

Audit Committee Meeting

October 26, 2022 – 9:30am - 450 Park Place – Conference Room 139

Attendees:

Jaclyn Badeau (Audit Committee Chair)
Dave Osborne (Audit Committee)
Nick Clark (Internal Auditor for the District)
Raymond Ross
Alicia Miller (Compliance Officer)
Casondra Jones
Jeanna Jones (External Auditor)
Kacey Urbaneja
Amy Green
Houston Barber
Rodney Jackson
Larry Forester
Bret Nathaniel
Greg Hodge

INTRODUCTION & APPROVAL OF MINUTES

Minutes approved by Nick Clark.

INTERNAL AUDIT UPDATE – Nick Clark and Raymond Ross

Plans, proposals, and goals for future audits were discussed.

Co-chair voiced concern with Redbook audit, suggested rather a fraud audit be conducted.

Discussion of funding audit related to district procurement card controls.

Insurance coverage audit discussed. What's adequate and how do we manage the risks.

IT Audit – Once a year scan of IT equipment depending on value. Replacement or refreshing cycle is in place, typically 5 years.

Discussion of a formal process to make sure proper accesses to systems are in place and if there are terminations or transfers have that access removed.

Scope and timeframes - We are not hitting some risks that other districts are.

Cyber resilience – Management of cyber security, can we manage these risks. Cyber risks are affecting systems abilities and infrastructure. Ray is working with the Department of Homeland Security on this and other cyber security issues including data recovery.

Phishing scams are rampant, we have controls in place to deal with these emails. We can also educate our employees on these types of scams with the use of multi factor authentication and sharing weekly tips as well as our Safe Schools training.

Suggested that we could send secret emails to employees to see if these emails would be detected. The district already has controls in place to catch phishing emails before they make it to employees.

Compensation study for Certified employees rolling out in November via a 3rd party company.

Question of how we get policy and procedure updates. These updates are communicated prior to the audit via an annual Finance Officer meeting, the KDE Financial Newsletter, KASBO continual trainings and KSBA. There is also an annual review of KSBA on updated policies based on legislative changes.

We have had follow up from previous auditor that some issues have been resolved. Best use of time/resources focus on high-risk findings. Going forward, internal auditor will report on high risk audits.

EXTERNAL AUDIT UPDATE – STROTHMAN AND COMPANY – Jenna Jones

Working on Financial reports from Rodney and GASB reports will be ready for November meeting. Unmodified clean opinion, no findings. There were several findings with School Activity and Redbook (normal). Nothing suspicious or fraudulent identified. Detailed report will be available in November. Will discuss adjustments. Nothing significant to report from IT audit.

COMPLIANCE OFFICER REPORT – Alicia Miller

Ethics Point System – Working on moving to different location on the website, not accessible to the public. Trying to determine whether or not to go with a different system.

Since July, five complaints from the same department have been dealt with by their chief operator. Executive Director of Finance and Chief Legal Counsel have access to complaints.

Range of issues (categories) the audit committee would need to hear about are: Other, financial misuse of company resources, environment health and safety, conflict of interest and improper giving or receiving of gifts.

Question of whether or not the Ethics Point system has the ability for anonymous user access and yes it does. The compliance officer has the ability to respond to an anonymous report but she rarely receives any more communication or follow up from the employee making the complaint after that. The compliance officer will reach out to the schools chief or administrator to see if they are aware of the issue that has been reported. Financial fraud complaints do not go through this system. Complaints like missing gate receipts get elevated to the Internal Auditor.

The 1st week of November is Ethics week.

Discussion to give consideration to external users to show governance controls are in place as well as show documentation that employees have been educated on this.

Recommendation to give high level education brief to the board.

AUDIT COMMITTEE MISC.

Additional question to Executive Director of Finance, how is the staffing to deal with all the things his department is involved with such as Audit compliance and GASB lease preparation and updates?

Working with Dr. Barber and leadership, we're hopeful additional resources will be coming available as GASB will not be going away and more are coming our way. Additional staff for Internal audit will also be needed.

CLOSING THOUGHTS

Committee is looking forward to audit report in November and if there are findings then it will be a teaching moment.

Next meeting is scheduled for November 14th.

Meeting is adjourned.