

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

July 17, 2018

The School Board Audit and Budget Advisory Committee (ABAC or Committee) met on Tuesday, July 17, 2018, in the School Board Administration Building, Conference Room 916, at 1450 N.E. Second Avenue, Miami, Florida.

Members Present:

Voting:

Mr. Christopher Norwood, J.D., Vice-Chair (Acting Chair)
Mr. Jeffrey Codallo
Mr. Juan del Busto
Mr. Stephen Johnson, Esquire
Mr. Jeffrey Kaufman
Dr. Nancy Lawther
Mr. Julio C. Miranda, CPA, CFE
Mr. Rudy Rodriguez
Ms. Mari Tere Rojas, School Board Member
Mr. Isaac Salver, CPA

Members Absent:

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

Non-Voting:

Mr. Ron Steiger, Chief Financial Officer

Call to Order

Mr. Christopher Norwood, ABAC Vice Chair called the meeting to order at 12:37 p.m. He acted as the Chair for most of the meeting because the current ABAC Chair, Mr. Erick Wendelken, was absent serving jury duty. Mr. Juan del Busto, ABAC member, acted as Chair Pro Tem during the discussion over the financial statements of three Aspira charter schools that were part of the charter schools' financial statements presentation. During the meeting agenda, Mr. Norwood recused himself from the discussion on these three charter schools and from voting on the corresponding items because he had provided direct services to those schools during the fiscal year under review.

1. Welcome and Introductions

Mr. Norwood requested all in attendance to introduce themselves, which they did. The following persons were present:

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Ms. Perla Tabares Hantman, School Board Chair
Dr. Dorothy Bendross-Mindingall, School Board Member
Dr. Lawrence Feldman, School Board Member
Dr. Marta Pérez, School Board Member
Mr. Alberto M. Carvalho, Superintendent of Schools
Mr. Walter J. Harvey, School Board Attorney
Mrs. Valtena G. Brown, Dep. Supt./Chief Oper. Officer
Ms. Iraida R. Mendez-Cartaya, Associate Superintendent
Mr. Jaime G. Torrens, Chief Facilities Officer
Mr. Eugene P. Baker, Chief Information Officer
Ms. Joyce Castro, Assistant Superintendent
Ms. Martha M. Diaz, Chief Budget Officer
Ms. Daisy Gonzalez-Diego, Chief Communications Officer
Ms. Tabitha Fazzino, Chief Compliance Officer
Ms. Maria T. Gonzalez, Chief Auditor
Ms. Mindy McNichols, Assistant School Board Attorney
Ms. Daisy Naya, Controller
Ms. Tiffanie Pauline, Assistant Superintendent
Ms. Dawn Baglos, Administrative Director
Ms. Cynthia Gracia, Administrative Director
Mr. Edgardo Reyes, Administrative Director
Mr. Luis Baluja, Executive Director
Mr. Jon Goodman, Executive Audit Director
Ms. Dana Vignale, Executive Director
Dr. Tarek Chebbi, Executive Director
Ms. Brittnee Robinson, Executive Director
Mr. Richard Yanez, Audit Director
Ms. Tamara Wain, District Supervisor
Ms. Michelle Denis, Fiscal Supervisor
Ms. Elvira Sanchez, Audit Coordinator
Ms. Ailsa Simon, Director
Mr. Leroy Anderson, Supervisor
Mr. Felix Jimenez, OIG, Deputy IG
Mr. Jerold Blumstein, Chief of Staff
Ms. Andreina Espina, Chief of Staff
Ms. Dalia Rosales, Chief of Staff
Ms. Francys Vallecillo, Chief of Staff
Ms. Patricia Bentancourt, Administrative Assistant
Ms. Natalie Perez, Administrative Assistant
Ms. Pavielle Phillips, Administrative Assistant
Mr. Matthew Tisdol, Administrative Assistant
Ms. Elsa Berrios-Montijo, Staff Assistant
Ms. Latisha Green, Administrative Assistant
Mr. Nelson Diaz, Administrative Assistant
Ms. India George, Administrative Assistant
Ms. Vivian Lissabet, Administrative Assistant
Ms. Addys Lopez, Administrative Assistant
Ms. Gina Miles, Policy Director
Dr. Marcos Moran, Administrative Assistant
Mr. Thomas Knigge, OIG, Supervisor Special Agent
Ms. Sheila Resco, Clerical Assistant
Mr. Kenneth Cula, Intern-Vice Chair Dr. Karp
Mr. Mateo Latorrucu, Intern-Vice Chair Dr. Karp
Ms. Cynthia Borders-Byrd, CBorders-Byrd, LLC
Mr. Donovan Maginley, Partner, RSM
Mr. Anil Harris, Sr. Manager, RSM
Mr. Shaun Davis, Mrg. Partner, S. Davis & Associates, P.A.
Ms. Tanya Davis, Partner, S. Davis & Associates, P.A.
Mr. Kevin Adderley, Manager, S. Davis & Associates, P.A.
Ms. Annette Lewis, Manager, S. Davis & Associates, P.A.
Mr. Hector M. Diaz, President, Puerto Rican Professional Assoc
Mr. Ernesto Morales-Ramos, Puerto Rican Professional Assoc
Ms. Iris Duprey-Anaya, Mbr, Puerto Rican Professional Assoc
Mr. Mairo Catolino Puerto Rico Leadership Council
Mr. Joseph L. Raia, Counsel, Aspira
Mr. Richard Moreno, Consultant, Aspira
Ms. Miream Sierra, President, CEO, Aspira
Ms. Ruth Pacheco, Chair, Aspira
Mr. Fernando Asencio, Vice Chair, Aspira
Ms. Marie Caceres, Principal, Aspira Art Deco
Mr. Jose Rodriguez, Principal, Aspira LCPA
Ms. Elizabeth Devine, Program Manager, Aspira
Ms. Enrique Llerena, CFLG CPA, Aspira
Mr. Andrew Fierman, CFLG CPA, Aspira
Mr. Demetrio Perez, Lincoln Marti Charter
Mr. Dexter Lehtinen, Counsel, Lincoln Marti Charter
Mr. Erick Valderrama, Latin Builders Academy
Ms. Michelle Noriega, Latin Builders Academy
Mr. Guillermo Fernandez, Latin Builders Academy
Mr. Levi Williams, Counsel, Renaissance Charter School
Mr. Ken Haiko, Chair, Renaissance Charter Schools
Mr. William Benson, Keefe McCullogh CPA, Renaissance C. S.
Ms. Hillary Daigle, VP Finance, CSUSA
Mr. Wendell Carr, Chair, Coral Reef Charter School
Dr. Hector Medina, visitor

