

Audit and Risk Management Advisory Committee
Jefferson County Public Schools
VanHoose Education Center
January 22, 2020 Minutes

ARMAC Members Present: Chairperson James Rose, Vice-Chairperson Rhonda Mitchell, Dr. Sarah Moyer, Pedro Bryant via conference line, Dr. Keith Davis, Dr. Vicki Phillips via conference line and Dr. Lois Adams-Rodgers

Public Present: None

JCPS Staff Present: Amy Dennes, Eddie Muns, Cordelia Hardin, Stan Mullen, Georgia Hampton, Hannah Lehman, Susan Porter, Jodell Renn, Chalynn Comage, John LeMaster, and Shari Mattingly

Board Members Present: none

Mr. Rose called the meeting of the Audit and Risk Management Advisory Committee (ARMAC) to order at 2:00 pm. A quorum was present.

Approval of Minutes

Mr. Rose requested a motion to accept the minutes of the November 20, 2019 meeting, which was made by Dr. Lois Adams-Rodgers and seconded by Rhonda Mitchell. The minutes were approved by a unanimous voice vote.

Introductory Comments

Mr. Rose explained that the meeting would begin with a discussion of two RFPs, presented by Eddie Muns.

Audit Services (external and internal) Request for Proposal Process – Eddie Muns, Executive Administrator Account Services

Mr. Muns laid out the timetable of the two recently issued request for proposals (RFP) for external and internal audit services. Mr. Muns explained that based on the request by Jefferson County Board of Education (JCBE), the external audit services were being solicited one year earlier than required by the current contract which had one renewal remaining.

Changes to the current external audit RFP include requiring a rotation of firm partner every five years which is in line with best practices occurring in the private sector. Additionally, recent changes to the Accounting Procedures for Kentucky School Activity Funds aka “Redbook” allows for flexibility, at the discretion of the audit firm, for how best to audit school activity funds. Within the current external audit contract, JCPS required that every school activity fund be audited, which was in accordance with the District’s interpretation of the Redbook requirements. Mr. Muns expects that this change will result in significant savings to the District.

Mr. Rose noted that JCPS has used the same firm and had the same partner assigned to the engagement for greater than five years. Mr. Muns is optimistic that an adequate number of firms will submit a

response to the RFP due to there being a larger pool of firms with governmental experience.

A pre-bid conference will take place at 4 p.m., immediately after the ARMAC meeting, and Mr. Muns invited any interested member to attend. A list of questions has been received and will be shared at the pre-bid meeting. All questions and answers received in advance and during the pre-bid conference will be published on the JCPS Bids website by close of business on January 23, 2020, for all interested firms to view. Proposals are due to JCPS on January 31, 2020. This date was purposely selected to be in advance of the start of the firms' busy season.

Internal Audit has issued an RFP for internal audit services, sent to the same CPA firms as the external audit services RFP. Ms. Renn is seeking a firm with information technology expertise to address IT audit projects resulting from the IT and Audit risk assessments. In addition, internal audit is seeking access to additional resources for special projects should the need arise. Ms. Renn chose to issue the internal audit services RFP at the same time since it is not the desire of JCPS to have the same firm provide external and internal audit services.

Ms. Rhonda Mitchell will be representing ARMAC on the proposal review committees.

Compliance Program Overview – Amy Dennes, Chief of Staff

Amy Dennes began the discussion on the current compliance program beginning with the policy process. JCPS has partnered with Kentucky School Board Association (KSBA) to update all JCPS policies. KSBA works with most school districts throughout the Commonwealth by creating policy templates that comply with legislative requirements. One change resulting from this partnership is that JCPS has transitioned from an alphabetic to a numbered system of policy identification over the past several years. A benefit of using KSBA is that when legislation changes KSBA will provide JCPS with a listing of all the policies and procedures impacted, as well as policy samples incorporating the changes which allow for quicker review and implementation of the changes. KSBA will also advise on JCPS specific policies as developed to provide an independent review and advise JCPS on potential legal implications. In addition, JCPS uses the KSBA online portal of policies and procedures. This places all policies in one location on the website for easy access by employees and stakeholders.

Ms. Dennes further explained that another large project being worked on is to develop and centralize the procedures related to the policies. These will also be included in the KSBA portal as a one-stop-shop of policies and procedures. There are times that more specific information is needed to help employees clearly understand their responsibilities, such as handbooks, checklists etc. These are currently created and maintained at the department level and in many times posted on the departmental websites. Approximately one third of procedures are posted on the KSBA portal now and the project is projected to be complete by the beginning of the next school year.

To assist the District in managing the multitude of requirements, a District Master Calendar has been created using Smartsheet. Initially it was populated with many of the items found in the KDE list of required deadlines that is provided to all districts, but over time it is being expanded to include other requirements and will continue to be expanded to eventually include all requirements. This is a long term project, but the desire is to have a system in place that can be followed in the coming years, no matter who is in the Chief of Staff role. Each item included in the document has a due date, the KDE Contact, if applicable, the type (District or Oversight entity), person responsible and a completion status. The process owner will document the completion by designating green, yellow or red. Ms. Dennes monitors the due dates and follows up with the person responsible. Going forward a policy review schedule will be incorporated into the document that will remind policy owners to periodically review

the policies and procedures. The process of policy review is monitored by the Chef of Staff's office.

