

**MINUTES OF THE SCHOOL BOARD AUDIT AND BUDGET ADVISORY COMMITTEE
OF MIAMI-DADE COUNTY PUBLIC SCHOOLS
REGULAR MEETING
March 8, 2022**

The School Board Audit and Budget Advisory Committee (the ABAC or the Committee) met on Tuesday, March 8, 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 12:35 p.m. All ABAC attendees, including non-voting members, introduced themselves.

Chair Norwood acknowledged City of Aventura Mayor, the Honorable Enid Weisman, and the Honorable School Board Chair, Ms. Perla Tabares Hantman.

Mr. Norwood introduced M-DCPS new Superintendent, Dr. Jose L. Dotres.

Superintendent, Dr. Jose L. Dotres, provided a brief background of himself and his work as an educator for more than 30 years with M-DCPS. He commended the ABAC for the great work and continuous contribution to M-DCPS and thanked everyone for giving him the opportunity to lead M-DCPS as the new Superintendent.

Board/ABAC member, Ms. Mari Tere Rojas, acknowledged the presence of Ms. Perla Tabares Hantman, School Board Chair, and thanked her for attending the ABAC meeting.

School Board Member, Ms. Lucia Baez-Geller, was congratulated for the birth of her child and thanked for attending the ABAC meeting remotely.

1. Welcome and Introductions

| ABAC Members Present and Chief Auditor |
|---|
| Mr. Christopher Norwood, J.D., ABAC Chair |
| Ms. Chloe Bordon-Gillenwater, ABAC Member |
| Mr. Juan del Busto, 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. Mari Tere Rojas, School Board Member/ABAC Member |
| Ms. Sharon Watson, ABAC Member |
| Mr. Erick Wendelken, CPA, ABAC Member |
| Mr. Ron Y. Steiger, Chief Financial Officer, Ex Officio (Non-Voting) Member of the ABAC |
| Mr. Jon Goodman, Chief Auditor |
| ABAC Members Absent |
| Mr. Stephen Hunter Johnson, Esq., ABAC Vice Chair |
| Ms. Zeida Sardiñas, ABAC Member |

| Others in Attendance | |
|---|--|
| Ms. Perla Tabares Hantman, School Board Chair | Ms. Gemma Bonilla, Psychological Services |
| Ms. Lucia Baez-Geller, School Board Member-Virtual | Mr. Michael Hernandez, CPA, Audit Supervisor, OMCA |
| Dr. Jose L. Dotres, Superintendent of Schools | Mr. Alejandro Santana, IT Auditor, OMCA |
| Mr. Walter J. Harvey, School Board Attorney | Mr. Hector Ortiz, Assistant Inspector General (OIG) |
| Dr. Dawn M. Baglos, Chief Human Capital Officer | Mr. Thomas Knigge, Supervisory Agent, (OIG) |
| Mr. Jose Bueno, Chief of Staff | Dr. Nancy Lawther, ABAC Alternate |
| Dr. Sylvia J. Diaz, Chief Academic Officer | Mr. Rodolfo J. Rodriguez, ABAC Alternate |
| Dr. John D. Pace, Chief Operating Officer | Mr. Erick O. Blanco, Cybersecurity Analyst, OMCA |
| Mr. Eugene Baker, Chief Information Officer, ITS | Ms. Ana Lara, School Bd. Chair Chief of Staff |
| Ms. Daisy Naya, Controller | Ms. Francys Vallecillo, School Bd. Member's Chief of Staff |
| Mr. Luis E. Diaz, Assistant Superintendent | Ms. Lourdes Amaya, School Board Admin. Assistant |
| Ms. Tamara Wain, CPA, Assistant Chief Auditor, OMCA | Ms. Zahirah Calloway, School Board Admin. Assistant |
| Dr. Gloria Arazoza, Region Administrative Director | Ms. Carlota Noguera, School Bd. Chair Admin. Assistant |
| Ms. Melba Brito, Administrative Director | Mr. George A. Nuñez, School Board Admin. Assistant |
| Ms. Martha Montaner, Administrative Director | Ms. Elsie Berrios-Montijo, Staff Assistant |
| Ms. Reva A. Vangates, Administrative Director | Ms. Latisha Green, Assistant to the Chief Auditor |
| Mr. Luis O. Baluja, CISA, District Director, OMCA | Mr. Al Chicoy, Creative Director, WLRN |
| Mr. Rene Mantilla, District Director | Mr. Gustavo Hernandez, Sr. TV Director, WLRN |
| Mr. Richard Yanez, CPA, District Director, OMCA | Mr. Adson Pressage, TV Director, WLRN |
| Ms. Nichole L. Jackson, Executive Director | Mr. Nicholas Moreton, IT Support |
| Ms. Carmen Lopez, Executive Director | Mr. Brett Friedman, Partner, RSM US LLP |
| Mr. William O. (Bill) McAuliff, Jr., Executive Dir., MECA | Mr. Anil Harris, Manager, RSM US LLP |
| Mr. Reinaldo Montano, Executive Director | |
| Ms. Ann de las Pozas, Executive Director, FNEI | |

| | |
|--|--|
| Dr. George Kafkoulis, President, Archimedean Academy | Ms. Enid Weisman, Mayor, City of Aventura |
| Mr. Aleco Haralambides, VP, Archimedean Academy | Mr. Ronald J. Wasson, City Manager, City of Aventura |
| Mr. David Hollander, Audit Partner, BDO USA, LLP | Mr. Bryan Pegues, Asst. City Manager, City of Aventura |
| Ms. Vivian M. Gant, Audit Director, BDO USA, LLP | Mr. Ben Launerts, MECA Board |
| Ms. Melissa Cruz, Charter Schools USA Finance Director for City of Aventura | Ms. Brenda Guerrero, Invitee, Mr. Norwood |
| Ms. Vanessa Santos, Charter Schools USA Assistant Controller | |
| Mr. Bill Benson, Keefe McCullough (Audit Firm) | |
| Ms. Myrna Laine-Hyppolite, Charter Schools USA Senior Vice President | |
| Mr. Dan Walke, Principal, Chambers High School | |
| Mr. Alex Madrigal, Principal, C.G. Bethel High School | |
| Mr. Thom Jackson, President & CEO, Edison Learning, Inc. | |
| Mr. Regino Rodriguez, Partner, HLB Gravier, LLP | |
| Ms. Annahy Salas, HLB Gravier, LLP | |
| Mr. Noel R. Puig, Miami Arts, Inc. | |
| Mr. Emil Sotolongo, CPA, Sotolongo & Associates, P.A. | |

2. Approval of the Minutes of the School Board Audit and Budget Advisory Committee Meeting of February 1, 2022 (ACTION)

ABAC Chair, Mr. Christopher Norwood, presented the minutes of the February 1, 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 Ms. Anna Hochkammer, was carried unanimously to approve and file the **Minutes of the School Board Audit and Budget Advisory Committee Meeting of February 1, 2022.**

3. The School Board of Miami-Dade County, Florida, Single Audit Reports, Fiscal Year Ended June 30, 2021, Management Letter and Independent Accountant's Report in Accordance with Chapter 10.800 of the Rules of the Auditor General of the State of Florida (ACTION)

Chief Auditor, Mr. Jon Goodman stated that the School Board first received this report electronically on Monday, February 28, 2022, to provide the board sufficient time to review and contemplate it prior to its March meeting. The Chief Auditor concluded and then introduced Mr. Brett Friedman, RSM USA Partner, for his presentation of the report to the ABAC members.

Mr. Friedman introduced Mr. Anil Harris, RSM Senior Manager, and indicated that a copy of the single audit report had been included in a packet provided to all committee members. He directed everyone to page 12 of the report, which included a summary of the independent auditor's results. He added that usually RSM would issue the single audit report together with the financial audit. However, due to the CARES Act and pandemic related funding, there were multiple new grants, along with new guidance. In fact, there were two additional compliance supplements that were released over time. The government provided instructions to wait until those supplements came out because of the way in which the structure works. The federal government provides the money to the various grant recipient agencies and then they provide guidelines to the auditors on what they want the auditors to look at. Those supplements provide information on what to test. Therefore, that is the reason for presenting the single audit today and the financials previously in the Fall.

