

**MINUTES OF THE SCHOOL BOARD AUDIT AND BUDGET ADVISORY COMMITTEE  
OF MIAMI-DADE COUNTY PUBLIC SCHOOLS  
REGULAR MEETING (IN-PERSON/VIRTUAL)  
December 1, 2020**

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The School Board Audit and Budget Advisory Committee (the ABAC or the Committee) met on Tuesday, December 1, 2020, in the School Board Administration Building, SBAB Auditorium, at 1450 N.E. Second Avenue, Miami, Florida. This was an in-person/virtual meeting and the second in-person meeting held by the ABAC members since the start of the COVID-19 pandemic working conditions of the District in March 2020.

**Call to Order**

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ABAC Chair Mr. Erick Wendelken called the meeting to order at 12:38 PM.

**1. Welcome, Introductions and Recognitions**

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On behalf of the ABAC members, ABAC Chair Mr. Erick Wendelken congratulated the Honorable Mrs. Perla Tabares-Hantman on her reappointment as Chair of the School Board of Miami Dade County and Dr. Steve Gallon III on his reappointment as Vice Chair of the School Board. He also welcomed and congratulated the three new Board members Ms. Lucia Baez-Geller (representing District 3), Ms. Christi Fraga (representing District 5) and Ms. Luisa Santos (representing District 9). Mr. Wendelken further welcomed and introduced two new ABAC members, Ms. Chloe Bordon Gillenwater and Ms. Zeida Sardiñas. He clarified that Ms. Bordon Gillenwater is representing Board member Ms. Baez-Geller and Ms. Sardiñas is representing Board member Ms. Fraga.

The ABAC Chair then turned the presentation over to Chief Auditor Ms. Maria T. Gonzalez. Ms. Gonzalez introduced herself and welcomed those present and those attending virtually. She then proceeded with an introductory statement declaring the meeting procedures and the authority to hold this meeting pursuant to Board Policies 6840 *Audit and Budget Advisory Committee* and 9140(e) *Board Advisory Committee Meetings During Declared COVID-19 Emergency*. She also went over the CDC guidelines for those attending in person, specifically the adherence to social distancing and face covering requirements.

*This Regular Meeting conducted by members of the Audit and Budget Advisory Committee and facilitated by the Chief Auditor from the Office of Management and Compliance Audits (OMCA), is pursuant to the procedures delineated in Board Policy 6840 - Audit and Budget Advisory Committee, and is provided in-person as well as virtually in accordance with Board Policy 9140e - Board Advisory Committee Meetings During Declared COVID-19 Emergency. Effective November 18, 2020, this emergency policy includes the following provisions: permitting the Advisory Committee meetings to be held through communications media technology as long as there is a physical quorum present, and requiring that adequate notice of the meeting, including that a means for the public to access and participate in the meeting, be provided. This policy also allows that, once a physical quorum is established, other Committee members, Board members and staff may participate virtually.*

*The meeting is being streamlined and close-captioned.*

*In-Person Attendance: In accordance with the Centers for Disease Control and Prevention (CDC) guidelines, each person will be required to wear a face covering over their nose and mouth (individuals are responsible for providing their own facial covering) and remain at least six (6) feet from other attendees upon arrival as they enter the School Board Administration Building and until his/her departure. Individuals who fail to adhere to these guidelines may be required to leave the premises.*

**2. Attendance of ABAC Members**

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

| ABAC Members Present In-Person (For Quorum Purposes)   |   |
|--|---|
| 1.   | Mr. Erick Wendelken, CPA, ABAC Chair  |
| 2.   | Mr. Christopher Norwood, J.D., ABAC Vice-Chair  |
| 3.   | Ms. Chloe Bordon-Gillenwater, ABAC Member   |
| 4.   | Mr. Juan del Busto, ABAC Member   |
| 5.   | Mr. Jeff Kaufman, ABAC Member   |
| 6.   | Mr. Albert D. Lopez, CPA, ABAC Member   |
| 7.   | Mr. Rudy Rodriguez, CPA, Alternate ABAC Member to ABAC Member Mr. Julio Miranda (Refer to Note 1) |
| 8.   | Ms. Zeida Sardiñas, ABAC Member   |
| 9.   | Dr. Nancy Lawther, Alternate ABAC Member to ABAC Member Ms. Sharon Watson                         |
| ABAC Members Present (Attending virtually via ZOOM Platform)   |   |
| 10.  | Mr. Julio C. Miranda, CPA, CFE, ABAC Member (Refer to Note 1)                                     |
| 11.  | Board Member/ABAC Member Ms. Mari Tere Rojas (Refer to Note 2)                                    |
| ABAC Members Absent  |   |
| •  | Mr. Stephen Hunter Johnson, Esq., ABAC Member   |
| •  | Ms. Sharon Watson, ABAC Member  |
| Notes:   |   |
| (1) Alternate ABAC member Mr. Rudy Rodriguez attended in-person for quorum and vote-taking purposes and since ABAC member Mr. Julio Miranda was unable to attend in-person. Mr. Miranda attended virtually; however, did not vote. |   |
| (2) Board Member/ABAC member Ms. Mari Tere Rojas was unable to attend in-person; however, was able to attend virtually. Therefore, she was able to vote since a physical quorum was reached in the meeting room.                   |   |
| General Note:  |   |
| Board Member Ms. Luisa Santos is in the process of appointing a representative ABAC member/Alternate to this Committee. A representative was not appointed at the time of this meeting.  |   |

**3. Attendance of Board Members, District Administration and Other Representatives**

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As a tradition of the ABAC meetings conducted during pre-COVID conditions, the meeting room would be circulated to have those in attendance each verbally introduce his/her name into the record of attendance; and an attendance log would be passed around to collect the signatures of those attending the meeting. The following 35 participants were physically in attendance and signed in the attendance log:

**Names of Attendees In The Room**

|  |  |
|--|--|
| 1. Mrs. Perla Tabares Hantman, School Board Chair                      | 2. Ms. Luisa Santos, School Board Member                       |
| 3. Mr. Ron Steiger, CFO, Financial Services (ABAC's non-voting member) | 4. Ms. Maria T. Gonzalez, Chief Auditor (ABAC's Liaison)       |
| 5. Mr. Walter Harvey, School Board Attorney                            | 6. Mr. Alberto Carvalho, Superintendent of Schools             |
| 7. Mr. Jaime G. Torrens, Chief of Staff                                | 8. Ms. Tabitha Fazzino, Chief Admin. and Comp. Officer         |
| 9. Mr. Eddie McAuliff, Executive Director, ITS                         | 10. Mr. Eugene Baker, Chief Information Officer, ITS           |
| 11. Ms. Daisy Naya, Controller   | 12. Mr. Jon Goodman, Assistant Chief Auditor, OMCA             |
| 13. Mr. Rick Yanez, District Audit Director, OMCA                      | 14. Ms. Tamara Wain, CPA, District Director, OMCA              |
| 15. Mr. Luis Baluja, Executive Director, OMCA                          | 16. Mr. Michael Hernandez, Audit Supervisor, OMCA              |
| 17. Mr. Eddie Perez, Staff Auditor, OMCA                               | 18. Ms. Sheila Resco, Staff Auditor                            |
| 19. Mr. Alejandro Santana, IT Auditor, OMCA                            | 20. Ms. Elsie Berrios-Montijo, Staff Assistant, OMCA           |
| 21. Ms. Mindy McNichols, Asst. School Board Attorney                   | 22. Mr. Brett Friedman, Partner, RSM US LLP                    |
| 23. Mr. Anil Harris, Senior Audit Manager, RSM US LLP                  | 24. Mr. Mario De Barros, Chief Procurement Officer, PMS        |
| 25. Ms. Cynthia Borders, C Borders-Byrd LLC                            | 26. Mr. Robert Ingram, C Borders-Byrd LLC                      |
| 27. Ms. Vivian Lissabet, School Board Admin. Assistant                 | 28. Mr. Jerold Blumstein, School Board Member's Chief of Staff |
| 29. Ms. Carlota Noguera, School Board Admin. Assistant                 | 30. Mr. Gustavo Hernandez, TV Director, WLRN                   |
| 31. Mr. Mateo Lopez, School Board Admin, Assistant                     | 32. Mr. Jorge Funcia, Technician, ITS                          |
| 33. Mr. Al Chicoy, Creative Director, WLRN                             | 34. Ms. Danielly Velazquez-Moreno, TV Camera, WLRN             |
| 35. Mr. Nicholas Moreton, Technician ITS                               |  |

Regarding those attending via virtual means, in lieu of this attendance-taking/recording procedure, the virtual meeting platform provides a list of the names of those attendees that have joined the meeting via email invitation, and Ms. Gonzalez proceeded to read each entry from the list, which ultimately amounted to an additional 24 participants that had joined the meeting; and which consisted of first/last names. Titles were also included for the record. This attendance is reflected in the following table:

