

# Board Special Meeting

John Stanford Center – Board Office Conference Room



## Audit & Finance Committee Meeting Minutes Thursday, September 8, 2016 4:30 – 6:30 pm

### 1. Call to Order

Director Peters called the meeting to order at 4:32 pm.

School Board members present were Directors Peters, Blanford and Harris

Staff members present were Assistant Superintendent for Business and Finance JoLynn Berge.

### Approval of Agenda

Director Peters asked if there were any changes to the agenda. Mrs. Berge said that there were, and proceeded to explain, noting that item number one should not be a BAR but moved to a special attention item. Ms. Berge spoke about the contract not being a contract but a legal compliance item. Another change on the agenda was that there were no updates on items one and three due to August books not being closed or reconciled until October. Ms. Berge mentioned that there will be more to report next month.

Directors Peter called for a motion to approve the agenda and Director Blanford seconded. The agenda was approved unanimously.

Director Peter called for a motion to approve the June 9, 2016 meeting minutes and Director Blanford seconded. The minutes were approved unanimously.

### Items Requiring Board Action

#### 1. BAR: State Auditors Contract (Berge/Fleming)

Director Peters asked if there were any comments or questions since the BAR was taken off the agenda and no longer a BAR. Ms. Berge took this opportunity to introduce Amy Fleming, the new Director of Accounting.

Ms. Fleming gave a little background of her previous work experience and spoke about the State Auditor's contract and how it's a mandate of the RCW to be audited on an annual basis. Ms. Fleming continued to say that Seattle Schools is audited on three components, accountability audit, financial statement audit and a single audit. The audit is large and the dollar amount to pay for the audit is large because of the size of Seattle Public Schools. Ms. Fleming noted that the cost for the audit has been pretty consistent over the years. Ms. Fleming mentioned that Seattle Public Schools spent 318K towards last year's audit. Director Harris asked Ms. Fleming which other districts had she worked for and what new processes she was bringing to the district. Ms. Fleming spoke of her experience hoping to bring a new set of eyes for process improvements, looking at a point of sales systems, streamline processes and looking at what the accounting office could do differently.

Director Harris mentioned that she would be very excited about point of sale and getting rid of cash handling audit finance. Ms. Fleming agreed.

### Special Attention Items

#### 1. Informational Only: Elevator Maintenance Contract Amendment (Skowyra)

Bruce Skowyra spoke about the dollar amount on the Elevator Maintenance contract continuing to increase. Mr. Skowyra brought a contract extension that is not to exceed 245K since the

current contract is getting close to the total amount of 250K. The contract with L-Tech Elevator is a state contract that Seattle Schools piggy backs on. The reason for the increase was due to changes in State requirements and also taking into account the number of elevators in the district.

Director Blanford asked why we use the state contract. Mr. Skowrya explained that we get a state discount using their contract. Noting that his department looked into bidding the contract out three years ago but found that using the state contract was more economical.

Director Harris asked Mr. Skowrya to explain the contract increases. Mr. Skowrya said that most of the increases were due to the increase of safety inspections changing from every five years to annually. Another reason for the increase was the burst valve inspectional that the district updated every five years and now has to update every two years.

Director Peters asked how often the contract comes up for renewal. Mr. Skowrya noted that they have to do it annually due to the tie in with the State contract

## 2. Grants Update (Stone)

Grant Director, Michael Stone spoke about wanting to highlight significant changes to grants. He pointed out on page three of the handout the increase for the Seattle Preschool program. Noting that the rest of the increases were from small grants, including PTSA and the most recent Gates grant. Mr. Stone spoke about being on par with the same amount of grant funding as we had last year. Mr. Stone also mentioned that there would be upcoming grants from Satterberg and Nesholm coming to the Board for approval.

Director Blanford asked about the side note on the report in regards to K Nathan Hale Communications (KNHC) statement that it will increase with fundraising. Mr. Stone noted that KNHC will match the amount. Mr. Stone also mentioned stipulations to the grant and of the different milestones KNHC have to meet in order to get the funding. Mr. Blanford inquired about the fundraising piece of the grant and how it would increase. Mr. Stone said he did not know but would look into it and add it to a Friday Memo.

Director Harris asked about PTSA grants and how the Alliance funds are handled. She noted that the report Mr. Stone was presenting was under reported in regards to PTSA funds. Ms. Berge noted that since the funds did not go through Seattle Public Schools we do not have an account of how the spending was being handled. Therefore, they are not on the report. Director Harris asked if we could footnote the information in future reports. Ms. Berge said it would be something they would have to look into but not sure how it would work since Seattle Public Schools does not handle the money. Mr. Stone mentioned that the information is on Alliance's fiscal documents on their website.

Director Peters asked if we knew how much the total amount was on Alliance's 1099 form. Ms. Berge said she did not, but that she would ask and inform the Board.

Director Harris spoke about needing this information for equity reasons throughout the district with the haves and the have nots.

