

MINUTES
CLARK COUNTY SCHOOL DISTRICT
SPECIAL MEETING OF THE BOARD OF SCHOOL TRUSTEES
ADMINISTRATIVE CENTER, ROOM 466
5100 WEST SAHARA AVENUE, LAS VEGAS, NV 89146

AUDIT ADVISORY COMMITTEE

Wednesday, January 18, 2012

9:34 a.m.

Roll Call: Members Present
Patrick Patin, Chairperson
Cathy Jones
David L. Kellerman
Tina Quigley
Erin Cranor, Board Liaison

Dwight D. Jones, Superintendent of Schools

Also present were: Jeff Weiler, Chief Financial Officer, Operations Support Unit; Jim McIntosh, Deputy Chief Financial Officer, Operations Support Unit; Janette Scott, Director, Internal Audit Department, Office of the Chief of Staff; Cindy Krohn, Executive Assistant, Board Office; and Stephanie Gatlin, Transcriber/Recording Secretary, Board Office.

ADOPT AGENDA

Adopt agenda.

Motion: Quigley Second: Jones Vote: Unanimous

APPROVAL OF THE MINUTES

Approval of minutes from the meetings of October 31, 2011, and November 30, 2011, as recommended.

Motion: Quigley Second: Jones Vote: Unanimous

APPROVE UPDATE ON THE CLARK COUNTY SCHOOL DISTRICT INTERNAL AUDIT DEPARTMENT

Approval on work performed, review of the audit plan, review of current budget and staffing levels by the Clark County School District Internal Audit Department for the current fiscal year and outlook for 2013.

Ms. Scott stated that she did not have any significant changes to report since the last update on November 30, 2011, and that the committee members should be receiving their quarterly stats this week. She said her department was soon to undergo their mandatory quality assurance review during late February or early March.

APPROVE UPDATE ON THE EDUCATIONAL AND OPERATIONAL EFFICIENCY STUDY AND ENHANCEMENTS OF THE CLARK COUNTY SCHOOL DISTRICT

Approval on the District's plan to increase educational and operational efficiency, and updates on any current implementation timelines. Discussion may include recommendations by Gibson Consulting Group.

Mr. Weiler stated that staff has had discussions regarding the recommendations presented by the Gibson Consulting Group and are in the process of evaluating which recommendations the District would be moving forward with and when those recommendations would be implemented.

Ms. Jones suggested that the District should explore utilizing SwitchNAP Data Centers.

Mr. Weiler said the District is currently utilizing several offsite servers and other data systems.

Ms. Jones said that she would like to recommend that District staff tour Switch.

Mr. Weiler suggested that staff could provide a report to the Committee on the District's current status in terms of servers and data systems and what the District's plans are moving forward.

APPROVE FINANCIAL REPORTING UPDATE

Approval regarding reporting tools currently under development, including, but not limited to, a potential online interface to allow public access to data showing disposition of District funds by budget unit, cost center, position, location, function, and/or object. Discussion may include recommendations by Gibson Consulting Group.

Mr. McIntosh briefly noted the recommendations brought forward in the Gibson report. He said the difficulty has been in developing a process to measure return on investment. He gave an update on the activities in moving forward with some of those recommendations.

Ms. Jones asked if the graduation rate is a performance measure that staff is working to be able to offer better reporting on.

Mr. McIntosh said the graduation rate is included in the instructional initiatives, and staff is attempting to craft a measurement that shows return on investment, one of them being the graduation rate.

Ms. Jones asked if there was a model for projecting graduation probability based on grade point average (GPA).

Mr. Weiler suggested that the committee may want to view a presentation on the School Performance Framework (SPF) previously presented to the Board.

APPROVE FINANCIAL REPORTING UPDATE (continued)

Trustee Cranor encouraged the committee members to attend the regular Board meeting at the end of February where the Board is to receive another presentation.

There was further discussion regarding how the graduation rate is calculated.

APPROVE INDEPENDENT EXTERNAL AUDITOR FINDINGS AND RECOMMENDATIONS TO CLARK COUNTY SCHOOL DISTRICT MANAGEMENT FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Approval regarding the findings of the independent external auditor for the fiscal year ending June 30, 2011, including, but not limited to, internal control issues; the auditor's letter to management regarding current year recommendations; and the auditor's letter to management regarding an update on the prior year's recommendations.

Mr. McIntosh went over the items in the management letter and internal control issues noted, and he gave an update on how those issues are being addressed.

Mr. Weiler spoke to the items listed in the management letter, which were the software update recommendation and business continuity issue. He said that staff is looking to update the student system; that the business continuity issue involves the District's disaster recovery plan; and that the District is currently facing funding challenges with regard to both of these concerns. He said staff's priority, however, is the student system.

APPROVE REVIEW OF THE CLARK COUNTY SCHOOL DISTRICT BOARD OF TRUSTEES' GOVERNANCE POLICY EL-5: FINANCIAL PLANNING/BUDGETING

Approval regarding the review of Governance Policy EL-5: Financial Planning/Budgeting, including a discussion regarding the Board of Trustees' review of the Committees prior recommendations. Any changes recommended to the Governance Policy at this meeting will be brought forward to the Board of Trustees and will not be implemented unless adopted by the public policy review process at a regular meeting of the Board of School Trustees.

Trustee Cranor briefed the committee on the Board's discussion and questions raised regarding the recommendations of EL-5: Financial Planning/Budgeting by the committee. As a result of the Board discussion, she asked for a clarification of "qualitatively" as stated in number 5, and she asked if the committee could recommend a threshold at which the public should be notified and a threshold at which the public should be asked to provide input.