**Names of Attendees Via ZOOM Platform (Virtual)**

|   |   |
|---|---|
| 36. Ms. Christi Fraga, School Board Member                      | 37. Mrs. Valtena G. Brown, Dep. Supt./Chief Operating Officer   |
| 38. Mr. Carl Nicoleau, Chief Maintenance and Operations Officer | 39. Mr. Jose L. Dotres, Chief Human Capital Officer             |
| 40. Ms. Tabitha G. Fazzino, Chief Admin. and Comp. Officer      | 41. Ms. Marie Izquierdo, Chief Academic Officer                 |
| 42. Ms. Daisy Gonzalez-Diego, Chief Communications Officer      | 43. Mr. Eugene P. Baker, Chief Information Officer, ITS         |
| 44. Ms. Barbara Mendizabal, Region Superintendent, South        | 45. Mr. Jose Bueno, Region Superintendent, North                |
| 46. Ms. Joyce Castro, Asst. Superintendent Human Capital        | 47. Ms. Charisma H. Montfort, District Director, PMS            |
| 48. Dr. Nicki Brisson, Charter Schools                          | 49. Ms. Tiffanie Pauline, Asst. Superintendent, Charter Schools |
| 50. Dr. Gloria Arazoza, Admin. Director, School Operations      | 51. Mr. Steffond Cone, Assistant Superintendent, School Ops.    |
| 52. Ms. Armie Beruvides, Asst. Controller                       | 53. Ms. Nichole Jackson, Executive Director, School Choice      |
| 54. Ms. Shelby Williams, Office of Inspector General            | 55. Mr. Tom Knigge, Supervisory Special Agent, OIG              |
| 56. Ms. Gaby de la Cruz, RSM US LLP                             | 57. Ms. Ana Martinez, CFO, Academica                            |
| 58. Mr. Daniel Diaz, Academica                                  | 59. Ms. Christina Perdomo, Acctg. Director, Academica           |

ABAC Chair Mr. Wendelken requested clarification from the School Board Attorney Mr. Walter Harvey as to whether a physical quorum has been established by the Committee under this

meeting environment, and whether School Board member/ABAC member Ms. Mari Tere Rojas and ABAC member Mr. Julio Miranda could participate in this meeting as voting members.

Mr. Harvey clarified that, at the last School Board meeting, the Board approved an item regarding advisory committees. He said that as part of that policy, members of the advisory committees would be allowed to call in and participate virtually, not only to discuss items but to actually vote on items. Although their presence will be recorded by the clerk, this virtual presence does not count towards the committee reaching a quorum, since the number of members required for reaching a quorum must be present in the room for the meeting to go forward and the members to conduct business.

Based on the ABAC members' meeting room attendance, a quorum has been established in the room; therefore Ms. Rojas will be able to participate virtually as a committee member and will be able to vote on the proceedings. He then clarified that ABAC member Mr. Julio Miranda is not a voting member during this meeting because his alternate ABAC member, Mr. Rudy Rodriguez is in the room in attendance, and Mr. Rodriguez's participation/attendance is being used for the purpose of establishing a quorum in the room. Therefore, Mr. Rodriguez will be the voting member for this meeting and although Mr. Miranda can attend virtually, he cannot vote.

#### **4. Conduct Election of the ABAC's Chair and Vice Chair**

The Chief Auditor, Ms. Maria T. Gonzalez, temporarily took the role of ABAC Chair for the purpose of conducting the election of the Chair and Vice Chair of the ABAC.

Ms. Gonzalez opened the floor for nominations to the position of Chair of the ABAC. School Board member/ABAC member Ms. Mari Tere Rojas commended Mr. Wendelken's past performance as ABAC Chair and nominated Mr. Wendelken to continue as Chair. No other nominations were made, and the floor was closed for nominations. A vote was taken with all "ayes" in favor of Mr. Wendelken and no "nays" were noted. Ms. Gonzalez congratulated Mr. Wendelken as Chair for the new year.

Next, Ms. Gonzalez opened the floor for nominations to the position of Vice Chair. Ms. Rojas then nominated Mr. Christopher Norwood as Vice Chair for another year; and praised him for his past outstanding performance. No other nominations were made; and a vote was taken with all "ayes" in favor of Mr. Norwood and no "nays" noted. Ms. Gonzalez congratulated Mr. Norwood as Vice Chair for the new year.

Last, Ms. Gonzalez congratulated the Honorable Mrs. Perla Tabares-Hantman for her recent re-election as the Board's Chair and Dr. Steve Gallon III as the Board's Vice Chair. She also extended a warm welcome and congratulations to the three new Board members and the two new Audit and Budget Advisory Committee members that were in attendance.

#### **5. Approval of the Minutes of the School Board Audit and Budget Advisory Committee Meeting of September 15, 2020 (ACTION)**

ABAC Chair Mr. Wendelken introduced the minutes of the September 15, 2020, ABAC meeting for approval. Prior to the approval, Chief Auditor Ms. Gonzalez brought to the attention of the ABAC members an issue reflected in the minutes that required a small correction. She brought to their attention a sentence on page six, line 10. It related to a statement from CFO Mr. Ron Steiger which was not accurately reflected in the minutes. Ms. Gonzalez read the incorrect statement:

*“He noted that **M-DCPS** finished 2019 with a negative \$1.3 billion negative net position”.* She clarified that the entity referred to by Mr. Steiger was **Miami-Dade County** and not M-DCPS. She also proposed to strike the sentence following the words “net position” on the same page.

A motion to accept these corrections to the minutes was made by ABAC member Mr. Albert Lopez which was seconded by ABAC member Mr. Juan del Busto. All ABAC members were in favor of the corrections and none opposed. A second motion was made by ABAC member Mr. Lopez, seconded by ABAC member Mr. del Busto, which received unanimous agreement to approve the minutes (as corrected) of the ABAC meeting of September 15, 2020.

## **6. Presentation of the CAFR and Auditors Communication of Audit Results, For Fiscal Year Ended June 30, 2020 (ACTION)**

The Chief Auditor introduced the Comprehensive Annual Financial Report (CAFR) and auditor’s communication of audit results for fiscal year June 30, 2020. She noted the auditor’s opinion on pages one and two of the report, specifically that in these audited financial statements, the external auditor, RSM US LLP, concluded that, in their opinion, the financial statements present fairly, in all material respects, the respective financial position of The School Board of Miami-Dade County, Florida, as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America. She noted that this language constitutes an unmodified opinion, which is the highest opinion that can be assigned to a financial statement audit. Reference was made to the General Fund’s closing balance of \$246.8 million, total of all governmental fund balances of \$877.6 million and total net position of \$(142.3) million (deficit), starting on page 58 of the report.

The Chief Auditor introduced Mr. Brett Friedman from RSM US LLP to further discuss the audit report and required communications of the profession. Afterwards, Chief Financial Officer Mr. Ron Steiger, and the Controller Ms. Daisy Naya, would be available to the ABAC for any questions related to the financial statements.

Lastly, Ms. Gonzalez thanked the external auditors for having completed the audit on time. She pointed out that not only this was a pandemic year full of challenges, but the ABAC meeting date of December had to be scheduled very early this year, on December 1<sup>st</sup> to be able to present the reports at the December Board meeting, which was also scheduled early this year. Regardless of these challenges and shorter time period, the report arrived on time.

Mr. Brett Friedman introduced himself as the firm’s audit partner and Mr. Anil Harris as the Senior Manager representing the engagement. He began by 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 11, 2019, and arrangement letter dated June 12, 2020.
- At the beginning of the audit a letter was provided outlining the timing. Despite the COVID-19 pandemic the audit was completed on time which was an accelerated time compared to prior years. The audit was done virtually and thanked Ms. Daisy Naya and Mr. Ron Steiger and their team for being extremely responsive. No problems or issues were encountered.

