

**MINUTES OF THE AUDIT COMMITTEE MEETING
SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
Mohave District Annex, Conference Room D, 8500 E. Jackrabbit Rd, Scottsdale, AZ 85250
September 8, 2023 at 9:00 AM**

The meeting was called to order at 9:01 AM on September 8, 2023.

Call to Order – Ms. Regan, called the meeting to order.

One or more members of the Audit Committee and non-Audit Committee members participated in the meeting via video or internet conferencing - Zoom

Roll Call-

Audit Committee members in attendance were Sara Regan, Chair (via Zoom); Jason Klonoski, Vice Chair; and Jeanne Beasley. Carine Werner, Governing Board Member was absent. Dr. Scott A. Menzel, Superintendent and Lai Cluff, Acting City Auditor – City of Scottsdale (via Zoom) were also present. A quorum was present.

Information/Discussion and Possible Action

3. Approval of Prior Meeting Minutes – July 28, 2023 – Action

Mr. Klonoski moved to approve the Audit Committee Meeting Minutes of July 28, 2023. Mrs. Beasley seconded the motion. The motion was approved with a vote of 3 - 0.

4. Year-to -Date Spend Against Budget - Information

- The starting point budget is \$100,000 every fiscal year which can be revised going forward once we have an audit plan are able to do some estimates.
- We have around 400 hours left in the budget.
- Ms. Regan requested a report from Ms. Crosier, prior to the next Audit Committee meeting, that includes: the audits in process, those being monitored, where we are for budget, emergent risks – all information in once place.
- Request for a tracking spreadsheet to be created - create a Google drive with all shared information that is easily accessible. Dr. Menzel will connect with Ms. Crosier regarding this request.

5. Scheduled Audits - Information

- The only audit on the schedule is the compensation and benefits audit.
- Dr. Menzel will confirm with Ms. Crosier if there is another audit on the horizon. There is possibly one other audit that is anticipated during the course of this fiscal year.

6. Audit Risk Assessment Review and Audit Plan Creation - Information

a) Discussion of Survey Results and High-Risk Areas

- Extracurricular Tax Credit Funds - The audit would help identify the extent to which systems are in place that make it clear and easy for people to understand how they can use the tax credit funding generated and ensure it is being spent consistent with the intent of what's allowable.
- Are there procedures in place to maximize the revenue opportunity?
- Next steps – Ms. Crosier and Dr. Menzel will meet with Lai Cluff to discuss more specifics to develop a scope of work that will be sent back to the committee.

- Capital Projects – There are so many, some funded through the bond, some through district additional assistance and some through the DAA override. Is there a type of capital project that is perceived to have more risk or require some additional attention?
- Extracurricular tax credit funds, school/student activities and cash handling procedures could be bundled in one area.
- Purchasing – There is the procurement side and the system by which you document. There are several components to the purchasing process. Look how this is structured and doing it in a way that is efficient.
- Technology – Dr. Menzel will work with Ms. Crosier and Dr. Watt to add IT/phishing/hacking to the list. It would help for the committee to know what is already being done to determine what audit will be needed. What type of technology is chosen to invest in and network infrastructure and cost – probably worth a deeper dive. Could be worth a separate audit different from the vulnerability on the cyber security front.

b) Preliminary Audit Plan Creation for 2023-2024

- Extracurricular tax credit funds, school/student activities and technology are priorities. Capital projects and maintenance may be 2024 items.
- The district is not losing money on transportation. The question is optimizing ridership. Would not rank transportation high.
- Facility Usage/Building Rentals – Layers to be explored. Possibly next year or a year after we develop a new rental fee structure.
- Combo of purchasing and contracts as a next year item.
- Community Education – There is value in looking at it – both cost and opportunities. They are self-sufficient.
- Take feedback from the committee and put together a 2-year scope of work as a proposal - looking at the balance of this year and next year, given the risk analysis information. Dr. Menzel, Ms. Crosier and Ms. Cluff will put it into a draft plan that will be emailed to the Committee for any questions. Maybe schedule a meeting before the next Audit Committee meeting on December 8th, possibly in early November, to button up and put on a Governing Board agenda for approval.
- Include a security component/campus security. Lives in the technology piece and the physical infrastructure.

7. Audit Committee Reporting to Board/Audit Committee Liaison – Information

- Should the Audit Committee have a designated person who attends the Bond Oversight Committee meetings or Board meetings (in-person or view on YouTube) and reports back to the committee? Dr. Menzel will ask Counsel if there are any conflicts with this.
- Ms. Beasley requested clarification on the role of an Audit Committee liaison. She would be willing to report back.
- Report back on potential emerging risks, items the Audit Committee should be involved in and need to pay attention to.
- Meeting report outs - add 10 minutes on the agenda as a standing agenda item.
- Something to consider: look at bringing in folks from the Teaching and Learning team to discuss a curriculum audit.

8. Adjournment

At 10:43 AM, Ms. Regan moved to adjourn the Audit Committee meeting. Mr. Klonoski seconded the motion. The motion was approved with a vote of 3 – 0.

Dated this 8th day of September 2023