

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

January 22, 2014

9:32 a.m.

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Roll Call:	<u>Members Present</u>	<u>Member Absent</u>
	Patrick Patin, Chairman	B. Keith Rogers
	Colleen Boyle	
	Anthony Mook	
	Patricia Morris	
	Erin Cranor, Board Liaison	

Pat Skorkowsky, Superintendent of Schools

Also present were: Jim McIntosh, Chief Financial Officer, Business and Finance Division; Janette Scott, Director, Internal Audit Department, Office of the Chief of Staff; Cindy Krohn, Executive Assistant to the Board, Board Office; and Stephanie Gatlin, Transcriber/Recording Secretary, Board Office.

**ADOPT AGENDA**

*Adopt agenda.*

*Motion: Mook    Second: Morris    Vote: Unanimous*

**PUBLIC COMMENT PERIOD**

None.

**APPROVE MINUTES**

*Approval of the minutes from the meetings of October 16, 2013, and November 15, 2013.*

*Motion: Boyle    Second: Mook    Vote: Unanimous*

**APPROVE UPDATE ON THE "OPEN BOOK" BUDGET VISUALIZATION TOOL AND  
ADDITIONAL FISCAL STRUCTURES UNDER DEVELOPMENT BY THE FOR CLARK COUNTY  
SCHOOL DISTRICT**

Approval regarding the District's budget visualization tool known as "Open Book" and additional fiscal structures under development.

Mr. McIntosh gave a brief background and a walkthrough of Open Book, discussing the information that can be found on this site.

**APPROVE UPDATE ON THE "OPEN BOOK" BUDGET VISUALIZATION TOOL AND ADDITIONAL FISCAL STRUCTURES UNDER DEVELOPMENT BY THE FOR CLARK COUNTY SCHOOL DISTRICT (continued)**

Mr. Patin asked if there are other fiscal structures being developed at this time.

Mr. McIntosh said projects being worked on include budgeting down to the school level and looking at ways to break down the cost of running a school on an annual basis. He said that currently most staffing and funding is based on enrollment-based formulas, and school principals control very little of the school budget.

Trustee Cranor said the Board discussed driving additional fiscal best practices through policy, and they decided to turn that project over to staff to devise a process by which the Board would be made aware as those structures are developed and would provide professional development opportunities to the Board so they become more conversant in fiscal structures and fiscal governance. She said the areas that they believe will be developed are further development of Open Book, refinement of the budget development and presentation processes, the monthly transfer recap, and the District's process for creating or filling positions.

Mr. Mook asked about public usage of Open Book.

Mr. McIntosh said not many people know about Open Book at this point, so there are bursts of usage at different times. He said people are very interested when they know about it.

Ms. Boyle asked if the District has any way of notifying people, such as email.

Mr. McIntosh said staff tries to inform people whenever they have the opportunity. He said that he has attended parent meetings and has presented on Open Book there. He said the Board suggested that the District create an application to provide the information, as with ParentLink®.

Mr. Patin suggested that it would be helpful to have actual prior year information available. He asked if other school districts are implementing this model.

Mr. McIntosh said he presented Open Book at a Council of the Great City Schools conference. He said there are other school districts that have begun to utilize data visualization tools, though not to the extent of Open Book, and some large school districts have expressed an interest in developing a similar tool. He said many others from around the country are talking about coming here to learn how to do what CCSD does.

**APPROVE UPDATE ON THE REQUEST FOR PROPOSAL PROCESS RELATED TO THE SELECTION OF AN INDEPENDENT AUDITOR FOR THE CLARK COUNTY SCHOOL DISTRICT**

Approval on appointing a member of the Clark County School District Board of Trustees' Audit Advisory Committee to observe the Request For Proposal (RFP) process to obtain an independent financial auditor, as recommended.

Trustee Cranor said the Board discussed the idea of having a member of the Audit Advisory Committee and a member of the Board be part of the RFP process, and the Board agreed that the committee member would only observe and only during the scoring process.

