

**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 12, 2025 at 9:00 AM**

The meeting was called to order at 9:00 AM on September 12, 2025.

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

Roll Call-

Audit Committee members in attendance were Sara Regan, Chair; Jason Klonoski, Vice Chair; Mike Sharkey, Governing Board Member; and Jeanne Beasley. Patty Beckman was absent. A quorum was present.

Dr. Scott A. Menzel, Superintendent; Shannon Crosier, Chief Financial Officer; Dr. Heather Cruz, Assistant Superintendent of Human Resources; Kristine Harrington, Chief Communications and Information Officer; Josh Friedman, Director of Safety and Security; Dennis Roehler, Director of Facilities and Bond Management; David Jacobson, Director of Transportation; and from the City of Scottsdale: Lai Cluff, Acting City Auditor were also present.

Information/Discussion and Possible Action

3. Approval of Prior Meeting Minutes – July 25, 2025 - Action

Mr. Klonoski moved to approve the Audit Committee Meeting Minutes of July 25, 2025. Mrs. Beasley seconded the motion. The motion was approved with a vote of 4 – 0.

4. Scottsdale Human Resources Audit: Status of Updated Items – Dr. Heather Cruz, Assistant Superintendent of Human Resources Report - Information

- Human Resources is very close to finalizing the comprehensive audit and in the final stages of approving the architecture of the classification study.
- Next step and stage – the compensation and classification studies will be put together to create a robust report.
- Classification study is coming to a close – will potentially have a report in the next month or two.
- This wraps up the updates for the Human Resources audit. No additional feedback required from Dr. Cruz.

5. SUSD Transportation Audit Update – Shannon Crosier, Chief Financial Officer and David Jacobson, Director of Transportation - Information

- 1.1: Assess the optimal size and composition of the bus fleet, taking into consideration possible changes to bus routes for route efficiency or to decrease reliance on transportation contractors.
 - Reviewed routes for this year and buses in the fleet.
 - There are some small SPED buses that are not fully utilized now, but if more drivers are hired, those buses would be needed to move from contracted services.

- Four buses have been removed from the fleet (parts buses). New buses will need to be purchased – on hold until potential bond dollars become available.
- 1.2: Evaluate the use of routing software and data-driven tools to help create more efficient routes and regularly reassess routes as ridership changes.
 - Mr. Jacobson worked with the vendor and the program is going to reflect all students eligible based on addresses. Added: implementing Synergy to track SPED students on the transportation side.
 - Continuous monitoring based on hard student counts.
 - SUSD employees are well versed in using the software.
- 1.3: Adopt bus inspection and maintenance policies that address the fleet's varying composition and improve department accountability by measuring compliance with adopted policies.
 - Completed before the Audit Committee met on July 25th.
- 1.4: Ensure that existing software systems correctly reflect the active fleet of buses used to transport students.
 - Completed before the Audit Committee met on July 25th.
- 1.5: Maximize the use of available technology solution to more effectively manage inspection schedule, ensuring that system policies align with department policies.
 - Completed before the Audit Committee met on July 25th.
- 1.6: Establish process to ensure accurate and complete maintenance data. Consider scanning and retaining electronic copies of inspections or leveraging other technology tools to improve efficiency and the quality of maintenance records.
 - The scanners order was delayed. A new order was placed; scanners were received and already installed.
- 2.1: Develop a contract administration policy for the District's Governing Board approval. The policy should outline responsibilities for contract management, including assignment of those responsibilities.
 - Directors are required to manage contracts under their scope of work.
 - Governing Board Policy DJG re Vendor/Contractor Relations - we can build procedures behind DJG.
 - Ms. Regan request: this might be the only outstanding item - come back to the committee with a report on how the district intends to handle this.
- 2.2: Monitor contractor compliance with key contract requirements including driver qualifications, vehicle maintenance, and insurance coverage. Monitoring activities may include onsite visits, requests for employee information, or assurances regarding internal review of files.
 - Mr. Jacobson has been doing spot checks at school pickup to ensure compliance.
 - Continue to have regular conversations with two vendors on this topic.
- 2.3: Request contractors to provide detailed reports regarding miles driven, trips taken, and number of transported students. Use that information to review contractor invoices and track the unit cost of the service (miles driven or cost per rider).
 - Corrected – one vendor, HopSkipDrive, was not providing correct information. The district is no longer using that vendor. The vendors currently in use are proving the required information.
- 2.4: Consider establishing additional District policies or performance requirements for transportation contractors to ensure consistency across multiple contract vehicles. For example, expectations for vehicle inspections and maintenance, required reporting, access to

contractor records, and require prompt communication of all incidents to the designated contract administrator.

- When new vendors are hired, requirements are communicated, continuous spot checks ensuring vendors are meeting the requirements.
- 3.1: Consider re-instituting recruiting practices such as referral program to increase bus driver applicants and continue to evaluate proving options for extending contract days and/or daily work hours.
 - Transportation had a huge driver push – hired 13 drivers, 4 became drivers, 2 onboarding, 2 cancelled acceptance and separated employment with a few. Have onboarded more individuals than have left.
 - Have had success with Indeed hiring events.
 - This is the first time since pre-Covid that Transportation has had all regular routes filled with drivers on day one.
 - Bring back to next meeting on December 12th: updates on 2.1 (request from Ms. Regan) and 3.1 (request from Ms. Beasley regarding hiring bus drivers).

