

**MINUTES OF THE SCHOOL BOARD AUDIT AND BUDGET ADVISORY COMMITTEE  
OF MIAMI-DADE COUNTY PUBLIC SCHOOLS  
July 16, 2019**

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The School Board Audit and Budget Advisory Committee (ABAC or Committee) met on Tuesday, July 16, 2019, in the School Board Administration Building, Conference Room 916, at 1450 N.E. Second Avenue, Miami, Florida.

**Members Present:**

**Voting:**

Mr. Erick Wendelken, CPA, Chair  
Mr. Christopher Norwood, J.D., Vice Chair  
Mr. Jeffrey Codallo  
Mr. Stephen Hunter Johnson, Esq.  
Dr. Nancy Lawther, PTA/PTSA President  
Mr. Julio C. Miranda, CPA, CFE  
Mr. Rudy Rodriguez, CPA  
Ms. Mari Tere Rojas, School Board Member  
Mr. Stephen Korn, CPA Alternate for ABAC member Mr. Isaac Salver, CPA  
Mr. Ernie Saumell, CPA Alternate for ABAC member Mr. Albert D. Lopez, CPA

**Members Absent:**

Mr. Juan del Busto  
Mr. Jeffrey Kaufman  
Mr. Albert D. Lopez, CPA  
Mr. Isaac Salver, CPA

**Non-Voting:**

Mr. Ron Steiger, Chief Financial Officer

**Call to Order**

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The ABAC Chair, Mr. Erick Wendelken called the meeting to order at **12:35 p.m.**

**1. Welcome and Introductions**

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

Ms. Perla T. Hantman, School Board Chair	Ms. Maria T. Gonzalez, CPA, Chief Auditor
Dr. Lawrence S. Feldman, School Board Member	Mr. Jon Goodman, CPA, CFE, Assistant Chief Auditor
Dr. Steve Gallon III, School Board Member	Mr. Richard Yanez, CPA, District Audit Director
Dr. Marta Pérez, School Board Member	Ms. Elvira Sanchez, CPA, CFE, District Director
Mr. Alberto M. Carvalho, Superintendent	Mr. Luis Baluja, CISA, Executive Director
Mrs. Valtena G. Brown, Dep. Supt./Chief Oper. Officer	Ms. Tamara Wain, CPA, Executive Director
Mr. Jaime G. Torrens, Chief of Staff	Ms. Michele Jones, Esq., Executive Director, CIU
Ms. Tabitha Fazzino, Chief Administrative Officer	Ms. Terry Rodriguez, CPA, Executive Director
Ms. Daisy Gonzalez-Diego, Chief Communications Officer	Mr. Wilmer Maradiaga, IT Auditor
Mr. Eugene P. Baker, Chief Information Officer	Ms. Danneal Ford, Staff Auditor
Mr. Walter J. Harvey, School Board Attorney	Ms. Maria A. Alegre, Staff Auditor

Ms. Mindy McNichols, Assistant School Board Attorney	Mr. Jerold Blumstein, Chief of Staff
Ms. Martha M. Diaz, Chief Budget Officer	Ms. Jackie Falls, Chief of Staff
Ms. Daisy Naya, Controller	Ms. Francys Vallecillo, Chief of Staff
Mr. Jose Bueno, North Region Superintendent	Ms. Ana Lara, Administrative Assistant
Mr. John D. Pace, Central Region Superintendent	Ms. Elizabeth Soto, Administrative Assistant
Ms. Cynthia Gracia, Administrative Director	Ms. Dania Rosales, Administrative Assistant
Ms. Martha Montiel, Employment & Recruitment Officer	Mr. Anthony Bonamy, Administrative Assistant
Mr. Rolando Martin, District Director	Ms. Valentina Lopera, Administrative Assistant
Mr. Leroy Anderson, Budget Supervisor, CSCS	Ms. Patricia Betancourt, Administrative Assistant
Mr. Brett Friedman, Partner, RSM US LLC	Ms. Elsa Berrios-Montijo, Staff Assistant
Mr. Anil Harris, Sr. Manager, RSM US LLC	Ms. Latisha Green, Administrative Assistant
Ms. Gaby de la Cruz, Supervisor, RSM US LLC	Ms. Sheila Resco, Clerical Assistant
Ms. Kirsten Goldenberg, Intern, RSM US LLC	Mr. Richard Moreno, Board, Florida International Academy
Mr. Tom Knigge, Supervisory Special Agent, OIG	

Immediately after the introductions the Chief Auditor brought to everyone's attention that the ABAC agenda needed a small correction related to item 10 of the agenda *Office of Management and Compliance Audits' 2019-2020 Audit Plan*. The correction was to change the item from "Informational" to "Action" since the report must be transmitted to the Board.

**2. Approval of the Minutes of the School Board Audit and Budget Advisory Committee Meeting of May 14, 2019 (ACTION)**

The ABAC Chair presented the minutes of the May 14, 2019, ABAC meeting. There being no questions posed regarding these minutes, a motion was made by ABAC member Mr. Jeffrey Codallo, and seconded by School Board member/ABAC member Ms. Mari Tere Rojas, for the approval of the minutes of the May 14, 2019, ABAC meeting. The motion carried unanimously.

**3. Approval of the Audit and Budget Advisory Dates for Fiscal Year 2019-2020 (ACTION)**

The Chief Auditor introduced the proposed dates of the Audit and Budget Advisory Committee meetings for Fiscal Year 2019-2020 to the ABAC members.

Although no questions or conflicts with these dates were posed and the Committee was in agreement with these dates, School Board member/ABAC member Ms. Mari Tere Rojas expressed that although she was in agreement and had no problems with the dates, for the record, she requested from the Chief Auditor to ensure that the selected dates are not in conflict with any future School Board Committee dates or School Board meeting dates pending approval.

The Chief Auditor replied that she has confirmed with District staff that the proposed ABAC meeting dates do not pose a conflict with any Board-related meetings established at this time. However, she added that the selection or change of future Board-related meeting date(s) that may present a conflict with any of the dates established in the ABAC's proposed 2019-2020 calendar will be brought to the ABAC to discuss the matter and seek the Committee's approval for a different ABAC meeting date(s).

There being no additional questions or comments, a motion was made by ABAC member Dr. Nancy Lawther, and seconded by School Board member/ABAC member Ms. Mari Tere Rojas, for the **Approval of the Audit and Budget Advisory Dates for Fiscal Year 2019-2020**. The motion carried unanimously.

**4. The School Board of Miami-Dade County, Florida – Audit Plan and AU 260 Communication for the Fiscal Year Ending June 30, 2019 (ACTION)**

The Chief Auditor stated that every year, the external audit firm RSM brings to the Committee the presentation of their audit plan and required communications for the fiscal year ended June 30, 2019. She followed this brief introduction by presenting the RSM team members: Mr. Brett Friedman, the firm's Partner-In-Charge of the external audit engagement; Mr. Anil Harris, Senior Manager; Ms. Gaby de la Cruz, Supervisor; and Ms. (Kirsten) Goldenberg, an RSM Intern who is visiting today to have a first-hand experience of the work of this Audit Committee. Ms. Gonzalez welcomed the team and turned the presentation over to Mr. Friedman.

