

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

May 8, 2018

The School Board Audit and Budget Advisory Committee (ABAC or Committee) met on Tuesday, May 8, 2018, in the School Board Administration Building, Conference Room 916, at 1450 N.E. Second Avenue, Miami, Florida.

Members Present:

Voting:

Mr. Erick Wendelken, CPA, Chair
Mr. Christopher Norwood, J.D., Vice-Chair
Mr. Jeffrey Codallo
Mr. Juan del Busto
Mr. Alvin L. Gainey, PTA/PTSA President
Mr. Stephen Johnson, Esquire
Mr. Jeffrey Kaufman
Mr. Julio C. Miranda, CPA, CFE
Ms. Mari Tere Rojas, School Board Member

Members Absent:

Mr. Albert D. Lopez, CPA
Mr. Rudy Rodriguez
Mr. Isaac Salver, CPA

Non-Voting:

Mr. Ron Steiger, Chief Financial Officer

Call to Order

The ABAC's Chair, Mr. Erick Wendelken called the meeting to order at 12:33 p.m.

1. Welcome and Introductions

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

Ms. Perla Tabares Hantman, School Board Chair	Mr. Richard Yanez, Audit Director
Dr. Martin Karp, School Board Vice Chair	Ms. Teresita M. Rodriguez, Audit Manager
Dr. Steve Gallon III, School Board Member	Mr. Wilmer Maradiaga, IT Auditor
Dr. Marta Pérez, School Board Member	Ms. Jeny Priante, Staff Auditor II
Mr. Alberto M. Carvalho, Superintendent of Schools	Mr. Jerold Blumstein, Chief of Staff
Dr. Daniel Tosado, Chief of Staff	Ms. Jackeline Fals-Chew, Chief of Staff
Mrs. Valtena G. Brown, Dep. Supt./Chief Oper. Officer	Ms. Andreina Espina, Chief of Staff
Mr. Walter J. Harvey, School Board Attorney	Ms. Dalia Rosales, Chief of Staff
Mr. Luis M. Garcia, Deputy School Board Attorney	Ms. Francys Vallecillo, Chief of Staff
Mr. John Iafelice, Assistant School Board Attorney	Ms. Patricia Bentancourt, Administrative Assistant
Ms. Sara Marken, Assistant School Board Attorney	Mr. Nelson Diaz, Administrative Assistant
Ms. Mindy McNichols, Assistant School Board Attorney	Ms. Ana Lara, Administrative Assistant

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Mr. Jose L. Dotres, Chief Human Capital Officer	Ms. Vivian Lissabet, Administrative Assistant
Ms. Daisy Gonzalez-Diego, Chief Communications Officer	Ms. Addys Lopez, Administrative Assistant
Mr. Eugene P. Baker, Chief Information Officer	Dr. Ana Maria Lopez-Ochoa, Administrative Assistant
Mr. Jaime G. Torrens, Chief Facilities Officer	Mr. Matthew Tisdol, Administrative Assistant
Ms. Martha M. Diaz, Chief Budget Officer	Ms. Elsa Berrios-Montijo, Staff Assistant
Ms. Iraida R. Mendez-Cartaya, Interim Chief Auditor	Ms. Latisha Green, Administrative Assistant
Ms. Melody Thelwell, Chief Procurement Officer	Mr. John Labonia, General Manager, WLRN
Ms. Tiffanie Pauline, Assistant Superintendent	Mr. Thomas Knigge, OIG, Supervisor Special Agent
Dr. Sylvia Diaz, Assistant Superintendent	Ms. Cynthia Borders-Byrd, CPA, C Borders-Byrd, CPA LLC
Mr. Raul Perez, Assistant Superintendent	Mr. Donovan Maginley, Partner, RSM
Ms. Ana Rijo-Conde, Deputy Chief Facilities & Ec. Officer	Mr. William McAuliff, Executive Director, MECA
Ms. Daisy Naya, Controller	Ms. Enid Weisman, Consultant
Mr. Tony Vu, Treasurer	Mr. Juan Quintana, CFO, S.M.A.R.T. Management
Dr. Robert Strickland, Administrative Director	Mr. Manny Alvarez, CPA, Verdeja, De Armas & Trujillo, LLP
Ms. Meyme Falcone, Administrative Director	Mr. Octavio Verdeja, CPA, Verdeja, De Armas & Trujillo, LLP
Mr. Jorge Rubio, District Director	Ms. Ann de las Pozas, Executive Director, FNEI
Ms. Maria T. Gonzalez, Asst. Chief Auditor, School Audits	Ms. Brittany Belletiere, Academica
Mr. Trevor Williams, Asst. Chief Auditor, District Audits	Ms. Ana Maria Martinez, Academica
Mr. Jon Goodman, Executive Audit Director	Ms. Maria Garcia, Sr. Associate, BA
Mr. Luis Baluja, Executive Director, CIU	Ms. Sheila Resco, Clerical Assistant
Ms. Tamara Wain, District Supervisor, School Audits	

