

THE SCHOOL BOARD OF BROWARD COUNTY, FLORIDA
OFFICE OF THE SUPERINTENDENT
ROBERT W. RUNCIE
SUPERINTENDENT OF SCHOOLS

October 2, 2020

TO: School Board Members

FROM: Joris Jabouin
Chief Auditor
Office of the Chief Auditor



VIA: Robert W. Runcie
Superintendent of Schools



SUBJECT: Addition to DD1, Investigation Report – Championship Academy Charter Schools, for the October 6, 2020 School Board Operational Meeting

Attached is an addition to DD1, Investigation Report – Championship Academy Charter Schools, for the October 6, 2020 School Board Operational Meeting.

In accordance with previous Board Member discussions, attached are excerpts from the draft Audit Committee Minutes from the Committee's meeting on September 14, 2020. The attached pages are the Committee's discussions related to item DD1 of the October 6, 2020 School Board Operational Meeting.

Please note that all approved minutes are maintained on the Office of the Chief Auditor website. Thus, a full set of the attached draft minutes will ultimately be posted after they are approved/ finalized by the Committee.

RWR/JMJ:mm
Attachments

c: Superintendent's Cabinet
Senior Leadership Team

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SCHOOL BOARD OF BROWARD COUNTY

AUDIT COMMITTEE MEETING

Monday, September 14th, 2020

2:00 p.m. - 4:25 p.m.

HELD VIA MICROSOFT TEAMS

all attendees present via virtual platform

Court Reporter:

Emily Scott, stenographic reporter

Bass Reporting Service, Inc.

633 SE 3rd Avenue, Ste. 200

Fort Lauderdale, Florida 33316

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SCHOOL BOARD MEMBERS:
MS. SARAH LEONARDI, School Board Member-Elect

COMMITTEE MEMBERS IN ATTENDANCE:

MR. ROBERT MAYERSOHN, CHAIR
MR. ANDREW MEDVIN, VICE CHAIR
MR. ANTHONY DE MEO, CPA
MR. MOSES BARNES
MS. REBECCA DAHL
MS. MARY FERTIG
DR. NATHALIE LYNCH-WALSH
MS. CONNIE POU
MS. PHYLLIS SHAW

OFFICE OF THE CHIEF AUDIT STAFF:

MR. JORIS JABOUIN, Chief Auditor
MS. ALI ARCESE, Manager, Property and Inventory Audits
MR. REYNALDO TUNNERMANN, Manager, Charter School Audits
MR. ERIC SEIFER, Auditor III
MS. KASHAMA PATEL, Auditor III
MS. MICHELE MARQUARDT, Executive Secretary
MR. BRYAN ERHARD, System Support Specialist II
MR. JONATHAN TOLENTINO, Confidential Clerk Specialist C

DISTRICT STAFF:

MR. JEFF MOQUIN, Chief of Staff
MR. DANIEL GOHL, Chief Academic Officer
MR. JOHN SULLIVAN, Chief Portfolio Services Office
MR. THOMAS COONEY, Assistant General Counsel, Office of
the General Counsel
MR. ROBERT F. HAMBERGER, Chief Building Official
MR. RONALD MORGAN, Asst. Chief, Building Official -
Inspections
MR. FRANK GIRARDI, Executive Director, Office of Chief
Facilities & Construction Management
MS. SHELLEY MELONI, Director, Pre-Construction
MR. PHILLIP D. KAUFOLD, Director, Construction
MR. DAVE ARCHER, Director, Program Controls
DR. DONTE COLLINS, Director, Charter Schools Support
MS. RHONDA STEPHANIK, Coordinator, Charter Schools
Support
MS. BRENDA RIVERA, Charter Schools Support MS. DIVINE AMOAH,
Manager, Architectural Engineering MS. DIVINE AMOAH, Manager,
Architectural Engineering

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INVITED GUESTS:

MR. DAVID LUKER, Director, RSM
MR. MATTHEW BLONDELL, COA, Business Risk Consulting, RSM
MR. LUCKIE KAUFMAN, Risk Consulting Sr. Associate, RSM
MR. CHRIS GUMS, RSM
MS. YVONNE GARTH, President, Garth Solutions, Inc.
MS. DENIECE WILLIAMS, Garth Solutions, Inc.
MR. DANIEL JARDINE, Program Director, CBRE/HEERY
MR. MICHAEL BOBBY, CBRE/HEERY
MS. ASHLEY CARPENTER, Atkins
MS. KATHLEEN LANGAN, AECOM
MS. EMILY SCOTT, Court Reporter, Bass Reporting

