

**MINUTES OF THE SCHOOL BOARD AUDIT AND BUDGET ADVISORY COMMITTEE
OF MIAMI-DADE COUNTY PUBLIC SCHOOLS
REGULAR MEETING (IN-PERSON/VIRTUAL)
March 9, 2021**

The School Board Audit and Budget Advisory Committee (the ABAC or the Committee) met on Tuesday, March 9, 2021, in the School Board Administration Building, SBAB Auditorium, at 1450 N.E. Second Avenue, Miami, Florida. This was an in-person/virtual meeting and the fourth in-person meeting held by the ABAC members since the start of the COVID-19 pandemic working conditions of the District in March 2020.

Call to Order

The ABAC Vice Chair Mr. Christopher Norwood called the meeting to order at 10:08 a.m. Mr. Norwood stated that he will be the Acting Chair for the ABAC meeting and welcomed those in attendance.

1. Welcome, Introductions and Recognitions

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

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

The meeting is being streamlined and close-captioned.

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

Chief Auditor Ms. Gonzalez welcomed Board Chair Mrs. Perla Tabares Hantman. Ms. Gonzalez asked School Board member/ABAC member Ms. Mari Tere Rojas if she had noticed any other School Board members in attendance in the Auditorium (Ms. Rojas was seated up in the dais and had a more complete and broader view of the entire Auditorium floor). Ms. Rojas replied in the negative. Ms. Gonzalez reviewed her computer screen and stated that she did not notice any Board members signed up in the ZOOM meeting platform at this time but welcomed those possibly attending via the streamlined and close-captioned process.

2. Attendance of ABAC Members

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

ABAC Members Present In-Person (For Quorum Purposes) (Voting Members)	
1.	Mr. Christopher Norwood, J.D., ABAC Vice-Chair and today’s Acting ABAC Chair
2.	Ms. Chloe Bordon-Gillenwater, ABAC Member
3.	Mr. Juan del Busto, ABAC Member
4.	Ms. Anna Hochkammer, ABAC Member
5.	Mr. Stephen Hunter Johnson, Esq., ABAC Member (arrived at 10:45 a.m.)
6.	Mr. Jeff Kaufman, ABAC Member
7.	Ms. Mari Tere Rojas, School Board Member/ABAC Member
8.	Mr. Albert D. Lopez, CPA, ABAC Member
9.	Ms. Sharon Watson, ABAC Member
ABAC Members Present (Attending virtually via ZOOM Platform) (Voting Member)	
10.	Mr. Julio C. Miranda, CPA, CFE, ABAC Member (Refer to Note 1)
ABAC Members Absent	
•	Mr. Erick Wendelken, Chair (Unable to attend due to conflict with his professional working schedule).
•	Ms. Zeida Sardiñas, ABAC Member (Unable to attend due to conflict with professional working schedule).
Alternate ABAC Members in Attendance (Present But Not Voting At This Meeting)	
11.	Mr. Joshua Clarin, Alternate ABAC Member for Ms. Anna Hochkammer (Mr. Clarin attended virtually but did not vote).
Note 1: ABAC Member Mr. Julio Miranda was unable to attend in-person. Mr. Miranda attended virtually, and was able to vote since physical quorum was met in the room.	

In addition to the ABAC members, and following similar attendance-taking procedures, the Chief Auditor recognized the following nine (9) meeting panelists (including herself) that were in attendance in the room:

12. Mr. Ron Y. Steiger, Chief Financial Officer, Ex Officio (Non-Voting) Member of the ABAC
 13. Ms. Maria T. Gonzalez, Chief Auditor and the ABAC’s liaison
 14. Mr. Walter J. Harvey, School Board Attorney
 15. Mr. Alberto M. Carvalho, Superintendent of Schools
 16. Mr. Jaime G. Torrens, Chief of Staff
 17. Mr. Jose Bueno, Chief of Staff
 18. Mr. Jon Goodman, Assistant Chief Auditor, Office of Management and Compliance Audits
 19. Mr. Luis O. Baluja, Executive Director, Office of Management and Compliance Audits; and
 20. Ms. Elsie Berrios-Montijo, Staff Assistant, Office of Management and Compliance Audits.
- Mr. Baluja and Ms. Berrios-Montijo acted as meeting co-hosts/facilitators, in addition to the Chief Auditor.

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

As a tradition of the ABAC meetings conducted during pre-COVID conditions, the meeting room would be circulated to have those in attendance each verbally introduce his/her name into the record of attendance; and an attendance log would be passed around to collect the signatures of those attending the meeting. In lieu of calling out for introductions of those present in the room, the following 25 participants were physically in attendance according to their signatures in the sign-in attendance log:

Names of Attendees In The Room	
21. Mrs. Perla Tabares Hantman, School Board Chair	22. Ms. Luisa Santos, School Board Member
23. Mr. Eugene Baker, Chief Information Officer, ITS	24. Dr. John D. Pace, Chief Operating Officer

Names of Attendees In The Room	
25. Ms. Daisy Gonzalez-Diego, Chief Communications and Community Engagement	26. Mr. Edward McAuliff, Chief Information Security Officer
27. Dr. Sylvia Diaz, Chief Accountability Officer	28. Ms. Tamara Wain, CPA, District Director, OMCA
29. Mr. Mario De Barros, Chief Procurement Officer, PMS	30. Mr. Alejandro Santana, IT Auditor, OMCA
31. Dr. Gloria Arazoza, Admin. Director, School Operations	32. Ms. Latisha Green, Assistant to Chief Auditor
33. Mr. Thomas Knigge, Supervisory Agent, Inspector General	34. Mr. William McAuliff, Executive Director, MECA
35. Mr. Jerold Blumstein, School Board Admin. Assistant	36. Mr. Nelson E. Diaz, School Board Admin. Assistant
37. Ms. Vivian Lissabet, School Board Admin. Assistant	38. Ms. Ana Lara, School Board Admin. Assistant
39. Ms. Amarylys Diaz, School Board Admin. Assistant	40. Ms. Francys Vallecillo, School Bd. Member's Chief of Staff
41. Ms. Carlota Noguera, School Board Admin. Assistant	42. Mr. Jorge Funcia, Technician, ITS
43. Mr. George Nuñez, School Board Admin. Assistant	44. Mr. Al Chicoy, Creative Director, WLRN
45. Mr. Nicolas Moreton, ITS	

Next, the Chief Auditor stated that, regarding those attending the meeting via virtual means, in lieu of this attendance-taking/recording procedure, the ZOOM virtual meeting platform provides a list of the names of those attendees that have joined the meeting via email invitation, and Ms. Gonzalez proceeded to read each entry from the list, which ultimately amounted to an additional 10 participants that had joined the meeting; and which consisted of first/last names. Titles were also included for the record. This attendance is reflected in the following table:

Names of Attendees Via ZOOM Platform (Virtual)	
46. Dr. Steve Gallon III, School Board Vice-Chair (joined ZOOM later during presentation of the K12 audit report).	47. Michael Fox, Risk and Benefits Officer, Risk and Benefits Management
48. Ms. Joyce Castro, Asst. Superintendent	49. Ms. Mahati Tonk, District Director, Charter Schools
50. Ms. Tiffanie Pauline, Asst. Superintendent, Charter Schools	51. Ms. Patricia Tumelty, Audit Coordinator II, OMCA
52. Ms. Terry Rodriguez, Executive Director, OMCA	53. Mr. Regino Rodriguez, Partner, HLB Gravier, LLP
54. Mr. Michael Hernandez, Audit Supervisor, OMCA	55. Ms. Christina Perdomo-Fernandez, Academica

Upon the completion of attendance Ms. Gonzalez proceeded with the instructions for deliberation for those attendees joining the meeting under the virtual platform.

The following are the protocols for ABAC members and participants to follow to ensure that the virtual meeting was conducted smoothly and following proper decorum, they are:

- Kindly direct all statements and comments through the Chair and wait to be recognized by the Chair before making any comments;
- All ABAC members will be unmuted during the meeting, the Chair asks that ABAC members mute their microphones when not making comments to reduce any unnecessary background noise;
- Attendees wishing to speak to an item should raise his/her hand using the appropriate feature in the zoom toolbar, if the attendee is participating via telephone, he/she can raise his/her hand by pressing the star nine button;
- If there are several attendees wishing to make a comment simultaneously, cohosts are managing the queue of individuals waiting to make comments;
- The attendee wishing to make a statement will be brought into the meeting as soon as possible and then returned to his/her previous status at the conclusion of his/her comments. Regardless of whether an ABAC member is making a motion, answering a question, or making a comment, please wait to be recognized by the Chair.

Ms. Gonzalez ended the introductions and instructions and turned it over to Acting Chair Mr. Christopher Norwood. Mr. Norwood thanked Ms. Gonzalez and moved on to item number two on the agenda for the approval of the minutes.

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

Acting ABAC Chair Mr. Christopher Norwood inquired if any of the ABAC members had any questions, concerns or amendments of the last meeting's minutes. School Board member/ABAC member Ms. Mari Tere Rojas stated that she had no questions or concerns but wanted to make a statement regarding the individual who composes the minutes. She said that this individual has done an amazing job, very thorough, very comprehensive, and very detailed. Ms. Rojas wanted to give 'kudos' to that person because sometimes you only hear negative things; and when there is something positive like that, she wants to put it on the record. She closed by thanking that person again for providing such copious notes.

Acting ABAC Chair Mr. Christopher Norwood stated that if there are no other comments or concerns on the minutes, then if someone would like to move the item.

There being no additional questions or comments, upon a motion made by ABAC member Mr. Jeff Kaufman and seconded by ABAC member Mr. Juan del Busto, which carried unanimously, to approve and file the **Minutes of the School Board Audit and Budget Advisory Committee Meeting of February 2, 2021.**

5. Presentation of the Financial Statements of the Magnet Education Choice Association, Inc. (MECA) for FYE June 30, 2020 and Independent Auditors Report (ACTION)

Acting ABAC Chair Mr. Christopher Norwood introduced the item. Chief Auditor Ms. Gonzalez requested that Mr. Regino Rodriguez, Partner from HLB Gravier, the external firm that conducted the audit, be brought in as a panelist (since he is attending the meeting virtually). Mr. Luis Baluja, Executive Director acting as the technical ZOOM meeting's co-host, complied.

While Mr. Rodriguez was being brought in as a virtual meeting panelist, the Chief Auditor started the presentation by stating that the financial statements of the Magnet Educational Choice Association (MECA or the Association) were audited by the external audit firm of HLB Gravier, LLP, Certified Public Accountants. She explained that MECA is a private not-for-profit Association organized and operated as a Miami-Dade County School Board's direct-support organization. She also explained that the financial statement audit is required by State Board of Education Rule 6A-1.0013, Section 1001.453, Florida Statutes, and School Board Policy 9215. Ms. Gonzalez concluded and introduced Mr. Rodriguez for his presentation of the audited financials to the ABAC members. The following information was provided by Mr. Rodriguez, Partner of HLB Gravier, on MECA's financial statements:

- His firm completed the audit of Magnet Education Choice Association, MECA.
- Pages 1 and 2 of the report provide the audit opinion. Mr. Rodriguez pointed out that the audit received a clean audit opinion, with no qualifications of any sort, which obviously is a good thing. The audit opinion also makes reference to the report on internal controls and compliance.
- Page 3 of the report illustrates the Statement of Financial Position which shows as of fiscal year end June 30, 2020, the Association's assets and liabilities. Its net assets were broken up between those assets that are donor-restricted and those without donor restrictions.
- Page 4 of the report contains the Statement of Activities in three-column form showing the activity with donor restrictions and without donor restrictions. The column without donor restrictions had a small surplus of \$900. Overall, the change in net assets was a positive change of approximately \$13,000, segregated between a donor-restricted increase of \$12,000 and the increase of net asset without donor restriction of \$900.
- Pages 5 and 6 of the report are continuing pages of the financial statements, and page 5 shows the Statement of Functional Expenses and page 6 has the Statement of Cash Flows.
- Pages 7 through 11 are the notes to the financial statements, most of which are technical notes that are required to be disclosed under US accounting standards.

- Pages 12 and 13 of the report are on internal controls and compliance. Mr. Rodriguez stated that they did have a matter reported at the bottom of page 12. The Association's day-to-day bookkeeping records are not maintained on the accrual basis of accounting, they are reported on the cash basis of accounting. The result is that it requires a year-end analysis to determine what are the receivables and payables. So, management performed that analysis and the numbers obtained were appropriate; however, when you do it that way, there is more susceptibility to errors as opposed to keeping your books on the accrual basis of accounting throughout the year. Mr. Rodriguez stated that they made mention of this in the management letter and is also referenced in this report in the report of internal control and compliance.
- On page 14, the management letter has a comment towards the bottom labeled *2020-1, Accrual Basis of Accounting*. Management has indicated that they will be working with their external accounting firm that helps with their bookkeeping to begin the process of keeping their books on an accrual basis day-to-day. The management letter includes an additional comment, not a major comment, *2020-2*, where the audit noticed some outstanding checks in the reconciliation, some which were pretty stale and wanted to bring to light that unclaimed checks or checks that the Association may have issued that were not cashed for whatever reason by the vendor or by an employee, must follow Florida Escheat Laws, where if the Association holds those checks for a period of time and these are never claimed, then those funds must be remitted to the State of Florida. The Association must adhere to that requirement.
- The last comment deals with an item that carries forward from the prior audit. Mr. Rodriguez pointed out that this is the first year that his firm performed the audit. Prior audits were performed by other auditors, and those auditors had made a comment regarding the deficit of the unrestricted net assets, and that the Association needs to charge sufficient administrative fees to cover the administrative overhead. As previously mentioned, the \$900 surplus was an increase of net assets on the unrestricted column, and this deficit, although it did not grow further this year, there is the deficit that carried forward from the prior year at the bottom of page 4. The administrative fees that were charged this year amounted to \$21,000 but the organization's general administration expenses were \$29,000. At some point management will have to determine if they are going to reverse that trend by essentially charging a higher administrative fee and work with their external accounting firm to work that out. That comment was left as a carryforward comment from the prior audit which is on pages 15 and 16 of the report.

Mr. Rodriguez concluded his presentation of the audit and asked for any questions for him to address.

School Board member/ABAC member Ms. Mari Tere Rojas thanked Mr. Rodriguez for his presentation and asked about the three conditions made on the management letter by the auditor. Management's responses to all of them are basically very positive and they concurred with the recommendations made, however, the concern of the limited resources continues to be evident in the finding. These are issues that appear to be impacted by the limited resources and this continues to occur and reoccur, year after year. Ms. Rojas stated that this is an area that she has a concern with and would like to ask if there is anyone from MECA that can give her additional information about this particular area of concern. The Chief Auditor replied that Mr. William McAuliff, Executive Director of MECA was in attendance.

Acting ABAC Chair Mr. Christopher Norwood welcomed MECA's Executive Director Mr. William McAuliff. Mr. McAuliff thanked Mr. Rodriguez for taking the audit on such short notice and commented that Mr. Rodriguez and Mr. Santana (auditors from the external audit firm) were very professional.

In reply to School member/ABAC member Ms. Mari Tere Rojas, Mr. McAuliff stated that after the last Audit Committee, the MECA Board held a meeting in the early part of March and agreed to increase the administrative fee from 5% to 7%. He stated that they can't raise the fee too high because that will eliminate a lot of the funds that the stakeholders need for the student activities they subsidize. He pointed out that last year, from March to December, due to the pandemic, there was not a lot of activity in MECA and no administrative fees were coming in. Some activities came to a halt about the middle of March when the schools closed. Still, the MECA Board met regarding plans for obtaining additional funding from some of its Dade Partners, but especially in the Academy of Hospitality and Tourism, the hotels were closed. A few weeks ago, they had a ZOOM meeting with the STEM Board, the Academy

of Science, Technology, Engineering and Math. STEM is working to obtain additional funding that he is not at liberty to discuss too much at this time because of ongoing negotiations. However, he said that there are some possibilities that they will be able to get additional funds and will be charging the administrative fees.

Mr. McAuliff pointed out that he did not collect a salary for the months of April, May and June, even though he worked. However, he didn't feel he had the right to take a salary when things were that bad and did keep down the expenditures for the 2019-2020 audit period. Right now, a lot of the academies are trying to get things back on track and it may still be a little while before they can be up to full steam to get some of the funding back into MECA to help out the individual programs of MECA's stakeholders.

School Board member/ABAC member Ms. Rojas thanked Mr. McAuliff for his response and stated that based on the report, it is clear that the net support and revenues of \$21,248 for the administrative fees' income does not appear to be enough to support the services and expenses of \$29,109. She commented that hopefully, MECA will be charging higher administrative fees in order to address this issue.

