DUVAL COUNTY
PUBLIC SCHOOLS

Meeting Minutes

Duval County Public Schools

MAY 25, 2023, AUDIT ADVISORY COMMITTEE MEETING

Committee Members Present: Chair, Paul Numbers, Jr., Steven Apple, Dan Edelman, Mindy Menzel, Mark Sizemore and LaSonja Williams. Duval County School Board Member Chair, Dr. Kelly Coker (ex officio non-voting member).

Committee Members Absent: Monique Thompson

Board Members Present: April A. Carney and Cindy Pearson

Call Meeting to Order:

Chair, Mr. Paul Numbers, called the meeting to order at 11:00 a.m.

<u>APPROVAL OF THE MAY 25, 2023, AGENDA:</u>

Motion:
That the Audit Advisory Committee approve the May 25, 2023, agenda as submitted on May 18, 2023.

Vote Results:
Motion: Mindy Menzel
Second: LaSonja Williams

Mr. Apple requested that the committee not go through every single document as it would consume too much time, causing the committee to extend past the 3-hour scheduled time. He suggested utilizing key highlights or exception-based guidelines during the presentations. There was also a request made by Chair Numbers to get the meeting materials out to everyone as soon as possible to ensure ample time for review and questions.

PASSED: 6-0

<u>PUBLIC COMMENTS:</u>

No public comments

<u>APPROVAL OF MINUTES:</u>

Motion:
That the Audit Advisory Committee approve the following meeting minutes:

- **March 23, 2023 Audit Advisory Committee**
- **April 21, 2023, Audit Advisory Finance Subcommittee**
- **May 18, 2023, Audit Advisory Committee and Duval County School Board Joint Meeting**

Vote Results:

Motion: Dan Edelman
Second: Mark Sizemore

Discussion:

- Mr. Apple inquired if he really nominated himself for the Vice-Chair position. It was decided that Mindy Menzel nominated Mr. Apple. Correction was suggested to be made to the March 23, 2023, Audit Advisory Committee minutes.
- Mr. Numbers stated a correction was needed on the May 18, 2023, minutes to reflect the correct spelling of his last name.

PASSED: 6-0

FINANCE UPDATE AND DISCUSSION

Michelle Begley, Chief Financial Officer (CFO) provided a PowerPoint Presentation to the Committee and Dan Edelman, provided updates from the Finance Subcommittee (see attached). Discussion included the following:

- One mill referendum and estimated property values.
- Overall impact on the revenue to be generated.
- Percentages created and adopted by the School Board and allowed changes.
- The percentages shown were not board approved but were created by internal conversation.
- Charter share is based upon the number of charter schools and will change based upon charter school Full-time equivalent (FTE).
- The one mill is not capital and not subject to the eligibility criteria in Florida Statute 1013.
- Concerns about the district not receiving another letter concerning incorrect calculations.
- The percentages are not in the resolution that the Board approved.
- Method for the distribution percentage for the teacher's category.
- At the time of the campaign, teachers made up 65% of the district's total employees.
- A presentation was made to the Board in which certain people were identified as to how the percentages would be implemented and who could or could not benefit from the one mill referendum.
- Resolution language on how funding would be used.
- Suggestions for ensuring the Committee gets a copy of the presentation and the resolution to provide an understanding of how the funds should be spent.
- Board decision on spending.
- Recommendation that the Board make a formal vote on the percentages of how the funds would be spent.
- Inquiries as to whether the budget is based upon the percentages.
- Certified value and budget building.
- General categories are based upon what is in the referendum.
- Non-salaried categories are potential areas that may receive reductions over time.
- Supplements and negotiation of salaries.
- Concerns of what happens when the funding goes away.

- Anything related to salaries, or any compensation must be negotiated.
- Funds from property tax and how those funds are budgeted.
- The district budget's at 96%.
- Inquiries on budgets for the Audit Advisory Committee (AAC) to review.
- Funds received from the 1 mill will be placed in a separate fund.
- Funds will be accounted for in a separate fund so reports can be easily created for the AAC to report back to the Board.
- Funds spent under Charter.
- Complaints from Charters were shared about the receipt of funds from the district.
- Charter school payments regulated by statute.
- The use of funds from one category to pay for something in previous years or something outside of the category.
- Supplanting concerns.
- Explanation on how the funds are spent. The funds are not spent on replacing programs.
- Suggestions that the Board create very specific guidelines on how the one mill referendum funds should be spent.
- The facilities department keeps a list of things that schools need.
- The Duval County School Board (DCSB) will approve the percentages based upon what the resolution states.
- Criteria for spending and the 5-year capital plan.
- Changes in the way capital funds are spent must be approved by the Board.
- Further clarification requested on the budget, board, and administration process for how arts and athletics funding is implemented.
- Clarification on what the committee is looking for.
- Concerns about the budget starting in July without any specifications.
- The timeline and sign offs for the budget are based upon when the legislative session ends.
- Total budgeted dollars.
- Suggestions for the budget should be built based upon the preliminary budget, no matter when the legislative ends. The timetable should be set.
- The March presentation to the Board consisted of a preliminary revenue projection.
- Statutes require funding to be per FTE.
- Interest was shared on the Board receiving feedback from the committee concerning what is presented to the Board.
- Explanation for why the required local effort funding is decreasing. Rates must be levied to participate in the state funding.
- The legislature in conjunction with the Florida Department of Education determines the millage rates.

