

Audit and Risk Management Advisory Committee  
Jefferson County Public Schools  
April 28, 2021  
Video Teleconference  
Minutes

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

**Public Present:** None

**JCPS Staff Present:** Dr. Marty Pollio, Amy Dennes, Kevin Brown, Cordelia Hardin, Dr. John Marshall, Dr. Carmen Coleman, Dr. Kermit Belcher, Raghu Seshadri, Aaron Isaacs, Greg Schuckmann, Abby Piper, Jodell Renn 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.

The meeting was live streamed on YouTube [ARMAC 4 28 2021 Meeting](#). A quorum was present.

### **Introductory Comments**

Mr. Rose gave a brief overview of today's meeting agenda. A change was made to the order of presentations with the IT update moved prior to the Future State presentation. He also noted that the ARMAC Committee has been asked by Dr. Pollio to focus on the use of the additional funding the District is receiving, that it is used in the way that has been communicated.

### **Approval of Minutes**

Mr. Rose requested a motion to accept the minutes of the February 10, 2021 meeting, which was made by Ms. Rhonda Mitchell and seconded by Mr. Pedro Bryant. The minutes were approved by a unanimous voice vote.

### **Financial Update – Federal Funding – Cordelia Hardin, Chief Financial Officer**

The Federal government has provided funding to States that included allocations for education through three different stimulus packages. The first, Coronavirus Aid, Relief and Economic Security (CARES) Act, included two separate allocations, \$5.2 million via the Governors Emergency Education Relief (GEER) funds and \$30.3 million via the Elementary and Secondary School Emergency Relief (ESSER) funds. The second, Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act provided \$178 million via ESSER II funds. The third, American Rescue Plan (ARP) Act has yet to be finalized but is estimated to be upwards of \$400 million. Each has a different deadline ranging from September 2022 – September 2024. Each may be used for pre-award costs dating back to March 13, 2020 when the national emergency was declared.

The first round of funding has been expended and was used to support the needs related to remote learning (NTI), including nutrition expenditures, purchases of Chromebooks, software to support

academic courses, and personal protective equipment (PPE). JCPS was also responsible for administering \$1.3 million in funding that was allocated to non-public schools.

The second round of funding is being used to support several expense categories. For example, approximately \$50 million has been spent to pay for extended staffing time associated with taking temperatures and supervision of students at the beginning of the day along with staffing needed to release of students at the end of the day, to ensure social distancing was maintained. Replacement of library books and instructional materials that were sent home with students at the beginning of NTI and were lost or damaged. Furniture purchased by many schools to ensure compliance with social distancing guidelines. Staff costs (approximately \$11 million) for the preschool program that were impacted by funding cuts at the State level. Approximately \$16 – 19 million is estimated to cover expenses associated with Nursing staff requirements, including contract nursing to help provide nurses at schools and help with contract tracing. \$1.9 million to cover the overtime and increases in pay for custodial and nutrition staff, PPE, and facility construction for ventilation systems where needed. KDE has provided a funding matrix that provides guidance on acceptable uses of the funds. JCPS has created a robust process to ensure ongoing compliance, including requiring schools or departments to submit a budget request including obtaining the proper departmental approvals (i.e. Assistant Superintendents), before being reviewed and approved by the Chief Financial Officer. In addition, technology requests are reviewed by the Chief Information Officer, to ensure that the requested technology can be supported through the IT Staff, while offering schools flexibility it needs to be balanced with capability.

In preparation of the significant ARP Act funding, which has not been officially awarded, JCPS is putting together a framework to assist in decision making for the spending those funds.

Mr. Rose requested clarification that the funds are one-time only which was confirmed by Ms. Hardin along with the reminder that each source has a different expiration over the next two and a half years. Mr. Rose requested additional clarification regarding the costs associated with Nursing as one time or will a funding source be needed to sustain after the funding runs out. At this time, it is deemed to be short term and for the most part contract nursing is being used to ensure students have access to a medical professional during the pandemic. JCPS is being very cognizant as they move through this process that in some cases a new funding source may be needed however, much of the money is being spent on equipment and overtime that will probably be diminished post pandemic. Currently the general fund does not have the ability to sustain any of the staffing increases made using this funding.