Mr. Norwood welcomed Ms. Maria T. Gonzalez as the newly appointed Chief Auditor. She expressed her appreciation and thanked all those that made it possible for her appointment to this position.

2. Approval of the Minutes of the School Board Audit and Budget Advisory Committee Meeting of May 8, 2018

Mr. Norwood presented the minutes of the May 8, 2018, ABAC meeting and asked if there were any questions or comments. Ms. Gonzalez indicated that she was previously approached by the administration requesting some changes to the minutes. She referred to item no. 13 on pages 10 and 11 of the minutes and indicated that the amount listed as \$284,000 should be \$282,000. In addition, she directed the audience to lines 5 and 6 of the paragraph where it should be corrected to read: "They are also recommending penalties and corrective actions. Except for \$282,000, the balance has already been accounted for in WLRN's financial statements that were presented at the last ABAC meeting in March 2018." Also, on page 11, in several places, the amount listed as \$284,000 should be changed to \$282,000.

A motion was made by Mr. Isaac Salver, ABAC member, and seconded by Ms. Mari Tere Rojas, School Board member, for the approval of the amended minutes of the May 8, 2018, ABAC meeting. The motion carried unanimously.

3. Proposed Audit and Budget Advisory Committee Meeting Dates for Fiscal Year 2018-2019

Mr. Norwood drew attention to the proposed ABAC dates for Fiscal Year 2018-2019.

Ms. Gonzalez explained that these dates were initially selected during the tenure of former Interim Chief Auditor Iraida Mendez-Cartaya, and these had been previously vetted with district administration to ensure there were no conflicts with the dates of any School Board-related meetings already scheduled in this coming school year's calendar. Ms. Gonzalez opened the floor for discussion.

Mr. Jeffrey Codallo, ABAC member disclosed to the audience the meeting cancellation notices that several ABAC members had received prior to the meeting. He apologized that these notices unintentionally originated from him. Apparently, this happened when he was assigning the ABAC meeting dates to his calendar, and advised the group to disregard any cancellation notices from him. The Chief Auditor expressed her appreciation to Mr. Codallo and thanked him for the clarification.

Since there were no further comments, a motion was made by Mr. Juan del Busto, ABAC member and seconded by Ms. Mari Tere Rojas, School Board member, for the approval of the ABAC meeting dates for Fiscal Year 2018-2019. The motion carried unanimously.

4. Update on the Selection of the External Independent Auditor of the GOB Program

The Chief Auditor updated the ABAC on the selection of the external independent Auditor of the General Obligation Bond (GOB) Program and explained that since the last update issued by her office on June 8, 2018, her office has worked diligently on this audit project with the external audit firm of S. Davis & Associates and pointed out that firm representatives were present at the meeting.

Ms. Gonzalez stated that her office worked to ensure that the contract and the deliverables supporting the contract aligned with the audit's Request for Proposal (RFP), and with the scope of the audit that was previously approved at the February 2018 Board meeting under Agenda Item E-89 Revised. She further stated that the contract is in the process of being reviewed and executed by the administration; and currently, the external audit firm is in the process of drafting the audit's engagement letter. She concluded by stating that the firm should be ready to start the audit once these items are finalized. Lastly, Ms. Gonzalez welcomed the firm representatives.