2. Approval of the Minutes of the School Board Audit and Budget Advisory Committee Meeting of March 13, 2018

The Chair presented the minutes of the March 13, 2018, ABAC meeting and asked if there were any questions or comments. There were none. A motion was made by Ms. Mari Tere Rojas, School Board member, and seconded by Mr. Alvin L. Gainey, ABAC member, for the approval of the minutes of the March 13, 2018, ABAC meeting. The motion carried unanimously.

3. Approval of the Minutes of the School Board Audit and Budget Advisory Committee Meeting of April 26, 2018

The Chair presented the minutes of the April 26, 2018, ABAC meeting and asked if there were any questions or comments. Mr. Christopher Norwood, ABAC member, referred to page three, item number five regarding the selection of the applicants for oral interviews for the Chief Auditor position. His recollection was that the recommendations would be ratified by the ABAC at their May 8, 2018, meeting. The Chair asked the School Board Attorney to clarify the process.

Mr. Walter Harvey, School Board Attorney, responded that the April 26, 2018, ABAC meeting, as well as the subsequent meeting, were both advertised as special meetings of the Audit and Budget Advisory Committee, and a special meeting is the same as a regular meeting, where any action taken is final. He stated that any vote or recommendation taken at the May 1, 2018, special meeting, along with the rankings of the final candidates and the recommendations, will be forwarded appropriately to the Board. He further stated that this is consistent with

the District's Human Resources practices. Mr. Norwood restated his initial understanding and recollection of the process; however, he also expressed that he was comfortable with the process and the outcome if his recollection was not correct. Mr. Juan del Busto, ABAC member, abstained from voting on this item.

Since there were no further questions or comments, a motion was made by Ms. Rojas, and seconded by Mr. Gainey, for the approval of the minutes of the April 26, 2018, ABAC special meeting. The motion carried unanimously.

4. Approval of the Minutes of the School Board Audit and Budget Advisory Committee Meeting of May 1, 2018

The Chair presented the minutes of the May 1, 2018, ABAC special meeting and asked if there were any questions or comments. Mr. del Busto abstained from the discussion and from voting on this item. There being no further questions or comments, a motion was made by Mr. Jeffrey Codallo, ABAC member, and seconded by Mr. Jeffrey Kaufman, ABAC member, for the approval of the minutes of the May 1, 2018, ABAC special meeting. The motion carried unanimously.

5. Oral update from the ABAC Sub-Committee – Selection of the External Auditor of the GOB Program

The Chair introduced the above-mentioned subject and yielded the floor to Ms. Melody Thelwell, Chief Procurement Officer. Ms. Thelwell provided the Committee with a brief overview of the process for the Request For Proposal (RFP) that was released in March 2018 for the external independent auditor of the GOB Program. She explained that on April 12, 2018, Procurement Management received one response from S. Davis and Associates. The ABAC sub-committee met on April 19, 2018, and on May 8, 2018. On the second meeting date, the sub-committee members reviewed the answers to additional questions that the sub-committee had posed on April 19, 2018, and that Procurement Management had submitted to the respondent for answers. The sub-committee unanimously voted to move forward with the process for this firm to provide the services requested in the RFP. She then yielded the floor to address any questions or concerns. No questions were posed.

A motion was made by Ms. Rojas and seconded by Mr. del Busto, which carried unanimously.

6. Update on the Screening and Interviews of Finalists for the Chief Auditor Position

The Chair introduced the above-mentioned subject and yielded the floor to Mr. Jose Dotres, Chief Human Capital Officer, who summarized the screening and the selection process for the selection of the Chief Auditor position. He stated that the next step would be to forward the three finalists to the Board for their consideration and selection, and mentioned that all references and background

checks had been completed. He concluded that the process for the selection of the Chief Auditor had been completed from Human Resource's perspective.

ABAC Chair Mr. Wendelken mentioned that three individuals have been selected for consideration by the Board and opened the floor for discussion. Mr. del Busto recused himself from the process or discussion concerning this item since one of the applicants had reported to him at Ocean Bank. Mr. Harvey stated that his office would forward the "Conflict of Interest Form" to Mr. del Busto for him to complete documenting his recusal, and to submit the completed form to the clerk within 14 days of this meeting.

Since there was no further questions or comments, a motion was made by Mr. Codallo and seconded by Mr. Gainey, which carried unanimously.

