

Audit Committee Meeting

Jan. 21, 2026 – 9:30 am – John D. Price Administration Bldg. – Conference Room 4042C

Attendees:

Larry Forester (Audit Committee Chair)
Lindsey Dial (Committee Member)
Dave Osborne (Committee Member)
Amy Green (School Board Representative)
Kacey Urbaneja (Classified Representative)
Kandace Bright (PTA 16th District Representative)
Nick Clark (Internal Auditor for the District)
Jana Moulton (Associate Internal Auditor)
Alicia Miller (Compliance Officer)
Donna Austin (Administrative Assistant)
Meaghan Reynolds (LBMC Audit Representative)- Virtual
Katie Reed (LBMC Audit Representative)- Virtual
Greg Hodge (Audit Committee Member)-Virtual
Trace Williams (Equity Council Representative)-Virtual
Chris Mottet (Audit Committee Member)-Virtual

Absent:

Chris Salyers (Certified Representative)
Rodney Jackson (Executive Director of Financial Accounting & Benefit Services)
Houston Barber (Deputy Superintendent)

Engage and X-plore

The meeting was called to order at 9:35 AM by Larry Forester, Audit Committee Chair.

The minutes from the meetings on October 15th and November 24th were presented for approval. Chris Mottet requested that the spelling of his last name be corrected in the Nov. 24, 2025 minutes. The motion to accept this change and approve the revised minutes was made by Lindsey Dial and was seconded by Greg Hodge. Motion was carried with all in favor.

Communicate

Student Activity Funds Audits

Nick Clark presented the report for the Student Activity Funds audit. Nick reported that he and Jana Moulton have met with all schools except two. They are scheduled to meet with one school to review its report and discuss the observations identified. Jana is currently completing the audit at the second school. Once these two audits are finished, they will have completed Student Activities audits at every school in the district. Going forward, the plan is to adjust the audit schedule to review approximately one-third of the schools each year. The committee also discussed the high risks associated with student activity funds, noting the large volume of cash transactions and the frequent turnover in bookkeeping positions.

The completed audits identified several schools as "not acceptable": three high schools, two middle schools, seven elementary schools, and two special programs. There was a discussion regarding the district's transition toward electronic payments. While some schools favor online options, the committee noted that a hybrid method is necessary to accommodate "unbanked" populations and varying school demographics.

Some of the largest findings were: invoice dated prior to requisition/PO date, missing invoices, lack of approval signature indicating goods or services were received, the model procurement section on the requisition-the box was not completed or the wrong box was checked, and untimely deposits. A discussion was held on what solutions can be implemented to help eliminate untimely deposits. The committee emphasized the need for enhanced training for bookkeepers and principals. Nick indicated that the training should include visual aids, such as short instructional videos and sample forms. Concerns were raised regarding high carryover balances in school accounts, particularly in high school athletics. Nick will research peer group policies (such as the Council of Great City Schools) to help define "excessive balance" and establish a formal procedure for earmarking funds for future projects.

Internal audit will conduct follow-up audits for the schools that were deemed not acceptable. These follow-ups will occur within three to six months to ensure corrective actions are implemented. For schools that were just recently met with, they will try to do the follow-up before the end of FY 2026.

Admin Leave Audit

Nick stated that admin leave was included in the audit plan and has recently been finalized. He explained that administrative leave is typically used in situations involving potential misconduct, in which the administration determines that an employee should be placed on leave pending the outcome of an investigation.

Over the past three years, there have been 150 instances of administrative leave. The primary reasons include internal investigations, disciplinary reviews, and legal matters. Nick reviewed a sample of 20 cases, without accessing confidential details. Of those cases, five involved certified staff, eleven involved classified staff, and four involved substitutes (which do not result in additional cost to the district when placed on leave).

Nearly 50% of the cases are referred to the Kentucky Cabinet for Health and Family Services (CHFS). Once a case is referred, the investigation proceeds according to CHFS's timeline, and the district has no control over its duration. While the district strives to act promptly, it must wait for CHFS to complete its process before beginning its own internal investigation.

Of the 20 cases reviewed, seven employees were separated from the district, either through termination or voluntary resignation. Four employees have been on leave for more than 100 days; all of these cases were referred to CHFS and remain subject to its timeline.

For cases handled internally by the district, the average length of leave was 33.4 days, which is slightly above the district's 20-day target. To streamline the process, the district is removing the requirement to issue a new notification letter every 20 days.

The committee also noted that, although salaries are considered sunk costs, the district incurred approximately \$98,000 in substitute expenses for the cases included in the sample.

Compliance Update

Alicia Miller reported no new compliance issues. There was a case forwarded to Nick Clark due to issues with Redbook and money. Alicia stated that if their office needs to look into it, they will start their investigation once Nick completes his report.

Update

Nick provided an update on the ongoing audits, including the APA audit and the audit with Weaver.

For the APA audit, additional information regarding the general ledger was requested last week. Specifically, they requested a complete, detailed copy of the general ledger, which Nick has provided for the past three fiscal years. They also requested contact information for all Board members. Nick indicated that he expects to hear from them soon to schedule interviews with additional staff members.

Nick also received the initial request from Weaver Tidwell earlier this week. The request included standard items such as communication records, policies and procedures, and other typical documentation. While the wording differed slightly from the APA's initial request, the overall documentation requested was very similar. Nick anticipates receiving a proposed timeline within the next week to ten days for onsite and virtual interviews.

In addition, Nick and Jana are finalizing a school review that originated from Compliance, which involves reviewing requested documentation. They expect to complete this review within the next week to ten days, possibly sooner.

Internal Audit is in the planning stages of the Payroll audit, which will continue through the remainder of the fiscal year. The audit will focus on the payroll process, including stipends, supplemental duties, and overtime pay. The review will be conducted from a payroll controls perspective rather than a human resources perspective.

Adjournment:

A call to adjourn the committee meeting was made by the Chair. A motion to adjourn was made by Dave Osborne. The motion was seconded by Lindsey Dial. The motion carried with all in favor. The meeting was officially adjourned.