

REPORT OF THE AUDIT COMMITTEE

The Audit Committee met on Tuesday, May 23, 2017 at 4:30 PM at the Cincinnati Public Schools Education Center in Conference Room 1-A.

E Rate Audit – Final Report Review

Bernice Riga, Project Coordinator, IT

Ms. Riga updated the Committee about E-Rate and reported that the program is authorized under the FCC, and provides discounts and reimbursements to schools and libraries for certain telecom expenditures. The program is funded through a fee to telecom companies.

She informed the group about various audits that were conducted in September 2016 and completed in February 2017 with no findings.

Internal Audit Status Report

Lauren Roberts, Internal Auditor, updated the Committee on her FY 2017 internal audit engagements, the fiscal quarter when engagements are expected to take place, and the current status.

The following engagements have been completed and a final report issued: Charter School Funding, Voucher Funding, and the SunGard conversion.

The Board approved at its April 10, 2017 meeting Ms. Robert's request to use the remainder of FY2017 to coordinate the Clark Schaefer Consulting Data Verification Project and the internal audit of payroll. The following audits from the FY2017 Internal Audit Plan will be considered for inclusion in the FY 2018 Internal Audit Plan dependent upon the results of her annual risk assessment.

- Cash Collection
- Payroll
- PNC Purchase Cards
- Purchasing Process
- Bank Reconciliations
- Computer User Access and Security

Ms. Roberts provided a response to the following action items assigned during the March Audit Committee meeting:

- Audit Qualifications to Waive Fees
- Charter and Voucher Funding Audit Recommendations
- The final Master Agreement for Preschool Expansion Services
- Preschool Funding Presentation – Will be rescheduled to a future Audit Committee.

ACTION: The Audit Committee requested management address the recommendations provided in the Charter Funding Internal Audit Report and Ms. Roberts to provide an update on their next action steps and/or implementation plan.

Committee Chair Bates updated the Committee about the Board being proactive in monitoring the funding for Preschool and asked the Audit Committee to assist the Board in that monitoring.

Ms. Roberts provided the Audit Committee with a form to update their contact information.

Fiscal Year 2018 Audit Committee Meetings

The following meeting dates were agreed upon to ensure an accurate reporting and evaluation schedule.

June 27, 2017
August 22, 2017
October 24, 2017
December 19, 2017
February 27, 2018
April 24, 2018
June 26, 2018

External Audits

Ms. Roberts updated the Committee on the following external audit engagements and reviews that are in progress or have been completed, but an audit report has not been issued:

1. Ohio Auditor of State (OAS)
 - a. Medicaid Compliance Audit, Period 1/1/2013 to 12/31/2015
2. Ohio Department of Education (ODE)
 - a. Consolidated ESEA Grants, Desk review January 2017
 - b. Competency Based, Onsite January/February 2017
 - c. Straight A, Onsite January/February 2017
 - d. McKinney Vento, Desk review January/February 2017
 - e. IDEA-B, Audit January 2017
3. U.S. Department of Justice, Grant Program Audit, *Developing Knowledge About What Works to Make Schools Safe*;
4. Universal Service Administrative Company, E-Rate:
 - a. 2015-16 Post Payment Review;
 - b. SLD.

An audit report has been issued for the following audits and reviews since the last status report on March 28, 2017:

1. Ohio Auditor of State (OAS)
 - a. Financial Audit, Period of 7/1/2015 to 6/30/2016; report issued on 4/13/2017;
2. Ohio Department of Education (ODE)
 - a. CTE Perkins, Desk review January/February 2017 – Compliant/no findings;
3. Universal Service Administrative Company engaged Cotton & Co., E-Rate Audit, 2015-16 E-Rate Funding Year; report issued on 4/24/2017 – Compliant/no findings.
4. Hamilton County Community Action Agency, Head Start Federal, Period of 7/1/2014 to 6/30/2015 – Compliant/No findings.
5. Ohio Auditor of State (OAS)
 - a. Lighthouse Community School – Financial Audit, Period of 7/1/2015 to 6/30/2016; report issued on 3/13/2017;

- b. Cincinnati Learning School, AKA Carpe Diem – Financial Audit, Period 7/1/2015 to 6/30/2016; report issued on 5/18/2017.

ACTION: Ms. Bates recommended that Ashley K. Addo, Assistant General Counsel, consider if the services provided by the CPS sponsored charter schools are unique and would allow the District to earn a higher rating as a sponsor given those considerations.

Council of the Great City Schools (CGCS) – Review of White Paper & Benchmarking Study

Ms. Roberts discussed with the Committee the CGCS white paper, *Internal Auditing in the Great City Schools: A White Paper by the Council of the Great City Schools*, noting the best practices the District currently has in place and those that may warrant additional focus in the upcoming years.

Ms. Roberts also reviewed the results of the CGCS benchmarking study and highlighted a few key metrics including number of auditors per 1,000 students, Internal Audit departments that report to the school board and the percent of districts with Audit Committees.

The meeting adjourned at 6:04 PM.

Audit Committee

Brian Ross, Chair, *absent*
Ryan Belt, CPA, *absent*
Jim Crosset, CLM
David Foote, CPA
Thomas D. Heldman, CPA
Daniel E. Holthaus, CPA
Calvin Maxton, *absent*
Jeffrey L. Orschell
Melanie Bates, Chair (Finance Committee)
Eve Bolton (Finance Committee)
Carolyn Jones (Finance Committee)

Staff Liaisons

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