

Montgomery County Board of Education  
Fiscal Management Committee Meeting

January 22, 2010

A meeting of the Montgomery County Board of Education Fiscal Management Committee was held at the Carver Educational Services Center in room 120 on Friday, January 22, 2010. In attendance were:

Members: Mr. Christopher Barclay, Chair  
Mr. Philip Kauffman, Member  
Mr. Michael Durso, Member

Staff: Mr. Larry A. Bowers, Chief Operating Officer  
Ms. Susan Marks, Associate Superintendent, Human Resources  
Mr. Roger Pisha, Supervisor, Internal Audit Unit  
Mr. Robert Doody, Controller, Division of the Controller  
Mr. Roland Ikheloa, Chief of Staff, Board of Education  
Mr. John Kevin, Investment Specialist, Department of Financial Services  
Mr. Richard Johnstone, Director I, Benefits Strategy and Vendor Relations  
Mr. Marshall Spatz, Director, Management Budget and Planning  
Ms. Carol Hurley, Supervisor, Management Budget and Planning  
Mr. Travis Wiebe, Staffing Coordinator, Recruitment and Staffing  
Ms. Grace Bestland, Development Project Manager, Department of Information and Application Services  
Mr. Gary Levine, Administrator on Special Assignment, Employee Services Administration

The meeting was called to order by Mr. Christopher Barclay, at 10:05 a.m.

The chair welcomed Mr. Michael Durso to his first Fiscal Management Committee meeting as a new member of the committee.

**Approval of Meeting Minutes**

The meeting minutes for November 23, 2009, were approved as submitted.

**Defined Contribution, RFP Update**

The committee heard a brief update on a pending Request for Proposal (RFP) on the Montgomery County Public Schools' (MCPS) defined contribution plans. MCPS issued the RFP January 13, 2010, to cover investments, recordkeeping, and common remitter/administrative services to MCPS and Mercer Consulting is retained as the RFP consultant. The RFP objectives include: continuation of investment product improvement initiated in 2007; elimination of all withdrawal restrictions (timing and financial penalties); complete control of assets by MCPS; and employees ability to move assets held in older investments to newer, less restrictive and less costly investments, without restriction within same firm. Staff stated that vendor reduction is not an objective of the RFP. Staff also stated that the five-year contract will be an incentive for vendors to offer competitive investment products and pricing. MCPS expects most of the vendors to offer mutual funds with/without investment advisory fee. The contract is expected to be awarded in late spring 2010 with a contract start date of January 1, 2011. The committee will be updated on the process in the spring.

**Pharmacy Audit, RFP Update**

Staff from the Employee and Retiree Services Center (ERSC) updated the committee on an RFP that has been out for audit of MCPS' prescription vendor – Caremark – for MCPS employee and retiree claims, as well as rebates. The RFP was sent out in December and ERSC received 13 proposals. After a review of the submissions, four finalists were chosen and interviews were conducted on January 8. Clifton Gunderson was selected as the vendor to conduct the audit and will be brought to the full Board on February 9, 2010. MCPS staff noted that all four finalists were viewed as being strong performers for this function. In addition to other criteria, such as experience, depth of knowledge, meeting our timetables, and thoroughness of their proposals, Clifton Gunderson also was the lowest priced bid at \$61,850. All vendors who submitted proposals offered savings found as a result of the audit would more than cover the contract costs associated with the audit; the net effect is that MCPS would have no net expense as a result. ERSC expects the audit to be completed by mid-June and will report back to the committee on the findings. As a related item, the committee also was made aware of a proposal from Caremark on restructuring its offerings that would save MCPS \$12 million over the next three years.

**Applicant Tracking System Demonstration**

The committee viewed a PowerPoint presentation on the school system's new online Applicant Tracking System. It is now fully functional and has enabled MCPS to streamline its hiring process and provide increased visibility of job postings which has resulted in a greater number of qualified candidates. MCPS staff shared that the new online system has increased the transparency of the hiring process and improved internal/external candidate communication. In response to questions by Board members, staff assured the committee that resources are in place to ensure that everyone has full, unimpeded ability to use the application. This was as a result of concerns raised about the ability of employees with limited English skills to use the system. With the implementation of this system, the MCPS employee application process is completely automated; no paper applications are being accepted.

**Master Lease, RFP Update**

The committee was briefed on the status of an RFP regarding the school system's master lease. The current master lease will expire at the end of this year. The process to replace the current master lease will begin in February 2010 and an RFP will be issued in March 2010. Recommendations to the committee and the Board will be made by June 2010.

**Financial Manual Update**

MCPS staff presented a status report on the Financial Manual. The manual, which will be electronic and searchable, is anticipated to be completed by July 2010. Staff continues to work on the 22 chapters. The manual will be used internally by staff for training and informational purposes.

**Continuing Salaries Lapse and Turnover**

Committee members were given a presentation on how continuing salaries lapse and turnover calculations are made and the assumptions that go into making these calculations. Continuing salaries costs include step increases, longevity for years of service, salary supplements, and other adjustments.

**OLA Audit Recommendations Progress Report**

Staff also reported on the progress of the state's Office of Legislative Audit's (OLA) recommendations for the record. The OLA report was published in January 2009 and a list of recommendations were given to MCPS. The fiscal management committee receives ongoing updates as to the progress of these recommendations including the pharmacy audit, confidential hot line, policy for governing long-term obligations, and automated work order system.

**FY 2011 Operating and Capital Budget Updates**

MCPS staff updated the committee on state funding issues with respect to the FY 2011 Operating Budget. A memorandum will be going to the Board members on the operating budget and State aid.

**Summary of Actions and Follow-ups**

- 1) Bring pharmacy audit results to the committee in June
- 2) Bring recommendations to the committee and the Board on the master lease in June
- 3) Memo being sent to Board members regarding the operating budget and State aid.

The meeting was adjourned at 11:56 a.m.

Recorder: Becky Gibson