



AGENDA REQUEST FORM

THE SCHOOL BOARD OF BROWARD COUNTY, FLORIDA

ITEM No.:

DD-1.

MEETING DATE	2020-10-06 10:05 - School Board Operational Meeting
AGENDA ITEM	ITEMS
CATEGORY	DD. OFFICE OF THE CHIEF AUDITOR
DEPARTMENT	Auditing

Special Order Request
 Yes No

Time

Open Agenda
 Yes No

TITLE:

Investigation Report - Championship Academy Charter Schools

REQUESTED ACTION:

Receive Investigation Report - Championship Academy Charter Schools.

SUMMARY EXPLANATION AND BACKGROUND:

Pursuant to a request from the Florida Department of Education's Office of Inspector General (OIG), the Office of the Chief Auditor (OCA) performed an investigation on 8 allegations received by the OIG regarding the management companies of the Championship Academy Charter Schools. All allegations pertained to the actions of the former chief executive of the management companies.

The Audit Committee reviewed and approved this report for transmittal to the School Board during the Committee's September 14, 2020 meeting.

SCHOOL BOARD GOALS:

Goal 1: High Quality Instruction Goal 2: Safe & Supportive Environment Goal 3: Effective Communication

FINANCIAL IMPACT:

The source of funds to perform the Investigation Report was the general fund budget allocation for the Office of the Chief Auditor. The observations and recommendations noted by the OCA impact the charter schools and do not have a direct financial impact on the District.

EXHIBITS: (List)

(1) Investigation Report Championship Academy (2) Memo to add Additional Information

BOARD ACTION:

RECEIVED

(For Official School Board Records Office Only)

SOURCE OF ADDITIONAL INFORMATION:

Name: Joris Jabouin	Phone: 754-321-2400
Name:	Phone:

THE SCHOOL BOARD OF BROWARD COUNTY, FLORIDA
Senior Leader & Title

Joris Jabouin - Chief Auditor

Signature

Joris Jabouin

10/2/2020, 11:34:56 AM

Approved In Open Board Meeting On:

OCT - 6 2020

By:

School Board Chair

INVESTIGATION REPORT

Investigation of Selected Charter Schools

Championship Academy of Distinction at Davie, Inc. - 5422
Championship Academy of Distinction at Davie High School, Inc. - 5219
Championship Academy of Distinction at Hollywood, Inc. - 5361
Championship Academy of Distinction at Hollywood Middle, Inc. - 5215
Championship Academy of Distinction of K-8, Inc. - 5234



To be presented to the:

**Audit Committee on
September 14, 2020**

**The School Board of Broward County, Florida on
October 6, 2020**

By

The Office of the Chief Auditor



The School Board of Broward County, Florida

Donna P. Korn, Chair
Dr. Rosalind Osgood, Vice Chair

Lori Alhadeff
Robin Bartleman
Heather P. Brinkworth
Patricia Good
Laurie Rich Levinson
Ann Murray
Nora Rupert

Robert W. Runcie
Superintendent of Schools

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THE SCHOOL BOARD OF BROWARD COUNTY, FLORIDA

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Office of the Chief Auditor
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September 8, 2020

Members of the School Board of Broward County, Florida
Members of the School Board Audit Committee
Mr. Robert W. Runcie, Superintendent of Schools

Ladies and Gentlemen:

We have performed an investigation of Championship Academy of Distinction Schools - 5422, 5219, 5361, 5215, and 5234 (Charter Schools) pursuant to a request from the Florida Department of Education, Office of Inspector General (OIG), OIG Correspondence #2019050026. The OIG's request is based upon an anonymous complaint alleging that the CEO of the management company, Mr. Gustavo Prats, embezzled school funds and hired a relative and a friend with above-market salaries. In addition, the complaint alleged that he used his position to hide payments by withdrawing the salaries from all of the schools, applied for a charter school with the Championship name without the knowledge of their governing board, and gave instructions not to disburse to teachers the funds earmarked for teachers incentives.

The objectives of our investigation were to determine the validity of the allegations.

Our investigation noted that the CEO hired two employees with above-market salaries, and we established that the schools' governing board did not approve the salaries and the hiring of the persons and disbursement of the Best and Brightest Charter School Teacher Scholarship Awards were delayed. Finally, we noted that the schools' policies and procedures and bylaws do not require the governing board to approve the salaries and the hiring of personnel.

The OCA and the Charter Schools Management/Support Department met with representatives from the Schools on July 29, 2020 to discuss this report. We intend to follow up on their responses as part of our normal follow up process.

Sincerely,

/s/ Joris M. Jabouin

Joris M. Jabouin, CPA

The School Board of Broward County, Florida

Donna P. Korn, Chair
Dr. Rosalind Osgood, Vice Chair

Lori Alhadeff
Robin Bartleman
Heather P. Brinkworth
Patricia Good
Laurie Rich Levinson
Ann Murray
Nora Rupert

Robert W. Runcie,
Superintendent of Schools

DISTRIBUTION LIST

John Sullivan, Task Assigned, Chief Portfolio Services Officer
Robert Paul Vignola, Deputy General Counsel
Donte Fulton-Collins, Director, Charter Schools Management/Support
William Frisby, Board Chair, Championship Academy of Distinction
Melissa Bustamante, Vice President, Championship Academy of Distinction
Maria Valladares, Board Member, Championship Academy of Distinction
Maria Noemi Vizcaino, Board Member, Championship Academy of Distinction
Henry Suckie, Principal, Championship Academy of Distinction - 5219
Savitra Guthrie, Principal, Championship Academy of Distinction - 5361 & 5215
Jon Losieniecki, Principal, Championship Academy of Distinction - 5234
Patsy Reid, Principal, Championship Academy of Distinction - 5422
Cynthia Dotson, CEO, Charter School Management Solutions, LLC and
Championship Academy of Distinction, LLC

Note: Report is available to the public at www.browardschools.com/audit

BACKGROUND

On June 6, 2019, the Florida Department of Education's Office of the Inspector General (OIG) requested that the School Board of Broward County, Florida (the District) investigate the following allegations against Mr. Gustavo A. Prats of the Championship Academy of Distinction Charter Schools:

1. Mr. Prats used his position and influence as CEO of the management companies for Championship Academy of Distinction to embezzle funds from the school.
2. Mr. Prats hired his mother, Ms. Miriam Alvare, to work for the schools as a reading interventionist with a salary of \$130,000.
3. Ms. Alvare's pay was drawn from each of the separate campuses.
4. Mr. Prats set the salary for his secretary, Ms. Jennifer Carreno, at \$80,000.
5. The position and salary for Ms. Alvare and Ms. Carreno were not approved by the schools' Governing Board.
6. Mr. Prats instructed that funds earmarked for teacher incentives to not be distributed.
7. Mr. Prats opened the Summit Academy in Coral Springs, a school whose charter was approved under the Championship Academy of Distinction.
8. Mr. Prats' relationship with Ms. Jody Perry, the District's Former Director of Charter Schools Management/Support, allowed his activities to go undetected.

A copy of the complaint is attached as Exhibit 1. The Office of the Chief Auditor (OCA) is aware of litigation between Mr. Prats and Ms. Cynthia Dotson, Charter School Management Solutions, LLC and Championship Academy of Distinction, LLC. Ms. Dotson is now the current CEO of Charter School Management Solutions, LLC and Championship Academy of Distinction, LLC. The OCA has modified the wording in the complaint into our investigation report for grammar, spelling and structure.