Mr. Friedman stated that he was pleased to be in attendance for this presentation. According to him, the quality of audit services is his firm's number one priority and focus, their audit is robust and well planned, expected to be completed within the timeline as done in the past, and his audit team is always available for any questions/communications. He explained that the purpose of the plan is to provide the School Board, the Audit and Budget Advisory Committee, and the Superintendent and Administration an overview of the planned audit approach and process. Although he expressed that he intended to provide a high-level presentation and briefly walk through the plan with the Committee members, he could stop at any point of the presentation to answer any questions.

According to Mr. Friedman, part of developing the plan includes performing some interim work, and part of this included meeting with key members of management and the Office of Management and Compliance Audits during the month of June to review last year's audit plan. This in turn assists with the preparation of a plan for this coming year.

His presentation covered the scope of audit services, which this year is to perform the District's financial audit, as well as an examination in accordance with Section 218.415 of the Florida Statutes. Regarding the audit scope, he pointed out that the District's Single Audit will not be performed by his firm, but by the State of Florida Auditor General (AG) as part of the AG's three-year audit rotation cycle. Next, he emphasized the audit team's availability to attend ABAC meetings throughout the year, and to maintain an open dialogue with management to provide any guidance or address any concerns. He highlighted the importance of their communications with management, not only at the end of the engagement, but throughout the audit process. These communications also include discussions related to fraud or disagreements with management, as well as any difficulties encountered during the audit.

During this presentation, Mr. Friedman also stressed upon the importance of the auditor's independence when performing the audit, the concept of materiality both quantitative and qualitative since in an audit they cannot review 100 percent of transactions. He introduced the RSM audit team, particularly Mr. Anil Harris and Ms. Gaby de la Cruz, who are involved in the day-to-day operations at the District; and reiterated that although they are reporting the audit results to the Committee, ultimately, the purpose of the audit is to provide an independent opinion on the District's financial statements (according to generally accepted auditing

standards) for the benefit of the citizen taxpayers, the bondholders, the District's governing Board and the Administration. He went over the audit timetable, which started with interim work in June, then September to November for the audit fieldwork, and presentation of the report to the Committee in December. At this point, he closed his presentation and turned it over to Mr. Anil Harris to continue with additional details of their plan and areas of significance and audit testing.

Mr. Anil Harris, RSM's Senior Manager presented details of their audit methodology, went over the audit phases and areas of special emphasis, enumerated the various audit procedures over significant accounting areas, and discussed audit testing and review of estimates. He noted that the audit also included the review of IT systems, namely the review of IT general and applications controls performed by their IT specialists. Last, he deliberated on fraud considerations and responsibilities and representations regarding fraud. Regarding fraud, Mr. Harris clarified that the primary responsibility for the prevention and detection of fraud rests with management and those charged with governance; including establishing and maintaining internal controls over the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. As auditors, he clarified, they can only obtain reasonable assurance, not absolute assurance, that the financial statements as a whole are free from material misstatement, whether caused by fraud or error. He pointed that regarding the plan, the overall key take-away was that this plan was tailored based on the School Board operations and upon an assessment of risk associated with this activity.

Last, Ms. Gaby de la Cruz, Audit Supervisor, closed the presentation by describing the firm's social responsibility, proffered their commitment to diversity and inclusion, and their volunteerism efforts to give back to the community. Specifically, the firm's intention (as they have done in previous years), is to participate in a volunteer beautification project involving a school site. At this point, the Chief Auditor confirmed that she has been in communication with Ms. de la Cruz and district administration regarding project and site selection, and she anticipated that this event should take place before the start of the new school year in August 2019<sup>1</sup>.

ABAC member Mr. Rudy Rodriguez posed a question regarding one of the audit procedures illustrated on page 21 specific to the accounting area of *Capital Assets and Construction Activity*, which related to the assessment of the applicability of GASB 51 - *Accounting and Financial Reporting for Intangible Assets*. His question was specific as to whether the audit team had encountered any issues in this area. Mr. Friedman stated that they had not encountered difficulties in the past. Mr. Rodriguez also inquired from the Chief Financial Officer (CFO) Mr. Ron Steiger and Controller Ms. Daisy Naya whether the audit timeline and the audit stages presented any difficulties. According to the reply, the timeline and audit stages as presented did not pose any difficulties.

School Board member/ABAC member Ms. Mari Tere Rojas was very pleased with the presentation and the volunteer project, and recommended that the firm also consider investing their volunteer efforts toward assisting 3<sup>rd</sup> Grade students currently experiencing school performance challenges, particularly in the areas of Reading, Language Arts and Mathematics.

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<sup>1</sup> Based on available projects, RSM selected a wall-painting project which took place at one of the schools on August 8, 2019.

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. Rudy Rodriguez, which carried unanimously, to recommend that **The School Board of Miami-Dade County, Florida – Audit Plan and AU 260 Communication for the Fiscal Year Ending June 30, 2019**, be received and filed by the School Board.

#### **5. Presentation of FY 2019-2020 Executive Summary Tentative Budget (INFORMATIONAL)**

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The Chief Auditor introduced to the Committee the Executive Summary Tentative Budget for Fiscal Year Ending June 30, 2020, to be presented by the CFO Mr. Ron Steiger. At this point, the Superintendent stated that he would tee off the presentation. According to the Superintendent, the presentation would be brief since the document will be presented to the School Board at its July 24, 2019, meeting (budget public hearing). For the ABAC, a PowerPoint presentation was used to illustrate the presentation of this report.

The Superintendent opened the presentation by stating that the exercise for balancing the budget reflected three guiding principles and ten goals: 1) the protection of educational programs; 2) the protection of a highly qualified workforce including salary and benefits, the most important being health insurance; and 3) the protection of the District's financial viability moving forward. He said that this will include maintaining the District's credit rating with both credit agencies, as well as appropriate reserve levels pursuant to Florida Statute requirements and ensuring that year-end fund balance and all balances across the funds/accounts are maintained, if not enhanced. He reiterated that the three guiding principles have remained stable for the past years.

According to the Superintendent, a positive goal of the proposed budget is that it increases teacher salary expenditures by approximately 15 percent (on average) as a function of locally raised revenues (from the passing of Referendum 362 in November 2018). On this issue, he noted that the average teacher salary is above the national average and the highest in the State of Florida. He also noted that the budget increased spending on safety and security of students, teachers and staff by committing an additional \$29 million (12 percent increase), the "lion share" being covered with the revenues from the referendum (88 percent earmarked for teacher compensation and 12 percent for safety and security). Also, according to Mr. Carvalho, based on this influx of revenues, the District will be able to maintain at least one police officer per school (which right now is possible through partnerships with the county and different municipalities). It appears that going forward, the District will be equipped with approximately 500 police officers in total, which will replace partnership officers currently deployed at schools. In addition to the benefits from the referendum-generated revenues, Mr. Carvalho pointed that germane to his campaign presentations/town hall meetings for the referendum, the budget includes an enhanced allocation for the safety and security for charter schools (not from the referendum but from tax investments from Safe Schools allocation) which he believes will meet the expectation of the community.

