16. Mr. Alberto M. Carvalho, Superintendent of Schools;
17. Mr. Jaime G. Torrens, Chief of Staff;
18. Mr. Jon Goodman, Assistant Chief Auditor, Office of Management and Compliance Audits;
19. Mr. Luis O. Baluja, Executive Director, Office of Management and Compliance Audits; and
20. Ms. Elsie Berrios-Montijo, Staff Assistant, from the Office of Management and Compliance Audits. Mr. Baluja and Ms. Berrios-Montijo acted as meeting co-hosts/facilitators, in addition to the Chief Auditor.

2. Attendance of District Administration and Other Representatives

As a tradition of the ABAC meetings conducted during pre-COVID conditions, the meeting room would be circulated to have those in attendance each verbally introduce his/her name into the record of attendance; and an attendance log would be passed around to collect the signatures of those attending the meeting. In lieu of this attendance-taking/recording procedure, the virtual meeting platform provides a list of the names of those attendees that have joined the meeting via email invitation, and Ms. Gonzalez proceeded to read each entry from the list, which ultimately amounted to 36 participants that had joined the meeting; and which consisted of first/last names. Titles were also included for the record. This attendance is reflected in the following table:

Names of Attendees to Virtual Meeting	
1. Mrs. Perla Tabares Hantman, School Board Chair	2. Dr. Steve Gallon III, School Board Vice-Chair
3. Ms. Susie Castillo, School Board member	4. Dr. Lawrence S. Feldman, School Board member/Alternate ABAC Member
5. Dr. Lubby Navarro, School Board member	6. Dr. Marta Pérez, School Board member
7. Mrs. Valtena G. Brown, Dep. Supt./Chief Operating Officer	8. Mr. Jose L. Dotres, Chief Human Capital Officer
9. Ms. Tabitha G. Fazzino, Chief Admin. and Comp. Officer	10. Ms. Daisy Gonzalez-Diego, Chief Communications Officer
11. Chief Edwin Lopez, Chief of Police & District Security	12. Ms. Iraida R. Mendez-Cartaya, Associate Superintendent
13. Mr. Raul F. Perez, Chief Facilities Design & Const. Officer	14. Dr. Magaly C. Abrahante, Assistant Superintendent
15. Mr. Eugene P. Baker, Chief Information Officer, ITS	16. Mr. Joseph Gomez, Interim Chief Procurement Officer
17. Mr. Mario de Barros, Chief Procurement Officer	18. Ms. Martha M. Diaz, Chief Budget Officer
19. Ms. Daisy Naya, Controller	20. Ms. Tiffanie Pauline, Asst. Superintendent, Charter Schools
21. Mr. Luis Garcia, Deputy Asst. School Board Attorney	22. Ms. Mindy McNichols, Assistant School Board Attorney
23. Dr. Gloria Arazoza, Admin. Director, School Operations	24. Ms. Gisela F. Feild, Admin. Director, ARDA
25. Dr. Thomas Fisher, Admin. Director, Pers. Support Prog.	26. Dr. Nicki Brisson, District Director, Charter Schools
27. Ms. Tamara Wain, CPA, District Director, OMCA	28. Mr. Eddie McAuliff, Executive Director, ITS
29. Mr. Reinaldo Montano, Executive Director, CIU	30. Ms. Corina Putt, Director, Police Support Operations
31. Ms. Patricia Tumelty, Senior Auditor, OMCA	32. Mr. Brett Friedman, Partner, RSM US LLP
33. Mr. Anil Harris, Senior Audit Manager, RSM US LLP	34. Mr. Tom Knigge, Supervisory Special Agent, OIG
35. Mr. Benton Launerts, MECA Board Member	36. Mr. William McAuliff, Executive Director, MECA

Ms. Gonzalez remarked that other individuals may be watching the meeting since it is being broadcast live; however, the names of those individuals are not known or captured on any list, and could not be entered into this record of participation/attendance.

3. Instructions for Deliberations During Virtual Meeting

Before proceeding, at the request of the ABAC Chair, the Chief Auditor read the following protocols for ABAC members and participants to follow. This was to ensure that the virtual meeting was conducted smoothly and following/observing proper decorum:

- Kindly direct all statements and comments “through the Chair” and wait to be recognized by the Chair before making comments.
- All ABAC members will be unmuted during the meeting. The Chair requests that ABAC members mute their microphones when not making comments to reduce unnecessary background noise during the meeting.
- An attendee wishing to speak to an item should “raise his/her hand” using the appropriate feature in the ZOOM tool bar. If the attendee is participating via telephone, he/she can “raise his/her hand” by pressing *9 (star and the number 9).
- There may be several attendees wishing to make comments simultaneously. Co-hosts are managing the queue of individuals waiting to make comments. The attendee wishing to make a statement will be brought into the meeting as soon as possible and then returned to his/her previous status at the conclusion of his/her comments.
- Regardless of whether an ABAC member is making a motion, answering a question, or making a comment, please wait to be recognized by the Chair. Once the ABAC member is

given the floor, please identify yourself by stating your first and last name prior to speaking. When you have finished making your statement, please conclude by saying "This concludes my comments."

- When making or seconding a motion, please, clearly state your name so that it can be stated/captured/documented for the record.

Lastly, all were reminded that this meeting is being video recorded and broadcast live, closed captioned, to the public.

4. Approval of the Minutes of the School Board Audit and Budget Advisory Committee Meeting of May 12, 2020 (ACTION)

ABAC Chair Mr. Erick Wendelken presented the minutes of the May 12 ABAC meeting and inquired if there were any questions regarding the minutes. School Board member/ABAC member Ms. Mari Tere Rojas did not pose a question but made a comment that she had reviewed the minutes very carefully and wanted to give kudos to the recording secretary and the Chief Auditor for an outstanding set of minutes. She said this was a great job and wanted to place her comment on the record. The Chief Auditor thanked Ms. Rojas for the compliment.

A motion was made by School Board member/ABAC member Ms. Mari Tere Rojas and seconded by ABAC member Mr. Albert Lopez, for the approval of the minutes of the May 12, 2020, ABAC meeting. At the request of the Chair, all ABAC members in favor of the motion were requested to raise their hands. Based on the affirmative show of hands viewed from all the ABAC members, the Chair verbally stated all were in agreement, and the motion carried unanimously to approve the minutes of the ABAC meeting of May 12, 2020.

5. Proposed Audit and Budget Advisory Committee Meeting Dates for Fiscal Year 2020-2021 (ACTION)

The Chief Auditor introduced the item. She stated that these are the proposed dates for the ABAC members to meet as a Committee during the 2020-2021 fiscal year, and hopefully none of these dates should pose a conflict with the ABAC members' schedules. She went over each of the proposed dates which were: September 15, 2020, December 1, 2020, February 2, 2021, March 9, 2021, May 11, 2021, and July 20, 2021. Ms. Gonzalez pointed out that she made sure that these dates did not pose any conflicts with scheduled Board meetings, Board Committee meetings or any other meetings related to the Board.

ABAC Chair Mr. Wendelken stated that as a practicing CPA, he would be unable to attend the September 15 meeting because that day coincided with a federal [income tax] deadline that he had no control over; however, expressed that ABAC Vice-Chair Mr. Christopher Norwood would be able to act as Chair for that meeting. Mr. Norwood acquiesced by gesture. School Board member/ABAC member Ms. Mari Tere Rojas requested confirmation from the Chief Auditor to ensure that none of these dates coincided with religious holidays. The Chief Auditor replied that none coincided according to several calendars that she uses as reference to ensure that these dates do not coincide with any official or religious holidays.

Ms. Rojas remarked that it was interesting that the September 15 ABAC meeting will be the last meeting to be attended by School Board members Ms. Susie Castillo, Dr. Martin Karp and Dr. Larry Feldman; and expressed that this will be a very special meeting to all since the next ABAC meeting

will take place in December 2020. She closed her statement by making a reminiscent observation as to how quickly time has elapsed since these Board members made their announcements.

A motion was made by ABAC member Mr. Juan del Busto and seconded by School Board member/ABAC member Ms. Mari Tere Rojas, for the approval of these meeting dates for the coming fiscal year. At the request of the Chair, all ABAC members in favor of the motion were requested to raise their hands. Based on the affirmative show of hands viewed from all the ABAC members, the Chair verbally stated all were in agreement, and the motion carried unanimously to approve the dates for the upcoming ABAC meetings in FY 2020-2021.

6. RSM US LLP's Audit Plan and AU 260-Auditor's Communication With Those Charged With Governance for the Audit of the Basic Financial Statements of The School Board of Miami-Dade County, as of and for the Fiscal Year Ending June 30, 2020; the Compliance Audit of the School Board's Federal Expenditures under the Uniform Guidance FYE June 30, 2020 (Single Audit); and Other Related Compliance/Examination Reporting (ACTION)

The Chief Auditor introduced the subject as the yearly Audit Plan of RSM US LLP, the external audit firm in charge of performing the external audit of the District. According to Ms. Gonzalez, for this year, the firm will be performing both the basic financial statement audit and Single Audit of the District. Next, she briefly introduced the representatives of the firm in charge of the presentation: Mr. Brett Friedman, Partner and Mr. Anil Harris, Senior Audit Manager.

