

Audit Committee Meeting

July 17, 2024 – 9:30 am – John D. Price Administration Bldg. – Conference Room 139

Attendees:

Jaclyn Badeau (Audit Committee Chair)
Nick Clark (Internal Auditor for the District)
Jill Recor (Administrative Assistant)
Jana Moulton (Associate Internal Auditor)
Chris Salyers (Certified Representative/FCPS Staff)
Dave Osborne (Audit Committee)
Larry Forester (Audit Committee)/Virtual
Amy Green (School Board Representative)
Alicia Miller (Compliance Officer)
Kacey Urbaneja (Classified Representative)
Bret Nathaniel (Equity Council Representative)
Rodney Jackson (Executive Director of Financial Accounting & Benefit Services)-Virtual
Jeanna Jones (External Audit Representative)-Virtual
Brett Nabors (External Audit Representative/Weaver)-Virtual
Hunter Sundbeck (External Audit Representative/Weaver)-Virtual

Absent:

Penny Christian (16th District PTA Representative)
Greg Hodge (Audit Committee)
Joe Gibson (Principal Representative)

Engage and X-plore

The Chair opened the meeting by requesting approval of the April 17, 2024 minutes. The motion was made for approval by Dave Osborne and seconded by Larry Forester. The minutes were approved by the Audit Committee.

The Chair then went over the new format for the agenda and advised that is a district-wide change.

Communicate

Future IT Audit

Nick Clark introduced Brett Nabors and Hunter Sundbeck with Weaver, who will perform IT audits for the 24/25 fiscal year. They presented a PowerPoint on the audit status and included the firm's

background information. They shared their process for performing audits. They have begun fieldwork for the Network Security Access audit and have met with the IT department. The IT Internal Audit Plan for FY24 consists of the Network Security Access audit (this began in June), Project management (this is ongoing), and an IT Risk Assessment/ IA Plan Development. They will present a Risk Assessment and Audit plan in October. Dave Osborne asked who would be making the decision on the highest-risk areas. Nick Clark advised that he will decide once risks are identified and reviewed.

Confidentiality/Conflict of Interest

Nick Clark discussed the Confidentiality/Conflict of Interest form and asked each committee member to complete the form.

Student Activity Audits

Jana Moulton presented the Student Activity Audits. She indicated that interns from the University of Kentucky assisted on three of the audits. The summary of findings was reviewed. Nine elementary schools were audited. The Interns performed the audits on Garden Springs, Veterans Park, and Millcreek under the direction of the Office of Internal Audit. Jana performed the other six audits. Each school audited had issues with the invoices dated prior to requisition/PO. This is a districtwide issue and needs to be addressed by management. Training is needed regarding this issue. Currently, there are no consequences for this issue. However, Nick Clark is working with Rodney Jackson to set up policies for this issue. Redbook training for all Principals will be provided this fiscal year. Rodney Jackson informed the committee that all principals must sign off on the Redbook during Safe Schools Training each year. In addition, the results of audits are provided to each of the school chiefs, and those findings are supposed to be included in the principal's evaluation. The Office of Internal Audit reviews the audit results with the bookkeeper and Principal. The committee requested that findings involving signatures or initials in the wrong place on documents should include that information in the finding to provide context to the committee.

Another finding discussed involved untimely deposits. Deposits should be done daily and not left in the safe overnight. Access to the safe is typically limited to the bookkeeper, principal, and assistant principal. The combinations for safes are not always changed when personnel leave. Dave Osborne talked about the importance of training and explaining the why behind the controls. If they understand the why and the importance of the control, they are more likely to follow the control. David Osborne did ask for clarification on determining the risk rating. Nick Clark advised that it is based on the error rate and type of finding. Mr. Osborne said he would like to see this in the report. The Office of Internal Audit provides a copy of the audit report to the bookkeeper, principal, school chief, and FABS.

A new accounting system is in the works for FCPS School Activity Funds, allowing for online fee payment. This will drastically reduce the amount of cash and checks coming into the schools, reducing the risk. Chris Salyers asked if there was a recommended pilot group in mind for the new accounting system. Nick Clark indicated that the high schools should be that group. There are six high schools, and they deal with the most cash.

External Audit

Jeanna Jones advised that external auditing is in the planning stages of the year-end audit. They are compiling information from the district and schools before they start testing. The external auditors will be on site soon. Ms. Jones indicated that in the past, they have seen similar findings during the school audits. She will have more information to share regarding the progress of the audit at the October meeting.

Compliance Officer Report

Alicia Miller, Compliance Officer, received two reports on the compliance hotline. One was given to the Chief to address, and the other was a personnel issue. The training was updated for the new school year.

Empower

Jaclyn Badeau advised that her tenure as the committee chair will end June 30, 2025, and she cannot stay on the committee. She indicated that a new committee chair will need to be appointed at that time. Dave Osbourne suggested that someone with an IT auditing background should be considered. The committee also discussed that the committee may want to expand from four consistent members to five.

Launch

Dave Osborne motioned to adjourn the meeting, and Jaclyn Badeau seconded the motion, and the meeting was adjourned.