School Board member Mari Tere Rojas thanked everyone involved in this process to make it possible and expressed her satisfaction that this will be very transparent to the community and will produce positive outcomes.

Additional questions from ABAC and School Board members regarding the status of the audit engagement letter, clarification on the payment schedule and on the scope of the work were properly addressed by the Chief Auditor.

Mr. Norwood recommended that Mr. Rudy Rodriguez, ABAC member, who was instrumental in the development of the scope of this project, meet with Ms. Gonzalez to receive an update of what has transpired. They both agreed to meet.

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

5. The School Board of Miami-Dade County, Florida – Audit Plan and AU 260 Communication for the Fiscal Year Ending June 30, 2018

Mr. Donovan Maginley, Engagement Partner, and Mr. Anil Harris, Audit Senior Manager, both from the external independent audit firm of RSM US, LLP responsible for the audit of the School Board's financial statements, presented their audit plan for the upcoming 2018-2019 fiscal year. Mr. Maginley explained the scope of services, timelines, and areas of special emphasis. He also stated the importance of their communications with management, not only at the end of the engagement but throughout the audit process, and especially in instances of discovery of fraud that must be communicated immediately. He pointed out that they will be also performing the Single Audit and expressed that they would be issuing the management letter in concert with the rules of the Auditor General.

During the presentation, he highlighted those pages of the Plan which introduced the audit engagement team, stated the responsibilities of management and that of the external auditors, listed the audit deliverables, described critical requirements of the audit and high-risk areas, and delineated the audit engagement timelines.

Mr. Harris presented the significant key audit areas. These included self-insurance claim liability, taxes, capital assets and construction, implementation of new GASB standards and IT systems. Mr. Maginley closed the presentation by stating that this is a working plan and that changes may be made to it if they encounter other areas of interest that they believe should be reviewed.

School Board member Mari Tere Rojas posed a comment as to whether it was possible in the future to review the members of the audit engagement team. Mr. Maginley stated that this could be done, provided that the selection of the team members does not compromise their independence and may not be viewed as an a-la-carte selection. Ms. Rojas clarified that her comment was in the event of a possible issue, and not geared to a specific selection. Other questions posed by ABAC members and School Board members were aptly addressed by Mr. Maginley.

There being no further questions or comments, a motion was made by ABAC member Mr. Jeffrey Codallo, and seconded by ABAC member Mr. Rudy Rodriguez, which carried unanimously, to recommend that the **The School Board of Miami-Dade County, Florida – Audit Plan and AU 260 Communication for the Fiscal Year Ending June 30, 2018**, be received and filed by the School Board.

6. Presentation of FY 2018-19 Executive Summary Tentative Budget

Mr. Ron Y. Steiger, Chief Financial Officer (CFO) and the Superintendent gave a comprehensive presentation of the Executive Summary Tentative Budget for Fiscal Year Ending June 30, 2019. This report was to be presented to the School Board during its July 25, 2018, meeting (budget public hearing).

According to Mr. Steiger, the budget process is a year-long effort that takes into account the input and collaboration from parents, principals and the entire community. Mr. Steiger made a historical/chronological presentation as to how the funding formula developed throughout the years and described how the district receives less funding per student, how the district's largest investment is in the area of instruction, and how for this year, the base student allocation increased by only 47 cents. He also stated that for 2018-2019, 6.75 mills represents the lowest millage that our citizens will pay for school board services in the last 40 years.

At this point, the Superintendent contributed to the presentation by stating that the Required Local Effort (RLE), which is the main form of taxation for public education in the State of Florida has been artificially deflated for the past two years to ensure that what the taxpayers pay is the roll-back rate with one exception this year: new construction/new inventory on the market does make a contribution. He also stated

that if one goes back to 1980, the total tax rate is pretty stunning where it is. Mr. Carvalho further stated that now is a significant opportunity for the School Board to address the moral/practical imperative of teachers' salaries. If there was a time, he said the time to do this is now. According to him, even if you add $\frac{3}{4}$ mills to benefit teachers and security, the tax rate will continue to be significantly lower than it has ever been, or 7.5 mills.

During the presentation, the Superintendent highlighted the cost of living in Miami, which he stated is eight percent higher than the State average, and his concerns with the District Cost Differential (DCD) which affects the Florida Education Finance Program (FEFP). Mr. Carvalho also stated that the funding formula is no longer working effectively or no longer accounts for differences across regions in the State of Florida. He further discussed that through the efforts of the Dade delegation in a previous year, this year the Governor approved a \$100,000 appropriation to finance a study to provide the basis for possibly altering the FEFP funding through the DCD or other viable mechanisms. He is hopeful that this will be benefiting Miami-Dade County in the foreseeable future.