The meeting recessed at 11:59 a.m.
The meeting reconvened at 12:08 p.m.

- Dates for board meetings pertaining to the budget are established to fit the statutes.

- An explanation was given on the meeting dates included under the budget timeline and the reasoning behind the meetings.
- An update on budget vacancies was released, next year's proposals and the impact.
- The finance department's total proposed positions for the 2023-2024 year and the number of positions vacant for more than 6 or 9 months.
- Concerns with audit independence.
- Duval County School Board (DCSB) policy regarding nepotism.
- Board review of policies.
- Concerns about current audits.
- Concerns shared about who signs off on the audits.
- Request for the AAC to allow the DCSB to review policies as it relates to the audit sign offs.
- Concerns were shared about the current audits and whether independence issues exist as well as how do they get resolved if they exist.
- Suggestions of the Finance Subcommittee sharing perspective on independence issues.
- Conflict of interest and district wide policy.
- Concerns about all property dollars not included in the analysis.
- The summary of budget analysis was discussed, and concerns were shared about the difficulty of creating a tool that is beneficial to the board in which they can understand.
- Suggestions of making sure the AAC has more detailed information but create a report for the Board that shares areas of focus that includes reasoning and exceptions.
- Suggestions were received from the Board Members present concerning what information presented on the budget analysis during the joint meeting resonated with them the most.
- Board Members shared input on items in which they noticed from the budget analysis that they noticed were not aligned as other districts.
- A variance does not mean a bad thing but understanding the variance is what is important.
- The AAC welcomes any board members that desire to attend the Finance Subcommittee so the budget analysis can be discussed.
- Board Member interest in subcommittees.
- Should the Finance and Evaluation subcommittees be added to the Board Members' list of committees.
- Spend time focusing on fund balance and reserve reporting.
- The variance report is only as good as the explanation.
- Comparability across counties and the fact that everyone accounts for everything differently.
- Decision made to discuss the AAC budget comparison variance survey and narrative during the Finance Subcommittee.

<u>AUDIT UPDATE AND DISCUSSION</u>
Lenia Blades, Internal Board Auditor, gave a high-level update on audits. Ms. Begley joined in sharing background information on the 3 preliminary findings. Discussion included the following:

- The AAC specific audit responsibilities.

LaSonja Williams left at 1:04 p.m.

- The district provided over 700 documents, but the outcome is unknown at this time.

- State regulations were followed with contracts.
- Recommendations to the district were implemented.
- Next year's follow-up and the use of page 2 of the quarterly report to guide through the follow-up.
- Corrective action has not been initiated for fiscal transparency.
- Findings for The Florida Department of Agriculture and Consumer Services Summer Food Service Program (FDACS SFSP) have been corrected.
- Upcoming July reports.
- Request for additional feedback on the format for the audit updates.
- The AAC required reports to the Board concerning activity.
- The Board wants to ensure there is public transparency.
- The AAC Chair will give an oversight of the work being done during regular board meetings.
- How information should be submitted to the Board to educate the Board.
- Identify the points in the policy.
- A request was made to have all documents compiled in one place for all Board Members.
- A request was made to have the quarterly report read and edited before it is placed on the website.
- Agenda recommendations.
- Policy 2.38 has been revised based upon AAC recommendations.
- Policy 7.71 AAC recommendations.
- Request that Ms. Blades work with the Office of General Counsel (OGC) for name change wording to be brought back to the Board.
- Mr. Numbers thanked Mr. Apple for the recommendations on the 1 pager.
- Policy that needs to be enforced to ensure the IBA is aware of all audits within the district.
- The AAC being educated on the mechanics of audits.
- A request will be made to the Superintendent by the Board to get a list of audits.
- Feedback on the required district audits was shared with the AAC.

Mindy Menzel left at 1:28 p.m.

<u>GOVERNANCE</u>

- Attendance at board meetings to provide AAC quarterly reports.
- Next meeting dates August 24, 2023, 11:00 a.m. - 2:00 p.m. and October 26, 2023, 11:00 a.m. – 2:00 p.m.
- Ms. Blades was asked to send an email to ensure there would be a quorum for the meeting.
- Dr. Coker shared notes with the committee to ensure she has captured all requested information, so recommendations are implemented.
- A suggestion was made for Dr. Coker to wait to hear from Monique Thompson and LaSonja Williams before implementing policy changes.
- Dr. Coker thanked the committee members for working with the Board and she shared feedback concerning how the joint meeting was.
- An update was shared with the committee on the action taken for the Board appointed Superintendent.
- The scheduling of the subcommittee meetings will be discussed with Ms. Blades.

- Maintain the 1 mill current reporting.
- Mr. Numbers thanked Chartwells for providing great lunches.

ADJOURNMENT

Motion:
That the Audit Advisory Committee moved to adjourn the meeting at 1:47 p.m.

Vote Results:
Motion: Dan Edelman
Second: Mark Sizemore

PASSED 4-0

MA