Mr. Brett Friedman began by stating that he was pleased to be part of this meeting, introduced himself as the firm's Partner and Mr. Anil Harris as the Senior Audit Manager representing the audit engagement firm and in charge of today's presentation; and anticipated that their presentation would be geared to illustrating the key components of the Plan. He proffered that the quality of audit services is his firm's number one priority and focus, and their aim is to deliver an audit that, based on the audit objectives is robust, well planned and relies on a strong understanding of the internal control environment. Their expectation is to complete the engagement according to the audit timeline as they've done in previous years, and to deliver any potential findings early on and advise those charged with governance as necessary.

Next, Mr. Friedman delineated the scope of services for fiscal year 2020, which includes the performance of an audit of the School Board's basic financial statements; the performance of a compliance audit of the School Board's Federal Expenditures under the Uniform Guidance of Federal Awards (the Single Audit); the presentation of a report on the School Board's compliance in accordance with the Rules of the Auditor General of the State of Florida; and the performance of an examination of the School Board's compliance with Section 218.415 Florida Statutes regarding investment of Florida public funds. He emphasized the audit team's availability to attend ABAC meetings throughout the year, and to maintain an open dialogue with management to provide any guidance or address any concerns. He also pointed out their responsibility regarding effective communication between his team, the Superintendent, the School Board and the ABAC members, which he said is critically important to a successful audit. As he further explained, the importance of their communications with management, is not only at the end of the engagement, but throughout the audit process. Their responsibility regarding these communications include discussions related to fraud involving management and/or causing a material misstatement in the financial statements, any illegal acts that they become aware of, any instances of non-compliance or abuse that come to their attention (unless clearly inconsequential), any disagreements with management, any difficulties encountered during the audit, as well as any significant deficiencies and material weaknesses in

internal controls. At the conclusion of the audit, the firm will report any significant findings, unusual transactions, quality of aspects of significant accounting practices, and any uncorrected or material misstatements that occurred. During this presentation, Mr. Friedman also stressed upon the importance of the auditor's independence when performing the audit, and he affirmed that according to generally accepted auditing standards and AICPA standards, all members of the firm including his team are 100 percent independent of the School Board, and there are no impairments to their independence. He also explained the concept of materiality when executing the audit, both quantitative and qualitative since given the size of the District, the audit cannot review 100 percent of all the transactions.

Mr. Friedman added that regarding the audit engagement team, they have continuity by keeping certain key members like himself and Mr. Harris; however, they also try to bring in new team members each year, this year being a new audit manager and a new audit senior, to keep a rotation of the staff performing the audit procedures, and provide both institutional knowledge and a new perspective. He reiterated that although they are reporting the audit results to the Audit and Budget Advisory Committee, ultimately, the purpose of the audit is to provide an independent opinion on the District's financial statements for the benefit of the citizen taxpayers, the bondholders, those federal and state agencies that provide funding to the School Board, the District's governing Board, the Superintendent and the Administration.

Regarding the audit, Mr. Friedman also stated that the audit is performed according to generally accepted accounting principles, generally accepted auditing standards and government auditing standards, in compliance with requirements of Title 2 of the US Code of Federal Regulations, also known as Uniform Guidance for all federal awards. In light of the audit process, he highlighted the various responsibilities of auditors and management, the audit scope, the opinions provided by the auditors, and the reports to be issued including the Management Letter. He also went over the audit timetable, which started with interim work in June, then mid-September to mid-November for the audit fieldwork, fully prepared to be done virtually, and presentation of the report to the Committee in December. At this point, he closed his presentation and turned it over to Mr. Anil Harris to continue with additional details of their plan and areas of significance and audit testing.

Mr. Anil Harris, RSM's Senior Audit Manager presented details of their audit process and methodology, went over the audit phases and areas of special emphasis, enumerated the various audit procedures over significant accounting areas, pointed to the associated risks and audit procedures; and discussed audit testing and review of estimates, routine processes involving cash receipts, payroll expenditures, normal purchasing and similar; as well as the review of non-routine processes and any unusual transactions that require further attention. He went over materiality of account balances including interfund transfers; and various aspects of compliance that are taken into account by the team during the audit. He noted that the audit also included the review of IT systems, namely the review of IT general and application controls performed by their IT specialists. He brought everyone's attention to slides 27 and 28 of the presentation which highlighted various audit considerations in light of the impact of the Coronavirus pandemic on district operations (i.e., effects on existing revenue sources or new revenue sources including the CARES Act funding, effects on transaction cycles due to remote working conditions, possible changes on internal controls and other related considerations). Slide 28 highlights the website resource center previously presented by Mr. Friedman. This resource center should provide value to management, the Board and the internal auditors.

Last, he deliberated on fraud considerations and responsibilities and representations regarding fraud. Regarding fraud, Mr. Harris clarified that the primary responsibility for the prevention and

detection of fraud rests with management and those charged with governance; including establishing and maintaining internal controls over the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. As auditors, he clarified, they can only obtain reasonable assurance, not absolute assurance, that the financial statements as a whole are free from material misstatement, whether caused by fraud or error. Last, he closed the presentation by emphasizing the firm's activism, social responsibility and community engagement; and their picture on slide 32 depicting their volunteer efforts in one of the traditional district schools this past year. He said that the firm members enjoyed the activity and hopes this will continue in future years.

ABAC member Mr. Albert Lopez posed several inquiries regarding the Plan, its scope and certain audit procedures. He initially inquired if during the audit project, the firm considered using outside experts to review the methodology and estimates for self-insurance. RSM's Senior Audit Manager Mr. Anil Harris replied that one of their procedures is to engage an actuary expert that is independent of the School Board to review this aspect of the self-insurance area. He added that they also test related data during the audit. In relation to the area of investments and audit testing, Mr. Lopez inquired if valuation experts outside of the audit team were used during the audit to assess this area. Mr. Harris replied that they do; and added that during the audit, they select samples of investments to ensure that their market values at balance-sheet date are consistent with the School Board's reported values. RSM's Partner Mr. Brett Friedman further clarified that these experts/specialists are employees of RSM US LLP, they are members of the firm that are brought into the audit project to work with the team as needed. Mr. Lopez also inquired in regard to the new revenue recognition standard, and whether this would pose any impact on the audit. Mr. Friedman replied that the Governmental Accounting Standards Board (GASB) has undertaken a valuation of both the financial reporting model and a revenue recognition standard. He said that this does not present a change that will have a current effect on governments; however, it is currently under consideration by his firm and others across the country, and his firm is involved in providing responses [to the GASB] on the Exposure Draft². He said that the effect may be several years down the road; but currently, it does not have an impact on this audit.

Mr. Lopez further inquired on the IT audit side testing of internal controls and related cybersecurity issues of the School Board; if the auditors were planning to perform any procedures involving penetration testing, or whether this level of testing was outside the scope of this audit. Mr. Friedman replied that the cybersecurity testing [recently] performed by RSM consultants was a separate project for the School Board, and in this audit, the RSM audit team does not perform any type of penetration testing. He clarified that what is done in this external audit is more focused on the IT system itself with regard to financial accounting and reporting, namely, review/testing of IT system controls, general controls, system access, change management and similar IT control issues. Nevertheless, he pointed out that his firm has the capability of bringing such IT experts if or as needed.

Lastly, Mr. Lopez inquired whether the firm could meet audit deadlines given that most of the audit fieldwork will be performed remotely. Mr. Friedman replied that working remotely has no absolute impact on the timing of this project. He clarified that RSM teams have been working 100 percent on remote/virtual platforms with all their clients since March 2020, and have not experienced any challenges. Regarding the School Board, he said that the RSM audit team has successfully

² An Exposure Draft (ED) is a document published by the General Accounting Standards Board (GASB) to solicit public comment on a proposed new standard/concept to minimize any unintended consequences before it becomes law. Specifically, this one is referring to the GASB Exposure Draft—Recognition of Elements of Financial Statements, issued on June 17, 2020. Comments on the ED are due on February 26, 2021.

completed the interim work for this audit engagement; and anticipates that the rest of the audit fieldwork should be completed without problems, most of it under remote working conditions as needed.

Next, ABAC Vice-Chair Mr. Christopher Norwood posed a question regarding the RSM team and changes to the team. He wanted to know the effect of these changes on the work coverage of the (Small Business Enterprise) SBE Partner that is part of the RSM audit team. RSM's Senior Audit Manager Mr. Anil Harris replied that the changes do not affect the SBE partner since that SBE Partner provides the same level of work coverage as last year. He clarified that the changes are on the RSM side; namely, they rotate staff on their end to make sure they bring a fresh perspective to the audit but the SBE firm is not affected.

Mr. Norwood noted that at the beginning of the contract, RSM had engaged two SBE firms, and now there is only one as part of the engagement. He wanted to know whether the current SBE firm assumed the responsibilities of the SBE firm that is no longer employed; and how RSM manages the contract with one less SBE Partner at this time. Mr. Brett Friedman replied that one of the firms was no longer qualified as SBE Partner since they could not provide the required staffing. However, he assured that RSM fully utilizes the current SBE firm during the audit. Mr. Norwood contended that the other SBE firm has not been replaced; and Mr. Friedman replied that although not replaced, RSM has met the contractual requirements with the current arrangement. Mr. Norwood thanked Mr. Friedman for the answers provided.

