

**Montgomery County Board of Education
Fiscal Management Committee Minutes**

May 13, 2009

A meeting of the Montgomery County Board of Education Fiscal Management Committee was held at the Carver Educational Services Center in Room 120 on Wednesday, May 13, 2009. In attendance were:

Members: Mr. Christopher Barclay, Chair
Mr. Philip Kauffman, Member
Mrs. Patricia O'Neill, Member

Staff: Mr. Larry A. Bowers, Chief Operating Officer
Ms. Sue DeGraba, Chief Financial Officer
Dr. Marshall Spatz, Director, Department of Management, Budget, and Planning
Mr. Joseph Lavorgna, Acting Director, Department of Facilities Management
Mr. John Matthews, Director, Transportation, Central Administration
Mr. Phil McGaughey, Director, Procurement
Mr. Roger Pisha, Supervisor, Internal Audit Unit
Ms. Laura Steinberg, Staff Assistant, Legislative and Inter-Governmental Relations

The meeting was called to order by Mr. Christopher Barclay, Chair, at 4:03 p.m.

Approval of Meeting Minutes

The Fiscal Management Committee voted unanimously to approve the March 17, 2009, minutes as submitted.

FY 2010 Operating and Capital Budget Update

MCPS staff provided the committee with an update on the FY 2010 Operating and Capital budgets, including implications of the Maintenance of Effort (MOE) waiver request outcome and council's deferred decision regarding the Impact Tax deferral bill. According to staff, the only major change to the budget is the one-year delay in Tech Mod, which will realize \$2.3 million in savings. Regardless of the MOE waiver outcome, the Board should expect to provide final approval at the June 9, 2009, Board meeting. Staff shared that looming concerns for next year include less flexibility with the lapse/turnover rate, as well as the impact of agreements made with non-MCPS county bargaining units on next year's negotiations.

OLA Audit Recommendations Progress Report

MCPS staff provided a status report to the committee members on the 19 recommendations from the Office of Legislative Audit report. Attention was called to several that are in process, including development of Board policies regarding debt collection, accounts receivable, long-term obligations and cash management; implementation of a "just-in-time" supplies ordering and delivery system; and verification of eligibility of health care program participants.

The “just-in-time” supplies ordering and delivery system, and a dept policy, will be brought to a future committee meeting for a more in-depth look. The dependent eligibility audit will be completed by the end of Fiscal Year 2009. So far 800 inappropriate dependents have been dropped off and termination letters will be sent out. MCPS staff will continue to update the committee on these issues.

Internal Audit – Organization and Scope

The Internal Audit Unit (IAU) director spoke to the recommendation that the IAU report to the Board of Education. He assured the committee that his unit has independence and is not under any undue pressure. The Chief Operating Officer commented that it is critical for the IAU to have direct access to the deputy superintendent of schools because many findings often expose personnel issues. Committee members discussed the need for better communication of the work of the IAU to the Board. Specifically, committee members requested that the Board have information about Internal Audit reports so that if and when they are released to the public in response to a Freedom of Information Act (FOIA) request, Board members are aware of each report’s findings. It also was suggested that, if there are fiscal issues that the Board/Committee is concerned about, either the IAU work plan be adjusted or the contract with the External Auditors be used for the purpose.

Policy BOA – Legal Services – Attorney Evaluations with Renewing Contracts

The fiscal management committee reviewed and agreed unanimously to the proposed change to Policy BOA, *Legal Services* that aligns receipt of evaluative reports on legal services with contract negotiations timelines. The committee members asked to schedule some time at a future meeting for a discussion on the monthly report of expenditures, types of cases, trends, and cost benefit analysis.

COBRA Law Updates

MCPS staff reported to the committee that the school system does have employees that are subject to the COBRA Law changes and that they will continue to monitor.

Implications of the Shady Grove Sector Plan on Montgomery County Public Schools Transportation Operations

MCPS staff presented the committee member with some of the challenges associated with Sector Plan revisions being made by the Montgomery County Planning Board and ongoing school system needs. They shared that the primary areas of concern are transportation depots and school sites. They expressed concern that by not including school sites, it limits the systems ability to leverage solutions.

The committee asked MCPS staff to craft a letter to the Montgomery County Planning Board based on the discussions at the meeting expressing the Board’s concerns of not including transportation depots and school sites in the Shady Grove Sector and White Flint Sector plans.

Board Docs

The committee chair shared with the committee an interest in exploring and implementing BoardDocs, the electronic board materials packaging system. He said that staff from the Office of the Chief Technology Officer will assist with gathering requirements to determine if BoardDocs will meet our needs. Committee members asked several clarifying questions that would be addressed as the Board Office works with the Office of the Chief Technology Officer on an analysis of needs.

The meeting was adjourned at 5:57 p.m.

Recorder: Becky Gibson