Mr. Carvalho also said that other budget goals include increasing counseling and mental health services; affording collective bargaining opportunities of non-referendum supported salaries, such as salaries of bus drivers, food service workers, clerical and such; giving consideration to assess salary ranges and supplements for Athletic Coaches as well as consideration for reclassification for Treasurers; providing for the enhancement of classroom technology which

will include the next tranche of spending for devices and technology (about \$24-\$25 million) and offsetting debt service (about \$3 million); expanding the repertoire of parental choice options (about \$1.5 million), for which this District is the number 1 in terms of public school offerings; protecting services provided to students with disabilities, paying close attention to expansion of certain programs and guarantees for this fragile student population; and adding a plethora of academic programs, particularly the eighth-period day. Lastly, this proposed budget will provide for affordable healthcare and the economic viability of the school system moving forward.

The Superintendent closed his part of the presentation by stating that this budget will ensure that the Board-approved portion of the millage is reduced. Consequently, the 0.75 portion voted by the citizens (via approval of the November Referendum) will be offset by the decrease of the board-controlled portion of the millage to approximately 0.4 mils. He closed his presentation by stating that this presentation comprises the three guiding principles and ten goals of this budget. Once again, he reiterated that he would not be providing specific details; those would be reserved for tomorrow's budget presentation to the Board.

Next, Chief Financial Officer Mr. Ron Steiger discussed the graphical composition of General Fund revenue for 2019-2020 in comparison to the prior year. The graph disclosed that the largest portion stems from the Florida Education Finance Program (FEFP) Required Local Effort (RLE), followed by the local discretionary millage and miscellaneous local revenue, but augmented this year with the additional funding from the Referendum which did not come from the State but from the local taxpayers and has clear guidelines on use/spending.

He also illustrated the budget picture, which encompasses a revenue increase totaling \$261 million (of which \$245 million generates from the referendum) versus the cost increases totaling \$319 million, and the efficiency savings required to balance the budget totaling \$(58) million.

To explain each factor involved in the cost increase<sup>2</sup>, Mr. Steiger stated that **charter schools** are "going up in kids", and the associated cost is offset by the corresponding teacher allocations that are not given to the traditional schools, **for a net result of \$11M cost increase in this area**. Regarding **health insurance** costs, Mr. Steiger noted that health insurance costs **are increasing by \$24M** but the Board is budgeting for such increase. Next is the **Florida Retirement costs**, which are controlled by the legislation and going up by **\$2M**. Following are the "**Categoricals**" in the aggregate (**Safe Schools-\$3M, Mental Health-\$1M, Turnaround Services-\$2M and Best and Brightest-\$12M**) which add up to \$18M. The biggest increase, Best and Brightest, was included in the FEFP this year (compared to last year when it was not included in the FEFP). Therefore, those reports out there pointing to a large dollar increase per student are partly due to the shifting of the Best and Brightest from outside the FEFP to inside the FEFP. At this point the Superintendent segued to clarify the effect of the last categorial that he termed a "misperception". He acknowledged that the State has earmarked more dollars to State education but those dollars coming in are not for the Board's flexibility to use in its priorities, such as additional counselors or additional educational programs. Those dollars previously not counted as part of the Base Student Allocation (BSA) are now part of the BSA;

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<sup>2</sup> Based on the 2019-20 Tentative Budget PowerPoint Presentation (2019-20 General Fund Budget Picture--slide no. 4), the costs were bolded for identification: Charter schools (net) \$11M; Health Insurance \$24 M; Florida Retirement \$2M; Categoricals: *Safe Schools \$3M, Mental Health \$1M, Turnaround Services \$2M, and Best and Brightest \$12M*; Referendum funds \$205M net of 5% advance in 2018-19; Collective Bargaining \$16M and McKay Scholarships \$43M.

and they represent a very airtight categorical, a “pass-through” that goes out directly to eligible teachers and Principals. He quickly added there was nothing wrong with that; he simply wanted to note that, although a perceived boost, it does not carry the discretionary power for the Board to invest in local priorities.

Mr. Steiger and the Superintendent also discussed the cost of providing technology and equipment upgrades, which Mr. Steiger clarified it was not only a priority of the Board but the number 1 priority for both the Parent Budget Committee and Principals Budget Committee. According to Mr. Steiger, both committees felt the need to invest in teacher desktops and Promethean boards in classrooms. Regarding this specific matter of technology upgrades and investments, Board member/ABAC member Ms. Mari Tere Rojas agreed that technology is very important but shared a concern that during her visits to schools, she has become aware of equipment that is not working at school sites, however, she is mostly concerned that the malfunction is not readily identified and the equipment is not repaired or replaced in an expeditious manner. She stated that the administration must be vigilant and ensure the implementation of a proactive approach to identify/detect equipment malfunctions and address those in an expeditious manner.

Regarding the PowerPoint presentation itself, Ms. Rojas inquired whether a hard copy of the presentation would be provided during the ABAC meeting to follow up on these budgetary explanations. Mr. Steiger replied that he did not have a “hard copy” to provide to everyone but would be happy to provide a “soft copy” of the presentation to the Committee members afterwards. The Superintendent further clarified that, out of respect for the Board, a “hard copy” had not been provided to the ABAC because they did not want to provide the detail of the budget information prior to taking it formally to the Board. He added that once his staff takes the presentation formally to the Board, his office would be sending copies of this presentation to the Committee.

Continuing with the presentation, Mr. Steiger enumerated the rest of the costs which involved the **referendum funds of \$205M** (representing the \$245M net of a 5 percent advance to teachers and officers in 2018-2019); cost increases related to **collective bargaining of \$16M** and costs associated with the **McKay Scholarships of \$43M**.

Next, Mr. Steiger went over certain current data trends which reflect those decisions made in the past 12 years. According to him, this next slide (slide no. 5) is a good picture of what referendum funds are. Regarding the **Student Base Allocation**, he pointed out that the amount has slightly gone up from \$4,163 in 2007-2008 to \$4,279 this current year 2019-2020. He noted that the (estimated) **Average Teacher Salary**, once the referendum funds are loaded into the system, will significantly increase to \$61,195 which is above the national average. In Florida, if all other counties stay the same, then this will be the highest average teacher salary in the State of Florida. The cost of **Health Insurance Costs per Employee** is a significant cost driver. Although it has increased to \$9,771, most of this cost is being picked up by the Board, and very little cost is being picked up by the employee. Meanwhile the size of our **School Police Staff** has increased from 210 in 2007-2008 to 500 in 2019-2020. Because of the referendum, the District has been able to over-double the size of the police force and Mr. Steiger believes that it will be the third largest police force in the county. **Mental Health** is a new department this year that went from no coordinators in 2007-2008 to 40 coordinators this year. The only decrease has been in the size of the **Central Office Positions Paid With**

**General Funds**, which decreased from 2,119 in 2007-2008 to 956 for this current year. All these data points are very relevant to the formulation of the budget<sup>3</sup>.