COMMITTEE MEMBER LEAVES

Ms. Quigley left the committee meeting at 10:13 a.m.

APPROVE REVIEW OF THE CLARK COUNTY SCHOOL DISTRICT BOARD OF TRUSTEES' GOVERNANCE POLICY EL-5: FINANCIAL PLANNING/BUDGETING (continued)

Discussion continued regarding qualitative measures and how that information should be provided and thresholds that would trigger reporting to the Board.

There was further discussion regarding qualitative measures, developing language which suits the needs of the Board in terms of policy and the needs of the Superintendent and staff in terms of what must be done in order to meet the Board's expectations, and financial reporting requirements with significant variances in the budget.

Mr. Patin suggested the language, "Fail to provide a mid-year fiscal status report including a narrative discussion that details the District's progress toward its current publicly stated academic and fiscal priorities."

Trustee Cranor suggested the language, "Fail to provide a mid-year fiscal status report that includes a narrative detailing the District's progress toward its current publicly stated fiscal priorities and in context of the District's current publicly stated academic priorities."

Regarding number 6, Trustee Cranor suggested deleting this item and including in EL-6: Financial Condition and Activities the notification threshold and the public hearing threshold.

The committee members agreed.

Regarding number 9, Mr. Weiler spoke to what levels would be considered significant to trigger notifications and then public hearings and noted the difficulties in making that determination.

Mr. Patin suggested that this language may be taken out if the Board and the public felt that the notifications and public input in the planning piece of the budgeting process is sufficient.

Mr. Weiler spoke to the budget process and said notification and public input are already in place through the budget process.

Mr. Patin asked if the Board would like to maintain some language that says, "Should not fail to seek public input before final budgets are approved."

Trustee Cranor suggested concise language such as, "Fail to seek public input on budget planning at the 'blank' level," inserting the fiscal term there indicating the level of detail at which time the public would be involved.

After further discussion, Mr. Patin suggested broader language such as, "Fail to seek public input on budget planning," with the understanding that adjustments could be made at a later time.

APPROVE REVIEW OF THE CLARK COUNTY SCHOOL DISTRICT BOARD OF TRUSTEES' GOVERNANCE POLICY EL-5: FINANCIAL PLANNING/BUDGETING (continued)

Trustee Cranor suggested the language, "...as part of the public input process with regard to budget planning, fail to provide the public with information that places budget options in the context of the District's academic and fiscal priorities."

APPROVE REVIEW OF THE CLARK COUNTY SCHOOL DISTRICT BOARD OF TRUSTEES' GOVERNANCE POLICY EL-6: FINANCIAL CONDITION AND ACTIVITIES

Approval regarding the review of Governance Policy EL-6: Financial Condition and Activities, including a discussion regarding the Board of Trustees' review of the Committees prior recommendations. Any changes recommended to the Governance Policy at this meeting will be brought forward to the Board of Trustees and will not be implemented unless adopted by the public policy review process at a regular meeting of the Board of School Trustees.

Trustee Cranor conveyed the concern of the Board regarding defining "functional level" as stated in what would be number 11.

Mr. Patin explained that "functional level" is defined by the state, and the information is reported by function.

Mr. Weiler suggested adding language which explains where the definition of "functional" was derived from.

Mr. Patin suggested the language, "...when functional level expenditures, as defined by...", leaving the remainder open for staff to add the legal reference.

There was discussion regarding whether it is at the functional level whereby the Board should be notified of changes in the budget and public input should take place.

Trustee Cranor asked if this is the appropriate place in policy where the public trust issues with Full-Time Equivalent (FTEs) could be addressed.

Mr. Weiler said that issue could possibly be addressed in the reporting tool online.

There was discussion regarding transparency to the public of budget spending in the central office of the District and ways in which to capture in policy and report spending activity to the public.

Trustee Cranor said the Board would appreciate it if staff were to present the Audit Advisory Committee with ideas for proposed language for addressing this issue.

APPROVE REVIEW OF THE CLARK COUNTY SCHOOL DISTRICT BOARD OF TRUSTEES' GOVERNANCE POLICY EL-8: ASSET PROTECTION

Approval regarding the review of Governance Policy EL-8: Asset Protection, including a discussion regarding the Board of Trustees' review of the Committees prior recommendations. Any changes recommended to the Governance Policy at this meeting will be brought forward to the Board of Trustees and will not be implemented unless adopted by the public policy review process at a regular meeting of the Board of School Trustees.

Trustee Cranor said the Board had no concerns regarding this policy.

Mr. Patin asked the committee to review this policy.

Motion to recommend to the Board of Trustees to move forward with Notice of Intent for proposed changes to EL-8: Asset Protection.

Motion: Jones Second: Kellerman Vote: Unanimous

Ms. Quigley was not present for the vote.

APPROVE FUTURE MEETING PLANNING

Approval for future meetings of the Audit Advisory Committee.

The committee agreed to hold its next meeting on February 29, 2012, at 9:30 a.m. in room 466 of the CCSD Administrative Center.

Motion to approve.

Motion: Jones Second: Kellerman Vote: Unanimous

Ms. Quigley was not present for the vote.

AGENDA PLANNING: ITEMS FOR FUTURE AGENDAS

Mr. Patin noted that the Internal Audit Department report update and the Gibson Consulting Group report recommendations update are ongoing items.

PUBLIC COMMENT PERIOD

Sam King expressed appreciation for the work of the committee and the move toward transparency and establishing positive public perception.

ADJOURN: 11:14 a.m.

Motion: Kellerman Second: Jones Vote: Unanimous

Ms. Quigley was not present for the vote.