School Board member/ABAC member Ms. Mari Tere Rojas thanked ABAC member Mr. Albert Lopez for his specific questions regarding the extent of IT testing during this audit, namely, evaluating the related internal controls, determining the test procedures, evaluating IT general controls, and whether penetration testing-type procedures were in the scope of the audit. She said that she had the same questions, paid attention to the responses being provided, and added that she would be discussing more about this subject at a later moment. As far as new aspects of the Plan, Ms. Rojas remarked that she appreciated the audit considerations regarding the effects of the Coronavirus pandemic that the District will be faced with for the next couple of years; and requested that RSM representatives elaborate a bit more on the Coronavirus resource center that is referred to in the Plan on slide/page 28. Mr. Friedman replied that they are providing their clients with [financial, audit, business operational, social, community, etc.] related information on the Coronavirus as fast as that information is published. He added that they constantly update the information as a service to their clients, so they have access to the latest news and information that are coming out. He stated that the information has been made available to the finance staff of the District and to the Chief Auditor's office. He also noted that recently, he met with the Chief Auditor's staff regarding the Paycheck Protection Program (PPP)³ considerations and related issues involving charter schools and that information was derived from the resource center.

Last, ABAC Vice-Chair Mr. Norwood requested from the Chief Auditor to follow up with RSM US LLP regarding the role and work involvement of the SBE firms with the financial audit. Although some of these questions were answered during the discussion, the Chief Auditor said that she would contact RMS to discuss the request.

³ The Paycheck Protection Program (PPP) is a business loan program established by the 2020 US Federal government Coronavirus Aid, Relief, and Economic Security (CARES) Act to assist certain businesses, self-employed workers, sole proprietors, certain non-profit organizations, and tribal businesses continue paying their workers.

There being no additional 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 via a show of hands from all ABAC members, carried unanimously, to recommend that the **RSM US LLP's Audit Plan and AU 260-Auditor's Communication With Those Charged With Governance for the Audit of the Basic Financial Statements of The School Board of Miami-Dade County, as of and for the Fiscal Year Ending June 30, 2020; the Compliance Audit of the School Board's Federal Expenditures under the Uniform Guidance FYE June 30, 2020 (Single Audit); and Other Related Compliance/Examination Reporting**, be received and filed by the School Board.

7. Presentation of FY 2020-21 Executive Summary Tentative Budget (INFORMATIONAL)

The Chief Auditor introduced the Executive Summary Tentative Budget for FY 2020-2021. She brought everyone's attention to page 1-14 of the report, where it states that the M-DCPS budget is comprised of the General Fund (operating revenue), Capital Outlay Fund, Debt Service Fund, Special Revenue Funds, Proprietary Fund and Fiduciary Fund. Also, on that page she said there is a great explanation of the budget development process, while page 1-17 provides a concise chronology of key events in developing this budget. Ms. Gonzalez noted that as part of the oversight duties of the Audit and Budget Advisory Committee, this report is being presented to the Committee members for information and discussion.

As background information for this report, the Chief Auditor remarked that previously, on June 22, 2020, the School Board held a workshop where the Superintendent Mr. Alberto Carvalho and the CFO Mr. Ron Steiger presented budgetary issues to the Board for discussion; and the PowerPoint presentation that is being presented today was part of that Board workshop.

According to Ms. Gonzalez, right before the School Board meeting of July 15, 2020, the subject report was delivered to the Board by the Superintendent, and the ABAC members received it as well. She closed by stating that after this ABAC meeting, two key events in the budget process are upcoming that will require Board action: 1) the budget's first public hearing which is scheduled for July 29th at 6 pm for the School Board to tentatively approve the budget; and 2) the second public hearing scheduled for September 9, 2020, also at 6 pm for the Board to adopt the budget. Any changes made are incorporated into the final budget.

After this brief introduction, Ms. Gonzalez turned over to the Superintendent and the CFO for their presentation to the Committee.

The PowerPoint presentation was brought up to the screen for discussion. CFO Mr. Ron Steiger started by noting that as in the previous ten plus years, this budget starts with the *Guiding Principles for Budget Development*. For the most part, he said that they have stayed consistent in the application of these principles except that 1) *Ensuring the Health and Safety of Students and Staff* has become the District's top priority during COVID-19. The other guiding principles followed are: 2) *Improving Student Achievement*, 3) *Protecting the Classroom*, 4) *Protecting the Workforce*, and 5) *Maintaining the Fiscal Viability of The District*.

Mr. Steiger acknowledged that, as the Chief Auditor mentioned earlier, the budget involves several large funds: The General Fund, Grants Funds, Capital Fund, Food Service and Health Insurance Fund. He explained that the General Fund is the largest, and comprises both property taxes and sales tax at the rate of 60/40. In the past, property taxes were at risk and the District experienced a

significant drop in the tax roll. This time, the opposite effect is true: the property tax roll is relatively safe; however, the sales tax is the State's funding source to fund the district school boards in large part, and this is really at risk during COVID-19. Due to the economic shortfall in the State of Florida caused by this pandemic, during the first few months, the State has recognized approximately \$2 Billion in revenue losses, and this funding source will remain at risk for both the State and ultimately the District until such time the State returns to economic normalcy. Regarding Grants, not much change to entitlements has been experienced; however, there is CARES Act funds. The Capital Funds is property-tax funded; therefore, no major changes are being anticipated there and projects remain intact. On the other hand, Food Service will have a very large COVID-19 impact; for the last quarter of last year, while schools were closed, there was a substantial drop in Food Service (FS) revenue and this will require building reserves and continue to seek federal assistance, as this is not under the State purview but the US Dept. of Agriculture who runs the FS Program. The District will continue to seek federal relief since it has incurred the expenses; however, the revenues have greatly diminished. Last is the Proprietary fund, the Health Insurance Fund, Internal Service Fund, which in the past the District had experienced a degree of flexibility because the level of reserves was higher than what was statutorily required; however, since then, the reserves have narrowed down and there is no more flexibility in these reserves.

The next slide presents the total General Fund revenue picture. Now that all final numbers are in, the FEFP total is up \$79 Million; however, this amount is adjusted by the following two factors: 1) downward adjusted by monies distributed to charters/vouchers, the net of which is \$(17 Million); and the net is because when a student attends a charter school, it is assumed that for the most part the student attends a traditional school, and this movement results in an appropriation loss, or the net of which is \$(17 Million); and 2) downward adjusted by teacher salaries, the net of which is \$(26 Million). This adjustment is because the \$79 Million FEFP total includes a \$61 Million increase to the teacher salary increase allocation, which is a brand new categorical under FEFP, that is offset by a decrease of \$35 Million in the Best and Brightest, for a net change of \$(26 Million). According to Mr. Steiger's explanation, ultimately, the FEFP increase of \$79 Million really yields only \$36 Million for budgetary purposes.

In the meantime, for the General Fund, there are three substantial cost increases that must be taken into account: 1) the Health Insurance costs have increased by \$28 Million. Mr. Steiger remarked that this cost was supposed to be larger; however, it tapered down significantly due to a significant decrease in employees undergoing elective surgeries and doctor visits during COVID-19; 2) FRS cost increase of \$29 Million, and this increase is state-driven via legislative mandate and what the District must contribute to the Federal Retirement System; and 3) the Food Service Fund has been placed under great stress during COVID-19 and the transfer of custodial expenses for cafeteria-related work of \$7 Million is no longer an option, thus creating an unavoidable expense to be charged to the General Fund. All three cost increases combined represent an overall increase of \$64 Million, and ultimately, considering these cost increases, what started as a \$36 Million FEFP revenue increase has ended up as a \$28 Million gap that the District must balance (\$36M FEFP revenue-\$64M costs) under this budget.

Mr. Steiger discussed the balancing plan to mitigate the gap. This consisted of increasing the transfer of eligible maintenance-related expenditures to the Capital Fund by \$20 Million; continue the hiring freeze in place since mid-March for an approximate savings of \$11 Million; undergo the renegotiating with all major procurement contractors for contract revisions to the tune of \$3 Million in savings; and continuing the District's Budget Freeze for non-school locations which will result in \$9 Million in savings. Pursuant to the enforcing of these measures for reductions and savings, there will be \$15 Million available for the reopening of the schools.

He presented what he termed the “looming financial future”, which he compared to the “sinking of the Titanic”. He termed that, if the State were to lose \$8 Billion, which is what Moody’s has anticipated, the State may have to make it through with the reserves and stimulus funds for this year. However, he also termed that this situation would be considered a temporary stop-gap measure as next year, not only State revenue would be down and they would have to replenish the reserves to keep this picture whole. Therefore, 2021-2022 or potentially a Special Session mid-year this year would drastically alter the revenue picture this year.

The one thing that Mr. Steiger stated that the District has flexibility over is the CARES Act and in particular, the *Elementary and Secondary School Emergency Relief (ESSER)* part of the CARES Act. These funds went to every state; however, it seems that only Florida is actually making the Districts go through extra justification for spending the funds. The District filled out an application, it has been submitted to the State; however, the District is pending notice of approval from the State. Mr. Steiger stated that, as much as possible, the intent is to use these funds as flexible as possible to prepare the District for the “looming future”, and to avoid making those hard decisions about reductions in force and cuts in salaries. As of this presentation date, the District has not received the approval from the State. According to the last slide, the plan is an estimated distribution of \$119 Million for Miami-Dade County, of which 70 percent or \$83 Million to be distributed to the District; 18 percent or \$22 Million for Charters; and 12 percent or \$14 Million for private schools. The 70 percent is needed for General Fund relief to support M-DCPS’ Guiding Principles.

