

**MINUTES OF THE SCHOOL BOARD SPECIAL AUDIT AND BUDGET
ADVISORY COMMITTEE
OF MIAMI-DADE COUNTY PUBLIC SCHOOLS
August 14, 2014**

Due to lack of quorum at the School Board Audit and Budget Advisory Committee (ABAC) of June 24, 2014, the ABAC convened a special meeting on Thursday, August 14, 2014, in the School Board Administration Building, Conference Room 916, at 1450 N.E. Second Avenue, Miami, Florida to address the action agenda items for School Board approval.

Members Present:

Voting:

Mr. Roland Sanchez-Medina, Jr., Esq., Vice Chair
Dr. Lawrence S. Feldman, School Board Vice Chair
Ms. Marian L. Hasty, Esq.
Ms. Susan Marie Kairalla
Mr. Rayfield McGhee, Jr., Esq.
Mr. Christopher Norwood, J.D.
Mr. Jose I. Rasco, CPA

Members Absent:

Mr. Jeffrey B. Shapiro, Esq., Chair
Mr. Isaac Salver, CPA
Mr. Frederick F. Thornburg, Esq.

Non-Voting:

Dr. Richard H. Hinds, Associate Superintendent/Chief Financial Officer

Call to Order

The ABAC's Vice Chair Mr. Roland Sanchez-Medina acted as Chair, in lieu of ABAC's Chair Mr. Jeffrey B. Shapiro, who could not attend due to prior business commitments. The Vice Chair called the meeting to order at 10:06 a.m. and warmly welcomed everyone in attendance.

1. Welcome, Introductions and Moment of Reflection

Mr. Sanchez-Medina requested everyone in attendance to introduce themselves, which they did. The following persons were present:

Ms. Perla Tabares Hantman, School Board Chair	Dr. Ana M. Rasco, Assistant Superintendent
Ms. Raquel A. Regalado, School Board Member	Ms. Mindy McNichols, Asst. School Board Attorney
Mr. Alberto M. Carvalho, Superintendent	Mr. Luis Garcia, Deputy Asst. School Board Attorney
Mr. Jose L. Dotres, Chief of Staff	Ms. Maria T. Gonzalez, Asst. Chief, School Audits
Mr. José F. Montes de Oca, Chief Auditor	Mr. Julio Miranda, Asst. Chief, Investigations
Ms. Judith Marte, Chief Financial Officer	Mr. Trevor L. Williams, Asst. Chief, District Audits
Ms. Connie Pou, Controller	Dr. Albert Payne, Jr., Region Superintendent
Ms. Daisy Gonzalez-Diego, Chief Communication Officer	Ms. Joyce Castro, District Director
Mr. Ron Y. Steiger, Chief Budget Officer	Ms. Meyme Falcone, District Director
Ms. Iraida Mendez-Cartaya, Associate Superintendent	Ms. Melissa Latus, District Director
Mr. Pablo G. Ortiz, Associate Superintendent	Ms. Beatriz Zarraluqui, District Director
Ms. Tiffanie Pauline, Assistant Superintendent	Ms. Nicki Brisson, Executive Director

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Mr. Jon Goodman, Executive Audit Director
Ms. Daisy Naya, Assistant Controller
Ms. Raquel A. Alexander, Administrative Assistant
Mr. Jerold Blumstein, Administrative Assistant
Ms. Ana Lara, Administrative Assistant
Ms. Karen G. Sewing, Administrative Secretary
Ms. Maria T. Rojas, Administrative Assistant
Ms. Melba Brito, Administrative Director
Ms. Cynthia Gracia, Administrative Director
Mr. John Schuster, Administrative Director
Ms. Jacques Bentolila, Region Adm. Director

Ms. Roxana Vega, Director
Mr. Richard Yanez, Audit Director
Mr. Luis Baluja, Supervisor
Ms. Michelle Denis, Budget Supervisor
Mr. Felix Jimenez, Assistant Inspector General
Mr. Tom Knigge, OIG, Supervisor Special Agent
Mr. Archie Moore, OIG, Special Agent
Ms. Lucila I. Gonzalez, Administrative Secretary
Ms. Lawandra Houston, Administrative Secretary
Mr. Donovan Maginley, Partner, McGladrey LLP

2. Approval of the Minutes of the School Board Audit and Budget Advisory Committee Meeting of May 13, 2014

The Chair drew the members' attention to the minutes for the ABAC meeting of May 13, 2014, and asked whether any members had any suggested revisions or questions related to the contents of the proposed minutes.

Due to lack of quorum, there were no minutes for the ABAC meeting of June 24, 2014; however, a transmittal letter was sent to the School Board and Superintendent advising them of same.

