

REPORT OF THE AUDIT COMMITTEE

The Audit Committee met on Wednesday, June 26, 2019 at 4:30 PM at the Cincinnati Public Schools Education Center in Conference Room 1-A.

ATTENDEES

Audit Committee Members

Jim Crosset, Christine Fisher, David Foote, Thomas D. Heldman, Daniel E. Holthaus, Jeffery L. Orschell, Clarice Warner

Administration

Lauren Roberts, Director of Internal Audit; Jennifer Wagner, Treasurer; Isaac Karn, Internal Audit Intern

Finance Committee

Eve Bolton, Chair

BDO Risk Advisory Services

Randy Coomes, Senior Director

Audit Committee Update – June 26, 2019

The Committee reviewed the Audit Committee Update document (available in the Board office).

Resolution for the Audit Committee Charter Revisions

Ms. Roberts informed the Audit Committee that the following resolutions were passed by the Board on June 10, 2019: *Amending Board Policy 6835 – Audit Committee*, and *Amending the Audit Committee Charter*.

Fiscal 2020 Audit Committee Meetings

Ms. Roberts and Mr. Coomes developed an Audit Committee Checklist (page 15 of Update document) to ensure each element from the existing Audit Committee Charter is included the Fiscal Year 2020 meetings.

The Audit Committee reviewed their responsibilities as outlined in the Charter and Checklist. The Audit Committee discussed the need to reevaluate the scope of responsibilities stated in the Charter to ensure it reflects the group's position as an advising body. The Committee discussed the rather all-encompassing nature of the Charter and noted some of the Charter elements are currently the responsibility of the Finance Committee or Board.

ACTION: The Audit Committee asked that a work group be assembled to evaluate the Audit Committee Charter in greater detail and bring the recommended changes back to the full Committee. The work group will consist of Audit Committee member Heldman, Audit Committee member Foote, Finance Committee Chair Bolton, Treasurer Wagner, and Internal Auditor Roberts.

ACTION: Ms. Roberts and Mr. Coomes will perform preliminary research to assist the work group in their task of editing the Audit Committee Charter. They will review Audit Committee Charters from other school districts to assist in redrafting CPS' Charter. Ms. Roberts and Mr. Coomes will also compare the responsibilities of the CPS Finance Committee and Audit Committee to ensure they are aligned.

Audit Committee Responsibilities

Mr. Coomes shared data from the Institute of Internal Auditor's (IIA) benchmarking study (pages 18-21 of Update document) with the Audit Committee to inform the group of the education industry's best practices regarding Audit Committee responsibilities. The information will help inform the Committee as they evaluate their Audit Committee Charter.

ACTION: Ms. Roberts and Mr. Coomes will include the various Audit Committee responsibility categories in the preliminary research referred to in the previous action items.

Internal Audit Charter Responsibilities

Mr. Coomes reported that he reviewed the responsibilities of Internal Audit (page 26 of Update document), which were extracted directly from the Internal Audit Charter, to get a perspective on the responsibilities of Internal Audit. He also reported that the Internal Audit Charter is all-encompassing in nature (similar to the tone of the Audit Committee Charter) and needs to be refocused more towards the actual work of the Internal Auditor.

Mr. Coomes shared additional benchmarking data from the IIA's study which will help inform the recommended changes to the Internal Audit Charter (page 27 of Update document).

ACTION: The aforementioned work group will also review the Internal Audit Charter responsibilities and report recommended revisions to the document back to the Audit Committee.

Strategic and Risk Based Approach of Internal Audit

Mr. Coomes discussed the Maturity Model Assessment Chart with the Committee (page 29 of Update document). The purpose of the model is to help assess the current maturity level of the Internal Audit Department and set a goal of for the future state of the Department.

Ms. Roberts shared the Strategic and Risk Based Approach (pages 30-36 of Update document) which provides the strategic direction and steps necessary for the Internal Audit Department to achieve the desired maturity levels in the various categories. Ms. Roberts also shared Internal Audit benchmarking information from the Council of the Great City Schools to share additional best practices with the Committee. These best practices will be incorporated into the Internal Audit Charter by the work group as well as into the future direction of Internal Audit.

Resolution to Reappoint Audit Committee Members

Ms. Bolton made a motion to reappoint Audit Committee members David Foote, CPA, and Thomas Heldman, CPA, for a term beginning January 1, 2019 – December 31, 2021. Audit Committee member Daniel Holthaus, CPA seconded the motion.

ACTION: The Committee agreed with the motion and will recommend to the Board approval of the reappointments at a Board meeting in August 2019.

Treasurer's Financial Updates

Treasurer Wagner updated the Committee on the following financial reports:

- Fiscal Year 2020 Budget Presentation (presented at Board June 24, 2019 Regular Business Meeting)
- May 2019 Financial Reports
 - Expenditures and Revenue
 - Cash and Encumbrances
 - State and Federal Grants
 - CPS Preschool Expansion
 - CPS Tuition Assistance Summary
 - CPS Preschool Students with Tuition Assistance at Each Income Level
- Fiscal Year 2020 Proposed Superintendent General Fund Budget and Strategic Priorities

The meeting adjourned at 6:35 pm.

Audit Committee

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

Staff Liaisons

Jennifer Wagner, CFO/Treasurer
Lauren Roberts, Internal Auditor