

**MINUTES OF THE SCHOOL BOARD AUDIT AND BUDGET ADVISORY COMMITTEE  
OF MIAMI-DADE COUNTY PUBLIC SCHOOLS  
REGULAR MEETING  
May 10, 2022**

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The School Board Audit and Budget Advisory Committee (the ABAC or the Committee) met on Tuesday, May 10, 2022, in the School Board Administration Building, SBAB Auditorium, at 1450 N.E. Second Avenue, Miami, Florida.

**Call to Order**

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ABAC Chair, Mr. Christopher Norwood, J.D., called the meeting to order at 12:42 p.m. All ABAC attendees, including non-voting members, introduced themselves.

Mr. Norwood acknowledged the presence of Ms. Perla Tabares Hantman, School Board Chair, and thanked her for attending the ABAC meeting.

**1. Welcome and Introductions**

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

Others in Attendance	
Ms. Perla Tabares Hantman, School Board Chair	Mr. Michael Hernandez, CPA, Audit Supervisor, OMCA
Dr. Steve Gallon III, School Board Vice Chair	Mr. Alejandro Santana Alvarez, IT Auditor, OMCA
Dr. Jose L. Dotres, Superintendent of Schools	Mr. Hector Ortiz, Assistant Inspector General OIG
Mr. Walter J. Harvey, School Board Attorney	Mr. Thomas Knigge, Supervisory Agent, OIG
Dr. Dawn M. Baglos, Chief Human Capital Officer	Dr. Nancy Lawther, ABAC Alternate
Mr. Jose Bueno, Chief of Staff	Mr. Erick O. Blanco, Cybersecurity Analyst, OMCA
Dr. John D. Pace, Chief Operating Officer	Mr. Jerold Blumstein, School Bd. Chief of Staff
Mr. Mario A. De Barros, Chief Procurement Officer	Ms. Krystina Diaz, School Bd. Chief of Staff
Mr. Eugene P. Baker, Chief Information Officer, ITS	Ms. Marlene Hernandez, School Bd. Chief of Staff
Ms. Daisy Naya, Controller	Ms. Ana Lara, School Bd. Chair Chief of Staff
Mr. Steffond Cone, Assistant Superintendent	Ms. Nicole Reinoso, School Bd. Chief of Staff
Mr. Luis E. Diaz, Assistant Superintendent	Ms. Lourdes Amaya, School Board Admin. Assistant
Ms. Tiffanie A. Pauline, Assistant Superintendent	Ms. Carlota Noguera, School Bd. Chair Admin. Assistant
Ms. Tamara Wain, CPA, Assistant Chief Auditor, OMCA	Mr. George A. Nuñez, School Board Admin. Assistant
Mr. John Iafelice, Asst. School Board Attorney	Ms. Elsie Berrios-Montijo, District Analyst, OMCA
Mr. Michael Lewis, Region Superintendent	Ms. Latisha Green, Assistant to the Chief Auditor, OMCA
Dr. Gloria Arazoza, Region Administrative Director	Mr. Al Chicoy, Creative Director, WLRN
Mr. Gilberto D. Bonce, Region Administrative Director	Mr. Gustavo Hernandez, Sr. TV Director, WLRN
Ms. Melba Brito, Administrative Director	Mr. Adson Pressage, TV Director, WLRN
Mr. Arnold Montgomery, Region Administrative Director	Mr. Nicholas Moreton, IT Support
Mr. Luis O. Baluja, CISA, District Director, OMCA	Mr. Brett Friedman, Partner, RSM US LLP
Ms. Mahati Tonk, District Director	Mr. Anil Harris, Manager, RSM US LLP
Mr. Richard Yanez, CPA, District Director, OMCA	Ms. Gabriela De la Cruz, RSM US LLP
Mr. William (Bill) O. McAuliff, Jr., Executive Dir., MECA	
Mr. Reinaldo Montano, Executive Director, CIU	
Mr. David Sundstrom, Chief Administrator Officer Acceleration Academies	
Mr. Mark Graves, Executive Vice President Acceleration Academies	
Mr. Steve Isaacson, Interim CFO Acceleration Academies	
Mr. Carlos Gonzalez, Director of Schools, <b>HIVE</b>	
Mr. Javier Lopez, Finance Director, <b>HIVE</b>	
Mr. Daniel Verdier, Principal, Keys Gate Charter High School	
Ms. Myrna Lainé-Hyppolite, Senior Vice President, Keys Gate Charter High School	
Ms. Yeimy Guzman, School Controller, Keys Gate Charter High School	
Mr. Bill Benson, Keefe McCullough (Audit Firm), Keys Gate Charter High School	
Mr. Ben Launerts, MECA Board	

**2. Approval of the Minutes of the School Board Audit and Budget Advisory Committee Meeting of March 8, 2022 (ACTION)**

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ABAC Chair, Mr. Christopher Norwood, presented the minutes of the March 8, 2022, ABAC meeting and inquired if there were any questions regarding the minutes.

