



REPORT OF THE AUDIT COMMITTEE

The Audit Committee met on Wednesday, February 26, 2020 at 4:30 PM at the Cincinnati Public Schools Education Center in Conference Room 1-A.

ATTENDEES

Audit Committee Members

Jennifer Couser, Jim Crosset, Christine Fisher, David Foote, Thomas D. Heldman, Daniel E. Holthaus, Carol Lawrence, Clarice Warner

Recommended Audit Committee Members

Chatika Britton, Elizabeth Gutridge

Administration

Laura Mitchell, Superintendent; Kevin Ashley, Director of Financial Reporting; Keith Grace, Employee Benefits Manager; Mike Gustin, Director of Financial Technology; Paul McDole, Director of Human Resources; Lauren Roberts, Director of Internal Audit; Isaac Karn, Intern Audit Intern; Jakob Snyder, Internal Audit Intern; Stephanie Woods, Human Resources Benefits Specialist

Finance Committee

Eve Bolton, Chair; Ben Lindy

BDO USA, LLP

Randy Coomes, Krishan Patel

Community Member

Marlena Brookfield, Dureka Bonds, Don Mooney, CFT

Benefits Internal Audit

Cincinnati Public Schools' Strategic Plan serves as a roadmap to ensure we are a "District of Destination for students, families, staff, and partners." The Strategic Plan places great importance and focus on our students, as well as those who serve them in the classroom and beyond each day. Our Central Office staff members work diligently to provide a positive employee experience, and the robust benefits plans offered to our employees greatly contribute to the overall employment experience. As such, the CPS Internal Audit Department partnered with the professional services firm, BDO, to complete an audit of the District's benefits.

Determining the scope of this project was a collaborative effort between the Internal Audit team and management to ensure the engagement focused on the highest value and impact areas. The scope of the audit consisted of the time period of January through November 2019 and covered the following benefit areas:

- Medical Insurance (Anthem)
- Vision Insurance (Humana)
- Dental Insurance (Dental Care Plus)
- Basic Life Insurance (AXA)
- AFSCME Care
- Medical Expense Reimbursement Plan (J&K Consultants)
- COBRA and Home Billing
- Family Medical Leave Act and Leave of Absence

Ms. Roberts, Mr. Patel and Mr. Coomes presented the ten objectives of the audit (below), as well as related the findings and recommendations.

Benefits Audit Objective
1 - Enrolled individuals submit acceptable documentation for dependents, MERP coverage, opt out coverage, and qualifying events
2 - Benefit selections are submitted timely and are accurately withheld
3 - Individuals enrolled in benefits are eligible and remain eligible
4 - Employee benefits data is reviewed and reconciled against data maintained by plan vendors to ensure eligible employees are fully covered and CPS is not over/underpaying for employee coverage
5 - Human Resource, Payroll, and Benefits data reconcile
6 - Employee terminations are timely communicated and employee benefits are cut-off timely
7 - Terminated employees electing for COBRA coverage complete required documentation and submit COBRA premium payments timely
8 - Costs of benefits exceeding total paychecks are identified timely and applied to future checks
9 - Employees qualifying for leave of absence or FMLA only receive benefits if eligible and making contributions
10 - Employees on home billing are tracked and continue to make contributions to remain in an active HR status

Mr. McDole and Mr. Grace informed the Committee about their action plan to address each audit recommendation.

A copy of the Benefits Audit Presentation is available in the Board office. A copy of the full Benefits Internal Audit Report will be released Monday, March 2nd, 2020 and available in the Board office.

Members of the Audit Committee offered their assistance in working with Human Resources as they address the Internal Audit team’s recommended solutions.

Audit Status Report

Internal Auditor Roberts provided the Committee with the following information from her Audit Status Report.

The following section provides a brief status update for each category of the fiscal year 2020 Internal Audit Plan:

- Advisory
 - **Cash Receipts – In progress**
 - Projected completion: April 23, 2020
 - **District Strategic Plan Support – Ongoing**
 - This is an ongoing partnership but will provide an update at the April Audit Committee meeting
 - Participating in the following management projects:
 - Enrollment: Modify enrollment process to improve student data for Transportation
 - ROI: Develop a model to measure return on investments

- Assurance
 - **Medical Benefits** – *Complete*
 - Presentation: February 26, 2020
 - Report Distribution: March 2, 2020
 - **Network Assessment** – *In progress*
 - Projected completion: April 23, 2020
- Follow Up
 - **Payroll** – *In progress*
 - Projected completion: April 23, 2020
 - **Transportation** – *In progress*
 - Projected completion: April 23, 2020

