

**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
June 13, 2024 at 9:00 AM**

The meeting was called to order at 9:01 AM on June 13, 2024.

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 in-person.

Roll Call-

Audit Committee members in attendance were Sara Regan, Chair; Jason Klonoski, Vice Chair; Carine Werner, Governing Board Member, and Jeanne Beasley. Patty Beckman was absent. Dr. Scott A. Menzel, Superintendent; Shannon Crosier, Chief Financial Officer; Alexis Wilson, Assistant Superintendent of Human Resources; Nicholas Buzan, General Counsel and from the City of Scottsdale: Lai Cluff, Acting City Auditor, Elizabeth Brandt and Travis Attkisson were also present. A quorum was present.

Information/Discussion and Possible Action

3. Approval of Prior Meeting Minutes – March 22, 2024 - Action
Mr. Klonoski moved to approve the Audit Committee Meeting Minutes of March 22, 2024. Mrs. Beasley seconded the motion. The motion was approved with a vote of 4 - 0.
4. Audit Report on Scottsdale Unified School District Compensation Practices - Lai Cluff, Acting City Auditor - City of Scottsdale and Management Response - Alexis Wilson, Assistant Superintendent for Human Resources – Information
 - Audit Objective: To review the District's compensation and benefit practices, evaluating how compensation practices align with established District policies, including employee classifications, salary placement and administration, and benefits eligibility.
 - Controls over salary placement need to be strengthened and data quality needs to be improved to prevent and identify potential errors.
 - Most salaried employees were paid within the approved salary schedules and ranges.
 - Inadequate controls over hourly employee pay assignment may have resulted in inaccurate rates.
 - System salary schedules do not align with Board approved schedules – however, current processes do not rely on system controls.
 - Stronger internal controls are needed to improve the accuracy of salary placement and identify potential errors.
 - Several supplemental pay amounts were not approved by the Board.
 - Recommendations
 - Implement stronger manual and system controls and improve processes to improve data entry accuracy.
 - Review and correct data inconsistencies and errors.
 - Establish procedures for aligning system salary schedules with Board-approved schedules.
 - Establish procedures for verifying accuracy of pay placement calculations.
 - Ensure supplemental pay is authorized.

- Obtain approval for extended salary schedules.
- ❖ Human Resources Response
 - Implement stronger check lists – estimated completion date is July 15, 2024.
 - HR technical analyst will do a monthly audit check of data in the system - target to complete July 15, 2024.
 - Working with the payroll department – salary cleanup has been made – everyone has been paid within the Board approved salary ranges.
 - HR will work to align description and primary job title – estimated completion date is September 15, 2024.
- District has not adopted employment policies for all employee classes to guide employment contract terms and practices
 - Not all employee groups are specifically covered in the 3 approved agreements, resulting in a gap in policy guidance
 - Policy has not formally defined the positions that fall within each employee group.
- Recommendations
 - Develop classification and compensation policies for Governing Board approval that address all employee groups and identifies the positions within each of those groups.
 - Evaluate ways to simplify administrator contract forms, ensure all contract forms cover key terms, and ensure the correct contract forms are used for each position.
 - Establish procedures to ensure that all employees annually review and accept their employment contracts/notices. Issue new employment contracts to employees that have an inaccurate type of contract
- ❖ Human Resources Response
 - A fourth administrator group was created, and Board approved on April 9, 2024.
 - Human Resources suggested recommendation of a Governing Board policy that encompasses the leave/buy out programs that is specified for each contract group. Employees identified in the audit have been issued the correct contract for 2024-2025.
 - Human Resources provided weekly data to school/department supervisors to track acceptance of contracts. Corrected contracts were issued for 2024-2025 for those employees identified in the audit.
- Leave benefit plans do not always align with benefit policies approved by the Board.
 - Two leave plans were not authorized in current policy.
 - Five leave plan accruals do not match policy.
 - 45 employees had an inconsistent leave plan assignment.
- Recommendations
 - Establish procedures to ensure system leave plans accurately reflect approved plans.
 - Review and correct errors within leave data/records.
- ❖ Human Resources Response
 - Payroll has already removed unauthorized leave plans. The payroll team will conduct an internal audit - estimated completion date is July 30, 2024.
 - Human Resources collaborated with Payroll to suggest utilization of data and analytics to compare work calendar schedules and contract types to ensure correct leave records. The payroll team will conduct an internal audit – estimated completion date is October 31, 2024.
- A periodic review of job descriptions is needed to ensure compliance with overtime pay requirements.
 - Perform a review of the positions at risk for FLSA misclassification.

- Establish a formal process for periodic review and update of job descriptions.
- Ensure that job descriptions are maintained for all District positions and approved by the Governing Board.
- Ms. Regan commented on an excellent job with the audit and thanked both the auditors and the District for doing great work.
- Add to the July meeting agenda: follow up on outstanding items from the compensation audit and discuss if someone can look and compare benefits as a 3rd party as opposed to an audit.

5. Annual Audit Plan Proposal for 2024-2025 - Action

- A risk analysis survey was conducted last year – options for audits and a risk scale. The highest item on the list was process and procedure for employee and contractor complaints. Other high priority items from the list were: purchasing and procurement, technology, cash handling and physical security.
- Shannon will send the committee another survey to re-prioritize audit items and add or subtract items. We will schedule a special meeting in July. Keep transportation at the top of the list and add health insurance. Combine cash handling/student activities/tax credit – cash in general.
- We are going into the next fiscal year. The budget has been set at \$100,000 for audits.
- Gladys will reach out to committee members to confirm a July meeting date.
- Add to the September meeting agenda: a presentation on how a self-insured plan works and an update on the outcomes of the HR audit #2.

6. Year-End Report to Governing Board - Discussion and Possible Action

- Sara is willing to take this role. Shift this conversation to the July special meeting – add as an agenda item.

7. Schedule of Meetings for 2024-2025 – Information

- Keep the recurring meeting schedule and add a 5th meeting in July. Extend the meeting duration to 1.5 hours. Gladys will update the calendar invite and send to the committee.

8. Adjournment

At 10:32 AM, Mrs. Werner moved to adjourn the Audit Committee meeting. Mr. Klonoski seconded the motion. The motion was approved with a vote of 4 – 0.

Dated this 13th day of June 2024