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Finance, Audit and Department Matters Committee Meeting

**Wednesday, March 11, 2009
Room 321, State Office Building
165 Capitol Avenue, Hartford**

**Draft Minutes
Subject to Revision**

Members Present: Mrs. Patricia B. Luke, Chair
Mrs. Kathleen P. O'Connor
Mr. Allan B. Taylor

Others Present: Dr. Mark McQuillan, Commissioner (arrival time 10:11 a.m.)
Ms. Pamela V. Bergin, Assistant to the Commissioner and
State Board of Education
Ms. Sharon Gaddy, Equal Employment Opportunity Director
Mr. Raymond Inzero, Sr., Chief, Office of Internal Audit
Mr. Brian Mahoney, Chief Financial Officer

Members Absent: none

The meeting was called to order at 9.36 a.m.

I. Approval of Minutes – December 11, 2008

A motion was made by Mr. Taylor, seconded by Mrs. Luke, and unanimously adopted to approve the minutes of the Finance, Audit and Department Matters Committee meeting on December 11, 2008.

Vote: Yes: 2 Mrs. Luke, Mr. Taylor
No: 0
Abstained: 1 Mrs. O'Connor
Absent: 0

II. Finance Agenda Items (Mr. Brian Mahoney)

a) General Finance and Budget Matters/Status

Mr. Mahoney provided the Committee members with two handouts dated March 11, 2009. The first handout summarized the Department's position count, appropriations, grant distributions and provided information concerning District Reference Groups (DRG). The second handout summarized current and proposed impacts to the 2008-09 accounts contained in the Governor's Mitigation Plan. Mr. Mahoney provided a brief overview of the Department's financial status to update Mrs. O'Connor who is a new Board and Committee member.

Mrs. Luke inquired about the use of the federal stimulus money. A brief discussion followed.

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III. Affirmative Action Agenda Items (Mrs. Sharon Gaddy)

a) General Affirmative Action - Status

Ms. Gaddy provided Committee members with a handout entitled “SDE Affirmative Action Log, March 1, 2008 – February 28, 2009.” A discussion followed concerning pending complaints. Ms. Gaddy explained initiatives to educate employees about the benefits of using the Affirmative Action Office rather than going directly to CHRO. Also, training is being planned for Administrative Council. The Affirmative Action Office is also working with CREC on a recruitment fair for CTHSS.

Ms. Gaddy indicated she was working with Mr. Mahoney’s office on the contract compliance issues with the school districts. Mr. Taylor inquired about the nature of these issues. Mr. Mahoney explained that an effort was underway to relieve the districts of certain burdensome filing requirements for district contracts and relief is sought through CHRO.

Mrs. Luke inquired about the status of the Department’s Affirmative Action Plan and Ms. Gaddy provided a brief update. Mr. Taylor asked about the number of complaints, about 25%, are with Goodwin Technical High School. Ms. Gaddy explained that most complaints involving SDE are associated with the CTHSS due to the size and nature of the operation. She did not feel that there was a particular ongoing problem with Goodwin Technical High School however.

III. Office of Internal Audit Agenda Items (Mr. Ray Inzero)

Mr. Inzero provided a brief overview of the Office of Internal Audit (OIA) to supplement information previously provided by Mrs. Luke to Mrs. O’Connor.

a) Migrant Education Program (MEP) – Status

Mr. Taylor provided a brief overview of the recent meeting with Dr. Swaminathan of UCONN concerning the MEP. He also provided some background information to update Mrs. O’Connor. Commissioner McQuillan provided additional insight into the MEP and discussed next steps in the process.

b) Norwalk Special Education

Mr. Inzero discussed a complaint that OIA had worked with the Attorney General’s Office and the Auditors of Public Accounts. The matter has been resolved and closed.

c) State Auditor Findings – Federal Single Audit

The Committee members discussed the audit findings contained in their packets. Mr. Mahoney indicated that the coding structure for grants will be updated for auditors. Mr. Taylor suggested that CPA firms receive some training. Mr. Inzero explained that the Office of Policy and Management (OPM) does advise the CPA firms and that he will be meeting with OPM and will mention this issue.

Mrs. Luke asked if OIA could include some testing of grants such as IDEA to address the issue of internal control over subgrant funding distribution identified by the State Auditors. Mr. Inzero indicated that the Annual Audit Plan is being developed and a testing process can be included in the Plan.

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- d) SERC Audit Issues
Mr. Inzero updated Committee members on the status of issues identified by the State Auditors concerning the SDE's relationship with SERC. These issues include defining SERC as an entity and the SDE's oversight role. A brief discussion followed.
- e) Annual Audit Plan
The Committee members were advised that the Annual Audit Plan for 2009-2010 is being prepared and that the input from Board members and SDE management concerning audit areas is welcome. The Commissioner suggested that OIA include oversight activity involving the ARRA stimulus funds as an area in the Plan. Mrs. Luke suggested that, in light of the issues associated with MEP, OIA should consider increasing the oversight of contractors. Mr. Inzero stated that he will include the above areas in the Plan.
- f) Open Choice Transportation Grant – CREC and CES
Mr. Inzero updated the committee that OIA is reviewing requests from the RESCs to fund the transportation deficits. A brief discussion followed.
- g) Federal Monitoring Visit – Title II, Part A – Improving Teacher Quality
The Committee members were advised of the upcoming federal monitoring visit.
- h) RESC Magnet School Audit – CES Regional Center for the Arts
The Committee members were advised that OIA has selected this school for a comprehensive financial audit in compliance with recent legislation. The Commissioner asked that, due to the small size of this program, OIA perform the audit.
- i) Quality Control Reviews of CPA Workpapers – Status
Mr. Inzero advised the committee members that this initiative is on hold pending resolution of budget issues.
- j) School Construction Audits – Status
Mr. Inzero provided a brief update to the Committee members concerning several RESC Magnet School Construction audits. A brief discussion followed.

V. Other Matters

Mr. Inzero advised the Committee members of an old case involving theft of the student activity funds at a Technical School. This case is coming up and OIA is working with the state police and prosecutor's office.

At 11:12 a.m. motion was made by Mrs. Luke and seconded by Mr. Taylor, and unanimously adopted to adjourn the Finance, Audit and Department Matters Committee meeting.

Recorded by Patricia Johnson, Secretary, Office of Internal Audit