There are five Championship Academy of Distinction schools in three different locations:

1. Championship Academy of Distinction at Davie (5422) located at:
3367 N. University Drive
Hollywood, FL 33024

2. Championship Academy of Distinction at Davie High School (5219) located at:
3020 NW 33rd Avenue
Lauderdale Lakes, FL 33311
3. Championship Academy of Distinction at Hollywood (5361) located at:
1100 Hillcrest Drive
Hollywood, FL 33021
4. Championship Academy of Distinction at Hollywood Middle (5215) located at:
1100 Hillcrest Drive
Hollywood, FL 33021
5. Championship Academy of Distinction of K-8 (5234) located at:
7100 W. Oakland Park Boulevard
Sunrise, FL 33313

According to the Florida Department of Education website, Charter School Management Solutions, LLC is the management company of Championship Academy of Distinction at Davie High School (5219), Championship Academy of Distinction, LLC is the management company for all other Championship Academy of Distinction Schools.

The following table shows the schools' contract period with the District:

School Name	School Number	Contract until year
Championship Academy of Distinction at Hollywood	5361	2020
Championship Academy of Distinction at Davie	5422	2021
Championship Academy of Distinction at Davie High School	5219	2021
Championship Academy of Distinction at Hollywood Middle	5215	2021
Championship Academy of Distinction of K-8	5234	2022

SCOPE AND METHODOLOGY

Based on the OIG's correspondence, the OCA commenced an investigation on the aforementioned allegations.

The procedures of our investigation primarily consisted of interviews with school administrators and District employees. In addition, we reviewed the followings records;

- The reading interventionist and the secretary's contracts with the schools;
- the schools' Governing Board meeting transcripts;
- the schools' policies and procedures manual;
- the schools' accounting records for the year 2018/2019;

- the schools' contracts with the District;
- Summit's school contract with the District;
- the schools' payroll ledgers for the year 2018/2019;
- the schools' disbursements for the year 2018/2019 and current;
- list of recipients of the Best and Brightest Teacher Scholarship for the year 2018/2019; and
- list of recipients of the Charter School Teachers Classroom Supply Assistance Program.

We conducted our investigation in accordance with generally accepted Government Auditing Standards issued by the Comptroller General of the United States.

INVESTIGATION AUDIT MEETING – JULY 29, 2020

The OCA and the Charter Schools Management/Support Department met with the following representatives from the Schools on July 29, 2020 to discuss the contents of this report:

- Cynthia Dotson, CEO, Charter School Management Solutions, LLC and Championship Academy of Distinction, LLC
- William Frisby, Board Chair, Championship Academy of Distinction
- Melissa Bustamante, Vice President, Championship Academy of Distinction
- Allison Becka, Accountant, Championship Academy of Distinction

During the meeting each of the allegations were discussed in detail. The school was asked to provide responses to the applicable allegations. Their responses are included as Exhibit 5 to this report.

Ms. Dotson informed the OCA that she was the person who filed the anonymous complaint with the OIG. Ms. Dotson elaborated on allegation number 8 and stated that she was concerned that Mr. Prats used her credentials to open Summit Academy. She further stated that Mr. Prats submitted a charter school application with the Orange County School District that was denied. The OCA included her concerns in our investigation.

Finally, Ms. Dotson informed the OCA that a legal settlement was reached between Mr. Pratts and the schools.

INVESTIGATION AUDIT MEETING – AUGUST 27, 2020

The OCA met with the representatives from the Schools on August 27, 2020 to discuss the scope of the agreed-upon procedures engagement recommended by the OCA in Allegation one. The following persons were at the meeting:

- Allison Becka, Accountant, Championship Academy of Distinction
- Hugh Jarrett, Consultant to the Schools
- Heather McDonough, McDonough CPA Solutions

At the meeting, the OCA provided minimum areas that should be covered for the agreed-upon procedures. During the meeting, Mr. Jarrett also informed the OCA that effective July 1, 2020, schools 5219 and 5234 do not have a management company and are self-managed.

ADDITIONAL INFORMATION

- Mr. Prats now serves as the Principal for Summit Academy.
- Ms. Carreno now serves as the Operations Manager for Summit Academy.
- Our investigation focused on the Championship Academy of Distinction Charter Schools. We did not contact Mr. Prats and Ms. Carreno with respect to this investigation or review any financial information related to Summit Academy.
- We may review Summit Academy following the conclusion of this investigation.

ALLEGATIONS ANALYSIS

1. Mr. Prats used his position and influence as CEO of the management companies for Championship Academy of Distinction to embezzle funds from the school.

We analyzed the schools' disbursements for the year 2018/2019 and found no evidence that Mr. Prats embezzled funds.

Due to inherent limitations in our access to the day-to-day environment, we cannot assure that there were no fraudulent transactions at the schools. Our work was limited to reviewing significant transactions in the schools' books and records. We cannot provide any assurance that fraud did not occur but are noting that we did not detect fraud during our investigation.

Based on the findings in this report, we noted issues in the control environment at the schools. Those issues and those outside of the scope of the investigation should be taken into account to evaluate the existence of fraud.

Recommendation

The schools should engage an outside firm to review all significant transactions. During the schools' meeting with the District on July 29, 2020, they indicated that they would request that their audit firm perform an agreed-upon procedure report. A copy of the draft agreed-upon procedures engagement letter should be provided to the District within 60 days after our report. A copy of the agreed-upon procedures report should be provided to the District 120 days after our report.

Response from the Charter Schools Management Company

The School is in the process of engaging an independent CPA to perform set agreed upon procedures in response to this recommendation. We will provide the Chief Auditor with a list of those procedures for approval within the next two weeks. The allegation was specific to payroll transactions. As seen in responses below, the governing board will take a significant roll in approving employee contracts and salaries. Furthermore, payroll procedures as provided in our accounting policy and procedure manual include appropriate segregation of duties limiting the ability for collusion or fraud to occur. In addition, Championship has implemented an additional layer of control over a payroll. Attached are email correspondence from our Business Manager and school principals verifying and approving payroll expenses.

See attachments in Exhibit 5.

ALLEGATIONS ANALYSIS

2. Mr. Prats hired his mother, Ms. Miriam Alvare, to work for the schools as a reading interventionist with a salary of \$130,000.

Our analysis of the schools' records found that Mr. Prats hired his mother for the school years 2018 through 2020.

The contract with Ms. Miriam Alvare, Mr. Prats' mother, was for administrator/reading specialist with an annual salary of \$120,000 effective on June 30, 2018. The contract states that this salary paid is in accordance with schedule of payments in effect for other certified employees.

The contract was approved by the Championship Academy Lead Principal, Ms. Savitra Guthrie. Please see Exhibit 2.

Our investigation established that Ms. Guthrie had signed those contracts. Ms. Guthrie indicated that it was routine that Mr. Prats, who was her boss for seven years, gave her documents to sign. She accepted that she did not make any inquiries regarding the salaries in the contracts, but she stated that as a subordinate of Mr. Prats, she was not able to contest the negotiations or agreements that Mr. Prats had established in the performance of his functions.

We researched the current District salaries for teachers. An excerpt from those salaries is as follows:

Years of Experience	Salary	Starting
0-2	41,233	After June 30, 2019
9-10	44,531	After June 30, 2019
18	48,684	After June 30, 2019

We researched the duties of the schools' Governing Board in relation to compensation and found that the Policies and Procedures Manual, section 2.7.5 state:

"Periodic Reviews

To ensure the Organization operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- a. Whether compensation arrangements and benefits are reasonable, based on competent survey information and the result of arm's length bargaining."*

We also reviewed the schools' Bylaws and the Policies and Procedures Manual and found that they did not explicitly include among the duties of the schools' Governing Board the approval of new hires.