There being no questions or comments, a motion duly made by Board/ABAC member Ms. Mari Tere Rojas and seconded by ABAC member Mr. Jeff Kaufman, was carried unanimously to approve and file the **Minutes of the School Board Audit and Budget Advisory Committee Meeting of March 8, 2022.**

**3. Presentation of the Educational Facilities Impact Fees Custodial Fund of Miami-Dade County, Florida, Financial Report as of September 30, 2021 (ACTION)**

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Chief Auditor, Mr. Jon Goodman, introduced Mr. Brett Friedman, RSM Partner, and Ms. Gabriela De La Cruz, RSM Manager, who would be presenting this item.

Ms. De La Cruz indicated that the audit comprised the requirements from the State Statute in the ordinance with Miami-Dade County pursuant to the impact fees for new residential development and/or additions collected on behalf of the County and remitted to the School Board.

The results of the audit were favorable, and a clean opinion was given. There were no exceptions or findings noted in this year's audit. There was a slight change in the reporting and the presentation of the financial statements in compliance with the new GASB 84. There was a footnote on page 6 discussing the implementation of the pronouncements.

ABAC Chair, Mr. Christopher Norwood, although not required by the County ordinance, wanted to know whether it would be possible for RSM to show the funds in every region of the School District for every School Board member, as opposed to just three districts.

Ms. De La Cruz indicated that RSM is reporting based on the interlocal agreement from 1995, which includes three Districts. Perhaps there would be some sort of amendment that would be required since RSM is complying with the agreement's terms. Mr. Goodman stated that he would look into it.

Ms. De La Cruz confirmed that the monies collected on behalf of the Districts are to be distributed to the jurisdiction for the advantages of building and implementing better facilities within the District.

There being no additional questions or comments made by the Committee, a motion was duly made by Board/ABAC member Ms. Mari Tere Rojas and seconded by ABAC member Mr. Jeff Kaufman, carried unanimously to recommend that the **Presentation of the Educational Facilities Impact Fees Custodial Fund of Miami-Dade County, Florida, Financial Report as of September 30, 2021,** be received and filed by the School Board.

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

Chief Auditor, Mr. Jon Goodman, introduced Ms. Tamara Wain, Assistant Chief Auditor, to present the item.

Ms. Wain presented the May school audit report consisting of the audit results of 64 schools and centers and briefly summarized the audit report as follows:

- The audit scope for the 64 schools and centers reported was one fiscal year ended June 30, 2021.
- At four of these schools, there was a change of principal since the prior audit.
- The financial statements were fairly stated for all 64 schools in this report. However, at two schools, the audit controls over the disbursement function, grants, donations, and the on-the-job training (OJT) program reports needed improvement.
- Regarding property inventory, audits were conducted at 63 of the 64 schools. Although property inventory results were mostly satisfactory, at seven school centers, 12 equipment items with an approximate cost of \$21,000 were reported as missing items. Those consisted of computers, audio visual equipment, custodial, and medical equipment.

Ms. Wain concluded and indicated that School Operations was available to answer any questions related to the report.

Board/ABAC Member Ms. Rojas expressed her disappointment and surprise since she is familiar with the schools; one belongs to her district. She wanted to know the district's plan in assisting the treasurer, so this issue does not occur again.

Dr. John D. Pace, Chief Operating Officer, concurred that it was a very disappointing finding and stated that there is no excuse for it. The practices of the District's internal funds manual were not being followed. He added that the occurrence was surprising since usually when an issue like this is brought before the ABAC, the District is dealing with a new treasurer who is undergoing training, where mistakes can be easily made due to lack of knowledge, but unfortunately, that was not the case. There will be procedures in place and the school will be included in the District's "Money Does Matter" program. The school will be monitored on a quarterly basis by the regional office, along with some internal reviews beyond the quarterly monitoring to improve some of the findings.

Regarding Turner Tech on-the-job training program, Ms. Rojas indicated that they had zero documentation or very limited documentation.

Dr. Pace explained that part of professional development is the paperwork that goes along with the on-the-job training (OJT) program, documenting accurately the learning of the students, as well as their time on the job. The school was implementing a new academic program and unfortunately, the teacher did not partake in professional development. Therefore, the teacher was not knowledgeable of what needed to be done in terms of paperwork, and when the audit took place, the documentation was not there because the teacher was not aware that it was required. Therefore, we must ensure that the professional development that is needed for the teacher takes place. Going

forward from a District perspective, we will ensure in our opening of schools' manuals that this will take place to make sure Principals and Regions know anytime a new program such as OJT is started at a school. The Region will have a list of the schools that may have new programs so they can follow-up with the Principal to ensure that they are placed in that professional development program.