Mr. Rose requested how/if the funds generated by the nickel tax could be used to fund some items into the future. Ms. Hardin shared that the status of the nickel tax is pending a review by the Kentucky Supreme Court and reminded ARMAC that the JCBOE has already decided how those funds will be spent. While the pandemic has postponed some of the planning it doesn't change the JCBOE priorities set out in the resolution. She further shared that the purpose of the Federal funding is to accelerate learning for students that was disrupted by the pandemic.

Mr. Rose reminded the group that Dr. Pollio wants to see the transparency in how the nickel tax will be additive versus moving expenses that were previously spent with other funds. Ms. Hardin agreed that Dr. Pollio and JCBOE were very clear in wanting transparency. Currently, there is a process in the MUNIS accounting system that enables accounting numbers to be assigned to projects, and this will be used as a tracking process and to generate dashboards depicting how the money is spent. Mr. Rose requested the ARMAC members to think about how to ensure transparency through either deep dive questions or requesting Internal Audit to perform independent reviews and let him know their thoughts.

## **Status of Local Tax Appeal, Abby Piper, Executive Administrator Government and Community Relations**

The Tax Petition group has appealed the Jefferson Circuit Court opinion to the Kentucky Court of Appeals. JCPS filed a motion subsequent to that motion to have that appeal moved before the Kentucky Supreme Court and are waiting for that ruling. Currently working with the Sheriff's office on collecting the recallable portion of the tax, which is .051. JCPS is not prevented from collecting that tax and anticipates a second line bill for it to be included in the November 2021 tax bills. The money will be held by the District in escrow and will not be used until a final decision is reached.

Ms. Piper provided an update on the passage of HB133, a bill that passed this legislative session. It will make it much harder in the future for Boards of Education to levy recallable taxes above 4%. It reduces the signatures required for a petition to 5,000 as a ceiling.

Mr. Rose inquired if there was an estimate of when the ruling could be expected and Mr. Kevin Brown, General Counsel, shared that it is undetermined at this time. The pandemic has definitely impacted the supreme court's docket. Dr. Davis inquired about how the funds are handled in the interim before the Supreme Court makes a ruling. Mr. Brown shared, and confirmed by Ms. Hardin, that the funds would be held in escrow until the ruling is finalized. If there was an unfavorable ruling, JCPS would have to refund the money to the taxpayers and absorb the costs associated with that refund (costs of refunding tax to taxpayers).

## **Synopsis of Federal Funding and Plans for Use, Dr. John Marshall, Chief Equity Officer**

Dr. Marshall presented a proposal that is being worked on that would be funded with some of the federal funding by creating student service centers in three areas, West Louisville, Newburg and Smoketown. Data shows that service centers would have the greatest impact in improving outcomes for our most marginalized students, but the centers would be available to any JCPS student/family in Louisville. The foundational services rendered would be in the areas of academics, social emotional services, and community empowerment. The baseline investment would be approximately \$25 million.

The service centers would be open during the hours of 2:30 p.m. to 8:30 p.m. These would be the normal work hours for the staff, a normal 7-hour day; this will not be a second job for teachers. Teachers would do their planning and collaboration during the first hour. There is not a current projection for the number of students participating, but principals will be asked to recommend students to the centers. This could be one way to address issues caused by COVID. Transportation will be provided, along with a meal, and all grade levels will be able to attend. Current facilities may be used, however facilities provided by community partners during NTI are also being considered.

Dr. Moyer requested clarification on transportation, in particular for students that attend extracurricular activities. Ms. Dennes shared that high schools have activity buses that are currently used to address this concern and could be used to transport students to the student service centers. Mr. Rose requested clarification on the population to be served. Ms. Dennes confirmed that all JCPS students would be eligible to attend, but the area that has been identified was intentional based on the vicinity to marginalized students. Dr. Phillips shared that proposal aligns with some education thought leaders that she works with. Mr. Rose requested some thought been given to determining how this spend would track to the outcomes that JCPS wants for students and how it links back to the funding being used. Ms. Dennes clarified that the new federal funding will be used to pay for the program initially and then work with community partners to keep it going if it generates the anticipated outcomes. Mr. Rose refocused the conversation to the necessary discernment that will

be needed to ensure the run rate funding in the future if it is successful.