We found that currently the schools' Bylaws article IV, number 11.j-k states that the duties of the Board should include: "*j. Enter into agreements and contracts with individuals, groups of individuals, corporations, or governments for any lawful purpose; k. To hire, supervise and direct an individual who will be responsible for the day-to-day operations of the System.*"

Section 11.j of article IV of the schools' Bylaws is the closest to a requirement for Governing Board approval for contract new hires. Although, it does not require that the schools' new hires must be approved by the schools' Governing Board.

Observations

Ms. Alvare had a contract as a reading specialist for the years 2018 through 2020 with the Championship Board with an annual salary of \$120,000.

This contract was not approved by the Championship Governing Board but instead was approved by the Championship schools' Lead Principal.

The schools' Policies and Procedures Manual requires the Governing Board to periodically review the reasonableness of the schools' compensation arrangements to avoid losing the schools' tax-exempt status.

Mr. Prats' position as CEO of the schools' management companies facilitated the expedited approval of the contract by the Lead Principal of the Championship Academy of Distinction Schools.

The schools' Bylaws and the Policies and Procedures Manual do not indicate that labor contracts must be approved by the schools' Governing Board. The Bylaws only mention that the Board could enter into contracts with individuals for any lawful purpose.

The schools' Policies and Procedures Manual requires the performance of periodic reviews of the compensation arrangements of the schools.

Recommendations

The schools should include in their Policies and Procedures Manual a requirement that labor contracts need to be approved by the schools' Governing Board.

The schools should implement section 2.7.5 of their Policies and Procedures Manual.

Response from the Charter Schools Management Company

The School's Policy and Procedure manual will be updated to include: A list of all positions and salaries will be provided to the Board for approval in conjunction with the annual operating budget for approval. This list will be implemented into the individual contracts.

All salaries are based on the School District of Broward County School's salaries for individual position.

ALLEGATIONS ANALYSIS

3. Ms. Alvare's pay was drawn from each of the separate campuses.

The review of the schools' accounting ledgers and payroll show that the salary of Ms. Alvare was drawn from all Championship schools.

The withdrawals from each school for the period between July 2018 through February 15, 2019 to pay Ms. Alvare were as follows:

School MSID	Amount
5422	25,354.46
5219	3,197.53
5361	13,784.12
5215	16,852.84
5234	17,923.15
Total	\$ 77,112.10

Observations

The allegation is valid. The payments to Ms. Alvare were taken from all the Championship schools' budgets.

Response from the Charter Schools Management Company

No further action is needed, and no response is needed.

ALLEGATIONS ANALYSIS

4. Mr. Prats set the salary for his secretary, Ms. Jennifer Carreno, at \$80,000.

Our analysis of the schools' records found that Mr. Prats hired Ms. Jennifer Carreno for the position of director of compliance. Further inquiries during our investigation found that Ms. Carreno also served as Mr. Prats secretary.

The contract with Ms. Carreno was for director of compliance with an annual salary of \$100,000 effective from July 1, 2018 through July 15, 2019.

The contract was approved by the Championship Academy Lead Principal, Ms. Savitra Guthrie. Please see Exhibit 3.

Our investigation established that Ms. Guthrie had signed that contract. Ms. Guthrie indicated that it was routine that Mr. Prats, who was her boss for seven years, gave her documents to sign. She accepted that she did not make any inquiries regarding the salaries in the contracts, but she stated that as a subordinate of Mr. Prats, she was not able to contest the negotiations or agreements that Mr. Prats had established in the performance of his functions.

The withdrawals from the schools for the period between July 2018 through June 2019 to pay Ms. Carreno were as follows:

School MSID	Amount
5215	19,399.76
5234	2,268.00
5361	12,004.54
5422	43,722.19
Total	\$ 77,394.49

We researched the duties of the schools' Governing Board in relation to compensation and found that the Policies and Procedures Manual, section 2.7.5 state:

"Periodic Reviews

To ensure the Organization operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- a. Whether compensation arrangements and benefits are reasonable, based on competent survey information and the result of arm's length bargaining."*

We also reviewed the schools' Bylaws and the Policies and Procedures Manual and found that they did not explicitly include among the duties of the schools' Governing Board the approval of new hires.

We found that currently, the schools' Bylaws article IV, number 11.j-k states that the duties of the Board should include: "*j. Enter into agreements and contracts with individuals, groups of individuals, corporations, or governments for any lawful purpose; k. To hire, supervise and direct an individual who will be responsible for the day-to-day operations of the System.*"

Section 11.j of article IV of the schools' Bylaws is the closest to a requirement for Governing Board approval for contract new hires. Although, it did not require that the schools' new hires must be approved by the schools' Governing Board.

Observations

Ms. Carreno had a contract as director of compliance from July 1, 2018 through July 15, 2019 with the Championship Board with an annual salary of \$100,000.

This contract was not approved by the Championship Governing Board but instead was approved by the Lead Principal of Championship Academy of Distinction Schools.

The schools' Policies and Procedures Manual requires the Governing Board to periodically review the reasonableness of the schools' compensation arrangements to avoid losing the schools' tax-exempt status.

Mr. Prats' position as CEO of the schools' management companies facilitated the expedited approval of the contract by the Lead Principal of the Championship Academy of Distinction Schools.

The schools' Bylaws and the Policies and Procedures Manual do not indicate that the labor contracts must be approved by the schools' Governing Board. The Bylaws only mention that the Board could enter into contracts with individuals for any lawful purpose.

The schools' Policies and Procedures Manual requires the performance of periodic reviews of the compensation arrangements of the schools.

Recommendations

The schools should include in their Policies and Procedures Manual a requirement that labor contracts need to be approved by the schools' Governing Board.

The schools should implement section 2.7.5 of their Policies and Procedures Manual.

Response from the Charter Schools Management Company

The School's Policy and Procedure manual will be updated to include: A list of all positions and salaries will be provided to the Board for approval in conjunction with the annual operating budget for approval. This list will be implemented into the individual contracts.

All salaries are based on the School District of Broward County School's salaries for individual position.

ALLEGATIONS ANALYSIS

5. The position and salary for Ms. Alvare and Ms. Carreno were not approved by the schools' Governing Board.

Our review of the schools' Governing Board meetings did not provide evidence that the Board approved the contracts salary amounts for the reading specialist and the director of compliance.

Observations

The allegation is valid.

Recommendation

The schools' Policies and Procedures Manual should include a section clearly stating that employees' salaries must be approved by the Governing Board as well as all labor contracts.

Response from the Charter Schools Management Company

The School's Policy and Procedure manual will be updated to include: A list of all positions and salaries will be provided to the Board for approval in conjunction with the annual operating budget for approval. This list will be implemented into the individual contracts. All salaries are based on the School District of Broward County School's salaries for individual position.

ALLEGATIONS ANALYSIS

6. Mr. Prats instructed that funds earmarked for teacher incentives to not be distributed.

The Championship Academy of Distinction Schools received the State Award for Teachers Classroom Assistance Program for 2018-2019 in September 2018 for a total of \$21,661.40. The schools disbursed \$20,068.25 to teachers in November 2018. On July 24, 2019, a total of \$1,592.75 of non-disbursed incentives were returned to the District. The return of the funds occurred after our investigation review.

In addition, the Championship Academy of Distinction Schools received on March 26, 2019 the Best and Brightest Charter School Teacher Scholarship award for a total of \$65,894.10. On April 25, 2019, one teacher received \$6,000 from the award funds; the other beneficiaries received their awards on July 16, 2019 while we were performing our inquiries at the school.

We asked the reason for the delay to disburse the Best and Brightest Charter School Teacher Scholarship awards; we were told that the schools used the funds due to a shortage of funds for the delay in the Title I disbursements from the District. This last statement could not be verified by our financial analysis of the schools.