There were no questions. A motion was made by Dr. Feldman and seconded by Mr. McGhee for the approval of the minutes, as presented, to serve as the memorialization of the May 13, 2014, ABAC meeting. The motion carried unanimously.

3. Proposed Audit and Budget Advisory Committee Meeting Dates for Fiscal Year 2014-2015

The Chief Auditor introduced the proposed ABAC meeting dates for fiscal year 2014-15 for the Committee to approve.

Dr. Feldman noted that according to ABAC's School Board Policy, the Committee is required to provide advice to the School Board on budget matters and directed the Chief Auditor to meet with the Superintendent to determine the best date in June for the Committee to review the Tentative Budget, before it is submitted to the School Board.

In response to Dr. Feldman's directive, the Chief Auditor responded that he will certainly meet with the Superintendent and report to the ABAC at its September 2014 meeting.

A motion was made by Dr. Feldman and seconded by Ms. Kairalla, which carried unanimously, to approve the schedule of dates for the ABAC meetings for Fiscal Year 2014-2015, subject to establishing the best date in June for the Committee to review the Tentative Budget, before it is submitted to the School Board.

EXTERNAL AUDITS:

4. Status of 2014-15 Budget Preparation (All Funds)

Ms. Judith M. Marte, Chief Financial Officer, made a presentation on the budget and asserted that the tentative budget was approved unanimously by the School Board on July 16, 2014, also noting that the final budget adoption is scheduled for School Board approval on September 3, 2014. She gave an overview of the budget annual development process which starts in September of its preceding year. She added that the Superintendent has established a Principal Advisory Committee that works in conjunction with the Parent Advisory Committee to develop the principals' platform and present recommendations to the Superintendent for School Board approval. Ms. Marte pointed out that the general fund revenue for 2014-15 is \$2.9 billion and that there is a balanced budget. She mentioned that since Mr. Carvalho became Superintendent the budget process contains several guiding principles which include protecting the teachers and classroom; increasing school spending; expanding Exceptional Student Education support and parental choice; also increasing safety/security spending; continue to downsize central administration offices; and also protecting the economic viability of the school system and taxpayers. Ms. Marte emphasized that the District's greatest revenue challenge is the tax collection shortfall. She explained that the shortfall is a loss of revenue which hampers the administration's ability to correctly fund classrooms expenditures and teachers' salaries.

Mr. Sanchez-Medina asked the Superintendent for an update on the tax collection shortfall issue. The Superintendent recognized that the District was successful on its efforts and appreciative that the legislature provided a temporary stop gap measure of \$20 million to mitigate the shortfall, but he cautioned that it was only temporary and does not provide the full appropriation of the \$47.8 million needed. He mentioned that because of terrible inefficiencies and lack of diligence of the Miami-Dade County administrators, the District was not able to realize the full appropriation from Tallahassee. The Superintendent provided an overview of the issues, and explained how delays in the appeals process of property assessments, which was identified two years ago, is negatively and severely impacting Miami-Dade County Public Schools' (M-DCPS) budget and what he is doing to resolve this issue. Mr. Carvalho mentioned that recently he and the Chief Auditor met with the Miami-Dade County officials regarding this issue and at the meeting he stated, for the record, that possible legal recourse will not be out of the realm of possibilities or actions that will be considered. He then explained that the permanent solution rested with the local authorities and noted that he will be sending the Miami-Dade County Mayor a letter asking him to address the problem and potential legal action that may be taken if this issue is not satisfactorily resolved. The Superintendent invited the Committee to join in by providing a letter of support.

Ms. Hantman asked the Superintendent what was Miami-Dade County official's response at the recent meeting. The Superintendent responded that the meeting was very disheartening because the officials had no clear vision of a future solution to this issue and had offered very superficial responses.

Ms. Regalado voiced her concerns regarding Miami-Dade County's lack of process in regards to this issue and the inability to provide the District's requested information. She stated that the reason she previously recommended litigation was because of the District's

inability to conduct an audit due to the County's irresponsible response to the District's request for information, which should have been addressed in a more expedient manner.

After an extensive discussion regarding the revenue shortfall, a motion was made by Dr. Feldman, seconded by Ms. Kairalla, which carried unanimously, that the presiding Chair of the Committee send a letter to the School Board and the Superintendent supporting his sending the letter to the County Commissioners and the Mayor advising them of the potential legal action that may be taken if this issue is not satisfactorily resolved.

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

5. Miami-Dade County District School Board Financial and Federal Single Audit for the FYE June 30, 2013

The Superintendent recognized the excellent job of the administrators involved in the above-referenced audit report, noting that there were almost a half billion dollars in expenditures and for the first time in recent history there were no audit findings noted or recommendations made by the auditors. The Chief Auditor echoed Mr. Carvalho's compliments.