School Board member Mari Tere Rojas commented that, same as the Superintendent, she is optimistic and believes that there will be a paradigm shift that will take place. She added that hopefully, all these areas will be emphasized when School Board members meet with the Dade Delegation. School Board member Dr. Larry Feldman proffered that the ABAC write a letter to the legislature or to the Dade Delegation supporting their ability to seek a change. However, ABAC member Dr. Nancy Lawther posed whether the timing of this letter would be better suited after the study results.

After some more discussion, it was agreed that Ms. Iraida Mendez-Cartaya, Associate Superintendent, Intergovernmental Affairs and Grants Administration, will bring to the ABAC the results of the legislative platform which takes place in October 2018 for the ABAC's consideration to write a letter in support of the Board's priorities.

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

7. Update – Teacher Salary Task Force

Mr. Steiger explained that the main recommendation of the Teacher Salary Task Force was for the Board's consideration of a referendum seeking additional funding for increased teacher salaries that would be brought forth to the November ballot. If successful, the funds would not come into the budget until July 2019. According to him, this would be a four-year millage, non-recurring for operating purposes.

Mr. Norwood requested clarification on the role of the Teacher Salary Task Force.

Mr. Carvalho described how the Task Force was formulated through Board action, the participants, the various meetings held by Task Force members, and their findings and recommendations that were brought forth to the Board. In addition, aside from the Task Force's main recommendation for consideration of a referendum, he explained other considerations of the Task Force which included the level of taxation of no less than ½ mill and up to 1 mill; the percent of additional teacher compensation up to 20 percent; and consideration given to educational support and to child care subsidies and affordable housing. He then explained that these were presented to the Board at a special workshop. After the workshop, a special Board meeting was held to approve the scheduling of a regular Board meeting to address the ballot's language. Ultimately, the recommendation was for three-quarter (3/4) mill.

School Board member Mari Tere Rojas complimented the work of the Teacher Task Force participants and the constructive conversations that ensued during those meetings. Mr. del Busto expressed concerns that new teachers may be leaving to pursue other career opportunities and he stated that something needs to be done to attract and maintain these new teachers.

School Board member Mari Tere Rojas stated that these issues were discussed during the meetings; however, there was concern for salaries of teachers that are at their mid or late-year career point.

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

8. Monthly Financial Report Unaudited – For The Period Ending April 2018

Mr. Steiger introduced the above-mentioned report and stated that the District ended the year in a solid position. He welcomed any questions.

Mr. Codallo referenced page 5 of the report and posed a question regarding the percentage of student participation in the (food service) meals program, particularly in the breakfast meals program that reported 27 percent student participation. He also inquired whether these measures were based on participation requirements or nutrition requirements. These questions generated significant conversation in this area.

Mr. Steiger responded that the measures in this report generate from student participation; however, the program is evaluated in other areas of importance such as nutrition and quality of food. He elicited input from Mrs. Valtena Brown, Deputy Superintendent/Chief Operating Officer who also oversees the Department of Food and Nutrition. Mrs. Brown confirmed that, aside from student participation, nutrition requirements are also closely evaluated, and pointed to the Wellness Committee (responsible for reviewing and monitoring the District's Wellness Policy) that is chaired by Mr. Jeffrey Kaufman, one of the ABAC members. Mr.

Kauffman, like Mr. Codallo, expressed concerns regarding what appeared to be low student participation in the meals program, and inquired whether something could be done to increase participation.

The Superintendent provided further clarification on the process, and to assuage Mr. Codallo and Mr. Kaufman's concerns, he discussed current initiatives to market the program more assertively and expand on nutritious menu choices. However, according to the Superintendent, this year was an odd year in terms of participation. He stated that events such as hurricanes and threats (after the incident in Parkland) and similar social media threats may have thwarted student attendance on various occasions this last fiscal year. Other questions regarding financial aspects of the program posed by Mr. Rodriguez were aptly answered by Mr. Steiger.

School Board Member Mari Tere Rojas brought forth the question of consideration for more appealing menu choices and whether those were being considered. Superintendent Carvalho replied that new food products keeping pace with the new times are being offered and new adjustments to menus are being made.

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

AUDIT REPORTS:

9. Presentation for 14 of 128 Charter Schools Audited Financial Statements FYE June 30, 2017

Mr. del Busto expressed displeasure regarding some of the issues presented by some of the charter schools because further administrative action could not be taken in some of these cases. He wanted to know the ABAC's role and responsibility over charter schools.

Ms. Gonzalez explained that the responsibilities of her office were to analyze and assess these financials and bring these assessments to the ABAC and the administration for further discussion and to determine a course of action. Mr. Jon Goodman, Executive Audit Director, agreed with Mr. del Busto's concern and further referred the issue to the School Board Attorney and the Charter School office for their comments and mechanisms in place for monitoring charter schools.

