

**MINUTES OF THE SCHOOL BOARD AUDIT AND BUDGET ADVISORY COMMITTEE
OF MIAMI-DADE COUNTY PUBLIC SCHOOLS
REGULAR MEETING
February 1, 2022**

The School Board Audit and Budget Advisory Committee (the ABAC or the Committee) met on Tuesday, February 1, 2022, in the School Board Administration Building, SBAB Auditorium, at 1450 N.E. Second Avenue, Miami, Florida.

Call to Order

ABAC Chair, Mr. Christopher Norwood, called the meeting to order at 12:36 p.m. All ABAC attendees, including non-voting members, introduced themselves.

Board/ABAC member Ms. Mari Tere Rojas stated that School Board Chair, Ms. Perla Tabares Hantman was not present at the ABAC meeting due to being present at another essential meeting. However, if that meeting concludes early, she will attend the ABAC meeting.

1. Welcome and Introductions

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

Others in Attendance	
Mr. Jon Goodman, Chief Auditor	Ms. Mahati Tonk, District Director, Charter Schools
Mr. Walter J. Harvey, School Board Attorney	Ms. Tamara Wain, CPA, District Director, OMCA
Dr. Dawn Baglos, Chief Human Capital Officer	Mr. Richard Yanez, CPA, District Director, OMCA
Mr. Jose Bueno, Chief of Staff	Mr. Reinaldo Montano, Executive Director, CIU
Dr. John D. Pace, Chief Operating Officer	Mr. Michael Hernandez, CPA, Audit Supervisor, OMCA
Ms. Daisy Gonzalez-Diego, Chief Communications and Community Engagement Officer	Mr. Alejandro Santana, IT Auditor, OMCA
	Ms. Tyla Brown, CIU Investigator
Mr. Eugene Baker, Chief Information Officer, ITS	Mr. Erick O. Blanco, Cyber Security Analyst
Ms. Daisy Naya, Controller	Mr. Eduardo Perez, Senior Auditor
Ms. Tiffanie Pauline, Assistant Superintendent	Mr. Jerold Blumstein, School Bd. Member's Chief of Staff
Mr. John Iafelice, Asst. School Board Attorney	Ms. Ana Lara, School Bd. Chair Chief of Staff
Dr. Gloria Arazoza, Region Administrative Director	Ms. Nicole Reinoso, School Bd. Member's Chief of Staff
Ms. Reva A. Vangates, Administrative Director	Ms. Francys Vallecillo, School Bd. Member's Chief of Staff
Mr. Luis O. Baluja, CISA, District Director	Ms. Zahirah Calloway, School Board Admin. Assistant

Others in Attendance	
Mr. George A. Nuñez, School Board Admin. Assistant	Mr. Al Chicoy, Creative Director, WLRN
Dr. Nancy Lawther, ABAC Alternate Member	Mr. Adson Pressage, TV Director, WLRN
Ms. Jaanelle Yee, School Board Admin. Assistant	Ms. Cynthia Borders-Byrd, CPA LLC-Virtual Attendance
Mr. Hector Ortiz, Assistant Inspector General (OIG)	Mr. Regino Rodriguez, HLB Gravier, LLP
Mr. Thomas Knigge, Supervisory Agent, (OIG)	Ms. Ana Martinez, CFO, Academica
Ms. Elsie Berrios-Montijo, Staff Assistant	Ms. Brittany Belletiere, Controller, Academica
Ms. Latisha Green, Assistant to the Chief Auditor	Ms. Monique Cruz, Sr Financial Specialist, Academica
Mr. John Labonia, General Manager WLRN	Ms. Chelsea Espana, Audit & Finan. Comp. Mgr, Academica
Ms. Sheila Reinken, Friends of WLRN	Ms. Marlene Vicente, Academica
Ms. Stephanie Vega, Friends of WLRN	Mr. Nicholas Moreton, IT Support

2. Approval of the Minutes of the School Board Audit and Budget Advisory Committee Meeting of December 7, 2021 (ACTION)

ABAC Chair, Mr. Norwood presented the item. No questions were posed by the Committee. There being no questions or comments, a motion was duly made by Board/ABAC member Ms. Mari Tere Rojas and seconded by ABAC member Mr. Albert Lopez, for the approval of the minutes of the School Board Audit and Budget Advisory Committee Meeting of December 7, 2021.