ABAC member Mr. Juan del Busto congratulated Mr. Steiger and his team on a very detailed and thoughtful budget. Mr. del Busto recalled when he was in the midst of the recession in 2008 and he is of the opinion that the economic situation is worse now than in 2008. His opinion is that the recovery from the current hard times will be quicker once the COVID-19 pandemic is under control; however, when this will happen remains an unknown at this time. He is concerned about the State revenues and cuts like Mr. Steiger mentioned; but he does not see a major economic issue rising until 2022, where he believes many individuals and businesses will have a hard time recovering, and not only small businesses but businesses that have been around for a long time and that may undergo bankruptcy. He is aware of all the PPP monies being used now, and CARES Act and other stimulus funds providing economic assistance; however, all these stimulus funds may not continue to this extent going forward. Mr. del Busto also noted that property taxes will be an issue going forward; they are good now, but he believes that in 2022 businesses that fail or that are struggling to survive will not be able to pay those taxes. His views are based on his discussions with bankers in South Florida, from his own bank board, and from the struggling economic conditions that the hospitality/hotel and the cruise ship industry and similar industries that are significant to South Florida are going to have a very hard time in 2022. He closed by stating that reserves are very important; and the District must concentrate on increasing those as well as curtailing those operational expenditures not considered critical to the business of the District going forward.

ABAC member Mr. Albert Lopez thanked Mr. Steiger for the presentation but questioned what would happen if there is a drop in sales tax and how does that work from a timing point-of-view since there is an approved budget but the funds are not there. He wanted to know if there was time to react to cover that gap. Mr. Steiger replied that the District does not receive sales tax directly since those go to the State. The State’s portion of education funding is almost all sales tax. However, he explained that a drop in property tax collections would be felt immediately since it would affect those collections that come through the millage that is levied. For the sales tax, the State would recognize a revenue loss in their General Fund; however, because they made an obligation of certain dollars per student with an assumption of revenue, they would have one of two choices: 1) to honor obligations and find

other revenues or stimulus funds to cover the gap; or call a special session to revise down the dollar per student. However, that would involve politics and difficult to do and if it happens it would be after the November elections. Therefore, the timing of this effect would not be felt probably until 2021-2022. If it were to happen mid-year under a legislative session it would be difficult to do; however, the District has done it in the past and that is why it is important to have financial flexibility just in case that were to happen--to face these difficulties.

Mr. Lopez inquired that if the District were to delay going back to school, and instead go virtual what impact if any would this decision have on the budget. Mr. Steiger replied that on the liability side, the District has entered into a contract to purchase software that will facilitate the distance learning plan in a way that was not possible in the latter part of 2019-2020. On the credit side, the District will still pay all employees, will meet the instructional time mandate, and will save on utilities. Ultimately, the biggest expenditure is salaries and benefits and whatever costs are increased on one side will be offset by benefits/savings on the other, and there will be no impact.

According to the Superintendent, he wanted to go a little bit deeper on a few of the questions that were asked because it entails one of the conundrums that the District is dealing with at this time. Back in 2008-2009 the District faced a massive budget reduction due to a special session that was unavoidable. The State strategy at this point is to stimulate economic growth, assuming that we have hit rock-bottom and certainly about a month ago that was more of a certainty than it is now. The State is now relying on the billions of dollars of vetoes that the Governor exercised during his approval of the budget. There is a reasonable reserve of about \$5 Billion or so in addition to federal investments that have been made. So the State is banking on \$8-\$9 Billion and now it's a timing issue until, does the economy recover sufficiently to avoid the State being put in a position where either calls a Special Session early in 2021; or does the burn rate of the State's reserves and federal investments outpace what the Governor has quantified as sort of the protection. That is the biggest unknown right now and it hinders 100 percent on recovery.

The second point is that he does not expect property value fluctuations, local collections, to be an issue for this year; however, if there is not an economic recovery, it will definitely be an issue for the following year. Among all the issues, he expects a spike in property tax appeals and that will take some degree of time to mature in addition to some other economic factors. Also, to address Mr. Lopez's question, he said that yes by and large, he expects this to be a "wash". Whether the District opens based on conditions at the time with all the available options that have been announced, there is no immediate bearing on expenditures because as Mr. Steiger noted, the District is saving on some elements but losing on others. There are some concerns. Although there are savings on the purchases of gasoline, there is going to be a loss on Food Service Program because the processes are not there if the shutdown or partial shutdown situation continues, thus preventing recovery of these funds.

ABAC member Mr. Lopez also inquired about the General Fund's \$36 Million net increase from the PowerPoint presentation versus the approximately \$159.1 Million General Fund increase reported on page 3-1 of the *Executive Tentative Budget 2020-2021* document, and requested from Mr. Steiger to reconcile the difference. Mr. Steiger explained that the \$159.1 total includes the \$79 Million that he initially started with during the presentation; however, it includes additional funding for the McKay Scholarships and Family Power Scholarships which amount to approximately \$80 Million. Also, he said that the General Fund has a few other minor changes outside the FEFP and some other funding for one of the Governor's vetoes. He expressed that although this \$159.1 Million looks like a big increase, it is not. He noted that by the time that the District has an amended budget in place, the

two scholarship amounts have egressed from the budget; and when comparing the adopted budget from last year to this year's adopted budget, it is evident that the increase is much smaller this year.

Mr. Lopez had a last question on the capital budget regarding the increase reported on page 3-1 of \$263.7 Million and inquired if this mostly generated from the Bond offering carryover from the 2019-2020 fiscal year. Mr. Steiger responded by going over the revenue sources detailed in the first column of the Capital Outlay Revenue & Appropriations Analysis of the 5-year Plan on page 6-11. He explained that the largest portion of the revenue sources represents carry forward balances which included \$261.8 Million deferred GO Bonds and a beginning Fund Balance of approximately \$494.8 Million. He also explained that other revenue sources included the Local Optional Millage Levy (LOML) funds of 1.5 mills from the tax roll (which had a 4.95 percent increase) in addition to other smaller sources.

ABAC member Mr. Rudy Rodriguez inquired about the year-end Fund Balance on page 4-1 where it listed an unassigned amount of \$94.3 Million and inquired from Mr. Steiger if he was projecting that the District will have those funds available at year-end. Mr. Steiger replied that he hoped that the number would increase further once Accounting closed the year. However, the additional funds would not necessarily be placed in the unassigned category but hopefully assigned to assist with the forthcoming projected shortfall. Mr. Rodriguez also inquired about the lapse factor which relates to full-time positions and a factor used in the budgetary process. He inquired if there was a good lapse estimate for this year considering the non-consistency of the full-time operations due to COVID-19. Mr. Steiger explained the budget assumptions and some of the associated risks, and stated that in prior years, the lapse has proven to be an over-conservative measure. Historically, they have projected for about one percent vacancy rate; however, the vacancy rate for the last several years has come above that; and he believes that even with a collapsing economy their numbers will hit the target without a problem. Mr. Rodriguez was satisfied with this response.

Last, Mr. Rodriguez inquired if the federal government was providing funding to procure Personal Protective Equipment (PPE). Mr. Steiger replied that they are preparing for the opening of schools and stocking inventory of PPE equipment and cleaning supplies in order to keep schools, students and staff safe, and the federal government has provided two clear avenues to provide funding: the CARES Act and FEMA. FEMA has come up with a COVID-19 distribution model different than when they do hurricane reimbursements, and claim having a procedure that will reimburse the funds faster. They will pay for cleaning supplies and for PPEs, but not for normal school operations. He said that at the end of the day, the District follows the guiding principles to protect students and staff. He added that the task at hand is working with the state and the federal government to classify and track expenditures properly so that the district can request all reimbursements allowed under the guidelines. Mr. Rodriguez made additional comments regarding property taxes and ultimately agreed that Mr. Steiger and his staff did a great job with the budget plan and gave them kudos.

Last, ABAC Chair Mr. Erick Wendelken inquired if the District had established a single-line item in the budget for just COVID-related expenses. Mr. Steiger replied that they have a single-line item in the General Fund Budget of \$15 Million. However, he believes that those funds will not be sufficient to cover all COVID-related expenses and it will work as a "catch-all" for those expenditures that cannot be charged to FEMA or paid with federal funds.

Next, Mr. Wendelken inquired about PPP and CARES Act monies. He asked whether there has been communication with charter schools to obtain their own PPP monies, and whether the District has to cover charter schools in addition to PPP monies.

Mr. Steiger replied that the District has no involvement in the PPP Program at all; and the District is not eligible for it; therefore, he does not have an opinion on the subject. Regarding CARES Act funds, district, charters and private schools are eligible to receive. Miami-Dade County received \$119 Million as a whole; and that is formulaically split between district, charters and private schools with the only caveat that public schools do not receive funds per federal regulation but services. He added that district staff has communicated with each individual non-public school that is eligible and the District is responsible for purchasing things on behalf of the eligible private school to distribute to the school. For charter schools, they do receive their share on a formulaic basis. They have been communicated how much they will receive, and they must prepare and submit a plan to the District on the potential use of the funds. These plans and the District plan are put together and submitted to the State and need state approval before accessing those funds.

