

Rochester Board of Education
 Audit Committee Meeting
 November 7, 2018

Attendance: Commissioner LeBron (Chair), Commissioners, Hallmark, and Powell.
 Financial Expert: Annie Sealy. Deputy Superintendent of Administration Elizabeth Mascitti-Miller. Board Staff: Ms. Henry-Wheeler and Mr. Brown from Office of Auditor General.

Commissioner LeBron convened the meeting at 5:32 PM.

I. Approve Minutes from the September 18, 2018 Meeting: Motion to approve by Commissioner Hallmark and Seconded by Commissioner Lebron. Approved by all present.

II. Audit Risk Assessment Areas:

1 Culture of the District	6 Human Resources
2 Leadership	7 Finance
3 Accountability	8 Placement
4 School Operations and Supervision	9 Special Education
5 Student Achievement	10 Parent Engagement

Ms. Henry-Wheeler resumed the Audit Plan discussion with concerns related to Human Resources. She noted that meeting staffing requirements, monitoring, and the need for all departments to work together effectively despite various physical locations. A significant building level concern was for timely discipline and a significant financial concern was the various departmental and school responsibilities for providing an accurate paycheck.

Ms. Henry-Wheeler discussed financial concerns and explained that fiscal monitoring must include everyone. The current mentality for some leaders is that they spend everything available in the budget. Ms. Mascitti-Miller stated that the district is going to take a hard look at costs and they are monitoring every hire by bringing decisions about hires back to the table without bottle necking the system. Ms. Henry-Wheeler spoke about equity concerns across buildings and inquired about a true-up process to adjust for actual building sizes. Ms. Mascitti-Miller stated that they review staffing regularly in the schools. Commissioner Lebron inquired about a new Director position working with churches and CBO's. Ms. Mascitti-Miller was not aware of the position, but stated that management will always assess before filling positions at schools or central office and offered to invite the Auditor General to an upcoming meeting.

Action: Ms. Mascitti-Miller will invite Ms. Henry-Wheeler when they are performing their true-up work. Commissioner Lebron inquired about the process for creating new positions because they do not go to the Board until a new hire resolution is encountered.

Action: Ms. Mascitti-Miller stated she will check on the process for new positions and the Director position related to CBO's and churches.

Ms. Henry-Wheeler stated that three recurring challenge areas for the district are Student Placement, Special Education, and Parent Engagement.

Rochester Board of Education
Audit Committee Meeting
November 7, 2018

Next, Ms. Henry-Wheeler presented the Audit Plan for 2019. She communicated that the plan is subject to change pending district needs arising from the Distinguished Educators Report. School Innovation has been included based on significant operations, including receivership schools and grant funding. Financial practices, including fiscal accountability and appropriate operating support systems are areas of concern. She mentioned that financial Cyberattacks are increasing and creative. Commissioner Hallmark spoke about the sophistication and tracking of these cyber attackers.

Ms. Henry-Wheeler stated that Teaching and Learning is our core business, so we want to make sure there are systems in place to deliver quality instruction to the district. Commissioner Lebron inquired how there can be instruction without curriculum. Commissioner Hallmark stated there is a lot of flexibility between buildings for good reasons. Commissioner Lebron stated that Dr. Aquino is going to recommend a curriculum adoption, because it is our responsibility as Commissioners to ensure the District has a District wide curriculum. Commissioner Hallmark disagreed. She stated that we have curriculum; the question to ask if it's all the same cookie cutter curriculum. Commissioner Lebron requested that it be reflected in the minutes that we do not have a district wide curriculum but we all have the same poor results for all of our students. Commissioner Hallmark clarified that we need consistent standards, but whether curriculum will be consistent is a different question. Commissioner Hallmark stated that she wanted to make her point.

Ms. Henry-Wheeler stated there were many concerns in Human Resources, since everyone is impacted by the department in areas such as hiring, leave administration and benefits. Labor relations was another key area, due to the interpretation of the union contracts and questions surrounding what can be done verses what we think we can do. We must vet the financial and long term implications of bargaining agreements.

The next area discussed was Consultants and Contractors. This was a significant concern, to understand the control environment for selection, contractual terms, monitoring, and overall spending. Student Activity and Elementary Activity Accounts were mentioned as an area that is audited annually by OAG and Freed Maxick.