Mr. Friedman explained that when they issued the financials, there was an unmodified opinion, which is the best opinion a District could receive. Also, there were no internal control findings that were deemed to be material weaknesses or significant deficiencies.

Regarding the single audit, Mr. Friedman indicated that the school district this year expended over \$721 million of federal funding, a large increase, which was due to the ESSER funds and other pandemic related funding. For internal controls, no material weaknesses were noted on any of the programs RSM looked at. However, there were some significant deficiencies and some compliance findings that went with those deficiencies.

Mr. Friedman pointed out that due to the funding increase this year, there was a lot of additional work that had to be done by RSM, which led to eight programs being tested. In fact, there was the COVID Coronavirus Relief Program, the Student Financial Assistance Cluster, Charter Schools 21st Century Community Learning, the Student Support and Academic Achievement in Richmond, another economic stabilization for COVID (the SRO program), the Early Childhood Coalition, and disaster grants. There was a lot of activity and information that had to be obtained from Mr. Ron Steiger, M-DCPS Chief Financial Officer, Ms. Daisy Naya, M-DCPS Controller, and their team. Mr. Friedman thanked them for their support.

Mr. Friedman explained that the \$3 million threshold used was the amount dictated by the uniform guidance. The guidance spells out the methodology for evaluating programs. Regarding the eight programs worth of approximately \$700 million of expenditures, he reiterated that four findings were identified, which were deemed to be significant deficiencies.

RSM Senior Manager, Mr. Anil Harris, directed everyone to turn to page 13. He emphasized that the student financial aid program is one of the most intricate and complex programs from an operational perspective, as well as an audit perspective. Of all the programs RSM audits, which are hundreds, it is not unusual to have findings related to a survey due to the complexity of it. Also, based on the identified findings, we did not identify instances where an individual student was negatively impacted. The findings are more related to reporting, as opposed to where a student may have not gotten the proper award that they were due.

Mr. Harris directed everyone once again to page 13 of the single audit report. He added that the first finding relates to cost of attendance reporting. The cost of attendance was incorrectly reported to the grantor for 23 of 60 students tested. However, all disbursements were properly determined, meaning the award was properly determined and paid to the students. The cost of attendance information was the one that was not properly reported.

Mr. Harris stated that on page 14, for six of the 60 students selected for testing, the information was not properly verified. The grantor provides a listing of which students are to be verified. We tested that against what is in the student files and found some inconsistencies for six of the 60 students.

Regarding return of Title IV funds on page 15, Mr. Harris indicated that for 36 of 60 students tested, there were exceptions noted. These are basically the post withdrawal disbursement of funds for half of the students who finished a year but have not used all the awards.

Finally, on page 16, Mr. Harris stated that this relates to enrollment reporting, where the status of the student needs to be reported to the to the grantor. For 27 of 60 students tested, there were exceptions. Whether timeliness or otherwise, the enrollment information was not properly reported.

Mr. Harris completed his presentation and welcomed the committee for any questions.

Board/ABAC member, Ms. Mari Tere Rojas, thanked RSM for their comprehensive report. She stated she had looked at the different sections of the schedule of the findings and questioned the cause. She added that while looking at the area of cause, all instances are due to lack of supervisory oversight. The same cause is described throughout. Also, Ms. Rojas read the corrective actions and noted that they were always the same. Therefore, she is questioning this because all these issues are not the same. She added that she would like to have someone dive deeper and be more creative in addressing the findings.

Ms. Rojas said she would like a follow-up with some responses.

Mr. Goodman stated that he would like the administration to respond to this. He stressed that this is something that could require more of a central effort in the corrective action rather than at a school level. He deferred this follow-up request to Superintendent, Dr. Jose L. Dotres and Dr. John D. Pace, Chief Operating Officer, who were present at the ABAC meeting.

ABAC member, Mr. Juan del Busto, questioned whether this was a process or a procedural issue. He expressed his concern in terms of how significant the numbers were. For example, 23 out of 60 and 27 out of 60. He stated that the numbers were alarming. He asked RSM whether they had gone back to increase the sample size when they found that many errors; and inquired why RSM would stop at a sample size of 60.

Mr. Friedman stated that the samples had not been increased under the compliance standards and guidelines from the uniform guidance and the AICPA as they are the ones that set specific samples. RSM's job is to perform the testing, and to report it to the grantee and the grantor agency. Then, they get together over the corrective action. What may happen in this case is that they may want to look at additional information. But we follow their guidelines and because it is ultimately up to them, even one exception is significant.

Dr. Pace stated that they already have a plan in place based on the findings to look into hiring someone. This is an audit of our seven technical colleges. When we look at our several technical colleges under our supervision, we want to look into hiring a person to conduct internal reviews on a semiannual or quarterly basis to assist in these timeline issues that have been identified as significant deficiencies.

Dr. Pace indicated that when you look at the overall number, it is most likely bifurcated across multiple technical colleges, not a single location. Therefore, the plan is to have someone from the district who can internally manage by going and assisting the principals with these internal reviews to correct these timeline procedures in accordance with the findings.

Dr. Pace stated that Mr. Luis E. Diaz, Assistant Superintendent, and Mr. Rene Mantilla, District Director, were also available to talk in detail and answer some questions. He added that there was no financial impact but acknowledged the importance of continuing to improve the process so there will be no timetable or time lapses when it comes to withdrawals or when entering into the NSDL program or into the ISO program, as identified.

Ms. Rojas was grateful for the information provided and emphasized that it was essential to look deeper into it and to make sure they are in the process of hiring. She said she hoped there was a timeline for the hiring of an individual to supervise and assist our principals with this process because the longer we wait, we risk falling into the same scenario for the next round.

Dr. Pace stated that they have been in conversations since last week regarding this matter to make sure that the hiring happens very soon. He added that their goal is to have it in place for the start of the next semester.

Superintendent, Dr. Jose L. Dotres, agreed with Dr. Pace's plan to improve the process. He stated that there is a significant focus on workforce development in this State. The fact that the district has seven technical colleges is terrific as very few districts have that umbrella. He agreed that the district needs more of a centralized overview, and thus, including an individual that can spot check these areas throughout the year will be important. He reiterated that there is a need, and the district will proceed with that approach moving forward.

Mr. Del Busto questioned whether this was a process issue or a procedural issue, meaning whether this would entail having the district change the procedure and or whether the procedure is just not being followed.

Mr. Diaz stated that this was a very complex audit, and that they acknowledge that there are issues they need to work on, as well as providing more support to the schools by hiring another individual outside of the school. He added that principals have a lot on their plate, but that the support provided from outside entities that have the expertise in audits is going to be monumental in making that change. The process or procedures when it comes to federal dollars, particularly in the implementation to the students that qualify as well as timelines, are extensive.

He added that they went from having seven to having nine financial aid officers due to the magnitude of Pell grants that we provide at two of our schools, and due to the enrollment increases that we have had in the past few years. However, once the other six tech colleges have an increase in enrollment, which is currently happening as a result of the CARES Act funding provided by the State to increase enrollment, that becomes a situation in which we will have to provide more oversight.

Superintendent, Dr. Dotres, stated that when he met with his staff, in his opinion, it was more of a procedural issue rather than a process issue. This would give the district an opportunity to take a more careful look since this centralized view of an individual overlooking the process is becoming more complex.

Dr. Dotres added that this is a good thing since workforce development is growing in the scope of opportunity due to additional funding. Procedures must be followed, but maybe the process as well has to be looked at a second time. There is a process for every federally regulated program, but it is important to look at both areas. He indicated that the individual that will be taking this role across the seven technical colleges will allow the district to accomplish this.

Mr. Del Busto requested to have a report presented to the committee at the next ABAC meeting to be able to determine what has changed, and/or whether someone has been hired to change the procedures.

ABAC member, Mr. Albert D. Lopez, stated he agreed with Ms. Rojas in terms of looking at all four deficiencies, which appear to lack supervision and oversight. He added that bringing people to check may mean individuals are not doing their work. Mr. Lopez indicated he wanted to get educated on this issue based on the number of deficiencies/errors in the sample that was selected. In all cases, it has been determined that not all disbursements were properly determined and paid, which means that even though we have all these errors, it has no impact on the program. Mr. Lopez expressed his concern in understanding, connecting the dots. He wanted to understand why the calculations have no impact on the program.