School Board member/ABAC member Ms. Mari Tere Rojas thanked CFO Mr. Steiger and Superintendent Mr. Carvalho and the rest of his team and everyone who worked diligently on this plan. She also thanked the colleagues on this [ABAC] Board for all the questions that were made and that she placed close attention to those questions. As the Chief Auditor previously stated, the School Board members had received the same PowerPoint presentation and had spent hours addressing the issues, and Ms. Rojas stated that it was very important for her to listen to the questions of the ABAC members, some of which have been asked during the Board's discussion; however, some were questions that she heard for the first time.

Ms. Rojas made the following statements for the record and for the benefit of the listening public to assuage public concerns, fears, anxieties, as well as possible misconceptions as to the wishes and intentions of the School Board. She wanted to emphasize that the health, safety and well-being of the students and the workforce has been the number one (1) priority of the School Board. She further emphasized that the School Board and the Superintendent do not want a Reduction In Force (RIF); and there is no impending RIF due to COVID-19. She said that this action would be the very last option that the Board would take; and before embarking on a RIF, the Board would review every possible option, including cutting expenditures such as travel and other similar expenses. Last, she clarified that the School Board is against cutting/eliminating any programs that the District currently offers.

Ms. Rojas commented that although she has heard statements from Mr. Steiger and the Superintendent during this meeting as well as the previous Board meeting regarding potential operational savings (from less usage of utilities, gasoline, etc.) during COVID-19 closures that would end up as a "wash" [on the books], she inquired about what Mr. Steiger mentioned during this meeting regarding the intent of the District to purchase of a software program for the online [instructional] model. She inquired whether this was a curriculum program and the cost of the program.

The Superintendent replied that under the emergency order that was published by the Commissioner of Education, there was a mandate that the curriculum available to all students, regarding of the modality selected by the parent, needs to be exactly the same. Accordingly, the District is evaluating two entities that provide such curriculum approved by the State: FLVS and K12. At present, he noted that aggressive conversations are taking place in the District to make decisions that are in the best interest of the school system. Regarding pricing, he stated that they are still reviewing this matter and will apprise the Board of this information at the appropriate time. Ms. Rojas thanked the Superintendent for the information.

Furthermore, Ms. Rojas commented that a lot of discussion about property taxes has ensued and what is going to happen; and this is something that is being monitored closely, as well as whether another Special Session will be forthcoming, and although it does not appear to be the case, these are also areas of concerns of the Board; and the Board Chair, Vice-Chair and Board members are working individually with different representatives and others from the State level on these issues, and hopefully the District will receive the funding necessary to deliver a high-quality program, second to none.

The Superintendent made two closing comments: First, that the means by which the school system will receive funding to address some of the liabilities from COVID-19, and the risk that the District may run into for FEMA reimbursements is a cash flow issue. The District has budgeted \$15 Million for these expenditures (i.e., to purchase cleaning supplies, electrostatic disinfection of school sites, etc.) and this amount may be/may not be sufficient; however, the District has other funding sources until the FEMA reimbursements come in. He then discussed the much-needed actions for the federal government to provide additional stimulus funding, and added that during the last recession, K12 investment at the national level reached \$113 Billion, while at this time and for these much difficult economic times, Congress has only appropriated \$15 Billion.

ABAC Chair Mr. Erick Wendelken asked if the charter schools were eligible to make their own PPP loan applications, and why the District should be responsible for funding the charters as a secondary line of funding. The Superintendent clarified that the District has no control over new regulations that allow charter schools to do that [apply for PPP loans]; and no access to that type of [PPP] financing. However, the District is compelled by law and rule to act as the pass-through agency for the CARES Act allocation to the charter schools. He added that a historic precedent-setting is that private schools can receive this funding regardless of whether fee-supported, the average level of income or the level of tuition. He concluded by stating that the Board is not responsible for the monitoring or approval as a conduit of PPP loans for charter entities.

The Chief Auditor thanked the CFO and the Superintendent for the presentation and stated that she would be sending the PowerPoint presentation to the ABAC members after conclusion of this meeting⁴.

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

8. State of Florida Auditor General Audit Report—Miami-Dade County District School Board Operational Audit Report No. 2020-203 (ACTION)

The Chief Auditor introduced the subject audit report and stated that the State of Florida Auditor General (AG) conducted an operational audit (that was issued around late May 2020) on selected processes and administrative activities of Miami-Dade County District School Board. The objectives of the audit were to evaluate management's performance in establishing and maintaining internal controls; examine internal controls designed and placed in operation to promote and encourage the achievement of management's control objectives; determine whether management had taken corrective actions for findings included in their prior AG reports; and identify statutory and fiscal changes that may be recommended to the Legislature.

⁴ The presentation was subsequently e-mailed to the ABAC members.

In their operational audit, the Auditor General reported six findings: These included: 1) compliance with State school safety laws related to active shooter and hostage situation drills, mental health crisis intervention training of safe-school officers provided by local law enforcement officers, and qualified safe-school officers at charter schools; 2) more timely correction of deficiencies and facilities maintenance needs identified in annual facility inspections; 3) oversight of the administration of the Best and Brightest Teacher Scholarship Program, which disclosed that approximately \$444,000 was awarded to prekindergarten teachers contrary to State law; 4) more accurate information reported to the Florida Department of Education (DOE) for the calculation of charter school capital outlay funding allocations, which the AG re-calculated and according to their results, \$1.8 Million was under-distributed to charters; 5) the establishment of an Information technology (IT) disaster recovery plan; and 6) improvements over certain IT security controls related to user authentication.

The Administration disagreed with finding no. 4 and provided a justification for the disagreement. According to the AG, a recalculation of charter school funding allocations disclosed \$1.8 million under-distributed amount to charters and recommended that the District contact the DOE regarding the disposition of this amount. According to the Administration, the DOE has been contacted and is reviewing this matter. Regarding finding no. 3, the District remitted payment for \$444,055 to the DOE after the completion of the audit. Regarding the rest of the findings, the Administration provided responses to the specific recommendations, and stated that corrective actions were implemented to satisfy the recommendations in this report.

The Chief Auditor cautioned the ABAC regarding cybersecurity issues, in reference to findings 5 and 6 that deal with IT matters, that they should be cautiously discussed because these findings relate to confidential information that may cause harm to the District if disclosed.

School Board member/ABAC member Ms. Mari Tere Rojas thanked the Chief Auditor for the memorandum that she submitted to the ABAC and Board members on July 15, 2020, titled *District's Response to Operational Audit*. Ms. Rojas stated that the information provided in this memorandum and supporting documentation was very helpful; it provided charts and the updated response from the Administration regarding these audit findings which was clear and very honest.

Regarding the results of the operational audit, Ms. Rojas stated that audits serve as a tool to validate the processes, identify deficiencies and correct them by the district taking appropriate action going forward. Ms. Rojas added that she had concerns about some of the findings, particularly those in the report that referred to repeated instances. She went over the details of each finding and was concerned whether the documentation was not filed to authenticate the security measures followed by the schools, since the Board has been very proactive in ensuring that all state-mandated safety and security measures have been implemented (Finding 1); the time that it takes for some of the maintenance and capital-related deficiencies to be resolved (Finding 2); and whether Best and Brightest funds utilized to incentivize Pre-K teachers were being returned to the State. According to CFO Mr. Steiger, funds were returned to the State using General Fund monies (Finding 3). Ms. Rojas further explained to the ABAC members that she was not aware of this finding when she presented School Board Agenda Item H-7 Revised at the May 2020 School Board meeting, which addressed the issue that Pre-K teachers should be considered part of the District's instructional personnel, and should be able to receive such incentives; and where she recommended the Superintendent to include in the 2021 M-DCPS State Legislative Program appropriate language to address the inclusion of Pre-K teachers as instructional personnel in Florida law. According to Ms. Rojas, she did not address finding 4 because pursuant to the memorandum's update, the Department of Education's counsel and the Board Attorney's district office along with district management will be having a discussion and reaching some type of resolution/agreement. She also addressed findings

5 and 6 related to IT issues and although not satisfied that the plan is not fully in place, she was satisfied that the administration was in the process of implementing. Last, she commented that the IT-related issues were non-compliant for a third time; however, Chief of Staff Mr. Jaime Torrens clarified that the findings had slight variations that he could not discuss because of confidentiality regarding this area. He assured Ms. Rojas that ITS has taken these matters seriously and they are being addressed at the highest levels of management. Ms. Rojas thanked Mr. Torrens for confronting and remediating the issues even under this current tumultuous time.

School Board Chair Mrs. Perla Tabares Hantman requested to speak on this report and stated that she listened attentively to all the questions and comments and previously had not asked any questions because she is a meeting attendee and not a meeting panelist. However, she had two concerns that she wanted to share for the benefit of the listening public: 1) AG's finding no. 2--Annual Facilities Inspections; and 2) AG's finding no. 4--Charter School Capital Outlay Distribution.