We asked the schools bookkeeper if she was instructed by Mr. Prats to not disburse the funds from the awards to the teachers; she denied this allegation.

Observations

The schools timely distributed the funds from the State Award for Teachers Classroom Assistance Program; however, the funds distributed from the Best and Brightest Charter School Teacher Scholarship award were delayed.

The non-disbursed funds of \$1,592.75 from the State Award for Teachers Classroom Assistance Program were not returned to the District until our visit to the school.

Recommendation

The schools should promptly disburse all awards received for their faculty; in addition, any funds not disbursed should be returned to the District without delay.

Response from the Charter Schools Management Company

The School agrees all awards should be promptly disbursed to their faculty. The policy and procedure manual has been updated to include the following. The schools' governing board

will be immediately informed of all awards received by the school. The governing board will approve a finance committee consisting of board members and school personnel to determine the appropriate allocations. The committee will recommend these allocations to the governing board at the next board meeting. Once approved funds will be disbursed within an administratively reasonable amount of time but no less than 14 days.

ALLEGATIONS ANALYSIS

7. Mr. Prats opened the Summit Academy in Coral Springs, a school whose charter was approved under the Championship Academy of Distinction.

Mr. Prats opened the Summit Academy Charter School Broward in August 2019. The application for the school was originally under the name of Championship Academy of Distinction at Broward and was approved by the School Board on May 8, 2018 with Mr. Pratts listed as the only contact. A newly approved applicant wishing to change the name of a school must provide the District with an update Sunbiz documentation during contract negotiations.

The OCA noted that during contract negotiations on January 16, 2019 between Mr. Pratts, Ms. Christine Jurado, the school's legal counsel, and the Charter Schools Management/Support Department the school provided the required documents to effect the name change from Championship Academy of Distinction at Broward to Summit Academy.

In the Summit Academy application, the only person that appears as the contact person is Mr. Prats. He did not identify himself as the CEO of Championship Academy of Distinction, LLC and lists Charter School Partners as the education service provider for the school.

In the application for Summit Academy, the listed Governing Board members are: Regla Alvarez, Julio Gonzalez, Roxanna Tomas Ledesma, and Gem Vasquez. On the Summit Academy school's website, the board members are the same as the ones in the application.

Championship Academy of Distinction, LLC terminated the employment of Mr. Prats at the end of December 2018. It wasn't until April 14, 2019 that Ms. Cynthia Dotson, CEO of the management companies, contacted the District through a letter to Ms. Donte Fulton-Collins, Director of the Office of Charter Schools Management/Support, urging Ms. Fulton-Collins to revoke the Summit Academy Charter due to Mr. Prats embezzling funds from the schools. Please see Exhibit 4.

With respect to the use of Ms. Dotson's credentials to open Summit Academy, the OCA reviewed the applications and did not note this.

Regarding Mr. Prats' application in Orange County, the OCA spoke to Ms. Guthrie about this application. She stated that the Orange County application was denied due to a lack of information and deficiencies in the application. This application never reached an advanced state where it would be reviewed.

Observations

Mr. Pratts served as a representative of the schools for many years. He has historically submitted charter school applications under the Championship Academy and other names. In some cases, he applied for charter schools and subsequently withdrew the applications.

Mr. Pratts disclosed in applications for charter schools, not using the Championship name in 2016 and 2017, that he was the CEO for Championship Academy of Distinction.

Since Ms. Dotson notified the District of Mr. Pratts' termination months after it occurred, the District was not aware that Mr. Pratts was no longer employed with the schools.

Mr. Pratts is very familiar with charter school applications since he has submitted many applications over the years. We reviewed the application and noted that Mr. Pratts did not use Ms. Dotson's credentials.

ALLEGATIONS ANALYSIS

8. Mr. Prats' relationship with Ms. Jody Perry, the District's Former Director of Charter Schools Management/Support, allowed his activities to go undetected.

The schools' hiring of a reading specialist with a salary more than double the highest salary paid by The School Board of Broward County, Florida was made possible by deficiencies in the schools' internal procedures that did not require the approval of new hires by the schools' Governing Board.

The late disbursements of the teachers' incentive could also be linked to internal control weaknesses of the schools.

In the application for the opening of the new charter school, Mr. Prats appeared as the only contact person in the application; a vigilant Governing Board would have questioned this condition. In addition, the removal of Mr. Prats as CEO of the Championship Academy of Distinction, LLC was communicated to the District almost a year after the charter application was approved.

Observations

We could not find a connection that linked Ms. Perry to the complainant's allegations. Ms. Perry had no authority at the schools and her work responsibilities would not allow her to detect the issues noted in our investigation.

The OCA noted that the schools' internal control environment contributed to some of the issues noted in our investigation. Mr. Pratts served as the representative of the schools for many years and signed several applications as the CEO of the schools' management company.

Response from the Charter Schools Management Company

No response is needed.

EXHIBITS



State Board of Education

Marva Johnson, *Chair*
Andy Tuck, *Vice Chair*
Members
Ben Gibson
Tom Grady
Michael Olenick
Joe York

Richard Corcoran
Commissioner of Education

June 6, 2019

Heather P. Brinkworth, Chair
Broward County School Board
600 S.E. Third Avenue FL 10
Fort Lauderdale, FL 33301-3125

RE: OIG Correspondence #2019050026

Dear Chair Brinkworth:

The Florida Department of Education (FDOE), Office of Inspector General (OIG) received the attached anonymous complaint (Web ID #2101).

The complainant expresses concerns regarding the CEO, Gustavo A. Prats, of the management company for Championship Academy of Distinction Charter Schools. Specifically, the complainant alleges that Mr. Prats embezzled funds from the school for years. The complainant gave examples such as paying his mother 130K a year, drawing her pay separately from each of the campuses. Mr. Prats is also allegedly paying his secretary over 80K and set salaries without board approval. Finally, Mr. Prats is opening a new charter school, Summit Academy, where his mother is serving as a board member.

We are forwarding this complaint to you for investigation. The Office of Inspector General requests a written response outlining the findings of your completed investigation and actions taken within 30 days of receipt of this letter. Under Section 1001.20, Florida Statutes, if the Commissioner of Education determines that a district school board is "unwilling or unable to address substantiated allegations made by any person relating to waste, fraud, or financial mismanagement within the school district," the Department's Office of Inspector General shall conduct investigations into such allegations.

Should you have any questions, please feel free to contact our office by calling (850) 245-0403.

Sincerely,

A handwritten signature in black ink that reads "Mike Blackburn".

Mike Blackburn
Inspector General

Enclosure

Cc: Robert Runcie, Superintendent, Broward County School District
Joris M. Jabouin, Chief Auditor, Broward County School District

Inspector General Mike Blackburn

Office of Inspector General

Complaint Details

Complaint ID 2101
Status

Contact information of the person filing complaint

Name
Home Address
Home Phone
Work or Home Email
Your Employer
Work Address
Work Phone
Work Unit/Section/Location
Contact Preference
Current/Former/Applicant State Employee? Former State Employee

Information about the person, business, organization who committed the alleged violation:

Person, Business, or Organization(subject): Gustavo A. Prats
Subject's Employer: Self
Subject's Business Address: 11421 NW 56 ST, Coral Springs, Florida, 33076
Work Phone: 9546033303
Subject's Position/Title: Administrator?
Unit/Section/Location: 330

If the subject of the alleged violation is a Department of Education employee, is he or she supervisor of the person filing complaint? No

Have you notified anyone else or any other agency of the allegation(s)? Yes

If yes, what were the results? He is currently the subject of a law suit. However, no criminal charges have been pursued.