School Board member Dr. Marta Pérez stated that although this information regarding increases in teacher salaries is always good news, she was concerned that there is a backdrop movement by the charter schools to capture some of the Referendum funds, and at the State level some State Representatives have intentions to change laws in order for the District to have to share those referendum funds. She said that this may negatively impact the District's effort to achieve the proposed goals/initiatives in future years if this effort comes to fruition.

In the last presentation slide, Mr. Steiger presented a summary analysis of the estimated millage. He said that this was discussed earlier today with the Board and it is estimated because the State will not provide the Required Local Effort until July 19<sup>th</sup> and on July 20<sup>th</sup> the advertisement will be printed. In this graphical representation, it was evident that decreases in non-voted millage of (0.189) and voted millage for debt service of (0.105) will offset the additional voted millage from Referendum 362 of 0.75 mills to approximately 0.455, which is a very positive outcome. The Superintendent also went over the millage and the decreases.

Upon the ABAC Chair's request for comments, additional discussion or questions on this presentation of the proposed budget, the Chief Auditor stated that she would send the PowerPoint presentation to the ABAC members once received<sup>4</sup>.

Dr. Feldman stated for the record that the silence of the Board members present at this meeting does not indicate agreement/disagreement with the Superintendent's suggestions and this presentation; however, he does not feel that this is the right place to discuss these matters, and he will reserve his comments for the July 24, 2019, budget hearing where this item is intended to be presented to the Board for their consideration.

No additional questions were posed. This report was presented for information purposes only; therefore, no transmittal to the School Board by the ABAC is required.

## **6. Monthly Financial Report for the Period Ending April 2019 (INFORMATIONAL)**

The Chief Auditor introduced the subject item. No questions were posed. This report was presented for information purposes only; therefore, no transmittal to the School Board by the ABAC is required.

## **7. Presentation of Internal Audit Report – Limited Scope Review of the District's Public Records Request Process (ACTION)**

According to the Chief Auditor, the subject report was a limited scope review of the District's public records request process. This project stemmed from action no. 2 in Agenda Item H-13 Revised *Public Information and Access*. The agenda item, proffered by School Board Member Dr. Steve Gallon III, was unanimously approved by the Board at its January 16, 2019, School

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<sup>3</sup> Based on the 2019-20 Tentative Budget PowerPoint Presentation (*Data Trends-12 Years Later--slide no. 5*), data points discussed have been bolded for identification.

<sup>4</sup>On July 18, 2019, the Chief Auditor sent copy of the PowerPoint presentation to the ABAC members via email.



Board meeting. In that action item, the Superintendent was directed to “provide, in consultation and upon verification by the Chief Auditor, a framework for the current procedures and related timelines for submitting, receiving, reviewing, and responding to public information requests.” The Chief Auditor reminded the ABAC members that this audit project was discussed at the February 5, 2019, ABAC meeting with the intention of reporting its results at the ABAC meeting of July 16, 2019.

Ms. Gonzalez stated that the objectives of this report were to determine whether the processes and procedures for submitting, receiving, reviewing, and responding to public requests complied with applicable State law and School Board Policy; and the adequacy of the timelines observed in the response process. The audit also reviewed applicable costs for a sample of public records requests transacted during the audit period. The audit covered public information requests received during the 15-month period of January 1, 2018, through March 12, 2019.

The Chief Auditor concluded that, based on the results of their audit testing: 1) the requests complied with applicable Florida Statute and School Board Policy in terms of applicable timelines and costs charged; and 2) the processes and procedures for submitting, receiving, reviewing, and responding to public information records requests are in place and adequate for effective compliance with applicable Florida Statute and School Board Policy. She closed by thanking Chief Communications Officer Ms. Daisy Gonzalez-Diego and the Office of Communications’ District Director Mr. Rolando Martin for working collaboratively with the internal audit team throughout the audit.

This report elicited significant discussion from participating ABAC and School Board members. ABAC member Mr. Stephen Hunter Johnson expressed his concern regarding the average response time of 31 days that was disclosed in the report, and that he considered it excessive<sup>5</sup>. According to him, because of his practice as an attorney working with municipalities, any response time exceeding 30 days could be a potential cause for lawsuits for what he considers not responding to a public records request in a timely manner. In response to his concern, Assistant Chief Auditor, Mr. Jon Goodman replied that the Florida Statute does not require a specific number of days to respond. It refers to a “good faith” and “reasonable efforts” approach; and based on the review of the sample and the tests performed, the auditors determined that the average timeline of 31 days is not excessive. Mr. Hunter Johnson sustained that he has litigated cases with less than 31 days; and inquired if staff from Citizen Information has provided any feedback to the requestor or communicated with the requestor during the interim time that the request was being processed.

The Superintendent articulated that requests are promptly resolved and those that take additional time are justifiable due to back-and-forth communication with the requestor due to cost estimates, or because they require more elaborate research to complete. He clarified that there are ongoing communications in the interim, and that requests do not fall into a vacuum. Ms. Daisy Gonzalez-Diego concurred with the Superintendent, explained the process that her office follows to process a public records request, and highlighted that her office responds to requests within 24 hours.

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<sup>5</sup> Florida public records law does not set a response time on public records requests. Instead, it refers to responding in good faith, which “includes making reasonable efforts to determine from other officers or employees within the agency whether such a record exists and, if so, the location at which the record can be accessed.”

Mr. Hunter Johnson agreed that the Florida Statute calls for reasonable amount of time (to process); however, he postured that not everyone will agree that a 31-day measure is reasonable, thus creating the motive for litigation. He suggested a follow up email or communication with the requestor if the request takes longer than a week.

The Chief Auditor brought to everyone's attention page 10 of the report. That page lists some of the factors disclosed during the audit that contributed to the response delays. She went over some of the conditions that contributed to the delays. In all instances tested, the auditor determined that the additional time required was justifiable.

School Board member/ABAC member Ms. Mari Tere Rojas concurred with the Chief Auditor's explanations since Ms. Rojas, as former administrator overseeing the Office of Professional Standards, was very familiar with public records requests and the need to comply with Florida Statutes when addressing those requests. Her examples included a public information request which called for a copy of the content of an employee's personnel file. In light of such request, she explained that the employee must be afforded ten days to review his/her file prior to the District releasing the information to the requestor. Other examples posed by her involved the redacting of file information that by law cannot be shared with the public and that takes time to prepare; making copies of voluminous files that require the investment of additional time and effort to review and release. She added that she has worked with Mr. Rolando Martin and Ms. Daisy Gonzalez-Diego in the past and they have done their work expeditiously.

