

MINUTES – WAYLAND SCHOOL COMMITTEE Special Session – September 3, 2013

A Special Session of the Wayland School Committee was held on Tuesday, September 3, 2013, at 7:00 P.M. in the School Committee Room of the Wayland Town Building.

Present were:

Barb Fletcher, Chair
Beth Butler, Vice Chair
Malcolm Astley
Ellen Grieco
Donna Bouchard

Also:

Paul Stein
Superintendent of Schools

Brad Crozier
Assistant Superintendent

Marlene Dodyk
Director of Student Services

Geoffrey MacDonald
Business Administrator

Also:

Jim Powers
Powers & Sullivan, LLC

Ben Downs, Audit Committee
Chris Riley, Audit Committee

Chair Barb Fletcher convened the Regular Session at 7:07 P.M. and announced WayCAM was taping the meeting.

1. **School Accounts Report Presented by Jim Powers of Powers & Sullivan:**

Barb commented that Jim Powers was charged, at the recommendation of the Audit Committee, to conduct agreed upon procedures for the schools' financial activity from FY07 to FY12. Barb provided a brief format, which included the draft report by Jim Powers, School Committee questions, and an extended public comment period. Barb stated that the administrators, having to follow certain procedures, will put a report together detailing the work that has been done and addressing some of the issues raised. The School Committee will take note of the public's comments so they can be addressed at the appropriate time. Barb thanked Jim Powers and commented that the School Committee has, over the last 2.5 years, worked to make improvements in fiscal operations with the help of Superintendent Paul Stein and Business Administrator Geoff MacDonald.

Jim Powers stated that he did not review general fund appropriations and certain grants, but he did review revolving funds, WSCP accounts, and student activity funds, and gift funds. He informed the audience that if something is not mentioned in the report, he did not review it. He thanked the School Committee, Paul Stein, and the staff for their cooperation during this process. He provided some history of preliminary work done prior to his review and said he had access to the work already done by the schools' independent auditors (Melanson & Heath) and by The Abrahams Report.

Jim commented that a lot is being done well and a lot of information tested well. However, the biggest problems were with accounts that were not managed and did not go through the normal Town revenue process. Jim cited some minor problems, but stated that most accounts had a good audit trail. Although closed now, the Principals' Discretionary bank accounts were illegal and should not have been opened and maintained. He noted that these accounts were closed relatively quickly once the problem was discovered. He said the focus was to look at the expenses in all of the accounts to determine if they were legally accounted for; however, the end result would have been the same had the accounts gone through the normal process. In many cases, there wasn't enough documentation to make a determination regarding the validity of compliance with the laws.

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Jim commented that he was 100% in agreement with the Melanson & Heath Report. Jim reviewed the Student Activity Accounts and cited examples within these accounts and stated that different schools had different levels of accounting. He confirmed that valid student activities should be approved by the School Committee each year or by a student activity advisor who is authorized to approve such activities. He praised the development of the Student Activities Accounts Guidelines & Procedures in 2012. Jim commented that the Department of Revenue and DESE is putting more focus on these types of accounts and there is a big push to have their FY13 new Policies and Procedures Manual to be available in all communities, as this issue is commonplace in other communities.

Jim further commented that every transaction should stand on its own and have sufficient and original documentation to support each transaction, and copies of expenses should be kept at the schools. He explained how the Treasurer receives documentation from the School Department and the process that follows. Jim explained in detail the reimbursement process, which is also put through the warrant process. Thus, there should be multiple layers of review between the School Department and the Town.

Jim reviewed additional suggestions that were in the report for continued improvement going forward, citing some examples. Again, he stated that the best control is to go through the warrant process, allowing review before something happens. Jim also suggested that when a transaction is more than a \$1,000, the Business Administrator should sign a form stating that he has sufficient documentation and he, or his designee, agrees with the principals' and advisors' expense request. Jim also suggested using more forms, i.e. overnight trip request forms, expense forms, advances, and deposits.

The School Committee asked questions regarding the Student Activity Accounts. In terms of why the independent auditors who conduct the annual audit did not discover the issues surrounding these accounts, Jim commented that it is not their responsibility, unless the scope of the audit is clearly defined. Paul commented that he and Geoff are committed to review all of Jim's recommendations and develop a timeline to implement them. They will report back to the School Committee with their recommendations and the status of each one. Jim explained to the Committee what the term "no findings" meant and how he came to that conclusion.

In reviewing the Gift Accounts and some fee-based accounts (i.e. transportation, parking fees), Jim stated that there were no significant findings. He recommended that these be evaluated constantly in terms of costs and surpluses and if the fees being charged are sufficient. Services should be matched with revenues, and an appropriate reserve level is 10%. This decision to establish a level of reserves should be a School Committee policy matter.

Jim reviewed the WSCP accounts and stated that they are well managed. He did, however, review the WSCP discretionary funds that are now closed and stated that they weren't as well managed. Regarding all accounts, he explained the process by which documents, i.e. bank statements, were requested prior to his audit; thus, he did not do another records research in some cases. He made a decision from a cost benefit analysis of the accounts.

Full Day Kindergarten was also managed well.

Jim reviewed the Athletic Revolving Funds in terms of ice hockey, weight room, etc. He stated that when fees are charged, they should be deposited with the Treasurer by a designee who is collecting the fees. Jim recommended that a MOA be developed for these deposits within school organizations, i.e. Boosters, Hockey Association, etc. He also recommended a consistent policy, similar to Student Activity Guidelines, be put in place in terms of gate receipts and collection of funds. The athletic programs' accounts also tested well; however, a consistent reporting mechanism should be in place. Jim agreed with Geoff that copies of everything should be kept in the Business Office.

Other accounts that all work well are building use fees, school cable (WayCAM) and the Wayland Public Schools Foundation. There were no findings in these accounts.

Jim reviewed the METCO accounts. He did not look at the state grant fund, which is managed by the State. He discussed the revolving fund account and the transportation costs associated with the METCO account. Jim stated that scholarship funds should be separate and apart from revolving funds. Now closed, the METCO discretionary accounts were inconsistent, but there was some support documentation. Jim reviewed his findings in these accounts and the flaws that existed in the scholarship process, gifts, purchases and reimbursements process. He stated that in some cases no documentation, i.e. credit card statements, was available, which created a scope limitation and a finding could not be made.

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In an effort to support the METCO Director, Paul commented that she is working very hard to secure the missing records and is taking a very active role to work through this process. Paul recommended that a reasonable amount of time be given in order to obtain the records. Upon receipt of any or all of the missing documentation, it will be given to Jim, so that he can write an addendum to this report. He stressed that he and the METCO Director want this matter addressed and analyzed further. A discussion followed regarding an additional cost from Jim Powers and what the next steps should be in terms of the METCO accounts. Jim recommended that the School Committee talk to labor counsel for his/her opinion on further action.

Jim stated that the cost of his review of the accounts was \$31,750 to date.

Paul asked Jim for his recommendation regarding stipends that were paid directly to employees and how they should proceed in terms of providing proper forms to the employees and the IRS.

2. **Extended Public Comment Period:**

Tom Sciacca commented on the School Accounts Report in terms of the “illegality” of some accounts. He asked Jim Powers to comment on “gray areas” within these accounts.

Annette Lewis asked Jim Powers to confirm that there are to be no Discretionary Accounts, unless they have been properly authorized by the Town Treasurer.

George Harris commented on the issue of the IRS reporting and stated that the School Committee has an obligation to report to the IRS. George also referred to the METCO accounts in terms of pursuing the matter further. Jim Powers responded to both comments.

Richard Greene asked about the hockey account in terms of being an unusual funding structure and deposits made to charitable accounts or 501C3. Jim Powers responded.

Louis Jurist referred to the historical perspective regarding the discretionary accounts. Louis stated that it was his understanding that these accounts were commonplace and legal, the laws have changed. He asked about funds in the school system, stating that hockey and crew are different because they are self-funded. Jim Powers responded to both comments.

John Flaherty inquired about the Principals’ Discretionary Accounts. Geoff MacDonald and Jim Powers responded.

Shawn Kinney inquired about whether the School Committee should be taking other steps in terms of the METCO findings in the School Accounts Report. Jim Powers responded.

Chris Reynolds supported this process, but he had two concerns regarding the administration’s time involved in this process, as he noted that many people are trying to make things work. He also asked the School Committee to keep in mind that the staff has less to work with when voting for more cuts in the budget. Jim Powers responded.

Maryann Borkowski agreed with the last comment and went on to say that staff should have flexibility, as they can’t always plan ahead in certain instances, but she understands the need for accountability and transparency. Jim Powers responded.

Ellen Grieco commented that accountability is important because public funds are being used for the needs of the staff and students.

Paul Stein commented that neither the teachers nor administrators are asking to go back to the old ways, but urged the School Committee to continue to convey to them the right way to move forward, as teachers and principals thought they were doing the right thing. He went on to say that it is important to the staff that they are trusted when working with funds in an efficient, legal and accountable manner.

Donna Bouchard spoke to the breach of public trust and referred to the report in terms of a lack of substantiation in some instances. She asked if employees had the proper training. Jim Powers and Paul Stein responded.

Ellen Grieco commented that she appreciated Chris Reynold’s remarks. She commented on the process by which

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this audit was undertaken, and stated that the Committee will pursue the appropriate steps to conclude this process in response to the public's questions. She supports this administration and noted that it was important to realize that a prior administration was in place at the time. Ellen stated that the public should trust the system going forward, and she is confident that more steps will be taken.

Malcolm briefly commented on the historical view of these accounts.

Lea Anderson commented that she has a different perspective. She appreciates all the work that has been done, and she feels optimistic that much has been discovered, there is a plan in place, and the district is on the right track. She commented that she hoped that the School Committee will pull together and spend more time on educational issues.

Kathy Steinberg commented that this situation arose because as a town, people are generous and very supportive of the schools. She commented on the process taken and gave her perspective from the time when she was a PTO President. For her, it wasn't necessarily dealing with emergencies, but with missed opportunities for the students. Donna Bouchard responded.

John Flaherty commented that there can be generosity and flexibility, but there must be accountability.

3. **Further Discussion re: the School Accounts Report:**

The School Committee discussed what needed to be done in order to finalize the independent School Accounts Report from Jim Powers. Some minor corrections were made at the recommendation of Geoff MacDonald. Jim noted that he wants the report to reflect what is factual and correct.

Malcolm stated that he will summarize his opinion in an email to Jim Powers (copied to School Committee) of what he feels should be edited. Jim Powers will send a revised draft to the Committee by Monday, September 9.

The Committee also discussed the next steps going forward. Paul recommended to the Committee that the METCO Director be given additional time to provide further documentation. The School Committee extended the deadline for the METCO Director to obtain the documentation to the end of September.

Ellen Grieco recommended that new legal counsel be retained to help the School Committee determine what the next appropriate steps would be in terms of the School Accounts Report. A discussion ensued and it was recommended that a member contact the MASC or the Bar Association for recommendations. Also discussed was the reasoning behind why the Committee would not use the school attorney or town counsel vs. hiring a new attorney. The Committee will be prepared to recommend names at the next meeting.

Barb Fletcher read Kent George's email regarding the School Accounts Report as a public comment.

Donna stated that based on the report, the situation is still a continued mess. However, other School Committees members disagreed, given all the work that has been accomplished.

Beth left the meeting at 10:27 p.m.

4. **Discussion re: Employment of John Grumbach:**

John Grumbach is Beth Butler's son. The requirement of the Superintendent is that he can't hire a School Committee member's relative without giving two weeks written notice. In checking with legal counsel, Paul commented that he can hire John as of September 10, 2013, which is two weeks after written notice. He stated that John will be working 17¼ hours per week for the after school BASE Program. The position is also non-union.

Beth returned to the meeting at 10:30 p.m.

Donna left the meeting at 10:30 p.m.; returned at 10:32 p.m.

5. **Discussion re: Open Meeting Law Complaint Filed by George Harris on August 28, 2013 re Release of Executive Session Minutes:**

Barb noted the Open Meeting Law complaint and commented that Mark Lanza has reviewed the Executive Session Minutes and recommends that the minutes listed below be released. However, Barb has questions about 4 sets of minutes and will follow up with Mark Lanza. She will bring them to the Committee at the next meeting. Barb

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commented that Mark has provided the draft language in order to respond to the complaint within 14 days. The Committee will vote on the response on September 9th.

6. **Consent Agenda:**

(a) Release of Executive Session Minutes:	
July 12, 2010	March 21, 2011
August 3, 2010	April 25, 2011
August 9, 2010	May 23, 2011
August 30, 2010 #1	June 6, 2011
August 30, 2010 #2	September 26, 2011
October 12, 2010	October 24, 2011
October 25, 2010	November 7, 2011
November 8, 2010	May 1, 2012
November 22, 2010	July 9, 2012
November 29, 2010	July 30, 2012
January 3, 2011	August 29, 2012
January 6, 2011	September 24, 2012
January 20, 2011	October 9, 2012
January 24, 2011	October 15, 2012
January 31, 2011	October 22, 2012
February 17, 2011	November 5, 2012
February 28, 2011	November 19, 2012
March 7, 2011	

A motion was made by Malcolm Astley, seconded by Beth Butler, to release the Executive Session minutes as listed on the revised agenda.

A discussion followed regarding Malcolm's concerns of revealing negotiating strategy and other information, and he suggested that the Committee continue their discussion in Executive Session. The Committee also discussed if the minutes were considered public documents. Barb cited a policy that describes the process of approving the release of Executive Session minutes. The discussion continued.

No action was taken on the consent agenda. Barb will consult with Mark Lanza.

7. **Superintendent's Report:**

Paul commented on the first day of school, as the feel of the buildings is exciting from the students' perspective. He is appreciative of the custodial staff in all the buildings for their work in preparing the buildings for opening day.

Paul referenced an article in Boston Magazine regarding Martin Joyce, which was reported in a project by Kevin Delaney and his students.

Also referenced was the Boston Magazine article, "Best Schools in Boston." Out of 147 municipalities, Wayland was rated #9. Paul commented that being in the top 10 consistently is another sign that we can be proud of our schools.

8. **Executive Session:**

Upon a motion duly made by Malcolm Astley, seconded by Beth Butler, the Committee voted unanimously (5-0) to enter Executive Session at 10:45 p.m. as permitted under M.G.L. Chapter 30A, Section 21(a) (3) to discuss strategy with respect to Collective Bargaining for all school unions (WTA, WESA, Custodial and Food Service), as such a discussion in open meeting may have a detrimental effect on the bargaining position of the School Committee and an Executive Session is necessary to protect the bargaining position of the School Committee. A roll call vote was taken as follows:

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<u>Roll Call</u>	<u>Yes</u>	<u>No</u>
Barb Fletcher, Chair	X	
Beth Butler, Vice Chair	X	
Malcolm Astley	X	
Ellen Grieco	X	
Donna Bouchard	X	

Donna Bouchard left the meeting at 11:40 p.m.

9. **Adjournment:**

Upon a motion duly made by Malcolm Astley, seconded by Beth Butler, the School Committee voted unanimously (4-0) to adjourn the Regular Session at 11:47 p.m. A roll call vote was taken as follows:

<u>Roll Call</u>	<u>Yes</u>	<u>No</u>
Barb Fletcher, Chair	X	
Beth Butler, Vice Chair	X	
Malcolm Astley	X	
Ellen Grieco	X	

Respectfully submitted,

Paul Stein, Clerk
Wayland School Committee

Observers:
See attached list.

Corresponding Documentation:

1. Powers & Sullivan Draft School Accounts Report
2. OML Complaint from George Harris dated August 28, 2013