What Happened?[Complaint Description]

Mr.Prats, as CEO of the management company for Championship Academy of Distinction Charter schools used his position and influence to embezzle funds from the school for years. For example, he paid his mother a total of 130K a year for work as a reading interventionist. . Hiding the exorbitant amount by drawing her pay separately from each of the separate campuses.He has instructed that funds earmarked for teacher incentive not be distributed. He also set salaries without Board approval for his "friends", paying his secretary Jennifer Carreno over 80K. The extent of his misdeeds is still coming to

light. These include improprieties ignored due to his "close and suspicious" relationship with Jody Perry, former head of Broward County School's Charter Support Department, without whom, I do not believe his fraudulent actions would have been so long undetected. Most disturbing, Mr. Prats is now poised to open up his own charter school in Coral Springs, Summit Academy where his mother, complicit in the above misappropriation of funds, is serving on the Governing Board. A school whose charter was approved under the Championship Academy of Distinction umbrella despite the fact that he is no longer associated with Championship and that the management company for which he served as CEO was unaware that he even applied for that charter. The man is very clever and totally unethical. His primary concern is not for the education of children, but for the lining of his and his cronies pockets at the expense of taxpayers. I am shocked that he is not being held accountable for his actions and that he has set himself and his family up, yet again, to defraud the public. I urge that his dealing be investigated.

Complaint Confirmed

yes

READING SPECIALIST, CHAMPIONSHIP ACADEMY OF DISTINCTION
3367 N. UNIVERSITY DR., HOLLYWOOD FL 33024
1100 HILLCREST DR., HOLLYWOOD FL 33021
EMPLOYMENT CONTRACT

THIS EMPLOYMENT CONTRACT is made and entered into this 30th day of June 2018, by and between the Championship Academy of Distinction Board, with offices located at 3367 N. University Dr., Davie, Florida 33024 and 1100 Hillcrest Dr., Hollywood Florida 33020 (hereinafter "The Board").

And

Miriam Alvare (hereinafter referred to as the "Administrator/Reading Specialist").

NOW, THEREFORE, the Board and the Administrator, for the consideration herein specified, agree as follows:

1. TERM

The Board, in consideration of the promises herein contained of the Administrator, hereby employs, and the Administrator hereby accepts employment as the Reading Specialist of Championship Academy of Distinction for a term commencing July 1, 2018 through June 30, 2020. The parties understand and agree that this is a ten (10) month position.

2. PROFESSIONAL GROWTH OF ADMINISTRATOR

The Board encourages the continuing professional growth of the Administrator through his/her attendance at professional educational conferences and conventions, and major in-service conferences(s) at a cost not to exceed \$2,000.00 (two thousand) per academic year subject to the availability of funds and the prior approval of the Board and the PRINCIPAL.

3. CERTIFICATION AND RESPONSIBILITIES

A. Certification:

The Administrator shall maintain a current certificate issued by the Florida Department of Education. In the event the Administrator's certificate issued by the Department of Education is revoked, this contract is null and void as of the date of the certificate revocation.

B. Duties

The Administrator's duties and responsibilities in said positions shall be consistent with the State of Florida Statutes and all other applicable law and regulations. All Duties assigned to the Administrator by the PRINCIPAL shall be appropriate to and consistent with the professional role and responsibility of the Administrator, and set by the Board policy and in job description, which shall be incorporated by references, and may be modified from time to time, consistent with the intent set forth above. The Administrator shall attend all meeting and school affairs required by the Board and the PRINCIPAL.

MAP 

4. COMPENSATION

A. Salary:

The Board shall pay the Administrator an annual (12 month) salary of \$120,000.00 (One Hundred and Twenty Thousand dollars), said salary rate being paid to the Administrator in accordance with schedule of payments in effect for other certified employees.

B. Other Provisions:

Any adjustments in salary made during the life of this Employment Contract shall be in the form of an amendment and shall become part of this Employment Contract, but it shall not be deemed that the Board and the Administrator have entered into a new employment contract.

5. BENEFITS

A. Paid Time Off (PTO)/Holidays:

The Administrator shall be required to follow a (ten) 10-month work schedule (24 hours a week) as established above.

Paid Time Off includes Personal Time, Family Illness, Sick Leave and Vacation Time.

The Administrator shall be granted fifteen (15) days of Paid Time Off (PTO), upon approval by the PRINCIPAL.

B. Medical Benefits:

The Administrator shall receive an option for Health Benefits.

C. Bereavement Leave:

The Administrator shall be entitled to three (3) days Bereavement Leave.

D. Membership fees:

The Board shall pay the basic membership fees on behalf of the Administrator for membership in Associations, Society's and Chambers as they apply to the job description.

E. Expense Reimbursement:

The Board shall reimburse the Administrator for expenses incurred for travel and sustenance in the performance of his duties under this Employment Contract. Mileage shall be paid from mileage form according to IRS rate per mile.

MAP 

6. SEPARATION FROM SERVICE

There shall be payment or reimbursement of unused Paid Time Off (PTO) or bereavement days upon the Administrator's separations from employment with Championship Academy of Distinction.

7. EVALUATION

The Principal shall evaluate the performance of the Administrator one (1) time per year. Each evaluation shall be in writing, a copy shall be provided to the Administrator, and the PRINCIPAL and Administrator shall meet to discuss the findings.

8. RENEWAL/EXTENSIONS OF EMPLOYMENT CONTRACT

Any renewal/extension of this Employment Contract shall be by mutual agreement of the parties and must be set forth in a written agreement signed by the parties.

9. TERMINATION OF EMPLOYMENT CONTRACT

This Employment Contract may only be terminated by:

- A. Mutual agreement of the parties;
- B. Sixty (60) days written notice by the Reading Specialist;
- C. In the event that the Reading Specialist's certificate is revoked, this Contract shall become null and void as of the date of revocation.

10. COMPLETE AGREEMENT

This Employment Contract embodies the entire agreement between the parties hereto and cannot be varied except by written agreement of the under signed parties.

11. CONFLICTS

In the event of any conflict between the terms, conditions and provisions of the Board's policies, or any permissive state or federal law, then, unless otherwise prohibited by law, the terms of this Employment Contract shall take precedence over the contrary provisions of the Board's policies or any such permissive law during the term of the contract.

MAP 

12. SAVINGS CLAUSE

If during the term of this Employment Contract, it is found that a specific clause of the Employment Contract is contrary to federal or state law, the remainder of the Employment Contract not affected by such a ruling shall remain in force.

WHEREAS, the Administrator approves the terms and conditions of this Employment Contract, and agrees to be bound by same;

IN WITNESS WHEREOF, the parties set their hands and seal to this Employment Contract effective on the day and year first above written.



Miriam Alvare, Reading Specialist

6/30/18

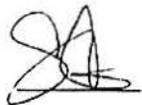
Date



Savitra Guthrie, Lead Principal
Championship Academy of Distinction

6/30/2018

Date

map 

ANNUAL CONTRACT OF EMPLOYMENT
Position Held Director of Compliance

This Agreement dated July 1, 2018 is entered into between Championship Academy of Distinction (herein referred to as "CAD") and Jennifer Carreno (herein referred to as "Director of Compliance"). Whereas, CAD is a charter school, and therefore considered a private entity by the School Board of Broward County. CAD employees are not employed by the School Board of Broward County. The Governing Board has full administrative authority as per School Charter to operate the school efficiently.

Whereas, it is the policy of CAD to employ a qualified Director of Compliances who will support the Charter School program of autonomy in pursuit of high educational standards.