Regarding finding no. 2 which addressed the issue of facilities inspection findings/deficiencies, School Board Chair Mrs. Perla Tabares Hantman inquired if there was a particular reason why this issue continues to surface. Chief of Staff Mr. Jaime Torrens replied that whenever the AG performs these audits, any findings not resolved by the completion of the audit are customarily those capital deficiencies that are included in the capital projects of the particular schools. He explained that all other operational and maintenance deficiencies (about 84 percent of all deficiencies/findings) were completed right away; and those left over are the ones that require a capital investment, and that are typically included in GOB projects and maintenance projects. He also said that roughly 109 of 684 deficiencies are not corrected yet; and the findings cannot be removed from the database until the project is completed. Mr. Torrens also explained that the AG will find deficiencies in these areas every time they come to audit because schools are aging; and the District has improved the timing of applying corrective action to these deficiencies since there is GOB funding available. He closed by stating that the District is in a much better position now with the support of the Board and of the local voters who approved Proposition #222, and now GOB funding resources are available to make this possible.

In reference to finding no. 4, which disclosed the issue of charter school capital outlay funding, School Board Chair Mrs. Perla Tabares Hantman stated that her Board member colleague, Ms. Mari Tere Rojas had previously made a reference to this finding. Mrs. Hantman questioned if there was a particular reason that the corrective action has not been initiated as reflected [in the documentation supporting the District's updated corrective action plans].

Chief Financial Officer Mr. Ron Steiger replied that the District disagreed with finding no. 4, and in his view, there was nothing to correct, because there was no wrongdoing, and as School Board member/ABAC member Ms. Mari Tere Rojas had previously alluded to, the Administration had spoken to the Department of Education (DOE), the DOE understood the District's position, and that the disagreement between the District and the AG is a matter of legal interpretation. Consequently, the matter has been referred to the DOE counsel to discuss with the School Board Attorney Mr. Walter Harvey. According to Mr. Steiger, he briefed Mr. Harvey on the subject and Mr. Harvey is aware that this conversation is pending.

School Board Chair Mrs. Hantman followed up by asking School Board Attorney Mr. Harvey if he has been contacted by the DOE. Mr. Harvey replied that DOE's General Counsel, Mr. Matthew Mears, has not reached out to him regarding this issue. School Board Chair Mrs. Hantman contended that it sounds odd that corrective action has not yet been initiated. As she understood this from Mr. Steiger and previously, when mentioned by School Board member/ABAC member Ms. Rojas, this is

a legal issue that she feels must not only go on record, but someone at the District needs to keep track of this matter so that it is corrected/resolved.

The Chief Auditor sought to provide additional clarification on the status of the updated responses of the District that were submitted to the AG on July 14 and that she had communicated to the ABAC members prior to this meeting via electronic mail. She explained the new process and timeline that the AG must follow regarding operational audit reports. She explained that after publication of the audit report, the AG is required to notify the District, and the District is required to provide the AG with an update within 45 days (of notification to the District) as to the *initiation* of corrective action, and within 180 days of notification as to the *implementation* of corrective action to the report's findings and recommendations.

Regarding the updated District's response to finding no. 4, specifically, that the DOE had referred the matter to their legal counsel for discussion with the School Board Attorney, Ms. Gonzalez stated that she had contacted the AG team that performed the audit to find out whether this type of pending action would be considered by the AG as the District having initiated "corrective action" on this finding. According to the Chief Auditor, the AG said that it would be the initiation of an action that would require resolution.

Concerning Ms. Gonzalez's statement, School Board Chair Mrs. Perla Tabares Hantman replied that she had understood the issues perfectly well, as she heard both from School Board member/ABAC member Ms. Rojas and from the Chief Auditor twice. However, she wanted to ask because the School Board Attorney Mr. Harvey had indicated that he had not been contacted by the DOE counsel and she was not aware of this pending legal discussion. She also wanted to know if the Chief Auditor had additional information; however, Ms. Gonzalez had nothing else to add. Mrs. Hantman closed by thanking ABAC Chair Mr. Wendelken for the opportunity to ask these questions and to place the issues on the record.

The Superintendent stated that a number of these findings reflect a difference of philosophy between the AG and the District and provided related commentary. Regarding the Pre-K teachers, he said that M-DCPS Pre-K teachers are degreed instructional staff and should have been recognized. In his view, these are more qualified locally than the vast majority of Pre-K teachers across the State. On the IT findings, and particularly finding 6, he disagrees with the AG, and briefly explained the challenge posed by the complexity of log-on authentication for certain students. On the first finding related to documentation on fire drills, he explained that in regard to the logging the fire drills, therefore demonstrating compliance with fire drill requirements, the State did not provide clear guidance until May 2019. Once guidance was published, the District was fully compliant with documentation/reporting requirements. He said that these audit reports are accepted for their professionalism and used to improve practices; however, sometimes, there will be some disagreement.

There were additional questions posed by ABAC member Mr. Albert Lopez and ABAC Vice-Chair Mr. Christopher Norwood regarding finding no. 3 on the Best and Brightest teacher incentive of \$444,000 disbursed to 485 Pre-K teachers, and the reason for the return of the funds to the DOE that were satisfactorily answered by Mr. Carvalho. Furthermore, at the request of ABAC member Mr. Lopez, the Superintendent stated that the disaster recovery plan is in the works, it is tentatively funded and should be completed by the first Quarter of 2021. Chief Information Officer Mr. Eugene Baker agreed with the Superintendent's statement regarding the plan and timeline for completion.

There being no additional questions or comments, a motion was made by ABAC member Mr. Jeffrey Kaufman and seconded by School Board member/ABAC member Ms. Mari Tere Rojas, which via a show of hands from all ABAC members present (except for ABAC member Mr. Isaac Salver who was not in attendance at this time), voted affirmatively on this item. The motion carried by majority vote of 11 'ayes' to recommend that the **State of Florida Auditor General Audit Report—Miami-Dade County District School Board Operational Audit Report No. 2020-203**, be received and filed by the School Board.

9. Internal Audit Report – LEGACY/SAP Systems: Security Controls, Roles, And Access Management In Reference to Charter Schools And District Vendors/Contractors (ACTION)

The Chief Auditor introduced the subject report and stated that this audit was conducted in accordance with the approved 2019-2020 Fiscal Year Audit Plan, we have audited the District's Legacy and SAP systems related to access by Charter Schools and District Vendors/Contractors. This is the second audit related to Legacy/SAP controls. The first audit, presented to the ABAC at its September 17, 2019, meeting, and to the School Board at its regularly scheduled meeting on October 2, 2019, focused on traditional schools and District offices.

The objective of this audit was to assess the internal controls for managing and provisioning user access, periodic monitoring and reconciliation of access, and to ensure that the organization complies with generally accepted standards, laws, regulations, and internal policies governing the user authorization process.

The audit resulted in five findings and corresponding recommendations to help improve system security and enhance controls over access to Personally Identifiable Information (PII). These recommendations included: 1) minimizing charter school employee authorization/access to Legacy applications; 2) restricting access to sensitive data; 3) the adoption and acknowledgement of the District's systems access policy for charter schools; 4) improvements over reconciliation reports and inclusion of complete information; and 5) implementation of a system use notification message to support appropriate use and enforceability of unauthorized access. Management generally agreed with our recommendations.

School Board member/ABAC member Ms. Mari Tere Rojas noted that reading the report, it appears that a lot of the corrective actions are taken care of by now. She noted that the issues in this report point to the need for additional training and some management practices that need to change.

Assistant Chief Auditor Mr. Jon Goodman stated that the Charter School Office will be providing a number of training sessions to charters and will be implementing new monitoring initiatives to address the recommendations. Other corrective action included IT making some "quick fixes" to the system.

At the suggestion of the Chief Auditor, Dr. Nicki Brisson, District Director, Charter Schools provided a roadmap of the different training initiatives for the benefit of charter school principals, and monitoring initiatives to improve oversight of the use of the District's IT function by charters. According to her statements, these will include establishment of new procedures when new [charter school] employees come on board, to understand the District's policy regarding IT security. Additionally, her office will be requiring that board governing chairs submit an attestation acknowledging their awareness of system security requirements. This attestation will be received through the Charter School Support office's online monitoring system. Additionally, the charter

school principals will be required to submit monthly reconciliations reports [of charter school employees with access to IT applications] to the Charter School Support office. Last, her office will be conducting random reviews of the documentation to ensure compliance.

At the request of Ms. Rojas, ABAC member Mr. Rudy Rodriguez posed a question regarding access to/discovery of confidential information. Mr. Goodman stated that the audit did not detect instances of inappropriate access/use of information. He said this was more a matter of providing training to charter school staff to ensure understanding of the access, use and controls of the system.

Mr. Rodriguez asked what actions the District has taken to ensure that charter schools adopt a computer privacy policy pursuant to their contract. Dr. Brisson replied that there will be increased emphasis on training and on monthly reconciliation reports to address this area. He also inquired as to the confidential information of the District that charter schools may have access through the system. Dr. Brisson and Ms. Tiffanie Pauline, Assistant Superintendent both stated that access to SAP is limited to purchasing supplies from Stores and Mail Distribution (S&MD). Regarding this, Ms. Pauline stated that all purchases made to S&MD go through her desk for approval and charter schools are initially required to deposit a \$250 check with the District before they can make any purchases. Additionally, Charter School Support will be working with ITS to amend the reports to see who has authorization and improve monitoring over this area. Based on the discussion regarding access to SAP systems, ABAC member Mr. Rodriguez stated that he did not see a significant threat to the District since access to SAP appears to be limited.