Ms. Rojas expressed that this audit was a wonderful example of when a School Board member proffers an action item that is approved by the rest of the Board, and where conclusive audit evidence supports that applicable policies and procedures that the District has in place are being observed. She thanked Dr. Gallon for proffering the Board item that was the catalyst for this audit project, and was particularly pleased that the District is in compliance with the related statutory requirements and applicable Board Policy.

The audit also focused on certain requests that involved payment of a fee, and Ms. Rojas inquired how the collections were applied once received by the District's Treasury Department. Chief Financial Officer Mr. Ron Steiger replied that most collections are deposited in the General Fund to offset the cost of employee time associated with the request. If the request involved significant use of supplies, then that fee would be applied toward assisting the affected department to offset the related costs. At her request, the administration clarified that the electronic rates carry the cost of the employee's time and effort for compilation, redaction, photocopying and similar efforts; however, the sole submission of electronic copies of documents (unlike paper copies) does not carry a cost for duplication.

Dr. Gallon thanked the Chief Auditor and the Office of Communications for the body of work reflected in the audit report, and parenthetically focused the ABAC's attention to the rest of the Board agenda's action items reflected on pages 14 and 15 of the report. Within those action items, the Superintendent was directed to explore ways to implement technologies to expand public access to School Board and related meetings to the public, such as on-line links available after the School Board meeting has occurred. Given that these meetings are available on-line to the public and free-of-charge, Dr. Gallon proffered that requests for copies of these meetings on CDs (which involved an associated cost of \$40 to produce), should be mitigated or eradicated, thus enhancing productivity and accessibility of information. Ms. Rojas was pleased that Dr. Gallon brought this improvement to light because the viewing public should

be made aware that copies of Board meetings are now available on-line and free-of-charge, and paying for a CD is no longer applicable.

The audit report noted that at the commencement of the limited scope review, staff was in the process of developing written guidelines. Regarding this issue, at Dr. Gallon's request, Mr. Goodman clarified that there was evidence that staff from the Citizen Information Center was compiling an official procedures manual prior to the start of the audit and staff from the center was following those procedures. Dr. Gallon requested further clarification as to whether there was a manual in place prior to the audit. It was clarified by Mr. Goodman that a year ago there was no manual in place, and such manual was finalized during the audit. Ms. Daisy Gonzalez-Diego replied that the manual had been transmitted to the Board several months ago. Dr. Gallon requested that prior to Committee meetings next week, the transmission of that document be provided to him in addition to this report<sup>6</sup>.

ABAC member Mr. Rudy Rodriguez inquired if there is a procedure where someone else rechecks the source of information that was available to ensure that the request is complete. Ms. Gonzalez-Diego replied that the procedure is in place and the reason why it sometimes takes a little longer for the request to be completed. She added that as the custodians of records containing sensitive information of children and adults, it is critical that the information released to the public goes through the proper checks and balances to ensure it is correct and the District is not releasing information that should not be released.

Dr. Gallon posed a question related to the audit process. He specifically inquired about the adequacy of the sample size used for testing purposes, given that the audit universe consisted of 1,400 records. Assistant Chief Auditor Mr. Jon Goodman replied that a sample size of 30-40 records is customary and sort of a "benchmark" in the audit industry.

Dr. Gallon posed another question as to whether there were any public records requests with a life span of six months or more that remained open and unresolved. His question was specific to non-restrictive requests that have not been responded to, and inquired what would be the reason for not responding to such request. The Superintendent replied that he could not provide a definite response to his question without further researching the details with appropriate staff. Ms. Daisy Gonzalez-Diego concurred that she would have to research to determine whether such open cases exist. However, in terms of an open request where the requestor does not respond to a communication from her office, she confirmed that the request would be closed by her office after 30 days.

Mr. Hunter Johnson noted that within the sample size of 40 that was tested, seven requests took over 51 days to complete, and he recommended that consideration be given to the implementation of a protocol where the requestor is contacted after day 45 to ensure the requestor that the District is still processing that request. He said that this documented communication would serve as evidence in the event that the matter goes into litigation. At Mr. Hunter Johnson's request, Mr. Goodman clarified that regarding those public records that required additional time, some may have included collaboration from multiple departments. Ms. Gonzalez-Diego described the process when the request involves multiple departments.

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<sup>6</sup> Subsequent to the meeting, the Chief Auditor provided a hard copy document to the Board member that requested it.

Dr. Gallon made an inference to a news media article where an individual was submitting public information requests to district school boards and charter schools, and was winning lawsuits when the cases were being settled, since it was easier to settle than to litigate. Regarding his previous inquiries regarding non-responsiveness of certain requests, Dr. Gallon explained that in the past, he had been contacted by parents claiming that their requests for information were non-responsive, and he will circle back to see if the requests have been addressed.

Ms. Gonzalez-Diego replied that although her office invests great efforts in providing information to the public to facilitate the process for submitting a request, this is a large school system that is sometimes difficult to navigate, and it may be possible that something as simple as sending a message to the incorrect electronic mail address will unintentionally delay the process.

There being no more questions or comments, a motion was made by School Board member/ABAC member Ms. Mari Tere Rojas, and seconded by ABAC member Mr. Rudy Rodriguez, which carried unanimously, to recommend that the **Internal Audit Report – Limited Scope Review of the District’s Public Records Request Process**, be received and filed by the School Board.

#### **8. Presentation of Internal Audit Report - Selected Schools/Centers (ACTION)**

The Chief Auditor introduced the Internal Audit report of Selected Schools/Centers to the Committee. According to her presentation, audit results proved satisfactory at 71 of 75 schools/centers in this report, and property inventory results for most schools/centers were also satisfactory. She stated that at four of the schools/centers, depending on the individual school, the audit identified non-compliance with the bookkeeping function including the receipting and disbursing of funds; the overspending of Athletic Program funds; non-compliance with procedures over student activities including the sale of Physical Education uniforms and yearbooks; the implementation of certain Full-Time Equivalent (FTE) procedures; and the management of property. She pointed to the table on page 1 of the report that illustrates the findings.

School Board member/ABAC member Ms. Mari Tere Rojas commended the 71 schools with satisfactory audit outcomes. Nevertheless, she was concerned regarding those schools with audit findings and noted they are all senior high schools, and customarily these schools handle and oversee significant amounts of cash funds. She went over the findings and expressed the need to provide additional training to staff and administration.

Ms. Rojas inquired how Treasurers (both seasoned and new) are notified of mandatory training sessions. Deputy Superintendent/Chief Operating Officer Ms. Valtena G. Brown replied that mandatory trainings are outlined at the beginning of the year and officially communicated to Principals. She clarified that new Treasurers must attend the apprenticeship academy offered through the Office of Human Resources (HR) and HR is responsible for monitoring that attendance. Ms. Brown acknowledged that there were some issues in the past regarding non-attendance to meetings; however, there has been follow up with the related Principals to correct this condition. In addition, Internal Accounting is implementing new procedures where Business Managers are slated to visit new Treasurers two-three times during the month to monitor progress and assist with acclimating to their new Treasurer positions. Ms. Rojas recommended that training not only be prescribed but enforced with policy, if needed, and her

area of concern heavily rests with new Treasurers not receiving the required training to succeed.