6. Cybersecurity and Tabletop Exercises (schedule and results) – Kristine Harrington, Chief Communications and Information Officer – Information

- The last tabletop exercises was at the end of May - have not had another one.
- Will have information on upcoming tabletop exercises/timetable after meeting with the Trust.
- National Institute of Standards and Technology (NIST) Cybersecurity Framework
 - Govern
 - Identify
 - Protect
 - Detect
 - Respond
 - Recover
- Cybersecurity Insurance Requirements (The Trust)
 - Secure Air-Gapped Backups – Barrier between our network and our backups.
 - Phishing Simulations and Training – Raise awareness around the need to be aware.
 - Multi-Factor Authentication (MFA) – App on our phones and tokens for folks without cell phones.
 - Vulnerability Scanning – Penetration audit once a year.
 - Endpoint Detection and Response (EDR) Software
 - Software Patching – Regular maintenance schedules.
 - Managing End-of-Life Software – Windows, Mitel (telephone software migration to Ring Central).
- Regular maintenance schedules are calendared a year in advance.
- Data Privacy Agreement (DPA) – A legally binding agreement between the District and a software vendor.
- Purpose – Ensure vendor complies with state and federal laws (FERPA, COPPA, etc.) for protecting student and staff data.
- Key Protections – The District continues to evaluate the key protections.
 - Defines how data is collected, used, stored and shared.
 - Prevents unauthorized use of student information.
 - Establishes clear security expectations.
- Partners - 1EdTech, Student Data Consortium, CoSN

- Ongoing Efforts and Measurables
 - Tabletop Exercises – working with the Trust to develop a cadence of tabletop exercises.
 - Debriefs after Incidents – a lot of debriefing and opportunities to learn.
 - Finance Audit – opportunity to review different software platforms, access, reporting structure, any needs for patches.
 - Trust Audit – will be calendared soon.
 - Penetration Audit – will be calendared soon.
 - Cybersecurity Awareness – October, but should be all day, every day.
- Ongoing Projects
 - NIM – NexGen Identity Management – new access system.
 - Active Directory (AD) Clean Up – ongoing.
 - Mitel to Ring Central (phones) – migration.
 - Jamf (CTE labs, installing on District issues phones and iPads)
 - Windows 11 – ongoing.
 - Server Upgrades (up next: Pueblo, Hohokam, Cherokee, cooling units) – ongoing.
- Be a Cybersecurity Superhero – Keep Your Devices Updated, Backup Your Data, Protect Your Identity, Guard Your Weakness
 - DPAs are essential to protect students, staff and the District.
 - Update to Windows 11.
 - Do not click, reply, forward suspicious emails.
 - Together, we'll build a safe and secure digital ecosystem for teaching & learning as well as our business enterprise!
- Ms. Harrington will report back out and provide updates at a future meeting – potentially the March 13, 2026 meeting.

7. Health Insurance Audit Status Update - Shannon Crosier, Chief Financial Officer – **Information**

- Will not make the December mark for completion – looking at spring 2026 before everything is done.
- The information will not be back in time for the RFP that will go out.
- Hope to have a recommendation to the Board in December, January at the latest.
- Information was sent to Gallagher.
- Gallagher will be making recommendations/audit rites-terms-conditions to help strengthen audit rites and position including negotiations going forward.
- Ms. Regan requested another update in December to ensure everything is on track for spring.

8. Approval of Rank Order for the Audit Plan – **Action**

1. Cash Handling
 2. Review of Process around Employee Termination and Discipline
 3. Purchasing
- Leave space for Cybersecurity and Physical Security after presentations – if any presentation gives the committee pause, they will move those audits up.

Mr. Klonoski moved to approve the rank order for the audit plan as presented. Mrs. Beasley seconded the motion. The motion was approved with a vote of 4 – 0.

9. Approval of the Board Report – **Action**

- Ms. Regan will present the report to the Governing Board on October 7th.

Mr. Klonoski moved to approve the Board Report with the changes discussed. Mr. Sharkey seconded the motion. The motion was approved with a vote of 4 – 0.

10. Discuss Future Agenda Topics

- Transportation 2.1 and 3.1 – December 12th
- Health Insurance Update – December 12th
- Cash Handling Scope and Price – December 12th

Executive Session – No Action

10:24 AM Mr. Klonoski moved to convene in Executive Session for an expedited review of the security audit (ACTIC). Ms. Beasley seconded the motion. The motion was approved with a vote of 4 – 0.

11. The Audit Committee recessed into executive session pursuant to A.R.S. 38-431.03(A)(9) for the purpose of discussions or consultations with designated representatives of the public body in order to obtain an update regarding the security audit. - Dr. Scott Menzel, Superintendent and Josh Friedman, Director of Safety and Security.

At 10:53 AM Mr. Klonoski moved to adjourn the Executive Session. Mr. Sharkey seconded the motion. The motion was approved with a vote of 4 – 0.

At 10:53 AM Ms. Regan reconvened the Audit Committee meeting.

12. Next Meeting: December 12, 2025 - Information

13. Adjournment

At 10:54 AM, Mr. Klonoski moved to adjourn the Audit Committee meeting. Ms. Sharkey seconded the motion. The motion was approved with a vote of 4 – 0.

Dated this 12th day of September 2025