3. Presentation of the Special-Purpose Financial Statements and Report of Independent Certified Public Accountants Operation of WLRN Television and Radio Stations for the year ended June 30, 2021 (ACTION)

The Chief Auditor Mr. Jon Goodman introduced Ms. Cynthia Borders-Byrd, CPA from the external audit firm C Borders Byrd, CPA LLC to make her presentation remotely as well as Ms. Daisy Gonzalez-Diego, Chief Communications and Community Engagement Officer, and Mr. John LaBonia, General Manager, WLRN.

Ms. Borders-Byrd began by introducing herself to the ABAC members and stating that they served as the external auditors of the operations of WLRN Television and Radio Stations for the fiscal year ended June 30, 2021. She stated that the audit was completed, and it has been issued an unmodified opinion dated January 20, 2022 that places reliance on the auditors of Friends of WLRN, Marcum LLP, whose audit report is also unmodified and dated September 30, 2021.

Additionally, Ms. Borders-Byrd covered the following communications that are required to be presented to those in charge of governance:

- No significant findings to report.
- No difficulties encountered in performing the audit.
- No audit adjustments proposed.
- No disagreements with management.
- Obtained the management representation letter signed by key management personnel within the District.

- To their knowledge there were no consultations with other independent auditors.

Ms. Borders-Byrd took the opportunity to thank Controller Ms. Daisy Naya and her team, Mr. LaBonia and his team and all of the other professionals at the School Board who assisted them in performing the external audit of the operations of WLRN Television and Radio Stations.

Board/ABAC member Ms. Mari Tere Rojas commented that she is very pleased with the outcome of audit and thanked everyone for working cohesively with the School Board and Superintendent making sure that we have a report as wonderful as the one presented. Ms. Rojas also thanked the auditor for an extensive, thorough, and comprehensive audit.

ABAC member Mr. Albert Lopez inquired if there were any past adjustments that were not recorded. Ms. Borders-Byrd stated that there were none, the only adjustments encountered were the government wide conversion adjustments, which are found in the financial statements, where they convert the fund financial statements into government wide financials converting them to the accrual basis of accounting. She added that there were no audit adjustments in connection with this audit. Mr. Lopez asked if there is a management letter. Ms. Borders-Byrd stated that there were no recommendations to improve the process with respect to this audit.

Mr. Lopez stated there is another audit firm that is auditing WLRN Friends, and the bulk of the operations are in WLRN Friends, about \$30 some million in assets and about \$8 million in revenues and the bulk of the net income is coming from Friends. Mr. Lopez inquired if the workpapers of the other firm are reviewed and if there was any discussion on any findings, other than reading their audit report. Ms. Borders-Byrd stated that the professional standard requires that they have communication with the auditing firm auditing WLRN Friends, and they are sent a letter notifying them that they are placing reliance on their report, asking about the qualifications and the peer report is reviewed. Mr. Lopez commented that Ms. Borders-Byrd's audit relies on the station and then relies on the audit report of the other firm as far as Friends is concerned. Ms. Borders-Byrd stated that yes, that is correct.