Mr. Mantilla introduced himself as the district director that oversees the seven technical colleges. He stated that this is a procedural issue. The first finding deals with cost of attendance. The problem is the Information Systems provided by the federal government (Ed Express). The financial aid officer determines whether the student's cost of attendance is a dependent or independent student. Mr. Mantilla explained why this may have any financial implications. For example, this fiscal year, the total amount of Pell dollars that a student could receive was \$6,300. The approximate cost of attendance for a dependent student is a little bit over \$10,000; while for an independent student, it is a little bit over \$15,000. He added that if we were a school district or an organization that provided student loans, which we are not, then that would have been an issue because people would start allocating subsidized and unsubsidized student loans beyond the Pell dollar amount. Therefore, what happened with the first finding is a procedural issue. Ed Express allows a financial aid officer to set a default, but the financial aid officer does not go back and change the default from, for instance, a dependent to an independent. It will report it incorrectly. However, there is no financial impact; it was all a procedural issue.

Mr. Mantilla added that the second finding deals specifically with differences due to the Federal government allowing financial aid officers to utilize "professional judgment." He explained that the issue revolved around whether or not a financial aid officer looked at a transcript for taxes or taxes from the students. The financial aid officer has a judgment. If the estimated family contribution (EFC) is zero, regardless of what was on that tax return, he/she can utilize professional judgment as long as they document it and put into the student's file, which is what they did in each of those cases; they used professional judgment. There is nothing in the regulation that says they cannot use professional judgment. It is a process where they have that latitude.

ABAC member, Mr. Erick Wendelken, addressed Mr. Friedman. He asked him to provide feedback based on his experience as to whether the district should expect communication from the grantor on the funds with this type error rate. Mr. Friedman stated that the grantor agency, particularly when it comes to Pell grants, will notify the school district, and ask for additional information on this. They ask RSM to report certain information, and they will also ask for more.

Mr. Friedman explained that there is a partnership between the grantor and the grantee, and ultimately the grantor is the one that determines the remedies that will happen. If they are going to adjust funding, that is between the grantor and the grantee, but the expectation is that the grantor will most likely reach out.

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. Erick Wendelken, carried unanimously to recommend that the **School Board of Miami-Dade County, Florida, Single Audit Reports, Fiscal Year Ended June 30, 2021, Management Letter and Independent Accountant's Report in Accordance with Chapter 10.800 of the Rules of the Auditor General of the State of Florida**, be received and filed by the School Board.

4. Presentation of the Financial Statements of the Magnet Educational Choice Association, Inc. (MECA) for FYE June 30, 2021 And Independent Auditors Report (ACTION)

Chief Auditor, Mr. Jon Goodman, introduced the agenda item and stated that due to the various concerns with MECA's viability and fiscal management over the past several years, he believed it was important to provide the Committee context rather than simply providing the financial statements. Mr. Regino Rodriguez, Partner at HLB Gravier, LLP, CPA, and members of the firm were in attendance to address any questions the ABAC members may have.

Mr. Rodriguez addressed the members and stated he was there to answer questions on the audit.

Board/ABAC member, Ms. Mari Tere Rojas, stressed her concerns, along with other members, on this organization over the years. She indicated she is a big supporter of magnet programs. However, she is concerned when she has to address findings from MECA every single year. Ms. Rojas referred to the letter sent by Chief Auditor Goodman, stating that the financial statements being presented for 6/30/2021 show a decline in total revenues to \$197,930 from \$430,677 in the previous year. There were three findings of control deficiencies or noncompliance regarding the fiscal management of MECA, where two of those findings have been cited in previous years and not fully corrected. She wanted to understand what the word "fully" means. We are addressing once again the issue of succession management, which is another major area of concern even for the district.

Ms. Rojas commended Mr. William O. McAuliff, Jr., MECA's Executive Director, for the exceptional work he has provided throughout the years. He graciously agreed to stay on board until someone else was found, although he is ready for retirement. It was agreed that the board, the audit members, and the school board were going to receive a response from MECA. However, once again, there is not a replacement for Mr. McAuliff. Ms. Rojas stated that she wanted to know about the plan of action that was going to be submitted, which deals with the long-term plan, succession management, and addressing the issue of how we could improve, considering the limited resources that we have in place.

Mr. Goodman stated that Mr. McAuliff and the Board Chair could address all the questions from Ms. Rojas.

ABAC member, Mr. Albert D. Lopez, indicated that there has been a decrease in revenues, as well as a decrease in cost to compensate for the decrease in revenues. There is about \$390,000 dollars in cash that is restricted. Mr. Lopez asked if they could elaborate on the restriction and how that restriction will impact the program. Also, he mentioned that there are two major programs: Academy of Hospitality and the Office of Community Engagement. He wanted to know if those funds were mainly restricted for those two programs or if something needed to be changed going forward based on that restriction.

Mr. Rodriguez indicated that the restriction is for a number of programs that MECA supports throughout the district. MECA is essentially a pass-through entity. It raises money and receives donations, and then uses those donations to support the various magnet programs. It keeps a certain percentage/amount to cover for administrative expenses, but everything that it brings is to be funneled to support the magnet program. If the revenues go down, they simply will have less to provide to the magnet program, and their costs are going to go down proportionately.

Other nonprofit organizations have a number of fixed costs, and they must raise enough donations just to cover their operating expenses. However, MECA's operating expenses are very low. Their general administrative expenses are about \$32,000. Regarding the restrictions, that is money MECA is holding for the various programs, which will be used when needed. Therefore, the restricted funds are for various programs, not just for two principal programs.

ABAC Chair, Mr. Christopher Norwood, confirmed that the issues with this program were problematic before COVID-19.

ABAC member, Mr. Erick Wendelken, asked whether it was correct to say that funds with donor restrictions are not supposed to be spent in a manner inconsistent with the restriction. He wanted to know how it was possible to have negative non-donor restriction funds without spending restricted funds.

Mr. Rodriguez indicated that they charge the programs an administrative fee to cover some administrative expenses. The donors understand that part of the funds will be used to cover administrative expenses. There has to be some money for administration, which for MECA is very low. He reiterated that administrative expenses for the last couple of years have been about \$30,000 per year.

Mr. Norwood and Mr. Goodman asked for a clarification on accounting and auditing fees on page 5 of the audited financial statements. Mr. Rodriguez confirmed that those fees, which are part of administrative expenses, are included in the \$12,000 in the third column under management in general. The \$12,000 includes the firm utilized to do the monthly bookkeeping, reconciliations, and the CPA's audit fee.

Regarding what is included in the \$22,000 amount reflected on page 5, Ms. Annahy Salas, Auditor at HLB Gravier, LLP, stated that those expenses are from the restricted funds, and those were requested for the programs that MECA provides support to.

Ms. Rojas stressed her concern with the fact that we have been addressing this for years, even prior to the pandemic. She thanked Mr. Goodman for including the document that was presented at the ABAC meeting of May 11, 2021. The document was submitted by the MECA group stating that “on Tuesday, April 20, 2021, the MECA board met via zoom to discuss the succession plans for replacing the current executive director. A three-member search committee was selected to form an action plan that includes, but not limited, to reviewing and updating the responsibilities and duties of the executive director, the posting of the position on various websites. In reaching out to business parties on the Academy of Finance Board, the current executive director has agreed to stay on board until December 2021. Upon the hiring of a new executive director, the current executive director will for a short time, remain on staff collaborating and training.” This was in 2021

Ms. Rojas indicated that she would like to have someone report on the following:

1. Address the long-term plan that had been requested.
2. Address the issue of succession management, which has been brought up numerous times.
3. Address the plan on how to increase the limited resources.

Ms. Rojas made a request from the superintendent for the possibility of scheduling a meeting with members of our staff that have new responsibilities, who do not know much about what is happening with MECA, so that we can have a training with our members here in the district, who will now be involved with this process.

The current Board Chair of MECA, Mr. Ben Launerts, introduced himself. He stated that he has also been the Chair for five years of the Academy in Hospitality and Tourism. He recently had a board seat with MECA and is familiarized with the district's concerns. Due to concerns on the salary level and with Mr. McAuliff's retirement, they had an official board meeting, and it was decided that they need to raise their participation. Regarding job search at the salary level, they had some candidates, but it never materialized. Mr. McAuliff voiced out that he will continue to hang on.