Director Peters inquired about the SIG grant for Rainier Beach and wondered how it would be sustained seeing it was the last year of receiving the grant. Mr. Stone said that they have been in communication with OSPI about the possibility of continuing with a year four and five. Mr. Stone noted that they might be able to apply for Title IV grants that could help bring in revenue and sustain the programs. Director Peters asked if there would be any ties to the leadership of the schools in receiving the grant. Mr. Stone noted that he did not think there would be that type of stipulation to the grant and that OSPI would have already notified them if there were.

Director Peters inquired about Highly Capable students and if we receive funding based on the increase of enrollment. Mr. Stone said yes. Ms. Berge spoke about it being a percentage of the enrollment amount.

Director Harris inquired if the grant paid for all the staff in Highly Capable. Mr. Stone noted that it did not.

Director Peters noticed that Southshore's Step Ahead preschools funding had gone down. Director Peters inquired why that was. Mr. Stone said he would have to check why the numbers had gone down since it's was part of the SPP Program.

Director Harris asked about the Simon Youth Foundation and how much money we had received. Mr. Stone stated that we received no money from Simon Youth Foundation. There was a discussion about whether Seattle Public Schools had a signed MOU with Simon Youth Foundation or not. Mr. Stone noted that he has not been able to attain a signed MOU even after three months of contacting the organization. Mr. Stone also noted that the only data they receive from Simon Youth Foundation was that they pay for two school scholarships and give the money directly to the students. Mr. Stone also mentioned that Simon Youth Foundation also paid for furniture at Northgate. Mr. Stone will continue to try and contact the cooperation.

### 3. Revenue Estimate for Capital Levy (Sebring)

Linda Sebring spoke about wanting to let the Board know that her department understated the Capital Levy. Ms. Sebring explained the reason why this happened and noted that it will not affect what the Board had already approved for expenditures. It will also not affect what the voters pay over time. Ms. Sebring noted that we will not spend more than what was already been approved.

Director Blanford asked if the average tax payers would notice anything on their rates. Ms. Sebring replied that they would not and explained the reason behind it.

Ms. Berge spoke about why they wanted to share this information with the Board highlighting that the numbers would be off by less than half of 1% on the F-195 compared to what is on the books.

Ms. Sebring noted that they will be running early edits on Capital funds to avoid these types of mistakes in the future.

## **Regular Agenda**

1. Monthly Budget Update (Sebring)  
None

2. SMART Goal #4 Early Hiring (Codd)

Assistant Superintendent of Human Resources, Clover Codd shared the Human Resources vacancy report noting that as of last Friday 600 teaching positions had been advertised. They currently still need to fill 94 vacancies. Ms. Codd explained the reasoning behind the vacancies mentioning the problem of filling a position only to have another one open up because of internal transfers. Ms. Codd spoke about SPED numbers noting that two years ago they were at a 91% fill rate, last year they were at 98%, and that this year they were at 96%. Ms. Codd mentioned not being where they want to be but that they were heading in the right direction. Ms. Codd noted that even though they gave out contingency contracts they still did not meet last year's numbers.

Director Harris asked if Ms. Codd could identify the reason why there were more vacant positions. Ms. Codd spoke of the teacher shortage and the hard to fill positions in Sped. She also pointed out the difficulty in filling positions in our international schools.

Director Blanford asked if the vacancies were in usually hard to fill subjects like Math, Sped and dual language classes. Ms. Codd noted that they were not and proceeded to say that 21 of the vacancies were in Elementary Schools, 6 in counseling and 5 in PE. Ms. Codd noted that the report was ran last Friday so some of those positions had been filled.

Director Blanford asked what the plan was to fill the vacancies. Ms. Codd responded by saying that the positions were being filled by substitutes and that they were continuing the recruiting process. Ms. Codd noted the teacher shortage problem along with some systemic issues. One being schools opening up jobs once they were sure all the forced placements have been filled.

Director Harris asked how we could address that issue. Ms. Codd spoke about the opportunity through PAR to double down on teaching quality in a collaborative way with SEA and PASS and looking at ways that we could support struggling teachers. Another strategy Ms. Codd mentioned was possibly changing the Collective Bargaining Agreement that allows teachers to transfer up until September 1<sup>st</sup> which creates a lot of moves and vacant positions. Ms. Codd also spoke about how in some districts Principals are not allowed to go on summer break until they have filled all known positions.

Director Harris asked if Ms. Codd collaborates with Executive Directors as far as the vacancy reports go. Ms. Codd explained that this was the first year Human Resources had collected this type of data but looks forward to the changes that she plans to implement in her new role. Ms. Codd informed the Board that she will put new numbers together for the week and add them to the Friday Memo for the public to see.

Director Peters requested that Ms. Codd add a couple of narratives regarding their conversations to the Friday Memo.

Director Blanford also requested that Ms. Codd add more information than less information to the Friday Memo. Noting that the information would help them and families understand the reasoning behind why this is happening.

Ms. Codd spoke about two more items that have contributed to the vacancy situation. One being the international teachers visiting from other countries and the other being teachers not updating their certificates in a timely manner.

3. Monthly Financial Status Update (Berge/Fleming)  
None

4. Committee Annual Work Plan (Berge)  
None

**Meeting was adjourned at 5:38 pm.**