The following external audits and reviews are in progress:

- Ohio Department of Education (ODE):
 - Food Services Procurement Audit; Period of 7/1/2017 – 6/30/2018
 - McKinney Vento Desk Review; Period of 7/1/2019 – 6/30/2020
 - FY20 Consolidated ESEA Self Survey; Period of 7/1/2019 – 6/30/2020

The following external audit has been completed but the full report has not yet been issued:

- Ohio Auditor of State (OAS):
 - Fiscal Year 2019 Financial Audit
 - Plattenburg will present the final report April 23, 2020

Calendar Year 2020 Audit Committee Workplan

Internal Auditor Roberts updated the Committee on the calendar year 2020 Audit Committee Workplan and highlighted the tasks to be completed during each meeting.

Calendar Year 2020 Audit Committee Workplan		
Meeting Date	Task	Person(s) Responsible
Wednesday, February 26, 2020	Audit Committee members complete conflict of interest forms	Audit Committee
	Audit Status Report	Lauren Roberts
	Presentation of Internal Audit report, if applicable	Lauren Roberts
	December 2019 & January 2020 Financial Updates	Jennifer Wagner
Thursday, April 23, 2020	Meet with external auditors to review CAFR & resulting audit	Plattenburg
	Evaluate performance of external auditors upon request	Audit Committee Jennifer Wagner
	Audit Status Report (Review completion of the annual internal audit plan)	Lauren Roberts
	Presentation of Internal Audit report if applicable	Lauren Roberts
	Internal Auditor annual evaluation	Audit Committee Lauren Roberts
	February & March 2020 Financial Updates	Jennifer Wagner

Calendar Year 2020 Audit Committee Workplan

Meeting Date	Task	Person(s) Responsible
Wednesday, June 24, 2020	Audit Committee Strategy: Audit Committee Charter review, benchmarking, evaluate Audit Committee performance	Audit Committee Lauren Roberts
	Internal Audit Strategy: Internal Audit Charter review, follow up items, update on 3-5 year plan including benchmarking, staffing & budget	Audit Committee Lauren Roberts
	April & May 2020 Financial Updates	Jennifer Wagner
Wednesday, August 26, 2020	Follow up on past audit recommendations, review/approve risk assessment, annual internal audit plan & Internal Auditor goals	Audit Committee Lauren Roberts
	Audit Status Report	Lauren Roberts
	Meet with external auditors before audit begins (including independence confirmation)	Plattenburg
	June & July 2019 Financial Updates	Jennifer Wagner
Wednesday, October 21, 2020	Upon request, Internal Audit or management present reports relating to systems for monitoring compliance, and/or results of investigations of significant instances of noncompliance	Lauren Roberts Jennifer Wagner Daniel Hoying
	Audit Status Report	Lauren Roberts
	Presentation of Internal Audit report if applicable	Lauren Roberts
	Current/new member appointments	Audit Committee
	August & September 2019 Financial Updates	Jennifer Wagner
Thursday, December 17, 2020	Review accounting & reporting issues, GAAS required communications, & other financial information	Jennifer Wagner
	Audit Status Report	Lauren Roberts
	Presentation of Internal Audit report if applicable	Lauren Roberts
	Internal Auditor mid-year evaluation	Audit Committee Lauren Roberts
	Current/new member appointments	Audit Committee
	October & November 2019 Financial Updates	Jennifer Wagner
As Needed or Periodically	Meet with the internal & external auditors independent of the administration	Audit Committee Lauren Roberts Plattenburg
	Recommend the appointment of external auditors to the Board of Education	Audit Committee Jennifer Wagner Lauren Roberts
	Oversee special investigations as needed	Audit Committee
	Perform other activities related to the charter or as requested by the Board of Education	Audit Committee

Finance Committee Chairperson Bolton updated the Committee on the Finance Committee’s 2020 Workplan. She informed the group about the plan being aligned to the District’s Strategic Plan Goals and Measures. The following chart summarizes the drafted Finance Committee 2020 Workplan:

Month	Task
January	Selection of Committee Chair
	Financial Reports: Revenue, Expenditures, CRAs
	Preschool Promise/CPS Preschool: Financial and Enrollment Updates
	District Insurance Update
	Financial Audit Update
	Budget Process Outlined/Status Update
	Investment Update
	FY20 Budget Building: Non-personnel allocations, Equity Budget, Department Budgets
	Strategic Plan Items: 1.3, 4.2, 4.3, 5.1, 5.2, 5.3, 5.4, 1F, 5A, 5B, 5C
February	Financial Reports: Revenue, Expenditures, CRAs
	Preschool Promise/CPS Preschool: Financial and Enrollment Updates
	Post Audit Discussions
	Workplan Discussion and Adoption
	CAFR (Comprehensive Annual Financial Report) Discussion
	Budget Development Progress
	FY20 Budget Building: Student Activity Funds, High School Staffing (Master Schedule)
	Strategic Plan Items: 1.3, 4.2, 4.3, 5.1, 5.2, 5.3, 5.4, 1F, 5A, 5B, 5C
March	Financial Reports: Revenue, Expenditures, CRAs
	Preschool Promise/CPS Preschool: Financial and Enrollment Updates
	Budget Update Status
	Disparity and Minority Review
	Labor Negotiations
	FY20 Budget Building: Other School Building Funds
	Strategic Plan Items: 1.3, 4.2, 4.3, 5.1, 5.2, 5.3, 5.4, 1F, 5A, 5B, 5C
April	Financial Reports: Revenue, Expenditures, CRAs
	Preschool Promise/CPS Preschool: Financial and Enrollment Updates
	Budget Update Status
	Treasurer’s New Goals
	Transportation Review
	Labor Negotiations
	FY20 Budget Building: All Other Funds, Budget Engagement
	Strategic Plan Items: 1.3, 4.2, 4.3, 5.1, 5.2, 5.3, 5.4, 1F, 5A, 5B, 5C

Month	Task
May	Financial Reports: Revenue, Expenditures, CRAs
	Preschool Promise/CPS Preschool: Financial and Enrollment Updates
	Five-Year Forecast – DRAFT
	Treasurer’s New Goals
	Equity Budget Requests in the Aggregate
	FY20 Budget Building: Budget Engagement
	Strategic Plan Items: 1.3, 4.2, 4.3, 5.1, 5.2, 5.3, 5.4, 1F, 5A, 5B, 5C
June	Financial Reports: Revenue, Expenditures, CRAs
	Preschool Promise/CPS Preschool: Financial and Enrollment Updates
	Annual Appropriations
	Annual Budget Revisions
	Report from Internal Auditor
	FY20 Budget Building: Board Adoption
	Strategic Plan Items: 1.3, 4.2, 4.3, 5.1, 5.2, 5.3, 5.4, 1F, 5A, 5B, 5C
July	Financial Reports: Revenue, Expenditures, CRAs
	Preschool Promise/CPS Preschool: Financial and Enrollment Updates
	Levy Renewal
	Disparity and Minority Review
	Hamilton County Tax Incentive Review Council
	Investment Update
	Strategic Plan Year 1 Final Review and Draft of Strategic Plan Year 2
	FY20 Budget Building: Final Review of Strategic Plan – Year 1
	Strategic Plan Items: 1.3, 4.2, 4.3, 5.1, 5.2, 5.3, 5.4, 1F, 5A, 5B, 5C
August	Financial Reports: Revenue, Expenditures, CRAs
	Preschool Promise/CPS Preschool: Financial and Enrollment Updates
	Levy Renewal
	Draft of Strategic Plan Year 2
	School Budgets
	FY20 Budget Building: Draft of Strategic Plan – Year 2
	Strategic Plan Items: 1.3, 4.2, 4.3, 5.1, 5.2, 5.3, 5.4, 1F, 5A, 5B, 5C
September	Financial Reports: Revenue, Expenditures, CRAs
	Preschool Promise/CPS Preschool: Financial and Enrollment Updates
	Outcomes Measured
	Transportation Update
	FY20 Budget Building: Outcomes/Measures
	Strategic Plan Items: 1.3, 4.2, 4.3, 5.1, 5.2, 5.3, 5.4, 1F, 5A, 5B, 5C

Month	Task
October	Financial Reports: Revenue, Expenditures, CRAs
	Preschool Promise/CPS Preschool: Financial and Enrollment Updates
	Previous FY Budget Review
	Future FY Budget Process
	Levy Renewal Campaign Report
	FY20 Budget Building: Process Planning, Student Projections, Board Retreat, Annual Strategic Scope
	Strategic Plan Items: 1.3, 4.2, 4.3, 5.1, 5.2, 5.3, 5.4, 1F, 5A, 5B, 5C
November	Financial Reports: Revenue, Expenditures, CRAs
	Five-Year Forecast Presentation
	Preschool Promise/CPS Preschool: Financial and Enrollment Updates
	Contract Presentations
	Budget Assumptions for New FY Budget
	FY20 Budget Building: Finalize Student Projections, Staffing, Budget Training
	Strategic Plan Items: 1.3, 4.2, 4.3, 5.1, 5.2, 5.3, 5.4, 1F, 5A, 5B, 5C
December	Financial Reports: Revenue, Expenditures, CRAs
	Preschool Promise/CPS Preschool: Financial and Enrollment Updates
	Annual Tax Budget
	Disparity and Minority Review
	Report from the Internal Auditor
	FY20 Budget Building: Grant Planning; DSS, ELL, Gifted Projections; Budget Training
	Strategic Plan Items: 1.3, 4.2, 4.3, 5.1, 5.2, 5.3, 5.4, 1F, 5A, 5B, 5C

Audit Committee New Member Discussion

Audit Committee member Jim Crosset updated the Committee on the process and timeline that was used for the appointment of new members to the Audit Committee. Mr. Crosset reported that interviews took place with many well qualified, interested applicants.

Mr. Crosset introduced the two new candidates that the Committee felt were the best choices based on their applications, interviews and relevant experience: Chatika Britton, Human Resource Technology Manager at Macy’s, and Elizabeth Gutridge CPA, Assurance Staff at Plante & Moran.

Mr. Crosset motioned that both candidates be appointed to the Audit Committee. Committee member Warner seconded the motion.

The Committee took a voice vote and all Audit Committee members agreed with the appointment of Ms. Britton and Ms. Gutridge for a period of April 1, 2020, through December 31, 2022, and recommend the appointment of the two candidates to the Finance Committee.

The following outlines the appointment process for the new members:

- Audit Committee Meeting – February 26, 2020
 - Discuss candidates recommended for appointment to the Audit Committee
 - Formally recommend two new members for Finance Committee review and approval

- Finance Committee Meeting – March 19, 2020
 - Discuss candidates recommended for appointment to the Audit Committee
 - Formally recommend two new members for Board of Education review and approval
- Board of Education Meeting – April 1, 2020
 - Review and approve resolution appointing the two new Audit Committee members for the following term:
 - April 1, 2020 – December 31, 2022
- Audit Committee Meeting – April 23, 2020
 - New members participate in their first Audit Committee meeting

Appointment of Audit Committee Chair

Finance Committee Chairperson Bolton thanked former Audit Committee member and Chair Brian Ross for his service on the Audit Committee.

The Committee reviewed the process for appointing a Chair to the Committee.

Committee members Christine Fisher, Thomas Heldman, and Daniel Holthaus expressed interest in serving as the Chair.

After Ms. Fisher withdrew her name from consideration, the two remaining candidates shared with the Committee why they would like to be Chair.

Due to both candidates' comments revealing them as viable candidates, the Committee discussed appointing a Vice Chair, as well as a Chair.

Mr. Crosset motioned that Mr. Heldman be appointed as Chair for the remainder of his current term (April 1, 2020 through December 31, 2021) and that Mr. Holthaus be appointed as Vice Chair. Committee member Lawrence seconded the motion.

The Committee took a voice vote and agreed with the appointments and recommends them to the Finance Committee.

The following outlines the appointment process for the new Audit Committee Chair:

- Audit Committee Meeting – February 26, 2020
 - Open floor to Audit Committee Chair volunteers and execute vote
 - Formally recommend new Audit Committee Chair for Finance Committee review and approval
- Finance Committee Meeting – March 19, 2020
 - Formally recommend new Audit Committee Chair for Board of Education review and approval
- Board of Education Meeting – April 1, 2020
 - Review and approve resolution appointing the new Audit Committee Chair for the remainder of their Audit Committee term
- Audit Committee Meeting – April 23, 2020
 - New Chair leads the Audit Committee meeting

Mr. Heldman will submit a letter to Superintendent Mitchell thanking her for the Benefits Audit that was conducted by the Administration, and that the Audit Committee looks forward to working with the Administration to assist in correcting issues outlined in the audit.

Financial Updates

Audit Committee members were provided with a copy of the Treasurer's December 2019 and January 2020 monthly financial reports for their review.

The meeting adjourned at 6:04 pm.

Audit Committee

Jennifer Couser
Jim Crosset, CLM
Christine Fisher
David Foote, CPA
Thomas D. Heldman, CPA
Daniel E. Holthaus, CPA
Carol Lawrence
Clarice Warner
Eve Bolton, Chair (Finance Committee)
Melanie Bates (Finance Committee), *absent*
Ben Lindy (Finance Committee)

Staff Liaisons

Jennifer Wagner, CFO/Treasurer, *medical leave*
Lauren Roberts, CPA, Director of Internal Audits