

**MINUTES OF THE SCHOOL BOARD AUDIT AND BUDGET ADVISORY COMMITTEE
OF MIAMI-DADE COUNTY PUBLIC SCHOOLS
REGULAR MEETING
December 7, 2021**

The School Board Audit and Budget Advisory Committee (the ABAC or the Committee) met on Tuesday, December 7, 2021, in the School Board Administration Building, SBAB Auditorium, at 1450 N.E. Second Avenue, Miami, Florida.

Call to Order

The ABAC Chair Mr. Erick Wendelken called the meeting to order at 12:39 p.m.

1. Welcome and Introductions

ABAC Members Present	
Mr. Erick Wendelken, CPA, ABAC Chair	
Mr. Christopher Norwood, J.D., ABAC Vice Chair	
Mr. Juan del Busto, ABAC Member	
Mr. Stephen Hunter Johnson, Esq., ABAC Member	
Mr. Jeff Kaufman, ABAC Member	
Mr. Albert D. Lopez, CPA, ABAC Member	
Mr. Julio C. Miranda, CPA, CFE, ABAC Member	
Ms. Mari Tere Rojas, School Board Member/ABAC Member	
Ms. Sharon Watson, ABAC Member	
Mr. Ron Y. Steiger, Chief Financial Officer, Ex Officio (Non-Voting) Member of the ABAC	
ABAC Members Absent	
Ms. Chloe Bordon-Gillenwater, ABAC Member	
Ms. Anna Hochkammer, ABAC Member	
Ms. Zeida Sardiñas, ABAC Member	

Others in Attendance	
Ms. Perla Tabares Hantman, School Board Chair	Mr. Michael Hernandez, CPA, Audit Supervisor, OMCA
Mr. Alberto M. Carvalho, Superintendent of Schools	Mr. Alejandro Santana, IT Auditor, OMCA
Mr. Walter J. Harvey, School Board Attorney	Dr. Larry Jones, FTE Staff Auditor, OMCA
Mr. Jaime G. Torrens, Deputy Superintendent	Mr. Jerold Blumstein, School Bd. Member's Chief of Staff
Mr. Jose Bueno, Chief of Staff	Ms. Ana Lara, School Bd. Chair Chief of Staff
Mr. Jon Goodman, Chief Auditor	Ms. Nicole Reinoso, School Bd. Member's Chief of Staff
Dr. John D. Pace, Chief Operating Officer	Ms. Francys Vallecillo, School Bd. Member's Chief of Staff
Dr. Dawn Baglos, Chief Human Capital Officer	Ms. Lourdes Amaya, School Board Admin. Assistant
Ms. Tabitha Fazzino, Chief Intergovernmental Affairs	Ms. Zahirah Calloway, School Board Admin. Assistant
Mr. Eugene Baker, Chief Information Officer, ITS	Ms. Krystina Diaz, School Board Admin. Assistant
Ms. Daisy Naya, Controller	Ms. Carlota Noguera, School Bd. Chair Admin. Assistant
Ms. Margarita Betancourt, Treasurer	Mr. George A. Nuñez, School Board Admin. Assistant
Ms. Verena Cabrera, Region Superintendent	Mr. Rolando Gonzalez, Property Audit Manager
Mr. Michael A. Lewis, Region Superintendent	Ms. Elsie Berrios-Montijo, Staff Assistant
Dr. Gloria Arazoza, Region Administrative Director	Ms. Latisha Green, Assistant to the Chief Auditor
Mr. Edward A. McAuliff, Executive Director	Ms. Felicia Dennis, District Admin Assistant
Mr. Luis O. Baluja, CISA, District Director	Mr. Al Chicoy, Creative Director, WLRN
Ms. Mahati Tonk, District Director, Charter Schools	Mr. Adson Pressage, TV Director, WLRN
Ms. Tamara Wain, CPA, District Director, OMCA	Mr. Nicholas Moreton, IT Support
Mr. Richard Yanez, CPA, District Director, OMCA	Dr. Nancy Lawther, ABAC Alternate

Others in Attendance	
Mr. Felix Jimenez, Inspector General (OIG)	Mr. Anil Harris, Manager, RSM US LLP
Mr. Hector Ortiz, Assistant Inspector General (OIG)	Ms. Mina Hosseini, Executive Director, P.S. 305
Mr. Thomas Knigge, Supervisory Agent, (OIG)	Mr. Raul Alvarez, Trimerge, CPA
Ms. Cynthia Borders-Byrd, CPA LLC	Mr. Pierre Normil, Trimerge, CPA
Mr. Brett Friedman, Partner, RSM US LLP	

2. Conduct Election of Chair and Vice Chair (ACTION)

Chief Auditor, Mr. Jon Goodman thanked Mr. Erick Wendelken and Mr. Christopher Norwood for serving as Chair and Vice-Chair respectively for four years. Mr. Goodman stated that their allowable terms have come to an end and opened the floor for nominations for the Chair and then the Vice-Chair.

Board/ABAC member Ms. Mari Tere Rojas inquired if Mr. Wendelken or Mr. Norwood were interested in being considered. Mr. Goodman stated that both are termed out for their current positions. However, Mr. Norwood, Vice-Chair would be eligible for Chair.