Mr. Lopez inquired why the audit report of Friends does not come before this group since the bulk of operations sits in Friends. Chief Auditor, Mr. Jon Goodman stated that historically, that audit report has not been routed to the ABAC however, it may not be a bad idea to have that audit sent to him to review it and perhaps also put it in the agenda going forward. Mr. Goodman asked Ms. Borders-Byrd what her thoughts are or what the normal process would be for presenting the component units audit statements to this committee as well. Ms. Borders-Byrd stated that she thinks it is a great idea and a lot of the other direct support organizations for the School Board do come through the ABAC. Ms. Borders-Byrd added that as a courtesy it can be asked since many times ABAC members have questions about the results of that audit and their auditors are not present to address them. Mr. Lopez commented to keep in mind that there have been issues in the past and the issues were not with the station, they were in the Friends financial statements and it would be good for the group to have the audit firm come before the ABAC to present the financials just like Ms. Borders-Byrd is doing for the station.

ABAC member Mr. Erick Wendelken inquired if there is a note or additional detail on the \$700,000 payable that was written off. Ms. Borders-Byrd stated that there is a footnote on page 51 stating that it was PPE for \$705,000 that was forgiven by the government.

ABAC member Mr. Jeff Kauffman commented that he also wants to see the audit from Friends.

Mr. Jon Goodman stated that going forward, we are going to be asking the other external audit firm to present their financial statements before the committee.

Mr. Lopez inquired if the internal controls that have to do with Friends are addressed by Ms. Borders-Byrd's work. Ms. Borders-Byrd answered that no, but on the Friends audit report they do issue a letter on compliance and internal controls, if there were weaknesses in internal controls, it would have been disclosed in that letter and Friends issues their own stand-alone report. She stated that maybe going forward, they can bind that report with this one. Mr. Lopez commented that for the future, it would be good to have both included. Ms. Borders-Byrd agreed.

Mr. Goodman pointed out that the School Board is having a Board workshop tomorrow at 9:00 am to discuss media management of WLRN going forward and the workshop will be streamed on the district website.

Ms. Mari Tere Rojas encouraged anyone who is interested to listen to the workshop where the extensive report will be presented to the Board and there will be a follow up discussion.

There being no additional questions or comments made by the Committee, a motion duly made by ABAC member Mr. Jeff Kaufman and seconded by Ms. Rojas carried unanimously to recommend that the Presentation of the Special-Purpose Financial Statements and Report of Independent Certified Public Accountants Operation of WLRN Television and Radio Stations for the year ended June 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, District Director of Schools Audits to present the item.

Ms. Wain presented the February internal audit report consisting of the audit results of 35 schools/center and briefly summarized the audit report as follows:

- The audit scope was one fiscal year ended June 30, 2021. At 11 schools/centers, there was a change of Principal/Administrator since the prior audit.
- The audits included a review of internal funds and an inventory of property. On a selected basis, we reviewed Payroll records and procedures, Full-Time Equivalent (FTE) reporting and student records, Title I Program procedures and expenditures, and certain aspects of school site data security.

- Audit and property inventory results were satisfactory, and the financial statements were fairly stated for all 35 schools/centers in this report. There are no audit findings to report for this group of schools/centers.

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

Ms. Mari Tere Rojas commented that she is elated to see this report knowing how challenging it is and how human capital has been a major issue for our school district, especially at school sites dealing with Treasurers who play a critical role in the outcome of the report. She commended the Principals, Assistant Principals, Treasurers and Region personnel.

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

5. Review of Charter Schools' Financial Statements Presentation for 37 of 139 Charter Schools' Audited Financial Statements Fiscal Year Ended June 30, 2021 (ACTION)

Chief Auditor, Mr. Jon Goodman introduced Michael Hernandez, Internal Audit Supervisor to present the item.

Mr. Hernandez stated that we are presenting 37 charter school audited financial statements for the fiscal year ended June 30, 2021. Of the 37, six charter schools had a deficit fund balance of which one also contained a deficit net position. He stated that these conditions are being presented to the committee for purposes of placing these items on the record and for us to continue monitoring them and following up in this current year. Mr. Hernandez opened the floor for any questions.