ADDITIONAL GUESTS:

MR. SCOTT TRAVIS, Reporter, Sun-Sentinel
MR. ANDREW GRUB, Student
MS. CHARLOTTE GREENBARG
MS. STACY GROSSMAN

The following pages are excerpts of the draft minutes of the Audit Committee Meeting of September 14, 2020 that are related to Item DD-1, Investigation Report - Championship Academy Charter Schools.

The complete minutes, which include Committee discussion on matters not related to item DD-1, are scheduled for Committee discussion and approval at their next scheduled meeting on November 19, 2020.

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MR. MAYERSOHN: Anybody opposed?

All right. So we will now move on to item number five.

Mr. Jabouin?

MR. JABOUIN: Thank you very much.

The time is currently 4:09. I will summarize the situation in enough time to be able to close out the meeting at 4:20.

So agenda item number five is an investigation that was requested by the Florida Department of Education's Office of Inspector General. Now, this is not a project that we would have done, because we have a lot on our plate, but this is something that the Office of Inspector General requested, and we pretty much needed to get this done.

1 They requested this over a year ago, so -- and
2 there is actually a 30-day requirement to get this
3 done, but the amount of work that needed to be done
4 to be able to perform an investigation was one that
5 was far in excess of the 30 days. So we did get
6 quite a few extensions, but as long as we let them
7 know what is going on and what the progress of the
8 work is, then this is fine.

9 Ultimately, this is an issue that has to deal
10 with the control environment at Championship
11 Academy Charter Schools, the management company
12 that they engaged to run the schools, and the
13 governing board's oversight of the management
14 company.

15 So this is a case where the management company
16 was not looking at the activities of their main
17 employee, the former CEO, Mr. Gustavo Prats. So
18 when they were able to detect that there were some
19 issues, they did not inform the District of these
20 issues, of the changes in the management company,
21 until months after these occurred.

22 So the management companies that run the
23 schools, this Charter School Management, LLC, and
24 this is Championship Academy of Distinction, LLC --
25 and if you go to page four of the report, I briefly

1 show the name of the companies and the schools
2 involved, and you can see that 5219 is the only
3 school that is managed by Charter School Management
4 Solutions. I am going to refer to those companies
5 as the "management companies."

6 So of the five schools, we were told at a
7 meeting that we had on October 27th that two of the
8 schools, which is 5219 and 5234, they no longer
9 would be managed by the management companies; and
10 then, about an hour before this meeting, I received
11 a letter from the charter schools, from their --
12 from the governing boards, indicating that the
13 remaining three schools would no longer be managed
14 by the management companies.

15 Now, overall, there were eight allegations;
16 and based on the work that we did in looking at
17 these allegations, we did receive responses. And
18 as I mentioned, this situation doesn't impact the
19 District, because this is not an FTE matter. It's
20 not related to the purchases that were done under
21 the SMART bond.

22 But we do -- as a District, and my team, we
23 have an obligation to determine if the schools have
24 adequate standards of fiscal management, and this
25 is in accordance with the terms of the charter

1 school agreements, the Florida Statutes and the
2 Florida Administrative Codes.

3 So during the meeting that we had with them on
4 July 29th, Cynthia Dotson, the CEO of the
5 management companies, she mentioned that she was
6 the one that completed the anonymous complaint to
7 the Office of Inspector General, 413.

8 Let me go ahead and focus on the allegations.
9 If you would please go over to page seven, where
10 allegation number one is mentioned.

11 We did receive their general ledger. We went
12 through their general ledger to be able to
13 determine some of the recommendations that we have.
14 What we are looking for right now is that they do a
15 deeper dive. So we've asked them to do that and
16 agreed upon procedures.

17 We met with their auditors a couple weeks ago,
18 and I gave them specific instructions on the -- on
19 the deeper dive -- deeper dive that they are to do.
20 So if -- if it appears that there are monies that
21 were acted inappropriately by the management
22 companies or Mr. Prats, those are things that we
23 are going to want to see that the school gets
24 reimbursed for.