Lastly, ABAC member Mr. Juan del Busto inquired whether the overall issues in this report were more of a compliance issue or a training issue. Mr. Goodman replied that the audit process disclosed that the non-compliance issues pointed to the need for more training.

There being no additional questions or comments, a motion was made by School Board member/ABAC member Ms. Mari Tere Rojas and seconded by ABAC member Mr. Juan del Busto, which via a show of hands from ABAC members present (except for ABAC member Mr. Isaac Salver who was not in attendance at this time), voted affirmatively on this item. The motion carried by majority vote of 11 'ayes' to recommend that the **Internal Audit Report – LEGACY/SAP Systems: Security Controls, Roles, And Access Management In Reference to Charter Schools And District Vendors/Contractors**, be received and filed by the School Board.

10. Presentation of Internal Audit Report - Selected Schools/Centers (ACTION)

The Chief Auditor introduced the subject report. This report includes the internal fund audit results of 130 schools/centers. These include 38 schools/centers that report to the North Region Office; six (6) that report to the Central Region Office; 83 that report to the South Region Office; and three (3) that report to the Office of Adult/Technical and Educational Opportunity and Access within School Operations. For all schools/centers, the audit scope is one fiscal year ended June 30, 2019. At 14 schools/centers, there was a change of Principal since the prior audit.

Property inventory audits were conducted at all 130 schools/centers included in this report. Additionally, we included the property inventory results of 22 schools/centers that were completed by year end, but whose school audits could not be finished on time for publication. Accordingly, the school audits of these additional 22 schools/centers will be reported as two-year audits in the 2020-2021 fiscal year.

Audit results were satisfactory, and the financial statements were fairly stated for all 130 schools/centers in this report. Property inventory results were mostly satisfactory, and losses reported were minimal.

Ms. Gonzalez stated that there are no audit findings to report for this group of schools/centers for this year or the prior year, and commended the Principals and staff for a job well done.

ABAC member Mr. Albert Lopez inquired why the sample of schools in this report included so many schools from the South Region Office compared to other Region offices. The Chief Auditor stated that these were the schools left over to audit this year; and the combination that Mr. Lopez is inquiring about is the results of her risk assessment of all the schools, which at this time, should only include those school sites that based on prior audit history and other factors considered in the assessment of risk, are in the lower risk audit category.

School Board member/ABAC member Ms. Mari Tere Rojas was elated to see that this large group of schools were compliant. She said that as a former Principal, she understands the hard work and close attention that Principals must observe to ensure that everything goes well at their schools. This is difficult given that at any of these schools, a change in Treasurer who needs training could easily alter the formula. She wanted to thank Deputy Superintendent/Chief Operating Officer Mrs. Valtena G. Brown and Chief Human Capital Officer Mr. Jose L. Dotres for providing training and support opportunities to school staff and administration. She also thanked Administrative Director Ms. Cynthia Gracia who recently retired, for her significant role in promoting and facilitating high quality of training to school site personnel. Ms. Rojas also gave kudos to the Board members and ABAC members for their roles in this process.

There being no additional questions or comments, a motion was made by ABAC member Mr. Jeffrey Codallo, seconded by School Board member/ABAC member Ms. Mari Tere Rojas, which via a show of hands from ABAC members present (except for ABAC member Mr. Isaac Salver who was not in attendance at this time), voted affirmatively on this item. The motion carried by majority vote of 11 'ayes' to recommend that the **Internal Audit Report - Selected Schools/Centers**, be received and filed by the School Board.

11. Office of Management and Compliance Audits' 2020-2021 Audit Plan (ACTION)

The Chief Auditor introduced the 2020-2021 Audit Plan of the Office of Management and Compliance Audits. She explained that this Plan was previously presented as "proposed" at the May 12, 2020, meeting for initial review, and to provide additional time to all stakeholders for feedback on the Plan, for receipt of any additional audit requests, and/or for any modifications to the proposed audit projects. However, she explained that these additions/modifications to the proposed plan would be dependent on the availability of audit resources.

Ms. Gonzalez briefly went over the various sections of the Plan, from schools to district audits, IT audits, charter schools, and other projects. She also added that Mr. Goodman worked diligently with this plan and with the District audits, and he would be the point person for any questions from the ABAC Committee regarding District audits.

School Board member/ABAC member Ms. Mari Tere Rojas stated that she reviewed the Plan and found it to be very comprehensive. However, she noted that on page 4 of 11 there is a district audit

project, *the Limited Scope Review of Certain Areas of Operations During the COVID-19 Pandemic*, and requested for the Chief Auditor to briefly elaborate more about the coverage of this review.

Assistant Chief Auditor Mr. Jon Goodman replied that there are some areas whose operations have been impacted by COVID-19 that our office plans to review. These include instructional devices and laptops, namely the distribution and accounting of laptops issued to students, to provide the School Board a certain level of assurance that controls are in place. Also, the food service function has undergone a significant change during COVID-19 and our office wants to take a look at these changes, the level of funding from the federal government as it relates to COVID-19 and related issues. Another area that our office plans to review as far as internal controls and related information is the area of emergency purchases that resulted from COVID-19. These are the main areas planned to be included in this review. Ms. Rojas appreciated the explanation provided. Ms. Rojas thanked Mr. Goodman for the explanation and noted these are crucial areas to review because of costs involved.

ABAC Chair Mr. Erick Wendelken inquired about the level of staffing of the internal audit department and if appropriate at this time to carry out the audit plan for this coming year. The Chief Auditor replied that at this time, she has available staff to carry out the plan for district audits; however, altogether she has three open positions in the school audit (2 positions) and property audit (1 position) areas that concern her, because she will not be able to provide the audit coverage that she would otherwise anticipate under this plan if all open positions were filled at this time. As an example, she explained that the Property Audits Division usually completes all school site property assignments by year-end; however, this was not the case this year. This year, the COVID-19 pandemic not only slowed down the performance of property audits (because of the initial stay-at-home order and staff not always available at schools to assist with the property audit visits), but further strained the function because it did not allow the filling of an open position that was much needed. Her office was about to interview candidates for the position when the pandemic ensued, and all scheduled interviews were canceled. ABAC Mr. Lopez posed similar concerns and his question was answered by the Chief Auditor. She clarified that the open positions are five altogether and are as follows: two (2) open school audit positions in the School Audits Division, one (1) open property auditor position in the Property Audits division, one (1) clerical/administrative position in the Civilian Investigative Unit (CIU); and one (1) CIU Investigator position. This last one was the result of a recent opening when the former CIU Executive Director, Ms. Michele Jones recently accepted a position in the School Board Attorney's Office. To fill this vacancy, and following the office's Succession Management Plan, Ms. Gonzalez stated that she appointed one of the CIU Investigators, Mr. Reinaldo Montano to fill the CIU Executive Director open position; however, the investigator position that he recently vacated remains open. Mr. Montano has a wealth of investigative experience that he acquired during his extensive service with the military.

ABAC member Mr. Albert Lopez referred to page 5 of the Plan regarding IT controls and cybersecurity, follow up/monitoring IT issues, penetration test issues and he requested some information on the specific procedures planned for follow-up. The Chief Auditor replied that the scope/description was drafted to maintain a certain degree of confidentiality; her office is committed to monitor the IT issues as needed; and she felt there was no need to spell out the procedures. She closed by stating that this is a sensitive area and she does not want to encroach on or compromise District security with a list of issues. Mr. Lopez stated that he understood the concern and also understood there is a plan to follow through in this area.

School Board member/ABAC member Ms. Mari Tere Rojas addressed the Superintendent regarding the issue of the open positions in Ms. Gonzalez's office and the current hiring freeze. She reiterated

Mr. Wendelken and Mr. Lopez's concerns regarding the open positions in the School Audits and Property Audits divisions and the need to hire staff to cover the specific areas because these are crucial audit positions. She wanted to hear a response from the Superintendent regarding these open positions in light of the hiring freeze. Mr. Carvalho replied that he was not familiar with the situation that he just heard from Ms. Gonzalez. He explained that personnel matters are usually handled by CFO Mr. Steiger and Human Capital Officer Mr. Jose Dotres. The Superintendent acknowledged the hiring freeze; however, he explained there are essential positions within the District that are taken into consideration for hiring, and that cannot go without being filled; and he looked forward to knowing more about these open positions and engaging in the process. The Chief Auditor appreciated these comments and replied to the Superintendent that she has apprised both Mr. Steiger and Mr. Dotres of the open positions, and they are fully aware of the situation.

There being no additional questions or comments, a motion was made by School Board member/ABAC member Ms. Mari Tere Rojas, seconded by ABAC member Mr. Juan del Busto which via a show of hands from ABAC members present (except for ABAC member Mr. Isaac Salver who was not in attendance at this time), voted affirmatively on this item. The motion carried by majority vote of 11 'ayes' to recommend that the **Office of Management and Compliance Audits' 2020-2021 Audit Plan**, be received and filed by the School Board.