ABAC member Mr. Albert Lopez commented that we look at the deficit and, in the comments, he sees that there is some situation with Mater Academy, implementation of a new pronouncement. Also with SLAM and Somerset, it appears there were some receivables collected subsequent to year end. Mr. Lopez inquired if we look at cash flow, liquidity, any type of cash flow analysis that allows us to get a better picture of these operations or do we just take the deficit as reported and highlight it as warning and not do any type of analysis.

Mr. Goodman commented that there are several members of the management firm and the auditor for the Academica schools here as well and at some point, they may also weigh in on some of the questions.

Mr. Hernandez indicated that one thing that we look at is the current ratios to see if the current assets exceed the current liabilities, and for these particular schools they did. He added that we also look at the debt ratio to make sure that the total liabilities are less than the total assets. Mr. Hernandez stated that the explanation received from the management company is that the expenditures for the ESSER and GEAR Federal Acts

were incurred in the fiscal year ended June 30, 2021. However, on the modified accrual basis, the way they are defining revenues that are being recognized, there are two components, they have to be measurable and available. Mr. Hernandez added that the way availability is defined in the notes to the financial statements is that there has to be some type of anticipation that they are going to receive the monies within 60 days after the fiscal year end, and he believes that management determined that those monies would not be collected 60 days after fiscal year end. As a result, they were not recognized as revenue on the modified accrual basis and that was the impact to the fund balance.

Mr. Lopez inquired that if they would have had the revenues and expenses in the same period, would the deficit for these operations have gone away. Mr. Hernandez replied that they would have had an operating surplus. He added that we will continue monitoring these schools in the current year and if there is a continuation of this issue in the next audit cycle then it will be highlighted and flagged.

Board/ABAC member Ms. Mari Tere Rojas stated to Mr. Goodman that on the report under scope and methodology, it indicates that you are working very closely with the management company and that the management company has their own external auditor. Ms. Rojas added that it appears that you are pleased with the outcome of the responses. She asked for clarification that she is interpreting that correctly. Mr. Goodman stated that the responses were adequate to us and nothing in these six schools rises to level of financial emergency or deteriorating financial condition in which the District would have to take statutory action. He added that we are bringing these six schools for the record and transparency purposes and going forward so our office can follow up with them on this. Ms. Rojas commended other charter schools that did a wonderful job with their reports, not only the Principals but also the Treasurers and Secretaries. She also thanked the management companies for following up accordingly.

ABAC member Mr. Erick Wendelken inquired if there are third party receivables. Mr. Hernandez replied that on the modified accrual basis they are not showing up as receivables because the revenues were not available 60 days after the fiscal year end. Mr. Wendelken asked if there was a receivable in a deferred revenue. Mr. Hernandez replied that no, not on the modified accrual basis of accounting.

Ms. Rojas commented that she would be remiss if she did not also recognize Ms. Tiffanie Pauline, Assistant Superintendent from Charter School Support, as an exemplary person in charge of charter schools and her team for ensuring that our schools are in compliance.

Mr. Goodman concurred with Ms. Rojas' statement and added that his office works very closely with Ms. Pauline and her team and have a good working relationship with them.

ABAC Chair Mr. Christopher Norwood commented that it appears that two of the schools have had multiple years of deficit fund balances and inquired if that was correct. Mr. Hernandez replied that yes, that was correct. Mr. Norwood requested that someone from the management team address the concern. Mr. Hernandez stated that one of the schools, True North, is in the second year of operations and as a result the level of enrollment had not been up to where it is going to be. As of October 2021, their FTE

was 247 students for 9th, 10th and 11th grades, which is an increase of 87 students and the FTE money will increase. The anticipation is that they will have an operating surplus if not this current year, in the following one when they open 12th grade.

Chief Financial Officer Academica, Ms. Ana Martinez indicated that the negative fund balance at Mater Bay Middle was a surplus when the books were closed. She added that as a result of the federal funds that could not be recorded due to the 60 days and modified accrual where the revenue could not be recorded it did represent a deficit, as well due to the implementation of GASB 87. However, in the current year there is a surplus not only because the GEAR funds were received from the state but also, they are pending to receive the ESSER funds from the District and there has been an increase in student enrollment.

