

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

**July 22, 2008**

A meeting of the Montgomery County Board of Education Audit Committee was held at the Carver Educational Services Center in Room 120 on Tuesday, July 22, 2008. In attendance were:

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

Staff: Mr. Larry Bowers, Chief Operating Officer  
Mr. Sherwin Collette, Chief Technology Officer  
Ms. Sue DeGraba, Chief Financial Officer  
Mr. Roger Pisha, Audit Supervisor  
Mr. Robert Doody, Controller  
Mr. Rick Johnstone, Director, Benefits and Vendors  
Ms. Laura Steinberg, Staff Assistant

The meeting was called to order by Mr. Christopher Barclay, Chair, at 9:08 a.m.

**Approval of May 19, 2008 Minutes**

The Audit Committee members voted unanimously to approve the May 19, 2008, minutes as submitted.

**403(b) Web site; Common Remitter**

The educational website is up and running, vendors are participating to get the message out about specific vendors, products, education, and general information.

In compliance with new regulations that would require an employer greater responsibility in the management of 403(b) and 457(b) plans, a request for proposal went to the nine approved defined contribution vendors regarding their ability to provide a common remitter at no additional cost to employees. Out of the nine vendors only four had a remitter; however the others were willing to participate and work with those companies that offer a remitter. Four vendors (AIG Retirement Services, Lincoln Financial, ING, and Lincoln Investment Planning) were interviewed by MCPS staff.

MCPS staff recommended AIG Retirement Services as the company to provide common remitting and administrative services as it had the most robust and user friendly program.

The audit committee members voted to approve the recommendation to the full Board at its August 21, 2008, Board meeting. The committee members also deemed it helpful to talk with the Maryland Association of Boards of Education regarding other counties that may be looking at a common remitter.

### **Independent Activity Fund Committee Report**

The Independent Activity Fund (AIF) committee was formed to provide a forum for making recommendations to ensure that principals and other financial staff are able to meet their IAF fiduciary responsibilities. The IAF committee presented the audit committee with their report.

The IAF committee members found that a need for training, clarity, sharing of best practices, technology support, monitoring, and consistency among auditors were some of the main concerns. A financial manual is currently in the beginning draft stage and should address some of these issues. The manual should be available by the second semester at the earliest. A year out from now results and outcomes of next year's audits will be given to principals as a guide.

Chief Operating Officer will send the committee a copy of the action plan going to principals.

### **Review Name and Charge of Committee**

The chair of the audit committee submitted a proposed draft resolution on a reconstituted Audit Committee, renamed the Fiscal Management Committee with a broadened charge to include oversight of the Board's operating and capital budgets. The committee discussed other possible names but agreed on Fiscal Management. Internal and external audits would remain the primary function of the committee but the committee work plan will also be aligned with the Board's mission. The audit committee members adopted the proposed resolution and moved to bring the resolution to the full Board at its July 28, 2008 meeting.

### **Transportation and Other Costs**

One committee member asked if there is any merit in looking at a contingency plan to address transportation or other costs. Given that some county governments are moving to a four day work week, should the school system be thinking of options for additional cost savings. The chair suggested that moving to less than a five day week and making use of technology should be a discussion for the full board.

### **21<sup>st</sup> Century Interactive Classroom Technology**

The Chief Technology Officer updated the audit committee members on the implementation of the 21<sup>st</sup> Century Interactive Classroom Technology. The installation is projected to be completed before December 12, 2008. An early hardware defect was corrected at no added cost by the supplier. They are working on middle schools first, with high schools to follow, with the exception of Walter Johnson which is under construction. The technology office is working and training a core group in each school to develop models. Four or five boards are at each school with at least one placed in a lab.

Ongoing support is always a concern particularly with hardware. Phone support is needed in addition to on site technical support. The chief technology officer will have an update to the audit committee in January regarding professional development.

### **Summary of Actions and Follow-ups**

- 1) Common remitter recommendation to the August Board meeting
- 2) Elementary schools and the banks accounting what is using
- 3) Chief Operating Officer's memo to principals
- 4) Bring back to committee – will expect to see improvement based on work and training along with an understanding of the timeline for the new financial manual
- 5) Committee name change recommendation to the July Board meeting
- 6) Continue to receive updates on the progress of the Interactive Classroom

The meeting was adjourned at 10:46 a.m.

Recorder: Becky Gibson