



# Miami-Dade County Public Schools

*giving our students the world*

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Alberto M. Carvalho

**Chief Auditor**  
José F. Montes de Oca, CPA

**Miami-Dade County School Board**

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September 8, 2014

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

**SUBJECT: FOLLOW-UP REVIEW OF THE INVESTIGATION OF ALLEGATIONS  
CONCERNING ACADEMY OF ARTS AND MINDS CHARTER HIGH  
SCHOOL**

Ladies and Gentlemen:

This memorandum constitutes our follow-up review of The Investigation of Allegations Concerning Academy of Arts and Minds (A&M) Charter High School, issued in June 2012.

The initial investigation responded to a written complaint signed by six members of the A&M Charter School PTSA Executive Board and six other Concerned Parents of Students at A&M. The written complaint alleged:

- A&M does not have an independent Governing Board that functions in the best interest of the school, students, teachers or parents. Persons acting in the role of the Governing Board appear to have improperly delegated their authority to the landlord, Mr. Manuel Alonso-Poch, and/or are acting to protect Mr. Alonso-Poch's interests and control.
- The school's financial interests are not being protected by the Governing Board. *(The building lease and food service provider, companies owned by Mr. Alonso-Poch, are specifically referenced.)*
- There may be violations of law in connection with the school.
- There are concerns regarding the flow of monies received from Miami-Dade County Public Schools (M-DCPS) and how they are used to pay expenses.

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The scope of our investigation was to probe and draw conclusions about whether the four fundamental allegations could be substantiated, and make recommendations for consideration by M-DCPS and A&M Charter High School. Our investigation largely substantiated the four above fundamental allegations. Our report contained seven recommendations, five of which were primarily directed to the Governing Board and management of A&M Charter High School, and two of which were for consideration by M-DCPS. In this follow-up review, we found that the School and District had fulfilled all of our recommendations as follows:

Recommendation	Status /Auditor Comments
<p>1. The Governing Board and management of the Academy of Arts and Minds should work with the Miami-Dade County Public Schools in consultation with other oversight agencies such as the Florida Department of Education and the Internal Revenue Service to eliminate the structural conflicts of interests identified. Consideration should be given to noted governance best practices which will help ensure an engaged, informed and independent Board that is accountable to its students, parents/guardians and the community at large.</p>	<p>Fulfilled-implemented / In May 2014, the Governing Board was reconstituted and all five Board members resigned pending security clearance and governance training of new members. The new charter agreement effective June 2014 requires one Governing Board member to be the parent of a student currently enrolled in the School.</p>
<p>2. The Governing Board of the Academy of Arts and Minds should revisit the terms of its major contracts and analyze expenses in order to strive to achieve a self-sufficient operation not reliant on large contributions by Mr. Alonso-Poch and Commodore Plaza Parking, L.C.</p>	<p>Fulfilled-implemented / Since the publication of the original report in June 2012, the School has changed vendors and/or contract terms with many of its vendors, including the management company, landlord and food service provider. These changes have benefited the school.</p>
<p>3. An independent Governing Board of the Academy of Arts and Minds should renegotiate the lease as an arm's length transaction. The Board should be represented by its own distinct legal counsel who does not have an interest in the landlord or his facility. The lease should be restated with clear, unambiguous terms and conditions so that the school knows its demised premises, whether it has exclusive use, or whether certain square footage and/or time slots will be "carved out" for use by other tenants or entities. If other tenants or entities will be entitled to use portions of the premises, the School should be remunerated or the lease rate amended, accordingly.</p>	<p>Fulfilled-implemented / The School's Board engaged its own distinct legal counsel and negotiated a new lease of the facilities with its new owner/landlord. The new lease is for a term of 25 years, as opposed to the previous lease which essentially had to be renewed every year. The base rent in the new lease is \$340,000 for the first year and will approximate \$440,000 plus an inflation escalator in the remaining years. This compares to a base rent of \$888,000 per year under the previous lease as of FY 2011-2012. The new lease also clearly defines the demised premises as the whole building and does not allow the landlord to use portions of the facility without remunerating the School.</p>



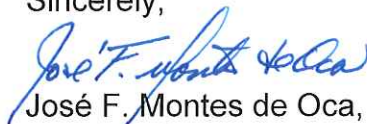
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Recommendation	Status /Auditor Comments
<p>4. An independent Governing Board of the Academy of Arts and Minds should renegotiate the Management Agreement, Food Service Contract and the benefits consultant arrangement. The Board should use a competitive procurement process such as bids or request for proposals, and should be represented by its own distinct legal counsel who does not have an interest in the school's vendors. If a vendor will have an opportunity to profit from the arrangement while occupying the school's premises and using its utilities (i.e. the food service contract), the school's Board should negotiate to be commensurately compensated. It is incumbent on the school's Governing Board to adequately review contracts and arrangements with vendors prior to contracting with them and to ensure that these contracts are negotiated to the best possible advantage of the school and are properly monitored after execution.</p>	<p>Fulfilled-implemented / A new management company was contracted pursuant to a competitive procurement process and the School now participates in the National School Lunch Program. The School's provision for food service will no longer serve as a restaurant open to the public.</p>
<p>5. The Governing Board and management of Academy of Arts and Minds should put controls in place to ensure that the Board is adequately informed of Federal, State and Local Charter School tax exemptions claimed and granted on its behalf, and ensure that the non-profit charter school receives the full benefits derived from such tax exemptions, as intended.</p>	<p>Fulfilled-implemented / The Governing Board has acknowledged it is responsible for monitoring tax exemptions in the School's name and that said exemptions shall accrue to the School.</p>
<p>6. Miami-Dade County Public Schools, as part of its statutorily mandated duties for the sponsor to "monitor the revenues and expenditures of the charter school", should coordinate with the various taxing authorities to help ensure the propriety of tax exemptions taken by its charter schools and their landlords and contractors.</p>	<p>Fulfilled-implemented / The District has communicated and coordinated with various taxing authorities, including the Internal Revenue Service and County Property Appraiser, concerning said exemptions.</p>
<p>7. In order to minimize the risk of obscuring a charter school's expenses and liabilities or inflating its revenues and assets, Miami-Dade County Public Schools should consider putting forth in its legislative agenda process the requirement that charitable organizations that are the parent legal entity of a charter school, as is the case with Acting For All, Inc. and Academy of Arts and Minds, must submit to the sponsoring county school board as charter schools are presently required to do, independently audited financial statements.</p>	<p>Fulfilled-implemented / The District has taken several actions legislatively and legally toward having access to applicable charter school financial information.</p>

Sincerely,



José F. Montes de Oca, CPA

Chief Auditor

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- cc: Mr. Walter J. Harvey      Ms. Melinda McNichols  
 Mr. Jose L. Dotres      Mr. Julio C. Miranda  
 Mrs. Valtena G. Brown      Mr. Jon Goodman  
 Ms. Judith M. Marte      Ms. Lourdes Peña, Governing Board Chair, A&M  
 Ms. Tiffanie A. Pauline      Mr. Juan Carlos Quintana, Smart Management LLC