



**TOWN OF ROCKY HILL
BOARD OF EDUCATION FINANCE COMMITTEE
MEETING MINUTES/MOTIONS**

In order to comply with Connecticut General Statutes regarding minutes of meetings, the following will be used to record information during all public meetings that take place. An original must be submitted to the Town Clerk of Rocky Hill within 48 hours of the meeting being adjourned. Motions should be complete, showing the maker and second of the motion as well as how each member voted. Unanimous votes may be listed as unanimous.

NAME OF PUBLIC BOARD OR COMMISSION	Board of Education Finance Committee
DATE MEETING AGENDA POSTED	February 25, 2010
LOCATION	Training/Conference Room
DATE OF MEETING	March 3, 2010
TIME MEETING STARTED	7:32 p.m.
PERSON PREPARING MEETING MINUTES	Jo-Anne Booth, Recording Secretary
VERBATIM NOTES TAKEN	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
AUDIO, VIDEO OR LIVE TRANSMISSION OF MEETING	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

MEMBERS PRESENT AT MEETING

1. Maria Mennella, Chairperson	2. Marc Beliveau
3. Edward (Alex) Silva	4. William MacDonald, Ex-Officio Member (Chairman of Bd. of Ed.)
5. Also present: Dilip Desai (Bd. of Ed.)	6. Finance Director Frank Connolly
7. Superintendent Dr. Jeffrey Villar	8. Dominic Barone (BlumShapiro Consulting) (Left at 7:58 p.m.)
9. Jeffrey Ziplow (BlumShapiro Consulting) (Left at 7:58 p.m.)	10.

NUMBER REQUIRED FOR QUORUM 2 QUORUM PRESENT Yes No

TEXT MOTIONS AND RESULTS VOTES

1st MOTION Passed Failed Tabled

**Moved by Marc Beliveau, seconded by Maria Mennella, to adjourn the meeting at 8:21 p.m.
FAVOR: ALL
MOTION CARRIED**

LINK TO WORKING NOTES (will be attached if available)

ACTION

CORRECTION(S) (will be attached if available)

TIME MEETING ADJOURNED: 8:21 p.m. .

TIME DELIVERED TO TOWN CLERK: .

Town of Rocky Hill
Board of Education
Finance Committee Meeting Working Notes
March 3, 2010

A Finance Committee meeting of the Rocky Hill Board of Education was held on Wednesday, March 3, 2010 in the training /conference room. Chairperson Maria Mennella called the meeting to order at 7:32 p.m. Present were: Marc Beliveau, Edward (Alex) Silva and William MacDonald (Ex-Officio Member) (Chairman of Bd. of Ed). Also present were: Superintendent Dr. Jeffrey Villar, Finance Director Frank Connolly, Dilip Desai (Bd. of Ed.), Dominic Barone (Blum Shapiro Consulting) (Left at 7:58 p.m.) and Jeffrey Ziplow (Blum Shapiro Consulting) (Left at 7:58 p.m.).

1. Meeting with Blum Shapiro Consulting, Town Auditors on Proposal to Evaluate BOE Financial Management Software

Mr. MacDonald asked the gentlemen who were present from Blum Shapiro Consulting if they were also going to be talking about the second item on this evening's agenda which had to do with the June 30, 2009 Annual Financial Report. Finance Director Connolly said they weren't. He explained that they were dealing with the consulting side of the proposal. At this point, Finance Director Connolly gave everyone a copy of this proposal. This proposal deals with them coming in and looking at an evaluation of the Board of Education's financial software system. Finance Director Connolly explained that these gentlemen didn't do the audit. Finance Director Connolly said he would be discussing the Annual Financial Report. He mentioned that the auditors are hired by the Town Council, not by the Board of Education, and they report to the Town Council. The auditors will be meeting with the Town Council next week.

Finance Director Connolly said he would be going over some of the highlights of the financial report after the discussion of this first agenda item. The letter that came through on this did make reference to some of the problems they were having with their financial software. A copy of this letter was given to everyone. This letter lead to the evaluation of what they need to take a look at. He said two months ago that he, Superintendent Dr. Villar, Finance Director Mehr, Town Manager Gilbert, Mr. Barone and Mr. Ziplow had a meeting in order to have a discussion and a dialogue about some of the problems they are having with their financial software.

Mr. MacDonald referred to the letter and he said he had some questions about it. He asked how he would get these raised if Mr. Barone and Mr. Ziplow weren't in a position to talk about this. Mr. MacDonald thought that was what this evening's meeting was about. Superintendent Dr. Villar asked when the auditors would be meeting with the town. Finance Director Connolly said the meeting was going to be held on March 10, 2010. Superintendent Dr. Villar said he was a little disappointed too that the person who did the audit wouldn't be available to the Board of Education and that they would have to work through the town. He understands fully that Blum Shapiro is paid by the town, etc. Mr. MacDonald told Mr. Barone and Mr. Ziplow in the report that it states that it is for

the use of the Board of Education. Mr. MacDonald said it bothers him that there are control weaknesses that have been identified that relate to the financial reporting aspects of the Board of Education but Blum Shapiro can't send their auditor here to talk about this. One of his questions is with regards to some of the data being stale. There is reference to Fiscal Year 2007 and Fiscal Year 2008 not being closed out but there is no indication in there of these fiscal years being mentioned in the 2008 management letter. He explained why he is confused. He said their system definitely could be improved and he understands the consulting gig but he needs to get some clarity on why the town wouldn't allow the auditors to talk to the Board of Education.

Mr. Ziplow said he isn't a financial auditor so he couldn't speak to the financial audit. He is a technology auditor. Neither he, nor Mr. Barone does financial audits. Mr. Ziplow said he didn't know much about the financial audit other than a little bit of the management comment maybe and some discussions, etc. that he has had.

Mr. MacDonald said part of the comments in the management letter relate to IT issues. He told Mr. Barone and Mr. Ziplow that he assumed they would have been talked to about these during the course of the audit. Mr. Ziplow said yes. Mr. MacDonald told Mr. Barone and Mr. Ziplow that they are aware of the issues in this report that relate to IT. Mr. MacDonald referred to the past management letter comments and he said he finds this disheartening. He spoke about the fact that the Board of Education has inaccurate software system generated reports. Mr. MacDonald asked if this has been changed in a couple of years and Finance Director Connolly said no. Mr. MacDonald asked why all of a sudden this is an issue that has been identified now and he asked if this is just a deficiency or if it is a significant control deficiency. He said obviously it isn't a material deficiency but he is assuming this is a significant deficiency or it wouldn't have been noted on the report. He explained some more and said this bothers him. He came this evening to talk about this and not about a little proposal they should do.

Superintendent Dr. Villar told Mr. MacDonald that he is hearing what he is saying and that he agrees. Superintendent Dr. Villar said they need to be able to talk about this to someone. Mr. MacDonald asked if the auditors were asked to attend. Finance Director Connolly said he asked them. Their client is the Town Council basically and they would report to them. Mr. MacDonald referred to the management letter which is a public document and he mentioned how Blum Shapiro could issue this to them but not have the courtesy to come to answer questions when the Board of Education Chairman has a question on this. Mr. MacDonald said they were going to have a letter drafted tomorrow which will go to Mr. Carl Johnson, who is a Managing Partner at Blum Shapiro, Town Manager Gilbert and Mayor LaRosa. Mr. MacDonald said this wasn't right.

Mr. Silva referred to a document he had and he asked what it was for. Finance Director Connolly explained what it was. There are three parts to the report and he explained what these are. The Town Council requests the audit and pays for it because the client is the Town Council. The Board of Education doesn't. The auditors felt they should report to the Town Council.

Mr. MacDonald asked if a management rep letter is signed to them in the course of doing their audit. Finance Director Connolly said he and Superintendent Dr. Villar have to sign a letter stating they have disclosed everything. Mr. MacDonald said that is the rep letter. Mr. MacDonald said if Blum Shapiro is having them sign a management rep letter then there is some obligation for them to provide input to the Board of Education if there are issues.

Mr. MacDonald asked Mr. Beliveau if he had any comments on this. Mr. Beliveau said this is unique from what is seen in business. He doesn't see how this can't be viewed as one town entity because the Board of Education clearly has some interest in this. The Board of Education has to be able to ask questions if they are signing off on a management rep letter. Mr. MacDonald asked for the management rep letter not to be signed next year.

Superintendent Dr. Villar referred to an inconsistency he sees. He knows there is dialogue prior to the conclusions that are drawn. He and Finance Director Connolly have had discussions about how it is critical to close out Fiscal Year 2007 and Fiscal Year 2008. They are asking why this wasn't closed out. Superintendent Dr. Villar needs to know if this is a discussion that prior personnel from the Board of Education had with Blum Shapiro in discussing whether or not this was a priority issue for the letter. He asked why this wasn't a priority issue two years ago because fiscal management is fiscal management and he thinks they need an answer on this.

Mr. MacDonald referred again to the letter that is to be drafted tomorrow. He asked Chairperson Mennella if this was okay and she said yes. Mr. MacDonald said they could then ask for a separate meeting. These are purely issues that relate to significant financial control weaknesses that were identified by the auditors against the Town of Rocky Hill's Board of Education. He said he disagrees with this because he didn't think anything listed was significant in nature. He explained again what is disheartening to him.

Finance Director Connolly referred to the letter again and the problems with the financial software system. A meeting had been held so they could review what could be done. Blum Shapiro asked to come in so that a proposal could be made to the Board of Education with regards to them coming in to evaluate the financial software they have. He passed out a copy of this proposal to everyone. Mr. Barone and Mr. Ziplow wanted to review this with the Committee this evening.

Finance Director Connolly turned this meeting over to Mr. Barone and Mr. Ziplow at this point. Mr. Ziplow said he was going to give a quick overview. They had met with the school district and the town. The school district has a software product called Unifund and the town has a software product called Munis. There have been issues and concerns about the Unifund software product. In working with other municipalities, a lot of times this system has the capabilities that people want it to do but either these never got implemented or there was a lack of training or issues with the actual implementation. He told them before they throw Unifund out that they should make sure they can understand and appreciate the capabilities of this system first to see if it can do what they want it to

do. On the proposal, there also was a confirmation of what the cost would be if they were to move forward with Munis. Mr. Ziplow said they have experience with Unifund and with Munis.

Mr. Ziplow said the reason they have been put forth in from of them is that they want to find a solution which is a low cost one but one that gets them to where they want to be. They felt they could provide this through this proposal.

Mr. MacDonald asked what the driver is of this. He asked Finance Director Connolly if he thinks this is something they need or if this is something the town is thinking. Finance Director Connolly said this is more on the Board of Education's side. The ladies in his office have complained "vociferously" about the software system since he came to this town. This is independent of ADP, which is what they have for their payroll system. There is a lot of manual work that goes on with regards to integration between the two systems. He has worked a little with Unifund and he is not happy with it. He did discuss this with Finance Director Mehr. Finance Director Connolly said he saw problems with the two independent software systems they have and the amount of manual labor that goes on.

Superintendent Dr. Villar said he didn't know if any consideration was given with regards to the town being on a totally different system when Unifund was selected. There would be a cost savings in using the same system that the town has. They had a discussion on this as part of their meeting with the town and he said this is encouraging. There would be security in place with this system. This would be an example of them maybe saving some money and trying to get on the same page with the town. He referred to the budget and said they had a great deal of difficulty last year trying to modify reports and programs. They have issues where reports generate numbers that people can't recreate. Finance Director Connolly said the auditors had some problems trying to recreate numbers. He said the books are closed for June 2009. Part of the problem they had in closing out though was that Fiscal Year 2007 and Fiscal Year 2008 were never closed out so they had some numbers carrying over. They have a financial report dated June 30, 2009 at 7:00 p.m. that shows the end of transactions of everything.