- As to accounting practices, due to COVID-19 new standards were postponed by GASB, therefore no new standards were to be adopted. No significant or unusual transactions or any transactions in areas that lacked proper authoritative guidance.
- No audit adjustment made to the original trial balance presented. 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.
- An uncorrected misstatement was noted that was a transaction carried over from the prior year that rolled out from one year to the next.
- No disagreements with management to applications of accounting principles. No disagreements with disclosures.
- Not aware of consultations with other auditors or accountants.
- The only significant issue was dealing with the pandemic and working with the CARES Act funding.
- No problems and everything concluded smoothly.
- All testing for the Single Audit is concluded and will be presented at the next meeting. At the next meeting you will receive the report on the independent auditor's report on internal controls of financial reporting based on compliance with government auditing standards, report on compliance with each major federal program, report over internal control over compliance, report of schedule of expenditures of federal awards as required by OMB Uniform Guidance. Attached to that report will be RSM's management letter that will be presented at the next meeting. There are no major issues or concerns to bring to your attention. Also, provided will be significant communications which consist of representations made by management throughout the audit.
- The key accounting estimates (1) accounting from other post-employment benefits and accounting from pension related liabilities. M-DCPS uses its own actuary to review things and in the pension plan the School District is part of the FRS, however, RSM uses its own actuarial specialist that reviews the methodology and assumptions used. No concerns noted regarding the methodology or assumptions used and applied to these significant liabilities. These items are recorded in the financial statements and are both significant long-term liabilities that are shown on the face of the school board statements and paid out over approximately a 30 year period; (2) actuarial assumptions used for self-insurance general auto liability, workers compensation and health insurance which have stop loss coverage in place. M-DCPS uses an actuary to help them calculate the amounts. RSM reviews the work (report) that's provided to the actuary and performs testing of claims to make sure that the controls are in place. No problems or concerns with the estimation process that was applied or the amounts.

School Board member/ABAC member Ms. Mari Tere Rojas congratulated Controller Ms. Daisy Naya, Chief Financial Officer Mr. Ron Steiger, and their respective teams. She was satisfied that this was a timely report, especially during the pandemic, and the fact that the report presented an unmodified opinion. Ms. Rojas requested an update on this year's Single Audit that was pending from last year's Auditor General Report with a finding that RSM was to follow-up. Mr. Friedman responded that it will be provided at the next ABAC meeting in February 2021.

ABAC member Mr. Albert Lopez asked whether RSM looks at the actuary used by M-DCPS, their background and expertise. Mr. Friedman responded that yes, RSM conducts a background review in the areas of qualifications and experience. M-DCPS uses actuaries that are used by other school districts. ABAC member Mr. Juan del Busto commented on an outstanding job on the financials and a great job to all.

Alternate ABAC member Mr. Rudy Rodriguez commented on the great presentation, he said that the numbers are great as far as the activities of the District, the unmodified opinion the District continues to receive and shows the expertise that M-DCPS has and the devotion towards maintaining the District in a financial sound condition; and he believes that the District will be again receiving the ASBO and GFOA Certificates of Excellence. He commended Ms. Naya, Mr. Steiger, the Superintendent and staff for an excellent job.

ABAC Chair Mr. Erick Wendelken mentioned that GASB was on hold for the year and asked Mr. Friedman whether there was anything else to be prepared for once things are released. Mr. Friedman replied that there are two major standards, GASB 87, which requires the School Board to record all leases (regular operating capital and embedded leases) and GASB 84, which will change the definition of what is considered fiduciary funds and will alter some of what's currently being recorded by the District starting next year. Mr. Wendelken asked whether M-DCPS is preparing for these changes now. Mr. Friedman responded yes, M-DCPS staff and team are preparing for these changes.

There being no additional questions or comments, a motion was made by ABAC member Mr. Jeff Kaufman and seconded by ABAC member Mr. Albert Lopez. Based on the "ayes" from all the ABAC members, there was unanimous agreement, and the motion carried to approve to recommend that the **Presentation of the CAFR and Auditors Communication of Audit Results, For Fiscal Year Ended June 30, 2020**, 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, 2020 (ACTION)**

The Chief Auditor Ms. Gonzalez introduced the next external audit report. She explained that this audit was performed by Ms. Cynthia Borders-Byrd, CPA from the external audit firm C Borders-Byrd, CPA LLC. Ms. Gonzalez summarized that the external auditor concluded that the special purpose financial statements present fairly in all material respects the financial position of the Education Facilities Impact Fee Fund as of June 30, 2020. She noted that this constitutes an unmodified opinion, which is the highest opinion that can be assigned to a financial statement audit and noted that no findings were reported. She further noted that total revenues reported for the Impact Fee Fund for FY 2020 amounted to \$21,291,941, which represented an increase of approximately \$762,800 when compared to total revenue of \$20,529,186 reported FY 2019. Also, for FYE June 2020, the Fund Balance reported was \$40,647,465, which represented an increase of approximately \$4.3 million when compared to the prior year Fund Balance of \$36,342,337.

Ms. Gonzalez then introduced Ms. Borders-Byrd to make her presentation. Ms. Borders-Byrd began by introducing herself to the ABAC members and by thanking Controller Ms. Naya and her team for providing assistance to the audit team that performed the audit virtually and that completed the audit on time and on schedule. Ms. Borders-Byrd continued with the required communications as follows:

- No difficulties encountered in performing the audit.
- No corrected or uncorrected misstatements, no adjustments.
- No disagreements with management.
- Obtained the former auditor's management representation letter, standard document from management signed by the Superintendent, CFO and Controller.
- No findings.

- Fund is healthy.

Board member/ABAC member Ms. Mari Tere Rojas, referred to page 3, and specifically inquired about the funds classified as *Due from Miami-Dade County* under the *Assets* section of the *Balance Sheets*. Ms. Borders-Byrd explained that those are impact fees collected on behalf of the School Board by the County but not remitted at year-end. Those are the dollars remitted after June 30, 2020, a portion of revenues not yet remitted from the County to the School Board. Ms. Rojas inquired if these were the result of new construction. The Superintendent responded that 100 percent of these funds are due to eligible qualified new construction revenues.

ABAC member Mr. Albert Lopez inquired if there are any recommendations to improve the process. Ms. Borders-Byrd responded that there are no recommendations to improve the process.

There being no additional questions or comments, a motion was made by Board member/ABAC member Ms. Mari Tere Rojas and seconded by ABAC member Mr. Albert Lopez. Based on the “ayes” from all the ABAC members, there was unanimous agreement, and the motion carried to approve to recommend that the **Presentation of the Audit of Educational Facilities Impact Fee Fund, Special-Purpose Financial Statements for FYE June 30, 2020**, be received and filed by the School Board.

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

The Chief Auditor introduced the *Internal Audit Report-Selected Schools/Centers*. She explained that this group consists of 60 schools/centers, of which 57 report to a Region Office, two report to the Office of Adult/Technical and Educational Opportunity and Access within School Operations, and the remaining center, the Greater Miami Athletic Conference reports to the Division of Athletics, Activities and Accreditation within School Operations. She noted that the audit period of 47 schools/centers is one fiscal year ended June 30, 2020, while the audit period of the remaining 13 schools/centers is two fiscal year audits ended June 30, 2020. Also, there are 21 schools with change of principal since the prior audit. For most schools, she added, audit results were satisfactory, including property. However, five schools were cited for noncompliance with internal fund procedures related to the disbursement function, athletic program expenditures, after care program procedures over the collection and recordkeeping of the student records and recordkeeping of fundraising activities. Ms. Gonzalez specifically mentioned one school where there was a misappropriation of field trip collections and the case was referred to the State Attorney’s Office for prosecution. The responsible individual, charged with Grand Theft, received probation and was ordered to restitute funds.

Board member/ABAC member Ms. Mari Tere Rojas commended the 55 of 60 schools/centers which posed no findings, their corresponding Principals, Assistant Principals, and Treasurers. She also congratulated Deputy Superintendent/Chief Operating Officer Mrs. Valtena Brown and her team, the Region Superintendents and Region Directors.

Ms. Rojas pointed out that three out of the five schools with findings were reported by the Principals which she recognized and appreciated. She also noted that at 21 of the schools/centers, there was a change of administration since the prior audit which is an area of concern and where training is essential, especially participation in professional development and the *Money Does Matter Program*, as well as assigning mentors to help new personnel.

Next, Board member/ABAC member Ms. Rojas referred to North Beach Elementary and noted the inadequate oversight of an afterschool program, and the issue with the United Way collections. In the case of the afterschool program, the former manager is no longer with M-DCPS and has retired, and the assistant is no longer with M-DCPS either. However, in the case of the United Way collections, the issues described are concerning, specifically were you see up to \$600 in change not being deposited, only the dollar bills were being deposited which is disturbing and wanted to know what is being done regarding corrective measures. According to management's response to the finding, she is aware that the Principal will be monitoring the daily collections of the funds to ensure that all deposits are being made and performing daily checks during fundraising periods. Ms. Rojas then asked Mrs. Brown as to what is happening at other schools based on what is seen here, not only with United Way collections, but receipts not being given to parents when money was being collected. Mrs. Brown responded that this particular situation was handled by the parent PTA that was handling the money; however, the District has a training process that takes place around the collection of monies related to the United Way fundraisers, of how and who should handle these monetary collections, to ensure that this is part of the training for everyone participating in the process. Additionally, training for Principals in Region monthly meetings is included if something comes up that seems to be throughout the District in addition to the *Money Does Matter Program*.