Ms. Rojas expressed another concern that she has addressed in the past on more than one occasion. She again remarked that Mr. McAuliff is only one person, which points to the need for MECA to hire additional personnel to be able to address all these issues. She inquired whether MECA was considering hiring additional personnel since she recalled that Mr. McAuliff had mentioned the possibility of retiring from his position; and inquired about the status of these personnel issues.

Mr. McAuliff stated that he had been trying to retire for three years, however, considering the work that needs to be done in MECA, the organization does not have the funding to hire someone that will probably want \$50,000 or \$60,000 a year to do this job. Mr. McAuliff stated that he plans to stay for now, and in the meantime, he is making inquiries through some Dade Partners to identify someone who can step in and with a little coaching from him do a splendid job. He said he will "stick it out" until that person is found.

Ms. Rojas asked whether there was someone from MECA attending this meeting other than Mr. McAuliff who can provide her a follow up response to her questions. Chief Auditor Ms. Gonzalez responded that she had invited Mr. Ben Launerts from MECA; however, he was not in attendance. Ms. Rojas replied that she would like a response to her inquiries because this situation has been ongoing for years and although she is grateful to Mr. McAuliff for the amazing job that he has done for MECA, anything can happen; and he may decide to retire tomorrow. **She added that, just like the School District utilizes its succession management plan for filling positions, MECA should have the same.** She added that it is critical that there are people in place to follow up accordingly whenever necessary. So, since there is no one in the audience right now that can provide a response, she would appreciate that all the ABAC members receive a response as to the status on that particular issue.

Acting Chair Mr. Christopher Norwood asked Mr. McAuliff whether they had received a long-term plan from MECA (similar to the plan submitted to the ABAC last year) and whether it included some type of succession plan. Mr. McAuliff stated that he didn't believe it addressed a replacement for him. He clarified that last year's plan was spearheaded by Mr. Launerts in response to the last Audit Committee's request for the identification of outside sources to bring more funds into MECA, but there has been no succession plan that he is aware of. He knows it's needed as Ms. Rojas recommended.

Ms. Gonzalez proffered that she will contact Mr. McAuliff to schedule a meeting (similar to the meeting that she scheduled last year with him and a MECA member) to obtain information and pass it along to the ABAC members. Mr. McAuliff agreed to this meeting. However, Ms. Rojas countered that recommendation and very clearly stated that a written response must come from the MECA Board to the ABAC members. **Ms. Gonzalez requested clarification from Ms. Rojas regarding this request. Ms. Rojas reiterated that her request is addressed to the MECA Board and the response must be in writing. Mr. McAuliff stated that it will be done.**

ABAC member Mr. Albert Lopez requested clarification as to the process for adjusting the financial statements from the cash to the accrual basis; and whether the auditors or MECA management were responsible for calculating these year-end adjustments. Mr. Rodriguez clarified that management is responsible for performing the exercise of determining or coming up with what the receivables were as of June 30 and what the payables were as of June 30. He went over how the determinations were made by management; and then the auditors were provided with a list of transactions that they tested. They were satisfied with the results of their tests and the numbers looked good. That's the process they went through. He added that this is not a perfect process, because if something had never gotten paid, this could be omitted and that is the weakness of not keeping the books on an accrual basis on a day-to-day basis.

ABAC member Mr. Lopez stated that the clarification he requested was to ensure that it was management that went through that process; otherwise, there could be an independence issue on the part of the auditors. Mr. Rodriguez reiterated that it was management's responsibility, the auditors asked Mr. McAuliff to go through the exercise and then the auditors tested the assertions. Mr. Lopez inquired if MECA is in the process of turning into an accrual basis and whether MECA will be adopting the accrual basis of accounting going forward. Mr. McAuliff stated that when this was brought up by Mr. Rodriguez, he spoke to the accounting firm that assists him with the bookkeeping of MECA; and that firm will lead him through the process of making sure they do the accrual accounting. Mr. McAuliff stated that he has been with MECA since December 2009 and either in their bylaws or procedures manual it indicated that MECA was on the cash basis. He added that MECA has used the same accounting firm for at least 15 years or so to assist with some of the bookkeeping matters. This move from cash to accrual was never brought up by them, so there was no need in his mind to change at the point in time, but they are eager to lead him down that path to make sure it's done correctly going forward.

ABAC member Ms. Anna Hochkammer inquired regarding the initial cause of the deficit in the budget that had been carrying through apparently for several years. Mr. McAuliff stated that he believed it was timing and provided some justifications. Ms. Hochkammer asked whether he believed that proper operational changes and adjustments have been made in order to avoid that in the future, or would this be an ongoing problem in the way MECA operates. Mr. McAuliff provided further explanations and stated that as he mentioned, he is going to be working with the accountants so they can guide him on the correct way to do this.

Acting Chair Mr. Norwood asked if members had any other questions. There being no additional questions or comments, a motion was made by School Board member/ABAC member Ms. Mari Tere Rojas and seconded by ABAC member Mr. Albert Lopez, which carried unanimously, to recommend that the **Presentation of the Financial Statements of the Magnet Education Choice Association, Inc. (MECA) for FYE June 30, 2020 and Independent Auditors Report**, be received and filed by the School Board.

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

Acting ABAC Chair Mr. Christopher Norwood introduced the next item on the agenda, the Internal Audit Report of Selected Schools/Centers to the Committee members. Chief Auditor Ms. Gonzalez stated that this report comprised the next group of schools that audit staff had been working on since the last Audit and Budget Advisory Committee meeting. She explained that the report includes 50 schools, all one-year audits, of which 22 report to the North Region Office, 25 report to the Central Region Office, two report to the South Region Office and one reports to the Office of Adult, Technical and Education Opportunity and Access within School Operations. Of the 50 schools, three experienced a change of principal since their last audit.

According to Ms. Gonzalez, all 50 schools are reporting clean audits; no findings are being cited for any of these schools; and their corresponding property inventory results are mostly satisfactory with only a few minimal loses. Ms. Gonzalez closed her brief summary by congratulating the administration and staff of the schools in this report, introduced Ms. Tamara Wain, District Director of School Audits as the

auditor in charge of these audits, and added that Ms. Wain would be available to answer any specific questions from the committee members.

School Board Member/ABAC member Ms. Mari Tere Rojas expressed how elated she was when she received this report of selected 50 locations and saw that audit results were satisfactory, the corresponding financial statements were fairly stated, and there were no audit findings reported for any of the 50 schools. She was also pleased that property inventory results were mostly satisfactory.

Ms. Rojas thanked Ms. Valtena Brown, who is no longer working in School Operations (due to her recent retirement), but knows what Ms. Brown did during her tenure and how hard she worked toward receiving clean audit reports such as this one. Ms. Rojas said she was sure that Ms. Brown will hear this message. Further, Ms. Rojas stated that on behalf of her colleagues on the Board and herself, they are elated to see a report like this. In reference to Dr. Pace (who recently succeeded Ms. Brown in School Operations), Ms. Rojas stated that she is sure that he will continue to make this a priority and for him to share with the principals, treasurers as well as assistant principals and custodial staff that have done such a great job with this outcome. Regarding property inventory results, she noted they were mostly satisfactory and wanted to say 'kudos' to every single solitary person working at these school sites because the misplacement of property could result in significant losses of assets; and these reported results are a marked improvement from what she has noted in the past. She hopes that the next report will be as fabulous as this one is.

Mr. Norwood asked for any other comments. There being no additional questions or comments, a motion was made by ABAC member Mr. Albert Lopez and seconded by School Board member/ABAC member Ms. Mari Tere Rojas, which carried unanimously, to recommend that the **Internal Audit Report Selected Schools/Centers**, be received and filed by the School Board.

7. Internal Audit Report – Audit of the District’s Readiness and Capabilities in the Acquisition and Implementation of a Large-Scale Instructional Technology Platform (ACTION)

Mr. Norwood introduced the agenda item, Internal Audit Report – Audit of the District’s Readiness and Capabilities in the Acquisition and Implementation of a Large-Scale Instructional Technology Platform.

Ms. Gonzalez stated that this is an audit that was conducted by her office, pursuant to a Good Cause School Board Agenda Item H-14 Revised that was approved at the School Board meeting of September 9, 2020. She clarified that it was proffered by Ms. Rojas and was responsive to the District’s acquisition and implementation of the K12 technology platform curriculum, and the related problematic opening of the school year during the week of August 31, 2020. Ms. Gonzalez then turned the presentation over to Mr. Jon Goodman, the Assistant Chief Auditor, who supervised this audit.

Mr. Goodman greeted everyone and stated that it is known that the implementation of K12 in the opening of the 20-21 school year occurred during an unprecedented crisis during the COVID pandemic and then he proceeded to summarize the findings.

According to him, finding number one answers the question as to the District’s readiness in the implementation of a large-scale instructional technology platform. He explained that the District and K12 were clearly not ready after only a six-week implementation period; and there was not enough time to adhere to the necessary standards such as testing and training. However, he added the District appears to be in compliance thus far with applicable standards and practices regarding the learning management system currently being implemented which commenced in November 2019 prior to the pandemic and whose acquisition was approved by the School Board at its February 10, 2021 meeting.

Regarding the second finding, the audit recognizes a dramatic rise in technology and cybersecurity activity; related issues both locally and globally; and a corresponding trend in both the private and public sectors of increased attention to such conditions through the establishment of board-level technology

advisory committees. In this finding it is recommended that consideration be given to the establishment of such a committee.

The third finding in the report addresses potential legal remedies with the District's internet service provider and audit staff extensively discussed and vetted these issues with the Board Attorney's Office and ITS administration.

Regarding the nature of finding number four, Mr. Goodman explained that the audit involved extensive discussion with ITS management regarding certain recommendations to further enhance network connectivity and cyber security. However, he remarked that the details of this finding are omitted from this report for security purposes pursuant to Section 281.301 Florida Statute.

Mr. Goodman concluded his presentation and stated that he and the administration were ready to address any comments or questions the Committee members may have.

Mr. Norwood asked for any questions or comments. School Board member/ABAC member Ms. Mari Tere Rojas started by thanking the members of the School Board that approved this item, particularly the co-sponsors to the item which at the time was the Board Chair, the Honorable Perla Tabares Hantman, who regularly attends the ABAC meetings and wanted to say 'thank you' because it means a lot to have her present at these meetings. Ms. Rojas also thanked Board member Ms. Luisa Santos who was attending the meeting today. She further recognized the related agenda co-sponsors, who in addition to the Honorable Board Chair, were Board Vice-Chair Dr. Steve Gallon III, Board member Dr. Dorothy Bendross-Mindingall and former Board member Ms. Susie Castillo. Ms. Rojas also thanked the audit staff for having issued a very comprehensive audit report and she sincerely appreciates that as well. Ms. Rojas stated that the report was very timely, extremely comprehensive but at the same time written in a format which she feels is very easy to understand even if the reader is not an expert in technology and was thankful for that. Ms. Rojas proceeded to discuss the four findings and recommendations as follows:

- Finding number one – According to the finding, District administration and K12 did not adhere to standards and practices needed for successful implementation of the K12 virtual platform. Ms. Rojas further stated that, as she has said in the past, audits are tools to disclose what works right in a process and be able to address those related issues that need corrective action to expeditiously implement it and move forward for better outcomes. However, she felt concern that K12 was selected at a cost of \$15.3 million and the School Board was not apprised prior to this being done. Based on this report, the District was not ready to implement this platform and curriculum, and there were many questions related to the training as evidenced by many teachers and administrators' expressed concerns because they felt that the training was mainly dealing with pedagogy instead of focusing on how to implement a program such as this one. She had hoped that the response from management would have been enhanced more than what she sees on the report. Moving forward she hopes this is an area that is going to be looked at very carefully.
- Finding number two – Consideration of a board-level committee to advise and inform in all matters regarding technology and cybersecurity. Ms. Rojas stated that her colleagues on the Board as well as many colleagues right here in this ABAC group have discussed concerns over cybersecurity and related risks numerous times. She believes that this matter is probably the greatest current threat to this District and to many professional entities. She feels that the idea of having an advisory committee on IT-related technology should be extremely beneficial to this institution; and will probably be proffering a Board item to address this issue. She then noted that management's response appears to not support this recommendation since it states that the involvement of members of the public in matters of IT governance could be contrary to the safeguarding of IT systems and protocols, especially where cybersecurity is concerned. Although she believes there is room for discussion, she personally does not see a problem with such an advisory committee; and believes that the implementation of such committee will be extremely beneficial for the District. She added that other school districts appear to have successfully implemented this advisory committee and noted that similarly, the Superintendent established a wonderful task force that

enlisted the assistance of some of the local business community's most respected members with expertise in technology and cybersecurity. This is somewhat similar to what this recommendation is all about, the only difference is that this will be a School Board advisory committee. Therefore, the Board will ultimately have to decide on this issue, as she will probably be bringing forth an item to address this.

- Finding number three – The District should consider seeking legal remedies from its internet service provider pursuant to the contract. Ms. Rojas stated that she read this finding/recommendation very carefully and she understands the pros and the cons that are associated with this and what could possibly be a very long litigation process. She stated that the School Board Attorney has done a great job providing advice to the Board. Regarding management's response, she would like to have an opportunity to be able to meet with Mr. Harvey to address this issue further, especially if the Board decides to seek further legal remedies. Although she will be requesting a meeting from the Board Attorney, she requested a response from Mr. Harvey, if possible.

In response, School Board Attorney Mr. Walter Harvey pointed to management's response, which according to him, provides a great deal of detail. With regard to the legal response, he stated that upon the initiation of the attack, there was immediate notification to the cybersecurity insurance carrier, and they picked up the cost associated with analyzing the attack, as well as the system as a whole. In addition to that, he said, under the policy, there are some requirements with regards to initiating litigation, potential repayment or recoupment of funds that have been paid by the cybersecurity carrier to the District. These requirements under the policy are some of the issues that he believes will have to be looked at as the attorney advising the Board. Ms. Rojas thanked Mr. Harvey for his response and that she was sure there will be follow up.

- Finding number four – Technical recommendations to further enhance the District's network connectivity and cybersecurity. According to Board member/ABAC member Ms. Mari Tere Rojas, she clearly understands that the details of the finding, recommendations and management's response have been omitted from this report due to security purposes pursuant to *Section 281.301, Florida Statutes, Security systems; records and meetings exempt from public disclosure*. However, Ms. Rojas inquired and requested confirmation from School Board Attorney Mr. Harvey whether the Chief Auditor would have to request from the School Board Chair approval for a confidential meeting with the Board, so the Board will be able to have an opportunity to discuss and address the finding, the recommendations, and responses in a confidential setting (not open to the public for discussion) and later follow up accordingly. Although ultimately, Mr. Harvey confirmed that such a request would be needed, in response, he went over the Committee's procedures for discussing the Pen test that was conducted prior to the onset of the pandemic since he said that this process for discussing this fourth finding would have to follow a similar path. He explained that the procedure that was followed with discussion of the Pen test was to hold a confidential session with the Board. Following that meeting, then the Chief Auditor held a confidential session with this Committee. He explained that a confidential session would have to be requested, there is no notice requirement for this, this is under Statute, this is confidential, very similar to a confidential session for collective bargaining, where the public is excused from the meeting and then there is a detailed discussion with regard to the confidential nature of it. Regarding the report's fourth finding he noted it is a sensitive matter. This should follow a very similar process as before and it would certainly be in order to have some designated time either before, during or after a committee meeting, during the Board Committee meeting to discuss the confidential finding. Ms. Rojas recommended to Ms. Gonzalez the possibility of making a request to the Chair for such a meeting. Ms. Gonzalez replied that she will contact the Board Chair to discuss this request.

Next, Mr. Rojas requested from Ms. Gonzalez an update regarding the second recommendation made and approved by the Board on September 9, 2020 (agenda item H-14) directing Ms. Gonzalez to engage an external firm to perform network security testing services for the District biennially. She inquired whether an external firm been had been hired; a status of the contract negotiations; and projected date for the network security testing services report being presented to the Audit and Budget Advisory Committee. Ms. Gonzalez responded that they have contracted RSM US LLP's cybersecurity

experts for this process, and this is the same firm that was secured for the prior Pen test; and a contract has been signed and executed. She noted that at present, there is discussion with M-DCPS management regarding the timeline for the Pen testing exercise due to some recent developments from the Department of Education, who has extended the deadline for students performing tests online up to close to the end of the school year. The discussion is to agree to a safe time period for these testing services, to ensure that any pen test-related testing procedures do not result in the possibility of a potential interruption in the District's internet connectivity during the online testing period of students. Regarding the report presentation, the Chief Auditor stated that if the Pen test can be done before the end of June 2021, then the report could possibly be brought to the Audit and Budget Advisory Committee if not in July, then in September 2021. Ms. Rojas thanked Ms. Gonzalez for the update.

Acting ABAC Chair Mr. Christopher Norwood suggested to offer a motion on the issue regarding the request for the confidential meeting. He inquired if as a Committee, is it done now or after approving the acceptance of this audit. Mr. Norwood said that he would like to see that done during the course of the meeting.

Regarding the report, ABAC member Mr. Albert Lopez stated he has some questions; however, he doesn't think this meeting is the proper place. He added that the advisory committee is a good step, to have a committee that interacts with management, able to review the steps taken and make recommendations based on their own experiences. But at the same time, the responsibility as far as the internal controls, having people with proper knowledge, and training lies within the District. He remarked that the advisory committee is there to advise, but the controls, knowledge, and training like he stated before lies within the District.

ABAC member Mr. Juan del Busto stated that they recently had a conference call with Christopher Wray, Director of the F.B.I., and last year, the number one priority was counterintelligence, the second was terrorism and the third was cybersecurity. This year, their number one concern and priority is cybersecurity. Mr. del Busto stated that he had just been hacked three weeks ago and are working through that with the Federal Reserve, and it is either China or North Korea. He said that this keeps happening on a daily basis; and as he's mentioned before it's not where we are today in cybersecurity, it's the process going forward on a daily basis what we are doing to counter cybersecurity.

ABAC member Ms. Anna Hochkammer had several questions starting on page 11 of the report. She found it interesting that District management believed it was necessary to implement a state approved LMS such as K12 for remote instruction by the start of the school year in order to receive full state funding, while several of the other large Florida school districts surveyed for this report did not arrive at the same conclusion. She inquired whether part of this predicament wasn't due to this disagreement and understanding between the major large Florida school districts as to whether or not state funding was actually at jeopardy. Ms. Hochkammer wanted an explanation as to why this is the only public school district, at least contemplated during this audit, that had that understanding of the state emergency order.

In response, Chief Academic Officer Dr. Sylvia Diaz, expressed that there are two parts to this. She explained that initially, the administration was looking at those systems on the state-approved list of virtual instruction providers; however, they had not been given guidance from the State as to whether or not the State would fund any sort of online learning that wasn't what is identified in Statute; and the only thing in Statute is a virtual instruction program. To offer a virtual instruction program, the District would have to use an approved provider and there are steps to follow. When the State finally issued their order in July that was not the case, they gave school districts the option of implementing a program where students could be at home learning remotely while receiving regular funding. However, in that order, they also required that the program offered to the students at home needed to look just like what was going to be implemented at school, which is difficult to achieve. This is because the District does not have a learning management system and the instructional materials and resources aren't really designed for online use either (since there is not a core program that is digital). The struggle was how to offer students the same learning experience online and at schools. Therefore, in consideration of those platforms, the District went ahead and moved with the decision around K12.

ABAC member Ms. Anna Hochkammer replied that this explanation significantly sheds light in her understanding from the curriculum perspective and academic perspective, but she is simply noting that whatever advice and interpretation that the School Board and the administration received is an outlier; and did not concur with any other conclusions in terms of policies and funding that the other major school districts in the state of Florida appeared to have determined were accurate; and that is something that should be noted by the administration and School Board.

Superintendent Mr. Alberto Carvalho responded that he understands the questions and concerns posed by ABAC member Ms. Anna Hochkammer and responded that it's fair to say that they were, if not overzealous, certainly very attentive to the interpretation of the language that was received from the State. The District didn't survey other districts in terms to how they were reacting to this language and felt it was self-explanatory and was very evident. He noted that before consideration of implementing the K12 platform, the administration's biggest concern that they were facing was the level of dissatisfaction with the number of resources and platforms that teachers, students and parents had to go through during a single session or day to access the curriculum materials because there was not one single integrated platform, which is what an LMS does, which is presumably what K12 had promised to do. He explained that K12 was not just an LMS, K12 promised to also deliver all the curriculum materials, and everything would be provided in a one-stop shop environment. The District was attempting to deliver a single platform whether students were in school or at home. Therefore, the District moved in that direction and unfortunately, the end result is what happened; and he agrees with the findings in this report. He also noted that other districts had one version or another of an LMS which teachers in school or at home could use, whether it is CANVAS or Schoology, the two big titans in the state of Florida and as it is declared in the same audit, the District is being very methodical in their review and implementation of an LMS system having learned through this past experience.

Acting ABAC Chair Mr. Christopher Norwood thanked the Superintendent and asked for any additional questions. Ms. Hochkammer stated that she had two more questions. She referred to Comcast and the response from management to the DDoS attacks, namely where the response stated that the District is receiving the highest available DDoS mitigation service from Comcast which substantially exceeds the requirements of the contract. Although she believed this was fantastic, wonderful news, she inquired how long the District would be receiving that heightened service at no additional cost going forward. The Comcast contract was bid out in 2018; therefore, the question relates to the next bid process for internet and cybersecurity services; whether this substantial level of mitigation will be included in the new bid, or will the new bid have something substantially equivalent to what the previous bid included before these events took place.

Chief Information Officer Mr. Eugene Baker responded that right now the service Comcast is providing will last through the existing contract. That type of service is now becoming part of the industry standard, were it's called always on mitigation, where they are basically scrubbing every bit of traffic coming the District's way. Typically, it is a very expensive service in the market, but the District is receiving as a result of this issue at no cost. There has not been a conversation with them as far as cost to maintain this going forward, but Mr. Baker expects that they probably will. But, right now, the District continues to have that service and foresee keeping it for some time.

Superintendent Carvalho stated that the goal is to continue conversations with that provider and ensure that in a legitimate and legally certifiable way at least to the conclusion of this contract that additional level of service is maintained at no additional cost. This may change once a new RFP goes out; but in addition to that and not able to go into details because they exceed the parameters of conversations specific to cybersecurity, the District is not relying singularly on this approach. There are some additional enhancements and co-protections that are being explored as part of the implementation of the District's cybersecurity plan which is currently fully funded under the District's budget. To the Audit and Budget Advisory Committee member's question, Mr. Carvalho replied that it is his personal goal and the goal of this Administration to ensure that through the conclusion of the current contract with this provider that the level of exceptional protection not afforded to others will continue at no additional cost.

Ms. Hochkammer stated that her last question is straightforward, and it alludes to the fact that the agreement was for \$15.3 million and inquired how much money exchanged hands; and if any amount exchanged hands, whether that portion, or any part of it was reimbursed back to the District.

Superintendent Carvalho provided a lengthy response. According to him, he is proud of the actions he took once he recognized that the promises and the timelines discussed would not possibly be lived up to by the vendor. He did two things. First, he notified that entity (K12) that the District had not officially signed the contract with his handwritten signature. During the pandemic, he explained that contracts were being processed with electronic signatures; and although the contract with K12 had gone through the review process and at one point, the contract had his electronic signature attached to it, it was on hold based on a series of challenges with K12 that happened shortly after; and that according to him, made him decide not to execute and not to release the contract without his personal signature.

Second, he said, the inability of the K12 system provider to really engage and deliver on the basis of the short timeline that had been established resulted in the cancellation of the contract. He explained that once the school year started, there were many complications including the cyberattack, the DDoS attack. Although he explained that these complications blinded the District administration for a certain period of time as to what the true cause of the problem was, it became clear shortly after that, that even or despite the DDoS attacks, there were significant structural issues with the implementation of K12, and that put the District in a position of taking the next big step within days. The next big step he said was the cancellation of a portion of K12. Half of the grade levels were abandoned because it's where most of the problems were. Subsequent to that, he said, the Board took action and did away with the other half¹. Mr. Carvalho said that this was an action that the District would have taken as well; and that's why the contract was stopped, it was not executed, no payment was ever made to K12, no money needs to be retrieved because no payment was ever made nor according to a letter from K12 were they expecting a payment. The provider certainly sent a letter still trying to rescue the relationship, saying they hoped to work with the District and fix everything, not worrying about payment because to them at that point was national reputation, but it was too late for that. The easy short answer, but he wanted to give context in that no funding was ever provided to K12 and no liability was ever incurred, no contract was ever provided or fully executed with K12.

Acting ABAC Chair Mr. Norwood thanked the Superintendent and asked for any other questions or comments. **School Board member/ABAC member Ms. Mari Tere Rojas stated that she wanted to thank the Superintendent for his explanation, however, she would also like to clarify that the Board also has a fiduciary responsibility, which is imperative for each and every Board member, and the Board did take the action in a very long meeting. Board members were there for hours and hours and hours, and the Board did take the action to terminate the contract.** Moving forward, she is very happy to see that obviously this District is going in the right direction now and things are being done the way that they should. Similar to what the Superintendent said, hindsight being 20/20. Some things would have been done differently; this vendor would have come to the Board for initial approval which it did not. Once the Board realized what was happening, the Board also had to make some very difficult decisions and take action to terminate the contract. Ms. Rojas stated that she wanted to make this a very clear point: to make sure that for the sake of the viewing/listening public, that everybody realizes that's what occurred because it had been many months that have passed since that occurred and as Board member, one needs to make sure that everything is on the record.

Next, School Board member/ABAC member Ms. Mari Tere Rojas directed her inquiries to Chief Auditor Ms. Maria T. Gonzalez. She asked Ms. Gonzalez if other Board members that were listening to the

¹ To clarify the Superintendent's response as to who terminated the entire contract and when it was terminated, at the September 9, 2020, School Board meeting, Board Agenda item H-13 (Good Cause) directed the Superintendent to terminate "any and all contractual considerations of K12 and the LMS for the remainder of the 2020-2021 school year". On Friday, September 11, 2020, pursuant to the direction of the Board, the District terminated the services with K12 and returned to using the tools used in the immediate response to the pandemic during the Spring of 2020.

meeting today had not been introduced yet. According to Ms. Rojas, last time, she knows there were a couple of them, and she had not heard of any other Board members. She again asked if there was anyone else that was needed to be introduced at this time.

Once again, Ms. Gonzalez replied to Board member/ABAC member Ms. Rojas that none other than those Board members previously introduced to the audience earlier during this meeting had joined the meeting in person or via ZOOM subsequent to introductions. Ms. Gonzalez explained that Board members who may be tuned to this meeting via the live stream/close captioned transmission (not part of ZOOM) cannot be identified because the system does not have that capability; however, from the ZOOM virtual connection, she can clearly identify who is in attendance, and via ZOOM, there are no Board members that have joined the meeting virtually subsequent to introductions. Regarding the Auditorium, from her seating position, she is unable to fully see the opposite side of the Auditorium; therefore, if there is anyone sitting there, she apologizes for not having introduced the Board member before. However, she looked and does not see anyone sitting there. Board members in attendance other than the Honorable Chair Ms. Perla Tabares Hantman, who has been present since the beginning of the meeting and Board member Ms. Luisa Santos who came a little later in-person and was similarly introduced to the audience, she cannot discern any other participating Board member. Ms. Rojas thanked Ms. Gonzalez.

Acting ABAC Chair Mr. Norwood asked for any other questions or comments. ABAC member Ms. Anna Hochkammer asked for a moment of personal privilege to share that she is the mother of a high school sophomore at Palmetto Senior High School and remembers very well the opening of school and the issues she had, and their experience was that the staff, the administration, and the teachers did a spectacular job. Pivoting, finding solutions, making sure that they were following with their students, and the classmates of her daughter as well did an amazing job in demonstrating remarkable commitment to making sure their classes happened on whatever platform was available to them. So as a public school community, she thinks there must be recognition that it was a shining moment for all the parents, students, teachers, and administrators from top to bottom.

Mr. Carvalho said that he agreed wholeheartedly with the comments previously made by School Board member/ABAC member Ms. Mari Tere Rojas. In his own comments, he said that the School Board terminated the contract, so that was clearly said. He added to it that this was something that the administration probably and more than likely would have done because that's where they were, they had done away with half of it **and the Board absolutely terminated that contract.**

Superintendent Carvalho wanted to thank ABAC member Ms. Hochkammer for saying what she said. He noted that if this had been a successful project, and as he put it, 'success has many parents; however, failure is an orphan.' If success had been the case, he said, then everyone would have been marveling at what Miami Dade was able to pull off with the best of intentions. Soon after and very quickly, the District pivoted to what everybody else in the State was doing with a higher level of efficacy than the rest of the State, and with a higher level of connectivity. The last point is, this is a different environment, and this is a public institution. The District took a measured risk with promises from an entity that unfortunately failed to live up to its contractual obligations. This has been recognized, and that's why the District is where it is today in terms of the methodical implementation of not only the procurement but also the establishment of this LMS which will be up and running at the beginning of the school year with the appropriate level of training and well informed as it goes into the opening of this upcoming school year.

Acting ABAC Chair Mr. Christopher Norwood thanked the Superintendent and recognized ABAC member Mr. Albert Lopez. Mr. Lopez had a question for the Superintendent. As he indicated, from an educational point of view, Mr. Lopez requested additional clarification regarding the selection of the K12 platform and the thought process of the District behind it.

The Superintendent responded that from memory, there were six or seven providers; therefore, for the districts that already had an LMS implemented, they were fine, but this District was not fine. As had been stated earlier, going back to 2019, this District had issued an RFP to acquire an LMS. However,

this LMS was not going to be ready to implement. So, this placed the District in a position of selecting a provider. K12 is the provider of the educational experience to My School Online not only for a couple of years but for he believes over a decade, they have been the providers. He said that when going over the list of providers, the only one that provided a comprehensive Pre-K through 12 experience was K12. The District could have contracted two state-approved entities, one provider for PK-5 and the other for 6-12 grades; however, this was adding an additional risk to an already risky proposition. Last but not least, K12 (despite the issues they had had in another sector of their business when they were more known for charter school operations, and there were significant issues that were known to the District), their product in terms of the curriculum and the technology was deemed as being very good.

Mr. Carvalho went to explain that staff looked at the K12 product, and some groups of teachers looked at it as well. There was excitement about it, about the possibility. So those were the reasons that elevated K12 above the others, and then there was also the issue of cost. Cost was negotiated and in retrospect, everything is seen through a better lens, it was negotiated on a per student cost and at a Board presentation, it was declared. In terms of cost and pricing for what K12 sells, it was bargain to the District, very deeply discounted price. This is because usually, this District spends annually \$12, \$13, \$14 million in textbooks. For that year, he noted that K12 was a stop gap measure since it was for one year with an opportunity to renew for an additional year if the pandemic conditions continued. That was the rationale that, in exchange of going out and buying textbooks, which would be difficult when schools are closed; and also, it would be difficult to train the stakeholders through a multitude of providers even with digital content. K12 would be a one stop shop, delivering everything that was needed. In concept, and the CEO of K12 admits this, the District had a perfect plan, great vision, unfortunately, the provider was not able to implement, even though they believed they could implement, and they dedicated resources with each mounting day, they were bringing additional resources to make it work, but the challenges were just too great. Those were the reasons that lead to the selection of K12.

Acting ABAC Chair Mr. Christopher Norwood thanked the Superintendent and asked for any other questions or comments. None was heard. Mr. Norwood then thanked Assistant Chief Auditor Mr. Jon Goodman for the work that he did on this report and thanked the Administration for their responses that were very straight forward responses. Mr. Norwood thought the keyword was pivot and this District pivoted well.

Acting ABAC Chair Mr. Christopher Norwood asked for a motion to approve this. School Board member/ABAC member Ms. Rojas stated that prior to that motion, that she can formally make the motion for Ms. Gonzalez to make the request for confidential meeting from the Board Chair that was not done previously. Mr. Norwood asked Mr. Harvey whether the ABAC members should approve this item first or approve Ms. Rojas' motion first.

At this point, Executive Director and ZOOM co-host Mr. Luis Baluja stated that School Board Vice-Chair Dr. Steve Gallon III had just joined the meeting virtually. Chief Auditor and ZOOM co-host Ms. Gonzalez stated that Dr. Gallon's hand was raised in the ZOOM platform. Dr. Gallon joined the meeting and greeted the attendees. Ms. Gonzalez welcomed Dr. Gallon to the ABAC meeting. Dr. Gallon stated that he just wanted to advise this Committee that he had an opportunity to observe the meeting via the live stream since the meeting had started, and wanted to thank members of the Audit Committee, and definitely his colleague, Board member Ms. Rojas. He said that he found the discussion relative to K12 very interesting and what transpired with respect to that. Dr. Gallon wanted to say that for the record, he believes there will be extensive discussion beyond this Committee, potentially in Committee meetings. Mr. Norwood thanked Dr. Gallon and acknowledged Ms. Rojas.

Ms. Rojas wanted to add to her previous motion (of a confidential session) the recommendation for also holding a confidential session for the members of ABAC. So, first the School Board then additionally the members of ABAC. Acting ABAC Chair Mr. Norwood asked the School Board Attorney if the ABAC members should do this motion now and vote on it; or should this wait until the ABAC members approve the receipt of this audit that's on the table. School Board Attorney Mr. Walter Harvey responded that the ABAC members should vote on the report first and then the motion after.

There being no additional questions or comments, a motion was made by School Board member/ABAC member Ms. Mari Tere Rojas, and seconded by ABAC member Mr. Albert Lopez, which carried unanimously, to recommend that the **Audit of the District's Readiness and Capabilities in the Acquisition and Implementation of a Large-Scale Instructional Technology Platform**, be received and filed by the School Board.

Next, Board member/ABAC member Ms. Mari Tere Rojas made a motion for Chief Auditor Ms. Maria T. Gonzalez to make a formal request to Board Chair Ms. Perla Tabares Hantman for a confidential meeting for the Board members to discuss the details of the confidential finding. Additionally, she also requested scheduling a confidential meeting for the members of ABAC (to take place after the Board's confidential meeting). The motion was seconded by ABAC member Mr. Stephen Hunter Johnson and agreed unanimously by the ABAC members. Ms. Gonzalez stated that she will follow up with the Honorable Board Chair Ms. Perla Tabares Hantman to request the approval for the confidential meeting and determine a date for the meeting; and will have to get back to the ABAC Chair and ABAC members for available meeting dates for their confidential session.

Ms. Gonzalez stated that before going to the next item she wanted to take a point of personal preference and thank Mr. Jon Goodman, Assistant Chief Auditor and Mr. Luis Baluja, Executive Director-IT Audits (who is acting as the meeting's technical co-host working the controls behind the glass). She noted that both were instrumental in the planning, performance, and presentation of the K12 audit. This audit, she said, had a lot of historical context, was well thought out and researched.

8. Review of Charter Schools' Audited Financial Statements (ACTION)

Acting ABAC Chair Mr. Christopher Norwood introduced the next agenda item, the presentation of 27 of 140 Charter Schools Audited Financial Statement FYE June 30, 2020.

Chief Auditor Ms. Gonzalez stated that these are part of the audit cycle for the review of certified financial statements. What members have in front of them is the next set. Pending are 29 that will be presented at the next Audit and Budget Advisory Committee meeting. For this round the ABAC is receiving the analysis of 27 audited financial statements, audit staff analyzed those financials and did not identify any issues. Ms. Gonzalez then introduced Mr. Goodman to answer any audit-related questions. He then stated that these 27 audited financials appear to be all clean and happily there are no fiscal issues to report for these particular 27 schools.

Acting ABAC Chair Mr. Norwood asked if there were any questions or comments. Board member/ABAC member Ms. Rojas stated that she was very happy to see that all 27 charter schools had this type of outcome, which is similar to the outcome of the traditional school audits.

Acting ABAC Chair Mr. Norwood asked to be recused for two of the schools, KIPP Miami-Liberty City and KIPP Miami-Sunrise Academy and also requested to bifurcate this action item for these reports, if possible so that he can vote on the rest of the charter schools.

The Chief Auditor asked School Board Attorney Mr. Walter Harvey how the ABAC members should proceed with this item since two charter schools are being segregated from the rest of the group for voting approval. She asked if he could guide the ABAC members on these motions. Mr. Harvey responded that if someone else on the Committee can make a motion to divide the question so that those charter schools can be removed from that vote and then the Committee can take a vote on those two and then after that take a vote on the rest of the items with Mr. Norwood participating on the latter.

Ms. Gonzalez asked Mr. Norwood to confirm that the two charter schools he referred to were KIPP Miami-Liberty City and KIPP Miami-Sunrise Academy. Mr. Norwood stated that yes, just those two. Ms. Gonzalez asked if someone would place a motion. ABAC member Mr. Stephen Hunter Johnson asked for a point of order and asked if just for efficiency purposes and to ensure this is done right, in theory couldn't the item be moved, and Mr. Norwood just recuse himself because of the inclusion of those two charter schools.

Mr. Harvey replied yes, that could be done, but this is the cleaner way to do it because then it is very clear for the record which two charter schools are being distinguished. ABAC member Mr. Hunter Johnson then made a motion, moving the item with the exclusion of the two KIPP entities. Mr. Harvey responded that it would basically be to divide the question or bifurcate so the Committee could vote on the two charter schools KIPP Miami-Liberty City and KIPP Miami-Sunrise Academy separately. So just ask that it be divided, charter schools be one question, one vote and the rest of the schools can be the second vote.

ABAC member Mr. Stephen Hunter Johnson moved **to bifurcate the review of this group of charters schools by approving the audited financials of KIPP Miami-Liberty City and KIPP Miami-Sunrise Academy separately from the remaining 25 charter schools.** The motion to bifurcate the item was seconded by Board member/ABAC member Ms. Rojas and approved, which carried unanimously by the ABAC members.

Acting ABAC Chair Mr. Christopher Norwood then proceeded to take the first 25 charter schools and asked for a motion to approve. There being no additional questions or comments, a motion was made by ABAC member Mr. Stephen Hunter Johnson and seconded by School Board member/ABAC member Ms. Mari Tere Rojas, which carried unanimously, to recommend that the **Audited Financial Statements of 25 charter schools in this group, excluding KIPP Miami-Liberty City and KIPP Miami-Sunrise Academy,** be received and filed by the School Board.

School Board Attorney Mr. Walter Harvey then reminded the Acting ABAC Chair that the Committee still needed to approve the two charter schools.

Another motion was made by School Board member/ABAC member Ms. Mari Tere Rojas, and seconded by ABAC member Mr. Albert Lopez, to recommend that **the following two of 25 Audited Financial Statements, namely KIPP Miami-Liberty City and KIPP Miami-Sunrise Academy, be received and filed by the School Board.** The majority of the Audit Committee members approved this motion, except for Acting ABAC Chair Mr. Christopher Norwood, who had recused himself from voting on these two charter schools.

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

Acting ABAC Chair Mr. Christopher Norwood introduced the next item. Ms. Gonzalez stated that it is the activity report from her office and it's very clear and simple. It shows what reports have been brought today for discussion and approval. On the second page, there are those audits projects that the office is working on right now. There is a GOB audit that is in the process of being finalized. This is the yearly GOB audit that takes place every year and that is planned to be presented to the ABAC in May, barring any interruptions. There is another audit that the office plan to starts and this was an audit that was set aside to be able to perform the K12 audit. Then there is the Pen test that was discussed before, and schools as well as charter school audits continue their audit cycle. Last but not least is an update of the CIU investigations which have been completed. This Unit is also overseen by the internal audit department, and the office ensures that all those investigations are being conducted following the PIM manual and the 45-day requirement for completing investigations, barring any circumstances.

The Chief Auditor added other items relate to participation of audit staff in various meetings, whether virtual or in person.

Ms. Gonzalez concluded by asking members if they had any questions. Acting ABAC Chair Mr. Norwood asked committee members if they had any questions or comments. Mr. Norwood acknowledged ABAC member Mr. Albert Lopez. Mr. Lopez asked Ms. Gonzalez whether she felt that the audit plan could be carried out with the audit staff that is in place. Ms. Gonzalez responded that yes right now there are no issues, everything seems to be on schedule and hopefully this will continue through the rest of the year. Ms. Gonzalez stated that her office is still hiring someone that is coming on board, but the interviews have been finalized and that person is in the final process to fill the position. Mr. Lopez thanked Ms. Gonzalez.

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.

Update on Charter Schools – Keys Gate Charter High School (INFORMATIONAL)

Acting ABAC Chair Mr. Christopher Norwood asked Chief Auditor Ms. Gonzalez regarding the next item on the agenda. Ms. Gonzalez stated that this is an update on the results and the outcome of the prior Audit and Budget Advisory Committee's item regarding a group of charter schools. Those had been reviewed by the Committee and transmitted to the School Board meeting of February 10, 2021 via School Board Agenda Item E-87 Revised.

Specifically, one of the recommendations from this Committee was to approve the transmittal of one of the audited financial statements from that group (Keys Gate Charter High School), with the caveat that its management company's audited financial statements be provided annually to the District for review and analysis in conjunction with the audited financial statements of the charter school. That recommendation came to the Board as part of the action item on E-87 Revised, and as noted in the memorandum and attachments related to this informational item, that recommendation was acknowledged, but *rejected*² by the majority³ of the Board members as noted in the highlights of one of the attached documents. Ms. Gonzalez asked if the ABAC members had any questions. She clarified that this is just for their information, so they know the outcome of that item.

Acting ABAC Chair Mr. Christopher Norwood stated that the issue at the Board was the second action item. He guessed that the Board had bifurcated the item, and it appears amended to say that, but rejects said request unless the management company voluntarily offers said statements. The Chief Auditor Ms. Gonzalez replied that the Board did not bifurcate the item, that the second action was added by her. She explained that what happened with this item is that initially, she brought an agenda item to the School Board with a single action item which was intended for the Board to receive and file the audited financial statements. The additional action item was the recommendation from the ABAC regarding Keys Gate. So, she added the second action to this agenda item as a result of the Committee's request. This is how the Board received that item on February 10 that they amended. In addition to the revised agenda item, she brought for the Committee's information an attachment which was an excerpt of the unofficial meeting minutes of February 10, 2021 where Board action was reflected. Ms. Gonzalez explained that whatever words were stricken and added to her second action writeup represent what the majority of the Board members determined to approve and voted on.

ABAC Acting Chair Mr. Christopher Norwood inquired from the Chief Auditor whether the intent is that her office will request for them to voluntarily offer said statements. Ms. Gonzalez responded that her office has had some informal discussions with the charter administration, but how to do this is unclear because the Board rejected the ABAC's request/recommendation. At Ms. Gonzalez's request, Mr. Goodman replied that he believes that this office may have to consult with the Board Attorney's office regarding this unclear matter. Now, the renewal process for this charter goes forward through the Charter School Application Review Committee. That's all the comments he can provide at this moment.

Mr. Norwood thanked Mr. Goodman and Ms. Gonzalez, then recognized ABAC member Mr. Juan del Busto. Mr. del Busto stated that he wanted to make a comment on this and asked how many years this Committee has been talking about this school. He answered five. Ms. Gonzalez stated yes, about five. Mr. del Busto stated that he does not know of any businesses in this country that are active without paying rental fee; and not to mention management fees and the other support they are getting. So, as

² School Board member/ABAC member Ms. Mari Tere Rojas later clarified that the Board did not "reject" the recommendation as stated by the Chief Auditor, but "amended" the recommendation proffered by the ABAC.

³ School Board members Ms. Luisa Santos and Ms. Lucia Baez-Geller did not vote in favor of the amended action item on E-87 Revised.

an advisory committee member, he thinks that this Committee has been dealing with this for five years and just 'kicking the can down the road' until something more serious happens before taking action.

Mr. Norwood inquired from Ms. Gonzalez if his understanding is that her office is in continual review of the situation. Ms. Gonzalez said that her office is working with the District's Charter School Support and as she understood from the last Audit Committee meeting, a meeting is to take place with Charter School Support to go over the application renewal process. Mr. Goodman agreed. Mr. Norwood then asked if it is the auditor's intent to bring an update at the next meeting regarding these activities. Ms. Gonzalez said this would depend on whether her office has an update and would have to see what progresses depending whether or not there is anything happening because the review process for this particular charter school was in about two months from now. Ms. Gonzalez then asked Mr. Norwood if he wished to inquire about this matter with Ms. Tiffanie Pauline from Charter School Support since she is attending this meeting via ZOOM. Chief Operating Officer Dr. John Pace stated that Ms. Gonzalez is correct in that there will be a contract review committee meeting approximately a month and half from now and a follow up can be provided to this Committee after that. Ms. Gonzalez thanked Dr. Pace for this information. ABAC member Mr. Albert Lopez asked if after a month and half it will come back. Ms. Gonzalez replied that if that is the request from the Audit and Budget Advisory Committee, she will bring an update on that review. Mr. Lopez stated that he believed that is the request.

School Board member/ABAC member Ms. Mari Tere Rojas stated that just for the sake of clarity, this is an informational report only. She indicated that there is a process in place that must be followed up on. District administration then will make a recommendation of some type after they've gone through that process, and then it can come back to the School Board as an advisory item, but ultimately, the decision-making process will take place at the School Board meeting, and for the record, the Board did not reject anything, they amended the action, the action was not rejected. She said that she wasn't going to say anything, but she wanted to make sure that everything was very clearly articulated for the sake of the listening public.

ABAC member Mr. Juan del Busto commented that he was not clear on the amendment. Mr. Norwood asked Ms. Gonzalez if she could provide clarity as to the amendment that was approved by the Board to Mr. del Busto. Ms. Gonzalez stated that she would read it because it's very clearly written:

Received the Audit and Budget Advisory Committee's request that Keys Gate Charter High School provide its management company's audited financial statements annually to the District for review and analysis in conjunction with the audited financial statements of Keys Gate Charter High School but rejects said request unless the management company voluntarily offers said statements.

Again, what is underscored in the excerpt is what was added by the Board at the Board meeting, what is not underscored is what the Chief Auditor wrote; and what is stricken is what the Chief Auditor wrote but what was taken off from that recommendation as per the Board. This should explain how the amendment took place. ABAC member Mr. del Busto stated that for his understanding the amendment is removed, it's not amended, its removed. Mr. del Busto asked for clarity.

Acting ABAC Chair Mr. Norwood stated that he can provide clarity and stated that the amendment to Ms. Gonzalez's recommendation which was following suit with the Committee's recommendation to the Board. The amendment was "but reject said request unless the management company voluntarily offers said statements" and then they struck out the last sentence which was "this provision is until such time the financial support from the management company is no longer needed by the charter school". So, they amended the request and added "but rejected that request unless the management company voluntarily offers said statements". Mr. del Busto again stated that it is rejected unless they volunteer. So, it's not an amendment to go further if the management company decides they don't want to do anything; it's done. Mr. Norwood stated that he thinks that what the amendment is saying is that they can voluntarily provide those statements. School Board member/ABAC member Ms. Mari Tere Rojas asked School Board Attorney Mr. Walter Harvey to follow up on this particular issue that has been brought up because again the Board did not reject what was sent to the Board, it was amended based

on a very thorough discussion that took place. So again, this is informational, today this is just an informational document, there is a process in place. That process is one that is followed for every charter school. That is the responsibility of the administration to go through once that process is finished, to go through each and every single one of the schools that is being revisited at that point in time and then make recommendations as to how the Board should proceed accordingly based on the outcome at the end of the process.

Mr. Harvey stated that what he believes was said by Ms. Gonzalez is that what she attached was a copy of the Board Item which was presented at the Board meeting and she also attached a copy of an excerpt from the meeting minutes of the School Board and that is what is before the Committee. Mr. Harvey then asked Ms. Gonzalez if that was correct. Ms. Gonzalez responded he was correct, and again explained that there is agenda item E-87 Revised showing the second action item that she included as part of the recommendations from the Audit and Budget Advisory Committee; then there is the excerpt that is highlighted in yellow. This is a summary of the discussion that ensued at the Board showing determination on the action item as amended by the Board after their discussion. Ms. Gonzalez asked Mr. Harvey if that was correct what she just summarized. Mr. Harvey responded that he is just referring to the Board item as well as the action that was taken by the Board and thinks that is what is before the Committee and it can be seen exactly what is in the minutes and what is in the item.

Acting ABAC Chair Mr. Norwood thanked Mr. Harvey for the clarification. 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.

ADJOURNMENT

Since there was no further business to come to the Committee, and upon a motion duly made by ABAC member Mr. Stephen Hunter Johnson, seconded by ABAC member Mr. Juan del Busto and unanimously voted on and approved by the ABAC members, the meeting was adjourned at **12:15 p.m.**

MTG:

Attachment:

Form 8B Memorandum of Voting Conflict for County, Municipal, and Other Local Public Officers (CE Form 8B)

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

LAST NAME—FIRST NAME—MIDDLE NAME Norwood, Christopher	NAME OF BOARD, COUNCIL, COMMISSION, AUTHORITY, OR COMMITTEE Audit and Budget Advisory Committee
MAILING ADDRESS 14844 Breckness Place	THE BOARD, COUNCIL, COMMISSION, AUTHORITY OR COMMITTEE ON WHICH I SERVE IS A UNIT OF: <input type="checkbox"/> CITY <input type="checkbox"/> COUNTY <input checked="" type="checkbox"/> OTHER LOCAL AGENCY
CITY COUNTY Miami Lakes, FL 33016	NAME OF POLITICAL SUBDIVISION:
DATE ON WHICH VOTE OCCURRED March 9, 2021	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, Christopher Norwood, hereby disclose that on March 9th, 20 21 :

(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, _____ ;
- inured to the special gain or loss of my relative, _____ ;
- inured to the special gain or loss of Norwood Consulting, Inc., 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:

Audits of:

1) Kipp - Liberty City

Norwood Consulting Inc. has provided consulting services during the local year of the audits.

2) Kipp - Sunrise Academy

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.

March 9th, 2021

Date Filed

[Handwritten 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.