Ms. Wain stated that the OJT program at this school was new for the 2021-2022 school year. While conducting the audit, her office was looking at records for the October survey period. She emphasized that for the February survey period, the teacher had received training, had received professional development, and had created records for survey period three. However, for survey period two, as noted in the audit finding, there were no records at all at the school.

Ms. Rojas was pleased to hear that the District is being proactive in taking steps so this never happens again. There is no excuse for not having any documentation. It is the teacher and the administrator's responsibility to make sure that if certain programs are being offered in their schools, that they are cognizant of what needs to be done. She reiterated that she was pleased to see that the Region in the schools and the District are going to be working cohesively together to ensure that those teachers have what they need, because at the end of the day a loss of FTE is a loss of funding for the District.

Regarding property audits, Ms. Rojas was pleased to see that most of the schools were in compliance. The seven schools with missing equipment at an original cost of \$21,300 and a depreciated value of \$1,400 consisted of computers, audiovisual equipment, custodial and medical equipment. She added that there are concerns in this area, particularly now due to the pandemic, and she wanted to make sure that the region and the District communicate with the District's administrators at the beginning of the year and follow-up accordingly at their school sites during their faculty meetings. It is important, particularly now with the way technology is expanding.

Mr. Jeff Kaufman expressed his concern with athletics and misappropriation and/or the moving of funds. He inquired whether there is a procedure in place to aid the school when they are in the negative on athletics.

Dr. Pace stated that the proceeds that come in from athletics were not the normal proceeds due to the requirements from COVID-19 and the fact of not having fans for most of the year. Therefore, schools may have found themselves in a situation in which they may have had donations from a donor that were not specified for academics. And when the time came, due to a potential deficit in athletics, they needed the funding. However, the procedure that should have been followed would have been a simple phone call to the donor asking if it would be okay to use the funds. The school could have requested a letter from the donor stating that the funds could be used, but this procedure was not done.

Dr. Pace added that last year the school District covered schools that had athletic deficits due to not being able to collect ticket proceeds because fans did not come, but that was just a one-year event. He indicated that he did not foresee this happening this school year because fans have been back. However, this is a procedure that can happen at any time whether there is a pandemic or not. There is a manual in place denoting what

to do when they are in the negative on athletics, which can be accomplished through ticket sales and fundraising. They have many ways to ensure that the athletic program is supported. This school chose to use donated funds to cover the deficit. The school just needed to ensure that those funds were properly earmarked for athletics, but unfortunately, they did not follow-up with a phone call. It was approved, but after the fact.

The presence of Dr. Gallon, Board Vice-Chair at the ABAC committee was acknowledged.

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

**5. Presentation for 39 of 139 Charter Schools Audited Financial Statements and Four Community-Based Organizations for FYE June 30, 2021 (ACTION)**

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Chief Auditor, Mr. Jon Goodman, suggested it would be a good idea to bifurcate the agenda item by discussing the charter schools first and then the CBOs. He added that there were several representatives in attendance from certain charter schools and CBOs, who along with OMCA and the administration would address questions or comments from the ABAC members.

Mr. Michael Hernandez, Internal Audit Supervisor, introduced the agenda item. He stated that these were the last 39 out of 139 M-DCPS sponsored charter schools for the fiscal year ended June 30, 2021. He added the following:

- None of the 39 schools had a deteriorating financial condition or a financial emergency.
- There were three schools in the transmittal letter that had some concerns, which were being brought up to the ABAC.

Regarding Arts Academy of Excellence, Inc., which will cease to operate as a charter school effective June 30, 2022, Ms. Rojas expressed her concern for the affected students and inquired about M-DCPS' plans to ensure a smooth transition for the students and the parents.

Ms. Tiffany Pauline, Assistant Superintendent of Charter School Compliance, stated that there is a closure protocol in place for any charter school being closed. She added that this was a voluntary termination, which entailed collaborative effort. Her office had already established a closure timeline with benchmarks. She added that the school would continue operating until the end of the year. A plan was put together for her office to go out to meet the parents, teachers, and students. Her office would identify their homeschool and present other options available to them, which is something that is done with every closure. In relation to the assets, Ms. Pauline's office assesses the furniture, fixtures, and equipment, and looks at the monies in the schools' accounts. It is a process to ensure that there is a smooth transition and a home for every child.