Board member/ABAC member Ms. Mari Tere Rojas asked about Madie Ives K-8 Preparatory Academy. She noted a similar pattern of discrepancies taking place with the Community School/Specialist and evidence of sloppy recordkeeping; however, there was an experienced Treasurer at that particular school which should have detected these conditions. Ms. Rojas wanted to know whether the Treasurers are following up on these recordkeeping issues of other staff members, specifically, reviewing the supporting paperwork of the monies deposited by those individuals working at the Community Schools and Afterschool Care Programs. Mrs. Brown responded that *FOCUS* is a new electronic (registration and payment recordkeeping) system that has been implemented at these Community Schools and Afterschool Care Programs which requires parents to make payments online. She said it is expected this online payment process will prevent these types of discrepancies experienced in the past since there will be less cash on hand collected by program staff to be processed for deposit.

Board member/ABAC member Ms. Mari Tere Rojas asked about (Miami) Carol City Senior, because of the conditions noted in the areas of disbursements, fundraising and student activities. She noted that there have been three Treasurers at the school since the previous audit and inquired whether there is stability at the school now, and whether there is someone assisting the school staff including the Principal. Mrs. Brown responded that currently there is a part-time Treasurer working at the school; however, her office is working with Human Resources to secure a permanent Treasurer for Carol City Senior that can handle the financial load of the school. Ms. Rojas further inquired whether mentors were being assigned to the school for the Treasurer as well as the Principal, and whether professional development will be provided as well as assistance and support from the Region Office. Mrs. Brown responded that there are mentors assigned to the school.

Ms. Rojas asked for an update on the status of Treasurer positions at the school sites and whether any candidates are ready to step into the Treasurer's position. Mrs. Brown replied that there are six vacancies for Treasurers districtwide, including Carol City Senior. Addressing candidates' readiness, Chief Human Capital Officer Mr. Jose L. Dotres explained the creation of a specialized pool of individuals, sort of like a "bench" program, for next-in-line individuals who have acquired the appropriate credentials and have passed all required testing to be able to serve as Treasurers.

This is a fairly new mechanism, that also involves promoting those in the ranks to participate and take the appropriate tests for Treasurer jobs and have them lined up in the pool. He recognized Mr. Julio Arana, Executive Director, Non-Instructional Staffing, who has been instrumental in creating this “pipeline” into the Treasurer ranks and this has taken place in conjunction with School Operations and the training that is being provided in this area. This should reinforce the availability, mentorship, and continuation of these critical positions at the schools that need to be filled.

Next, Board member/ABAC member Ms. Mari Tere Rojas referred to Leisure City K-8 Center (page 65) because she considered it extremely serious. According to the audit report, the former Principal reported an incident of an alleged misappropriation of field trip collections involving a former school Paraprofessional; and the matter was reported to Miami-Dade Schools Police Department who investigated the incident and referred it to the State Attorney's Office for further consideration of criminal charges. However, OMCA (the internal auditor) was not notified of the incident and these discrepancies came to the attention of the internal auditor during the regularly scheduled school audit. Ms. Rojas mentioned that, typically the Principal is to report the incident to the internal audit department, and this situation would require an audit as soon as possible. She wanted to know whether this policy/practice had changed since in this case the School Police was notified, however, the internal audit department was not. Additionally, Ms. Rojas inquired whether the individual (former Principal) under whose tenure the issue happened had resigned or retired.

In response, Mrs. Brown stated that the former Principal is currently the Principal at Robert Morgan Technical College. She explained that the former Principal reported the incident through the PIM process and did not report it directly to OMCA. She further explained that the procedures for reporting these incidents have not changed and regarding this case, the Region Director and Region Superintendent are looking into it to see why this happened. Ms. Rojas recommended that moving forward similar incidents should be reported to OMCA. Mrs. Brown responded that her office would follow the procedures already in place.

Board member/ABAC member Ms. Mari Tere Rojas congratulated the 15 schools/centers audited for FTE for over \$22 million that were all generally compliant with District policy related to FTE documentation and procedures. Regarding these results, Ms. Rojas congratulated the schools, Mrs. Brown and her team for working hard to ensure that staff is well prepared in the FTE area, and stressed the importance of professional development in this area, specifically the serious consequences to the School District in the event of non-compliant FTE issues, because these usually result in monetary disallowances. Mrs. Brown explained how they have expanded the *Money Does Matter Program* to include newly appointed Principals, Principals with findings in the past, incoming Principals at schools with inherited findings, former Principals responsible for the findings, Principals that have changed school levels (elementary to senior or senior to elementary), as well as Secretaries/Treasurers, Payroll Preparers, Athletic and Activities Directors responsible for any financial records, thus resulting in a much larger training pool of school site personnel.

Board member/ABAC member Ms. Mari Tere Rojas thanked the internal auditor (OMCA) for identifying the new Principals and Treasurers at school sites in the report, as she has requested in the past, thus making it much easier to go through the report and note the personnel that was the possible cause of some of the problems encountered.

Alternate ABAC member Dr. Nancy Lawther echoed Ms. Rojas' praise for the 55 schools with a clean audit report; however, as the PTSA/PTA representative on the ABAC, she was concerned about the school where the PTA was in charge of the United Way collections. Dr. Lawther referred to this as the "task of Sisyphus", where each and every year it becomes the PTSA/PTA's continued and laborious efforts to train their officers on these financial matters. She pointed out that the organization she represents provides yearly training on money matters to their PTSA/PTA officers, and those training sessions have included presentations from the Chief Auditor for the last several years. Dr. Lawther stated that this is one of the areas where questions continuously arise, often times because of officers' turnover and a lack of familiarity with proper procedures; and there is a need to remind PTA local unit officers that PTA funds cannot be comingled with any other school-based funding. She noted that this situation should be alleviated since Principals or designees are automatically part of the PTA local unit's executive board and have access at each board and general meeting to the financial statement of the local unit PTA and the budget of each PTA at the local unit level is to be approved by the general membership before any money can be spent or collected. Therefore, this should technically have been on the budget where it could have been flagged as being contrary to appropriate practice. Dr. Lawther stated that she alerted the President of the County Council of this finding; and has suggested to "double down" on that training, in advance of any collection for United Way, so they will have a special reminder notice to all PTA Boards that they are to play no role in the collection of money. Lastly, Dr. Lawther thanked the Chief Auditor and staff for a very easy to read report and that it was particularly helpful to see the individual school changes in personnel and Treasurers, in response to Ms. Rojas' request. Also, she mentioned that she was pleased to see that some of the schools flagged did not involve the school Treasurer's wrongdoing. This is a credit to the administrators on site and training being provided by Mrs. Brown's office.

ABAC member Mr. Albert Lopez echoed what had been previously said about the 55 schools with no findings. Mr. Lopez questioned a deficit at Braddock Senior in the Athletic budget covered by funds from educational programs, and where some of the transfers of funds had been approved by the Principal. Mr. Lopez asked whether this goes beyond the issue of training since this is taking funds from education to cover a deficit in another activity and he considered it borderline of ethical behavior and wanted to know what is being done beyond training. Mrs. Brown explained that the fund transfers were between athletic program and club accounts within the internal fund accounts of the school (not a budget issue), but that additional support is provided to the Principal and this is documented on the Principal's annual evaluation that her office monitors. Mrs. Brown concluded that there are additional steps that are taken in these cases that go beyond training.

ABAC member Mr. Albert Lopez asked whether OMCA follows up on these management recommendations or steps taken by management to make sure those procedures take place. Chief Auditor Ms. Gonzalez replied that as part of her offices' audit follow-up procedures, the first thing audit staff reviews during the next audit is the corrective action related to the prior year finding to ensure it was implemented, and whether it mirrors the response provided by the administration/region office. In such cases where issues/conditions are not corrected, the school will be cited again as part of the audit process. Mr. Lopez asked if the follow up can be done before the next auditor and not waste a year if the issue continues. Ms. Gonzalez replied that this would represent a challenge because her office's plan is dependent on sufficient audit resources to perform a number of school audits each year. Performing interim audits would not allow her office sufficient time to be able to perform as many one-year audits as the staff can perform, and at the same time maintain two-year audits to a minimum. She explained that in situations where the finding has been identified and discussed with the Region administration,

their Region Fiscal Teams perform in-house monitoring; and it is not often that schools are cited with repeated items/findings. Mr. Lopez thanked Ms. Gonzalez for the response.

In response to some of Mr. Lopez's concerns, Board member/ABAC member Ms. Mari Tere Rojas added that, depending on the egregiousness of each individual situation, specifically the one school that had Grand Theft, that individual was arrested, went to trial and probation was granted with restitution of funds. For those that are not as egregious, the Office of Professional Standards addresses some of the issues of concern and works very closely with Region personnel as well as with Mrs. Brown and her team. Also, within the Personnel Investigative Model (PIM), the District has the Civilian Investigative Unit (CIU), the General Investigative Unit (GIU- the School Police), Administrative Reviews conducted at the school sites/centers and Civil Rights Compliance (CRC) cases, all within timelines monitored closely and cases that are wrapped up within 45 days, with some exception.