Mr. Carvalho shared similar sentiment and level of frustration as Mr. del Busto expressed, and gave discourse on what he believes are lower standards applicable to charter schools regarding actions of charter schools that disregard policy or that may border on fraudulent practices.

Mr. del Busto inquired if the ABAC could provide written recommendation to the State or to the charter schools' governing entities. The Superintendent suggested that Ms. Gonzalez and Ms. Mendez-Cartaya meet to discuss possible revisions

statutorily in order to empower the type of action post audit findings to the charter since it appears that corrective action is not taking place accordingly. In this regard, School Board Attorney Walter Harvey cited Florida Statute 1002.33 which encompasses the legal provisions as well as limitations of the law over charter schools including those instances of material financial deficiencies.

Dr. Larry Feldman, School Board member, suggested that the Committee request the School Board Attorney for an opinion on the ABAC's responsibilities over charters.

Mr. Rodriguez inquired about the provision as it relates to loans made from school to school. Ms. Tiffanie Pauline, Assistant Superintendent, Charter School Support, explained that transfers from school to school are allowed. Mr. Harvey noted that transfers outside of the district are prohibited under state law and this body took a strong position and the State agreed with the District.

Mr. Norwood closed the discussion by making a statement that the ABAC can take a position and make a recommendation to the School Board when a charter school has failed to meet the general standards of fiscal management, and it is up to the Board to act or not act upon it. In some cases, the School District can issue a 90-day notice of termination, whether upheld or not is another issue. There are other violations and good causes related to charter contracts; but regarding financial issues, this Committee can take action.

Before proceeding with the charter schools, at the request of the Superintendent, **a motion was made by School Board member Mari Tere Rojas and seconded by ABAC member Jeffrey Kaufman, which carried unanimously, to approve the discussion of the matter of WLRN earlier in the agenda (currently under "Old Business").**

Once that item was discussed, after a short recess, charter school representatives were brought into the room for the individual schools' presentations.

Prior to the start of the presentations, and due to acting ABAC Chair Christopher Norwood's recusal on the matter of the Aspira charter schools, **a motion was made by Mr. Juan del Busto, ABAC member and seconded by Ms. Mari Tere Rojas, School Board member, which carried unanimously, to approve the decision to bifurcate the charter schools into two groups for the discussion: one to include the Aspira charter schools only, and another to include the rest of the schools. Mr. Juan del Busto, ABAC member, took over as Chair Pro Tem to discuss the first item.**

Three Aspira charter schools:

- **Aspira Arts Deco Charter School**
 - **Aspira Leadership and College Preparatory Academy**
 - **Aspira Raul Arnaldo Martinez Charter School**
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Chair Pro Tem Juan del Busto opened the discussion for the Aspira charter schools and the Chief Auditor introduced Mr. Goodman who would be addressing the ABAC regarding this matter. Mr. Goodman summarized the issues and then introduced the school representatives for questions.

Three Aspira charter schools (Aspira Raul Arnaldo Martinez, Aspira Leadership and College Preparatory Academy, and Aspira Deco Charter) had met one of the conditions of financial emergency as set forth in Section 218.503, Florida Statutes, when they were late depositing the federal income taxes to the IRS from September 2016 to December 2017. At present, they are in the process of developing a financial corrective action plan that must be approved by the Department of Education. Charter school representatives in attendance included the principals, counsel, and the external auditors. It also included Mr. Richard Moreno of *Building Hope* who is assisting the school with their corrective action plan.

These charter schools' conditions of financial emergency elicited significant discussion. In particular, there was a transaction reflected in the financial statements that Mr. Julio Miranda, ABAC member questioned since it appears that the school had transferred a large sum to the parent company.

Mr. del Busto recommended postponing the transmittal of these financials to the Board pending a subsequent meeting with the representatives to discuss additional information. This would include the financial corrective action plan.

The Committee agreed not to transmit to the Board but to bring these schools' financials to the next ABAC in September 2018 for further discussion. There being no further questions or comments, **a motion was made by ABAC member Rudy Rodriguez, and seconded by ABAC member Jeffrey Kaufman, which carried unanimously, to postpone the transmittal of the Aspira Schools until the corrective action plan is received.**

Subsequent to this action, Mr. Christopher Norwood resumed his position as acting ABAC Chair to discuss the rest of the items on the agenda.

Keys Gate Charter High School

Mr. Goodman stated that the financial statements had been initially presented at the May ABAC meeting; however, ABAC members had shared concerns with the continually declining net position reflected in these financials and had requested

withholding action until this meeting to have an opportunity to discuss these concerns with representatives of the school.

Several representatives including the external auditor of the charter were present.

School Board Member Mari Tere Rojas inquired about the \$3.4 million deficit and the declining fund balance, and requested an explanation.