Ms. Henry-Wheeler reminded the Committee that work will continue in Purchasing. In the past year, work in Payroll, HR, Purchasing and Claims has occurred to assist with the Comptroller's findings. There were many opportunities in those areas.

It was noted that Parent Engagement had its fourth leader in a short period. The last two leaders were Principals on Assignment, which is generally limited to one year. If we continue this practice, we are going to continue turnover in Parent Engagement.

Commissioner Lebron inquired if the Auditor General was going to merge some of Dr. Aquino's report into the Audit Plan. Ms. Henry-Wheeler stated depending on what is in the final report; we would have to determine what projects need to change.

Rochester Board of Education
Audit Committee Meeting
November 7, 2018

Another key district fiscal concern is confirming orders which is a district process. It was intended to be an exception process, but confirming orders exist in lieu of getting a purchase order, following the proper protocols and ensuring budgetary funding exists. The confirming order requires additional approval before payment, but procedures do not exist to minimize this practice. We also lack visibility and monetary limits to allow this practice. Commissioner Powell spoke of consequences related to Student Activity Funds which come to the Finance Committee quarterly. She noted Finance is extremely reluctant to shut down the activity because it's not administered properly. She would like to see more specific recommendations regarding specific funds with inclusion of either the Audit and/or Finance Committees. She believes that most of the schools have had ample opportunities to mend their ways after being coached and trained all this time. Ms. Henry-Wheeler stated that we have gone into schools and there is so much transition that happens. Ms. Sealy suggested the District consider what is working well in some schools as compared to others and using those practices. Commissioner Powell commented on how the dollars stay the same without activity but we are reluctant to shut it down as long as somebody is signing the appropriate forms. Ms. Henry-Wheeler clarified that there is a dormant account process that exists and when signing up for a club, the student records have to identify what students are engaged.

Commissioner Hallmark inquired about the audit plan listing for the next year. How aggressive is it? How much can you get done? Ms. Henry-Wheeler responded that it is aggressive, but it's subject to change. Commissioner Hallmark asked if it made sense to have less and go deeper. She thought that maybe the best things to focus on would be specifically related to finance which is most of these things. Ms. Henry-Wheeler responded that all of these audits have a finance component, since the organizational outcomes are critically important. You have to deal with curriculum and the rollouts, people, resources, monitoring, and the systems in place. Ms. Henry-Wheeler reiterated: innovation, management, and HR are all financially impacting items and that is what is on the plan.

Commissioner Lebron requested we move on to other Audit concerns. Ms. Henry-Wheeler identified substitute management as a big area that must be managed. This is an area that costs a lot of money. We spent a lot of time in HR this past year just because of the Payroll / HR work from the Comptrollers audit. We started pushing on their monitoring processes.

Commissioner Lebron inquired about our outdated system supporting HCI and Payroll. Ms. Henry-Wheeler clarified that we bought a known enterprise wide system and we were not clear on our operating protocols and procedures or how we wanted certain business processes when we built it. So it was being built and redefined at the same time, when implemented. As we evolve and make changes, we have been customizing the system to meet management requests. Our problem is that even if we go to another system, how much time will it take to figure out all of the extra things implemented. Commissioner Lebron said it would take years and a comprehensive IT plan. She spoke about multiple logons, training, merger of records, cutover, and the involvement of everyone. Commissioner Powell spoke about the implementation of PeopleSoft.

Rochester Board of Education
Audit Committee Meeting
November 7, 2018

The approach to implement integrated systems is for non-computer savvy users to not try to make the system fit what people are accustomed to doing. We have another opportunity to take what is off the shelf and do a lot less customizing and that will keep the price tag affordable. We have to try to change our culture. Mr. Brown added we have not used the features within existing system capabilities to leverage them within the organization. Commissioner Lebron stated that this came up similarly with the PCARD receipts and the bank. There was a feature never activated or turned on.

Commissioner Lebron requested a motion to accept the audit plan and advance it to the Board. Commissioner Hallmark made the motion and it was accepted.

Ms. Henry-Wheeler reminded the Committee she will hand out the hard copy of CAFR for Board members at the next Board meeting.

Motion to adjourn by Commissioner Hallmark at 6:34 PM and it was agreed by all present.