Ms. Rojas asked if Mr. Dotres can provide an update on the timelines when these cases go to GIU or other departments. Mr. Dotres responded that Principals have to abide by the PIM model as previously described and the timelines are very specific, barring some unusual circumstances, typically there is a 45-day turnaround time to investigate and make final determination for the case at hand. Aside from training, when issues at schools arise, many of the Principals, working closely with Region Directors, know that for guidance and suggestions regarding how to handle or manage these personnel issues, the Office of Professional Standards is ready and prepared to assist and depending on the case will determine where the case will be assigned (whether to CIU or GIU).

ABAC Vice Chair Mr. Christopher Norwood introduced himself and welcomed the new ABAC members. Mr. Norwood wanted to know how and when OMCA and the District became aware of the problem at Leisure City K-8 Center. Mrs. Brown responded that the incident took place prior to the Principal being transferred. She explained that the former Principal had some suspicion of an employee and called the Office of Professional Standards for an investigation. The case was assigned to the School Police for investigation as a criminal offense; however, it was not reported at that time which would normally happens in a PIM since CIU is sitting at the same table at the same time. The person was found guilty; however, it was not until Ms. Gonzalez's team started performing the audit that they noticed the discrepancy and were informed. At the time charges had already been filed and the person had been arrested.

Ms. Gonzalez agreed with Mrs. Brown's explanation of events. Ms. Gonzalez further explained that from the auditor's perspective, it appears that the Principal became aware that monies were missing from a field trip, the school identified the person collecting the funds, and the case was referred to and handled by the Police bypassing informing her office in this process. When the audit was scheduled in December 2019, which was after the time of the incident (which happened in the previous summer), the auditor assigned to the school, being unaware of any anomalies, conducted a number of tests, noticed certain monetary discrepancies in the account and began making inquiries. It was at that time that the auditor was informed that a theft had occurred, what had transpired, and that the case was referred to the State Attorney's Office. Ms. Gonzalez also stated that customarily OMCA is notified of these types of incidents, but at this school, something happened in the process, and she was not sure exactly what or why. She postulated that it is possible that the Principal discussed the incident with a Region administrator who then failed to share that information with the administrator in charge of the Region's school business/operations. Ms. Gonzalez stated that OMCA should always be notified in cases of monetary discrepancies since these issues will more than likely have an impact on the audit. From

her past experience, her office has collaborated with School Police in similar cases; and while the Police is conducting the investigation and interview process, audit staff is analyzing the accounts and financial activity to assist the Police with the allegations and the investigation.

On a separate topic, Mr. Norwood mentioned that it was his understanding that it was Mrs. Brown's last ABAC meeting before she retires and wanted to know if that was correct. Mrs. Brown responded that no, that she was not sure where that information came from.

There being no additional questions or comments, a motion was made by Board member/ABAC member Ms. Mari Tere Rojas and seconded by ABAC member Mr. Juan del Busto. Based on the "ayes" from all the ABAC members, there was unanimous agreement, and the motion carried to approve to recommend that 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, 2020 (ACTION)**

The Chief Auditor introduced the item as the *Internal Audit Report-Audit of Inventories as of June 30, 2020*, in accordance with the FY 2019-20 Audit Plan of OMCA. Her office performs an audit of the inventory balances that are reported on the unaudited financial report for the fiscal year ending June 30, 2020, for the Department of Food and Nutrition, Stores and Mail Distribution, Maintenance Materials Management and the Department of Transportation. In the report, her office concluded that the inventory balance of \$20,697,426 reported in the unaudited financial report as of June 30, 2020, was fairly stated in all material respects and there were no material adjustments to the inventory resulting from the auditor's physical counts performed at the end of the year. The total year-end inventory increased by 27% from \$16.25 million on June 30, 2019, compared to \$20.7 million on June 30, 2020. The increase is primarily due to the COVID-19 pandemic which resulted in the closure of schools and limited use of food and supplies from mid-March 2020 to the end of the school year. Ms. Gonzalez mentioned that Mr. Jon Goodman, Assistant Chief Auditor, and Mr. Rick Yanez, District Audit Director were in charge of this audit and available for any questions, as well as the Administration in charge of these inventories.

Board member/ABAC member Ms. Mari Tere Rojas had no questions but wanted to congratulate and commend those involved on the good outcome.

There being no additional questions or comments, a motion was made by ABAC member Mr. Jeff Kaufman, and seconded by Board member/ABAC member Ms. Mari Tere Rojas. Based on the "ayes" from all the ABAC members, there was unanimous agreement, and the motion carried to approve to recommend that the **Internal Audit Report – Audit of Inventories as of June 30, 2020**, be received and filed by the School Board.

#### **10. Review of Charter Schools' Financial Statements**

Chief Auditor Ms. Maria T. Gonzalez introduced the item and stated that this encompassed the review of the audited financial statements of 34 out of 140 charter schools operating during the fiscal year ending June 30, 2020. She noted that this is the first group of charter schools' financial statements reviewed for this year. This is in accordance with charter school contracts which require charter schools to contract an external independent auditing firm to perform a financial statement audit that is later submitted to the District and to OMCA for analysis and review. Also, the Office of Charter School Support is involved in this process.

According to Ms. Gonzalez, 33 out of the 34 charter schools from this group are free of significant fiscal issues. What remains is the close-out financial statement audit of the *Latin Builders Association Construction and Business Management Academy* which voluntarily terminated its charter school contract on November 19, 2019. The school ceased operations on November 29, 2019; and the external auditor issued the final close-out audit on March 16, 2020.

Ms. Gonzalez introduced Assistant Chief Auditor Mr. Jon Goodman and Assistant Superintendent Ms. Tiffanie Pauline from Charter School Support to the ABAC members for questions regarding the charter schools' financial statements. Mr. Goodman took this opportunity to greet and welcomed the two newly appointed ABAC members.

ABAC member Mr. Juan del Busto mentioned that for the time that he's been an ABAC member, this seems to be one of the cleanest, if not the cleanest audit report that he has seen in charter schools' financial area. Mr. Goodman agreed, however, mentioned that some of the schools in the next group may require some discussion.

Board member/ABAC member Ms. Mari Tere Rojas commended the 33 charter schools for a wonderful job. She inquired on the close-out financial statement audit of the *Latin Builders Association Construction and Business Management Academy*. As previously mentioned, during November 2019, the school had voluntarily terminated its charter school contract, the school ceased all charter school operations on November 29, 2019, and issued its final close-out audit on March 16, 2020. Ms. Rojas specifically asked how the school's deficit Net Position and deficit Fund Balance of \$(667,976) and \$(57,902) respectively, as of November 29, 2019, are handled and whether these funds are recovered.

Mr. Goodman responded that the deficits at the school are not liabilities of the School Board and the law maintains that if the charter school has excess unencumbered assets at its closing, the assets will then revert back to the School District. However, in this case, he explained that the school had substantial deficits in net assets and fund balances and would not apply here. Also, the close-out audit is a mechanism that ensures that everything is closed out properly and the Office of Charter Schools Support has a close-out checklist which includes the consideration of the placement of students and any outstanding assets if that is the case. Ms. Pauline greeted everyone and agreed with Mr. Goodman's response and added that the only thing available to recover in this case was the physical assets which consisted of the inventory. Ms. Pauline restated that there is no liability to the District supported by Florida Statute and in the charter school contract there are indemnification clauses. Ms. Rojas thanked Mr. Goodman and Ms. Pauline for the response.

Alternate ABAC member Mr. Rudy Rodriguez mentioned that the deficit balance can be a result of recognizing a liability on the balance sheet and asked whether these are liabilities related to monies owed to the School District. Mr. Goodman responded that these were not owed to the School District, but due to other external vendors and creditors.

ABAC Chair Mr. Erick Wendelken asked if those were related creditors. Mr. Goodman responded that in some cases they were and are outlined in the *Notes to the Financial Statements*. He noted that a small portion was due to the parent company, but most related to a bank loan, other vendors and creditors. Mr. Rodriguez asked if the deficits were caused by the management company fees that are charged to the charter school. He noted that such debt would not be an obligation that the District would have control over, and that for matters of closing the school, it is unknown if anything else was paid to the management company. Mr. Goodman responded that the school

was district-managed for a number of years, and the relationship was severed in May 2019. The school was then managed by another management company until that relationship was terminated and the services provided through a pro-bono type of arrangement, but the main cause of the school's financial issues was due to a lower-than-expected student enrollment. Its capacity was approximately 200 students and it was down to 90-95 students. Mr. Rodriguez equated this to operating expenses exceeding the revenue stream. Mr. Goodman agreed.