Dr. Davis inquired about the impact on the potential demand of the program related to the number of staffing that is being anticipated. Ms. Dennes clarified that while some planning is still occurring, they anticipate that their program would be very fluid with several offerings going on at once and therefore the expectation would not be that a teacher would have the same 20 kids for 6 hours, and students would be getting the services they need when they need them. Ms. Dennes also noted that students would be receiving a third meal at the site.

### **Impact of House Bill 563 on JCPS – Abby Piper**

Ms. Piper referred members to the detailed summary that was provided in advance of the meeting. She went on to perform a high-level review of HB563 and the two areas of concern. It is expected that the bill will likely be challenged in court and was actually vetoed by the governor. It violates two provisions of the Kentucky constitution and there is an expectation that it will be challenged in court. If there is not an injunction, JCPS enrollment will change due to the fact that the bill allows for open borders between public school districts and would go into effect July 1, 2022. This is basically a waiting game for JCPS to see how things play out with the bill. Mr. Rose just wanted the members to be aware of this bill and the potential impact that could impact JCPS in the future.

### **Information Technology Update – Dr. Kermit Belcher, Chief Information Officer**

Dr. Belcher introduced three members of his team, Raghu Seshadri, Executive Administrator of Information Technology, Aaron Isaacs, Digital Privacy and Cybersecurity Manager, and Greg Schuckmann, Liaison IT3 Project Management. An overview of what JCPS is doing to identify, mitigate and manage technology risks was presented, along with ongoing continuous improvements and support of students and families during COVID.

Working with Dean Dorton, the NIST CSF was identified as the best fit for JCPS regarding risk management. Once the framework was established and Mr. Isaacs came onboard, they began looking at and creating policies and procedures.

Dr. Belcher described the continuous improvement efforts and the reorganization that has supported the schools during the switch to virtual learning over the past year. He also provided an update of the technical controls that have been put into place and those that are ongoing.

There are several committees and teams that meet weekly to ensure our systems are secure and yet provide for end users' productivity. Dr. Belcher shared that Ms. Renn and her team have been extremely supportive with accessing vulnerabilities and proactive risk assessments. Several systems of awareness have been implemented and periodic checks are done to ensure what has been implemented is still working. Mr. Rose acknowledged the work that IT has done since the last update and requested a quick synopsis on the current posture in responding to prior audits on the environment and future projects on the horizon. Dr. Belcher shared that a recent upgrade of the network addressed several of the weaknesses identified previously. He further shared that the critical finding in the recent network penetration testing was mitigated quickly and the results from the Google Suite security audit did not reveal anything that they were not aware of and had accepted the risks based on being an educational entity.

### **JCPS Future State – Extended Learning Update – Dr. Carmen Coleman, CAO**

Dr. Coleman provided a high-level extended learning update. There are six future state teams and within

one of those categories, Dr. Coleman co-leads two along with Dr. Marshall. They are the student learning experience and extended learning. One priority for the team is equitable, top notch learning across the District. Some early findings from the future state work are being implemented them in the summer 2021 programs. Dr. Carmen clarified that extended learning is much more than summer learning and that this is one piece of those efforts. Extended learning includes for example, times that JCPS is not in school and credentialing learning that takes place in hours outside of the school day. Also, summer learning should be different from regular school or students will not be excited to attend. Teachers can also use the summer learning time to try new strategies and new approaches that they can then take back to their classrooms.

There are three offerings for summer learning this year. They include Summer League, Backpack League and Specialized District Camps. The plan is to have over 100 sites, which have been identified, and will be at sites not only in schools but located in the community. The goal is for kids to be in sites near their home or close to the guardian's work location. There are 73 community sites that have applied for the program. Registration is prioritized for students who did not participate much in NTI or students who failed one or more classes during NTI, including primary students that may not get a grade. To make an impact the programs should be 4 – 6 weeks long. Therefore, JCPS has designed the program to be 6 weeks long.

The Future State teams are all lead by a Chief and by a DEP team member. There are a set of questions that are reflected upon during every step of the process that directly target and focus on racial equity. We know that a lot of kids have lost learning this year, and the future state extended learning vision involves time outside of the normal classroom to provide additional learning. One challenge the District is facing is finding enough teachers for these programs.