The Committee gave accolades to all the administrators involved in this audit report.

There were no questions. A motion was made by Dr. Feldman, seconded by Mr. Rasco, which carried unanimously, to recommend that the **Miami-Dade County District School Board Financial and Federal Single Audit for the FYE June 30, 2013**, be received and filed by the School Board.

6. Presentation of the last 19 of 120 charter Schools' Audited Financial Statements FYE June 30, 2013

The Chief Auditor introduced the above-referenced financial statements and stated that during the review of these financial statements, his staff had raised questions to the administration of four of these schools, which were answered as noted in this transmittal. He added that although the responses provided were satisfactory for the time being, he continues to harbor concerns about the financial viability of two of these schools and will continue monitoring them.

Dr. Feldman asked if the two schools with financial issues will be brought up in a future agenda. The Chief Auditor responded that the schools will be closely monitored and added that in September 2014, he will be receiving the schools' financial statement for fiscal year 2013-2014, which he will peruse closely.

Mr. Rasco expressed concern about Oxford Academy's financial issues and corrective action plan. He asked why the report's management letter made no reference to the problems and asked if there is a government standard requirement regarding "a going concern". The Chief Auditor responded that the language on the current Florida Statutes pertaining to "a going concern" was recently changed reducing the requirement for Certified Public Accountants to

note going concerns on the financial reports. He emphasized that his office goes beyond the Florida Statutes and, having the authority to question the school, his staff requires schools to provide a plan of action to remedy financial issues identified and monitors those plans. Mr. Rasco recognized that the Chief Auditor is following the proper procedures, and stated that the value of an independent audit shows what they are really worth. The Chief Auditor concurred.

The Vice Chair acknowledged Mr. Norwood's request of recusing himself from voting on discussions pertaining to Oxford Academy of Miami, Inc. (form attached).

There were no further questions. A motion was made by Dr. Feldman, seconded by Mr. Rasco, which carried unanimously, to recommend that the **Review of Audited Financial Statements of the 19 of 120 Charter Schools Operating during the Fiscal year Ended June 30, 2013**, be received and filed by the School Board.

7. Internal Audit Report – Selected Schools

The Chief Auditor yielded the floor to Ms. Maria T. Gonzalez, Assistant Chief Auditor, to introduce the above-reference audit report which showed 24 of 34 schools being presented had no audit findings. Ms. Gonzalez informed everyone that the report is a continuation of the work done throughout the year and in the aggregate, there were 22 schools with findings during this year versus 36 schools last year which shows that overall, the schools did much better this year.

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

New Business:

The Superintendent announced that Dr. Richard H. Hinds, Associate Superintendent/Chief Financial Officer, will be retiring shortly and spoke at length recognizing the incredible job he has done to save the school system from economic disaster during the most difficult financial crisis in the last 70 years. He stated that through some degree of consultancy, he would like to remain in communication with Dr. Hinds for advice. Mr. Carvalho remarked that everyone in the community owes Dr. Hinds much gratitude for what he has done during the past six years and that his work with M-DCPS shall never be forgotten.

The Committee and everyone present gave him a great round of applause.

Old Business:

None

Adjournment

There being no further business to come before the Committee and upon motion duly made and seconded, the meeting was adjourned by Mr. Roland Sanchez-Medina, Vice Chair, at 11:17 a.m.

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FORM 8B MEMORANDUM OF VOTING CONFLICT FOR COUNTY, MUNICIPAL, AND OTHER LOCAL PUBLIC OFFICERS

LAST NAME—FIRST NAME—MIDDLE NAME <i>Norwood, Christopher</i>	NAME OF BOARD, COUNCIL, COMMISSION, AUTHORITY, OR COMMITTEE <i>Audit & Budget Advisory Committee</i>
MAILING ADDRESS <i>14844 Breckness Place</i>	THE BOARD, COUNCIL, COMMISSION, AUTHORITY OR COMMITTEE ON WHICH I SERVE IS A UNIT OF: <input type="checkbox"/> CITY <input type="checkbox"/> COUNTY <input checked="" type="checkbox"/> OTHER LOCAL AGENCY
CITY COUNTY <i>Miami Lakes Miami Dade</i>	NAME OF POLITICAL SUBDIVISION: <i>Miami Dade Public Schools</i>
DATE ON WHICH VOTE OCCURRED <i>8/14/14</i>	MY POSITION IS: <input type="checkbox"/> ELECTIVE <input checked="" type="checkbox"/> APPOINTIVE

WHO MUST FILE FORM 8B

This form is for use by any person serving at the county, city, or other local level of government on an appointed or elected board, council, commission, authority, or committee. It applies equally to members of advisory and non-advisory bodies who are presented with a voting conflict of interest under Section 112.3143, Florida Statutes.