Mr. McIntosh explained that Trustee Wright has been allowed to not just observe the process but be an evaluative member. He said staff is open to the Audit Advisory Committee selecting a member to actually be on the RFP committee as an evaluative member, as well.

Mr. Patin reminded the committee that the Board also gave them the option of not selecting a member to participate in this process.

*Motion that the Chair be authorized to select a member of the Audit Advisory Committee to observe the RFP selection process.*

*Motion: Morris Second: Mook*

Mr. Patin asked if there were any volunteers.

Ms. Morris volunteered to participate in the RFP process.

*Vote on Ms. Morris's motion was unanimous.*

Mr. Patin appointed Ms. Morris to observe the RFP selection process.

Mr. McIntosh said since Morris would be an observer only, he would provide her with the evaluation and scoring sheets, but she would not be expected to return anything. He also reminded Ms. Morris that once she is provided with the proposals, she would be under the "code of silence."

**APPROVE REVIEW OF THE CLARK COUNTY SCHOOL DISTRICT CONTROL ENVIRONMENT**

Approval on the Clark County School District Board of Trustees' Audit Advisory Committee's responsibility to review the control environment including assignment of authority and responsibilities as prescribed by the Bylaws and Calendar of the Committee.

Mr. Patin referred to Reference 3.04, page 5 of 5, number 21 in the committee's Bylaws and Calendar and said up to now, the committee has not reviewed any reports, and he said he wanted to discuss exactly what the committee was being directed to do and how that would be facilitated.

**APPROVE REVIEW OF THE CLARK COUNTY SCHOOL DISTRICT CONTROL ENVIRONMENT**  
(continued)

Mr. McIntosh said the District has a process for reviewing its control environment prior to being audited. He said the District is interested in how the Audit Advisory Committee would like to go about overseeing these things. He offered to provide documents regarding the control processes or provide an overview to the committee.

Ms. Scott said the Audit Department does not specifically perform audits regarding the control environment but would report anything that was brought to their attention that seemed inappropriate, but she said to date that has not happened.

Mr. Patin suggested that the committee would review significant changes in the control environment related to key controls.

Trustee Cranor said she would be interested in a protocol by which significant changes in the control environment would be automatically reported.

Ms. Morris said she would appreciate a brief overview of the District's control environment with perhaps the key changes, and after that a decision could be made as to whether or not internal audit should evaluate the control environment or whether they should be working with external audit on their observations.

Mr. Mook said according to number 21 in the Bylaws and Calendar, there seems to be a standard by which the control environment should be compared.

Ms. Scott said she went over the International Standards, and the only specific mention of the control environment is in the definition in the glossary.

Mr. Patin asked if staff could give a presentation on the control environment at the next Audit Advisory Committee meeting.

Mr. McIntosh agreed to do so.

**APPROVE UPDATE ON THE CLARK COUNTY SCHOOL DISTRICT INTERNAL AUDIT DEPARTMENT**

Approval on work performed by and the status of the Clark County School District Internal Audit Department for the current fiscal year.

Ms. Scott provided the quarterly audit plan update, which goes through the end of the year. She said the quarterly department statistics would be forthcoming.

Ms. Morris asked if Ms. Scott could discuss the reorganization the District's maintenance department is undergoing.

**APPROVE UPDATE ON THE CLARK COUNTY SCHOOL DISTRICT INTERNAL AUDIT DEPARTMENT (continued)**

Ms. Scott said she could not discuss specifics, but she offered that they are experiencing a combining of maintenance and operations staff, and that there is a new associate superintendent over facilities.

Mr. McIntosh offered that some of the changes to the department have been that they have regionalized the areas that they control and have created an operational manager position that would be the single point of contact for maintenance issues, and they have begun using mobile maintenance vans to provide services to schools.

Mr. Patin asked if there were any significant findings in the Environmental Services audit.

Ms. Scott said there were no significant findings. She said Environmental Services has also undergone a restructuring since that audit, and that department now reports to risk management.