12. Evaluation of External Auditors (Fiscal Year Reporting Period Ended June 30, 2019) and the Internal Audit Team (Fiscal Year Ending June 30, 2020) (INFORMATIONAL)

The Chief Auditor stated that it was a pleasure for her to bring this item to the ABAC. As described in the memorandum accompanying the results of the surveys, every year, her office sends two sets of surveys to the ABAC. One is to evaluate the firm of RSM US LLP for their external audit work, while the other is to provide feedback on the work of the internal audit team and the Chief Auditor. Ms. Gonzalez also explained that another survey was submitted to a select group of senior administrators, including the Superintendent, to assess and rate the work of the external auditor. The receipt of those completed surveys were received and tabulated by Dr. Tarek Chebbi, Director from the office of Assessment, Research, and Data Analysis (ARDA), who reports to Ms. Gisela F. Feild, Administrative Director, ARDA, and those results were provided to the Chief Auditor's office in a very timely manner. Ms. Gonzalez took the opportunity to thank Dr. Chebbi and Ms. Feild for their responsiveness in processing and providing the results of these surveys, and the excellent assistance they provided to her office regarding these evaluations.

School Board member/ABAC member Ms. Mari Tere Rojas stated that this was a very good evaluation of the external auditors, the internal audit team and the Chief Auditor. She also thanked Dr. Chebbi and Ms. Feild for their work and the assistance provided to the Chief Auditor's office.

Ms. Rojas remarked that based on the results of these evaluations, the members of the internal audit team and the external audit team did a fantastic job. However, based on a comment in these evaluations, there seems to be an evaluator on this Committee who expressed a concern regarding the independence of the external auditors, the internal audit team and the Chief Auditor. She noted that being the Chief Auditor is a difficult job; however, she also said that Chief Auditor Ms. Gonzalez has shown a high level of commitment and professionalism as well as independence that is truly admired since the moment that she took over the job of Chief Auditor. She also said that the rest of the comments on these evaluations says it all. Further, she noted that Ms. Gonzalez has done an exemplary job as Chief Auditor, as she is meticulous, dedicated and passionate about her role; has worked tirelessly to ensure that all audits are completed on time; and has exhibited outstanding

leadership abilities in the performance of her job. Ms. Rojas further read some of the positive comments that pointed to the Chief Auditor's confidence, ethical and integral work performance. Last, Ms. Rojas closed by stating that she wanted to say "thank you" on behalf of the Board, from Board Chair Mrs. Hantman, and from Board members who appreciated that the Chief Auditor kept the Board abreast of all audit-related information.

ABAC member Mr. Rudy Rodriguez echoed Ms. Rojas' sentiment and expressed praise regarding the work of the internal auditors, the professionalism of the Chief Auditor, who he said has done an excellent job and has led her team in an outstanding manner.

ABAC member Mr. Albert Lopez wanted to re-visit the issue of the comment from one of the evaluators regarding independence. He said that he did not believe that the comment was intended to question the independence issue of the external and internal auditors. Mr. Rodriguez agreed that he believes the auditors (both external and internal) are truly independent.

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

13. Office of Management and Compliance Audits' Activity Report (INFORMATIONAL)

The Chief Auditor made a brief presentation of the activity report of her office including activities conducted during the COVID-19 pandemic.

Ms. Gonzalez summarized the work that her office has done so far, namely, the school and property audits, district and charter school audits and the district committees that her staff has participated in, in addition to the work of the Civilian Investigative Unit (CIU). School Board member/ABAC member Ms. Mari Tere Rojas took the opportunity to comment on the work of the Civilian Investigative Unit (CIU), noting that CIU closed 201 cases and they closed the year with only three open cases. Ms. Rojas stated that it is important that these cases close in a timely manner since individuals being investigated go through a difficult time while the investigation takes its course. Ms. Gonzalez pointed out that in addition to the 201 closed cases that CIU received during the current year, the unit had started the year with 120+ cases *that were a carry-over from the previous year*. Those were closed this year as well. As she explained, the carry-over was due to open positions and lack of personnel in CIU to work on these investigations during the past year. Ms. Gonzalez congratulated the CIU investigators and the former Executive Director, Ms. Michele Jones who lead that team, for having accomplished the investigating and closing of all these cases. Furthermore, Ms. Gonzalez wished Ms. Jones success in her new position with the School Board Attorney's Office, and added that now, Mr. Montano is the new Executive Director of CIU and she is certain he will do a great job.

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

OLD BUSINESS: MECA Update and Network Security Testing Project

MECA Update

The Chief Auditor stated that this update is a follow-up to the discussions at the ABAC meeting of May 12, 2020. During that meeting, both School Board member/ABAC member Ms. Mari Tere Rojas and ABAC Chair Mr. Erick Wendelken requested a follow-up on the five-year plan of MECA.

Accordingly, the Chief Auditor contacted Mr. William McAuliff, MECA's Executive Director, and he provided a plan that Mr. Ben Launerts, member of the MECA Board would be presenting to the ABAC today. The Chief Auditor introduced Mr. Launerts for the presentation.

Mr. Launerts welcomed the invitation and clarified his role with MECA. He explained that he sits on the MECA Board and is a business partner of the Academy of Hospitality and Tourism. He said that he was the immediate past Chair for five years and has continued on the MECA Board because of his commitment to the students and the cause of the MECA Board. He also said that he is personally in charge of fundraising for a number of years.

According to Mr. Launerts, the main objective of MECA continues to be a self-sustaining entity for filling its primary obligation as financial processor for the NAF Academies⁵. Next, he went over details of the plan and some of the initiatives and forecast. However, he clarified that the forecast for the plan was based on pre-pandemic conditions; and he could submit a more updated forecast upon request.

One issue that was discussed was the matter of the audit of MECA, particularly the matter of audit independence when hiring an external auditor. It was clearly discussed with Mr. Launerts and Mr. McAuliff that the organization must hire an external audit firm independent of the MECA Board (not a partner of the MECA Board). Also, the Chief Auditor shared with Mr. Launerts the Florida Statute that governs direct support organizations; she went over the timelines for submitting the audit report to the ABAC (no later than January or March 2021 at the latest); and clarified with Mr. Launerts that the ABAC does not have to be consulted on the selection of MECA's external auditor since MECA is responsible for hiring and paying for the external auditing services. The Chief Auditor also recommended to Mr. Launerts not to wait to hire the external auditor since timelines need to be met.

School Board member/ABAC member Ms. Mari Tere Rojas inquired as to when Mr. McAuliff would be retiring. Mr. McAuliff replied that he will retire once they find a replacement for him. Ms. Rojas thanked both Mr. Launerts and Mr. McAuliff for having made this presentation to the ABAC members. This concluded the MECA update.

Network Security Testing Project

Next, School Board member/ABAC member Ms. Mari Tere Rojas took the opportunity to bring the issue of the network security testing project report for the Committee to re-address. This report had been brought to the Committee for discussion during the May 12, 2020, meeting. As she proffered to the Committee, her concern is that because of the current COVID-19 conditions, this report has not been discussed with the Board members in an Executive Session. She remarked that the current pandemic conditions (which has an indefinite resolution at this time) do not allow holding a person-to-person meeting to discuss the report and its results; and although she understands that confidentiality of information cannot be guaranteed if a meeting were to be conducted under a virtual platform such as ZOOM technology, she requested an opinion from the School Board Attorney Mr. Walter Harvey. Specifically, she asked Mr. Harvey whether the School Board could face a potential liability issue because this cybersecurity report has not been addressed in a timely manner (due to the COVID-19 pandemic).

⁵ NAF is a national network of education, business, and community leaders who work together to ensure high school students are college, career, and future ready. NAF academies are designed as small learning communities within larger schools or as stand-alone public high schools. They operate primarily in urban public school districts, and also thrive in many suburban and rural areas.

Mr. Harvey stated that first, it must be ensured that staff has an adequate response to show they are addressing the issues. Second, regarding cybersecurity, he said that the District has a cybersecurity policy in place that alleviates some of the risks associated with cybersecurity issues. He added there may be some exception under the Sunshine Law to address this issue by the Committee confidentially; however, the Committee must be careful as to the use of ZOOM technology to meet and discuss this information since the IT security consultant that was hired by the School Board advised that it would not be wise to discuss these matters using ZOOM technology.

Mr. Harvey further stated that under the current environment, it is almost impossible for this Committee to discuss this report without creating more risk that could potentially develop from not being able to meet and address the issue as a collective body. He cautioned that this must be taken one step at a time. Once there is clearance to hold meetings, then the Committee could move forward and address this issue in a proper manner. Ms. Rojas replied that as a first step, she was looking at an Executive Session with the School Board members. She added that this meeting should take place first with the Board members given the sensitivity of this topic. Mr. Harvey replied that he similarly advises against having a virtual meeting with members of the Board to discuss this topic. He again cautioned that the IT consultant advised against a virtual meeting.

Lastly, Mr. Harvey pointed out that this is some of the most sensitive information that the audit department has collected and concluded that the issue of discussing this information can be taken up again once it is safe to do so.

No other comments were made by the Committee on this subject.

ADJOURNMENT

Since there was no further business to come to the Committee, and upon a motion duly made by Ms. Rojas and seconded by Mr. del Busto and voted on by the ABAC members, the meeting was adjourned at 4:28 p.m.

MTG: