

Audit and Risk Management Advisory Committee
Jefferson County Public Schools
February 5, 2025
Stewart Auditorium

ARMAC Members Present: Chair James Rose, Dr. Eric Russ, and Wilbert Whitfield

JCPS Staff Present: Dr. Marty Pollio, Dr. Katy DeFerrari, Eddie Muns, Mark Hebert, Carolyn Callahan, Eric Satterly, May Porter, John LeMaster, Sam Zaritsky, and Sonya

Board Members Present: None

Public Present: WHAS11

Chair Rose called the meeting of the Audit and Risk Management Advisory Committee (ARMAC) to order at 2:05 p.m.

Approval of Minutes

A motion to accept the minutes of the October 29, 2024 meeting was made by James Rose and seconded by Wilbert Whitfield. The minutes were approved by a unanimous voice vote, followed by introductions.

Finance Update – Eddie Muns, CFO

Eddie Muns provided an update on the district’s financial position. The district will implement \$100 million in budget cuts to offset financial shortfalls. These cuts were approached strategically to minimize student impact. Program expansions that were still in early phases have been removed and overlapping staffing allocations have been adjusted to prevent vacancy magnification.

Additional budget reductions are expected in the next fiscal year. The district is maintaining a policy that any new budget additions must be offset by equal cuts elsewhere. However, unexpected crisis scenarios, such as transportation challenges, may require adjustments.

Eddie also addressed the uncertainty surrounding federal and state funding. Potential changes could impact critical programs, including Title I, IDEA, and school nutrition funding. There is concern that equity-focused funding may need to be restructured due to possible legislative mandates.

The district has reduced the allocation of non-classroom teacher positions, such as resource teachers, to prioritize direct classroom instruction. Schools still have the option to fund resource teachers using their own school budgets.

The district continues to leverage E-Rate funding to support IT infrastructure improvements. Rising costs and inflation-related uncertainty remain significant concerns that will require ongoing monitoring.

The committee agreed that monitoring the budget impact of federal and state policy changes is necessary. A contingency plan will be developed for anticipated funding reductions, and vacancy management strategies will continue to be aligned with instructional priorities.

Action Items:

- ✓ Continue monitoring the budget impact of federal and state policy changes.
- ✓ Develop a contingency plan for anticipated funding reductions.
- ✓ Align vacancy management strategies with instructional priorities.

Information Technology Information Session – Eric Satterly, CIO

Eric Satterly provided a detailed overview of the district’s IT infrastructure, cybersecurity initiatives, and future plans. The district manages 15,000 telephone extensions, 2,300 copiers, more than 400 security cameras, and 170 connected buildings. There are currently 182,000 Chromebooks in use.

To improve network reliability, the district is expanding its owned fiber network and reducing dependency on third-party providers. A five-year plan has been developed to achieve this goal.

A new cybersecurity operations center is in development. The district has secured \$3.6 million in federal cybersecurity grant funding to support this initiative. AI integration is also a priority. The district is developing policies to balance educational benefits and data security. An AI task force has been formed to explore how AI can support curriculum development and student learning.

The district faces challenges related to device and software sustainability. A significant number of Chromebooks were purchased in 2021, and replacements will be needed soon. Efforts are underway to extend device lifespan and identify sustainable funding sources. The district is also leveraging free connectivity programs to support low-income students.

The IT team has recently undergone a major reorganization to improve efficiency. New initiatives are being introduced to attract top IT talent. Internship opportunities for high school students have been established in Chromebook repair and cybersecurity. The district is also adopting more flexible hiring practices to attract non-traditional IT candidates.

The committee agreed that expanding the district-owned fiber network is a priority. Efforts will continue to develop AI and cybersecurity initiatives, and a long-term Chromebook replacement strategy will be established.

Action Items:

- ✓ Expand district-owned fiber network to reduce costs and improve connectivity.
- ✓ Continue developing AI and cybersecurity initiatives.
- ✓ Establish a long-term Chromebook replacement strategy.

ARMAC Transportation Issue Root Cause Report – James Rose, ARMAC Chair

James Rose provided a brief update on transportation challenges. The district continues to experience bus driver shortages and operational inefficiencies. Budget constraints are limiting transportation improvements, and there are concerns about potential trade-offs between transportation funding and other district priorities.

The committee acknowledged that transportation remains an ongoing challenge. Further analysis will be conducted to examine how adjustments to transportation funding may impact other areas of the budget. Alternative transportation models will also be explored to improve efficiency.

James Rose is seeking to meet with the Chair and Vice Chair of the Board, along with Dr. Pollio. Previous

attempts to schedule this meeting have not been successful. There was discussion about who is responsible for ensuring that the meeting is scheduled. James Rose had initially attempted to arrange it, but it appears that Superintendent's secretary, may need to take over scheduling.

Katy Deferrari noted that the superintendent search may be delaying responses and scheduling efforts.

There was also discussion about the distribution of the ARMAC report. The committee debated whether the report should be distributed before or after the meeting. It was suggested that Chair Shull should receive the report in advance. However, no final decision was made regarding broader distribution. The expectation is that the report will be released publicly after the meeting takes place.

The committee agreed that clarification is needed regarding who is responsible for scheduling the meeting. Chair Shull will receive the ARMAC report in advance, and a follow-up will be conducted to confirm when the meeting is scheduled. A decision will also be made about whether the report should be distributed publicly before or after the meeting.

Action Items:

- ✓ Determine whether the report should be distributed publicly before or after the meeting.

Internal Audit Status Update – May Porter, Director of Internal Audit

May Porter provided an update on Internal Audit's current projects and audit follow-up initiatives. A new formal tracking system for audit findings has been implemented to ensure timely resolution of outstanding issues.

Internal Audit continues to review Student Activity Fund expenditures to verify financial compliance and transparency. Hotline reports are also being actively monitored to identify trends in fraud and ethical concerns.

Additional audits are underway, including a review of background check policies and contractor compliance. The committee agreed that strengthening the audit follow-up tracking process is essential. Risk areas related to student activity funds and contractor compliance will continue to be monitored.

Adjournment

Chair Rose made a motion to adjourn the meeting; Eric Russ seconded the motion. The meeting adjourned at 4:00 p.m.