

Audit Committee Meeting

Jan. 24, 2024, at 9:30 a.m. – John D. Price Administration Building, Conference Room 139

Attendees:

Jaclyn Badeau (Audit Committee Chair)
Nick Clark (Internal Auditor for the District)
Jill Recor (Administrative Assistant)
Dave Osborne (Audit Committee)
Jana Moulton (Associate Internal Auditor)
Larry Forester (Audit Committee)- Virtual
Amy Green (School Board Representative)
Houston Barber (Deputy Superintendent)
Greg Hodge (Audit Committee)
Kacey Urbaneja (Classified Representative)
Alicia Miller (Compliance Officer)
Rodney Jackson (Executive Director of Financial Accounting & Benefit Services)
Bret Nathaniel (Equity Council Representative)
Jeanna Jones (External Audit Representative)- Virtual

Absent:

Joe Gibson (Principal Representative)
Chris Salyers (Certified Representative)

INTRODUCTION & APPROVAL OF MINUTES

The Chair opened the meeting by asking for approval of the Oct. 17, 2023, meeting minutes. The minutes can be seen on the district website. The minutes were approved by the Audit Committee.

INTERNAL AUDIT UPDATE - Nick Clark

- **Insurance Audit**

Nick Clark updated the committee on the Insurance Audit. The Office of Internal Audit is awaiting management's response to the Insurance Audit. The primary objectives of the audit were to ensure the district had adequate controls in place for managing and issuing insurance policies, claims processing procedures, the accuracy of the asset listings, and that the district has sufficient insurance coverage.

The audit identified two findings. The first finding was the district's lack of documented procedures regarding insurance operations. The audit found that claims were being filed correctly and in a timely matter and that the District is in good standing with insurance companies. This allows FCPS discounted rates. Rodney Jackson (Executive Director of Financial Accounting & Benefit Services) indicated that standard operating procedures are in the process of being documented.

The second finding indicated that there were fleet discrepancies between the district's internal records, the ERP system, and the insurance policy. This may be due to a lack of communication between departments. The district lacks a fleet management policy. Buses are not an issue. Controls are in place for the buses. The small vehicles are the issue, and the district has increased the number of these small vehicles over the last two years due to ESSER funding. Mr. Jackson advised that they do an annual inventory of vehicles. The audit also noted that Risk Management is the only department that can purchase an insurance policy. Risk management has some procedures in place regarding insurance; however, they are not formally documented. Mr. Clark feels that the district has adequate coverage for its assets. It was advised that from a property standpoint, the District only had four claims and that those claims were done in a timely manner.

The Committee wanted to know what controls were tested. The Committee would like the controls documented in the finalized audit, and the state mandates for coverage need to be added. The audit will be updated to incorporate the Committee's recommendations and management's comments.

- **Bid Audit-Testing**

Nick Clark reported that the Bid Audit is in process, and it will be based on the 2022-2023 fiscal year. The Office of Internal Audit is finalizing testing for this audit and working to complete the audit by the end of next month. They will also look at sole sourcing and whether the district is using contacts for services and products.

- **RFP Update**

Nick Clark advised that five bids were received. They are from Forbus, LBMC, Dean Dorton Ford, Weaver, and SIKICH. The committee asked how LBMC could bid as they are our external auditing firm. Jeanna Jones (External Audit Representative) addressed this issue by advising that the department that would be conducting the internal IT audits is a different entity under the same umbrella, and they do not feel that it would be a conflict of interest. She advised that it would be a different group out of Nashville.

The bid committee is reviewing the bids and ranking them. The bid is for 500 hours of work. The goal is to first do a single project, maybe auditing user access, and then possibly have the company do a risk assessment of IT to determine the priorities for audit moving forward. The committee will interview the top two companies in February. A tabulation sheet is used to rank the companies, and the top considerations are the companies' qualifications in IT and pricing. The pricing for three companies is very close, with the other two being more expensive. References were also required. They all have experience in auditing schools. The Bid Committee will hold a virtual meeting with the regular Audit Committee to provide an update before a recommendation is submitted to the board. The Audit Committee would like a member of the Audit Committee to be included on the Bid Committee.

- **Student Activity Fund Audits**

Nick Clark informed the committee that the interns did three of these audits. Audits were completed for Brenda Cowan Elementary, Picadome Elementary, Edythe J Hayes Middle, and Lafayette High School. The main issues seen in the audits were missing documentation, incomplete forms, and other issues with documents. Some of the schools were using Venmo or Cash App. The use of digital wallets is banned districtwide. The audits were acceptable with findings. Mr. Clark

advised the Committee that as they found these issues, the Office of Internal Audit communicated with Rodney Jackson's team to ensure that these issues were shared with the bookkeepers district-wide. The auditors will also attend the next bookkeeper round table to emphasize the importance of compliance with district policies and Redbook. The Office of Internal Audit will also express the need for the bookkeepers to take ownership of their work. The Committee discussed the process of receiving purchases and a better way to know where purchases are being sent. The committee approved the audits. See Appendix A for a summary of findings.

COMPLIANCE OFFICER REPORT - Alicia Miller

[Alicia Miller](#) reported that there have been five new reports since the last meeting. The reports were handled by the appropriate departments.

AUDIT COMMITTEE MISC.

A virtual meeting will be held in February to discuss the bids for IT internal audits and the recommendations of the Bid Committee. Dave Osborne committed to joining the Bid Committee.

CLOSING THOUGHTS

The next meeting will be on April 17, 2024, at 9:30 am. The meeting was adjourned by Jaclyn Badeau.

Appendix A

School Activity Fund Audit Summary					
3/12/2024					
Findings	School				
	Brenda Cowan Elementary	Picadome Elementary	Edythe J Hayes Middle	Lafayette High	Total Findings
Receipts- Incomplete Forms or Missing Supporting Documentation	X	X	X	X	4
Receipts- Venmo and GoFundMe Funds				X	1
Expenditures- Incomplete forms or Missing Supporting Documentation	X	X	X	X	4
Invoice Payment- Lack of approval signature indicating goods and services were received	X	X	X	X	4
Transfers- Incomplete Forms and/or Lack of Timely Posting	X	X	X	X	4
Ticket Sales- Incomplete or Inaccurate Forms			X	X	2
Fundraisers- Missing Forms and/or Supporting Documentation	X			X	2
Bank Reconciliation- Missing Signatures				X	1
External Support Organizations- Missing Forms and/or Required Documentation	X	X	X		3
					25