Keys Gate's external auditor attributed the deficit to a building that was constructed in the past which in turn has generated accumulated depreciation and pointed out that the school did not meet any conditions of financial emergency and had complied with the Florida Statutes and the Rules of the Auditor General.

Mr. Goodman explained that the school is paying off the debt, however he agrees with the concerns of the ABAC members that the \$3.4 million deficit should be monitored.

Dr. Lawther inquired if the school had received any local capital tax revenue in February 2018. After some discussion between the parties, Mr. Steiger confirmed that the charter school had not received any capital outlay funds.

There being no further questions or comments, a motion was made by ABAC member Rudy Rodriguez, and seconded by ABAC member Jeffrey Kaufman, which carried unanimously, to recommend that the **Financial Statements of the Keys Gate Charter High School**, be received and filed by the School Board.

Latin Builders Association Construction and Business Management Academy (LBA)

Mr. Goodman explained that the school apparently violated Section 112.313, Florida Statutes, when it was disclosed that a governing board member was conducting business with an entity in which the member had a material interest.

Mr. Rodriguez inquired regarding the monies paid to Link Construction Group, specifically, the source of the funds and who had signed for the loan. He also wanted to know who owned the school. One of LBA's representatives responded that they had obtained a loan with Professional Bank to pay for the construction, the signer was Mr. Bernie Navarro, Board Chair, and the school was owned by the LBA.

In response to a question by Mr. Codallo, the School Board Attorney stated that this was a conflict of interest violation, and they had sought an opinion from the Commission on Ethics (COE). The COE said they would not provide an opinion; that the request for an opinion would have to come from the charter school. The School Board Attorney recommended training for those involved in this issue for an understanding of the requirements of the Code of Ethics and competitive

bidding requirements. He stated this is especially important if it involves a member of the charter's governing board.

School Board member Mari Tere Rojas inquired about the training and whether it had taken place. According to Ms. Michelle Noriega, LBA Board Chair, the training will be taking place soon.

Mr. Norwood recommended that they engage in live group training which in his opinion is more effective than enrolling in an individual computer-based course. Ms. Noriega also agreed with this recommendation.

There being no further questions or comments, a motion was made by Mr. Kaufman, and seconded by Ms. Rojas, which carried unanimously, to recommend that the **Financial Statements of the Latin Builders Association Construction and Business Management Academy**, be received and filed by the School Board.

Four charter schools under Lincoln Marti Charter Schools Inc.

- **Charter School of the Americas**
 - **Little Havana Campus**
 - **Hialeah Campus**
 - **International Campus**
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Mr. Goodman explained the issues with a change in the lease terms. The internal auditors had noted that rent had increased substantially. According to the school, the reason was the additional rental of square footage; however, the auditors found that the lease term contracts did not properly delineate the demised premises. Going forward, the lease agreements must delineate the demised premises.

Mr. Dexter Lehtinen, counsel representing the charter school agreed with Mr. Goodman's summary statement and stated that corrective action going forward is being implemented. Mr. Rodriguez had a question regarding the lease of one of the campuses, and the representative acknowledged that the increase was additional rental of square footage for all the campuses.

Mr. Norwood requested that Mr. Goodman provide an explanation as to why this matter was brought to the Committee's attention.

Mr. Goodman stated that based on what happened with the change in the lease terms, and the fact that the landlord is the same as the management company, the issues not only required further discussion and analysis, but in the opinion of the internal auditors, these must be brought to the attention of the Committee. Ms. Tiffanie Pauline, Assistant Superintendent, Charter School Support, agreed with Mr. Goodman's statement and further stated that the lease agreement has a section describing the demised premises; therefore, it is not clear why the square footage was not reflected in the lease documents.

These issues with the lease term changes resulted in a spirited discussion among School Board members Dr. Feldman and Mari Tere Rojas, the Chief Auditor and the Superintendent as to whether these issues, if corrected, should be brought to the attention of the Committee.

In closing, Mr. Norwood stated that the internal auditors are required by law to review the financial statements and to bring issues of concern to the Committee, if they feel it is required by the standards of their auditing profession.

There being no further questions or comments at this time, a motion was made by Mr. Kaufman, and seconded by Ms. Rojas, which carried unanimously, to recommend that the **Financial Statements of the Four charter schools under Lincoln Marti Charter Schools Inc. (Charter School of the Americas, Little Havana Campus, Hialeah Campus and International Campus)**, be received and filed by the School Board.

**Beacon College Prep Charter High School
Coral Reef Montessori Academy Charter School**

Mr. Goodman explained that these two charter schools had a deficit net position and/or a deficit fund balance. However, their certified financial statements reflected an adequate financial condition pursuant to Section 218.503, Florida Statutes, and Sections 10.854 and 10.855, Rules of the Auditor General.

Since there were no questions, a motion was made by ABAC member Rudy Rodriguez, and seconded by ABAC member Jeffrey Kaufman, which carried unanimously, to recommend that the **Financial Statements of the Beacon College Prep Charter High School and Coral Reef Montessori Academy Charter School**, be received and filed by the School Board.

**Miami Children's Museum Charter School
Theodore R. and Thelma Gibson Charter School
South Florida Autism Charter School**

Mr. Goodman stated that the last three charter schools had adequate financial positions based on the certified financials.

Since there were no questions, a motion was made by ABAC member Rudy Rodriguez, and seconded by ABAC member Jeffrey Kaufman, which carried unanimously, to recommend that the **Financial Statements of the Miami Children's Museum Charter School, Theodore R. and Thelma Gibson Charter School and South Florida Autism Charter School**, be received and filed by the School Board.

10. Internal Audit Report – Selected Schools/Centers

The Chief Auditor introduced the Internal Audit Report of Selected Schools/Centers to the Committee. According to her presentation, the report contains the results of 70 school audits with no findings to report.

School Board members Mari Tere Rojas and Dr. Larry Feldman thanked the district administration and commended the region and school administration/staff for the excellent work reflected in these audit results.

There being no further questions or comments, a motion was made by ABAC member Jeff Kaufmann, and seconded by ABAC member Juan del Busto, which carried unanimously, to recommend that the **Internal Audit Report – Selected Schools/Centers**, be received and filed by the School Board.

OTHER REPORTS:

11. Evaluation of External Auditors (Fiscal Year Reporting Period Ended June 30, 2017) and the Internal Audit Team (Fiscal Year Ending June 30, 2018)

The Chief Auditor presented the results of the evaluations of the External Auditors Fiscal Year Reporting Period Ended June 30, 2017 and the Internal Audit Team Fiscal Year Ending June 30, 2018 and stated that, although the evaluations were positive and indicated satisfaction with the Chief Auditor and the internal audit team, as well as with the performance of the external auditors, RSM, some respondents expressed uncertainty as to the size and structure of the internal audit office to meet its goals, and whether the external auditor properly communicated and/or addressed the “tone at the top” and anti-fraud issues.

School Board member Mari Tere Rojas inquired whether the Chief Auditor considered that the size of her office met the needs. The Chief Auditor stated that the proposed Plan was drafted with the mindset that it could be accomplished with the level of resources currently available.

Ms. Rojas inquired how the process for adding resources to the Chief Auditor’s office would be handled. Mr. Harvey responded that additional positions would have to be classified and approved by the School Board. Mr. Steiger stated that all requests must first be discussed with the Chief Financial Officer and the Budget Office for availability of funds. However, all requests are ultimately approved by the Board.

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

12. Office of Management and Compliance Audits' Proposed 2018-2019 Audit Plan

The Chief Auditor disclosed the various areas of the plan and some of the proposed audits. She will welcome input from stakeholders during the summer and will present the formal audit plan at the September 18, 2018, ABAC meeting. Mr. Rodriguez wanted to know how capacity is evaluated.

Ms. Gonzalez responded that capacity is based on the timeline, as illustrated with the use of Gantt charts and budgeted hours for each individual project, whether school or district audit project. Upon Mr. Rodriguez's interest on discussing how the timelines are monitored, Mr. Norwood recommended that she share this information with the Committee.

Dr. Feldman referenced page 3 of 9 of the report in the Miami-Dade Schools Police Department section and pointed out the matter that he has encountered with the numerous night burglar alarms which turn into a false alarm and commented that the police officers should not be wasting their time with these events. He believes this issue should be addressed.

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

13. Office of Management and Compliance Audits' Activity Report

The Chief Auditor introduced the above-noted report and stated that it summarizes the office's activities since the last ABAC meeting. She also announced that Mr. Trevor Williams, Assistant Chief Auditor, had tendered his resignation from Miami-Dade County Public Schools. She stated that Mr. Williams has been working in the office for 27 years, was a great contributor and will be missed dearly. She then turned the floor to Mr. Williams, who gave an excellent address and parting thoughts, highlighted his commitment and what motivated him all these years, and thanked the ABAC and the Board.

Following a standing ovation, School Board member Mari Tere Rojas and acting ABAC Chair Christopher Norwood thanked Mr. Williams for his years of service, for his professionalism and his dedication.

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

New Business:

School Board member Mari Tere Rojas commended Ms. Gonzalez for her first meeting as Chief Auditor and also congratulated Ms. Mendez-Cartaya for a job well done as the former Interim Chief Auditor.

Mr. Norwood brought to the attention of the Committee the issue of capital outlay distribution to charter schools and whether charter schools with 75 percent free and reduced meals are receiving the correct allocation. Mr. Goodman stated that he has been made aware of this issue and has had conversations with charter school staff and he believes it merits to be brought to the Committee for further discussion.

Mr. Steiger explained that they tried to make those calculations; however, the Department of Education (DOE) directed them not to do that. Instead, the DOE gives the District the exact amount to be distributed and the date by which they need to distribute the funds. Ms. Pauline stated that perhaps the discrepancy lies in the manner in which the DOE calculates the free and reduced amount.

Mr. Steiger reiterated that he can inquire from the DOE.

Mr. Norwood requested reviewing all charter schools in Miami-Dade County to see if those reporting 75 percent free and reduced meals are receiving the correct amount. Mr. Steiger restated that he would contact the DOE to pose the question.

Mr. Norwood recommended bringing that information to the next ABAC meeting under "Old Business". Dr. Feldman recommended the Chief Auditor to send the information via memorandum once received from Mr. Steiger instead of waiting to the next ABAC meeting. Mr. Norwood concluded by stating that we first need this information to determine what course of action to follow next.

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

Old Business:

- **Follow-up to inquiry from ABAC member relating to the Academy of Arts and Minds Charter School's closing**

Ms. Gonzalez introduced this item by stating that at the last ABAC meeting Mr. Miranda posed a question relating to the disposition of donations under custody of BAAM since the school is closing. Mr. Harvey offered to draft a letter and forward to Charter School Operations to follow-up. However, since the school is closing Charter Schools Operations forwarded a detailed letter requesting a number of financial information which is the letter you have before you.

Ms. Pauline explained that as part of the close-out procedures they encourage the schools to set funds aside and if there are pending issues they meet with school's staff and monitor the accounts.

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

- **Corporation for Public Broadcasting's (CPB) Office of Inspector General (OIG) determination on the OIG findings related to WLRN's Audit of Community Service Grants for the period July 1, 2013 through June 30, 2015**
-

The Chief Auditor introduced this item by stating that at the ABAC meeting of May 2018, there was significant conversation on this second audit of WLRN, where CPB-OIG auditors were recommending repayment of \$784,000 and possible penalties. During the previous ABAC meeting, School Board member Mari Tere Rojas had inquired about the 180 days' CPB deadline to provide a response to the second CPB-OIG audit of WLRN. Ms. Daisy Gonzalez-Diego, Chief Communications Officer, had replied that it would be around September 2018. However, on June 29, 2018, the CPB communicated its determination to the station, which the Superintendent transmitted to the Board on July 3, 2018. According to CPB's determination, the District will be required to repay \$862,420. This total comprises the \$784,018 overpayment disclosed during the audit, plus a ten percent penalty of \$78,402.

Mr. Carvalho expressed that he may pursue appealing the decision within the 30 days deadline established by CPB. Furthermore, he had placed on notice the external auditors involved in past WLRN audits. He also said that monies corresponding to WLRN were on reserve if CPB ultimately enforces payment.

School Board member Mari Tere Rojas asked several questions regarding timelines and expectations after the external auditors have been placed on notice and her questions were satisfactorily answered by the administration.

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

ADJOURNMENT

Since there was no further business to come to the Committee, and upon a motion duly made and seconded, the meeting was adjourned by Mr. Norwood at 4:54 p.m.

/em

Attachment (Recusal Form)

Revised: 9/19/18

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

LAST NAME—FIRST NAME—MIDDLE NAME Norwood Christopher M.	NAME OF BOARD, COUNCIL, COMMISSION, AUTHORITY, OR COMMITTEE Audit + Budget Committee
MAILING ADDRESS 14844 Breckness Place	THE BOARD, COUNCIL, COMMISSION, AUTHORITY OR COMMITTEE ON WHICH I SERVE IS A UNIT OF: <input type="checkbox"/> CITY <input type="checkbox"/> COUNTY <input type="checkbox"/> OTHER LOCAL AGENCY
CITY COUNTY Miami Lakes, FL	NAME OF POLITICAL SUBDIVISION: School Board
DATE ON WHICH VOTE OCCURRED	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 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 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 would inure to his or her special private gain or loss. Each elected or appointed local officer also **MUST ABSTAIN** from knowingly voting on a measure which would inure to the special gain or loss of a principal (other than a government agency) by whom he or she is retained (including the parent, subsidiary, or sibling organization of a 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 (CRAs) 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 are not prohibited by Section 112.3143 from otherwise participating 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 page 2)

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, _____, hereby disclose that on _____, 20 ____ :

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

- 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 subsidiary, or sibling 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've represented the school in DOAH proceedings. I don't believe that my services occurred during the fiscal year that the audited Financials are related to. But in a precaution to not appear in conflict, I'm recusing myself.

If disclosure of specific information would violate confidentiality or privilege pursuant to law or rules governing attorneys, a public officer, who is also an attorney, may comply with the disclosure requirements of this section by disclosing the nature of the interest in such a way as to provide the public with notice of the conflict.

July 17th, 2018
Date Filed

[Signature]
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.