

**MEETING MINUTES
COMMITTEE OF THE BOARD (COB)
January 27, 2009**

PRESENT: Board of Education: Elona Street-Stewart, Tom Conlon, Keith Hardy, Ann Carroll, John Brodrick, Tom Goldstein

Absent: Ms. Kong-Thao
Mr. Conlon left the meeting at 6:30 p.m.

Staff: Lois Rockney, Michael Baumann, Kathy Brown, Jim Engen, Suzanne Kelly, Christine Wroblewski

Other: Chris Omdahl, Raydeene Hagen, Emily Johns

I. CALL TO ORDER

Ms. Street-Stewart, COB Chair, called the meeting to order at 5:45 p.m.

II. AGENDA

1. Financial Audit Report

Chris Omdahl and Raydenne Hagen from KPMG, LLP presented highlights from the financial statements and the opinion for the audit conducted for the year ending June 30, 2008. They stated the audit opinion states the financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and remaining fund information and the respective changes in financial position and, where applicable, cash flows thereof for the year ended June 30, 2008 in conformity with U.S. generally accepted accounting principles.

They reported they had also audited the District's compliance with the U.S. Office of Management and Budget (OMB) Circular A-133 which are applicable to major federal programs for the year ended June 30, 2008. The auditors tested five programs for the fiscal year audit: Title I, Child Nutrition, Title III (ELL), Title II Part A and Special Ed. Five areas of non-compliance were found relative to the audit of these Federal grant programs. Other than these five areas, the District complied, in all material respects, with the requirements applicable to each of its major federal programs. Corrective action plans have been put in place in all areas where non-compliance was found.

One other area audited was a review for Governmental Accounting Standards Board (GASB) Statement # 45 *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as of July 1, 2007. For the year ended June 30, 2008, the District has implemented the requirements of the GASB Statement No. 45.

Administration provided a review of the areas of non-compliance and provided details of the corrective action plans which have been put in place to address them.

QUESTIONS:

- Relative to GASB, the reported increased liability will not at the moment affect the bond rating but may, in future. Administration indicated it will come back to the board with options on how to move forward on this matter at a future meeting.
- Clarification on time and effort certification was provided as to what it specifically means with the auditors providing answers on what the process of verification is and how

reporting is to be done on single and multiple projects providing an adequate audit trail through documenting forms and processes and documenting time/payments properly to meet federal circular specifications.

- An explanation was sought on “material weakness”. The auditors responded that this means looking at whether the accounting systems and the related support for the audit trail is operating adequately to be able to demonstrate that the District complied with the specific provisions of the circular. They clarified further that is more administrative recordkeeping in support of supporting documentation and attention to detail.
- A question was asked regarding supervisory training in order to be sure these matters are properly handled. Administration indicated training is on-going and they are moving toward greater automation of the processes in order to get greater fidelity in documenting this data.
- Clarification was provided on “suspended and disbarred parties”. These are entities the Federal government has listed that recipients of Federal awards cannot do business with.
- Clarification was sought on the effect of the employee retirements. Administration stated relative to the audit this year, the two long term employees leaving and the new accounting standard contributed to the challenge of pulling together the audit. It was not just their leaving but the knowledge they carried of processes which was lost. This led to a domino effect in subsequent personnel moves (11) into different positions. Administration indicated they have implemented an in-depth documentation of processes and procedures around pulling together the financial reporting required by an audit and are moving to address succession planning so that this situation does not arise in future.
- The question was asked why administration is hiring an Accountant V in light of the budget shortfall. Administration responded that in restructuring the business office steps had been taken so that this position will not cost additional dollars (one vacant position will not be filled and another will be restructured). The position is necessary to provide better functioning within the office. Explanation was given as to the knowledge requirements expected of applicants for this position.
- Administration was encouraged to be sure their succession plan addresses not only employees leaving but accident, illness, etc. as well addressing redundancies.
- In response to a question regarding whether future audits look back at the corrective actions taken to correct noted deficiencies. The auditors responded the next year’s audit does review the status of corrective actions taken to be sure they have addressed adequately weaknesses in design and/or operation. Auditors will also look at the financial reporting function as it works in FY 2009, any weaknesses which might be noted in either design, operation, which includes the individuals responsible for that function, will be assessed and reported.

MOTION: Ms. Carroll moved approval of the audit report as presented; motion seconded by Mr. Brodrick.

