

**Montgomery County Board of Education
Audit Committee Minutes**

October 8, 2007

A meeting of the Montgomery County Board of Education was held at the Carver Educational Services Center in Room 120 on Monday, October 8, 2007. In attendance were:

Members: Mr. Christopher Barclay, Chair
 Mr. Steve Abrams, Member
 Mrs. Patricia O'Neill, Member
 Ms. Sharon Cox

Staff: Mr. Larry Bowers, Chief Operating Officer
 Mr. Roger Pisha, Audit Supervisor
 Ms. Susan DeGraba, Chief Financial Officer
 Mr. Phil McGaughey, Director of Procurement
 Mr. G. Wesley Girling, Director, Vendor Relations
 Mr. Roland Ikheloa, Chief of Staff

The meeting was called to order by Mr. Barclay, chair, at 9:02 a.m.

Approval of Minutes

The Audit Committee members voted unanimously to approve the July 23, 2007, minutes as submitted.

Protocols for the Procurement of Services Provided by Outside Consultants

On January 18, 2007, the Board passed a resolution to direct the Audit Committee to consider protocols for the procurement of outside facilitators/consultants with a recommendation for approval to be codified in the Board's Handbook. Staff was asked to bring recommendations to the Audit Committee.

The Audit Committee members were apprised of the current practices being used by the school system to hire outside consultants/facilitators. Those practices are that consultant fees under \$600.00 are covered by purchase orders, fees over \$600.00 but less than \$25,000 are signed off by the Division of Procurement, and rates exceeding \$25,000 need to go through the bid process. Managers are encouraged to seek a couple of quotes for amounts between \$7,500.00 and \$25,000. According to MCPS staff, under state law however, MCPS is not required to competitively bid for professional services and consultants.

The Audit Committee requested a breakdown in consultant services and how they breakout into the three categories. Doing this would help the system to see if we are aligning with school systems priorities, and if it would be more cost effective to go in-house. The committee agreed that this would be a good place to monitor and help utilize technology to make the system more efficient. The committee concluded that they will need more information in order to look at whether or not to change the current protocols being used by the system.

Brief Updates

Independent Activity Funds (IAF) Reports

MCPS staff informed the Audit Committee members that they have entered the early stages of discussion in Phase Two of moving IAF into the new Financial Management System (FMS). The plans are for a pilot program of nine schools (three at each level) to begin in January 2008 for the remainder of the fiscal year and then look at expansion depending on the results.

The committee also was updated on Churchill's financial situation. According to staff the school is improving on its financial practices, but the issue will not be solved overnight and auditors are working closely with the business manager to make sure proper procedures are being followed. A question was raised regarding textbook funds being put into schools' IAF accounts. Staff informed the committee members that the only money in the IAF is from monies collected for lost textbooks.

Staff will continue to update the committee on the progress of those schools who currently have deficits, on the integration of the IAF into FMS, and on reports from the pilot program.

Annual Financial Report

Staff informed the Audit Committee members that the annual financial report has been completed and that Board members will have copies of the report by the end of the day.

Award of Contracts

According to staff, MCPS worked collaboratively with several county agencies in a joint competitive bid effort that sought proposals to administer the prescription drug coverage component of the benefits programs provided to these agencies, as well as proposals to provide medical coverage to employees and retirees. As the result of these negotiations, a three-year prescription contract would save Montgomery County Public Schools three million dollars and would save the county 12 million dollars. Other jurisdictions are looking at the processes that were used here. Staff also discussed with committee members their recommended award of contracts that would be going to the Board of Education's business meeting on October 9, 2007.

Two major insurance carriers are looking at a Web based system to help employees monitor their medical records. Staff was asked by the committee to continue to monitor the progress of these groups and to update the committee.

Recommendations on a Job Description for the Fiscal Analyst Position

The Audit Committee was given the task to come up with a job description for the fiscal analyst position in the Office of the Board of Education. The committee had a lengthy discussion on the expectations for the position, as well as the roles and responsibilities for the position. One concern raised was ensuring that there are enough tasks for the staff person to perform. Some tasks and responsibilities of the position would be budget analysis; helping to communicate issues regarding budget to the community; attending worksessions and committee meetings of the County Council; support the work of the Audit Committee; supporting the Staff Assistant for Legislative and Inter-Governmental Relations in order to provide appropriate fiscal analysis and data.

The committee members agreed that the Chair would write a memo to the board with what it sees as the functions of the position. The committee had no recommendations regarding a job description, preferring to bring the discussion to the full Board at the next meeting.

Review of Audit Committee Charge and Recommendations for Change

The Board president in a memorandum to Members of the Board of Education requested each committee to review its charge and report back to the full Board its recommendations.

The committee members discussed the maturing of board committees and the purpose of the Audit Committee in taking on more work, including budget analysis. The committee agreed that the committee charge would not have to be changed and that they have no recommendations for the full Board on the charge of the committee.

A work plan for the committee would need to be established.

Next Steps and Adjournment

- 1) Middle School Magnet Transportation – include appropriate staff.
- 2) Budget Items – What staff might be expecting this budget session.
- 3) Provide committee with data on cost and use of defibrillators since introduction into every high school.
- 4) Breakdown on actual/estimated expenses of consulting services by category of service and the three expense categories.
- 5) Staff asked to update members on progress of insurance carriers to provide Web-based monitoring systems

The meeting was adjourned at 11:02 a.m.

Recorder: Becky Gibson