7. Presentation of the Educational Facilities Impact Fees Agency Funds of Miami-Dade County, Florida, Financial Report as of September 30, 2017

Ms. Mendez-Cartaya, Interim Chief Auditor, introduced the subject report and informed the Committee that the report provides a clean opinion and the result of an interlocal agreement between the School Board and Miami-Dade County. She then yielded the floor to Mr. Tony Vu, Treasurer, to address any questions or concerns. The Chair asked if there was anything on the financials that needed to be pointed out. Ms. Mendez-Cartaya responded that it was a clean audit.

There being no further questions or comments, a motion was made by Mr. Gainey, and seconded by Ms. Rojas, which carried unanimously, to recommend that the **Presentation of the Educational Facilities Impact Fees Agency Funds of Miami-Dade County, Florida, Financial Report as of September 30, 2017**, be received and filed by the School Board.

8. Presentation of the Financial Statements of the Magnet Educational Choice Association, Inc. (MECA) for the Year Ended June 30, 2017

Ms. Mendez-Cartaya introduced the subject report and advised the Committee that it provided a clean opinion of the financial statements. She then yielded the floor to the external independent auditor, Ms. Cynthia Borders-Byrd of C. Borders-Byrd, CPA to address any questions or concerns.

Ms. Rojas referenced page 18 of the management letter regarding the comment on MECA's limited number of personnel and the segregation of duties not always possible. She noted the auditor's recommendation for implementing quarterly monitoring procedures by members of the Board of Directors, and inquired how this would be accomplished. She further inquired about the possibility of hiring additional personnel to address the concern outlined in Ms. Borders-Byrd's report. Her concern focused on the issue of MECA's limited staff, which consists of two part-time employees, and the limited oversight of their work as cited in the report.

Mr. Alberto M. Carvalho, Superintendent of Schools, replied that MECA is an independent external organization that the District does not staff. In regard to Ms. Rojas' inquiries, Ms. Borders-Byrd responded that the recommendation to MECA's Board of Directors is to have more oversight by reviewing the transactions on a periodic basis, and reiterated her communication with MECA's Board Chair Ms. Burke on this particular recommendation. Ms. Rojas thanked Ms. Borders-Byrd for addressing all her inquiries.

Mr. Norwood inquired about the finances and the monies that flow through MECA's organization, and whether the funding is derived from private corporations to the non-profit. Given the auditor's recommendation to the administration for more oversight, he wanted to know who controls the funds. Mr. William McAuliff, MECA's Executive Director, replied that funds come from outside organizations, they are deposited into MECA, and there is a five percent overhead administrative fee for operations to keep MECA going. Otherwise, he stated that MECA's doors would have to be closed. He stated that MECA has operated since 1991, he has been employed with MECA since 2009, and he works on a part-time basis.

Ms. Borders-Byrd addressed MECA's going concern noting that MECA has the potential to continue as a going concern; however, she recognized the need for additional funding and staff to manage its business. Ms. Borders-Byrd reiterated that in viewing MECA's balance sheet, their available funding is adequate.

Chair Mr. Wendelken questioned MECA's availability of funds. Ms. Borders-Byrd replied that the funds are donated for a specific purpose or program and some of the agreements allow them to charge an administrative fee, which is displayed on the income statement and amounts to approximately \$36,000. The Chair asked what will happen to MECA's funds if MECA is closed. Mr. McAuliff responded that the funds will return to the corresponding schools or departments. Since there were no further questions or comments, a motion was made by Mr. Gainey, and seconded by Mr. del Busto, which carried unanimously, to recommend that the **Presentation of the Financial Statements of the Magnet Educational Choice Association, Inc. (MECA) for the Year Ended June 30, 2017**, be received and filed by the School Board.

9. Presentation of the Financial Statements of The Foundation for New Education Initiatives, Inc. for the Year Ended June 30, 2017

Ms. Mendez-Cartaya introduced the subject report and yielded the floor to Mr. Octavio Verdeja, external independent auditor for the Foundation for New Education Initiatives (FNEI) for the presentation. Mr. Verdeja stated that the report has a clean opinion, and there are no significant weaknesses or deficiencies. He provided details of the financials which present a healthy organization. The Chair yielded the floor for any questions or comments. There were none. A motion was made by Mr. Gainey and seconded by Ms. Rojas, which carried unanimously, to recommend that the **Presentation of the Financial Statements of The**

Foundation for New Education Initiatives, Inc. for the Year Ended June 30, 2017, be received and filed by the School Board.