There being no additional questions or comments, a motion was made by ABAC member Mr. Albert Lopez, and seconded by ABAC member Mr. Jeff Kaufman. Based on the "ayes" from all the ABAC members, there was unanimous agreement, and the motion carried to approve to recommend that the **Charter Schools' Financial Statements**, be received and filed by the School Board.

Ms. Gonzalez stated that this was the last of the action items in this meeting's agenda.

#### **11. Discussion of Cybersecurity (INFORMATIONAL)**

Ms. Gonzalez introduced the informational item and referred to a prior discussion on cybersecurity, specifically the discussion that occurred during the last ABAC meeting of September 15, 2020, in which several ABAC members requested that the topic of cybersecurity be included in this meeting's agenda. Therefore, included in this agenda are the following documents to assist with the discussion:

- School Board's Good Cause Agenda Item H-17- *Impact of Recent Cyber Security Attacks on Miami-Dade County Public Schools (M-DCPS)* that was approved by the Board at its meeting of September 9, 2020.
- Good Cause Agenda Item H-17 required a response from the Administration, which was provided in a timely manner to the Board. The response memorandum (M389) from the Superintendent dated October 21, 2020, is included.
- Also, included is the *News Alert* dated September 10, 2020, that presented the nine points discussed at the ABAC meeting of September.

Ms. Gonzalez reminded and cautioned the ABAC members that because the ABAC meetings operate under the Sunshine, some of the cybersecurity-related information brought to the Committee for discussion may be confidential and statutorily exempt from public disclosure pursuant to F.S. 281.301, *Security Systems, Records and Meetings Exempt from Public Access or Disclosure*. Ms. Gonzalez then introduced School Board member/ABAC member Ms. Rojas to present this item to the Committee. Ms. Rojas thanked Ms. Gonzalez and the ABAC Chair.

Ms. Rojas expressed her longtime concern for cybersecurity as well as by other School Board and ABAC members. Ms. Rojas referred to the agenda item she proffered on the September 9, 2020, Good Cause Agenda Item H-17, in which there is a history of actions she had addressed but also follow up discussions during ABAC meetings where members have expressed their concerns. Ms. Rojas stated that prior to her joining the School Board, other School Board members had been very vocal about their concerns on cybersecurity. Also, she noted that an Executive Session meeting is scheduled for Wednesday with the Board, where Ms. Gonzalez and some members of her staff, in addition to representatives from the firm who conducted the network security testing services will participate to go over the report findings with the Board. The network security testing report, as mentioned previously, is extremely confidential and exempt from public access and disclosure. Ms. Rojas stated that she assumes the Superintendent and his staff will

make a presentation and provide a plan of action to address cybersecurity issues encountered the past several months. Also at the Board meeting of September 9, 2020, the Board approved Good Cause Agenda Item H-14, directing the Chief Auditor to engage an external firm to perform network security testing services of the District biennially and authorize Financial Services to provide the biennial funding for the network testing services not to exceed \$50,000 starting with the 2020-2021 fiscal year.

Ms. Rojas asked Ms. Gonzalez for an update on the status of this year's network security testing services. Ms. Gonzalez responded that OMCA is in the process of planning this project, and is expecting some information from the Administration, namely a follow-up to the previous testing services, and requested the Committee's indulgence/patience to bring this information at a later meeting.

Ms. Rojas continued discussing the follow up to Good Cause Agenda Item H-17 of the September 9 meeting. Specifically, she mentioned that one area of concern is how much the District has spent to ensure that cyberattacks are prevented in the school district and hoped that the findings of the network security testing services would provide ideas as to where the District is, where it has to improve; and the plan presented by the Superintendent will detail what the District is going to do in this area moving forward. Ms. Rojas mentioned that M-DCPS has been very proactive in spending for software and hardware, but she believes that the spending for the cyber infrastructure needs to be enhanced given the size of this District, this is 4<sup>th</sup> largest in United States. Another concern is cybersecurity not only in this school district but worldwide. She mentioned reports of school districts that have paid ransomware for unfortunate issues they have dealt with.

Lastly, Ms. Rojas stated that she hoped the ABAC will take an even more proactive approach and provide the Board with its own recommendations that will help the Board Members and the Superintendent. She referred to the experts in the ABAC that she highly respects and how their input is vital. Ms. Rojas thanked Ms. Gonzalez and the Chair for allowing her to address these issues.

ABAC member Mr. Juan del Busto expressed how he appreciated the attention and the magnitude of the robustness going towards cybersecurity. This is a concern that he has had but feels very comfortable on the approach that is being taken going forward and reading H-17 and response. Mr. del Busto mentioned that while sitting in the meeting he was notified via email of a cyberattack in the country. This must be an on-going budget item going forward because once things are in place to protect the school district, someone else will come out with something else to attack not only the district's system but banking systems and hospitals that have been targeted recently with ransomware. This has to be part of the ongoing M-DCPS culture, which he knows it already is. Also, tests must be more robust and more creative because those doing it are becoming more robust and more creative every day. Mr. del Busto stated that he appreciates M-DCPS' attention and efforts invested on this subject.

Alternate ABAC member Dr. Nancy Lawther asked in respect to funding, that the audit may discover what the gaps might be but then there is a solution or a series of solutions all of which cost money. She pointed to the materials sent under this agenda item where there was mention that some of this is very expensive and she had two interrelated questions. The first question related to the role of the Audit and Budget Advisory Committee, what is the ABAC members' role in making budgetary recommendations. The second was a technical question, and this question may not be determined right now, but there is capital spending and operational spending, where

do the remedies fall. She noted that looking at the legislature budget request for the Department of Education for this upcoming legislative session which is subject to many changes, the Governor has not presented a budget, neither has the House or the Senate will be presenting a budget, but the legislative budget request for digital is the same as last year, \$8 million statewide, which does not begin to cover what might be necessary. In summary, she inquired as to the ABAC's role in the budgetary process to make recommendations; and whether there is a way of ascertaining to what extent any recommendation would fall under capital funds and operational funds.

Chief Financial Officer Mr. Ron Steiger responded that in regards to the first question, this Committee's involvement in the budget process is to ensure that the budget process does not leave out any major assumptions, that it is a non-biased clean approach to budgeting and that there is nothing incorrect going on in the process from beginning to end, including building and monitoring throughout. Mr. Steiger stated that it was not initially intended for ABAC involvement to help in making decisions in the budget process. The budget process was added in 2009 after the District was at the verge of bankruptcy and the question became how the District arrived at this point. Specifically, how the District passed balanced budgets that were clearly in the deficit for a series of years, and that's how the ABAC got involved to ensure that the District does not get to that point again, not to necessarily get involved in funding issues. Dr. Lawther responded that this was her suspicion, that this is an area that has policy implications as well, and wanted to draw the lines of what the ABAC members' responsibilities are.

ABAC Vice Chair Mr. Christopher Norwood asked about the role of the Audit Committee, that its members are to support the assessment of risk in many different ways. Cybersecurity being pertinent to work that the District does and as the assessor of risk, that is the role that he views, and if he is incorrect, he would like some guidance. Furthermore, Mr. Norwood asked that when the internal auditor is doing audit work, is the auditor assessing cybersecurity in every aspect of the things that OMCA does daily.

The Chief Auditor responded that going back to the question of the internal auditor and how her office works with cybersecurity, she explained that from the time that she became Chief Auditor in 2018, the involvement with cybersecurity began when Ms. Rojas had placed an item on the School Board Agenda regarding cybersecurity in addition to some of the concerns that were voiced by the ABAC members during some of their meetings. From this, her office took the lead and hired an external firm to perform a security testing project that was recently completed. Now, based on the perspective of internal auditors, her office assesses the district's risk and every year an audit plan is prepared that is based on situations encountered throughout the year in the work of the auditors as well as the ABAC concerns and recommendations. Therefore, when the audit plan is brought to the ABAC that includes projects relating to cybersecurity, dealing with the internet and any type of system that is proposed for audit, these projects are brought to you in a draft form with the intent of bringing to you for feedback and for any additions, modifications, or recommendations to include in the audit plan. That is how the role of internal auditor and cybersecurity work together to put the plan for the year and if there is anything of vital interest to the Board, for example, the ongoing audit of K12 that Ms. Rojas recently brought to the Board for approval, OMCA has added that project to the plan.

