



E-AGENDA MANAGER

# Duval County Public Schools

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August 18, 2015, Board Audit Committee

Ms. Cheryl Grymes, Chairman  
Ms. Ashley Smith Juarez, Vice-Chairman  
Ms. Becki Couch  
Mr. Jason Fischer  
Dr. Constance S. Hall  
Mr. Scott Shine  
Ms. Paula D. Wright  
Dr. Nikolai Vitti, Superintendent

ATTENDANCE AT THIS MEETING OF THE DUVAL COUNTY SCHOOL BOARD: All Board Members were present with the exception of Vice-Chairman Ashley Smith Juarez and Board Members Paula Wright and Becki Couch.

Call Meeting To Order

[CALL MEETING TO ORDER](#)

Minutes: The meeting was called to order at 12:00 p.m.

Items To Be Discussed

[AUDIT COMMITTEE- SCHULTZ CENTER](#)

Minutes:

Michelle Begley, Board Internal Auditor, reviewed the Schultz Center Audit Findings. Discussion included the following:

At the May workshop, a tentative plan for the findings was discussed. There were six bulleted items for the audit findings. Ms. Begley has written up each finding and her recommendation to resolve each finding.

- Bullet #1- Relates to the fact that when the Board approved the contract with the Schultz Center, a budget for each program was not included which resulted in the audit finding. Ms. Begley is recommending the Board approve the 2012-2013 budget that was provided by the Schultz Center. This recommendation will require an agenda item to be approved.
- Bullet #2- Ms. Begley selected a sample of 55-60 items to review, which was not done previously, in order to determine that the charges were correct and properly documented. This review will clear the finding.
- Bullet #3- This finding related to the 4.5% management fee which was included in the 2012-2013 contract and began with the 2010-2011 contract. We paid the fee in 2010-2011 but it was not included in the contract. The finding questioned the reasonableness of the management fee amount. There were several items that were provided to the District at little or no cost, such as facility charges and use of the Schultz Center's on-line systems, which would cost more than the management fee paid. Ms. Begley reviewed the facility charges for the 2012-2013, 2013-2014, and 2014-2015 fiscal years. The District paid \$7,300, \$18,300, and \$66,500, respectively, in facility charges to the Schultz Center. In addition, the cost to use the on-line systems was included in 2013-2014 operating agreement in the amount of \$348,288.

Chairman Cheryl Grymes voiced her concern for these charges when we own the building, pay for all the maintenance on the building and we provide staff.

Ms. Begley explained that this was embedded in the 20-year lease agreement.

- Bullet #4- This finding is related to the amount of administrative salaries and benefits that were charged to the District's contract. Based on Ms. Begley's review, a total of 42% of administrative salaries and benefits were actually charged to the contract. Based on only Schultz program revenues, the District's contract generated 87% of these revenues. Therefore, the Schultz Center charged us far below what could have been charged. If the auditors would have had the same documentation as Ms. Begley, there probably would have not been a finding. No further action is needed for this item.
- Bullet #5- This finding related to the catering services. The services were provided as billed. There was a Board-approved procedure that related to the guidelines for catering. The problem with this item was the way the documents were written as to the meetings. The Board approved the guidelines so Ms. Begley could not override these

guidelines to resolve the finding. Ms. Karen Chastain, Chief of Legal Services, and Ms. Begley will work on the agenda item for the finding which requires Board action.

- Bullet #6- This finding is related to Bullet #1. There were two programs that have been part of the contract since 2005-2006 and 2010-2011, respectively, but not included in this budget. Ms. Begley's recommendation is to ratify the prior services and the payment made. Ms. Begley will work with Ms. Chastain on the wording for the finding which requires Board action.

Adjournment

ADJOURNMENT

Minutes:

The meeting was adjourned at 12:44 p.m.

CSM

We Agree on this

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Superintendent

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Chairman