MINUTES OF THE AUDIT COMMITTEE ORIENTATION
SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
Mohave District Annex, Conference Room 105, 8500 E. Jackrabbit Rd, Scottsdale, AZ 85250
October 1, 2021 at 10:00 AM

The meeting was called to order at **10:03** am on October 1, 2021.

Call to Order – Dr. Scott A. Menzel, Superintendent, called the meeting to order.

One or more members of the Audit Committee and non-Audit Committee members participated in the meeting in-person with masks on, or by telephone, video or internet conferencing

Roll Call-
Audit Committee members in attendance were Jann-Michael Greenburg, Governing Board President (via Zoom video); Dale Belt; and Danielle Martinage. Dr. Libby Hart-Wells, Governing Board Member and Sara Regan were absent. Dr. Scott A. Menzel, Superintendent; and Sharron Walker, City of Scottsdale Auditor were also present. A quorum was present.

AGENDA

I. Introduction
Introduction of the Audit Committee members
- The Audit Committee is an official Board committee, subject to Open Meeting Law. Meetings are required to be posted 24 hours in advance, public welcome to attend the meeting, minutes taken and posted.
- Overview of the audit process/function
  - Decide whether it is done in-house or externally
  - What to expect with the audit report
  - What to expect of an auditor
- Grateful for the level of expertise Sharron Walker, City of Scottsdale Auditor and the City of Scottsdale Audit Department brings.

II. Orientation and Presentation by the City of Scottsdale Auditor
Sharron Walker, City of Scottsdale Auditor, presented an overview of the audit process
- Types of Audits and Audit Plans
- Fieldwork
- Reporting
- Audit Committee and Governing Board

A. Types of Audits
- Financial Statement Audit
- Compliance Audit
- Performance Audit
- Investigation

B. Why Do We Need an Audit?
- Financial: independent assessment of reported financial information.
- Compliance: part of financial or performance audits; provisions of laws, regulations, contracts, etc.
- Performance: objective analysis toward improving program performance and operations, reducing costs, facilitating decision-making. How can we help the District improve? Focusing the report on what improvements, identified, can be made.

- Investigations: something's gone wrong and needs to be investigated.

C. Audit Plan – Setting Expectations
   - How long to complete an audit? Can vary a lot.
   - How many audits per year or per auditor? Depends on how complex the audits are.
   - What else does an auditor need to do?

D. What is Fieldwork?
   - Audit Process
     - Fieldwork Phase – Understanding, Testing & Analysis, Conclusions
     - Report Phase – Writing, Review, Final
   - Fieldwork Phase
     - Understanding
     - Testing & Analysis
     - Conclusions
   - Understanding – Identify Criteria, know what you're measuring against
     - Laws, rules, regulations, contract or grant terms
     - Best practices and/or performance standards in the field
     - Board/District/department policies and procedures
     - Internal control/risk management standards
   - Testing and Analysis Examples
     - Records - Financial data, summary reports, documents (invoices, receipts, tickets), …
     - Maps, staffing schedules, vehicle records, door access data, …
     - Interviews - Internal: Program staff, department and division level management, other departments, …
     - External parties: contractors, customers, other governments, …
     - Data Analysis - Excel, Access, IDEA (audit analysis software)
     - Benchmarks, statistical reports, …
   - Conclusions – Elements of a Finding, Elements Auditor Makes Sure They Understand
     - Condition - What should be?
     - Criteria - Why?
     - Cause - What is the impact?
     - Effect - What should be done?
     - Recommendation – What should be done?
   - Conclusions
     - Discuss preliminary conclusions with management
     - Assess any additional information
     - Draft audit report

E. What is Reporting?
   - Audit Process
     - Fieldwork Phase – Understanding, Testing & Analysis, Conclusions
     - Report Phase – Writing, Review, Final
   - Writing the Report
     - Context: who, what, where, why, how much?
     - Background
     - Why, what time period/other limits, how did we audit?
     - Auditing standards
     - Objectives, Scope & Methodology – required for an audit report
     - What were the results?
   - Draft Report
     - Draft = an audit workpaper, required part of the audit process.

    - Final report = prepared for Governing Board and is a public record.
    - "Working papers and other audit files that are maintained by the city or town auditor are not public records and are exempt from title 39, chapter 1. Any audit report prepared for or presented to a city or town, whether by city or town auditor, the auditor's authorized representative or a consultant, is a public record subject to title 39, chapter 1."Arizona Revised Statutes §9-305(B)
    - Board Policy requires management to respond to the draft report:
    - A final draft of the audit report will be forwarded to the audited department and the Superintendent for review and comment … before it is released. The department must respond in writing specifying agreement… or reasons for disagreement…, plans for implementing solutions…and a timetable to complete such activities. …
    - The agency response must be filed…within 30 calendar days… (section continues with provisions for extensions)
    - The report that goes to the Audit Committee should be the final report
- Draft Report Phases
    - Draft Review
    - Quality Control
    - Final
- Draft Report Reviews
    - Management - Auditors meet with management to review tone, accuracy, and recommendations
    - Any revisions sent to management
    - Quality Control - Team references all facts in the draft to specific supporting work
    - City Auditor reviews supporting work in process and during report preparation
    - Independent Reviewer - Auditor not on this team fact-checks the draft
    - Team corrects any errors
    - Any Auditor must follow a quality control process
- Timeline of Meeting Date
    - Draft Report
    - Meeting with Management
    - 30 Days
    - Response In
    - Compile/QC Final
    - 1-2 Days Prior
    - Post Meeting
    - Audit Committee Meeting
- Final Report Availability
    - Initial Posting - Audit Committee meeting agenda
    - Audit Committee meeting
    - After Meeting
        - City Auditor What's New
        - Audit Reports page
        - Archived Document Search database

III. Future Agenda Items
- Review of Policy DIE - Audits/Financial Monitoring
- Request to build a link on the SUSD webpage that will include all audit reports

IV. Adjournment

At **10:43** AM, Dr. Menzel adjourned the meeting.

Dated this 1st day of October 2021.