Mr. Norwood clarified that his question was if there was any risk assessment specific to cybersecurity when auditing a school. Ms. Gonzalez responded that regarding the schools, there are certain reports that provide a listing of the individuals employed at each school enumerating the access granted to each individual to certain computer applications, and that report is used to review the appropriateness of this access as part of the audit. Mr. Norwood asked if that is part

of the document he receives. Ms. Gonzalez responded that regarding the school audits, it is an internal working document of the office. She explained that the risk assessment is performed in-house and the scope and timing of the school audits depend on the results of that risk assessment which is made up of several factors. These factors include more than cybersecurity, they also include revenue levels/fluctuations, changes in administration and other criteria, each of which has a certain weight and that's how the risk assessment is derived for each of the schools.

ABAC member Mr. Albert Lopez was thankful for keeping this subject alive, agrees with what has been said, and that it is one of the highest risks the organization has. It doesn't matter if you are a non-profit, in education or a public company. Mr. Lopez referred to RSM and the testing they conducted, and while understanding the Sunshine Law and confidentiality, he laments that it can't be discussed; however, of the points raised he wanted to know if anything has been done, any steps taken on points raised in connection with their work.

Ms. Gonzalez referred the question to Chief of Staff Mr. Jaime Torrens. However, the Superintendent responded and stated that to the extent that information can be provided within the limited framework, the answer is yes, considering that any discussion about the dollar amount investments revealed to knowledgeable parties, the level of vulnerabilities or not, specifying actions taken, designate the same to those who are paying attention and wanting to cause harm. The Superintendent continued and stated that a number of action steps have been taken that reflect recommendations and, in many cases, go beyond recommendations that have been established either through the audit process or other independent reviews. There are other actions/steps that do take time that are in process.

ABAC member Mr. Albert Lopez asked specifically as to the auditor's work and what is the hold up to complete those procedures. Mr. Lopez referred to the conversation that started a few months back, at the beginning of the school year and thought it would be further along.

Ms. Gonzalez inquired if he was referring to the next network security project. Mr. Lopez responded in the affirmative. Ms. Gonzalez replied that at the beginning of the year, this was in the planning stage to engage a vendor when the issue of K12 and the cybersecurity breaches occurred and the Administration took several measures which involved engaging several companies to assist in the cybersecurity area. Considering these events, she determined to give the Administration some time to complete that process, requested a follow up response from the Administration which they are in the process of providing; and then move to the next step of engaging the firm for the security testing services once she would have a better idea of where the district is now, and what has been accomplished in this area. Ms. Gonzalez stated that there has been no intentional hold up, instead they are waiting for some action to take place before her office can proceed appropriately.

Mr. Lopez stressed that urgency and priority should be given to these steps. Also, in the past meetings, it was discussed to hire individuals with certain expertise, not only IT knowledge, but individuals in organizations that are dealing with these issues or those that have been penetrators themselves that work for the FBI that have a certain amount of expertise; and this is something of urgency and should be given thought. Budgetary issues may exist but again the exposure is so large.

Mr. Lopez also asked whether there has been a follow up on the last penetration test since the last incident to see what vulnerabilities have been identified in the system. He noted that staff training is so important regardless of how much has been spent, if staff doesn't have that certain

mindset, it is almost a culture shift that is needed, it doesn't matter what controls or systems are in place. These are all things that the administration should have been doing all along, and maybe these things have been done. Further, Mr. Lopez expressed his frustration that sitting in this Committee, members are here to look at risk but because of confidentiality and Sunshine Law the Committee members don't have a feel for what is going on and it's tough. To a certain point, there are responsibilities; however, there is no knowledge. He noted that Board member/ABAC member Ms. Rojas asked for the ABAC's assistance based on the members' knowledge to support and help, however, it is tough to help when members don't have facts or information. As an example, if there is an Executive Session scheduled for the Board on Wednesday, why can't the ABAC have a similar Executive Session or participate if one is really looking for the ABAC members to help and support.

ABAC Chair Mr. Wendelken commented that in reference to risk and to training he had a question that was directed to ITS. He noted that this took place a couple of years ago with regards to an employee accessing an email with malicious content; if they were to click on that link what would they do, and a recommendation was made at that time. The question now posed is whether anything to cover that risk has been addressed, keeping within the frame of cybersecurity and risk of things that can be discussed at this meeting.

Superintendent Mr. Alberto Carvalho responded that something has been done. He remarked that he was not planning to speak on this matter. However, based on the number of questions and comments made, he will say something, although noted that this is one of those topics that it's difficult to speak about because of the restrictions. Mr. Carvalho further stated that there is a lot he would like to say, but his own staff has cautioned him that anything that is said, even if only to give reassurances of the things that have been done, that information unintentionally emits about the liabilities and vulnerabilities that may exist. The universe that's known to those who wish to cause harm to the system becomes clearer because of the information being provided. Therefore, this Administration is very careful about that, but he will say three things consistent with the communication that Ms. Gonzalez referenced, not only the memorandum response to Board action which is compelling in terms of action steps, but equally important what was referenced as a *News Alert* because his Administration wanted to make it known to the community the number of things that have been done, which include some of the recommendations just heard: (1) recognizing that the District will not be able to afford the army of technicians that the organization needs, nobody has that, however, this District has partnered with friends from this community and have been able to assemble pro-bono a task force made up of very knowledgeable people, some of which are the best experts in the community, if not the country; (2) significant earmarked appropriations to address immediate short-term and long-term priorities; and (3) a consulting firm was contracted to do a "deep dive" over the most significant elements with specific recommendations, and to the point that Dr. Lawther made, the recommendations proffered by these different organizations reflect both immediate short-term and long-term financial commitments. Also, the recommendation to seek the appropriate level of support from Tallahassee, M-DCPS has had recent access to stimulus funding that has been found to be appropriate to cover some of the required expenditures. As was stated, tomorrow there will be an opportunity of having a privileged conversation with the Board where it will be presented with an action plans, findings and short and long-term opportunities.

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. Presentation from Procurement Management Services (INFORMATIONAL)**

Ms. Gonzalez, Chief Auditor, introduced the item and stated that since the last ABAC meeting of September 2020, there was a request from ABAC members wanting to hear from the new Chief Procurement Officer Mr. Mario De Barros. Specifically, the Committee wanted to hear of his background, his team and new procurement initiatives since he has joined this District. Mr. De Barros has provided a presentation that has been included in the ABAC members' package. Ms. Gonzalez introduced Mr. De Barros.

Mr. De Barros began with his background and covered his level of education and professional experience, starting with his student days in schools within M-DCPS, his degrees earned at Florida International University, which included a Bachelor's degree in Business with a minor in Hospitality Management and a Master's degree in International Business, and his early career working with Royal Caribbean Cruise Lines (RCCL), which spanned from an entry level job in customer service taking phone calls for booking cruises to the procurement department, where he spent most of his time.

The Chief Procurement Officer mentioned his experience in procurement at RCCL which prepared him to work and think quickly on his feet, handling and solving procurement issues for a ship that will leave on a short deadline, and working closely with staff and requiring multi-cultural exposure and diversity. Also, other work experiences included working with Regus, which was different than with RCCL in that the items to procure for Regus, a lot of experience with food and beverage, but also involved procuring items such as carpeting and telecommunications, however, using the same procurement principles. The last few years before joining M-DCPS, he also worked with International Dairy Queen and Restaurant Services, Inc. (RSI) which is part of the Burger King family.

Mr. De Barros thanked the Board and the Administration for allowing him to spend his first year at M-DCPS with Mr. Joseph Gomez, to be trained by one of the best and who had done the job for 30 years. Mr. De Barros discussed some of the principles that have been instilled this first year: (1) full Board Policy compliance; (2) be a service-oriented team; (3) driving savings, cost-avoidance and enhancing operational activities or initiatives. Also, try to change the mentality and thinking of using piggyback strategy on another contract since this District has enough leverage to go out to bid and solicit as much as the District needs. As a point of reference, last year, Procurement Management Services (PMS) generated 47 solicitations, which is the same as this year, however, one must subtract six months of COVID-19.

Next, Mr. De Barros commented on his team. He credited the team for an outstanding job assisting him lead the efforts to have the District ready to open the schools while addressing COVID-19 challenges and the renegotiating strategy. The strategy consisted of renegotiating existing agreements to bring some additional benefits to the District. Additionally, some of the priorities have been in productivity, which consist of setting some objectives and attainable goals for the team and standardize procedures as much as possible since there is so much information for the team to keep up with. This information consists of Board Policy, State statutes and incentives. He stated that he wants staff to have enough material for staff to stop, review and ask. Some of the progressive initiatives are online bidding, working on transitioning from the usual method to BIDSYNC, now called Periscope, reduce dependency on paper, which aside from the cost it bogs down the process; however, not compromising the paper trail records, but having the ability to move to a paper-free environment. Also, enhancing the analytical skills of the staff for them to be able to make decisions faster and making the numbers be as clear as possible.