ABAC member, Mr. Julio Miranda nominated Mr. Norwood and Mr. Albert Lopez, ABAC Member seconded the nomination. Ms. Rojas commented that she was nominating Mr. Norwood as well. The ABAC members unanimously voted to select Mr. Christopher Norwood for ABAC Chair. Mr. Goodman congratulated Mr. Norwood.

Next, Ms. Rojas inquired if the previous Chair Mr. Wendelken was interested in the Vice-Chair position. Mr. Wendelken stated that he would be happy to take the role if no one else is interested. Mr. Goodman asked if there was someone else interested and introduced Mr. Stephen Hunter Johnson, ABAC member as he arrived to the meeting.

Mr. Albert Lopez nominated Mr. Wendelken for Vice-Chair, and the nomination was seconded by Ms. Rojas. Mr. Goodman proceeded to inquire if anyone else was interested in the position. Mr. Stephen Hunter Johnson stated that he was interested. Mr. Juan del Busto, ABAC member, nominated Mr. Hunter Johnson and it was seconded by Mr. Lopez.

After votes from the Committee, Mr. Goodman indicated that Mr. Hunter Johnson is the new Vice-Chair, congratulated Mr. Norwood and Mr. Hunter Johnson for their appointments and stated that Mr. Norwood may now take over the meeting as the Chair.

Mr. Norwood thanked Mr. Wendelken for his leadership and thanked everyone and proceeded with the agenda.

3. Approval of the Minutes of the Special School Board Audit and Budget Advisory Committee Meeting of August 26, 2021, Screening Applications of Chief Auditor Position (ACTION)

ABAC Chair Mr. Norwood presented the item. No questions were posed by the Committee. There being no questions or comments, a motion duly made by Board/ABAC member Ms. Mari Tere Rojas and seconded by ABAC member Mr. Albert Lopez, carried unanimously to approve and file the Minutes of the Special School Board Audit and Budget Advisory Committee Meeting of August 26, 2021, Screening Applications of Chief Auditor Position.

4. Approval of the Minutes of the Special School Board Audit and Budget Advisory Committee Meeting of September 21, 2021, Oral Interviews of Chief Auditor Position (ACTION)

Mr. Norwood presented the item. No questions were posed by the Committee. There being no questions or comments, a motion duly made by Board/ABAC member Ms. Mari Tere Rojas and seconded by ABAC member Mr. Albert Lopez, carried unanimously to approve and file the Minutes of the Special School Board Audit and Budget Advisory Committee Meeting of September 21, 2021, Oral Interviews of Chief Auditor Position.

5. Approval of the Minutes of the School Board Audit and Budget Advisory Committee Meeting of September 14, 2021 (ACTION)

Mr. Norwood presented the item. No questions were posed by the Committee. There being no questions or comments, a motion duly made by Board/ABAC member Ms. Mari Tere Rojas and seconded by ABAC member Mr. Jeff Kaufman, carried unanimously to approve and file the minutes of the School Board Audit and Budget Advisory Committee Meeting of September 14, 2021.

6. Presentation of the Annual Comprehensive Financial Report (ACFR) and Auditor's Communication of Audit Results, For Fiscal Year Ended June 30, 2021 (ACTION)

The Chief Auditor introduced Mr. Brett Friedman, Partner RSM US LLP to make the presentation of the Annual Comprehensive Financial Report (ACFR) and Auditor's Communication of Audit Results, For Fiscal Year Ended June 30, 2021, and stated that Mr. Ron Steiger, Chief Financial Officer will also weigh in.

Mr. Friedman introduced himself and congratulated the New Chair and Vice- Chair. Mr. Friedman stated that he was providing the results of the June 30, 2021, audit of the Annual Comprehensive Financial Report (ACFR). He stated that the best opinion that they can provide is an unmodified opinion, and that is what they have provided. He began going over some required communications and sections of the reports as follows:

- Performed the audit in accordance with generally accepted auditing standards, government auditing standards, in accordance with the contract with the school board dated May 23, 2021, and arrangement letter dated July 11, 2021.

- The Single Audit part is not ready at this point since the Federal Government has not provided yet the compliance supplement which provides guidance on what has to be tested. This has to do with the CARES Act and ESSER money and will be provided in January.
- One significant policy change this year was GASB 84. Before that there were no significant or unusual transactions, no transactions in areas that lacked proper authoritative guidance. They highlighted managements estimates since a lot of the activity is either cash received by the school board or cash paid. The estimates involve management judgement and are subject to potential manipulation therefore, a lot of focus is placed in this area during the audit.
- No audit adjustment and no uncorrected misstatements. This should give extra comfort in the quality of the material provided to you by Finance. You can trust the information you are getting is complete and accurate.
- Due to the adoption of GASB 84 there was a significant change in how all the agency funds handled by the school board were reported.
- No disagreement with management. No consultations with other auditors. No significant issues or difficulties in performing the audit.
- In regard to internal controls, there were no issues of any kind.
- Still performing the compliance testing on the Single Audit so no comment can be made at this time yet. At this point nothing has been found through the testing so far.
- The key accounting estimates (1) accounting from other post-employment benefits. There the school board uses an actuary and RSM has their own actuary they use in the firm who reviews both the methodology applied and the assumptions and they determined them to be reasonable and estimates to be reasonable. In regards to (2) net pension liability the School Board participates in the Florida Retirement System (FRS) and again the firms actuary reviews both the methodology applied and the assumptions to determine if it is reasonable. (3) Self-insurance is reviewed by a self-insurance actuary who looks at the assumptions and trends and determined it to be reasonable with no issues.
- GASB 87 will now require that all leases whether operating or capital to be recorded on the face of the financials and is going to have a new concept such as a right of use asset. This is something the district will have to work on moving forward.
- During the audit there were some conversations with the Chief Auditor office and have had dialogue about synching up to further enhance the internal control environment. RSM has also consulted with some of the ABAC members as well for the fiscal 2022 audit.

Mr. Friedman asked if there are any questions. Before opening up for questions, ABAC Chair Mr. Norwood asked if Mr. Ron Steiger, Chief Financial Officer would like to respond. Mr. Steiger thanked the RSM team and Controller, Ms. Daisy Naya, and her entire team. Mr. Steiger stated that the past 18 months have been difficult from getting out the Annual Financial Report (AFR), the ACFR, answering questions and now the ESSER funds. Mr. Norwood asked if Ms. Daisy Naya wanted to respond to anything. Ms. Naya thanked everyone for getting out the Annual Comprehensive Financial Report (ACFR) for June 30, 2021, thanked the ABAC and School Board for their guidance and the Chief Financial Officer as well as the good cooperation from RSM. Ms. Naya thanked her team and staff for a spectacular job during the last 18 months in making sure that they had a product that is an unmodified clean audit opinion which is as good as it gets.

ABAC member Mr. Juan del Busto congratulated the District, Mr. Steiger and Ms. Naya and team and expressed that it is outstanding to have an audit of this size with these many funds and not have any audit adjustment.

Ms. Rojas echoed Mr. del Busto's statement and thanked the Superintendent of Schools, Mr. Alberto Carvalho and his team for making this a priority. Ms. Rojas stated that this report is a lot of work and extremely extensive with so many areas of concern that could have gone awry and did not because of the dedication and commitment from all. Ms. Rojas emphasized that not just this year, this has happened for the past several years and that is truly commendable. She also thanked RSM for their dedication and commitment.

ABAC Member Mr. Lopez inquired if there were uncorrected adjustments. Mr. Friedman replied that there weren't any. Mr. Lopez stated that it is tremendous and congratulated all. Mr. Lopez questioned if there will be a management letter issued. Mr. Friedman replied that yes, it will be provided with the Single Audit report once it's completed. Mr. Lopez raised the question to Mr. Steiger on what has been done and the impact that GASB 87 will have on the financials.

Mr. Steiger stated that the biggest question is what is going to be a lease under the new rules. They are still trying to figure that out and hopefully won't have too much of an impact. He stated that in the end they will seek a little bit of outside help to determine what is and what is not a lease and they have a few months to do it.

Mr. Lopez added that there is software that can help with calculation. Mr. Steiger stated he will have to meet with each department and ask what is a lease or what is not.

The Superintendent, Mr. Carvalho, echoed sentiments that were heard and is proud of the work that has been done over a number of years. He stated that he is indebted to the leadership of Mr. Steiger but also every single division head in the school system. He stated that some people give credit to the auditor, and it is important however, the accuracy and the result is always a reflection of the financial, fiscal and budgetary management and the practices that lead to that result. The Superintendent added that this is the last committee of the year, soon to be last School Board meeting of the year and added that in a financial, academic and credibility perspective we are strong.

There being no additional questions or comments made by the Committee, a motion duly made by Board/ABAC member Ms. Mari Tere Rojas and seconded by ABAC member Mr. Stephen Hunter Johnson, carried unanimously to recommend that the Presentation of the Annual Comprehensive Financial Report (ACFR) and Auditor's Communication of Audit Results, For Fiscal Year Ended June 30, 2021, be received and filed by the School Board.

7. Presentation of the Audit of Educational Facilities Impact Fee Fund, Special-Purpose Financial Statements for FYE June 30, 2021 (ACTION)

The Chief Auditor Mr. Jon Goodman introduced the Impact Fee audit and explained that this audit was performed by Ms. Cynthia Borders-Byrd, CPA from the external audit firm C Borders Byrd, CPA LLC. Mr. Goodman then introduced Ms. Borders-Byrd to make her presentation.

Ms. Borders-Byrd began by introducing herself to the ABAC members and stating that they have completed the external audit of the Educational Facilities Impact Fee Fund. The audit report is dated November 17 and it has an unmodified opinion which is the best opinion that you can have. Ms. Borders-Byrd continued to state that the funds equity has improved over last year. Fund balance was \$40 million in 2020 and at the end of 2021 it's \$47.8 million. Ms. Borders-Byrd asked to address any questions the Committee may have on the financials.

ABAC member Mr. Lopez stated that the impact fees, revenues decreased from \$21.1 million to \$19.9 million, and he would have expected it to be the same or greater. Ms. Borders-Byrd expressed that it was a function of the permits that were issued by Miami-Dade County on behalf of builders in the community. When they issue a building permit, they assess an impact fee on behalf of the School Board. Mr. Lopez inquired if overall volume was lower in 2021 and Ms. Borders-Byrd confirmed that yes, it was lower.

Deputy Superintendent, Mr. Jaime Torrens stated that they are seeing fluctuations in the impact fees related to the construction market and the times that the projects are permitted. Permitting is slowing down a little bit, about 10% roughly over the last couple of years.

Ms. Borders-Byrd went on to present the balance of her report as follows:

- No difficulties encountered in performing the audit.
- No corrected or uncorrected misstatements, no adjustments.
- No disagreements with management.
- Received the management representation letter signed by the Superintendent, the CFO and Ms. Naya dated November 17th.
- To their knowledge there were no consultations with other independent auditors.
- No findings or issues to report.

Ms. Borders-Byrd took the opportunity to thank Ms. Naya and her team for assisting her in performing the audit and also thanked all of the other department directors that were involved, since it was more than finance, because of the nature of the audit.

Mr. Lopez inquired if there would be any recommendations or management letter based on the work that was performed. Ms. Borders-Byrd replied that there is no management letter or recommendation.

Mr. Goodman stated that this is an action item.

There being no additional questions or comments made by the Committee, a motion duly made by Board/ABAC member Ms. Mari Tere Rojas and seconded by ABAC member Mr. Erick Wendelken carried unanimously to recommend that the Presentation of the Audit of Educational Facilities Impact Fee Funds, Special-Purpose Financial Statements for FYE June 30, 2021, be received and filed by the School Board.

8. Internal Audit Report – Selected Schools/Centers (ACTION)

Chief Auditor, Mr. Jon Goodman introduced the internal audit report for selected schools. This item is a presentation of the internal audit results of 65 schools/centers, two of them had issues. He introduced Ms. Tamara Wain, District Director of Schools Audits to present the item.

Ms. Wain presented the December 2021 internal audit report consisting of the audit results of 65 schools/center and briefly summarized the audit report as follows:

- The audit scope was one fiscal year ending June 30, 2021. At 23 schools/centers, there was a change of Principal/Administrator since the prior audit.
- Audit and property inventory results proved satisfactory for most schools/centers in this report, and their financial statements were fairly stated.
- Out of 65 schools reviewed, two schools with findings were reported. At *Miami Carol City Senior* controls over the disbursement function, student activities and property need improvement. Two of the three findings were repeat findings from the prior year. There were several instances where the school was not paying the invoices in a timely manner or were not paid as well as other issues with disbursements. Additionally, review of selected student activities disclosed that required end of the year reports were not prepared.
- Regarding property, the audit disclosed that 14 property items with a depreciated value of approximately \$3,300 and an acquisition cost of approximately \$32,600 could not be accounted for.
- At *Arcola Lake Elementary* payroll records were incomplete and disorganized resulting in discrepancies in the recordkeeping, documenting and reporting of payroll. The most important issue found was that the online Daily Payroll Attendance Sheets (DPAS) were not printed and maintained with payroll records for several pay periods. As a result, the attendance of several full-time employees could not be confirmed since the school did not print the online DPAS.

Ms. Wain concluded and asked the ABAC members if they had any questions related to the report.

Board/ABAC member Ms. Mari Tere Rojas congratulated the 63 schools that maintained their records in good order and in accordance with prescribed policies and procedures. For the two schools with findings, Ms. Rojas expressed that it was pretty clear the need to visit the issue of the treasurers and payroll clerks. These outcomes occur because there is no personnel in those positions, because there has been a turnover of staff. Ms. Rojas expressed concern that at one of the schools, she believes that there was no one in the position yet, the administration at that school was given over 59 possible candidates to choose from and after a period of time we should not have an open position of any kind when there are so many applicants that are eligible. Maybe the Region can make a determination as to who to appoint to a school if the site administration has not filled positions.

Ms. Rojas expressed that she would like someone from School Operations or Chief Human Capital Officer, Dr. Dawn Baglos' office to respond.

Chief Operating Officer, Dr. John Pace indicated that he was just made aware of the number of applicants that was stated by Ms. Rojas and he will coordinate with Human Capital, Human Resources and School Operations. Once there are a certain number of applicants that have been seen and interviewed and the school site has not been able to make a decision, then the Human Capital and Region office will coordinate to make a selection, especially for important positions such as Payroll Specialist, Registrar or Treasurer.

Ms. Rojas stated that issues can be avoided if we move expeditiously. Another area of concern is succession management for example the Treasurer who plays such a critical part, there should be someone else in that office being trained. Ms. Rojas requested clarification on what is being done in reference to succession management not just in administrative positions but also with clerical personnel.

Dr. Pace clarified that there is cross training in which the clerical positions are learning each other's jobs, as well as part-time, hourly clerical are learning the jobs of the Registrar, Payroll Clerk or the Treasurer. He further clarified that when a position opens at schools, most schools have a person available to do the job. Also, there are Master Treasurers available outside of school hours to work with those cross training or if assistance is needed filling in on a part-time basis those positions that are vacant.

Ms. Rojas asked how many positions are currently open for a Treasurer or Payroll Clerk. Dr. Pace replied that there are nine vacant Treasurer positions and of the nine vacant openings, four opened up in the last two months. The remaining have been open since August and all of them have part-time treasurers from other schools as well as clericals within the school to fill in.

Ms. Rojas inquired whether any of the schools that currently have open positions had any issues in the prior year. She stressed that the same exact situation occurred the previous year in one of the schools.

Dr. Pace indicated that one of the schools had an issue in the previous year. Ms. Rojas inquired what assistance is being given to that administrator at this point in time and

stressed that priority should be given to a school with a previous issue because if not, the issue can possibly occur again the following year.

Dr. Pace responded that at this school, they have interviewed four treasurers and there is one treasurer that they would like to hire however, that treasurer is in the process of taking the clerical tests that they have to pass and if they do, they will be the treasurer that is hired. In the meantime, the school has hourly assistance from a high school master treasurer.

Ms. Rojas asked who is monitoring from the Region Office to ensure that everything that is supposed to be done is being done currently. Dr. Pace replied that the Region, specifically the Budget Director at the Region, is overseeing those schools, especially schools with audit findings from the previous years.

Ms. Rojas inquired what assistance is being provided to the two schools in the report and what kind of Professional Development are they being involved in. Dr. Pace responded that the Money Matters program is offered monthly for the principal and in some cases the Assistant Principals that oversee certain areas as well as the Treasurer, Payroll Clerk and Registrar, depending on what the audit exception was. And there are also Leader to Leader workshops with focus on the financial side, which is part of their end of year evaluation by the Region. Ms. Rojas closed by saying that we need to look at competitive salary for those in these positions.

ABAC member Mr. Albert Lopez inquired about Carol City Senior where property with a cost of about \$32,000 and depreciated cost of about \$3,000, and the property was not located, what is the next step if we go into a school and the property that is in the books is not located.

Ms. Wain responded that the property auditors go to the schools and verify everything over \$1,000 that is in that location's property and if an item is found to be unlocated, we file an unlocated property report. The property auditor gives the school 10 days to locate the item, in this case we gave them more time, over a month, to locate the property. If the property is still missing, we cite the school if over the threshold and work with the school in conjunction with property accounting to remove the items from the inventory to start on a clean slate the following year.

Mr. Albert Lopez inquired that if we have \$32,000 of equipment, that has been depreciated, and the school cannot find the asset, isn't it more than just cleaning the records, don't we look into what happened, did it walk away, did somebody take it, was it sold? Ms. Wain responded that in some cases the item gets transferred to another location, when we cite a school for unlocated property it's because there is no paperwork supporting what happened to those items, it wasn't sent to Stores & Mail Distribution (S&D) or Maintenance. In some cases, it could have been a student that checked something out like something for band and did not return it to the school. Ms. Wain added that the schools should be doing property inventory reports in house twice a year and send those reports to their Region Office.

Mr. Goodman weighed in on the discussion. He pointed out that many of those property items were quite old, perhaps 15 or 17 years old, so the depreciated value was about

\$3,000. The OMCA's role is to report these findings to the ABAC. He then asked the Administration to further expand upon what consequences there would be for this.

Dr. John Pace responded that an internal property review is conducted between November and December and between May and June at the close of schools to ensure that all property is accounted for, and this is turned into the Region. If the Region finds that property was not found, then they will go through the process of trying to help the school find the property or report the property as needed whether it was stolen or if a student still has it.

ABAC Chair Mr. Norwood inquired about the role school police has when the item is not located. Dr. Pace replied that, if stolen, the school has the responsibility to file a police report and that report is available for the auditors. And whether the item was stolen, vandalized, had water damage, there is a form to complete to let the auditors know that the property has been accounted for although not physically available at the building. Mr. Norwood asked Ms. Wain if they ever go back and check after the audit to determine whether something was reported stolen or is that not the role of the auditor. Ms. Wain clarified that it is something that is done when we return the following year which could be within the year, depending on when the school is assigned again and the Plant Security Reports are issued when there is a vandalism, a theft, arson, fire, windstorm or a flood and the school is to contact M-DCPS police. Dr. Pace added that it is the school's responsibility if they want to discard property that is beyond use and there is a process through the S&D department to schedule a pickup to have it discarded properly.

There being no additional questions or comments made by the Committee, a motion duly made by Board/ABAC member Ms. Mari Tere Rojas and seconded by ABAC member Mr. Juan del Busto carried unanimously to recommend that the Presentation of the Internal Audit Report – Selected Schools/Centers, be received and filed by the School Board.

9. Internal Audit Report – Audit of Inventories as of June 30, 2021 (ACTION)

Chief Auditor Mr. Jon Goodman introduced the Audit of Inventories as of June 30, 2021, and introduced Mr. Richard Yanez, District Audit Director to present the report.

District Audit Director, Mr. Yanez began by introducing himself and stating that as part of the Audit Plan they perform the inventory audit of five departments consisting of Food and Nutrition, Stores and Mail Distribution, Textbook Support Services, Maintenance Materials Management and the Department of Transportation. The audit consisted of observing the physical inventory counts, testing the counts and verification of prices. Mr. Yanez added that the inventories were fairly stated and that there were no adverse findings. Mr. Yanez concluded his presentation and Chief Auditor Mr. Jon Goodman stated he was prepared to address any questions the Committee may have.

Board/ABAC member Ms. Mari Tere Rojas commented that this is a very good audit report and at the same time gives ideas on what we can do to enhance procedures regarding the purchase of items needed by the school district. Some issues with inventory deal with Food and Nutrition and S & D and mainly the biggest problem happening in the district and nation has to do with the delivery of supplies. Ms. Rojas

inquired if there is a possibility of ensuring that we are overstocking our supplies, so we are not running out.