Mr. Launerts added that the entities that they support, such as career academies, have money. They recently had a gala, where they had a record fundraising. Academy of Finance and all the other academies are doing very well. If they do not have any more money for MECA is because it has not been requested. If there is a need to have a separate fundraiser just for MECA, the money is there. He believed he had provided a one-year plan in a previous board meeting. However, he knew he owed the district a five-year plan and he is committed to providing that by the next ABAC meeting.

Ms. Rojas stated that she is looking forward to the 5-year plan, as well as to the executive director position, which is now an alarming concern. She acknowledged Mr. McAuliff's above and beyond efforts.

Mr. Launerts stated that they would have a candidate within 30 days to present to the ABAC committee.

Ms. Rojas stated she was glad to hear that there is money because based on the reports, it appears that it has been declining even more. Now with the state of the economy and inflation the way it is, people are feeling it in their pocketbooks. It is a very different scenario in comparison to a year or several years ago. Therefore, getting people to donate is going to be more challenging. If there is funding available and it is just a matter of asking for it, Ms. Rojas asked for a more detailed explanation on how they plan to communicate this.

Mr. Launerts stated that they just need to establish exactly what those amounts are since they do not want to overtax. He offered to provide minutes from their last board meeting on this plan, as well as the results on what is decided on those amounts at their next meeting.

Superintendent, Dr. Jose L. Dotres, indicated he had met with Mr. Goodman to discuss MECA. He believed it would be important to create a stronger linkage to district staff because if that is done, as stated on the April 26th letter, paragraph four, it provides the district with the option to be supportive in resolving some of the issues, which would ultimately also address succession management. Dr. Dotres and his team are prepared to support them. They will find a way to support the organization in terms of staff, whether it is part-time, or some additional supports. And in doing so, the record keeping will be much more intact.

Mr. Wendelken asked for the salary range for the replacement of Mr. McAuliff.

Mr. McAuliff stated that he is currently on an hourly basis and that he makes approximately \$1,000 per month. However, for his position, applicants would probably ask from \$30,000 to \$40,000 per year because there is a lot of work involved.

There being no additional questions or comments made by the Committee, a motion duly made by ABAC member Mr. Albert D. Lopez, and seconded by Board/ABAC member Ms. Mari Tere Rojas, carried unanimously to recommend that the **Presentation of the Financial Statements of the Magnet Educational Choice Association, Inc. (MECA) for FYE June 30, 2021 And Independent Auditors Report**, be received and filed by the School Board.

5. Presentation of the Financial Statements of The Foundation for New Education Initiatives, Inc. for the Year Ended June 30, 2021 (ACTION)

Chief Auditor, Mr. Jon Goodman, indicated that there were two audit committee members who recused themselves from the meeting, Mr. Albert D. Lopez and Mr. Erick Wendelken, since they are members of the firm that is presenting, BDO, USA, LLP. They were provided with the required document that must be signed off.

Mr. Goodman introduced Mr. David Hollander, Audit Partner, and Ms. Vivian M. Gant, Audit Director, from BDO USA, LLP, who will be presenting this agenda item, as well as Ms. Ann De Las Pozas, Executive Director.

Mr. David Hollander introduced himself and asked if the ABAC members had any questions. Board/ABAC member, Ms. Mari Tere Rojas, asked if it would be possible for the foundation to consider expanding the scholarships that they have available so that more students are benefited from having the opportunity to go to college.

Ms. De Las Pozas indicated that the available dollars for the scholarships are based on donations that they receive. Last year, they did not have their big fundraising event due to COVID-19. Their unrestricted dollars that are available for items that are not specifically fundraised were not as large as they had been in the past. Therefore, the availability of scholarship dollars was down. However, she added that they are looking forward to seeing those numbers go up as they start doing their big fundraising events again.

Ms. Rojas asked whether they have considered working cohesively with Miami-Dade Community College or Florida International University to support more seniors since there are so many students in need that could benefit from it. She noticed that there is a limitation and she wanted to find out if it will be possible to expand this opportunity for them.

Ms. De Las Pozas stated that it is not something she has personally looked into but that she would take it under advisement as it was a great recommendation.

Ms. Rojas indicated that the PPP loan included in their financials showed that they received \$30,675. She wanted someone to elaborate on how these funds are expended.

Ms. De Las Pozas stated that they were used for salary to supplement salary during the time of COVID-19.

There being no additional questions or comments made by the Committee, a motion duly made by Board/ABAC member Ms. Mari Tere Rojas, and seconded by ABAC member Mr. Juan Del Busto, carried unanimously to recommend the **Presentation of the Financial Statements of The Foundation for New Education Initiatives, Inc. for the Year Ended June 30, 2021**, be received and filed by the School Board.

6. Internal Audit Report – Selected Schools and Centers (ACTION)

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

Ms. Wain presented the March 2022 internal audit report consisting of the audit results of 50 schools and centers and briefly summarized the audit report as follows:

- The audit scope for the 50 schools and centers reported was for one fiscal year ended June 30, 2021.
- At five of these schools and centers, there was a change of principal and administrator since the prior audit.
- Audit results were satisfactory, and the financial statements were fairly stated for all 50 schools and centers.
- Property inventory results were mostly satisfactory, and losses reported were minimal.
- At one school, our property audit disclosed two items with a depreciated value of zero that could not be accounted for.
- There were no audit findings to report for this group of schools.

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

Board/ABAC member, Ms. Rojas, congratulated all the administrators, including the principals, treasurers, assistant principals, region personnel, district personnel, custodial staff, the Superintendent and all the members of his team in playing a critical role in the positive outcome of this report.

There being no additional questions or comments made by the Committee, a motion duly made by Board/ABAC member Ms. 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.

7. Internal Audit Report – Audit of the District-Issued Instructional Mobile Devices (ACTION)

Chief Auditor, Mr. Jon Goodman, stated that this audit was conducted in accordance with the FY 2021-2022 audit plan. The COVID-19 pandemic necessitated a dramatic increase in the number of instructional mobile devices required and in use to allow for virtual education. We found that significant improvements are now needed in the management of the district's instructional mobile devices. The audit resulted in four findings and nine corresponding recommendations.

Mr. Goodman expressed that the administration had agreed with the findings and recommendations, and that he was impressed with the level of attention contemplated for planned corrective actions. He added that Mr. Luis O. Baluja, District Director of IT Audits, served as the team leader for this audit. Dr. Sylvia J. Diaz, Chief Academic Officer, and other senior administrators provided the written responses to the findings and recommendations.

Board/ABAC member, Ms. Mari Tere Rojas, acknowledged the fact that we have experienced very difficult times since March 16, 2020, when the entire district had to pivot into a new world that it had never ventured into in the past. The main priority was to ensure that we could provide services to the children that we serve, and to assist those teachers who also needed the additional help to be able to provide children with the lessons via a new world. Procedures and tracking inventories were probably not at the forefront of any of those administrators who had to make sure that those devices were given out accordingly. However, as part of the board's responsibilities, it is our fiduciary responsibility to ensure that tax dollars are spent in an appropriate manner.

Therefore, Ms. Rojas wanted to confirm that the 10,000 devices missing mentioned in the report were an accurate number.

Mr. Baluja confirmed that the 10,000 missing devices was an accurate number.

Ms. Rojas indicated she was cognizant of the fact that there is depreciation that takes place. However, for those 10,000 devices that were not located, she wanted to know what those would translate to in terms of dollar value.

Mr. Goodman stated that it is unknown and suggested that the administration could also weigh in on this. He continued by explaining that if you were to extrapolate the sample to the entire population, roughly 10,000 devices would have been unlocated. As far as their value, they have a certain cost, probably an average cost of about \$520 per device. However, most of those were not brand new. Laptop and mobile devices go out of style quickly, so the depreciated value would be considerably less. Therefore, in the auditing function, he did not feel comfortable assigning a dollar value to those devices.

ABAC member, Mr. Del Busto, expressed his concern and asked whether these devices were mainly for students.

Mr. Baluja confirmed that the devices were primarily for the students, but that it was possible that other staff such as teachers and principals would have also used them.

Mr. Del Busto stated that his main concern was the type of cybersecurity exposure on these devices. He wanted to know whether there were individuals with a higher level of access to sensitive data as opposed to other devices.

Dr. Diaz indicated that these were strictly student devices with no higher levels of access with the risk of exposure. Those devices could be locked down, even if they were used by teachers. All 10,000 devices were strictly for students, but they may have been used by teachers. Those devices were configured for student use only.

Dr. Diaz stated that it was difficult to determine the value of the devices. Some were six years old and were purchased for about \$400. A six-year-old \$400 device is not worth anything. If a value of about \$200 was assigned to them, they would be worth about \$2 million, but it is difficult to provide a ballpark figure.

Ms. Rojas asked for a follow-up on the value of the devices. She expressed the importance of it for the district since taxpayers need to know where the monies have gone. It is understood that devices depreciate, but it would be necessary to determine their value.

Dr. Diaz stated that she would make an attempt to determine the value of those mobile devices. However, she emphasized that these items are not tracked by M-DCPS and our property system. There is an asset tracking management system that the district uses for those mobile devices, but because they fall below the threshold for property that the district tracks, all those types of checks are not in place. A procedure was put in place when the student devices were bought, and as they were purchased over the years, so that there would be a mechanism for having schools keep track of their property.

Ms. Rojas indicated that page 15 of the report states that there is a student obligation form that needs to be filled out. She wanted to know what was being done in making sure that parents and/or guardians were signing the forms.

Dr. Diaz added that there is not a signature on the forms. It is one of the recommendations made by the auditors, and they are looking into modifying those. She stated that they have issued a request for proposal (RFP) for an asset tracking system that would allow the district to track student obligations. When a student moves from one school to the next, that

obligation will move with them. This will help the district in managing those obligations, as well as modifying the forms for parents to sign.

Ms. Rojas indicated that on page 17, there is a recommendation for mandatory training to all administrators and device managers. She expressed her concern on requiring them to attend additional trainings and wanted to know if it would be possible to incorporate the information into a manual, along with contact information in case they needed some assistance.

Dr. Diaz stated that they train people at schools every year and have multiple trainings for designated site persons who manage the devices at schools. Principals have not been required to participate in yearly training, which is a recommendation by the audit team. This has been discussed with School Operations. Also, there is written guidance for the schools, which can be used so they can understand the procedures and follow the process.

Ms. Rojas indicated that page 18 talks about the disposition of instructional mobile devices, which are not compliant with school board policy 7310. The amendment of this board policy should be addressed as soon as possible to ensure compliance.

Dr. Diaz stated that Stores and Distribution is typically not involved in the removal of property that is not capitalized. The board policy states that they should be involved in selling back and removing all property. A change to the policy has already been drafted and will be available at the April's board meeting. Also, the school board recently approved a contract for the sell back of mobile devices.

Ms. Rojas inquired whether based on the audit, the district was going to develop procedures to ensure that there is proper tracking, monitoring, controls, and procedures that are properly delineated for ALL principals to follow the same guidelines. It is important to have uniformity throughout the district.

Dr. Diaz added that there are policies and procedures in place. She believes that the new system is going to help the district have better adherence to the process.

Superintendent, Dr. Jose L. Dotres, stated that he had discussed this with Dr. Diaz and directed everyone to page 17. He wanted to have on record that this is not necessarily a training that would require principals to leave their buildings. A video with procedures can be created, or another choice would be to embed it into a region meeting. He added that he believes that the RFP for tracking will make a huge difference in how the district tracks devices moving forward. He emphasized the importance of the procedures which can be made part of training. The training does not require extensive workshops that will require physical attendance. It would be possible when there are region meetings, but it is something that could be incorporated via a video making it always available for those who need it. Having consistency in how devices are tracked, monitored, and accounted for is key.

Ms. Rojas emphasized the importance for the district and the regions in providing assistance to the principals since they already have a lot of responsibilities. She acknowledged the principals' hard work.

Mr. Del Busto asked again whether at the school level, there was a level of control for tracking those devices. He wanted to know if it was possible to know to whom the devices had been assigned to.

Dr. Diaz indicated that for the devices missing, they knew who they were assigned to. She added that devices are bought in batches annually. The district does not buy as many devices for a particular school as there are students on a yearly basis. The devices are purchased centrally based on FTE.

According to the management responses on the report, there is a section on monitoring indicating that more time is needed to consider the recommendation. Mr. Lopez asked Dr. Diaz to elaborate on this.

Dr. Diaz stated that the ones being tracked were the devices bought by her office only. Therefore, devices were incorporated into the asset tracking management system (ATMS), as well as some purchased devices at the schools' request. They wanted to include those devices in ATMS because they were going to check them out to students. However, she stressed that her office does not purchase all devices for the school district. Schools purchase their own devices, as well as other offices. Her office does not have access to all that information to put into the new tracking system. In addition, she emphasized that they are not the district's property department. She is working with staff from the property, finance, and procurement offices, who are the ones processing the orders for the devices, to understand how that would have to work.

Dr. Diaz explained to Mr. Lopez that her department is not completely in agreement with the recommendation that timing is what is needed to get all the different components into the tracking system. She indicated that it is something that they will explore. Her office, Academics, is the one responding to the audit. She cannot answer for the property or the procurement office. The district will have to come to a decision about how to approach them.

Mr. Goodman explained that regardless of which department is going to be tracking the mobile devices, our concern from an auditing standpoint is that they must be tracked. Our concern is that we need to know how many instructional devices we have in our inventory. We need to be able to know when to purchase additional devices and replenish our inventory, what is the age of the device, what warranties does it have, what capabilities does it have, etc. Although most of those devices come out of the Academics office under Dr. Diaz's purview, our recommendation is directed to the district overall.

Mr. Lopez emphasized the importance of having a tracking system in place to track all pieces of equipment. The report may indicate that it is below our capitalization cost, but while looking at 220,000 pieces of equipment at an average of \$400, that is equivalent to \$88 million, a lot of dollars. Therefore, for monitoring purposes, the district needs a tracking system. On the overall responses of the report, Mr. Lopez noticed that management was largely in agreement with the findings, which means that they do not totally agree with all the findings or recommendations. Inventory items are of utmost importance. If there are other inventory items that fall below the \$1,000 threshold, there are probably millions of dollars that are not being tracked.

ABAC member, Ms. Sharon Watson, inquired whether the parents have any type of responsibility when a device is issued to a child, whether there was something that needed to be signed, and whether there was some type of insurance program for those mobile devices.

Dr. Diaz stated that the district has forms for parents to indicate that they are accepting a device, and there is insurance. The district advertises parents have the option to purchase insurance for devices. Parents are not required to purchase insurance, and schools have been asked to follow-up with the parents of students who have missing devices or have not returned devices. However, some students have either withdrawn or gone to other places. Her office pushed to collect the devices and bring them back to school.

Regarding the sample size, ABAC Chair, Mr. Christopher Norwood, J.D., indicated that page 15 of the report says that 18 (4.7%) of the 384 mobile devices were unaccounted for, and 31 (8.1%) were not returned by students when required. He wanted to know if 31 were in addition to the 18 mobile devices. Also, on the sample size, Mr. Norwood asked whether it would be possible to know what devices they were, how old they were, and when they were purchased.

Mr. Baluja confirmed that indeed 31 were in addition to the 18 mobile devices that were unaccounted for or not returned. Also, he added that detailed information on the devices was not available since the current system is not very robust. However, the new system that will be coming to the board soon captures a lot more data, including age, warranty capabilities, when it was purchased, purchase order, etc.

Mr. Norwood inquired whether the technology committee would be dealing with the issues related to mobile devices.

Ms. Rojas stated that there are numerous areas that will be in the purview of the committee. There have been a couple of meetings with unbelievable information that has been shared by the members of the community of that committee. The information has been extremely beneficial and helpful. In her opinion, this area would be part of what they are going to be addressing.

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. Albert D. Lopez, carried unanimously to recommend the **Internal Audit Report – Audit of the District-Issued Instructional Mobile Devices**, be received and filed by the School Board.

8. Presentation for 31 of 139 Charter Schools Audited Financial Statements FYE June 30, 2021 (ACTION)

Chief Auditor, Mr. Jon Goodman, introduced Mr. Michael Hernandez, Internal Audit Supervisor, to present the report of 31 of 139 Charter Schools' Audited Financial Statements for Fiscal Year Ended June 30, 2021.

Mr. Hernandez introduced himself and stated that he was presenting 31 charter school audited financial statements for the fiscal year ended June 30, 2021. He stated that none of these 31 schools have a financial emergency or a deteriorating financial condition. He indicated that there were eight schools that either had a management letter comment or a deficit net position, of which one contained a deficit fund balance.

Mr. Hernandez added that these conditions were being brought to the committee to place these items on the record and for our office to continue to monitor and follow-up on them in the current audit period.

Mr. Hernandez indicated that there were representatives from the eight charter schools present at the ABAC committee and opened the floor for any questions.

ABAC member, Mr. Albert D. Lopez, asked for the definition of a deficit net position.

Mr. Hernandez explained that a deficit net position, under the full accrual basis of accounting, is where you have your liabilities exceed your assets on the statement of net position.

Regarding Downtown Doral, Mr. Hernandez confirmed to Mr. Lopez that the \$4 million deficit between the elementary and the charter Upper School means that liabilities exceed assets by \$4 million.

Mr. Hernandez explained that in terms of the charter school environment, financial reporting occurs in the full accrual basis, which is the net position set on all financial statements. In addition, financial information is reported via fund accounting, which is the modified accrual basis of accounting (cash basis).

Mr. Hernandez further explained that the schools being looked at are in terms of the net position. However, he emphasized that the two Downtown Doral schools being discussed have a very healthy fund balance in the millions of dollars. Moreover, Downtown Doral Charter Upper is in its third year of operations. As the school adds more grade levels in the current and future school years, there should be an increase in funding. FTE funding should alleviate some of that deficit net position.

Mr. Emil Sotolongo, CPA from Sotolongo & Associates, PA, was introduced by Mr. Hernandez to address any questions on the schools.

Mr. Sotolongo stated that when both schools were established, bonds were issued to finance the construction of the facilities. Under GASB, which is the body that promulgates the standards for the cost of issuing bonds, there is guidance on how everything is expensed, including paying underwriters and attorneys. It is treated differently in comparison to the private sector. In the private sector, it is not expensed, it is reduced from the actual amounts that you borrow on your balance sheet. Also, interest is not capitalized as opposed to private companies. Private companies capitalize the interest while the property is being constructed.

In addition, Mr. Sotolongo explained that the money that goes in from issuing these bonds is held by the trustee, but the interest accrues. However, in the private sector, the bank does not give out all the money at once. The bank gives a little bit of money at a time as the money is being drawn down for construction.

In summary, interest costs are not capitalized, they are expensed. Therefore, schools start with a very large net position deficit, as well as large amounts of depreciation. Each of these schools had about \$800,000 in depreciation; and the schools were not at full capacity at the beginning because the charter restricts the number of grades that the schools can use.

Mr. Sotolongo further explained that, for instance, Downtown Doral Charter Upper School currently has full enrollment, but at the time, they only had up to 10th grade. As they add more grades, they have additional revenue, which is used to reduce the actual net position deficits.

For Downtown Doral Charter Upper School, which is the one with the largest deficit net position, it had an increase in net position during the year of \$242,000, but once depreciation is added back, there would be an approximate \$978,000 improvement in net position.

On the other hand, Downtown Doral Charter Elementary had a change in net position of \$2.7 million during the year, but once depreciation is added back, there would be about \$3.6 million. Therefore, the actual fund balances, which in this case would be essentially the cash (current assets less current liabilities). The upper school had a fund balance of about \$8 million, while the elementary school had a fund balance of approximately \$10.8 million. Based on the way these schools are structured, they are going to have deficit balances and it is going to take time for those deficits to be eliminated. Due primarily to the PPP and grants, the elementary school is down to a deficit of \$361,000. The upper school is on its 7th or 8th year. The elementary school is on its 3rd year, so it would take more time. However, Mr. Sotolongo stressed that there is no concern from a financial emergency standpoint since the current assets exceed the current liabilities.

ABAC Chair, Mr. Christopher Norwood, asked for a clarification on the grades offered by Downtown Doral Charter Upper School. Mr. Sotolongo stated that for the year ended 6/30/2021, it was 6th to 10th grade, and it will grow to 11th grade this current year (6/30/2022) and then to 12th grade next year (6/30/2023).

ABAC member, Mr. Lopez, asked for a clarification on the deficit net position, which describes profit and loss (P&L) activity, and the methodology used for adding back depreciation to the deficit fund balance.

Mr. Sotolongo stated that most of the debt applies to bond principal payments, which are paid over 30 years. When schools are initially financed by issuing bonds, these bonds at the beginning are interest only. Then, over time, the interest period starts increasing. When the underwriters set this up, they allow a period (at the beginning) for the school to generate cash flow to start making the payments. In addition, when the bonds are initially obtained, the underwriters set aside money for operating reserves and debt service reserves, in case there are any problems, such as a problem with the bondholders, to be able to use that money to pay down the debt.

Mr. Sotolongo further explained that a lot of the money being borrowed is money that is held in case there are any issues with paying down the principal. That is part of issuing bonds, additional money is borrowed, which is basically capitalized interest reserves. Therefore, you borrow money to pay interest for the first year or two. Later, you borrow money from the debt service reserve to pay in case there is an issue with paying down the principal. One of the schools has an operating reserve, so they had to borrow additional money for operating reserves. This is money that is sitting there.

Mr. Sotolongo confirmed to Mr. Lopez that there is sufficient cash flow to be able to deal with the operating costs of the two schools over the next 18 months or more.

Mr. Lopez had a similar question to the management company for Don Soffer Aventura High School regarding a \$2 million deficit fund balance and \$1.5 million deficit net position.

For Don Soffer Aventura High School, Mr. Hernandez indicated that there were representatives attending from the City of Aventura, the management company and the CPA firm that could address Mr. Lopez's question.

Managing Partner of Keith McCullough, Mr. Bill Benson, introduced himself and stated that his CPA firm had conducted the audit for the school. He indicated that Don Soffer is not a separate entity, it is a special revenue fund of The City of Aventura (The City). A detailed footnote was written by the CPA firm, as well as by management in the management and the general section of the financials. The information indicates that the school was only open for 9th and 10th grade. The City has already expressed that they intend to transfer sufficient funds to cover any deficits the school may have until it gets up to full enrollment. The school is not yet at full enrollment capacity. The City has made transfers to the school, which was documented in the financials. The City is behind the success of the school. According to the CPA firm, there are no issues with the financial strength of the school.

Mr. Benson confirmed to Mr. Lopez that the funds have been earmarked by The City to cover the deficit.

Board/ABAC member, Ms. Mari Tere Rojas, asked for a more elaborate explanation on The City of Aventura's monetary commitment to the school, on how it would be accomplished.

Mr. Benson reiterated that there was an explanation included in the audited financial statements regarding The City's commitment to the school up to full enrollment. The City has expressed that they are behind the school and that they intend to transfer funds, which they have in the current year. The CPA firm felt comfortable with The City's position and the school's long-term prospects. He added that there was a member from the management company, as well as a representative from The City who could further elaborate, if needed.

Ms. Rojas welcomed The City of Aventura's Mayor, Enid Weisman, who was present.

The City Manager of Aventura, Mr. Ron Wasson, introduced himself and stated that he City is committed to education, which was the reason for Ms. Weisman's presence at the ABAC meeting. He thanked her for mentoring him and being supportive in the area of education.

Mr. Wasson added that The City spent a lot of money building Don Soffer High School, which was over \$20 million dollars.

Regarding The City's commitment to the school, Mr. Wasson stated that every year, the money (subsidy) has been booked differently, but that can be changed in a way that would show the subsidy for any shortfalls in the early years, which would be covered by The City. The City has the reserves and has a very committed commission to do it.

Ms. Weisman congratulated Board Chair, Ms. Perla Tabares Hantman, for giving the school district a phenomenal Superintendent and wished everyone the very best.

Ms. Weisman stated that The City of Aventura will put its full resources behind the school. In her view of school budget and budget management, she believes that it was a journal entry mistake as it was charged to the school instead. She reassured the district that it was The City's mistake and that it would not happen again.

Ms. Rojas thanked Ms. Weisman for sharing the information and for her reassurance and commitment to the school.

Mr. Norwood indicated that he wanted the ABAC committee to know that the school is a municipal Charter, which is a little bit different than a regular charter school. Therefore, The City's responsibility to it is part of it. However, he wanted to get clarification as to when the contribution from the City to the school would take place.

Mr. Wasson replied indicating that The City plans to do it immediately.

There being no additional questions or comments made by the Committee, a motion duly made by ABAC member Mr. Albert D. Lopez, and seconded by Board/ABAC member Ms. Mari Tere Rojas, carried unanimously to recommend the **Presentation for 31 of 139 Charter Schools Audited Financial Statements FYE June 30, 2021 (ACTION)**, be received and filed by the School Board.

OTHER REPORTS:

9. Office Management and Compliance Audits' Activity Report (INFORMATIONAL)

Chief Auditor, Mr. Jon Goodman, congratulated Ms. Tamara Wain, who was promoted to Assistant Chief Auditor of school audits, and to Ms. Hebe Flores, who recently obtained a bachelor's degree in Accounting from FIU and joined the district full-time as a Staff Auditor after serving with the department as a part-time clerical.

Mr. Goodman stated that regarding the hiring of an Assistant Chief Auditor for operational performance audits, despite an aggressive advertising and recruiting campaign, the audit department was unsuccessful in attracting a qualified candidate. Therefore, he was pursuing an alternate scenario involving a slight restructuring of certain positions internally.

For the next ABAC meeting in May, he added that the committee will be receiving the draft for the FY 2022-2023 annual audit plan, and the final one in July.

On the status of the audit projects for current FY 2021-2022 audit plan, Mr. Goodman indicated the following:

- For school audits, we are on track in terms of completion and will present about 93% of the 361 schools at the July ABAC meeting.
- For charter schools and CBOs, we are on schedule for the completion of all schools and those will be presented at the May ABAC meeting.
- For the Civilian Investigative Unit (CIU), we have been completing a record-breaking number of cases and we have maintained compliance with the personnel investigative model. However, we do need and hopefully will soon be getting an additional investigator position.
- We have been able to work with the various external audit firms to assist in the facilitation of their audits. Those include WLRN, MECA, educational impact fees, financial statement audit, single audit, State Auditor General, etc.
- We are on track to have our external peer review completed in April.
- For our operational performance audits division, of the eight such audits scheduled for the current fiscal year:
 - We have completed the inventory and instructional mobile devices audits.
 - There are three in progress, which are the ESSER audit, the GOB construction warranties, and an audit of the VPN virtual private network.
 - The audit of payroll processes and controls will be commencing shortly.
 - The remaining two audits, the audit of the collection of impact fees and the audit of contract administration and compliance will need to be deferred to the 2022-2023 fiscal year.

ABAC member, Mr. Albert D. Lopez, asked for an explanation on the 116% increase in cases by the Civilian Investigative Unit (CIU).

Executive Director of CIU, Mr. Reinaldo Montano, addressed the question by indicating that the increase in cases can be a bit misleading. For the 2016-2017 and 2017-2018 the numbers were going up. It peaked and dropped because of COVID-19. By removing the last two years from the equation, this year is a continuation of the upward trend that we have been seeing for the last five years. There is nothing new, it is the same type of cases, the same frequency. We are now getting back to what would have been normal had we not had COVID-19.

Mr. Lopez stated that the other question he had was related to not being able to fill certain key positions in the district. For internal audit, it was the Assistant Chief Auditor position, while on the technology side, he was hearing similar comments. He wondered if the district understands what the market is like and the importance of being competitive in terms of what we are seeking and what we are paying for the positions. He emphasized that we must be realistic since there is a different market out there. If what we are offering for these positions is not sufficient and that is the reason for not attracting people, then he is not sure

how the hiring of key personnel will be achieved. These are key positions that can be risky, whether is technology, cybersecurity, internal auditing, or internal controls.

Mr. Goodman indicated that attracting candidates is a function of the salary, benefits, and of the work conditions even more now, in the sense that a lot of individuals in finance, accounting and other positions are expecting some level of remote work. He added that he worked with Chief Human Capital Officer, Dr. Dawn M. Baglos, and her team. They worked very hard on this. We did a very thorough job in trying to attract an Assistant Chief Auditor for district audits, but currently, the market nationwide is terrible.

Superintendent, Dr. Jose L. Dotres, stated that based on conversations with Mr. Goodman, he believes the salary range for the Chief Auditor position was good. Mr. Goodman was very complimentary of the HR team and has a good plan moving forward to grow the individuals within his own organization. Staffing is an absolute issue right now across the board in many different areas.

He commended Dr. Baglos for her great work. She thinks out of the box and is pushing and redoing specific strategies and alterations in specific areas that are business oriented, and not necessarily on the academic realm. She also has plans for individuals to grow from within. There are individuals that acquire skills within two or three years, but then they must wait for a vacancy to occur. And then in sitting and waiting, they depart our organization. Therefore, Dr. Baglos is now creating steps so individuals can grow within steps and not necessarily wait for that vacancy. We are committed in HR to assist, be creative, innovate and amplify recruitment efforts.

Mr. Lopez added that the Assistant Chief Auditor position has been opened for eight or nine months. Such positions are critical to the district. Therefore, there is something missing. He also had a conversation with Mr. Goodman and his understanding was that we are not being competitive as a district.

Dr. Dotres stated that in his conversation with Mr. Goodman, he was under the impression that the district is being competitive, and that Mr. Goodman was satisfied with the efforts from HR.

Mr. Goodman clarified that he is satisfied with the salary range that had been recently created for the Assistant Chief Auditor of district audits. He clarified that he was not commenting on other general areas that are having difficulty attracting personnel, such as IT, procurement, accounting, teachers, bus drivers, etc. He believed salaries in those areas were probably low. Mr. Goodman reiterated that for the Assistant Chief Auditor position, the adjusted salary was fine. However, the area where he specifically received some resistance was from individuals wanting to work remotely, or partly remotely. Another key area was on some of the benefits. Although the district has excellent benefits, in some cases other governments had better health insurance arrangements.

Mr. Lopez further commented that it is important to understand that there is a new norm, and we have to adjust to it. So, if individuals are looking for a hybrid model for working remotely, then we have to be open to that.

ABAC member, Mr. Juan del Busto, stated that he had recently done an interview for 265 radio stations on the economy. The job numbers from December to February went through the roof. The unemployment rate is now at 4.7%, but competition is going to be greater. What is happening at M-DCPS is not unique to our County, to our State and to our Country. The demand is there. Also, back in October and November, there was \$2.4 trillion in excess savings that a lot of individuals received through the PPP loan program. Now people are going back to work, which is the reason why employment numbers keep in increasing. While individuals are going back to work, the competition is tremendous, and it will continue. Unfortunately, when my colleague said that he was trying to hire people at the bank, or at another company where I am a board member, the first thing they ask is how many days can they work from home. It is something that will have to be incorporated as the new norm. That is how the world is working, even at the bank. People that are not in the branches were switching to hybrid, going into the office two or three days a week, depending on the position. Therefore, Mr. Del Busto believed that if the district wants to be competitive, it will not only be salaries and benefits, but the option to work remotely from home.

In addition, Mr. Del Busto, stated that regarding cybersecurity, before the invasion of Ukraine, he would get information from the FBI on one cybersecurity threat every week to 10 days, but he is now receiving one or two per day. Cybersecurity is a big deal, not only for M-DCPS, but for all of us individually as well.

Board/ABAC member, Ms. Mari Tere Rojas, indicated that when the situation with the Ukrainian and the Russian government started, she was very concerned, and she voiced via e-mail to her colleagues. In fact, she met with Mr. Eugene P. Baker, Chief Information Officer to discuss. She wanted everyone to rest assured that there were conversations about initiatives being taken by M-DCPS to address the issue being raised as it is the number one threat for us. Ms. Rojas expressed her gratefulness to Mr. Baker and his team.

ABAC member, Mr. Erick Wendelken, asked if the internal audit department was maximizing technology to reduce the personnel requirement. There are software and options that require less physical hands on when completing an audit.

Mr. Goodman indicated that the office has some level of automation. Previously, the office had an automated working papers program, but it was discarded because it did not work well for us. However, he emphasized that the department is always looking for the audit process to be more efficient and effective. It is always looking for programs out there to automate the audit process further.

Mr. Wendelken and Mr. Goodman agreed to schedule a future meeting to discuss options for automating the audit process.

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 3:11 p.m. The motion was made by Board/ABAC member Ms. Mari Tere Rojas and seconded by ABAC member Ms. Sharon Watson.

JG:jp/em

For Agenda Item# 5, refer to attached recusal forms.

FORM 8B MEMORANDUM OF VOTING CONFLICT FOR COUNTY, MUNICIPAL, AND OTHER LOCAL PUBLIC OFFICERS

| | |
|---|---|
| LAST NAME—FIRST NAME—MIDDLE NAME Lopez, Albert D. | NAME OF BOARD, COUNCIL, COMMISSION, AUTHORITY, OR COMMITTEE Audit and Budget Advisory Committee |
| MAILING ADDRESS 100 S.E. 2nd Street, Miami Tower, 17th Floor | THE BOARD, COUNCIL, COMMISSION, AUTHORITY OR COMMITTEE ON WHICH I SERVE IS A UNIT OF: |
| CITY COUNTY Miami Miami-Dade | <input type="checkbox"/> CITY <input type="checkbox"/> COUNTY <input checked="" type="checkbox"/> OTHER LOCAL AGENCY |
| DATE ON WHICH VOTE OCCURRED March 8, 2022 | NAME OF POLITICAL SUBDIVISION: MY POSITION IS: <input type="checkbox"/> ELECTIVE <input checked="" type="checkbox"/> APPOINTIVE |

WHO MUST FILE FORM 8B

This form is for use by any person serving at the county, city, or other local level of government on an appointed or elected board, council, commission, authority, or committee. It applies to members of advisory and non-advisory bodies who are presented with a voting conflict of interest under Section 112.3143, Florida Statutes.

Your responsibilities under the law when faced with voting on a measure in which you have a conflict of interest will vary greatly depending on whether you hold an elective or appointive position. For this reason, please pay close attention to the instructions on this form before completing and filing the form.

INSTRUCTIONS FOR COMPLIANCE WITH SECTION 112.3143, FLORIDA STATUTES

A person holding elective or appointive county, municipal, or other local public office **MUST ABSTAIN** from voting on a measure which would inure to his or her special private gain or loss. Each elected or appointed local officer also **MUST ABSTAIN** from knowingly voting on a measure which would inure to the special gain or loss of a principal (other than a government agency) by whom he or she is retained (including the parent, subsidiary, or sibling organization of a principal by which he or she is retained); to the special private gain or loss of a relative; or to the special private gain or loss of a business associate. Commissioners of community redevelopment agencies (CRAs) under Sec. 163.356 or 163.357, F.S., and officers of independent special tax districts elected on a one-acre, one-vote basis are not prohibited from voting in that capacity.

For purposes of this law, a "relative" includes only the officer's father, mother, son, daughter, husband, wife, brother, sister, father-in-law, mother-in-law, son-in-law, and daughter-in-law. A "business associate" means any person or entity engaged in or carrying on a business enterprise with the officer as a partner, joint venturer, coowner of property, or corporate shareholder (where the shares of the corporation are not listed on any national or regional stock exchange).

* * * * *

ELECTED OFFICERS:

In addition to abstaining from voting in the situations described above, you must disclose the conflict:

PRIOR TO THE VOTE BEING TAKEN by publicly stating to the assembly the nature of your interest in the measure on which you are abstaining from voting; *and*

WITHIN 15 DAYS AFTER THE VOTE OCCURS by completing and filing this form with the person responsible for recording the minutes of the meeting, who should incorporate the form in the minutes.

* * * * *

APPOINTED OFFICERS:

Although you must abstain from voting in the situations described above, you are not prohibited by Section 112.3143 from otherwise participating in these matters. However, you must disclose the nature of the conflict before making any attempt to influence the decision, whether orally or in writing and whether made by you or at your direction.

IF YOU INTEND TO MAKE ANY ATTEMPT TO INFLUENCE THE DECISION PRIOR TO THE MEETING AT WHICH THE VOTE WILL BE TAKEN:

- You must complete and file this form (before making any attempt to influence the decision) with the person responsible for recording the minutes of the meeting, who will incorporate the form in the minutes. (Continued on page 2)

APPOINTED OFFICERS (continued)

- A copy of the form must be provided immediately to the other members of the agency.
- The form must be read publicly at the next meeting after the form is filed.

IF YOU MAKE NO ATTEMPT TO INFLUENCE THE DECISION EXCEPT BY DISCUSSION AT THE MEETING:

- You must disclose orally the nature of your conflict in the measure before participating.
- You must complete the form and file it within 15 days after the vote occurs with the person responsible for recording the minutes of the meeting, who must incorporate the form in the minutes. A copy of the form must be provided immediately to the other members of the agency, and the form must be read publicly at the next meeting after the form is filed.

DISCLOSURE OF LOCAL OFFICER'S INTEREST

I, Albert D. Lopez, hereby disclose that on March 8, 20 22 :

(a) A measure came or will come before my agency which (check one or more)

- inured to my special private gain or loss;
- inured to the special gain or loss of my business associate, DAVID HOLLANDER ;
- inured to the special gain or loss of my relative, _____ ;
- inured to the special gain or loss of _____, by whom I am retained; or
- inured to the special gain or loss of _____, which is the parent subsidiary, or sibling organization or subsidiary of a principal which has retained me.

(b) The measure before my agency and the nature of my conflicting interest in the measure is as follows:

Item # 5 of the Agenda included presentation of the financial statements prepared by my firm (BDO)

If disclosure of specific information would violate confidentiality or privilege pursuant to law or rules governing attorneys, a public officer, who is also an attorney, may comply with the disclosure requirements of this section by disclosing the nature of the interest in such a way as to provide the public with notice of the conflict.

3/8/2022
Date Filed

ALopez
Signature

NOTICE: UNDER PROVISIONS OF FLORIDA STATUTES §112.317, A FAILURE TO MAKE ANY REQUIRED DISCLOSURE CONSTITUTES GROUNDS FOR AND MAY BE PUNISHED BY ONE OR MORE OF THE FOLLOWING: IMPEACHMENT, REMOVAL OR SUSPENSION FROM OFFICE OR EMPLOYMENT, DEMOTION, REDUCTION IN SALARY, REPRIMAND, OR A CIVIL PENALTY NOT TO EXCEED \$10,000.

APPOINTED OFFICERS (continued)

- A copy of the form must be provided immediately to the other members of the agency.
- The form must be read publicly at the next meeting after the form is filed.

IF YOU MAKE NO ATTEMPT TO INFLUENCE THE DECISION EXCEPT BY DISCUSSION AT THE MEETING:

- You must disclose orally the nature of your conflict in the measure before participating.
- You must complete the form and file it within 15 days after the vote occurs with the person responsible for recording the minutes of the meeting, who must incorporate the form in the minutes. A copy of the form must be provided immediately to the other members of the agency, and the form must be read publicly at the next meeting after the form is filed.

DISCLOSURE OF LOCAL OFFICER'S INTEREST

I, Erick Wendelken, hereby disclose that on March 8, 20 22 :

(a) A measure came or will come before my agency which (check one or more)

- inured to my special private gain or loss;
- inured to the special gain or loss of my business associate, DAVID WOLLANDER ;
- inured to the special gain or loss of my relative, _____ ;
- inured to the special gain or loss of _____, by whom I am retained; or
- inured to the special gain or loss of _____, which is the parent subsidiary, or sibling organization or subsidiary of a principal which has retained me.

(b) The measure before my agency and the nature of my conflicting interest in the measure is as follows:

Item #5 of the Agenda included prosecution of financial statements prepared by my employer.

If disclosure of specific information would violate confidentiality or privilege pursuant to law or rules governing attorneys, a public officer, who is also an attorney, may comply with the disclosure requirements of this section by disclosing the nature of the interest in such a way as to provide the public with notice of the conflict.

Erick Wendelken
Date Filed

[Signature]
Signature

NOTICE: UNDER PROVISIONS OF FLORIDA STATUTES §112.317, A FAILURE TO MAKE ANY REQUIRED DISCLOSURE CONSTITUTES GROUNDS FOR AND MAY BE PUNISHED BY ONE OR MORE OF THE FOLLOWING: IMPEACHMENT, REMOVAL OR SUSPENSION FROM OFFICE OR EMPLOYMENT, DEMOTION, REDUCTION IN SALARY, REPRIMAND, OR A CIVIL PENALTY NOT TO EXCEED \$10,000.