Regarding Keys Gate Charter High School, Ms. Pauline indicated that enrollment and

revenues were significantly below what was stated in the voluntary action plan they had addressed with the District in the past. As far as enrollment, it was a concern. It is critical because it is equivalent to the FTE funding that we get per child. Her understanding is that they have been working tirelessly to try to remediate it, but unfortunately, it has not been possible yet.

Based on the report, Ms. Rojas indicated that the school's management company is currently assisting the school and coming to their rescue. However, she was pleased to note that the school did not meet a condition of financial emergency, nor a deteriorating financial condition pursuant to Florida Statute 218.503. and 1002.345, respectively. Also, as per the external auditors, there were no internal control deficiencies or instances of non-compliance. Therefore, based on the financial circumstances and statutory requirements, there is not a formal corrective or oversight action mandated by Florida Statute 1002.345. Ms. Rojas inquired whether Ms. Pauline could elaborate on the actions that the District plans to take since this issue continues to occur and thus cannot be ignored. She wanted to know if there was anything the District could do to help them increase their enrollment since there might be a time when the management company may not be able to continue saving the school.

Ms. Pauline stated that the role of the District is not to assist the school with enrollment, but to monitor them. The school was the one that came before the District in the midst of doing a renewal. The school asked for a 10-year renewal, and her office was able to negotiate a 4-year renewal that was conditioned upon a financial plan (not a formal financial recovery plan) that would assist both sides in understanding where the school is at any given point and to monitor them periodically based on the goals that they had set forth.

Mr. Daniel Verdier, new and current Principal at Keys Gate High School, introduced himself. He indicated he has worked with Charter Schools USA (school's management company) for the past 15 years and has had the opportunity to open two schools in Broward County. He has been working strategically to streamline the school's feeder from its younger school up to the high school. They were able to identify some gaps for losing students to other programs and other schools in the area since they were not offering a variety of options to their students. They are currently anticipating from their 8<sup>th</sup> to 9<sup>th</sup> grade a 95% retention rate for holding those students, when in the past, it has been in the mid-80s. In addition, they have made a big push to involve themselves in the community with local organizations such as Kiwanis, Rotary Club, etc. to get the school's name out there.

Ms. Mirna Lane-Hyppolite, Senior VP of Finance for Charter Schools USA, indicated that they have been cooperating with the District's charter schools office and have provided projections regarding the outlook of the school. There has been improvement in the current year as it relates to cost management at the school and the utilization of the grant funds that the school has received. She emphasized that although enrollment has gone down in comparison to the prior year, the decline has been slight. Although the enrollment projections in the last couple of years have fallen short of what was anticipated from a budget standpoint, it is flat relative to the prior year. Also, they will be receiving Title I funds for the first time this year.

Ms. Anna Hochkammer, ABAC member, stated that she was glad to see that there are so many people working on this issue. However, this is an issue that has been discussed for a long time. Although Florida Statutes do not allow the District to intervene, other than asking uncomfortable questions, she wanted to know whether there are any other agencies that might be interested in the financial arrangement between the school and the management company. She added that she found it odd for a management company to be donating hundreds of thousands of dollars to the operations of a charter school. She inquired whether Mr. Goodman could provide an opinion about the regularity or irregularity of the situation.

Mr. Goodman pointed out that the school does not have a financial emergency, nor a deteriorating financial condition. Therefore, statutorily, that places limits on the actions that can be taken by the sponsoring school board. He added that he was grateful to work with the charter school, its management company, and its external auditors. He respects them, considers them to be very professional and has had a good relationship with them over the years. However, regarding Ms. Hochkammer comment, it is important to understand how in the last five years the school has been able to stay afloat and survive based on repeated waivers of management fees, incremental rents, and donations/contributions from a for-profit management company. Mr. Goodman suggested that one potential option would be to seek guidance or clarification from another agency to determine whether the relationship is acceptable. The agency can guide the District as to whether there is an arm's length relationship between the for-profit management company and the not-for-profit charter school. The Florida Department of Education might be able to provide clarification for the ABAC's concern on this financial arrangement.

Ms. Anna Hochkammer stated that it would be ideal to obtain insight from the Florida Department of Education and determine whether they consider this to be a perfectly acceptable scenario. If so, then the ABAC can simply set aside this concern. If they indicate that it is not an acceptable relationship, then the ABAC would have to discuss the next steps to be explored to make sure that we have a legal entity and best practices relationship.

Regarding the waivers and fees that the management company is providing to the charter school and its governing board, Mr. Christopher Norwood inquired whether there was an agreement in place.

Mr. Bill Benson, Managing Partner, Keefe McCullough, CPA's, indicated that there is not an agreement addressing those waivers. However, there is not a legal requirement for the management company to recover anything that has been waived. Those monies are not recoverable. He added that the management company is committed to the school.

