

Finance, Audit and Budget Committee Meeting

**Tuesday, February 18, 2014
Room 232, State Office Building
165 Capitol Avenue, Hartford**

Approved Minutes

Members Present: Mr. Allan B. Taylor, Chair
Ms. Andrea Comer

Others Present: Ms. Pamela V. Charland, Assistant to the Commissioner and
State Board of Education
Ms. Kathy Demsey, Interim Chief Financial Officer
Ms. Gloria McCree, Director, Office of Internal Audit
Mr. Justin Cleary, Associate Accounts Examiner

Members Absent: Mr. Stephen Wright

The meeting was called to order at 9:38a.m.

A motion was made by Ms. Comer, seconded by Mr. Taylor, and unanimously adopted to approve the minutes of the Finance, Audit and Department Matters Committee (Committee) meeting on September 25, 2013.

Ms. Demsey, Interim Chief Financial Officer, updated the Committee on the budget for fiscal year 2015 and on the status of position vacancies at the State Department of Education (SDE) and the Connecticut Technical High School System (CTHSS). She presented an overview of the operating costs of various programs within SDE. Mr. Taylor requested that the full State Board of Education be updated on the budget.

Ms. McCree, Director of Internal Audit, informed the Committee that the Memo of Understanding (MOU) between the SDE and the Department of Administrative Services (DAS) is expected to be extended until June 30, 2014. The Office of Internal Audit (OIA) will provide training to the supervision within DAS and any other required support to ensure a smooth transition of the function. Ms. McCree announced that one of the Office of Internal Audit staff was promoted to a higher classification.

Ms. McCree stated that OIA will focus on cross training the audit staff. Currently, staff auditors specialize in various functional areas. Cross training provides opportunities for the staff to broaden their experience and knowledge. In addition, cross training will provide continuity and will mitigate the risks and impact should an employee leave the office, e.g. retirement, pursuit of other career opportunities.

Ms. McCree provided updates of audit areas including school construction, Education Cost Sharing (ECS) Grant reviews, Federal and State Single Audit Reviews, Other Grant Related Reviews, Title I, II and II Grants, Charter/Magnet School Activity, and CTHSS Audit Activity.

- Currently, 36 construction audits have been completed and 11 are in the process of completion. These completed and in process audits total \$430 million and \$337 million, respectively, and represent approximately fifty percent of this year's construction audit plan activity.
- The ECS calendar review for 2013-2014 is complete and the report will be issued soon. The office has begun working on 2014-2015 fiscal year.
- In the Federal and State Single Audit area, 270 fiscal year 2011-2012 audits were reviewed in 2013; fiscal year 2013 audits are currently being received and reviewed. OIA will update SDE's programs within the State Compliance Supplement in April. Audit instruction package updates will begin in April and will be distributed to the CPA firms in August.
- The 2013-2014 grant calculation forms review was completed in January at which time approximately 160 forms were reviewed. Additionally, a randomly selected grant has been chosen for this year's final grant calculation review. The review will be conducted in June.
- OIA is assisting SDE program management in performing financial on site and desk reviews of Title I, II and III grant programs. In addition, OIA is reviewing RESC supplemental funding requests for transportation.
- OIA completed financial reviews of two charters schools. The reviews were part of the charter school renewal process conducted by SDE's charter school office. Additionally, Ms. McCree discussed the results of OIA's review of the Memorandum of Understanding between Our Piece of the Pie Charter School Management Company and Path Academy Charter School.
- OIA has monitored and reported on inventory issues at the CTHSS and continues to work with the Bureau of Fiscal Services (BFS) to strengthen inventory controls where necessary. OIA will begin a compliance review at a selected school in March.

Ms. McCree indicated that OIA will continue to work with the technology group within BFS to update its technology based programs and to investigate the possible conversion to electronic work papers.

The decision was made to change the Committee meetings to May, August and November.

Chairman Taylor adjourned the meeting at 10:29a.m.
Recorded by Patricia Johnson, Secretary, Office of Internal Audit