ARMAC members inquired about the process to notify employees regarding changes to policies and procedures. To explain the process, Ms. Dennes shared how schools are made aware of changes. JCPS creates a newsletter that is sent to all employees that communicates policy changes. Supervisors are ultimately responsible for ensuring updated policies and procedures are being followed in their buildings/departments. Every summer principal training is provided which includes communicating changes to policies and procedures. The training provides more in-depth information regarding the changes and how the District expects them to be implemented. Similar processes happen with cost center heads.

ARMAC members discussed their appreciation of the process in place to manage the many compliance requirements. Suggestions were made on considerations regarding finding a more robust tool that could facilitate the process of connecting the policy and procedures to the relevant compliance requirements to assist in identifying what needs to be updated when regulations change. Such a tool might also help with further delegation of the compliance accountability and monitoring. In addition, it was mentioned that staff should endeavor to ensure that a processes exists to ensure that procedures and handbooks maintained at the department level are updated regularly since that will provide more detailed information for staff members and are many times overlooked resulting in loss of knowledge.

Investigation Process Overview – Amy Dennes, Chief of Staff

The investigation process at JCPS is handled internally within three areas within the District:

- Ms. Renn heads the Internal Audit department and reports to the Superintendent and JCBE
 - Typical focus: Fraud; special assignments
- Stan Mullen leads the Security and Investigations department and reports to Chief Operations Officer
 - Typical focus: Assaults; burglary; arson; thefts; threats; weapons; child pornography; illegal drugs; vandalism; trespassing; other criminal activity
- Dr. Georgia Hampton leads the Compliance and Investigations department and reports to the General Counsel
 - Typical focus: Equal opportunity; affirmative action; sexual harassment; discrimination; misconduct; other Federal compliance issues

Reports come into the District from one of several stakeholders and are received via writing, phone call, hotline or in person. The reports are routed to the appropriate area for further consideration. When it is not clear where the report should be worked, the Chief of Staff will collaborate with the investigators to determine the best place for the assignment. It is possible that cases overlap and may be worked on by more than one department. (Note: the general counsel position is vacant now but when filled, Chief of Staff and General Counsel will consult on this process).

There are times that investigations are occurring in a parallel process with external partners such as law enforcement and Child Protective Services. JCPS cannot get ahead of the external partner but can work side by side. In addition, all employees being investigated are permitted to have representation. As a result, the timing of the investigation can be negatively impacted based on the outside factors involved

in scheduling and performing the investigation.

Reports that may involve employee discipline are provided to Employee Relations for follow up and to assist supervisors with the corrective action process, if necessary. To ensure consistency in the disciplinary process, the District has a long-standing Employee Personnel Review Committee (EPRC) that meets with supervisors to determine the best course of action and makes a recommendation on disciplinary action. The JCPS superintendent is solely responsible for disciplinary action and will review the recommendation from EPRC and make the final determination.

Each of the three investigative departments maintains databases with relevant information about the investigations, including the resolution. The investigation branches work together to collaborate on areas that may indicate climate and culture concerns that need to be addressed. In addition, they are looking into how best to report out the results of the investigation and track various elements of the investigation process to identify areas of improvement in the investigation process.

ARMAC members inquired whether specific standards are used as a basis for the investigation process and suggested that JCPS look to the Society of Human Resource Managers (SHRM), Eastern Kentucky University's Center for School Safety, Office of Inspector General Investigation Standards and Louisville Metro Police Department handbook to name a few. Ms. Renn shared that internal audit has a copy of the Association of Fraud Examiners Fraud Manual.

Another area of interest to ARMAC is looking at how the investigations trend in comparison with other urban districts. This would allow JCPS to evaluate if the types of reports is reasonable or is there something that the District needs to look into in more depth.

ARMAC requested that they receive a consolidated analysis of all investigations across the three organizations going forward, not just those managed or assigned via Internal Audit. Trending, aging of cases, and other key statistics should show an overall picture of investigative activities at JCPS.

Internal Audit Update – Jodell Renn, Director, Internal Audit

Ms. Renn provided an update on the status of the internal audit plan. She reported that projects are currently moving forward as planned. A review of the Internal Audit charter did not result in any material changes so it was determined that it would not be revised at this time.

Mr. Rose requested that completed audit reports be circulated to ARMAC once finalized. In addition, he inquired about the department's status of conforming to the International Professional Practices Framework. Ms. Renn believes that the department is substantially compliant, however, additional documentation would be necessary to be able to satisfactorily undergo a peer review. Her goal is to have one performed in late 2021 or early 2022. Given that she has five years from the department's establishment, this is a reasonable goal.

New Business

At the next meeting, the committee will discuss Principal and Teacher Pipeline and receive an update on the KDE CAP process, which will be held Wednesday, March 18, 2020 in the First Floor Conference Room, VanHoose Building.

Adjournment

Rhonda Mitchell made a motion to adjourn the meeting; Dr. Lois Adams-Rodgers seconded the motion. The meeting adjourned at 4:15 pm.

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