He mentioned that diversity is key and to work closely with the District's Office of Economic Opportunity (OEO), which is one of the key measures for the team. His office works closely with OEO and is aware of the great value of working with local firms, it's a win-win. This also increases leverage for the District through competition. Lastly, he wants to self-audit and not wait for a biennial audit. His office has an internal procedure where the staff will be auditing themselves regularly and will try to catch mistakes before they become an issue.

The long-term strategy is for the procurement team to be self-funded, whether through a combination of cost savings and improving operational efficiencies, or cost-avoidance, for the team to become cost neutral to the District. Also, continually challenging the status quo, not only the prior Administration but the Procurement Department itself. For example, when a bid comes around, how was it done before, and does it still make sense to do it that way. Increase online bidding but with a caveat, online bidding is important and it's the trend, but it needs to make sense. Mr. De Barros provided a scenario where multimillion-dollar brands have tried online bidding and was very challenging. Sometimes one very specific item with specifications makes sense but one needs to be very careful and cognizant of the learning curve of small and certified businesses and local business, not make them disadvantaged.

Next, he introduced the Procurement Management Services team and referred to his expectations and guiding principles. Ms. Charisma Montfort, District Director, Ms. Vanessa Flores and Ms. Miranda James, both Directors that support the team; Ms. Marta Cil-Alvarado, Contract Compliance Director overseeing compliance, and Mr. Carlos Limon, Executive Director, overseeing the operations of the warehouses mentioned in the inventory report.

His expectations and guiding principles are: be professional and respectful; be disciplined; be accountable; communicate; no hidden agenda; be proactive; bring a problem with a proposed solution; follow the process and when in doubt ask questions; have positive attitude; be flexible; and practice ethics beyond question.

Alternate ABAC member Dr. Nancy Lawther thanked Mr. De Barros for this presentation and referred to her interest in the post COVID situation to see the cooperation with OEO, specifically since the District is entering a phase in the world of business which is very precarious and outreach will be essential for the small business community.

Dr. Lawther mentioned that the question of certification of different firms has come up a number of times in ABAC meetings as well as in the School Board at large, and asked whether he could delineate some of the outreach and firm recruitment efforts in the South Dade area apart from that of OEO. Dr. Lawther asked whether certain entities have been contacted and referred to South Dade Chamber of Commerce, Chamber South, Cutler Bay Business Association, Ministerial Alliance in Goulds and in South Dade, etc. This is a point where businesses can use the help, use the knowledge of the process and the possibilities.

Mr. De Barros responded that he doesn't have that data; that he would rely on OEO since they do the outreach activity, but he shared that during the pandemic, PMS decided to do the procurement in stages and went out and obtained quotes on a weekly basis for that particular reason. He knew that local businesses would be very interested in selling since everything was shut down during the pandemic and this proved to be very successful. There was activity every week and the local business was able to access a lot of business during the pandemic.

CFO Mr. Steiger pointed out that the longer he is on this job, the answer to a lot of these things isn't in Procurement and OEO; it's in the culture of the entire organization. He said that what he is trying to instill is that the idea that an office needs to procure something and relies on Procurement to get that done, that attitude isn't going to work. He believes that if a department is in need of something, then that department, who is the expert in the field as to what is being purchased, that department need to reach out to the community and find businesses who do that. It is local and in areas whether it is an SBE, MBE, MWBE, any certified firm, the purchasing department needs to be invested in this idea; that part of the procurement is not just handing it off to the Procurement Department, but taking ownership of tilling the field and this must start substantially before the procurement hits the street, because once the procurement hits the street, the *Cone of Silence* is imposed and the conversation must cease. Therefore, prior to that understanding, this is what's coming, how do you drum up business in advance, so when the procurement does hit the street everyone knows about it and then they can go and apply.

ABAC Vice Chair Mr. Christopher Norwood thanked Mr. De Barros for his presentation. Mr. Norwood referred to the recent activity of the ABAC which involved the selection of an external audit firm following the RFP process that was coordinated with the Procurement Department. Mr. Norwood referred to that experience and said that if that experience is an indication of the professionalism that Mr. De Barros' office showed and shared, then he said that the District is in good hands. He added that as someone (such as himself) who spends a little of his time working with other governments, it's always great when the Procurement Department is headed by someone who understands business. He further noted that so often one encounters situations in which people just don't understand what it's like to be out there trying to do business, and it's a delight to have someone like Mr. De Barros leading that office and again thanked Mr. De Barros.

In closing, Ms. Gonzalez thanked Mr. De Barros for this presentation and expressed her appreciation for the work they do.

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.

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

Ms. Gonzalez introduced the last item. This report summarizes the working activities of OMCA since the last ABAC meeting of September 15, 2020. She noted that this report enumerates the audits presented today related to the schools, to certain district operations and to the charter schools. In addition, she noted that the report provides information on the work done by the Civilian Investigative Unit, which she oversees. Ms. Gonzalez noted that as of November 20, the Unit has been assigned 36 investigations and 24 have been closed; and these investigations have continued to operate under the PIM model which has a 45-day limit. She pointed out that her office is very aware of the timelines and of the need to adhere to the timelines.

Regarding the status of the working audit assignments, she noted that the school audits continue to operate on a yearly cycle as well as property audits. On the district audits, she said that audit staff is performing the fieldwork related to the *District Readiness and Capabilities of the Acquisition and Implementation of the Large Scale Instructional Technology Platform*, otherwise referred to as the K12 audit, which is in progress. Regarding other audit projects, she said that her office is in the planning stages of the GOB yearly audit, which is an audit of GOB expenditures and other related portions of that program, similar to a financial statement audit. In the area of charter schools, Ms. Gonzalez remarked that her office just started this year's audit cycle as

initiated with the first group of charter schools' financials that was presented at today's meeting, and the remaining charter schools' financial statements that will be presented at the scheduled ABAC meetings between now and May 2021.

Additionally, Ms. Gonzalez noted that audit staff has been involved in the RFP process for the external auditing services referred to by Mr. Norwood. She stated that the Committee held its first in-person meeting for that exercise, and she appreciated the ABAC members making themselves available to meet in person during the COVID-19 pandemic. Also, she noted several virtual presentations where her staff has presented, specifically one where Mr. Goodman presented to the Council of Great City Schools as to how this office has conducted audits during the pandemic. Participants to that meeting consisted of about 40 audit executives from approximately 20 large district schools' audit departments located throughout the nation. Also, audit staff was involved in a *Money Does Matter Program* virtual presentation. Participants included Ms. Tamara Wain from this office as well as Principals, Treasurers and Region Offices.

Ms. Gonzalez updated the Committee regarding her office's staffing issues. She noted that two positions were recently filled with internal employees. She explained that Ms. Sheila Resco, who was a part-time employee with this office for several years, was recently hired as a Staff Auditor after she graduated from college with a degree in Accounting and an open audit position was advertised for hiring. Also, Mr. Juan Antunez, who was also a part-time property auditor for several years, was recently hired full time once the position became open and was advertised for hiring.

Currently, she noted that an open position is being advertised and as all the positions are filled, the office will be able to have a very smooth process through the end of the fiscal year. Ms. Gonzalez concluded with this report and asked if there were any questions.

Ms. Rojas stated that she had no questions but wanted to commend Ms. Gonzalez and her team on the wonderful job, hard work, commitment, dedication, tenacity, and the outcomes seen in the many audits and areas that OMCA has been engaged in. Ms. Rojas specifically mentioned the Civilian Investigative Unit, as well as the number of cases that have been finalized and completed, and the Unit's working efforts.

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**

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Ms. Gonzalez asked if there was any old business the ABAC members wished to discuss. Nothing was scheduled on the agenda. None was discussed.

## **NEW BUSINESS**

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Ms. Gonzalez asked if there was any new business to discuss. None was discussed.

## **ADJOURNMENT**

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Before adjourning, Ms. Gonzalez thanked the ABAC members for today's participation. She appreciated that regardless of the pandemic, the members came through and attended in-person, which made it possible to reach a quorum in the room and take care of today's meeting agenda. She also thanked the new ABAC members, Ms. Sardiñas and Ms. Bordon-Gillenwater, for

attending, hoped they had a great experience today and that they will continue participating in this Committee. Last, she referred to the ABAC meetings held since the pandemic and the various meeting iterations that ranged from a fully virtual meeting via ZOOM to an in-person meeting and then to a combination of both in-person and virtual meeting; and thanked Mr. Luis Baluja, Mr. Eugene Baker, WLRN, ITS and others who have made these meetings possible. She then wished everyone very Happy Holidays.

Since there was no further business to come to the Committee, and upon a motion duly made by ABAC member Mr. Albert Lopez, seconded by ABAC member Mr. Juan del Busto and unanimously voted on and approved by the ABAC members, the meeting was adjourned at **3:13 p.m.**

MTG: