

## Board Members' Questions and Staff Responses for 3-25-21 Boardbook materials

### Single Audit

Question	Response
<p>1. On the Material Weakness on Internal Control of Debarment and Suspension:</p> <ul style="list-style-type: none"> <li>- Was the statute that controls this new within the last couple of years?</li> <li>- If statutory requirements did not change within the last year or two, and given that this weakness was not noted last year, was this weakness ongoing over time, was it new this year? How long do we believe this has been a weakness for One91?</li> </ul>	<p>There were significant updates to procurement standards with the uniform guidance that also clarified some of our testing of suspension and debarment when the District implemented those new single audit standards back in FY18.</p> <p>We do not do a single audit over special education every year. We only audit it when single audit standards require it. It was last audited in fiscal year 2017, so it came up in the required 3 year rotation for type A programs for fiscal year 2020. We did have a similar finding in FY19 for the child nutrition cluster. As it was determined to just be a deficiency for the child nutrition cluster in FY19, we were not forced to test it again in FY20. But the District ended up with this related finding over the same compliance area for Special Education.</p>
<p>2. 2. On Unclaimed Property material weakness:</p> <ul style="list-style-type: none"> <li>- I would like to understand how this weakness was allowed to exist over time, and why it was not previously identified either by staff or by our auditors.</li> </ul>	<p>Dennis Hoogeveen from CLA mentioned it in his report given to the Board in November 2020.</p> <p>During the FY2019 audit, auditors explained the process for reporting unclaimed property. We needed to have the details of old outstanding checks issued to employees and vendors readily available and submit them to the state as unclaimed property to then cancel the checks .</p> <p>This is a MN Legal compliance finding that actually was a finding last year as well (see 2019's 2019-005).</p>

<p>- Why is there a Corrective Action plan for 2020-002 and not also for 2020-001?</p> <p>I would like to request that the board receive quarterly updates on these weaknesses, as part of our own Corrective Action Plan.</p>	<p>FY2019 this was a finding identified and reported during fieldwork, fall 2019, this was not a new requirement but a new finding, due to transition of staff, the step had not been done. One91 staff reached out to the State Commissioner of Commerce to see about proper steps to address the finding. We were told the cycle was to be cleared up by November. This was done October 29, 2020 which fell after the second audit period of FY2020. There is no further action to be taken to correct this. The procedures must continue to be completed on an annual basis as part of standard work.</p> <p>Due to single audit standards requiring the corrective action plans for single audit and control findings to be prepared by the District's management and printed on the District's letterhead, this is part of a separate deliverable that Lisa prepared with some assistance from CLA. It was then submitted to MDE, OSA, and the Federal data clearinghouse along with the other letters. Corrective Action plans were sent to the Federal Audit Clearinghouse.</p> <p>I defer to the board for discussion regarding your request for quarterly reports. During my tenure, staff corrects the practice and/or establishes new internal procedures in place to comply.</p>
<p>3. Please provide some context around the Federal Programs information detailed on page 9.</p>	<p>A Single Audit is not conducted for every audit client. . If a school district expends more than \$750,000 of federal funds, then as auditors, the risk is assessed for</p>

<p>- We were materially in compliance, but we need to improve internal controls, correct?</p> <p>- I would like to understand how this \$750,000 material weakness missed in the General Audit last Fall?</p>	<p>the funds expended considering the last time any one of the areas was last audited. As no area expending greater than \$750,000 can go beyond 3 years unaudited. Unless a district has no findings for two years straight, they are considered a high risk auditee. This status raises the total number of dollars that must be tested in the single audit procedures.</p> <p>The finding is not suggesting ISD191 did not comply with the law; however, the formal documentation of the steps and procedures for documenting (such as a screen shot with date included) the steps actually performed has been lacking. Our corrective action includes strengthening the process to include the verification of current vendor documentation (via screenshot with date included) prior to any purchase over \$25,0000. CLA suggests that we take a screenshot of the list with the date to document that we did review before contracting with a vendor.</p> <p>The \$750,000 identifies the threshold that defines the testing category of programs and it prompts the auditor to review. Not that we did not review the vendor with a \$750 K contract.</p>
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FY22 Budget

1. Maybe I missed it, but I do not recall the board issuing guidance to remove "4 Miscellaneous Reductions," and I see that this item is not included in the final list. I would like to understand why it has been removed from board consideration.

In my updated budget proposal I am not recommending the miscellaneous reductions because they are not needed. The slide with the #4 Misc reductions (if needed) has been added to the presentation as reference to the initial proposal.

Misc. reductions staffing metrics rely on different variables or may be fixed. Examples of different variables would include specialized services such as English Learning or Special Education. In these areas, both the enrollment of students as well as the level of services needs to be considered (e+l)/t = caseload. Expectations for Sped and ELL leadership is tied more to reporting and program requirements than to students. Principals are tied more to the buildings they supervise and the number of staff and students within those buildings. In many areas the number of staff employed is less tied to students as it is tied to other functions that are generated by staff, state, or federal demands.

In some cases, variable expenses are created by program needs. The implementation of Pathways K-12, Virtual Academy, mental and social well-being, community inclusion, and program concerns are all priorities that require the attention of qualified staff or external partners to address.

As shared in FY22 budget presentations, we are planning to engage our entire team in a strategic and thoughtful review of our finances and systems for development of the district budget, so that once the new strategic plan is finalized in the fall, our ground work will support aligning our budget to our strategic priorities. The work for this strategic review will begin later this spring or early summer.

2. Similarly, FTE reductions in Thursday's slides only include teachers and EAs. Given that we now have one known principal resignation, we are now able to come closer to right-sizing for principals, especially given that we closed three schools last year and did not reduce any principals. Instead, we reduced many other staff. Please help me understand your recommendation to right-size only for teachers and EAs, but not principals.

Maintaining class sizes and rightsizing does not apply the same metric of reductions for all staff. The variable costs related to teachers is directly impacted by student enrollment. Fewer students in a grade means fewer teachers needed to maintain the class sizes (e/t = class sizes).

Rightsizing does not mean that one size fits all when considering the fixed cost or responsibilities verses the variable costs and priorities. Similar to noted above, year over year (FY22 compared to FY 21) the number of buildings remains the same.

Also of note, last year we did reduce a principal as the former Metcalf principal retired and was not replaced. By maximizing all funding sources, addressing school program needs and required functions generated by staff, state, or federal demands and staying within budget allocations we maintained our administrators with the least seniority, Eddie Blaylark, Mohamed Selim and Isis Buchanon, who was promoted to a principal position. Further reductions in other staffing units, including principals is not needed if we employ the budget development strategies discussed with the board. Given the known principal resignation, we are once again demonstrating, when retirements, resignations, or other leaves occur, we look for ways to maximize our resources to continue to complete the work needed and balance other priorities. In this case, we will move a POSA from SISA and address the department needs within the available budget.