

Audit Committee Meeting

October 30, 2023 – 9:30 am – John D. Price Administration Bldg. – Conference Room 139

Attendees:

Jaclyn Badeau (Audit Committee Chair)
Nick Clark (Internal Auditor for the District)
Jill Recor (Administrative Assistant)
Jana Moulton (Associate Internal Auditor)
Larry Forester (Audit Committee)
Amy Green (School Board Representative)
Houston Barber (Deputy Superintendent)
Greg Hodge (Audit Committee)
Raymond Ross (Information Security Manager)
Kacey Urbaneja (Classified Representative)
Alicia Miller (Compliance Officer)
Rodney Jackson (Executive Director of Financial Accounting & Benefit Services)
Bret Nathaniel (Equity Council Representative)
Amy Green (School Board Representative)
Jeanna Jones (External Audit Representative)

Absent:

Joe Gibson (Principal Representative)
Chris Salyers (Certified Representative)
Dave Osbourne (Audit Committee)

INTRODUCTION & APPROVAL OF MINUTES

Introduction of members present.

July 17th Minutes approved by the Audit Committee.

INTERNAL AUDIT UPDATE - Nick Clark

- **Audit Charter**
[Nick Clark](#) presented a hard copy of the charter. The committee reviewed the changes, including clarifying who is a voting member of the committee. The charter addresses the responsibilities of the committee and the internal audit department. The charter states that members must attend at least three of the five meetings during the fiscal year. The internal auditor will track members who attend meetings to determine if future changes need to be made. Nick Clark indicated that we can provide a virtual option for the meetings going forward, which could help members who cannot attend in person. The charter sets guidelines for who is a voting member. The voting members are the experts in the audit field. The charter will be presented to the board for approval. A vote was taken, and the committee approved submitting the updated charter to the board.

- **Audit Plan**

[Nick Clark](#) presented a hard copy of the FY 2024 Audit Plan. Mr. Clark explained that the Audit Plan is an outline for the audits that will be conducted during the fiscal year. The plan included how time will be allocated for audits, goals for the audit team, and what audits were selected for the year. A calendar of the audits for the fiscal year was also presented.

FY24 Proposed Audits:

- Contracts/agreements
- Adequate Insurance Coverage
- Payroll- Overtime/Supplemental/Stipend Pay
- Payroll Operations
- Purchasing- Requisitions/PO Process, Bidding purchases/services, EFT/ACI Processes
- School Activity Audits

Purchase contracts will be looked at. Legal should be housing all contracts. What is the process for all contacts? No management system for contacts currently. Need a district repository for all contacts.

Internal Audit will be working with Dave Osbourne to secure interns from UK to help with school activity audits. The internal audit team will make sure to have more contact with interns. The report will be changed to individualized reports instead of one single report. Interns will be provided with a template for how the audits will be done.

FY2025 audit plan will be presented to the audit committee in April 2024, and the plan will be presented to the board in May/June in an effort to have it in place before the new fiscal year.

The audit plan was approved by the committee and is ready to send to the board.

- **Risk Assessment**

[Nick Clark](#) presented the risk universe and risk assessment. Internal Audit reviewed the prior year's risk assessment and compared it to other districts across the United States. Questionnaires went to audit committee members, Dr. Liggins, and other stakeholders to identify their concerns regarding risk for the district. The identified risks were assessed and used to create the audit plan for FY24. Fifty-one areas were included; however, this did not include risks associated with IT. The district is looking to contract with an outside firm to complete IT audits and potentially a risk assessment. Risks included in the assessment with a 3.5 or higher rating will be reviewed and included in the audit plans over the next few years.

- **ESSER-Update**

[Nick Clark](#) presented the ESSER-ARP audit report with management comments. This audit helped the district prepare in case it is selected for audit by the federal government. Nick is confident that we are in good shape as the district works to implement the changes noted in the report.

The ESSER-ARP audit report was approved by the committee.

- **SAF**

[Jana Moulton](#) presented the School Activity Fund audit reports. The following schools were audited: Breckinridge Elementary, Rosa Parks Elementary, Russell Cave Elementary, Morton Middle, Bates Creek Middle, Henry Clay High, Locust Trace Ag Center, and MLK Academy. There was a total of 34 findings. See Appendix A for a summary of findings.

The School Activity Fund audits were approved by the committee.

- **RFP-Update**

Internal Audit is drafting an RFP to have an outside agency complete IT audits. This is necessary due to the Information Security Manager's role transitioning from Internal Audit to Operations. The committee asked internal audit to collect data showing the need for a position on the internal audit team specializing in IT. IT and cyber security is a key risk factor. The goal is to have the contracted company complete a couple of projects from January and June, then, in July, complete a full IT risk assessment to show the district's needs.

INFORMATION SECURITY MANAGER UPDATE- Raymond Ross

[Raymond Ross](#) presented the Cyber Infrastructure audit. The audit looked at four areas: Application, Network Infrastructure, Physical Infrastructure, and Security Controls. Some verbiage in the report was changed to make the report clearer and make it easier to understand each risk rating. The audit was looking for formal documentation and the need for internal controls. The audit looked at areas that are needed to protect our physical infrastructure, including funding the district needs for cyber security, personnel needs, etc.

The Cyber Infrastructure audit report was approved by the committee.

COMPLIANCE OFFICER REPORT - Alicia Miller

[Alicia Miller](#) reported that in the last 90 days, there were nine new reports on the hotline, but two were recanted. The other seven were employee issues. The website has been updated to make the hotline easier to find. The compliance hotline is only internal currently. Reports can be made anonymously.

External Auditor Update – Jeanna Jones

[Jeanna Jones](#) reported that they are in the final stages of the external audit. She will provide Rodney Jackson with findings on the school activity funds and a draft of the audit report on November 13th. No significant findings at this time.

AUDIT COMMITTEE MISC.

No other business to discuss. The meeting is being recorded; however, the Internet dropped during the meeting.

CLOSING THOUGHTS

The next meeting is scheduled for November 13th at 4:00 pm to review the external audit.

The meeting is adjourned by Jaclyn Badeau.

Appendix A

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