The following agreement between CAD and the Director of Compliance has a term of July 1, 2018 through July 15, 2019 and confirms acknowledgement of the following:

1. The Director of Compliance agrees to serve CAD for the number of days in the official school calendar and work cooperatively with the staff, faculty and administration of CAD. The Director of Compliance agrees to work according to the schedule and dates stated. The Director of Compliance is expected to be present at the school from 7:30 a.m. until 4:00 p.m. unless other arrangements are approved by the Principal.
2. Any employment with CAD is "at-will"; that is, either CAD or the Director of Compliance can terminate employment at any time, for any reason.
3. Any Director of Compliance/Faculty/Staff who is unable to report to work due to an emergency and does not have approved leave form must call the Principal at least one hour before the scheduled workday begins. If an employee fails to report to work without notification to the Principal, the school may consider that the Director of Compliance has failed to report to work and may be considered as a "no show".
4. In the event of termination of employment, prior to the end of an employment contract, the Director of Compliance shall be entitled only to the prorated salary and benefits earned through the last day of employment.
5. The Director of Compliance is required to participate in programs related to their professional growth. These programs include, but are not limited to, Director of Compliance in-service sessions conducted within the regular work hours or after school, staff meetings, and parent-Director of Compliance-student conferences. The Director of Compliance is required to attend all parent nights and school events, unless otherwise approved by the Principal. The Director of Compliance may also be required to participate in additional duties such as breakfast, bus and arrival/dismissal duty.
6. CAD and Director of Compliance/Instructional Faculty fully agree that CAD has the right to assign unscheduled tasks as needed to ensure the school runs efficiently. There will be an attempt to give Director of Compliances notice ahead of time if feasible as to minimize interruption. Unscheduled tasks may include but are not limited to lunchtime rearrangement, class rearrangements and similar related tasks.
7. CAD allocates 15 days of paid sick leave per school year. After two consecutive days of absence due to illness, the Director of Compliance must present a doctor's note upon return. Any days which exceed the 15 paid sick leave days will be unpaid leave.

8. The Director of Compliance/Instructional Faculty agrees to conduct himself/herself at all times in a manner consistent with the highest standards of professional character and professionalism, with children, parents, prospective parents, co-workers, school principal and the community.
9. In the event the Director of Compliance/Instructional Faculty finds it necessary to resign during the school year, the Director of Compliance shall give written notice to the Principal as soon as possible but in no less than 14 days before the effective date of resignation. The Director of Compliance agrees to cooperate with CAD in a timely manner regarding administrative matters that must be completed before departure.
10. CONFIDENTIALITY: The Director of Compliance/Instructional Faculty agrees to treat all information gained from CAD meetings, administrative directives, or any other source as confidential.
11. CAD in its sole discretion may consider social media/networking (email, Facebook, telephone, gossip, etc.) which is not in the schools best interest a reason for non-continuance of contract.
12. CAD in its sole discretion may offer the Director of Compliance/Instructional Faculty a renewal contract for any subsequent school years. CAD retains the right to non-renew any contract.
13. CAD employs the Director of Compliance/Instructional Faculty as an Employee of CAD at an annual salary of **\$100,000 (note that this amount may be adjusted to the employment start date, since this is an annual salary, and will be less than the figure herein if hired after the school year starts.** CAD may offer benefit plans inclusive of health, dental, vision, and 401(k) investment program plan which may be modified at any time. The benefit plan is presented at the beginning of the school year during the enrollment period. Payments will continue on the 15th and the last day of the month to the end of the employment year July 31, 2019.
14. If a Visa Status Director of Compliance, the Director of Compliance agrees to abide by all terms and conditions of this contract.
15. The employee has read and understand that information within the Championship Academy of Distinction Faculty Handbook and agrees that violation of the policies herein is grounds for the stipulated disciplinary action included but not limited to paid time off eligibility, FMLA guidelines and termination of benefits should the employee resigns or is terminated.
16. The Director of Compliance understands that situations where there is romantic or personal relationship between an employee and a co-worker or between an employee and a student's parent should be avoided and if such relationships develop, it must be reported to administration.
17. The Director of Compliance understands that there is a ninety-day probationary period from the start date of the current school year.

I hereby acknowledge that I have read and agree with the terms of this contract.

 Director of Compliance Signature

 Administrator Signature

Date: 7/10/2018

April 14, 2019

Ms. Collins, Charter School Management / Support Director

600 Southeast Third Ave 12th Floor

Fort Lauderdale, Florida 33301

Dear Ms. Collins,

On behalf of the Governing Board of Championship Academy of Distinction (CAD), MSIDs 5361, 5422, 5215, 5219, and 5234, as required by their Charter Contracts, and State Statutes, we are reporting the theft of schools funds by former Charter School Management Solutions, contractor, Gustavo Prats and his mother Miriam Alvare, former Reading Specialist. The Board has retained Attorney Jeff S. Wood to represent CAD concerning these matters.

Attached are supportive documents detailing the paper trail in which large sums, of unapproved Board school funds, were provided to Mr. Prats's mom, Miriam Alvare and his assistant, Jennifer Carreno. I have also included email correspondence and a FULL and FINAL RELEASE proposal from Mr. Prats's attorney, Carl Kafka, attempting to settle the theft of school funds quickly to avoid criminal and civil prosecution while giving him time to open Summit Academy.

The Governing Board was willing to consider a settlement pending Ms. Alvare responses to questions 1-4, in the letter dated to her on February 13, 2019, to return the unapproved, stolen funds back to the academies. That offer was removed from consideration upon receiving knowledge that Mr. Prats, the same person being charged with criminal and civil charges for theft and forgery is opening a charter school in Coral Springs with an application that was originally submitted and approved as a Championship Academy of Distinction's application with our Management Company's experience and credentials.

The Governing Board of CAD and I, are formally requesting that the Summit Academy Charter's contract be revoked and all their Board action items to date, be requested for review. I will be sending you copies of the Civil charges along with a copy of Hollywood Police Department Police Report.

Please feel free to contact Attorney Wood, at (954) 525-7500 for any questions concerning this matter.

Respectfully submitted,

Cynthia Dotson, Charter School Management Solutions, President

CC: CAD Governing Board

Attorney Jeff Wood



August 4, 2020

Broward County Public Schools
 Office of Chief Auditor
 Joris Jabouin, Chief Auditor
 600 SE Third Ave.
 Fort Lauderdale, Florida 33301

Dear Mr. Jabouin,

On behalf of the Governing Board, and per your request, below are Championship's responses to the Investigative Report for schools - 5422, 5219, 5361, 5215, and 5234. Our responses to each recommendation are as follows:

Number 1

Recommendation:

The School should engage a forensic accountant/consultant/investigator to review all significant transactions.

Response:

The School is in the process of engaging an independent CPA to perform set agreed upon procedures in response to this recommendation. We will provide the Chief Auditor with a list of those procedures for approval within the next two weeks. The allegation was specific to payroll transactions. As seen in responses below, the governing board will take a significant roll in approving employee contracts and salaries. Furthermore, payroll procedures as provided in our accounting policy and procedure manual include appropriate segregation of duties limiting the ability for collusion or fraud to occur. In addition, Championship has implemented an additional layer of control over a payroll. Attached are email correspondence from our Business Manager and school principals verifying and approving payroll expenses. See attached.

Number 2, 4, 5

Recommendation:

The schools should include in their Policies and Procedures Manual a requirement that labor contracts need to be approved by the schools' Governing Board.

Response:

The School's Policy and Procedure manual will be updated to include: A list of all positions and salaries will be provided to the Board for approval in conjunction with the annual operating budget for approval. This list will be implemented into the individual contracts. All salaries are based on the School District of Broward County School's salaries for individual position.

Number 6

Recommendation:

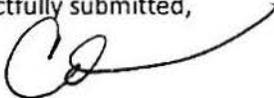
The Schools should promptly disburse all awards received for their faculty; in addition, any funds not disbursed should be returned to the District without delay.