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 Review of Charter Schools' Financial Statements Presentation for 37 of 139 Charter Schools' Audited Financial Statements Fiscal Year Ended June 30, 2021, be received and filed by the School Board.

6. Office of Management and Compliance Audits Activity Report (INFORMATIONAL)

The Chief Auditor, Mr. Jon Goodman introduced the item and stated that this report details the status of audits and related activities taking place since the last ABAC meeting on December 7, 2021.

Mr. Goodman introduced Mr. Eduardo Perez who was recently promoted from Staff Auditor II to a Senior Auditor in our office. He also introduced Ms. Tyla Brown who joined CIU as an investigator. Ms. Brown previously served in a supervisory capacity at the Department of Children and Families. Lastly, Mr. Goodman introduced Mr. Erick Blanco, who joined the office in the IT Audit Section and was previously employed for several years with the District's Information Technology Services Division.

Mr. Goodman commented that the hiring of the Assistant Chief Auditor of Performance Audits has not been filled for eight or nine months. He added that there was a great candidate that he recruited but the candidate declined. Mr. Goodman indicated that he is working closely with Human Resources and the position had been re-advertised with a closing date of February 28th. He stated that he appreciates working with Dr. Dawn Baglos, Chief Human Capital Officer and her team and is hopeful that they will get the position filled.

Board/ABAC member Ms. Mari Tere Rojas commented that CIU is near and dear to her heart since CIU was opened under her from scratch many years ago and very proud of CIU and ABAC member Mr. Julio Miranda who oversaw the division. She added that cases have increased significantly for the 2020-2021 school year. At the midpoint this year, the CIU division had been assigned 115 investigations, an average of 1.24% case assignments per day. This positions the CIU to end the year with the largest number of cases since the 2016-2017 school year. Ms. Rojas inquired if there is a pattern with the cases we are seeing and reason for the increase that has taken place recently.

Mr. Goodman introduced Mr. Reinaldo Montano, CIU Executive Director. He stated that Mr. Montano has been with the office for about four years, and he came to us after a long and distinguished career with the U.S. Military and it is great to have him leading that Division. Mr. Goodman added that there has been an increase in the activity over the last four to five years and asked Mr. Montano to give a brief summary as to the increases in the case load.

Mr. Montano stated that at some point he saw a pattern towards workplace violence. He added that since then, it is back to normal with timecard fraud, insubordination, and teacher misconduct. Mr. Montano stated that in March 2020 when we shut down, we were on track for the busiest year we have ever had and between March and June 2020 only seven cases were received. In 2016, 2017, 2018 all showed a consistent pattern going upward of about 25 new cases a year and this year we will have about 235 to 236 cases, slightly more than busiest year 2019-2020.

Ms. Rojas recognized Mr. Baluja who headed CIU during a challenging time when we did not have much human capital available.

ABAC member Mr. Albert Lopez stated that the office has been looking for an Assistant Chief for eight months and inquired what the impact has been with the lack of having that person. Mr. Goodman replied that the hiring of the Chief Auditor, took about six months and he has spent a lot of time performing his old job and new job as well. He added that some of the operational performance audits are taking a little bit longer than anticipated because of that. He is looking forward to having someone on board to lead that function. Mr. Lopez asked if anything on the Audit Plan is being pushed back or if we are on target. Mr. Goodman stated that in the next couple of months he may have to bring to the ABAC some tweaks in what we are doing as far as the operational performance audits. He added that currently we have the mobile device audit that we are finishing up, we have commenced the ESSER Audit and the next one that takes priority is the audit of the District's payroll process.