Regarding mandatory training of Treasurers or any other school site employee that requires training, Ms. Brown clarified that the communication/enforcement to attend the mandatory sessions rests with the Principal. Ms. Rojas then added that the Region Directors must supervise the Principals to ensure that their corresponding Treasurers are being directed to attend the required training, particularly if the training is mandatory.

Ms. Brown clarified that the protocol is in place, and telephone calls are placed to the Principals once it becomes evident that one of his/her employees has failed to attend a scheduled training session. She added that articulation has ensued between her office and the Region Offices to ensure that staff is attending all required scheduled training, especially new Treasurers. Ms. Rojas was satisfied with Ms. Brown's explanations.

Ms. Rojas further inquired whether there were any other plans to assist high schools with significant financial activity. Chief Financial Officer Mr. Ron Steiger replied that the District plans to review the Treasurer's job description and qualifications through the collective bargaining process. Ms. Brown added that in senior high schools, other staff members receive salary supplements to assist the Treasurer with the collection/fundraising efforts, and the District is making efforts to ensure that these individuals are properly trained and are following procedures. Ms. Brown also noted that in elementary schools, although the collection of cash has been streamlined, the District is targeting the collection procedures to ensure they are rigorously implemented at the sites. In large high schools, the message to Principals is to enforce and reinforce procedures every year, regardless of past audit results that may be satisfactory. They are being cautioned that similar audit outcomes may not happen this year if personnel critical to the audit is no longer assigned to the site, or there is an unforeseen change in circumstances that may negatively impact the results of the audit.

Lastly, Ms. Rojas inquired as to how many Treasurer positions were open at this time; how many schools were assigned new Principals and new Treasurers; and how many schools were receiving assistance from part-time Treasurers. Ms. Brown replied that currently she is aware of two open Treasurer positions; however, this may change since the schools are undergoing budget conferences in the coming weeks and she will be unable to provide a definite reply until this process is complete. Ms. Rojas agreed to wait for the budget process to conclude to receive an answer.

In conclusion, Ms. Brown thanked the Office of Management and Compliance Audits for cohesively working with her office, particularly with the *Money Does Matter* training sessions. She was pleased to announce that this year the number of schools with audit exceptions has decreased, while the number of schools audited this year has increased when compared to past year activity. The Committee was pleased to receive such auspicious news and gave kudos to Ms. Brown and her staff including Ms. Cynthia Gracia, Administrative Director.

Regarding the internal audit report, Dr. Feldman brought the Committee's attention to page 38 of the report. That page starts a list of all the schools in the report, including those with identified findings/violations, and identifies the names of the Principals per school, and whether there was change of principal or no change at that particular school. He suggested including similar information on the table for the treasurers (with or without names). In response to this

recommendation, the Chief Auditor stated that the table on the first page of the report already provides that information for each school with findings, and she went over the specific details. According to the table details, she noted that at Miami Beach Senior, the Principal did not change and there is a note stating that the property finding does not apply to the Treasurer; while at iTech, Miami Jackson Senior and Booker T. Washington Senior, according to the table details, the Principals did not change but the Treasurers did change.

Dr. Feldman said that he was aware of these details; but nevertheless felt that including the treasurer's information in the table starting on page 38 would be helpful. The Chief Auditor inquired whether his suggestion applied to all schools in the table or just those schools with findings (considering that adding this information to each school in the table will require additional report space). Dr. Feldman replied that he would leave that decision to the Chief Auditor. The Chief Auditor thanked Dr. Feldman for the suggestion and stated that she would review the report to determine the best way to supplement the information in future reports. Ms. Rojas concurred with Dr. Feldman's recommendation and added it should be done for all areas.

ABAC member Mr. Rudy Rodriguez inquired regarding the check distribution process for hourly-paid employees. He inquired if the district still distributed checks to the work locations to be later distributed to the employees; and directed this question to Controller Ms. Naya. According to Ms. Naya, the district has a very minor number of employees that receive actual physical checks. She clarified that most employees receive their payments for payroll via ACH, and the few that do receive checks is usually because they have recently switched from bank "A" to bank "B". She added that the number of employees actually receiving checks is very minor, under 100.

There being no more questions or comments, a motion was made by School Board member/ABAC member Ms. Mari Tere Rojas, and seconded by ABAC member Mr. Rudy Rodriguez, which carried unanimously, to recommend that the **Internal Audit Report - Selected Schools/Centers**, be received and filed by the School Board.

**9. Evaluation of External Auditors (Fiscal Year Reporting Period Ended June 30, 2018) and the Internal Audit Team (Fiscal Year Ending June 30, 2019) (INFORMATIONAL)**

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The Chief Auditor introduced the subject item. She stated that as required by School Board policy, the Committee evaluates the External Auditor, the Internal Audit Team and the Chief Auditor and every year, these surveys are sent to the ABAC members and selected Senior Cabinet members for their input and evaluation. To add transparency to the process, Dr. Tarek Chebbi from the Office of Assessment, Research, and Data Analysis was responsible for tabulating and compiling these surveys and summarizing the results that are being presented today. She thanked that office for the support provided.

The Chair of the ABAC, Mr. Erick Wendelken noted that, although the evaluations were extremely positive and indicated a high degree of satisfaction with the Chief Auditor and the internal audit team, as well as with the performance of the external auditors RSM US LLP, some respondents expressed uncertainty as to the size and structure of the internal audit office to meet its goals. The Chair then noted that this condition is outside the scope of the ABAC.

School Board member/ABAC member Ms. Mari Tere Rojas was extremely satisfied with the glowing evaluations and congratulated the Chief Auditor Ms. Maria T. Gonzalez for her excellent performance during her first year in this position. Ms. Rojas was also very complimentary of the Internal Audit Team and the External Auditor. She commended the Chief Auditor for keeping the Board timely informed of issues of importance and relevance to the Board, and for always making herself available to meet with the Board when requested. The Committee recognized the Chief Auditor with satisfaction and a great round of applause. Ms. Gonzalez thanked the Committee and took the opportunity to introduce the members of the Internal Audit team in attendance, including the two new internal audit staff members that were attending their first meeting today.

No additional questions were posed. This report was presented for information purposes only; therefore, no transmittal to the School Board by the ABAC is required.

#### **10. Office of Management and Compliance Audits' 2019-2020 Audit Plan (ACTION)**

The Chief Auditor introduced the 2019-2020 Audit Plan of the Office of Management and Compliance Audits. She explained that this Plan was previously presented as "proposed" at the May 14, 2019, meeting for initial review, and to provide additional time to all stakeholders for feedback on the Plan, for receipt of any additional audit requests, and/or for any modifications to the proposed audit projects. However, she explained that these additions/modifications to the proposed plan would be dependent on the availability of audit resources.