10. Internal Audit Report – Selected Schools/Centers

Ms. Mendez-Cartaya introduced the subject Internal Audit Report and informed the Committee that it included the audit results of 55 schools and centers. She noted that the report cited a few issues with bookkeeping, financial oversight, and payroll. Ms. Mendez-Cartaya then yielded the floor to Ms. Maria T. Gonzalez, Assistant Chief Auditor, School Audits, to address any concerns or comments. Mr. del Busto asked if any of the findings were repetitive. Ms. Gonzalez replied that they were not.

Ms. Rojas commented on the improved audit results and the non-repetitive findings disclosed in the report, and in particular, the satisfactory results of reviews at selected schools involving school site data security, as noted in the report. Ms. Gonzalez brought to the Committee's attention that 17 schools with prior audit findings had no findings to report during the current audit, and she commended the school site administration for this marked improvement. Ms. Rojas concluded the discussion by commending Mrs. Valtena Brown, Deputy Superintendent and Chief Operating Officer, as well as the regions, school site administrators and staff for their achievements.

There being no further questions or comments, a motion was made by Mr. Gainey, and seconded by Ms. Rojas, which carried unanimously, to recommend that the **Internal Audit Report – Selected Schools/Centers**, be received and filed by the School Board.

11. Internal Audit Report – Designated Elements of Selected Construction Projects

Ms. Mendez-Cartaya introduced the subject Internal Audit Report and informed the Committee that this audit includes the review of ten projects funded by the General Obligation Bond (GOB). The report presents the audit findings, conclusions, and recommendations for the selected projects. She mentioned that the findings pertained to two main areas which included the need to update the office's procedural manual that oversees the function, as well as the need for improvement relating to documentation of the processes involved. Ms. Mendez-Cartaya then yielded the floor to Mr. Trevor Williams, Assistant Chief Auditor, District Audits, to address any concerns or comments.

Ms. Rojas stated that this was a massive undertaking, and considering the size of the construction program, the outcome was very positive. Additionally, she mentioned that given the massive scope, it was no surprise that something was going to come up in the review. Furthermore, she asked Mr. Jaime Torrens, Chief Facilities Officer, to elaborate on the conditions disclosed in the walk-through and warranty area, as well as the project delays. Addressing project delays, Mr.

Torrens replied that there was one item cited for the time expansion at MAST Academy where two projects were taking place concurrently, (sector 1 for new construction and sector 2 for renovations of existing buildings). He also mentioned that there was a change order at no additional cost to the Board to expand sector 1; however, the agenda item inadvertently omitted sector 2. He pointed out that the oversight did not result in a delay in opening the school, nor did it affect the project or the cost of the project.

Dr. Steve Gallon III, School Board member, agreed with Ms. Rojas' sentiment relative to the massive undertaking of the GOB. He shared his thoughts on the part of the process and the responsibility to provide oversight to this particular area. He further noted that an audit is a sample, where you identify gaps and opportunities for improvement. In ten projects, there is an assumption that those gaps and opportunities have relevance across the board. He mentioned that in an audit process, it is never expected for all 300 plus projects to be audited. In an audit, there is always a sample that is taken.

Dr. Gallon referenced pages 10 and 11 of the report regarding the inconsistency over staff's handling of certain documentation, processes and procedures. He also noted for the record, that he spoke with Mr. Torrens regarding some areas and expressed his concerns. Additionally, he pointed to certain pages of the report where some of the findings noted discrepancies and inconsistencies with the process, as well as with the manual guiding this process, and asked if there were any prospects for providing training to staff. Mr. Torrens responded that much of the corrective action had already occurred, and to keep in mind that this was a snapshot taken in a specific period and time. He pointed out that through the course of the audit, actions were taken when we noticed things that needed improvement and changes were implemented. He mentioned that Ms. Ana Rijo-Conde, Deputy Chief Facilities Officer, is tasked with reviewing the recommendations and ensuring their compliance. Dr. Gallon inquired about the training facilitator. Mr. Torrens replied that the training will be conducted by his senior staff and he ensured that anyone who is a part of the project process will be trained.

Dr. Gallon pointed to one of the conditions identified in the report concerning discrepancies between bid proposals and bid tabulation forms and asked Mr. Williams to explain the implications of this. Mr. Williams replied that the major implication of the two documents not agreeing speaks to transparency and to perhaps, some doubt or question as to the integrity of the process. He mentioned that, for every piece of information a decision is based on, it should have an underlying document to support it. He pointed out that inconsistencies between two documents raises a question, not necessarily from improprieties, but from the standpoint of transparency, accuracy and clarity.

Additionally, Dr. Gallon pointed to bullets five and six on page 12 of the report and inquired on the amounts relative to these projects, and the net financial impact. He asked if there was a net difference between the lowest bidder and the selected

bidder for bullet number eight on the same page of the report, and expressed interest in the amount of the award referenced in bullet number ten. He reiterated that the requested information could be provided as a follow-up. Finally, he pointed out that on page 14 there seems to be a misalignment in the interpretation of this particular finding between management's response and the auditor's response, and his concern was that there is a gap that may prevent corrective action moving forward. He inquired if an attempt had been made to reconcile this difference of opinion, which in his estimation, could have implications moving forward.

Mr. Williams replied that all recommendations that the auditors have made will be followed up and that, through that follow-up process, the differences will be articulated between the parties as part of the discussion to bring clarity and a common understanding of what is expected.

Dr. Gallon expressed his desire to reconcile on page 14 of the report management's response with the recommendation being made.

Mr. Torrens responded that this is an area where he agrees that further discussion is needed. He stated that his concerning issue is the interpretation of School Board policy as it applies to a contractor that the district conducts business with, and he expressed the reasons for his concern. However, Mr. Torrens also expressed his willingness to collaborate and discuss the issue further. Mr. Williams stated that the recommendation comes from the need to understand the district's requirements governing a construction project and the contract itself with a contractor, and agreed with Mr. Torrens that further discussion is needed in this area.

Dr. Gallon pointed out that, although Mr. Williams and Mr. Torrens may verbally agree with each other's statements, page 14 of the report still reflects a lack of agreement that should have been reconciled prior to being codified for the record. He pressed upon the need for both parties to reconcile this matter before the upcoming Board meeting. Mr. Carvalho summarized his interpretation of the auditor's recommendations and management's response and gave assurances that Mr. Torrens and his staff were actively improving processes in this area and actively implementing some of the recommended changes.

There being no further questions or comments, a motion was made by Mr. Gainey, and seconded by Ms. Rojas, which carried unanimously, to recommend that the **Internal Audit Report – Designated Elements of Selected Construction Projects**, be received and filed by the School Board.

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

Ms. Mendez-Cartaya introduced the above-mentioned subject presentation and informed the Committee that this is a review of the charter schools' financial statements. She pointed out that 26 charter schools are free of significant fiscal

issues; three charter schools have a deficit net position when reporting in full accrual, however, they have a robust fund balance; and one of the charter schools is closing as a result of a deteriorating financial condition. Ms. Mendez-Cartaya then yielded the floor to Mr. Jon Goodman, Executive Audit Director, to address any concerns or comments.

Mr. del Busto inquired if Keys Gate Charter High School was closing and expressed his dissatisfaction with their financial position reflected in the school's financials. Mr. Goodman responded that the external auditors opined that the school was in satisfactory condition. Mr. del Busto disagreed with the external auditor's opinion and openly shared with the Committee his level of discomfort with the financials. He also asked if the external auditors were present at the meeting. Mr. Goodman replied that they were not; however, he mentioned that the auditors can be contacted regarding a subsequent meeting if the Committee is uncomfortable with this information. Mr. Codallo expressed similar concerns.

The ABAC Chair inquired about the progress of Keys Gate's deficit as far as their revenue and liability. Mr. Goodman replied that their fund balance has improved since prior years, and although their net position has been maintained, it might have deteriorated slightly.

Ms. Rojas inquired about the future placement of students currently attending Bridgeprep Academy of Arts and Minds Charter High School (BAAM) and pressed on this concern. Mrs. Brown replied that School Operations received notification from the Board that BAAM is closing. She pointed out that there are procedures in place, each student has been matched with their home school, and parents have been contacted and offered assistance with the transition. Mrs. Brown also informed the Committee that a representative of BAAM's management company was present at the meeting.

Mr. Juan Quintana, S.M.A.R.T. Management's Chief Financial Officer, provided explanations as to the actions surrounding the charter school's shortfall in student enrollment, and corrective action plans including a recovery plan with the State of Florida that ultimately did not meet the expectations. Consequently, it was decided that it was best to close the school at the end of the school year, and he has volunteered his time to place students in the proper schools.

Mr. Julio C. Miranda, ABAC member, stated that he was actively involved in an investigation of this charter school when he was employed with the district's internal audit department, and questioned whether all property that is due to the School Board will be transferred to the district. Mr. Quintana stated that all items purchased with FTE dollars or school funds will be inventoried and turned over to the district. Mr. Miranda pressed upon and inquired about the disposition of donations under custody of the charter school. Mr. Quintana responded that the disposition of donations was up to the charter school's board and their legal counsel.

Mr. Miranda requested a follow-up on this matter once a determination was made. Mr. Harvey acknowledged that his office can draft a letter and forward to Charter School Operations to follow up; however, there are some legal issues to consider since this is a separate entity.

