

Allen M. Vann, Chief Auditor  
Office of Management and Compliance Audits

**SUBJECT:            INVESTIGATION OF ALLEGATIONS OF IMPROPRIETY MATER  
                         ACADEMY CHARTER SCHOOL(S) AND ACADEMICA  
                         CORPORATION**

**COMMITTEE:        INNOVATION, EFFICIENCY & GOVERNMENTAL RELATIONS**

The Office of Management and Compliance Audits, functioning in the role of the Inspector General, has completed the subject investigation. It was alleged that senior Mater Academy personnel and the schools' management company, Academica, engaged in illegal acts and unethical business practices. During the course of our investigation, we consulted with the State Attorney General's Office for the Eleventh Judicial Circuit of Florida and the Board Attorney.

Our investigation disclosed no indications of fraud or abuse by staff of the schools; however, we did find questionable business and corporate governance practices, which suggest that the Board and senior management represented by Academica did not adequately fulfill their fiduciary duties. During our investigation, we found undisclosed related party transactions for State and District funded capital outlay programs. This resulted from weak corporate governance: Past and present officers and board members placed in major decision making roles were employed by and/or served on the boards of other Academica controlled schools and had direct ownership in the management company and other undisclosed interests in for profit companies established to lease the facility back to the school(s). We concluded that the schools are paying \$1.3 million per year in excessive facility costs, which it otherwise might have had a permanent equity interest in.

This report will be presented to the Audit Committee at its November 15, 2006 meeting for their discussion and input and subsequently to the School Board at its November 21, 2006 meeting. The report will be distributed and will be placed on file in the Office of the Recording Secretary to the School Board and in the Citizen Information Center. Additional copies will be provided upon request.

**RECOMMENDED:** That The School Board of Miami-Dade County, Florida, receive and file the Investigation of Allegations of Impropriety Mater Academy Charter School(s) and Academica Corporation.