During this July meeting, the Plan is again presented to the ABAC for final review and to transmit to the Board for approval. According to Ms. Gonzalez, the Plan considered financial impact; time since last audit engagement; audit coverage by other auditing entities; and concerns of the School Board, Audit and Budget Advisory Committee (ABAC) and Superintendent/Administration. Other audit requirements that have stemmed from specific action items of certain Board Agenda items approved by the School Board are similarly reflected in the Plan and disclosed below.

- Action item 5 of School Board Agenda Item H-10 Revised approved at the School Board meeting of November 15, 2017, requires the Superintendent to "continue to work with the Chief Auditor to ensure and facilitate the conducting of an audit of GOB expenditures to date by each cost category and related projects, and subsequent annual audits through the expenditure of all remaining GOB funds." Subsequent to the completion of the midpoint GOB external audit, for 2019-2020, as follow-up to that external audit and in alignment with the subject action item, OMCA's Audit Plan includes an annual audit of the GOB, the objective of which is to verify GOB expenditures annually by cost category and related projects. This annual audit will encompass yearly periods starting July 1, 2018, to the last year of the GOB program and is listed on page 2 of the Plan.
- The topic of cyber security was incorporated in the Plan (bottom of page 3 of the Plan) based on discussions at the ABAC on this topic and as actions proffered on School Board Agenda Item H-9 Revised, *Cyber Security in Miami-Dade County Public Schools (approved by the School Board on July 25, 2018)*. In response to this agenda item, the Chief Auditor has contacted the external audit firm of RSM US LLP to contract their services for certain external IT security testing of the District which is an engagement separate from the RSM

US LLP regular financial statement audit engagement. The Chief Auditor is in the process of formulating this engagement with the external audit firm of RSM US LLP and will provide an update once contract negotiations are completed. She provided additional explanations of several IT related audits that her office has conducted at school sites and district offices; however, stated that this type of cyber security audit should be conducted by an external audit firm with this type of expertise.

- According to the Chief Auditor, the Plan addresses action items in Agenda Item H-13, approved at the School Board meeting of April 17, 2019, which requires the Chief Auditor *to develop both a short-range and long-range plan for increasing the frequency of auditing of the Office of Procurement Management, as well as District Offices whose transactions exceed \$50 million dollars annually, not less than every three years.* The Chief Auditor went over the Plan and noted the different sections and the proposed audit projects applicable to this requirement and the last time that those areas were audited.
- Lastly, the Plan addressed new requirements in Section 1001.42, Florida Statutes, which requires a comprehensive risk assessment of all areas of the school system every five years.

School Board member/ABAC member Ms. Mari Tere Rojas thanked the Chief Auditor for including an audit on cyber security in the Plan since this is a very sensitive area, given that many instances of cyber-attacks on businesses, municipalities and other entities that permeate the media. Ms. Rojas also commended School Board member Dr. Marta Pérez for similarly bringing to light concerns and addressing the topic of cyber security with the Board. Ms. Rojas shared her concerns for internal as well as external threats in this area, was extremely pleased that the Audit Plan includes such project related to cyber-security, and requested an update as to how the District is addressing internal cyber security concerns.

In reply to Ms. Rojas' request for an update on internal cyber security concerns, Chief Information Technology Officer Mr. Gene Baker stated that the District would be implementing an awareness campaign for employees to ensure that security issues are observed, including protocols for addressing emails received from questionable sources, and improving the safety and protection of core systems. Ms. Rojas was satisfied that an employee awareness campaign is in the works and proffered that Principals should discuss these issues with staff during their Opening of Schools' meetings this new school year because it is a matter of critical importance.

The ABAC Chair was concerned as to whether employees are aware of the protocol to follow when an email with an embedded computer virus or similar malware has been opened by an employee in oversight and this action has compromised the integrity of the system. Mr. Baker replied that each school has a microsystems technician responsible for the school's IT infrastructure, and this should be the individual that he would suspect should be first contacted when these situations ensue. Mr. Baker acknowledged that communications with school sites must be improved to ensure that schools are aware of the protocols to follow in these situations. Ms. Rojas was pleased that the question was posed since it appears that staff is not fully cognizant of the protocols and this requires additional attention.

There being no more questions or comments, a motion was made by ABAC member Mr. Jeffrey Codallo, and seconded by School Board member/ABAC member Ms. Mari Tere Rojas,



which carried unanimously, to recommend that the **Office of Management and Compliance Audits' 2019-2020 Audit Plan**, be received and filed by the School Board.

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

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The Chief Auditor summarized the office's activity since the last ABAC meeting and the staffing efforts which at this time consisted of the two new hires of the internal audit department and the two potential hires for the Civilian Investigative Unit (CIU).

Regarding CIU, Ms. Gonzalez stated that they are in the final stages of the hiring process for two CIU Investigator positions. CIU's Executive Director Ms. Michele Jones provided an update of the efforts of CIU to complete cases and fill all open positions. Other issues such as training efforts and training opportunities were discussed and highlighted.

Ms. Rojas demonstrated great interest in the caseload, staffing and training opportunities of the CIU Division. She inquired as to the number of open cases and Ms. Jones provided a current update of cases that remain open and those that have been closed. The number of open cases was concerning to Ms. Rojas since two positions still remain open. Upon her inquiries, Ms. Jones replied that the hiring process is near the tail-end. She noted that candidates interviewed possess strong investigative and law enforcement background; therefore, she anticipated that these individuals should come on board around August 19, 2019.

Ms. Rojas also inquired about training opportunities of the investigators and was satisfied to learn of the upcoming training sessions scheduled for the CIU team; however, cautioned the office that these investigators must be trained in the performance of investigations dealing with children, understand how to interview children, and understand how to treat and communicate with parents and guardians.

No additional questions were posed. This report was presented for information purposes only; therefore, no transmittal to the School Board by the ABAC is required.

**12. Status of Monitoring District's Compliance with the Americans with Disabilities Act (ADA) Requirements Related to Website Accessibility  
(INFORMATIONAL)**

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The Chief Auditor provided an update regarding the District's efforts towards achieving ADA compliance related to website accessibility. According to her, current efforts of the Administration to comply with these requirements involve twenty-six (26) schools and thirty-nine (39) District offices which have migrated to an ADA-friendly template. In addition, a total of 150 District office's websites are under construction and actively migrating to an ADA-friendly website version. She also stated that an Invitation to Bid (ITB) has been published with the goal of establishing a pool of website designer vendors that can develop and replace existing websites with a version that is ADA-friendly. Lastly, during the month of June 2019, School Operations and ITS distributed memorandums which provided directives, guidance, and deadlines related to the migration of school and District websites towards ADA compliance. She closed by stating that regarding her office's future monitoring efforts in this area,

depending on the progress of this project, her office may incorporate the review of websites as part of school audits to ensure that ADA compliance is being achieved.

Committee members were informed of the projected timelines for finalizing this project. Upon Ms. Rojas' inquiries as to the timeline for completing this project, Chief Information Technology Officer Mr. Gene Baker replied that this is a large undertaking. This may involve two-three years to complete because of the breadth and depth of the project and the many websites at school and non-school sites. He also added that schools are aware of this project, of tools available, of the ITB for website designers, and the fact that they can do the website themselves if they have talent in-house.