Mr. Lopez asked if we feel that we are in the market for the compensation offered for the Assistant Chief position since in the profession we have seen salaries take off. Mr. Goodman replied that we are being challenged by the same conditions that a lot of the positions in the school district are having like ITS, IT employees, financial, accounting, teachers, and bus drivers. He added that he believes that the salary established is reasonable for the position. Some other factors that may be contributing to not filling the position include that many employers in accounting, financing, and auditing have a remote or hybrid work environment which is giving the competitors an advantage over us.

ABAC Chair Mr. Christopher Norwood requested clarification from Mr. Goodman regarding having someone on board that declined the position. Mr. Goodman clarified that yes, that is correct. Mr. Norwood inquired if there was a reason why they declined. Mr. Goodman stated that he would rather not go into great detail into reasons but indicated that one of the issues was the remote work environment.

ABAC member Ms. Sharon Watson inquired if there was anyone in the internal department that can to be promoted rather than looking outside. Mr. Goodman stated

that there are many excellent employees in the department but none that are interested. We are looking for someone who is going to be working 50-60 hours a week, on the weekends and that is a commitment that one must think about before they apply.

Ms. Rojas commented that this is why succession management has been such a critical point for herself and other colleagues on the Board. She added that she has brought this up numerous times over the years and there are very talented personnel in the schools, in the District and in the Region. But we have to have a successful opportunity for them to be given training that is necessary through succession management so that if someone is at the helm, we have someone who can readily step into those positions. Ms. Rojas stated that this is something that the Board finds essential for the success in any institution.

ABAC member Mr. Jeff Kaufman asked if Mr. Goodman could respond. Mr. Goodman replied that that under Ms. Rojas' and others lead over the last number of years, succession management is critical, and we have been building through cross-training, preparing individuals for the next step in their careers, what certifications they can work on such as the CPA license, CIA certificate. He added that it is very important to him that we build professionally all of our team, and he wants them to all have certifications. He wants them to learn and gets them involved in other sections of the office that they have not worked in to have people upwardly mobile in the office. Mr. Goodman stated that he is going to have two Assistant Chief Auditors, one Ms. Tamara Wain for School Audits and the other for the operational performance audits. He added that he is really working hard to ensure we are all cross trained and that we have good layers of management that will be ready because it is a very important part of the office.

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.

7. Participation On Other District Committees (INFORMATIONAL)

ABAC Chair Mr. Christopher Norwood introduced the item and stated that the Chair appointed ABAC Vice Chair Mr. Stephen Hunter Johnson to serve on the 21st Century Bond Committee, and ABAC member Mr. Erick Wendelken on the Secure Our Future Committee, and himself as an alternate.

ABAC member Ms. Mari Tere Rojas stated that the committees have been established to assure that public funds are being spent honestly and that there is transparency to help us do the peoples' work. This has been the case for the 21st Century Bond and the Secure Our Future Committee. Ms. Rojas added that currently we do not have any voting member on the Technology Advisory Committee from ABAC and this committee is extremely important and wanted to bring that to the attention of the ABAC.

Chief Auditor Mr. Jon Goodman stated that Ms. Rojas has taken the lead on the Technology Advisory Committee and attends all of the meetings. He added that policy wise there is not a provision to have an ABAC member serving on that committee but thinks it is a good idea to tweak that so that we do have an official member of the ABAC on that committee.

Mr. Norwood inquire if this is something that we have to ask the Board to consider or ask Ms. Rojas to consider bringing it to the Board to amend that policy to have someone from the ABAC on the Technology Advisory Committee. He then proceeded to request a motion.

A motion duly made by ABAC member Mr. Stephen Hunter Johnson and seconded by ABAC member Ms. Sharon Watson carried unanimously to ask the Board to add the ABAC Chair/designee to the Technology Advisory Committee.

OLD BUSINESS

The Committee did not have any old business to discuss.

NEW BUSINESS

The Committee did not have any new business to discuss.

ADJOURNMENT

Since there was no further business to come to the Committee, the Committee made a motion to adjourn at 1:44 p.m.