Your responsibilities under the law when faced with voting on a measure in which you have a conflict of interest will vary greatly depending on whether you hold an elective or appointive position. For this reason, please pay close attention to the instructions on this form before completing the reverse side and filing the form.

INSTRUCTIONS FOR COMPLIANCE WITH SECTION 112.3143, FLORIDA STATUTES

A person holding elective or appointive county, municipal, or other local public office **MUST ABSTAIN** from voting on a measure which inures to his or her special private gain or loss. Each elected or appointed local officer also is prohibited from knowingly voting on a measure which inures to the special gain or loss of a principal (other than a government agency) by whom he or she is retained (including the parent organization or subsidiary of a corporate principal by which he or she is retained); to the special private gain or loss of a relative; or to the special private gain or loss of a business associate. Commissioners of community redevelopment agencies under Sec. 163.356 or 163.357, F.S., and officers of independent special tax districts elected on a one-acre, one-vote basis are not prohibited from voting in that capacity.

For purposes of this law, a "relative" includes only the officer's father, mother, son, daughter, husband, wife, brother, sister, father-in-law, mother-in-law, son-in-law, and daughter-in-law. A "business associate" means any person or entity engaged in or carrying on a business enterprise with the officer as a partner, joint venturer, coowner of property, or corporate shareholder (where the shares of the corporation are not listed on any national or regional stock exchange).

* * * * *

ELECTED OFFICERS:

In addition to abstaining from voting in the situations described above, you must disclose the conflict:

PRIOR TO THE VOTE BEING TAKEN by publicly stating to the assembly the nature of your interest in the measure on which you are abstaining from voting; *and*

WITHIN 15 DAYS AFTER THE VOTE OCCURS by completing and filing this form with the person responsible for recording the minutes of the meeting, who should incorporate the form in the minutes.

* * * * *

APPOINTED OFFICERS:

Although you must abstain from voting in the situations described above, you otherwise may participate in these matters. However, you must disclose the nature of the conflict before making any attempt to influence the decision, whether orally or in writing and whether made by you or at your direction.

IF YOU INTEND TO MAKE ANY ATTEMPT TO INFLUENCE THE DECISION PRIOR TO THE MEETING AT WHICH THE VOTE WILL BE TAKEN:

- You must complete and file this form (before making any attempt to influence the decision) with the person responsible for recording the minutes of the meeting, who will incorporate the form in the minutes. (Continued on other side)

APPOINTED OFFICERS (continued)

- A copy of the form must be provided immediately to the other members of the agency.
- The form must be read publicly at the next meeting after the form is filed.

IF YOU MAKE NO ATTEMPT TO INFLUENCE THE DECISION EXCEPT BY DISCUSSION AT THE MEETING:

- You must disclose orally the nature of your conflict in the measure before participating.
- You must complete the form and file it within 15 days after the vote occurs with the person responsible for recording the minutes of the meeting, who must incorporate the form in the minutes. A copy of the form must be provided immediately to the other members of the agency, and the form must be read publicly at the next meeting after the form is filed.

DISCLOSURE OF LOCAL OFFICER'S INTEREST

I, Christopher Norwood, hereby disclose that on 8/14/14, 20 :

(a) A measure came or will come before my agency which (check one)

- inured to my special private gain or loss;
- inured to the special gain or loss of my business associate, _____;
- inured to the special gain or loss of my relative, _____;
- inured to the special gain or loss of _____, by whom I am retained; or
- inured to the special gain or loss of _____, which is the parent organization or subsidiary of a principal which has retained me.

(b) The measure before my agency and the nature of my conflicting interest in the measure is as follows:

I donated my time advising the Governing Board on a multitude of issues. I recused myself in an abundance of caution to not appear in any way to influence any action of the ABAC regarding Oxford Academy

9/4/14
Date Filed

Christopher Norwood
Signature

NOTICE: UNDER PROVISIONS OF FLORIDA STATUTES §112.317, A FAILURE TO MAKE ANY REQUIRED DISCLOSURE CONSTITUTES GROUNDS FOR AND MAY BE PUNISHED BY ONE OR MORE OF THE FOLLOWING: IMPEACHMENT, REMOVAL OR SUSPENSION FROM OFFICE OR EMPLOYMENT, DEMOTION, REDUCTION IN SALARY, REPRIMAND, OR A CIVIL PENALTY NOT TO EXCEED \$10,000.