Mr. Goodman stated that to date we have not extended the audit scope to supply chain issues. He added that it is something we can expand on in the future, whether the level of inventory is appropriate and the ordering process, which also falls into the area of a procurement audit. The procedures and inventory balances were found to be in order.

ABAC member Mr. Juan del Busto mentioned that there is not only a supply issue but also a cost issue due to inflation.

Mr. Erick Wendelken, ABAC member inquired about the note on textbooks being received after fiscal year end; however, at the end of June 30 are those textbooks garbage at July 1st and written off of the books and how is there a large decrease? Mr. Yanez responded that the textbooks received for the subsequent school year are received prior to June. For example, in fiscal year 2020 the majority of the textbooks were received prior to the end of June 2020. This year they were received subsequent to year end.

Mr. Wendelken inquired about the assets that were there, are they given to the students and not returned. Mr. Yanez replied that assets that were there at June 2020 were distributed to the students at the beginning of the 2021 school year.

Mr. Goodman commented that he would like assistance from the administration on the explanation of how long the textbooks are in inventory and how long they last for.

Chief of Staff, Mr. Jose Bueno clarified that books have a lifecycle from five to seven to ten years, depending on the adoption of the book. Some books are non-useable after the first year. Ms. Rojas commented that those books are non-consumables.

ABAC Chair, Mr. Norwood asked Mr. Goodman if it would be possible for him to get together with the administration to answer Mr. Wendelken's question. Mr. Goodman answered that he will work with the administration to address the questions and issues that were brought up and will put them on the next agenda.

Mr. Norwood asked Mr. Wendelken to restate his question. Mr. Wendelken stated that for June 30, 2020, calendar year there were approximately \$7 million in books, at June 30, 2021 we have \$907,000. Understanding that the new books were not received, what happened to the approximately \$6 million difference. Mr. Yanez clarified that the \$6 million that was there as of year 2020 were distributed to the school prior to the beginning of the school year 2021. So, when you see that balance at 2020, the majority of the textbooks were received prior to the year end 2020 and usually textbooks are received prior to the year end to be distributed to the schools for that subsequent year. Mr. Wendelken asked, if once it is distributed to the school it comes off our balance sheet, it's no longer our asset and once the \$6 million is distributed to the school, it comes off our balance sheet and goes to the schools balance sheet. Mr. Yanez replied that yes, that is correct. Mr. Wendelken commented that answers his question.

Vice-Chair Mr. Stephen Hunter Johnson inquired if the Department of Transportation also oversees the individual vehicles assigned to the schools for the driver's education program. Mr. Goodman replied that from the auditing standpoint, we audit the vehicles through our property function and that is different than this audit of the inventory. Chief Operating Officer, Dr. Pace clarified that the driver's education vehicles are not a part of the Department of Transportation property Inventory. Mr. Hunter Johnson suggested that someone consider aggregating those vehicles and assigning them to somebody because principals are burdened enough without trying to make sure that all of our cars have oil changes. Dr. Pace stated that the driver's education vehicles are actually assigned to the school site. Mr. Hunter Johnson commented that he understands but wonders if there is a better way since we have already run into despair issues in the past and there is a whole department that is set up to maintain a fleet of vehicles.

There being no additional questions or comments made by the Committee, a motion duly made by Board/ABAC member Ms. Mari Tere Rojas and seconded by ABAC member Mr. Juan del Busto carried unanimously to recommend that the Presentation of the Internal Audit Report – Audit of Inventories as of June 30, 2021, be received and filed by the School Board.

10. Review of Charter Schools' Financial Statements Presentation for 32 of 139 Charter Schools' Audited Financial Statements Fiscal Year Ended June 30, 2021 (ACTION)

Chief Auditor, Mr. Jon Goodman introduced Michael Hernandez, Internal Audit Supervisor to present the report for 32 of 139 Charter Schools' Audited Financial Statements Fiscal Year Ended June 30, 2021.

Mr. Hernandez began by introducing himself and stating that we are presenting 32 charter school audited financial statements for the fiscal year ended June 30, 2021. The 32 charter schools had no significant fiscal issues and he stated that he would be happy to answer questions.

Board/ABAC member Ms. Mari Tere Rojas gave kudos to all involved in this process, Principals at Charter schools and their teams for doing a wonderful job with this. She also thanked Ms. Tiffanie Pauline, Assistant Superintendent from Charter School Support and her entire group since they are on top of everything that has to be submitted by our charter schools and they address all of these issues at their regular meeting and also for having a report with this positive outcome.

Mr. Goodman stated that he wanted to inform the Committee that maybe not get too happy quite yet because we submit four groups of charter schools and in the next one or two meetings in February and March, we will have some with issues but we are still working on them with the schools and their auditors. Mr. Goodman stated that he just wanted to make that point and that these 32 happen to be all clean, but not necessarily the case going forward for this year.

ABAC member Mr. Juan del Busto stated that from a financial standpoint that this did not make him feel good since we are at the beginning of December, and we already know that some of these people are having financial problems and we are not going to

know about it until February or March. Mr. Goodman commented that if there is a financial emergency, deteriorating financial condition or a going concern financial position, then we would have it presented now. There is nothing that rises to that level but, there are other schools that will be brought to your attention that are not catastrophic in nature that will involve discussion. Mr. del Busto inquired that if we had concerns with a particular school before, these would not be repetitive of those findings. Mr. Goodman replied that there may be some findings that are repetitive, but if there was a financial emergency, that would be first on our list however, we don't have any this year.

There being no additional questions or comments made by the Committee, a motion duly made by Mr. Jeff Kaufman and seconded by Board/ABAC member Ms. Mari Tere Rojas carried unanimously to recommend the Review of Charter Schools' Financial Statements Presentation for 32 of 139 Charter Schools' Audited Financial Statements Fiscal Year Ended June 30, 2021, be received and filed by the School Board.

11. Office of Inspector General Annual Report (INFORMATIONAL)

The Chief Auditor Mr. Jon Goodman introduced Mr. Felix Jimenez, Inspector General, Office of Inspector General to make the presentation.

Mr. Jimenez began by congratulating the new ABAC Chair. Mr. Christopher Norwood. He stated that for the past 12 years he has had the pleasure of working with the school district initially under Mr. Christopher Mazzella and under Ms. Mary Cagle and is committed to continuing the good job of this office. He continued by thanking Ms. Perla Tabares Hantman, School Board Chair, Dr. Steve Gallon III, School Board Vice-Chair, Board Member Ms. Mari Tere Rojas, and Mr. Alberto Carvalho, Superintendent of Schools and his staff for their support. Mr. Jimenez introduced the Assistant Inspector General for Investigations Mr. Hector Ortiz who is now taking over the investigation's unit for the Office of Inspector General including the School Board Office.

Mr. Jimenez gave an overview of the 2021 Annual Report which includes highlights of several cases all of which have been presented to the ABAC. He added that some cases are presented in the report but are not presented to the ABAC since those are cases that are administratively closed since they are unsubstantiated or unfounded. Mr. Jimenez concluded his presentation and stated he would be happy to answer any questions.

Ms. Rojas commented that Mr. Jimenez has done a wonderful job and the rest of the team is professional and dedicated and on behalf of Board Chair Ms. Hantman, the reports that come from his office are taken very seriously. Ms. Rojas stated that she is pleased that Mr. Jimenez is part of the team of the General Obligations Bond (GOB) since she receives a lot of questions regarding ESSER funds from stakeholders as to how these funds are going to be used. Ms. Rojas welcomed the new addition, Mr. Ortiz and also recognized Mr. Tom Knigge, Supervisory Agent Office of Inspector General, and thanked him for his services.

ABAC member Mr. Albert Mr. Lopez inquired on the status of the driver education program since it states that knowingly administrators submitted ineligible expenses and, in the conclusions, it states that we leave it up to the two parties to come to some type

of settlement. Mr. Lopez had two questions; where does it stand in this point in time and since knowingly administrators submitted ineligible expenses, from an ethical point of view, what are we recommending and what is the next step?

Mr. Jimenez replied that the administration and the County had their first meeting, and he was present at that meeting and has been in communication with the administration as to how they are moving forward to resolve the issues and are also expecting a response from them which is expected shortly. Mr. Jimenez stated that as far as the second question, the administration has been made aware and it is up to them to respond since it is regarding ethics.

No other questions or comments were posed. This item 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 Activity/Status Report As Of February 2022 (INFORMATIONAL)

The Chief Auditor, Mr. Jon Goodman introduced the item and stated that this report details the status of audits and related activities taking place since the last ABAC meeting on September 14, 2021.

Mr. Goodman introduced Ms. Felicia Dennis, recently appointed Administrative Assistant in the Civilian Investigative Unit. Ms. Dennis comes to us from the Transportation Department.

Mr. Goodman introduced Dr. Larry Jones, recently appointed FTE auditor. He received his Doctorate in Education from the University of South Carolina.

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

13. (a) IT Audits/OMCA Cybersecurity Work Plan (INFORMATIONAL)

Chief Auditor Mr. Jon Goodman stated that the ABAC has requested that we develop a cyber security work plan to enhance and augment our annual audit plan. Mr. Goodman introduced Mr. Luis Baluja, District Director IT audits for the presentation.

Mr. Baluja began by congratulating the new Chair and Vice-Chair. Mr. Baluja stated that in addition to the OMCA annual audit plan, committee members asked for a workplan related to the offices' IT audit and cybersecurity activities. He indicated that the plan summarizes activities completed, some under way and some planned for the very near future. The plan also notes the office of Information Technology Services (ITS) responsibilities in this area. The plan generally highlights three areas as follows:

- Personnel and training.
- IT risk assessment and testing services.
- Ongoing IT audits as described in the annual plan.

Mr. Baluja concluded his presentation and stated he would be happy to answer any questions. Board/ABAC member Ms. Rojas congratulated Mr. Baluja, a former first grade student of hers, for a wonderful report, very comprehensive and to the point. Ms. Rojas commented that cyber security is probably the area that poses the greatest threat to Miami-Dade County Public Schools and is happy to see that we have a plan in order. Also, the Technology Advisory Committee is comprised of an amazing group of individuals. Their caliber, competence, knowledge is going to be so helpful to M-DCPS when moving forward. The first meeting was very successful. Ms. Rojas inquired as to when some of the tasks on the plan will be completed such as the Network Security Test (PEN test), cybersecurity risk assessment and the district issued mobile device audit.