The ABAC Chair requested information regarding assistance provided to charter schools in this area. Mr. Gene Baker was not sure that District plans would include charter schools. This is a topic for follow-up with staff. Dr. Feldman suggested that for this exercise, the District should consider involving students in career technical education which may have the skillset to assist with this project at school sites.

No additional questions were posed. This report was presented for information purposes only; therefore, no transmittal to the School Board by the ABAC is required.

### **13. Proposed Amendments to School Board Policies, 6835-Office of Management and Compliance Audits and 6840-Audit and Budget Advisory Committee (INFORMATIONAL)**

According to the Chief Auditor, recent actions approved by the School Board and changes to State legislation will require amendments to School Board Policies 6835 *Office of Management and Compliance Audits* and 6840 *Audit and Budget Advisory Committee*.

These amendments would be needed to formally codify these new requirements into School Board policy. Specifically: 1) School Board Agenda Item H-13 Revised<sup>4</sup>, *Procurement* that was approved by the School Board on April 17, 2019, requires under action items 2 and 3: "the Superintendent to initiate *rulemaking procedures* in which audits of the Office of Procurement as well as District Offices whose transactions exceed \$50 million dollars annually are recurrently audited, at least every three years"; and "the Chief Auditor to develop both a short and long range plan, inclusive of resources needed, for increasing the frequency of auditing of the Office of Procurement Management, as well as District Offices whose transactions exceed \$50 million dollars annually not less than every three years." These approved actions will require an amendment to School Board Policy 6835 *Office of Management and Compliance Audits*; and 2) Senate Bill 7014 revised the requirements and procedures for selecting the external auditor hired by the District to perform the annual financial audit, pursuant to F.S. 218.39 *Annual Financial Audit Reports*.

Pursuant to existing School Board Policy 6840, the ABAC as a whole, under the direction of the ABAC Chair, recommends the hiring of the external auditor to the School Board. According to the new legislature: 1) the District must establish an *Auditor Selection Committee* for this purpose; 2) the *Auditor Selection Committee* must be composed of at least three members; and 3) one of these members must be a member of the governing board (the School Board), who must also serve as the Chair of the Auditor Selection Committee. These new requirements will necessitate an amendment to School Board Policy 6840 *Audit and Budget Advisory*

*Committee*. Currently, regarding the external financial audit of the District, the contract with the external auditor, RSM US LLP, covers three fiscal years with two one-year extensions. Recently, we executed the first one-year extension of the contract corresponding to the financial audit for FY 2018-2019.

The Chief Auditor provided several attachments where she highlighted those areas of Senate Bill 7014 pertinent to the *Auditor Selection Committee*. She also highlighted areas of the School Board policies and the School Board agenda item that are relevant to the subject policies.

School Board Attorney Mr. Walter J. Harvey concurred with the explanations provided by the Chief Auditor and stated that these amendments to the policies would be coming in short order. Questions and comments posed by ABAC Vice Chair Mr. Christopher Norwood as to timelines, potential revisions and any input required from the ABAC members regarding these revisions were aptly addressed by the Board Attorney and the Chief Auditor.

No additional questions were posed. This report was presented for information purposes only; therefore, no transmittal to the School Board by the ABAC is required.

- **New Business**

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Under “New Business”, School Board member/ABAC member Ms. Mari Tere Rojas announced that Mr. Walter J. Harvey has been appointed to serve as Chair of the 11<sup>th</sup> Circuit Judicial Nomination Commission. The Committee was very pleased with the good news and afforded Mr. Harvey a big round of applause.

ABAC Vice Chair Mr. Christopher Norwood pointed to the importance of this position and congratulated Mr. Harvey for such a distinguished appointment. He said that these appointments go through a rigorous and lengthy selection process and it is very important for the School Board to have someone serve in that position.

- **Old Business – Updates**

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**Audits of Three ASPIRA Charter Schools and Florida International Academy**--The Chief Auditor provided an update related to the three ASPIRA charter schools (ASPIRA Arts DECO, ASPIRA Leadership and College Preparatory Academy, and ASPIRA Raul Arnaldo Martinez Charter Schools), and Florida International Academy, which closed at the end of FY 18-19, and FY 17-18, respectively.

Regarding the ASPIRA charter schools, the Chief Auditor was informed that the external auditing firm of Caballero, Fierman, Llerena, and Garcia, LLP was hired for this audit, and they are expected to provide the audit results to the District within 30 days after the end of the fiscal year. The Chief Auditor added that the Office of Charter School Compliance and Support has notified her office that other required closure processes are in progress or completed, including the handling of student records and an inventory of tangible personal property/equipment. Regarding Florida International Academy (FIA) Charter School, the auditing firm of Keefe, McCullough & Co., LLP, has been engaged to perform the final financial statement audit. This charter school closed at the end of FY 17-18 (June 30, 2018); however, at that time did not have the funds to pay for an audit. The School was reimbursed Federal Emergency Management Agency (FEMA) funds in June 2019, and is using those funds to pay for the final

closeout audit. Mr. Leroy Anderson, Budget Supervisor, from the District's Charter School Compliance and Support confirmed that the audits are in progress. Mr. Richard Moreno, FIA's representative, acknowledged that funds have been received, the firm has been engaged, financial records have been provided to the firm and the audit process has begun.

**Timeline for Procurement Enhancements**--School Board member/ABAC member Ms. Mari Tere Rojas brought up for discussion a pending update regarding a timeline for enhancements to the Procurement function that was reflected in the minutes of the ABAC meeting of May 14, 2019<sup>7</sup>.

Regarding Ms. Rojas' inquiry, the Chief Auditor replied that she was informed by responsible administration that this update was being postponed pending the results of a meeting scheduled for August 2019. ABAC member Mr. Rudy Rodriguez acknowledged that he had been contacted to meet with administration in August regarding this matter which involves automating procurement via enhancements to SAP.

Chief Financial Officer Mr. Ron Steiger stated that any upgrades/reprogramming to the SAP system would be costly, and the administration is considering other options that will be discussed with ABAC member Mr. Rudy Rodriguez during the meeting scheduled for August 2019. Mr. Steiger stated that he would be bringing an update of the outcome of those discussions to the ABAC meeting scheduled for September 2019.

## **ADJOURNMENT**

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Since there was no further business to come to the Committee, and upon a motion duly made and seconded, the meeting was adjourned **at 3:20 p.m.**

MTG/

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<sup>7</sup> During that meeting, the Chief Procurement Officer Ms. Melody Thelwell stated that the District was reviewing automated processes to procure supplies. Some upgrades to the system had been previously suggested by ABAC member Mr. Rudy Rodriguez. At the request of School Board Member/ABAC Member Ms. Mari Tere Rojas for a timeline on this project, Ms. Thelwell said that she would have to discuss with ITS since they did not address a timeline at the time that they were discussing this proposal; however, she may be able to bring an update to the ABAC on the proposed automation of Procurement by the next ABAC meeting of July 2019.