Mr. Rose asked for some clarification on how this offering fits into the overall objective of JCPS regarding college and career readiness and the other offerings that are being implemented, such as the student service centers. Ms. Dennes shared that there is a lot of research out about the impact of lost learning has on students that resulted from other natural disasters (for example, Hurricane Katrina). Students need time to make up lost learning. Both of the programs are addressing the issue of lost learning, the summer program is specifically addressing this as is the student service centers concept. Addressing the issue in different ways outside the regular school day. JCPS has learned a lot during the pandemic about new ways of reaching students and partnering with community members. JCPS has always partnered with others but Evolve 502 has helped identify new and effective ways of doing that. Dr. Coleman agrees that everything needs to come together under a common vision. Ms. Mitchell inquired if the community learning HUBs will continue. Ms. Dennes and Dr. Coleman shared that JCPS has reached out to the partners and asked them to apply to participate however, it will look different and will follow a more structured framework. Dr. Moyer inquired about the potential of continuing smaller class sizes that resulted because of the pandemic. Ms. Dennes shared that the biggest challenge is finding teachers to meet the requirements that would be required to keep class sizes small.

Mr. Rose reiterated that the Extended Learning team is one of several future state teams and ARMAC will be looking forward to hearing from all of the teams in the future and in particular how they all interrelate. Ms. Dennes clarified that the reason extended learning was shared since a piece of their work is being put into practice this summer while other teams are working on areas that require more future thinking and confirmed that they will be presenting to ARMAC in the future. Mr. Bryant shared that he is excited about what he is hearing. Ms. Dennes further shared that JCPS is most excited about how the community partnerships have grown exponentially and has been great to see and work with. Ms. Mitchell echoed the positive sentiment and working with JCPS to help the students make up for lost learning.

## **ARMAC Reappointment of Expiring Members – James Rose, Chairperson ARMAC**

There are three committee members up for reappointment: Mr. Rose, Ms. Mitchell and Dr. Keith Davis. Dr. Davis has decided not to renew his committee term, therefore a replacement for him will be needed. Preferably someone with Keith's strengths as an educator and superintendent, large district leadership. Mr. Rose and Ms. Mitchell have both expressed their desire to continue to serve as committee members. The Committee recommends new appointees to the Board who then decides whether to accept them or not. Any concerns regarding these renewing members or recommendations for a new member should be directed to the committee. The committee agreed to present Mr. Rose and Ms. Mitchell to the JCBOE for reappointment.

## **Internal Audit Update – Jodell Renn, Director, Internal Audit**

Ms. Renn has been working with two co-sourced partners, Brown Smith Wallace, and Strothman. BSW has been extremely great to work with and has provided expertise in the IT audit area. Strothman has further supported IT by developing a standard information gathering tool as a part of vendor risk management, specifically related to software approval process.

Jodi's team has continued with school monitoring while the team has been unable to visit schools. Internal Audit worked with IT to facilitate the creation of a Cyber Security incident type for the hotline, and is currently working with DEP on a workflow and incident type to capture reports addressing racism, bias, hate, etc.

Ms. Renn has worked to develop relationships throughout JCPS by participating on four staff committees in an advisory capacity. This helps build bridges and let teams know that IA is another tool in the toolkit to help the District achieve its goals.

In the future, Ms. Renn shared that she would like to align the work plan with the fiscal year as opposed to the current November 1 – October 31 timing. Continuing to evaluate the audit universe and will align it with the future state plans as well as the new strategic plan when it gets finalized. Finally, she will be using the next fiscal year to prepare for a quality assessment review in FY 2023 to comply with the International Professional Practices Framework promulgated by the Institute of Internal Auditors.

As a part of Future State, Mr. Rose questioned if oversight of construction projects has been considered. Possibly bring in an outside consultant in addition to the oversight that KDE provides.

## **New Business**

Ms. Mitchell inquired as to when the next fiscal year's internal audit plan will be presented to the JCBOE. Ms. Renn is planning to align the presentation to the fiscal year and is looking at July/August. The next ARMAC meeting in June would be a good time to discuss, along with any thoughts of other things the committee should be looking at.

## **Adjournment**

Ms. Mitchell made a motion to adjourn the meeting; Dr. Moyer seconded the motion. The meeting adjourned at 3:58 pm.