Mr. Baluja replied that an additional staff member will be approved by the School Board to join our office and assist the IT audit division and the IT audits division will take part in specialized cybersecurity training next week which will result in the Certified Ethical Hacker certification. Mr. Baluja added that the RFP for network cybersecurity assessment and testing services is in the planning stages but moving forward. Also, the audit of district issued instructional mobile devices is wrapping up and will likely be presented in February or March ABAC. The Virtual Private Network (VPN) audit has not begun yet.

Ms. Rojas commented that she is looking forward to the outcome of the district issued instructional mobile device audit since it's an area of concern. Ms. Rojas commented that she would like an anticipated timeline for VPN audit.

ABAC member Mr. Albert Lopez agreed with Ms. Rojas and would like dates on the plan, a timetable. Mr. Baluja replied that the RFP process is involved since a committee has to be assembled to review the respondents and he wouldn't be able to give a timeframe. Mr. Lopez inquired about the upgrading of Executive Director to District Director and the IT position. Mr. Goodman replied that it was the upgrading of Mr. Luis Baluja from an Executive to a District Director. Mr. Baluja added that the management of these projects, including the RFP and managing the areas that will be tested will be managed by Jon's office and himself and those are new responsibilities. Mr. Goodman added that a large part of the audit work is the RFP, that's where we will be getting a PEN test annually as well as a cyber security risk assessment which is part of the cyber security upgrade for our office. Mr. Goodman stated that the ITS department is primarily responsible for all things IT as well as cyber security and they have a plan themselves. One of the things we are pointing out in our plan is that ITS is going to be presenting to the ABAC in a closed session more about what they do and what controls and plans they have regarding cybersecurity. Mr. Goodman added that the cybersecurity function is split between ITS itself primarily and the audit function where we are doing an RFP to bring in an external firm and also enhancing our own internal staff to oversee that process with the external firm.

Mr. Lopez commented that we are hiring a staff person to assist in the IT audit division and his assumption is that we are going with a staff member because we are relying on the IT group to have a certain level of experience. Mr. Lopez added that it's great that we are doing training for the audit group but inquired what training is being done on an operational point of view.

Mr. Goodman stated that we are going to be scheduling and facilitating a confidential closed session to the ABAC where ITS will delineate all of their plans and what they are comprised of as far as cyber security issues. In addition, we are taking on the annual PEN testing which is independent when it goes through our office. That is what we are hiring the external firm to do as well as the cyber risk assessment. Mr. Goodman added that internally in his office, he has increased staff by one entry level position, his team is going through extensive training, and between Mr. Luis Baluja, Mr. Alejandro Santana, IT auditor, the new staff member and himself will be able to monitor and work with the external firm to conduct the annual PEN test and other activities.

Mr. Lopez commented that if on the operational side we don't have the experience and we hire an entry level person from the audit side, we have a big void as far as experience is concerned.

Mr. Goodman requested that someone from the administration comment briefly on this and added that it is important that in the upcoming months we are going to have the confidential session to explain everything we have going on in ITS.

ABAC member Mr. del Busto commented that when it comes to cyber security, flexibility and speed is of the essence on the operational side and on the audit side because the landscape keeps changing hourly on what's happening on cyber security.

Deputy Superintendent, Mr. Jaime Torrens stated that he could not agree more and that ITS is not waiting for the results of any test, they have ongoing staff that are devoted strictly to this and now with the additional input of the advisory committee on technology it is a great asset. He added that the administration is working full speed ahead and they will make a presentation to the committee in a confidential setting.

No other questions or comments were posed. This item was presented for information purposes only; therefore, no transmittal to the School Board by the ABAC is required.

(b) Selection of Committee Member for Request For Proposal Relating to Certain Network Security Assessment, Testing and Consulting Services (INFORMATIONAL)

Mr. Goodman stated that he would like one individual from the ABAC to serve on the selection committee which would probably convene in late January or early February. This is the RFP to select the external firm. ABAC Chair Mr. Norwood suggested ABAC member Mr. del Busto however, Mr. del Busto stated that he would love to but is unavailable during those months.

Board/ABAC member Ms. Rojas nominated Mr. Lopez for consideration. Mr. Lopez accepted and would like to serve. Mr. Norwood indicated that Mr. Lopez will serve on the committee.

Mr. Goodman thanked everyone and commented that he looks forward to Mr. Lopez's assistance and great help on the committee.

No other questions or comments were posed. This item was presented for information purposes only; therefore, no transmittal to the School Board by the ABAC is required.

OLD BUSINESS

The Committee did not have any old business to discuss.

NEW BUSINESS

Board/ABAC member Ms. Rojas commented that we have the ABAC meeting set up to the day prior to the committee meetings and the same day as the GOB meetings. It is a lot going on with the Board members going through preparation that they have to do to prepare for those meetings. Ms. Rojas is requesting to look at the possibility of having the ABAC meetings take place a week prior to committee meetings so we are not conflicting with committee and GOB on the same day.

Chief Auditor Mr. Goodman stated that he will review the remaining meeting dates for this fiscal year and will take it into consideration in the preparation of next year's schedule.

ADJOURNMENT

Since there was no further business to come to the Committee, the Committee made a motion to adjourn at 2:38 PM.

JG:em