

REPORT OF THE AUDIT COMMITTEE

The Audit Committee met on Tuesday, August 28, 2018 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, Jeffrey Orschell, Thomas D. Heldman, Daniel E. Holthaus

Administration

Lauren Roberts, Internal Auditor; Jennifer Wagner, Treasurer; Kevin Ashley, Director of Financial Reporting

Finance Committee

Eve Bolton, Chair

BDO Risk Advisory Services

Randy Coomes, Senior Director

Cincinnati Federation of Teachers (CFT)

Don Mooney, Counsel and Field Representative

Community Members

Tom Conlan, Craig Rozen

Plattenburg & Associates, Inc.

Kevin Vaughn, CPA, Principal

Fiscal Year 2019 Financial Audit Report

Kevin Vaughn, Plattenburg & Associates, informed the Committee about Plattenburg's audit of internal controls over financial reporting and compliance. He reported that they are engaged to audit the financial statements of the governmental activities of the Cincinnati City School District for the year ended June 30, 2019.

Mr. Vaughn reported that Plattenburg will be onsite beginning the week of September 9, 2019. He also reported that a minority firm will be completing approximately 15 percent of the audit, as state law requires the use of minority owned firms when work hours are above 800.

He reported that the goal is to have the financial statements ready for auditing by mid-November 2019.

The audit will consist of control testing in the area of expenditures (non-payroll), payroll, self-insurance (employee benefits), purchase card transactions, cash investments, unreported liabilities, and capital asset activity, as well as other areas.

The audit is due to the State Auditor by midnight, December 31, 2019.

Mr. Vaughn updated the Committee on the new Government Accounting Standards Board Requirements (GASB) Statement No. 83: Certain Asset Retirement Obligations and GASB Statement No. 88: Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements.

Fiscal Year 2020 Internal Audit Plan and Goals

The purpose of Ms. Roberts' annual Internal Audit Plan (IAP) is to outline the activities and objectives of Cincinnati Public Schools' Internal Audit Department. The execution of the plan begins August 29, 2019, and concludes with final reporting on April 22, 2020.

Ms. Roberts updated the Committee on the following areas of her plan:

Fiscal Year 2020 Risk Assessment

- Overview
- Audit Universe (a full list of areas within an organization that could be audited)
- Methodology (risk categories utilized to perform assessment)
- Risk Assessment Results (Financial, Audit, Strategic, and Entity-Level)

Fiscal Year 2020 Planned Engagements

- Advisory
 - Cash Receipts
 - District Strategic Plan Support
- Assurance
 - Medical Benefits
 - Network Assessment
- Follow Up
 - Transportation
 - Payroll

ACTION: Audit Committee member Eve Bolton advised the Internal Auditor to prioritize and focus on the home-to-school portion of transportation due to recent public concerns. She instructed Ms. Roberts follow up on recommendations made in the previous year's internal audit, as well as the service level agreements with transportation vendors.

Multi-Year Audit Cycle

- A summary of past, present, and future audit engagements.

Internal Audit Development and Advancement

- Documentation of Internal Audit Procedures
- Departmental Staffing Expansion
- Professional Development

Status of Past Internal Audit Recommendations

- A summary of the status of recommendations that will guide the Administration, Audit Committee, and Board of Education as to areas that may need attention or additional resources (Chart is available in the full report)

ACTION: Audit Committee member Jim Crossett recommended that Internal Auditor Roberts highlight the positive impact of the implemented audit recommendations in future follow up summaries.

ACTION: Audit Committee members expressed interest in how bus vendors are chosen. Treasurer Wagner will do a presentation on the District's Request for Proposals process.

Appendix I: Risk Assessment Criteria

- The risk matrix developed by the Internal Auditor to execute the Fiscal Year 2020 Risk Assessment.

Ms. Roberts provided Audit Committee members with a copy of the District's Conflict of Interest and Related Party Disclosure Form (Board of Education and Committee members form) for each member to sign.

A copy of the full Internal Audit Plan is available upon request in the Board office.

Internal Auditor Goals

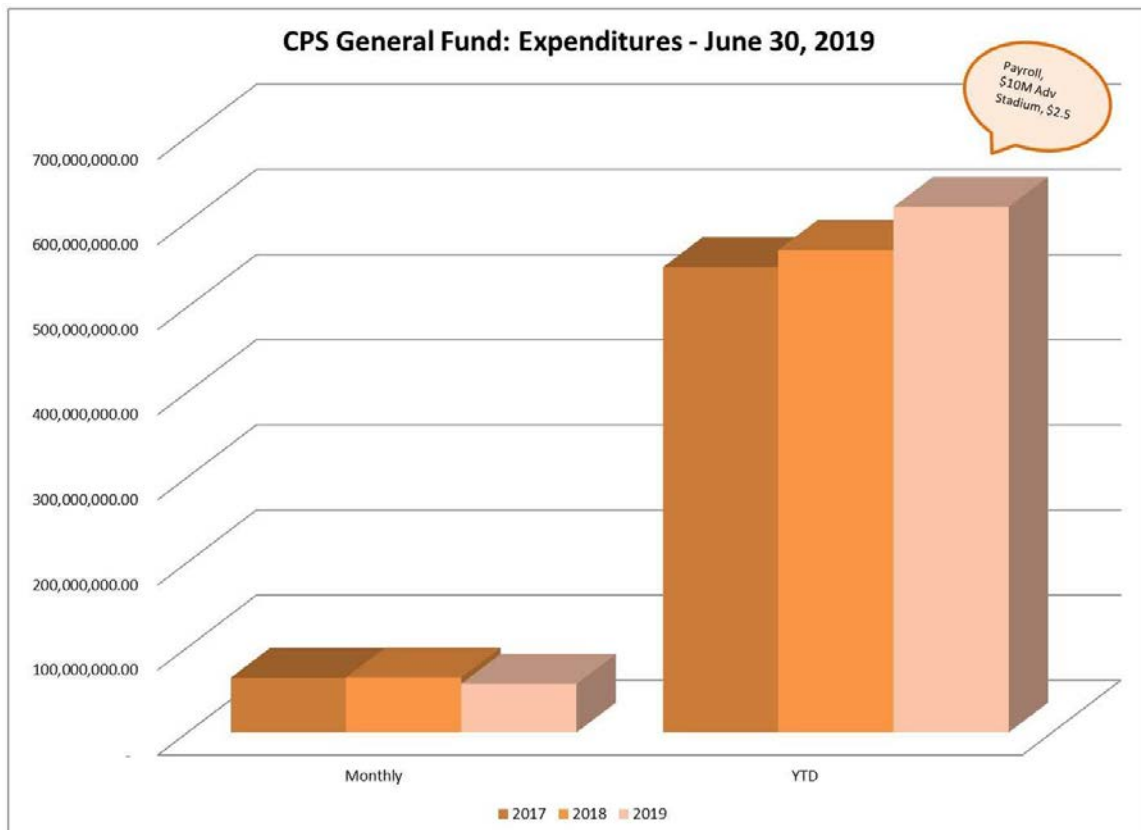
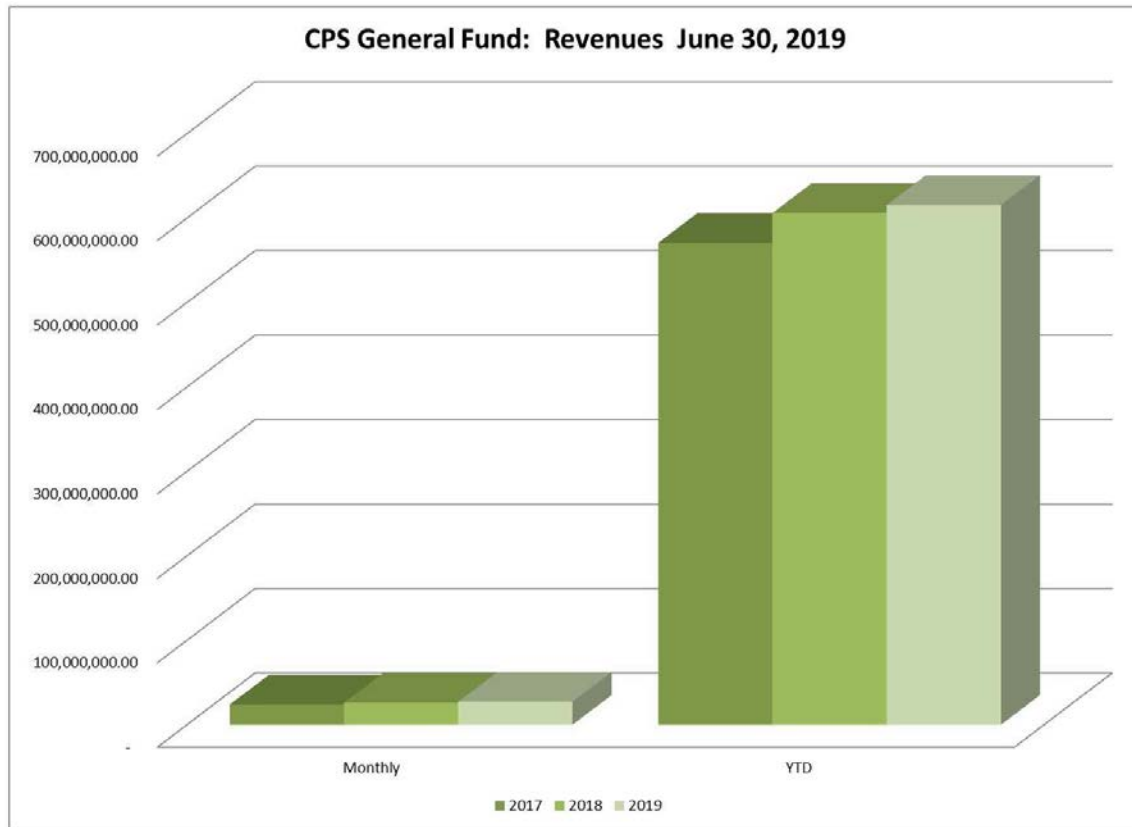
Internal Auditor Roberts reviewed her following goals for the 2019-2020 evaluation year with the Committee:

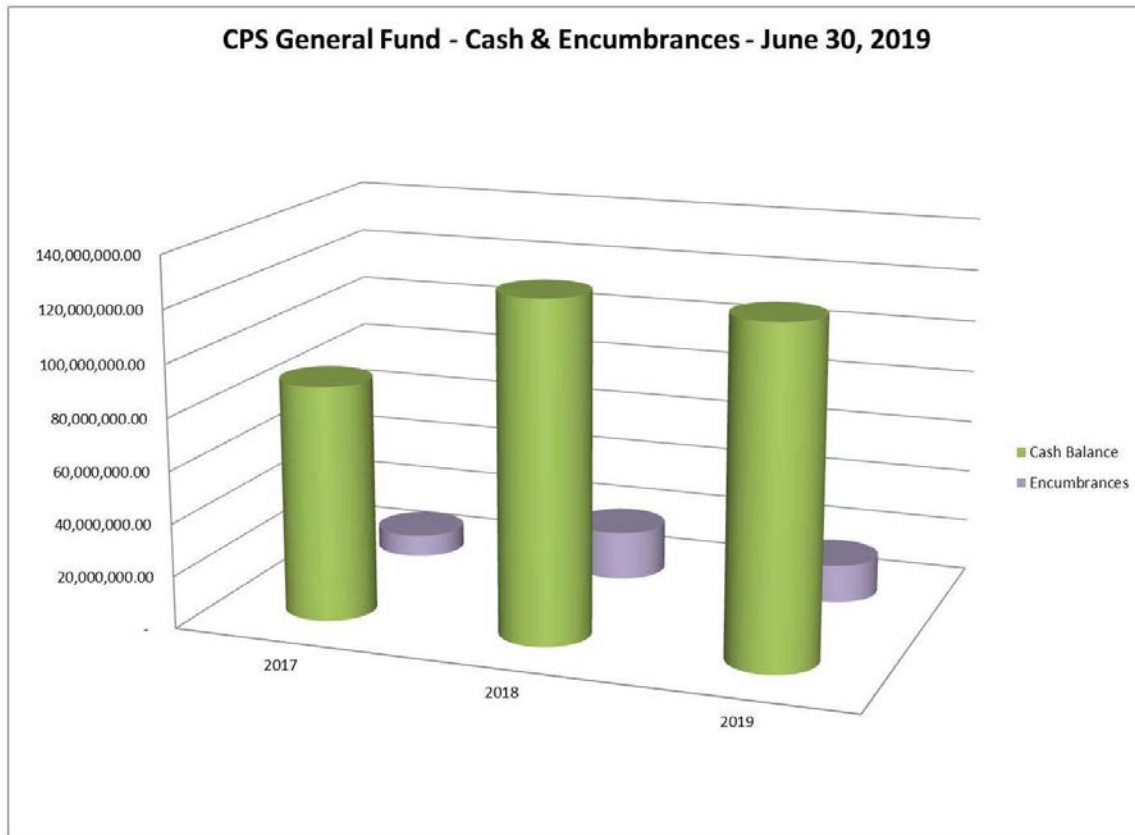
Goal	Description
Audit Committee & Internal Audit Strategy	<ul style="list-style-type: none">• Compile and present a benchmarking and comparison report regarding Audit Committee and Internal Audit best practices.• Coordinate the review and revision of the Audit Committee and Internal Audit responsibilities as noted in the respective charters.• Develop a three year strategic plan for the Internal Audit Department.
Planning, Engagement Execution & Reporting	<ul style="list-style-type: none">• Develop an annual Internal Audit Plan (IAP) using full risk assessment methodology, incorporating projects to support the District's strategy and objectives.• Complete the advisory, assurance, and follow up engagements from the Fiscal Year 2020 IAP.• Communicate the status of internal and external audit engagements to the Audit Committee on a bimonthly basis.
Internal Audit Development & Advancement	<ul style="list-style-type: none">• Complete the following activities as summarized in the Fiscal Year 2020 IAP:<ul style="list-style-type: none">○ Documentation of Internal Audit Procedures○ Departmental Staffing Expansion○ Professional Development

ACTION: Audit Committee member Thomas Heldman made a motion to approve the Fiscal Year 2020 Internal Audit Plan and 2018-19 Internal Auditor Goals as presented. Audit Committee member Jeff Orschell seconded the motion. The Committee agreed with the plan and goals, thus recommending them to the Board for approval at their September 4, 2019 Regular Business meeting.

Financial Updates

Treasure Wagner updated the Committee on her following June 2019 Financial report.





State & Federal Grants

June 2019

	State	Federal	Combined	FY18
Beg Cash	1,971,239.69	7,778,481.65	9,749,721.34	9,194,087.04
Receipts	12,320,054.87	48,196,067.81	60,516,122.68	67,795,524.11
Expenditures	12,617,307.65	50,220,774.74	62,838,082.39	67,240,739.53
Encumbrances	481,083.00	1,501,435.68	1,982,518.68	3,677,075.63
Ending Cash	1,192,903.91	4,252,339.04	5,445,242.95	6,017,795.99

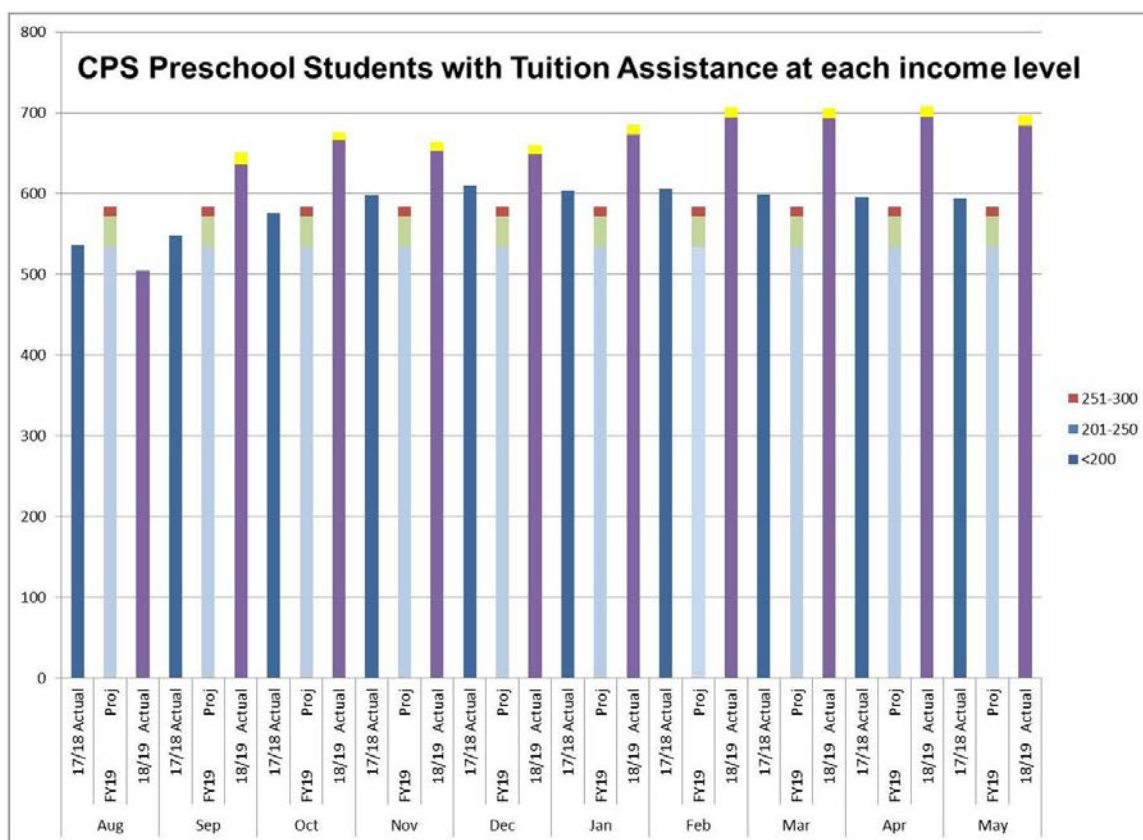
CPS Preschool Expansion

	Budget	Jun YTD	YTD FY18
Revenues:			
General R/E Property Tax	13,649,553.39	14,018,946.33	14,924,369.95
Public Utility Property Tax	1,100,847.17	1,214,884.14	1,205,636.19
Homestead Exemption	249,599.45	250,649.66	263,643.56
Less: Auditor Fees	(165,000)	(223,953.92)	(230,769.61)
Revenues	\$ 14,835,000.01	\$ 15,260,528.52	\$ 16,162,880.09
Expenses:			
Tuition Assistance	4,376,878.00	4,178,630.46	3,953,246.88
Payments to United Way	8,887,251.00	5,901,749.39	7,081,837.16
Workforce Development	108,463.68	45,768.18	-
Special Education Support	654,353.44	560,8741.25	350,009.19
Administrative Support	200,000.00	9,399.20	112,458.10
Expenses	\$ 14,226,946.12	\$,10,696,388.48	\$11,497,551.33
Net Income	\$ 608,053.89	\$4,564,140.04	4,665,328.76

CPS Tuition Assistance Summary

	Income	FT	HT	Total	Days	Tuition Assist \$
May	<200 %	634	50	684	11,580	453,877.58
	200-250	9	4	13	221	6,937,.67
s/t		643	54	697	11,801	460,815.25
YTD				697	109,460	\$ 4,178,662.46
LY				594	98,043	\$ 3,953,246.88

Note: The data in the chart above represents only the CPS preschool students who participate in the Preschool Expansion Tuition Assistance program. CPS currently has enrolled 1,760 preschool students.



Relevant Financial Statements within the Strategic Plan

Treasurer Wagner updated the group on the following goals in the Strategic Plan that are impacted financially.

1. Student-Centered Decision Making 1.3
 - Institute an annual budget development and review process that provides multiple points of access to influence an equitable distribution of resources to all students individually or commonly required.
2. Optimized Capabilities 4.3
 - Explore and implement best practices of financial management, investment and sustainability in all operational cost centers.
3. Growth 5.4
 - Develop a long-range financial plan to support the district's growth outlined in the strategic priorities.

CPS Building and School Inventory

Ms. Bolton and Mrs. Wagner informed the Committee that the Superintendent Mitchell was assigned to provide the Board with a property inventory and school enrollments report. Mrs. Mitchell provided the Board with a report in the form of a memo on August 20, 2019.

Abatement Negotiations

Treasurer Wagner and Audit Committee member Bolton reported that letters between CPS and City Council have been exchanged to begin discussion for renegotiation of the 1999 Tax Agreement.

The meeting adjourned at 5:50 PM

Audit Committee

Brian Ross, Chair, *absent*
Jennifer Couser
Jim Crosset, CLM
Christine Fisher
David Foote, CPA
Thomas D. Heldman, CPA
Daniel E. Holthaus, CPA
Carol Lawrence, *absent*
Jeffrey L. Orschell
Clarice Warner, *absent*
Eve Bolton, Chair (Finance Committee)
Melanie Bates (Finance Committee), *absent*
Ryan Messer (Finance Committee), *absent*

Staff Liaisons

Jennifer Wagner, CFO/Treasurer
Lauren Roberts, CPA, Internal Auditor