Response:

The School agrees all awards should be promptly disbursed to their faculty. The policy and procedure manual has been updated to include the following. The schools' governing board will be immediately informed of all awards received by the school. The governing board will approve a finance committee consisting of board members and school personnel to determine the appropriate allocations. The committee will recommend these allocations to the governing board at the next board meeting. Once approved funds will be disbursed within an administratively reasonable amount of time but no less than 14 days.

Please feel free to contact me at anytime regarding our responses. I can be reached at 305 610-2313. Thank you for taking the time to investigate findings and concerns reported by Championship's management company, Charter School Management Solutions, LLC.

Respectfully submitted,



Cynthia A. Dotson, CEO

Charter School Management Solutions, LLC

Allison Becka

From: Savitra Guthrie <sguthrie@championshipacademy.org>
Sent: Thursday, May 28, 2020 1:10 PM
To: Allison Becka
Subject: Re: HWD MIDDLE PAYROLL 5.29

Hi Allison,

The attached is correct, based on employees to be paid for the pay period specified.

Educationally Yours,

Mrs. Savitria Guthrie
Lead Principal
Championship Academy of Distinction Charter Schools
1100 Hillcrest Drive
Hollywood, FL 33020
(954) 924-8006

"If your actions inspire others to dream more, learn more, do more and become more, you are a leader." – President John Quincy Adams, USA

From: Allison Becka <allison@fcsaccounting.com>
Sent: Thursday, May 28, 2020 10:24 AM
To: Savitra Guthrie
Subject: FW: HWD MIDDLE PAYROLL 5.29

Payroll for approval

From: JASMIN PEREZ <jasminperez@comcast.net>
Sent: Thursday, May 28, 2020 10:14 AM
To: Allison Becka <allison@fcsaccounting.com>
Subject: HWD MIDDLE PAYROLL 5.29

Allison Becka

From: Patsy Reid. <preid@championshipacademy.org>
Sent: Tuesday, June 30, 2020 12:56 PM
To: Allison Becka
Subject: Re: PR for approval

Great. Thank you!

From: Allison Becka <allison@fcsaccounting.com>
Sent: Tuesday, June 30, 2020 11:21 AM
To: Patsy Reid
Subject: RE: PR for approval

Yes you are correct. I couldn't find Laveus and meant to email you. But then I found later it was Daniel-Laveus. So her stipend will be in her account tomorrow. Needed to hit the button on the others so regular payroll wasn't late.

From: Patsy Reid. <preid@championshipacademy.org>
Sent: Tuesday, June 30, 2020 11:09 AM
To: Allison Becka <allison@fcsaccounting.com>
Subject: Re: PR for approval

Good morning,

I think Mrs. Laveus is missing her stipend amount \$500 for lead. Otherwise everything looks great.

Thank you,

Ms. Reid

From: Allison Becka <allison@fcsaccounting.com>
Sent: Monday, June 29, 2020 1:35 PM
To: Patsy Reid.
Subject: PR for approval

*Warmest regards,
Allison Becka*

Florida Charter School Accounting
321-501-7905

Allison Becka

From: Jon Matthew Losieniecki <jlosienieck@championshipacademy.org>
Sent: Friday, June 12, 2020 1:21 PM
To: Allison Becka
Subject: Re: Payroll for approval

Thanks Approved

From: Allison Becka <allison@fcsaccounting.com>
Sent: Friday, June 12, 2020 1:09 PM
To: Jon Matthew Losieniecki
Subject: Payroll for approval

*Warmest regards,
Allison Becka*

Florida Charter School Accounting
321-501-7905

Championship Academy of Distinction at Hollywood, Payroll Summary

07/15/2020 - 07/15/2020

Date	Name	Net Amt	Hours	Taxes Withheld	Total Deductions	Company Contributions	Total Pay	Employer Taxes	Total Cost	Check Num
07/15/2020		\$1,429.17	86.67	\$288.87	\$0.00	\$0.00	\$1,718.04	\$131.43	\$1,849.47	DD
07/15/2020		\$1,419.94	86.67	\$266.84	\$96.51	\$125.00	\$1,783.29	\$131.23	\$2,039.52	DD
07/15/2020		\$358.96	86.67	\$57.71	\$0.00	\$0.00	\$416.67	\$32.96	\$449.63	DD
07/15/2020		\$1,355.87	86.67	\$260.54	\$143.30	\$125.00	\$1,759.71	\$128.77	\$2,013.48	DD
07/15/2020		\$908.44	86.67	\$195.19	\$104.70	\$125.00	\$1,208.33	\$86.59	\$1,419.92	DD
07/15/2020		\$1,128.41	86.67	\$248.00	\$81.92	\$125.00	\$1,458.33	\$107.15	\$1,690.48	DD
07/15/2020		\$1,674.10	86.67	\$261.36	\$0.00	\$0.00	\$1,935.46	\$148.06	\$2,083.52	DD
07/15/2020		\$959.62	86.67	\$123.71	\$0.00	\$0.00	\$1,083.33	\$82.88	\$1,166.21	DD
07/15/2020		\$949.69	86.67	\$147.04	\$111.60	\$125.00	\$1,208.33	\$85.22	\$1,418.55	DD
07/15/2020		\$980.77	86.67	\$181.89	\$87.34	\$125.00	\$1,250.00	\$89.78	\$1,464.78	DD
07/15/2020		\$897.67	86.67	\$162.89	\$88.73	\$125.00	\$1,149.29	\$82.39	\$1,356.68	DD
07/15/2020		\$857.85	86.67	\$178.46	\$47.02	\$0.00	\$1,083.33	\$80.08	\$1,163.41	DD
07/15/2020		\$1,714.51	86.67	\$429.60	\$71.60	\$125.00	\$2,215.71	\$165.09	\$2,505.80	DD
07/15/2020		\$1,576.60	86.67	\$192.07	\$6.50	\$0.00	\$1,775.17	\$135.80	\$1,910.97	DD
07/15/2020		\$1,034.23	86.67	\$165.53	\$50.24	\$0.00	\$1,250.00	\$91.79	\$1,341.79	DD
07/15/2020		\$1,456.39	86.67	\$261.65	\$0.00	\$0.00	\$1,718.04	\$131.44	\$1,849.48	DD
07/15/2020		\$1,043.97	86.67	\$133.38	\$285.98	\$125.00	\$1,463.33	\$94.83	\$1,683.16	DD
07/15/2020		\$1,400.33	86.67	\$311.65	\$80.60	\$125.00	\$1,792.58	\$131.93	\$2,049.51	DD
07/15/2020		\$1,518.68	86.67	\$283.99	\$0.00	\$0.00	\$1,802.67	\$137.90	\$1,940.57	DD
07/15/2020		\$1,440.56	86.67	\$353.69	\$185.33	\$150.00	\$1,979.58	\$145.50	\$2,275.08	DD
07/15/2020		\$1,614.71	86.67	\$297.91	\$175.71	\$125.00	\$2,088.33	\$153.93	\$2,367.26	DD
07/15/2020		\$1,264.31	86.67	\$248.39	\$166.47	\$125.00	\$1,679.17	\$124.04	\$1,928.21	DD
07/15/2020		\$1,619.96	86.67	\$394.66	\$101.92	\$0.00	\$2,116.54	\$156.07	\$2,272.61	DD
07/15/2020		\$1,446.47	86.67	\$297.85	\$93.10	\$125.00	\$1,837.42	\$134.92	\$2,097.34	DD
07/15/2020		\$1,235.23	86.67	\$230.33	\$201.11	\$125.00	\$1,666.67	\$119.24	\$1,910.91	DD
07/15/2020		\$756.68	86.67	\$208.75	\$246.33	\$0.00	\$1,211.76	\$91.87	\$1,303.63	DD
07/15/2020		\$1,508.65	86.67	\$336.98	\$0.00	\$0.00	\$1,845.63	\$141.19	\$1,986.82	DD
07/15/2020		\$1,679.88	86.67	\$327.12	\$112.17	\$125.00	\$2,119.17	\$156.93	\$2,401.10	DD
07/15/2020		\$1,615.51	86.67	\$263.08	\$94.16	\$125.00	\$1,972.75	\$146.50	\$2,244.25	DD
07/15/2020		\$1,528.01	86.67	\$286.27	\$67.97	\$125.00	\$1,882.25	\$138.79	\$2,146.04	DD
07/15/2020		\$1,587.84	86.67	\$214.83	\$0.00	\$0.00	\$1,802.67	\$137.90	\$1,940.57	DD
	Totals	\$39,963.01	2686.77	\$7,610.23	\$2,700.31	\$2,275.00	\$50,273.55	\$3,722.20	\$56,270.75	

