

Finance, Audit and Department Matters Committee Meeting

Wednesday, December 12, 2012
Room 321, State Office Building
165 Capitol Avenue, Hartford

Approved Minutes

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

Others Present: Mr. Stefan Pryor
Ms. Pamela V. Charland
Mr. Levy Gillespie
Mr. Richard LeMay
Mr. Brian Mahoney

Members Absent: Mr. Stephen P. Wright

The meeting was called to order at 9:39a.m.

I. State and Federal Audit Reviews (**Commissioner Stefan Pryor**)

- a) The Commissioner and Mr. Mahoney gave a brief history of the State Education Resource Center (SERC) and its relationship with the Connecticut State Department of Education (CSDE), including recent activities and questions. Additionally, he presented a conceptual framework for a possible statutory proposal which is intended to further define and clarify SERC as an entity and its relationship with the CSDE. The Department proposes to move this proposal forward during the next legislative session.

II. Approval of Minutes – September 13, 2012

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 13, 2012.

Vote: Yes: Mrs. Luke, Mr. Taylor
No: 0
Abstained: 0
Absent: 1

III. Office of Internal Audit Agenda Items (**Mr. Richard LeMay**)

- a) Office of Internal Audit Personnel Issues Update:
 1. Director of the Office of Internal Audit
The Committee was updated on the status of the position of Director of the Office of Internal Audit. Mrs. Luke indicated that the screening committee has proposed a candidate for the Commissioner's review.
 2. School Construction Auditors
Mr. LeMay indicated that the two Auditors are working on several different projects in various towns. They are in the process of issuing reports based on their on-site reviews of the school construction projects. It is anticipated that several audits will be issued by the end of January.

b) ARRA Update

1. Education Jobs Fund Program

Mr. LeMay updated the Committee that the Office of Internal Audit sent out questionnaires to the Districts. Based on their responses nine Districts were selected for on-site review. These audits will be completed within the next week and a final report will be issued at that time.

c) CTHSS Audit Activities

1. Howell Cheney – Missing Inventory

Mr. Lemay provided information regarding three missing inventory items in the Media Production shop at the school. These items were small in size but very expensive equipment. The Auditors from the Office of Internal Audit went to the school to review the shop's procedures for control of these types of assets. Mr. LeMay went further to explain that the shop has instituted new procedures which the Office of Internal Audit reviewed and no additional equipment has gone missing. Mrs. Luke asked why new inventory procedures implemented earlier throughout the system did not protect against this loss.

Mrs. Luke and Mr. Taylor inquired if the newer procedures have been implemented across the CTHSS. If not, they went further to suggest that these procedures be shared with other schools in the system through the CTHSS Central Office.

2. Platt Technical – Full On-site Review for January 2013

Mr. LeMay stated that a full audit review for the school will be performed in the beginning of January 2013.

3. Review and Update of CO-853 Lost Report and Vehicle Damage Claim Submission Procedures

Mr. LeMay updated the Committee that the Office of Internal Audit in conjunction with the Bureau of Fiscal Services has reviewed and revised the procedures for submitting CO-853 (Report of Loss or Damage to State Owned Real and Personal Property) and vehicle damage claim reports.

d) Inventory Issues

1. Follow-up on Hartford and Middletown Central Office Inventories

Mr. Lemay discussed the process with Hartford and Central offices inventory reviews.

2. Norwich and Ella T. Grasso Southeastern Technical High Schools Inventories

The inventories for the two Technical High Schools noted above were completed by members of the Bureau of Fiscal Services. Their findings were reviewed by this office and the associated CO-853 report forms (Report of Loss or Damage to State Owned Real and Personal Property) were forwarded to the appropriate parties.

3. Connecticut Aero Technical School (Cheney Technical High School)

Mr. Lemay informed the Committee that the Office of Internal Audit participated in the kick off meeting for the Connecticut Aero Technical School physical inventory. He went further to state that this school will be included in our audit of Cheney Technical High School which is scheduled for later this fiscal year.

- e) **Forms Review**
Yearly the Bureau of Grant Services reviews all of the entitlement calculation forms that are used by the Department. The Bureau updates the forms for any changes due to revisions of State or Federal laws and statutes. This year approximately 200 forms went through this process.

The Office of Internal Audit then performs an independent review of these forms to ensure all changes have been made and that the calculation will be correctly performed.

- f) **State and Federal single Audit Reviews**
Mr. LeMay updated the Committee that the Office of Internal Audit and Office of Policy and Management are receiving the reviews electronically. Mr. LeMay explained the process of working with the Auditors of Public Accounts in reviewing both State and Federal Single Audits.
- g) **ED-001 Audit Questions**
Mr. LeMay stated that the Office of Internal Audit is on target working with the private audit firms on general questions about the ED-001 process which has not changed from previous years.
- h) **Magnet Supplemental Transportation Requests**
Mr. LeMay informed the Committee that the Office of Internal Audit has received a request from the Bureau of Choice Programs to review the magnet supplemental transportation requests that have been submitted. He went further to explain that the requests from CES and ACES have been reviewed and a report will be issued by the end of December.

IV. Other Matters

- a) **Affirmative Action Update (Mr. Levy Gillespie)**
Mr. Gillespie reported to the Committee that he discussed the Affirmative Action Plan with the Commission on Human Rights and Opportunities. Minor changes that are required are being made before completion of plan.

At 11:15a.m. the meeting was adjourned by unanimous consent.

Recorded by Patricia Johnson, Secretary, Office of Internal Audit