Mr. Benson stated that the bond financing was to finance the cost of the facility. Regarding the relationship between the management company and the not-for-profit foundation, he added that the external auditors look at that relationship too. When doing bond issues, they have multiple law firms that test the relationships of all the parties that have been involved. They have been doing this for the past 20 years and each time,

they have said that the relationship passes. Although it is a big school and it has had deficits, the school will show improvement as the years go on.

Regarding another agency to opine on the relationship, Mr. Benson felt confident that the concern of the relationship between the management company and the school would pass, as well as foreseeing that the school's 4-year plan would come through with its new leadership.

Ms. Laine-Hyppolite reiterated that besides Keys Gate, there are more schools that are part of that bond issuance. There are other schools within Florida which are part of that foundation.

Mr. Norwood asked Mr. Benson for a professional assessment on the school's financials; whether he thought that there was an arm's length relationship between the management company and the school. Mr. Benson stated that there is indeed an arm's length relationship.

Ms. Anna Hochkammer added that the report states explicitly that due to the concessions that Keys Gate Charter High School has received, it did not meet a condition of financial emergency pursuant to state statute. However, she emphasized that these are year to year waivers, and nothing has been documented. If the management company decided not to issue a waiver, the school would almost immediately be thrown into a state of financial emergency under Florida statute. Therefore, what seems to be slowly heating water, might end up boiling someone alive, and might end up being a tsunami.

Due to all the discussed concerns, Mr. Benson stated that the audit staff requested a letter of support from the management company showing that the support to the school would continue. The foundation went to the management company and a letter of support was issued to the audit department regarding Keys Gate High School. The letter indicated that they are here for the long haul and that they are committed to the community of Homestead.

Ms. Hochkammer expressed that she was grateful for the letter, but regarding the fees being waived, there was no legal documentation to bind the management company for providing those waivers to the school from year to year, regardless of what the generous letter of support may have stated. She reiterated that it was a major concern.

Mr. Julio Miranda, ABAC member, stated that there were two things of concern to him. First, page 24, note 11, indicates that "this is a capital lease", however, there is incremental rent involved, which is confusing since it is not a financial lease. Secondly, page 23, note 11, states "the staff of the school" when in fact, it is the staff of the management company. He wanted to comment on it for the record. Mr. Miranda asked for an explanation as to what was the reason for having an incremental rent when it is in fact a capital lease.

Mr. Benson indicated that this was questioned and has been asked multiple times in the past. The base rent was intended to cover the amounts that are used to satisfy the bond obligation, so it had nothing to do with incremental rents. The incremental rent was established to make sure that the bond debt service went out first.

The long-term over the whole life of the lease was intended to be more of a market rate of rent. They made a tremendous investment in the school. The incremental rent has never been an issue since the date the bonds were funded. It is a provision that could kick in, but that has never happened, and they are 10 years into the school. The school never performed at a level to even get near incremental rent.

Regarding Community-Based Organizations (CBOs), Ms. Rojas stated that Path Academy terminated the contract with the District on August 31, 2022. Also, Richmond-Perrine Optimist Club notified the District on July 6, 2021, indicating that they would not be applying for funding and that contract services would end on June 30, 2021. She wanted to know whether those organizations had requested funding for the upcoming school year even though they terminated their contract with the District. She inquired because she has seen similar situations. Also, she wanted to know whether it would be feasible for those organizations to request funding although they terminated their services.

Mr. Luis Diaz, Assistant Superintendent of School Operations, stated that neither entity has requested funds. Also, whether it would be possible for those organizations to request funds once they terminate their contracts with the District, he believed that the determination for any future funds would be something they would not receive. Based on his conversations with budget, it would not be possible. However, he would follow-up on this and confirm whether that is accurate.

There being no additional questions or comments made by the Committee, a motion duly made by Board/ABAC member Ms. Mari Tere Rojas, and seconded by ABAC member Mr. Jeff Kaufman, carried unanimously to recommend the **Presentation for 39 of 139 Charter Schools Audited Financial Statements and Four Community-Based Organizations for FYE June 30, 2021 (ACTION)**, be received and filed by the School Board.

## **OTHER REPORTS:**

### **6. Results of the Peer Review of the Miami-Dade County Public Schools – Office of Management and Compliance Audits for the Period July 1, 2018, Through June 30, 2021 (INFORMATIONAL)**

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Mr. Jon Goodman, Chief Auditor, stated that auditors get audited too. In fact, his internal audit department recently underwent an external quality assurance evaluation, a peer review, by the Association of Local Government Auditors. This review is required every three years in accordance with government auditing standards promulgated by the United States Government Accountability Office. The review team provided his office with the highest rating and offered one suggestion relating to the classification of certain performed work. Mr. Goodman was very pleased by the team's recognition of the quality of audit work being performed in his office on behalf of the School Board.

Board/ABAC member, Ms. Mari Tere Rojas, congratulated Mr. Goodman and his office for their excellent work. She added that the audit department has had a history of doing exemplary work and she was very pleased with the results.

## **7. OMCA FY 2022-2023 Proposed Audit Plan (INFORMATIONAL)**

Mr. Jon Goodman, Chief Auditor, indicated that this was the proposed audit plan for the upcoming 2022-2023 fiscal year, and that the final audit plan would be presented to the ABAC at the July 19, 2022, meeting. He added that several audits are in progress and nearing completion, including the audit of ESSER funds, construction related warranties, and the VPN security controls. To the extent they are completed by the July ABAC meeting, they will be removed from the final plan. New and carryover audits would include payroll, impact fee collections, food service operations, and the building inspection process.

Ms. Rojas congratulated Mr. Goodman for a comprehensive audit plan for the upcoming 2022-2023 fiscal year and expressed her concern on cybersecurity as it is the greatest threat that Miami-Dade County Public Schools faces, particularly now with the war in Ukraine and Russia. She wanted someone to explain the reason for the delay on awarding an RFP on cybersecurity.

Mr. Goodman stated that the District has been working on this for a while since it is a complicated contract. Since the RFP is currently in progress and under the Cone of Silence, it could not be discussed in detail. However, he added that the District should have a vendor by the beginning of next fiscal year.

Ms. Rojas reiterated that she did not want him to do anything in violation of the Cone of Silence; her main question was the length of time that the RFP was taking.

Mr. Mario De Barros, Chief Procurement Officer, stated that the delay was directly related to the importance of the RFP and what the District was trying to accomplish, as well as the decisions being made by its committee members. The members that make up this committee are very knowledgeable and detailed, and thus, were taking their time to make the right decision for the District. He estimated this award to be, if not for June, definitely for the month of July. He emphasized this information was the most he could share.

Ms. Rojas indicated that she would be following-up at the proper time. In addition, she stated that there were several other areas of interest to her such as the BENCH program, the ESSER funds, and the building inspections. She announced that she had submitted a board item related to this and her colleagues on the board had unanimously approved it. She indicated that this was crucial to the staff members, students, teachers, and administrators. Therefore, she was looking forward to seeing what the outcome would be.

On the building inspections audit, Ms. Rojas inquired about the estimated timeframe.

Mr. Goodman indicated the audit would most likely begin prior to December 2022, and take no longer than 2.5 to 3 months.

In reference to an external audit for the \$1.2 billion general obligation bond (GOB), Ms. Rojas stated that the District had already met the halfway point and is approaching full completion. Therefore, within the next month, she was planning to bring another board

item for conducting an external audit on the last portion of the \$1.2 billion GOB the District had received.

Mr. Norwood inquired about how the item would proceed once approved.

Mr. Goodman indicated that an RFP would probably go out for selecting a firm to do the work. His audit team and himself would be working with the board member who is proffering it (Ms. Rojas) to determine the specifics of the audit scope. He reiterated that the District had an external auditor perform an audit for the midpoint portion of the GOB. Although his office would not be performing the audit, he planned to be involved by facilitating it and working with the firm. If Ms. Rojas was planning to submit a new board agenda item at the June 2022 board meeting, his office would gladly add it to the final audit plan being submitted at the July 2022 ABAC meeting.

#### **8. Office Management and Compliance Audits' Activity/Status Report (INFORMATIONAL)**

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OMCA Activity/Status Report – Agenda# 8 had been skipped.

Mr. Goodman indicated that this was a status of various audits and actions that had transpired in the office since the last ABAC meeting. He welcomed any questions or comments.

No questions or comments were made by the ABAC members.

#### **9. Chief Auditor's Self-Assessment (INFORMATIONAL)**

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Board/ABAC member, Ms. Mari Tere Rojas, congratulated Mr. Goodman for doing a wonderful job. She added that the Board made a great decision in bringing him on board and that she was very pleased with the work he has done. Mr. Goodman thanked Board member Rojas for the comments.

#### **10. OIG Final Report of Investigation – Able Business Services, Inc.'s Performance Cleaning School Buses under M-DCPS Contract, Ref. SB21-0001-SI (INFORMATIONAL)**

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Mr. Thomas Knigge, Office of Inspector General Supervisory Special Agent, stated that he was going to provide highlights on the report since it was lengthy.