Finance Director Connolly referred back to the meeting they had and he said the issue of cross training had come up. The town has two different systems. If someone gets sick on the town side, the town can't come to the Board of Education for help because they don't know their systems. The Board of Education has one person who does payroll and there is also a backup person. The town's system could be totally separate from the Board of Education's if the Board of Education decides to go with Munis. Mr. MacDonald asked if the application would be hosted on the town side. Mr. Ziplow said that could be up for discussion. Mr. MacDonald said he didn't care either way. Mr. Ziplow didn't think it matters. The more important thing is they can put in security associated with account numbers if they were to migrate to a Munis solution. The town wouldn't be able to see the Board of Education's information and vice versa.

Superintendent Dr. Villar mentioned how the Board of Education has made a significant investment in Unifund not that long ago. Finance Director Connolly said this was maybe three to four years ago. Superintendent Dr. Villar said he is not certain that Unifund is a bad product but he is certain that it wasn't well implemented and thought out. Mr. MacDonald asked if they had a partner who had helped to implement this and Superintendent Dr. Villar said he wasn't certain but he thinks there was some technical support. Finance Director Connolly said there is training. Mr. Silva said they might not be using this software to its max.

Mr. Ziplow said they want to do a cost benefit analysis. He explained more and said they might never get Unifund straightened out because of "X", "Y" and "Z" or it might cost them "peanuts" to get Unifund straightened out versus them moving to Munis. This is what they are trying to do as efficiently and as quickly as possible.

Finance Director Connolly said what he likes about the proposal is that it states for them to evaluate what they have to see if it is being utilized and maximized before they go looking at other systems. They can then look at Munis and Unifund simultaneously and come up with an end product with recommendations for software.

Mr. MacDonald said he had three questions about the proposal. One question was that there is no timing on it with regards to when it would start and when it would finish. He asked if they were talking weeks or a month. Mr. Ziplow said it would probably be one to two weeks and he said they will put this in there. Mr. MacDonald said another question of his was that he didn't know who the lead person is. The last question he had was if they have to bid on a project under their Charter or policy. Superintendent Dr. Villar said they wouldn't have to because this would be professional services. Also, his understanding is that Finance Director Mehr would be paying for this. Mr. MacDonald told Superintendent Dr. Villar that he is being asked to sign off on this and engage on it. Superintendent Dr. Villar said his understanding is that the town is willing to pay for this. Mr. MacDonald said he would have Finance Director Mehr sign this as well. Mr. MacDonald thinks this is a good proposal and this is a good thing to do. Superintendent Dr. Villar said this shows the town's willingness to cooperate and he thinks they see a benefit for them too.

Mr. Silva asked if there is some sort of personnel cross training the Board of Education should be doing with the town if they weren't going to one system. Finance Director Connolly thinks the Board of Education is in better shape with the backup system it has. Mr. MacDonald referred to the 2008 auditor's report for the town and mentioned something it stated. He said the Board of Education is in much better shape if something should go down. Chairperson Mennella said for audit purposes that she thinks documentation is huge for whatever system they go with.

Mr. MacDonald asked if this can be approved at the Finance Committee level or if this has to go to the full Board of Education. Superintendent Dr. Villar said this evening that they were just sharing with them the direction they are going. Mr. MacDonald asked Chairperson Mennella if she likes this and she said she does. Finance Director Connolly

thinks this is a good investment of town taxpayer funds. Mr. MacDonald is glad that Blum Shapiro is doing this because they have a good reputation in the market for this type of work and also because of the fact they know the Board of Education. He probably would have a problem with this if it wasn't Blum Shapiro.