Mr. Norwood requested clarification as to Keys Gate Charter High School and whether the internal audit department had reached out to the charter school's management and discussed some of the concerns expressed at today's meeting by Committee members. Mr. Goodman responded that he and his staff had conversations with the charter school's officials and they had been invited to attend this meeting. Mr. Norwood expressed his agreement with Mr. del Busto not to transmit the school's financials to the School Board but to revisit them at the next ABAC meeting. Mr. Norwood made a motion and Mr. del Busto seconded, which carried unanimously, to invite Keys Gate Charter High School's representatives to the July 17, 2018, ABAC meeting in order to address and clarify the Committee's concerns.

Dr. Perez inquired about the ownership of the building where BAAM is housed. Mr. Quintana responded that the building is privately owned, not by the school, but by the landlord. Mr. Norwood further inquired about the school's student enrollment numbers previously and currently. Mr. Quintana replied that over the years, enrollment ranged from the low 200s to 387. Unfortunately, the drop came this year when enrollment reached only 287 students, and this level did not satisfy the requirement of the financial recovery plan, which called for about 420.

There being no further questions or comments, a motion was made by Ms. Rojas, and seconded by Mr. Gainey, which carried unanimously, to recommend that the **Presentation for 29 of 128 Charter Schools Audited Financial Statements Fiscal Year Ended June 30, 2017**, be received and filed by the School Board.

13. Audit of Community Service Grants at WLRN TV/FM Licensed to The School Board of Miami-Dade County, Florida, for the Period July 1, 2013, through June 30, 2015, Report No. ASJ1705-1803

Ms. Mendez Cartaya informed the Committee that the subject report is the second report from the Office of the Inspector General from the Corporation for Public Broadcasting (OIG-CPB). In this report related to WLRN, \$7.3 million of funding reported as non-federal financial support was overstated, and OIG auditors are recommending that WLRN repay \$784,000. They are also recommending penalties and corrective actions. Except for \$282,000, the balance has already been accounted for in WLRN's financial statements that were presented at the last ABAC meeting in March 2018. We are still pending CPB's final determination. CPB has 180 days from this report date of March 29, 2018, to provide a final determination.

Mr. del Busto inquired as to who was responsible for payment of the \$282,000. Ms. Daisy R. Gonzalez-Diego, Chief Communications Officer, stated that the

District disagrees with the OIG's findings and has consulted with two external counsels on this matter. She pointed out that according to counsel, there is nothing in the lease agreement that prevents WLRN from utilizing those funds, and nothing in the CPB guidelines stating that lease payments must be deducted when factoring in for grant payments. Ms. Gonzalez-Diego reiterated that the district will continue to challenge this and that two opinion letters will be provided to the CPB before they issue the final recommendation on September 25, 2018. Additional questions from ABAC members regarding the repayment of \$282,000 were clarified by the Superintendent and Ms. Gonzalez-Diego.

Ms. Rojas inquired if there were OIG-CPB representatives in attendance, and if not, whether we had either contacted or heard from them regarding our concerns and the fact that we disagree with what they have submitted. Ms. Gonzalez-Diego replied that the letter submitted to them states WLRN's disagreement with these findings and that additional information and supporting documentation will be provided to them. Ms. Rojas inquired about the time frame of the continued communication with CPB regarding this issue. Ms. Gonzalez-Diego responded that the final recommendation will be September 25, 2018, which is 180 days from the March 29, 2018, audit report.

Ms. Rojas brought attention to the management's response letter included in the report that was signed by WLRN's General Manager and inquired if the findings were discussed with Friends of WLRN (Friends) at any point and time. Ms. Gonzalez-Diego replied that they were discussed and there have been meetings with Friends. Ms. Rojas also asked if M-DCPS' upper management had reviewed the responses. Ms. Gonzalez-Diego replied that they had been discussed. Ms. Rojas brought to the ABAC committee's attention that no one was copied in the management's response letter, not the Superintendent, and asked if the Interim Chief Auditor had been involved with the report. Ms. Mendez-Cartaya stated that her involvement was very limited, only after the completion of the report.

Dr. Gallon made similar observation that the response letter was transmitted to Washington, D.C., apparently with limited circulation. He inquired if the issue may result in litigation or whether it could be resolved amicably. Ms. Gonzalez-Diego stated that she expects an amicable resolution. Dr. Gallon asked Mr. Harvey if he was aware of this particular issue that has been transmitted to Washington, and potential implications from a legal standpoint, including his opinion for the School Board or the ABAC regarding possible litigation. Mr. Harvey explained that from the inception of the audit, his office retained an attorney by the name of Mr. Robert Winteringham in Washington, D.C., who specializes in CPB grants and audits, and who was former Deputy General Counsel for CPB, to handle this specialized area, and he has been instrumental in terms of mitigating any potential penalties, including interest and liquidated damages on the first phase of the audit. On the second phase of the audit involving the matter of the \$282,000, Mr. Harvey recapitulated the matter of the lease payments currently in dispute, and how it is expected that outside counsel will also assist with our arguments and resolution of

this matter. He concluded that although he does not foresee any litigation, it may happen.