Since there are negotiations taking place, Board/ABAC member, Ms. Mari Tere Rojas, inquired from Mr. Walter J. Harvey, School Board Attorney, whether it would be okay to discuss this item.

Mr. Harvey indicated that the actual report and the response are matters of public record, which means that discussing that part will be okay. However, he advised to be cautious regarding the consequences associated with the report. Any issues related to potential disciplinary actions should not be discussed since those were being negotiated between the involved parties.

Mr. Knigge explained that a concern about the cleaning and sanitation of the bus fleet was brought to their attention by the Transportation Department. As COVID-19 made its way through the school system in March of 2020, the District was looking for a company to clean and sanitize the buses to prevent the spread of COVID-19. Able Business Services, Inc. was selected as the company to perform this function for the School District. However, there were some concerns as reflected in the report.

Mr. Knigge detailed the extent of their investigative work and the resulting findings.

At the conclusion of the investigation, the IG office felt compelled to send a letter to Procurement communicating that there were some serious concerns with the cleaning of the buses. At that point, it was up to the administration to take some sort of action. Consequently, the District suspended that vendor until IG's report had finally come out.

Ms. Rojas inquired how long it had taken before the District suspended the vendor.

Mr. Knigge indicated that once the letter was sent by the IG office, the District suspended the operation of the vendor within a few days, on May 20.

Ms. Rojas reiterated that she had several questions but had to limit herself based on the attorney's advice. She inquired whether provisions had been included in the RFP for termination of services, and whether this was something that could be discussed. Mr. Harvey confirmed it was okay.

Mr. Harvey stated that a typical RFP would have two provisions: 1) Termination without cause; and 2) termination for cause. For cause, it would require some sort of notice regarding a potential breach. Then, if the potential breach was not cured, there would be a termination. He added that there was also a termination for convenience, which typically takes 30 days. In this case, given the situation, the District immediately took action.

Mr. Harvey suggested that if there is a follow-up, it can be done through the Chief Auditor at a subsequent meeting.

## **OLD BUSINESS**

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### **March 8, 2022, ABAC Follow-Ups:**

- Magnet Educational Choice Association (MECA)
- Federal Single Audit Findings
- Audit of District-Issued Instructional Mobile Devices

Chief Auditor, Mr. Jon Goodman, stated that an attached memorandum from his audit team provided the follow-up status of several audits that were presented and discussed at the March 8, 2022, ABAC meeting.

**MECA:**

Mr. Goodman added that there were representatives from MECA and the District's administration to address questions or comments by the ABAC members.

Board/ABAC member, Ms. Mari Tere Rojas, expressed her continuous concern regarding MECA, which has been addressed for years. She thanked Mr. William O. McAuliff, MECA's current Executive Director, for being a passionate supporter of the District. However, she added that this was an issue that needed to be finalized and resolved. She indicated that the report provided to her fell short of what was promised at the previous ABAC meeting. The ABAC was advised that there would be a candidate for replacing Mr. McAuliff's position within 30 days, but the District still did not have a new candidate. Also, a 5-year plan with projected revenues and expenditures had been promised, but not provided either.

Ms. Rojas stated that she was grateful to Superintendent, Dr. Jose L. Dotres, for stepping in and committing to provide MECA with clerical assistance, as well as aiding them in their search for a candidate to replace Mr. McAuliff.

Dr. Dotres stated that when his office reached out, it felt that MECA needed assistance in the following two areas:

- 1) additional support to Mr. McAuliff with clerical assistance and
- 2) support to accelerate the recruiting process for the replacement of Mr. McAuliff. The District is currently in the process of considering a good pool of potential candidates such as retirees with an accounting background. He added that a couple of candidates had applied, but they were not interested because there was also a compensation issue.

Ms. Rojas expressed concern that minutes were not being taken at MECA's Board meetings. The person that did it in the past was no longer around, and she believed there should be a backup person and/or alternate. Otherwise, no one would know what had transpired during those meetings. She wanted someone to elaborate on this concern.

Mr. McAuliff indicated that he had spoken to one of the individuals that works in Career Technical Ed that is responsible for setting up the Zoom meetings. She said that she did take a few notes, but he could not obtain much more from that person. Mr. McAuliff stated that he would take full responsibility for not doing the minutes as in the past, and minutes would be taken and available going forward.

Ms. Rojas expressed that she was following up on what had been stated during the last ABAC meeting that was going to be done but was never fulfilled. She added that there was another issue that deals with entities supporting MECA and the available monies that could be used to fund MECA. The ABAC was advised that it was simply a matter of requesting the funds, but that never occurred.