Mr. Beliveau asked Finance Director Connolly if they have begun to look at what is being paid for maintenance on this product versus what the town is paying for maintenance on their software application and the type of license they have. Mr. Beliveau said maybe it is just a matter of adding users to an existing license. Mr. Ziplow said they will be looking at this and they will also be looking at what modules the Board of Education is using and what modules they aren't using. They will have this answer when they come back and report to them.

Superintendent Dr. Villar said nobody who is here now was here when the software had been adopted. They might not even know about capability.

Mr. Ziplow asked if there were any other questions. There were none. Mr. Barone asked everyone if this looks like it is straightforward and they said yes.

Chairperson Mennella asked Mr. Barone and Mr. Ziplow if they will report back to this Committee in a month or so. Mr. Ziplow said they have to get the proposal signed off on and they have to get this evaluation scheduled. It won't be a six month delay but it is just a matter of a couple of weeks. He said this will be sent both to Superintendent Dr. Villar and Finance Director Mehr so that they get two signoffs.

2. Annual Financial Report, June 30, 2009

Finance Director Connolly said there are three parts to this. The first part is the Federal Single Audit. All federal grants that come through are looked at. He passed out a copy of this to everyone. He said the key words are "no material findings". This is very straightforward and there are no surprises.

Finance Director Connolly referred to the second part which is the State Single Audit Report. He passed out a copy of this to everyone. Both the town's grants and the Board of Education's grants are looked at. There were no material findings for this.

Finance Director Connolly asked them what they have done in the past and he asked them if they ever looked at audits before. Mr. MacDonald said in the past they had seen this information in their packets. They had asked the Finance Director at that time if there was anything he wanted to share or if there was anything they needed to be aware of. The Finance Director would say there was nothing and they would then move on. Mr. MacDonald said they are trying to get a better understanding of the accounts, financial controls and financial systems this time. He is all in favor with regards to however long they need to spend on this.

Finance Director Connolly referred to the Comprehensive Annual Financial Report and he said this is the key document. He passed a copy of this out to everyone. This covers all of the expenditures of the Board of Education and of the town but this focuses on the town side more. This will give them an appreciation for the town's financial condition. The town is in very good financial condition. He thinks they have done a great job on their budget that they put together this year.

Finance Director Connolly highlighted some things in the audit. The members of this Committee asked various questions with regards to some of the things that Finance Director Connolly highlighted for them.

Finance Director Connolly said he would like to attend the town's Finance Committee meeting next week on Wednesday, March 10, 2010, at 4:30 p.m. The auditors will be reporting to the Town Council. He wants to be at this meeting because the Board of Education is mentioned in the management letter.

Mr. Silva said they are in good shape fiscally. Finance Director Connolly said the town is in a good fiscal position. Mr. Silva said something is being done with ECS this year. Superintendent Dr. Villar said ECS is projected to stay flat this year. Finance Director Connolly said it is anticipated that there will be a drop of up to 15% of the total revenue each town gets from the state for next year. The "lion's share" of this is the ECS money. Superintendent Dr. Villar said the big problem associated with this is that this will happen in the same year that they will no longer be receiving additional ARRA money. Finance Director Connolly said he and Superintendent Dr. Villar were looking two years out when they were working on the budget this year. Superintendent Dr. Villar explained what they will have to make sure they do if the town cuts the Board of Education budget by "X" percent.

Mr. MacDonald said this was a very good session and they never had this level of detail before. Finance Director Connolly thinks it is helpful for the Board of Education to understand things so they can evaluate them on their own when they are asked to do things.

Moved by Marc Beliveau, seconded by Maria Mennella, to adjourn the meeting at 8:21 p.m.

**FAVOR: ALL
MOTION CARRIED**

Respectfully submitted,

Jo-Anne Booth

Accepted by: _____ Date: _____