25 If you move on over to page eight, on

1 allegation number two, we do agree that the CEO's
2 mother was paid a compensation that is in excess of
3 what a similar district position would call for.

4 Now, the contract, that, as well as allegation
5 number four, those were not approved by the
6 governing board. The charter school department
7 today pointed out in the bylaws that the former
8 CEO -- actually, he is listed as an executive
9 director in the school's bylaws -- he could sign
10 such contracts, but that's something that we think
11 should be brought up, specifically these
12 significant contracts, in front of the governing
13 board.

14 On page 11, on allegation number three, I
15 believe that the way that the allegation was
16 worded -- and that's the way that they found the
17 issue, in which the fact that Ms. Alvare, which is
18 the CEO's mother, was being paid at different
19 locations, my focus was more on a holistic, whether
20 or not she was getting paid excessively, and based
21 on previous allegation, her compensation was more
22 than what you would expect for somebody with those
23 types of responsibilities.

24 On page 12, is the other person that was
25 claimed in the allegation. It was listed that she

1 was a secretary, but her role is really more of a
2 director of compliance. I did not have an
3 exception to the level of her compensation; it was
4 more on the approval process.

5 And then, if you go on to page -- allegation
6 number five, that's already addressed in
7 allegations two and four.

8 And then on allegation six, on page 16, we did
9 see that there were delays in the payment of the
10 compensation, and we did see that some of it was
11 done after we entered the school.

12 And then on page 18, allegation number seven,
13 this has to deal with the -- the name change of the
14 schools. So the school was opened and approved as
15 "Championship Academy of Distinction Broward."
16 Ms. Dotson, during our meeting, was concerned that
17 her credentials and her name was being used to open
18 the schools.

19 We went through the application, and we didn't
20 find any connection to her name. It was applied
21 under a separate company. So we didn't
22 particularly have an issue with that, and we did
23 check to see if the name change was proper, there
24 was documentation that was provided for that.

25 And then on allegation number eight, on

1 page 20, this makes reference to the relationship
2 that the former CEO, Mr. Prats, had with the former
3 director of charter school management support here.
4 We didn't see any basis of that, and just taking --
5 taking a look at the situation at the schools, it's
6 not the District's responsibility to have a proper
7 internal control environment at the school; it's up
8 to the school to have such an environment, and we
9 didn't find any basis in that particular
10 allegation.

11 It's currently 4:17, and that will conclude my
12 summary, pending any questions from the audit
13 committee members.

14 MR. MAYERSOHN: Do we have any questions?

15 MR. JABOUIN: Mr. Medvin?

16 MR. MEDVIN: Yes. Can you hear me?

17 MR. JABOUIN: Yes.

18 MR. MEDVIN: I would like to know why you, as
19 the audit department, had to waste your time with
20 this? This, to me, smells of pure politics. When
21 something is done on an allegation that's
22 anonymous, I give anything like that very little
23 credence anyway.

24 And I think your scope is limited on what you
25 could audit. If you want to go into the details of

1 the schools, go to it; but you didn't have the
2 ability to do this.

3 I think this was a waste of time, as, you
4 know, you found nothing -- no allegations being
5 substantiated, and I don't think it's -- I think
6 it's unfortunate that the State had to force you to
7 do this and waste your time and resources.

8 MR. JABOUIN: Thank you, Mr. Medvin. I concur
9 with much of what you are saying. This did take a
10 good amount of time.

11 It is good to know that there was no financial
12 impact on the District, and I would like to
13 conclude on that and send the report up to the
14 State.

15 MR. MAYERSOHN: Are there any other further
16 questions?

17 MS. SHAW: So moved.

18 MR. MAYERSOHN: Who is that? Ms. Dahl?

19 MS. SHAW: Phyllis Shaw.

20 MR. MAYERSOHN: Oh, Ms. Shaw. Go ahead,
21 Ms. Shaw.

22 MS. SHAW: I would like to move it.

23 MR. MAYERSOHN: Oh. Do I have a second?

24 MS. FERTIG: Second, Mary Fertig.

25 MR. MAYERSOHN: Wait. So a motion by

1 Ms. Shaw, a second by Ms. Fertig.

2 All those in favor, signify by saying "aye."

3 ALL PRESENT: Aye.

4 MR. MAYERSOHN: Are there any opposes?

5 Seeing none, we move it for transmission.

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