Dr. Gallon inquired about the district policy's position delineating any restrictions on the lease revenue source. His recollection from previous conversations with the Superintendent is that revenue that comes to a landlord, unless it has a restriction on that revenue source, is the landlord's latitude to utilize at will. The Superintendent agreed this was the genesis of the disagreement, further clarified the matter of the treatment of the lease payments and pointed to the fact that this financial transaction has been audited in previous years by two external independent audit firms without being cited for the use of the lease payments. Dr. Gallon further inquired if any specific policy provisions restricting the revenue sources were identified. Ms. Gonzalez-Diego replied that there is nothing in the CPB guidelines that specifically addresses these restrictions.

There being no further questions or comments, a motion was made by Mr. Gainey, and seconded by Mr. del Busto, which carried unanimously, to recommend that the **Audit of Community Service Grants at WLRN TV/FM Licensed to The School Board of Miami-Dade County, Florida, for the Period July 1, 2013, through June 30, 2015, Report No. ASJ1705-1803**, be received and filed by the School Board.

14. Monthly Financial Report (Unaudited) – For the Period Ended February 2018

Ms. Mendez-Cartaya introduced the subject report and yielded the floor to Mr. Ron Steiger, Chief Financial Officer, to present the informational item to the Committee. There were no questions or comments. This report was presented for informational purposes only; therefore, no transmittal to the School Board by the ABAC is required.

15. Discussion of the Role of the ABAC in the District's Budget

Ms. Mendez-Cartaya informed the Committee that the above-mentioned subject relates to the discussion of the role of the ABAC in the district's budget. She mentioned that at the last committee meeting on March 13, 2018, there was discussion regarding the role and an analysis of what the role of the ABAC would be. She referenced to the memorandum issued and distributed to the Committee on April 27, 2018, on this subject which refers to School Board Policy 6840 Audit and Budget Advisory Committee. She pointed out that ABAC's duties specific to budget and financial management are found under Section B of Duties and Responsibilities of School Board Policy 6840. In addition, she mentioned that after listening to some of the past committee recordings, there had been a robust discussion of the role of the Committee on January 27, 2009, when Dr. Richard Hinds, Chief Financial Officer, discussed the recommended role that the Committee should take at the time when the rule for this Committee was being developed. She concluded that from this historical perspective, the intention was to ensure that the budget process was looked at, that it was performing as

anticipated, in a solid position at the end of the year and reliable. There were no questions or comments. This report was presented for informational purposes only; therefore, no transmittal to the School Board by the ABAC is required.

16. Update of the District Websites and the Americans with Disabilities Act (ADA) Compliance

Ms. Mendez-Cartaya provided the Committee with an update as to the District's progress on ADA compliance. She referenced back to June 2016 when the school system received an Office of Compliance Rights (OCR) complaint. That complaint has since been withdrawn. The complaint was specific to three website pages which have been made compliant. Several internal meetings have taken place with district staff to develop recommendations for compliance, and plans are being initiated to become fully compliant. The Office of Management and Compliance Audits (OMCA) will continue to monitor the proposed plan which will compel the district to have all their websites in compliance with the ADA. The ADA requirements will be shared with all departments and school sites, there will be training for staff, and ITS will develop templates for the departments to innovate. In addition, Procurement Management will include such language in their contracts for purchases of software or other materials.

Ms. Rojas inquired about the strategies that have been implemented, which ones will be implemented in the future, the anticipated timelines and distribution of the template. Ms. Mendez-Cartaya replied that ITS is in the process of developing the template and it will be distributed once completed. Distribution is dependent on funding that is available to the district. This is a long-term project and recommended that this be included in the long-term monitoring Audit Plan of the OMCA to ensure continued progress in this area. Mr. Eugene Baker, Chief Information Officer, clarified that the template should become available by the end of May 2018. He noted this is a multi-year project which will require communication and working closely with staff throughout the district, possibly two-three years since we have a large web presence. He further clarified that this is a nation-wide issue.

Mr. Gainey wanted to know how the district's website is not ADA compliant and Mr. Eugene Baker, Chief Information Officer, provided some examples and explanations to the Committee to illustrate this point. There were no further questions or comments. This report was presented for informational purposes only; therefore, no transmittal to the School Board by the ABAC is required.