Trustee Cranor said the Board is working on having all its committees' agendas and backup material placed on BoardDocs® so the information is more accessible, and she asked if it would be appropriate to place this backup material for Item 3.05 online.

Ms. Scott said she was unsure of the legalities, and her only concern would be current or ongoing investigations being posted because she is unable to discuss that in an open forum until it is completed. However, she said this particular document does not contain anything that should not be made public.

**APPROVE UPDATE FROM THE CLARK COUNTY SCHOOL DISTRICT'S FINANCIAL MANAGEMENT DEPARTMENT**

Approval regarding an update from District's financial management department on the current and future expected financial conditions including the budget.

Mr. McIntosh briefly discussed the Comprehensive Annual Financial Report (CAFR) for fiscal year 2013, the District's budget and budget development timeline, the labor negotiations process, legislative changes, and the impact of increased enrollment the District will see.

Mr. Patin asked whether any new announcement to the Governmental Accounting Standards Board (GASB) would have a material effect on the 2013-2014 financial statements.

Mr. McIntosh said there is a change that will affect the way the District reports pensions, and that may be something he would have to provide a presentation on. He said, however, that the District would have to begin reporting its share of unfunded liability in 2015.

Mr. Patin requested that the committee be given a presentation at a future date.

## **PROFESSIONAL DEVELOPMENT RECOMMENDATIONS FOR THE CLARK COUNTY SCHOOL DISTRICT BOARD OF TRUSTEES**

Discussion regarding recommendations to the Clark County School District Board of Trustees for professional development in the area of fiscal governance and accounting.

Trustee Cranor said she is seeking ideas for professional development for the Board to engage in in line with their intent to become more conversant in fiscal matters at an appropriate level as they look to incorporate additional best practices.

Mr. Patin suggested the Board receive some training on GASB financial statements, the structure of the CAFR, and governmental accounting statements as opposed to private sector accounting statements.

Mr. McIntosh agreed that a high level overview for an understanding of how the District is required to report and the importance of budget and financial statements would be very helpful.

Ms. Morris agreed, and she asked if the Board has defined the level of understand they require with Mr. McIntosh as it relates to strategic governance.

Trustee Cranor said the Board has articulated that they want to be aware of things on a very high level as it pertains to how well the financial investments the District makes align with high level strategic priorities and to what degree that aligns with results.

Ms. Morris asked if an example would be staff informing the Board that they planned to move funds from one account to another and the objective for doing so and then six months later showing the Board the outcome of moving those funds and how those results were achieved through following policy and engaging in strategic discussions.

Trustee Cranor said she and Mr. McIntosh have had discussions along those lines regarding the monthly transfer recap staff reports to the Board and including the reasons for moving funds and how those decisions align with the strategic imperatives.

Mr. McIntosh agreed that staff should be reporting to the Board the reasons why they transfer funds, along with the expected and actual outcomes, and they should be able to show that those decisions are in line with the Board's priorities.

## **APPROVE UPDATE ON THE CLARK COUNTY SCHOOL DISTRICT INTERNAL AUDIT DEPARTMENT (continued)**

Mr. Patin asked Ms. Scott if her department has received any anonymous complaints or calls that the committee should be aware of.

Ms. Scott said as of December 31, 2013, she had not, but she does currently have one.

**FUTURE MEETING PLANNING**

*Motion to hold the next Audit Advisory Committee meeting on Wednesday, March 12, 2014, at 9:30 a.m. at the CCSD Administrative Center in room 466.*

*Motion: Mook    Second: Boyle    Vote: Unanimous*

**AGENDA PLANNING: ITEMS FOR FUTURE AGENDAS**

Mr. Patin informed the committee that their next meeting would be their external auditor meeting where they will review the results of the RFP process and hear an overview of the control environment.

**PUBLIC COMMENT PERIOD**

None.

**ADJOURN:** 10:48 a.m.

*Motion: Boyle    Second: Mook    Vote: Unanimous*