Championship Academy - Hollywood Middle

Payroll Summary

07/15/2020 - 07/15/2020

Date	Name	Net Amt	Hours	Taxes Withheld	Total Deductions	Company Contributions	Total Pay	Employer Taxes	Total Cost	Check Num
07/15/2020		\$1,332.10	86.67	\$294.26	\$128.93	\$125.00	\$1,755.29	\$125.16	\$2,005.45	DD
07/15/2020		\$1,456.40	86.67	\$261.64	\$0.00	\$0.00	\$1,718.04	\$131.43	\$1,849.47	DD
07/15/2020		\$1,465.93	86.67	\$199.37	\$138.66	\$125.00	\$1,803.96	\$131.20	\$2,060.16	DD
07/15/2020		\$736.59	86.67	\$146.24	\$0.00	\$0.00	\$882.83	\$67.53	\$950.36	DD
07/15/2020		\$985.68	86.67	\$151.06	\$12.55	\$0.00	\$1,149.29	\$86.97	\$1,236.26	DD
07/15/2020		\$1,407.13	86.67	\$256.72	\$117.82	\$125.00	\$1,781.67	\$127.29	\$2,033.96	DD
07/15/2020		\$1,313.16	86.67	\$206.97	\$239.58	\$0.00	\$1,759.71	\$116.28	\$1,875.99	DD
07/15/2020		\$1,152.31	86.67	\$148.03	\$116.33	\$125.00	\$1,416.67	\$101.18	\$1,642.85	DD
07/15/2020		\$2,625.88	86.67	\$494.12	\$0.00	\$0.00	\$3,120.00	\$238.68	\$3,358.68	DD
07/15/2020		\$1,402.14	86.67	\$282.26	\$76.60	\$125.00	\$1,761.00	\$128.86	\$2,014.86	DD
07/15/2020		\$404.03	86.67	\$33.47	\$0.00	\$0.00	\$437.50	\$45.28	\$482.78	DD
07/15/2020		\$1,584.93	86.67	\$302.73	\$162.67	\$125.00	\$2,050.33	\$147.43	\$2,322.76	DD
07/15/2020		\$907.40	86.67	\$134.27	\$0.00	\$0.00	\$1,041.67	\$79.69	\$1,121.36	DD
07/15/2020		\$1,668.01	86.67	\$210.26	\$57.69	\$125.00	\$1,935.96	\$143.68	\$2,204.64	DD
07/15/2020		\$730.79	86.67	\$144.84	\$0.00	\$0.00	\$875.63	\$66.99	\$942.62	DD
07/15/2020		\$1,374.23	86.67	\$303.36	\$97.58	\$125.00	\$1,775.17	\$128.70	\$2,028.87	DD
07/15/2020		\$1,353.08	86.67	\$297.01	\$67.95	\$125.00	\$1,718.04	\$126.23	\$1,969.27	DD
07/15/2020		\$1,391.57	86.67	\$252.92	\$89.01	\$125.00	\$1,733.50	\$125.81	\$1,984.31	DD
07/15/2020		\$1,487.32	86.67	\$277.28	\$85.78	\$125.00	\$1,850.38	\$135.29	\$2,110.67	DD
07/15/2020		\$1,384.14	86.67	\$375.57	\$0.00	\$0.00	\$1,759.71	\$134.63	\$1,894.34	DD
07/15/2020		\$1,539.60	86.67	\$315.86	\$0.00	\$0.00	\$1,855.46	\$141.93	\$1,997.39	DD
07/15/2020		\$1,351.47	86.67	\$217.56	\$164.47	\$125.00	\$1,733.50	\$122.64	\$1,981.14	DD
	Totals	\$29,053.89	1906.74	\$5,305.80	\$1,555.62	\$1,500.00	\$35,915.31	\$2,652.88	\$40,068.19	

1 SCHOOL BOARD OF BROWARD COUNTY

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4 AUDIT COMMITTEE MEETING

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11 Monday, September 14th, 2020

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

13

14

HELD VIA MICROSOFT TEAMS

15

all attendees present via virtual platform

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17

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Court Reporter:

19

Emily Scott, stenographic reporter

20

Bass Reporting Service, Inc.

21

633 SE 3rd Avenue, Ste. 200

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Fort Lauderdale, Florida 33316

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1 SCHOOL BOARD MEMBERS:

2 MS. SARAH LEONARDI, School Board Member-Elect

3 COMMITTEE MEMBERS IN ATTENDANCE:

4 MR. ROBERT MAYERSOHN, CHAIR

5 MR. ANDREW MEDVIN, VICE CHAIR

6 MR. ANTHONY DE MEO, CPA

7 MR. MOSES BARNES

8 MS. REBECCA DAHL

9 MS. MARY FERTIG

10 DR. NATHALIE LYNCH-WALSH

11 MS. CONNIE POU

12 MS. PHYLLIS SHAW

13 OFFICE OF THE CHIEF AUDIT STAFF:

14 MR. JORIS JABOUIN, Chief Auditor

15 MS. ALI ARCESE, Manager, Property and Inventory Audits

16 MR. REYNALDO TUNNERMANN, Manager, Charter School Audits

17 MR. ERIC SEIFER, Auditor III

18 MS. KASHAMA PATEL, Auditor III

19 MS. MICHELE MARQUARDT, Executive Secretary

20 MR. BRYAN ERHARD, System Support Specialist II

21 MR. JONATHAN TOLENTINO, Confidential Clerk Specialist C

22 DISTRICT STAFF:

23 MR. JEFF MOQUIN, Chief of Staff

24 MR. DANIEL GOHL, Chief Academic Officer

25 MR. JOHN SULLIVAN, Chief Portfolio Services Office

26 MR. THOMAS COONEY, Assistant General Counsel, Office of
the General Counsel

27 MR. ROBERT F. HAMBERGER, Chief Building Official

28 MR. RONALD MORGAN, Asst. Chief, Building Official -
Inspections

29 MR. FRANK GIRARDI, Executive Director, Office of Chief
Facilities & Construction Management

30 MS. SHELLEY MELONI, Director, Pre-Construction

31 MR. PHILLIP D. KAUFOLD, Director, Construction

32 MR. DAVE ARCHER, Director, Program Controls

33 DR. DONTE COLLINS, Director, Charter Schools Support

34 MS. RHONDA STEPHANIK, Coordinator, Charter Schools
Support

35 MS. BRENDA RIVERA, Charter Schools Support MS. DIVINE AMOAH,

36 Manager, Architectural Engineering MS. DIVINE AMOAH, Manager,

37 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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