17. Office of Management and Compliance Audits' Activity Report

Ms. Mendez-Cartaya introduced the OMCA activity and status report. She pointed out that 203 of the internal funds school audits have been completed, as well as 115 of the charter schools. She also mentioned that the report reflects additional information and yielded the floor to address any questions. Mr. Norwood inquired whether OMCA was sufficiently staffed for the additional tasks that have been

requested. Ms. Mendez-Cartaya replied that she is aware of the request that was submitted from the previous Chief Auditor regarding two additional positions. She mentioned that the audit team is excellent, they have worked diligently and hard to move things forward. They are brainstorming some new initiatives that would probably provide greater efficiency, looking at technology as a way to be able to complete the work quicker and not necessarily requiring additional resources, while recognizing the budgetary constraints that the district is taking for this upcoming year. OMCA is trying to find other ways to accomplish this. There were no further questions or comments. This report was presented for informational purposes only; therefore, no transmittal to the School Board by the ABAC is required.

18. Update on changes to Board Policies impacting the Audit and Budget Advisory Committee, the Office of Management and Compliance Audits or the Chief Auditor adopted at School Board meeting of April 25, 2018

Mr. Harvey informed the Committee that the above-mentioned subject relates to various policies that have been presented to the School Board for their consideration on amendments to school board policies. He then yielded the floor to address any questions.

a) (G-1) Final Reading: Proposed Amendments to Policies 9140, Citizen's Advisory Committees; 6840, Audit and Budget Advisory Committee; and ByLaw 0165.1, Agendas

Mr. Norwood inquired as to the method for providing training to the Committee. Mr. Harvey responded that advisory committees receive training once a year. He explained that the training covers portions of the Sunshine Law, Public Records Act and Robert's Rules of Order. It would address simple motions and points of order. He pointed out that some of the ABAC members are very familiar with this process. He added that this is an important policy initiative from Board Member Mari Tere Rojas, co-sponsored by most Board members, and he will be happy to impart this training.

b) (G-4) Final Reading: Proposed Amendments to ByLaw 0156, Legal Counsel; Policy 6835, Office of Management and Compliance Audits; and ByLaw 0165, Public Meetings

There were no questions or comments.

c) (G-6) Initial Reading: Proposed Amendment to Policy 6840, Audit and Budget Advisory Committee

There were no questions or comments.

d) **(H-15) Annual Performance Planning, Assessment and Evaluation**

Ms. Mendez-Cartaya highlighted recent board action regarding the performance planning, assessment and evaluation for the Chief Auditor. She mentioned the revised board rule requires meeting individually if requested to discuss goals and objectives to be achieved by the Chief Auditor and if requested, submit a written self-assessment within 30 days prior to June 1st.

The Chair asked Mr. Gainey if this would be his ABAC last meeting and if there was any wisdom he would like to impart. Mr. Gainey said that he enjoyed the parliamentary training and serving on the ABAC; however, he has completed his term as Miami-Dade County Council PTA/PTSA President. He was duly recognized by the Committee members and School Board members for his excellent service to the Committee during his year of service.

The Chair asked if there was any old or new business. Ms. Rojas referred to item five of this agenda regarding the external auditor of the GOB program. She expressed her assumption that this item would go forth to the Board as a good cause item at the June 20, 2018, School Board Meeting, and wanted to state this for the record.

Mr. Steiger provided clarification that item five would be issued from the administration as a Procurement good cause item. Upon Ms. Rojas' comment that holders were used in the past to place items in the Board agenda, Mr. Steiger mentioned that holders are not allowed for policy. Ms. Rojas mentioned that there was a similar situation that occurred in the past and a holder was allowed. Mr. Harvey explained that the policy was changed a number of years ago. At that time, holders used to be possible. Now, they have been eliminated to ensure that recommended action is part of the item at the time of publication. This went into effect approximately five years ago. Ms. Rojas thanked Mr. Harvey for clarification, but reiterated that item five regarding the external auditor of the GOB program would have to be presented to the Board as a good cause item in order to expedite this matter.

Mr. Norwood expressed that the record would be very clear that the ABAC's intention all along was that the selection of the external auditor would make it in time for the agenda. He commented that the ABAC had expedited the process and had outlined the interviews and screenings with the expectation this would be finished during the month of May, in order to be presented at the June 2018 Board meeting.

ADJOURNMENT

Since there was no further business to come to the Committee, and upon a motion duly made and seconded, the meeting was adjourned by ABAC member Mr. Alvin L. Gainey at 2:05 p.m., on his last meeting with the ABAC as committee member.