



STATE OF CONNECTICUT
DEPARTMENT OF EDUCATION



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

FROM: Mr. Raymond T. Inzero, Sr., Chief *Raymond T. Inzero Sr.*
Office of Internal Audit

DATE: January 5, 2010

SUBJECT: Draft Minutes – Finance, Audit and Department Matters Committee Meeting
Wednesday, December 9, 2009

Attached are the draft minutes of the Finance, Audit and Department Matters Committee meeting held on Wednesday, December 9, 2009.

RI:pj
cc: Dr. Mark K. McQuillan
Mr. George A. Coleman
Ms. Pamela V. Bergin
Mr. Brian Mahoney

Attachment

Finance, Audit and Department Matters Committee Meeting

**Wednesday, December 9, 2009
Room 321, State Office Building
165 Capitol Avenue, Hartford**

**Draft Minutes
Subject to Revision**

Members Present: Mrs. Patricia B. Luke, Chair
Mr. Allan B. Taylor

Others Present: Mr. Raymond Inzero, Sr., Chief, Office of Internal Audit
Mr. Brian Mahoney, Chief Financial Officer

Members Absent: Mrs. Kathleen O'Connor

The meeting was called to order at 2:10p.m.

I. Approval of Minutes – September 10, 2009

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 September 10, 2009.

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

II. Finance (Mr. Brian Mahoney)

a) Governor's Mitigation Plan for Fiscal Year 2009-10

Mr. Mahoney distributed paperwork regarding the Governor's Deficit Mitigation Plan. He explained the impact of the plan and he discussed the reduction of approximately \$500,000 from the American School of the Deaf which the SDE includes in the IDEA Maintenance of Effort (MOE).

Mr. Mahoney explained and the Committee discussed the suspension of the Licensed Practical Nursing (LPN) Program, the Department's plans for transitioning out of the program and the CTHSS Superintendent's correspondence explaining this issue. It was noted that the Governor does not need legislative approval to suspend the LPN program.

Mr. Mahoney briefed the Committee members about the Eli Whitney and Wilcox school construction projects. The Department of Public Works (DPW) is the project manager for the projects, but we provide them with the order in which projects should be completed. Mr. Inzero noted that the State Auditors may be looking at the CTHSS renovations and the relationship between SDE and DPW.

Mrs. Luke inquired about the status of the Affirmative Action Officer position. Mr. Mahoney stated that the position is now on the DAS Web site, with an application deadline of December 14. Ms. Sharon Gaddy's approval as a temporary worker retiree ends on December 31.

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

- a) Maintenance of Effort (MOE) – IDEA
Mr. Inzero advised the Committee members concerning the state-level MOE requirement under IDEA Part B. A discussion occurred about the impact to MOE of the state budget reduction to the state-funded Excess Cost grant. The Committee members were advised that the Commissioner is concerned about the potential penalties associated with not meeting the MOE requirement. The SDE may consider requesting a waiver from the MOE requirement due to an unforeseen decline in the financial resources of the State.
- b) Sheff Transportation Review (Hartford Public Schools)
The OIA is reviewing Hartford's projection of deficits for interdistrict magnet school transportation. CREC will take over this transportation program in the second half of the year changing the deficit projections. OIA will have a report in a few weeks.
- c) RESC Transportation Deficit Reviews (CREC, ACES and CES)
There have been additional requests for OIA reviews of transportation deficits which include CREC (\$900,000 for 2008-2009 interdistrict magnet), ACES (\$300,000 for Open Choice Transportation), and CES (\$181,000 for Open Choice Transportation.) Ms. Luke and Mr. Taylor agreed that OIA should perform these reviews.
- d) Migrant Education Program – Status
The Committee unanimously voted to move into executive session at 2:50p.m. for the purpose of discussing matters defined in subsection (e) of Section 10-255a of the Connecticut General Statutes (C.G.S.), specifically, pending litigation (Migrant Education Program).

Present at executive session were Committee members: Mr. Taylor, and Mrs. Luke. Also present were Mr. Raymond Inzero, Chief, Office of Internal Audit and Mr. Brian Mahoney, Chief Financial Officer of the SDE.

By unanimous consent, the Committee voted to adjourn its executive session and reconvene in public session at 3:05p.m. Present Mr. Taylor and Mrs. Luke.

- e) Federal Single Audit Findings and Corrective Action Status
Mr. Inzero stated that the audit was performed by the Auditors of Public Accounts. The four issues cited are all resolved and closed.

f) Other Federal Program Monitoring/Audit Actions

Mr. Inzero explained that the federal auditors were here last week reviewing the ARRA USDA Equipment funds (school nutrition) for LEAs and CTHSS. They found everything to be in order.

Mr. Inzero also stated that the Perkins onsite audit was completed and technical changes were requested. Overall, it was a very good review and we are currently addressing the issues. A federal IDEA monitoring visit is planned for October 2010.

g) ARRA Funds Audit and Accountability Activities

Mr. Inzero explained that OIA developed a program to review the Department's ARRA Data Quality Plan. OIA will wait until after the second quarter reporting period to conduct this review. OIA is currently reviewing the Title I calculation including the ARRA portion. OIA is developing a program to review the ARRA grants in the local school districts with our program offices. CPAs are calling with numerous ARRA questions, and OIA is working with various SDE ARRA workgroups including the Commissioner's ARRA Guidance Committee and the ARRA Reports Committee.

h) Draft Audit Report - CES Magnet Regional Center for the Arts

Mr. Inzero updated the committee on the magnet school that was randomly selected for audit. The audit has been completed, and CES agreed with the findings. One of the findings was the number of students for which the grant was calculated was overstated by 22 students resulting in an overpayment of approximately \$100,000. Mrs. Luke inquired about repayment by CES. Mr. Inzero replied that this issue will need to be discussed with the SDE Finance office and the Magnet program office since the student count variance could apply to other magnet schools.

i) School Construction Audits - Status

Mr. Inzero mentioned that the OIA is on target and proceeding with school construction audits. There are some large audits of \$1 million or more.

j) Other Office of Internal Audit Activities - Status

Mr. Inzero explained that the OIA has completed the review of the revised fixed 2009-10 ECS grant. Also, the OIA is involved in the charter renewal process with program managers. Calculation forms reviews are on target and OIA is working on CTHSS/JM Wright inventories and recently finished a compliance review of Bristol Tech.

Mr. Inzero stated that the OIA did not yet begin the contractor/grantee analysis or the quality control review of the CPA work papers. This effort has been delayed by OPM due to budget issues.

IV. Other Matters

Mr. Inzero advised the Committee that the Auditors of Public Accounts may issue a finding concerning management organizations associated with charter schools involving charter board members serving on the management organization board. Other issues with charters include management fees in related party situations and fund transfers between charters. OIA is involved with the State auditors and program managers in examining these issues.

Mr. Inzero briefed the Committee on a potential State Auditor finding on the Title I calculations involving significant changes in the enrollment definition. Basically, the auditor notes that if grades are added to a charter school, federal guidance provides for a change in the formula. Procedures will be developed to address this issue.

At 3:20p.m. the meeting was adjourned by unanimous consent.

Recorded by Karen Kowalski, Office Supervisor, Office of the Chief Financial Officer

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