

Rochester Board of Education  
Audit Committee Meeting of the Whole  
April 7, 2009

Minutes

**Attendance:** Commissioners Williams, Powell, Elliott, Brennan and Board President Evans.  
Board Staff: Ms. Henry-Wheeler and Ms. Lee. **Absent:** Commissioners White and Campos.

Commissioner Williams convened the meeting at 5:07PM.

- I. New Contract for Board Legal Services:** The Board agreed to advance a resolution for Hodgson Russ to perform Board Legal Services at the next Business Meeting.
- II. Capital Projects Discussion:** Ms. Henry-Wheeler discussed the Capital Projects Audit Report and Management Responses received. Discussion of OAG's concerns regarding next steps of the Audit Report process for Board consideration and action is as follows:
- How does OAG forward Audit Reports to the Board?
  - How do we bring closure to Audit Reports?
  - What is OAG's responsibility for obtaining adequate and timely responses from District Management? When does Board and/or Superintendent involvement begin?
  - At what point does the Board say that Management has the right to accept risk and will the Board accept that risk?

Commissioner Elliott asked how much of the issue is the District's resistance to Audit responses and how much is due to Management's incompetence to respond? What about consequences for Management not providing adequate and timely responses to OAG Audits? How does the Board counteract this behavior by Management? Ms. Henry-Wheeler responded that while she doesn't believe that Management is incompetent, there might be an unwillingness to implement OAG's recommendations.

Ms. Henry-Wheeler stated that some of the challenge in the Capital Projects audit seems to be that the department has been operating the same way for so long, there is reluctance to accept change. Commissioner Elliot inquired if there is a consequence if management does not respond to audit recommendations?

Commissioner Williams stated that it is the job of the Auditor General, for the most part, to make recommendations. Ms. Henry-Wheeler stated that the recommendations in the report are clear; however if something specific is requested in a recommendation, it is not a lot to expect that the answer received would actually answer the question asked. Management can choose to live with a risk identified in the report; that is perfectly their decision, however, they must obtain approval from by the Superintendent and the Board must also accept the decision.

Commissioner Powell asked if there is agreement between OAG and administration on what the high risk areas are and is there any agreement on what processes will be used to mitigate those high risk areas. Ms. Henry-Wheeler stated that there is no agreement on the risks or clarity surrounding what will be done.

Commissioner Elliott communicated that her concern is if the Auditor General determines that there is risk, even if there is disagreement, she would like to hear from the District is an explanation as to why there is a risk and why it can't be rectified. Commissioner Evans stated, one of the questions asked by Ms. Henry-Wheeler is what will the Board do when OAG is sensing resistance. He communicated, the only person the Board is responsible for in the District is the Superintendent. If OAG is getting resistance in a department or from a particular staff person, he personally wants to know about it, so that he can go to the Superintendent directly in order for him to address the situation.

Commissioner Powell concluded that there are two definitions of risk. Ms. Henry-Wheeler agreed and stated that the Board must determine what risk it is willing to accept. Is it the expectation that only high risk high probability items will be reviewed or will the District deal with some of higher moderate risk items. The Board and Administration needs to all come together as it relates to the risk tolerance level of the District and that's the heart of the matter. What is the risk tolerance of the District and how do we set it and all agree upon that level?

The Superintendent communicated that there is a larger conversation about the Office of Auditor General and what the Board wishes Administration to do. And there is a line between operations, between implementation and between policies that should be discussed.

Commissioner Powell suggested that rather than adjourning, the meeting should be recessed to another day so that the Board can pick the conversation where it left off. Commissioner Evans asked if the Superintendent and the Auditor General could have a conversation and can bring that back to us. The Superintendent stated that they have monthly meetings and that they have one coming up very soon. A motion to recess the meeting was made and seconded. The meeting was recessed to another date.

**III. Recess/Adjournment:** Meeting adjourned at 6:02PM.