

REPORT OF THE AUDIT COMMITTEE

The Audit Committee met on Tuesday, January 17, 2017 at 4:30 PM at the Cincinnati Public Schools Education Center in Conference Room 1-A.

Internal Audit Status Report

Lauren Roberts, Internal Auditor, updated the Committee on her FY2017 Internal Audit plan and reported that since the November 15, 2016 Audit Committee meeting, the SunGard Conversion audit has been completed. She informed the group about the background, objectives of the audit, and an executive summary of recommendations for phase one and two of the audit. She also reported that the following audits are in progress.

In Progress

- Charter School Funding
- Voucher Funding
- Cash Collection
- Payroll
- PNC Purchase Cards
- Purchasing Process (Included in FY18 Audit Plan)
- Bank Reconciliations
- Computer User Access and Security (Not Started)

External Audit Status Report

David Yost, Auditor of State Reports

1. Ms. Roberts provided the Committee with a copy of the Auditor of State's report for the School Employees Retirement System of Ohio (SERS) and the State Teachers Retirement System of Ohio (STERS) for year-end June 30, 2016.

The State's opinion for both reports was that the accuracy and completeness of the census data and pensionable ages were fairly stated in all material aspects.

2. Independent Auditor's Report of Cincinnati City Schools, Hamilton County, for the audit period July 1, 2014 through June 30, 2015, prepared by Plattenburg and Associates

In conjunction with the work performed by the Independent Public Accountant, the Auditor of State issued a Finding for Recovery. The Recovery was due to an error in processing payroll during Treasury transitioning to a more simplified payroll process.

State and Federal Audit Updates

The Treasurer reported that in a two-year time span, the District has been subjected to 16 different audits and reviews from either the Auditor of the State or the Ohio Department of Education. She also stated while the District is happy to cooperate with the governing bodies, the sheer quantity of these activities

makes it difficult to focus on the District's core business. Internal Auditor Roberts followed up by sharing the results/progress of each audit and review.

ACTION: The Treasurer and the Internal Auditor will provide the Audit Committee with a comparative analysis that includes the number of audits that are occurring at other school districts. The goal is to also determine if Cincinnati is experiencing substantially more audits and reviews than other urban districts in the state.

Internal Auditor Midyear Evaluation

Paul McDole, Human Resource Director, was present and updated the Committee on the evaluation process for employees.

Ms. Roberts provided the Committee with a copy of her self-assessed mid-year review for fiscal year 2017. The Committee reviewed the assessment and will forward their comments to Committee Chair Ross, for submission to Mr. McDole.

Upon completion of the Audit Committee's review, the document will be submitted to the full Board for their review and evaluation. Ms. Roberts is evaluated by the Board, Treasurer and the Audit Committee.

Preschool Expansion Update

Treasurer Wagner reported that there was no confirmed information to report. She informed the Committee that the Trusted Entity is working on how funding will flow to the preschools. She also reported that entities are still in the process of appointing their five board members.

Ms. Bolton added that there is an unresolved issue as to when the subsidies and improvement grants will begin, even though the tax revenue will begin to be collected by the County and held in a dedicated CPS account.

Other Business

Committee Chair

The Committee agreed that Brian Ross would continue as Chair of the Committee.

Revised Audit Committee Meeting Schedule

The Committee agreed to change its meetings from the third Tuesday of the month to the fourth Tuesday of the month to accommodate Finance Committee Chair Melanie Bates. Ms. Bates was appointed to the Cincinnati Recreation Commission (CRC) and the current Audit Committee meeting schedule is in conflict with the CRC meeting schedule.

The meeting dates for the 2017 Audit Committee are as follows: March 28, May 23 and July 25.

March 29, 2017 Audit Committee Agenda

Preschool Expansion Update

Negotiations

Expanding Diversity on the Audit Committee

Note: Candidates' information will be forwarded to Mr. Ross and then forwarded to all Committee members in advance of the March 28, 2017 meeting.

The meeting adjourned at 6:00 PM.

Audit Committee

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

Staff Liaisons

Jennifer Wagner, CFO/Treasurer
Lauren Roberts, CPA