Motion Passed.

2. Standing Item: School and Program Changes Update
There was no report.

3. Standing Item: Policy Update
No materials were brought forward in this area.

4. Work Session

- **Board Budget Considerations for 2009-10**

Administration provided a recap of the 2007-08 Board of Education budget compared to actual expenditures and a status report of the fiscal year 2008-09 Board of Education Budget as of December 31, 2008. They also provided a projection of the annualized expenditures in the Board of Education Budget compared to the budget of 2008-09.

Administration requested an indication of how the Board budget should change for fiscal year 2009-10 in light of Board initiatives and budget constraints.

Board members requested administration provide:

- Information on the current budget with a breakdown more specifically within the key budget areas (i.e., fees for services [who/what], consultants [who], dues and memberships [who/what] and travel.)
- Board members noted decisions/processes still need to be made around professional and individual development/travel.
- A question was raised on the potential for future fees which might impact the board budget relative to the suggested State program for shared purchasing. Administration indicated that since much of this program is still unknown, it would report back to the Board as more information becomes available.

- **Board Public Engagement**

Board members were presented with drafts of materials regarding the listening sessions which included:

- The listening session process
- Expectations for the listening sessions
- Ground Rules
- A draft of the news release on the listening session
- Copies of the sign-in log and a question submission form

Discussion ensued on the various pieces to provide clarification on all processes involved. It was noted that it should be made very clear that individual comments will not be moved to board action but that an informal summary of comments received will be brought back to Board members in the work session at next feasible COB meeting.

Specific items which were noted were:

- In the opening remarks it should be made clear that questions which are not within the Board's purview should be put onto the question submission form and given to administration to address.
- It is important that board members not take responsibility from the questioner of getting their question addressed within the proper procedure by the appropriate SPPS department/program/etc.
- The purpose as originally defined by the board was noted: *To demonstrate accessibility and willingness to listen to what community members have to say about topics of importance to them.*
- Items which should be on hand for distribution:
 - Board of Education card
 - Strategic Plan, etc.
 - Ombudsperson cards
 - SPPS staff contact information list
 - Sign-in sheet
 - Question submission form
 - Evaluation forms
 - Topic-related talking points
- Costs/other items which need to be considered at some point include: interpreters (\$20/hr. approximately), refreshments (water). A note will be added to the Press Release on who to contact if an interpreter is needed and the timeline to be sure one is available.

Board members were asked to provide feedback on the Protocol, Ground Rules, Press Release and the Evaluation Form (which will be e-mailed to board members). Feedback

on the Press Release should be to Christine Wroblewski by Thursday noon (1/29). Feedback on the remaining items should be provided to Christine Wroblewski by noon on Monday, 2/2.

At this point the Board moved into a practice session for the listening sessions.

- **Board Development**

The Board was provided with a suggested process for reviewing their RFP selection process. The Board proceeded to discuss the five proposals submitted and then moved into the decision process on which would be invited to come before the Board for a face-to-face interview. Two consulting firms were selected for interview.

The interview process was discussed and was decided it would consist of introductions, a presentation by the consulting firm (15 minutes), a question/answer period (20-30 minutes), following which the consultant would be excused and the board would have a brief discussion relative to the presentation. The second consultant would then proceed to be interviewed within the same format. Once the Board has made a decision on which firm they wish to move forward with both firms will be notified within 48 hours of the Board's decision.

The Board secretary was instructed to:

- Schedule the interviews for either February 11 or 13 from 5:00 – 7:30 p.m. with the two selected firms
- Prepare an e-mail which will be sent to the two firms outlining the timeframe and process.
- Call the firms who will not be brought forward for interview and notify them of this fact.
- Notify administration that the Board is looking at a figure in the area of \$15,000-20,000 for the development process.
- Gather questions from Board members for the interview and provide Board with a consolidated list.

Director Goldstein was instructed to review the e-mail prior to its being sent.

Board members were instructed to e-mail any questions they wanted to have addressed during the interviews to the Board secretary by noon, February 4.

- **Board Representation on Outside Committees**

It was decided to put this subject back on later agenda after the Chair returns.

III. ADJOURNMENT

MOTION:	Mr. Hardy moved the meeting adjourn. Motion seconded by Ms. Carroll.
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Motion passed.

The meeting adjourned at 10:05 p.m.

Respectfully submitted,

Marilyn Polsfuss
Assistant Clerk