Mr. McAuliff indicated that he had submitted a written response to the board, where he communicated that since it is the end of the year, none of the academies would relegate any money to MECA. They have fundraisings to support their responsibilities to their own

academy schools. He added that it would be best for Mr. Ben Launerts (current Board Chair of MECA) and other members of MECA to approach the Academy of Hospitality and Tourism, STEMBoard, Academy of Finance, and Hospitality and Health Sciences to see if during their fundraising this coming year, they can do something to help support MECA.

Mr. Ben Launerts introduced himself as the current Board Chair of MECA, and principal of Launerts Hospitality Group (his own company). Regarding MECA's commitment to have candidates within 30 days, they interviewed two candidates. However, two things must happen for those candidates to be successful. They must be vetted properly by the School Board, and they have to accept. He added that due to financial reasons and the current competitive job market, it did not come through. Therefore, efforts have escalated and MECA is very grateful for the support of the Superintendent. He indicated that there was a candidate who had come up that day, who seemed quite viable. Also, he added that MECA reached out to their individual boards because the resources they have on those Boards of the Academies are tremendous. The Academy of Finance and the Academy of Hospitality and Tourism are two very powerful boards, which are comprised of hotel GMs, directors of credit unions, and a lot of very influential people. These resources have never been used in the past. He felt comfortable that in doing so, MECA would be able to present some better candidates, in case the current one does not come through.

Mr. Launerts stated that Mr. McAuliff has agreed to commit for the rest of the year, and he is not filing any grievance for not being able to leave.

Regarding the 5-year plan, Mr. Launerts stated that he remembered doing one in June or July of 2020, when it was originally requested. However, he was not sure whether it had been submitted. He would revisit this request, which meant it would no longer be a 5-year plan, but a 3-year plan instead. Also, he added that they would have to increase the compensation for the position. He would try to provide something more concrete and satisfying for the next ABAC meeting.

Ms. Rojas stated that she was a former principal at one school that offered tremendous opportunities to the students. She emphasized that there are great programs that are highly dependent on MECA, which is the reason for her frustration. Once again, she stressed the importance for addressing all the issues that have been occurring for the past several years and said it was unacceptable.

Mr. Launerts expressed that he understood Ms. Rojas' concern. He stated that he was not aware of the minutes not being done. He would make sure that the minutes for those meetings would be recorded with the click of a button, and also have someone take notes.

**Federal Single Audit Findings:**

Chief Auditor, Mr. Jon Goodman, indicated that a response was included in his transmittal letter addressing corrective actions being made. One of the main actions was the creation of a new position to centrally oversee the seven technical colleges, which he believed was currently in progress.

Dr. John D. Pace, Chief Operating Officer, confirmed that the District has created a Director pay-grade 23 position. The individual will supervise District and federal student aid procedures at our seven technical colleges. The individual would provide support for Title

IV eligibility requirements for technical colleges, as well as ongoing professional development to the District's financial aid officers and school site technical college administrators. It would include periodic internal reviews, focusing on ensuring student financial aid disbursements are appropriate and timely. Therefore, the individual would be overseeing and assisting the day-to-day functions at the District's technical colleges. The recommended hire would be presented at the next board meeting.

**Audit of District-Issued Instructional Mobile Devices:**

Regarding the Audit of District-Issued Instructional Mobile Devices, Chief Auditor, Mr. Jon Goodman, indicated that the District also had a representative attending to address any specific questions regarding the progress made on corrective actions.

He added that an attachment to his memorandum was also included reflecting the status of corrective actions. He explained that it was a letter from the administration to the School Board on issues that were discussed during the last ABAC meeting.

No questions or comments were made by the ABAC members.

**NEW BUSINESS**

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Chief Auditor, Mr. Jon Goodman, stated that there have been concerns about the ABAC meeting dates frequently falling the day before a School Board or committee meeting. He added that the proposed dates were usually presented at the July ABAC meeting, but he wanted to make sure this was discussed by the ABAC members prior to July.

Mr. Goodman indicated that although the whole year is typically included, the School Board does not vote to establish their School Board meeting dates until November for the next calendar year. Therefore, he explained that meeting dates can be proposed through December, but after that, it may be better to hold off for the second half of the fiscal year.

Ms. Rojas was grateful for including this agenda item for discussion. She added that it is something that has been previously discussed by the group. For instance, there will be a committee and a workshop tomorrow and she needed to prepare for it, thus, making it very difficult.

Many expressed a preference to hold the ABAC meetings on Mondays instead of Tuesdays going forward. Mr. Goodman agreed to poll the members who were not at this meeting to determine if Mondays were acceptable to them.

**ADJOURNMENT**

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Since there was no further business to come before the ABAC, the committee adjourned at 2:48 p.m.

JG:jp