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
March 13, 2026 at 9:00 AM

The meeting was called to order at 9:01 AM on March 13, 2026.

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 and via video or internet conferencing

Roll Call -
Audit Committee members in attendance were Sara Regan, Chair; Jason Klonoski, Vice Chair; Mike Sharkey (via video or internet conferencing), Governing Board Member; Jeanne Beasley; and Derek Hampshire. 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 & Information Officer; Paul Goldstein, Network & Systems Coordinator and from the City of Scottsdale: Lai Cluff, Acting City Auditor.

Information/Discussion and Possible Action

3. Approval of Prior Meeting Minutes – January 16, 2026 - **Action**

   Mr. Klonoski moved to approve the Audit Committee Meeting Minutes of January 16, 2026. Mrs. Beasley seconded the motion. The motion was approved with a vote of 4 – 0. Mr. Sharkey was virtual, but there were connection issues.

4. Prescription Drug Audit Update – Gallagher Benefit Services – **Information**
   - Gallagher was not able to conduct their presentation – they were not present in person.
   - Gallagher sent the audit report to Maxor – expected response within 30 days.
   - This agenda item will be moved to the June 10th meeting with an expectation that Gallagher will come in person to present.

5. Cybersecurity Audit Update – Kristine Harrington, Chief Communications and Information Officer – **Information**
   - K-12 cybersecurity threat statistics – This report is the backbone of our vision for the future Empowering the Human Element and a Culture of Cyber Empowerment.
   - National Institute of Standards and Technology (NIST) Cybersecurity Framework:
     - Govern
     - Identify
     - Protect
     - Detect
     - Respond
     - Recover
   - Cyber Security Insurance Requirements - The Trust:
     - Secure Air-Gapped Backups – Barrier between our network and our back-ups
     - 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 Testing
    - Endpoint Detection and Response (EDR) Software
    - Software Patching – Regular Maintenance Schedules
    - Managing End-of-Life Software – Windows, Mitel
- 2025-2026 Trust Audit Summary and Key Findings - The district demonstrated a strong and well-managed cybersecurity program, earning an overall risk assessment score of 96. The technology team maintains a mature security posture supported by proactive governance, modern security tools, and consistent operational practices. The district successfully meets all Trust Cyber Requirements. A small number of enhancement opportunities were identified.
- Google Audit – earned a 9 out of 10. Hard pressed to find a "real" issue.
- Ongoing Efforts & Measurables:
    - Tabletop Exercises
    - Debriefs After Incidents
    - Finance Audit
    - Trust Audit
    - Penetration Audit
    - Cyber Security Awareness – MSIC – use EDL lists
- Ongoing Projects:
    - Active Directory (AD) Clean-Up
    - Mitel to Ring Central
    - Jamf
    - Windows 11
    - Server Upgrades
    - Erate – Mohave Network Refresh
    - Warehouse, Building Services Network Refresh
    - NOC
    - Upgrading Internet and Bandwidth at Sites with Network Upgrades – more to come with a potential bond
- Ms. Regan requested an update at the September 11th meeting as an executive session.

6. Human Resources Classification and Compensation Study Update – Dr. Heather Cruz, Assistant Superintendent of Human Resources – **Information**
    - Human Resources will meet with the consultants to close out the study in mid-April.
    - Will bring forward recommendations that will help inform some salary decisions next year.
    - Request for one additional follow-up on this item at the September 11th meeting

7. Proposal of Cash Handling Audit Scope and Price - Shannon Crosier, Chief Financial Officer – **Action**
    - Reached out to Jennifer Shields with HeinfeldMeech to provide the cash handling audit.
    - Areas of audit: 1 high school, 1 middle school/K-8, 1 elementary school, 5 Nutritional Services sites.
    - Look at processes and procedures – are we in line with other districts or do we need to make adjustments.
    - Heinfeld/Meech provided a quote and timeline – within the remaining Audit Committee budget for this year.

- This audit can be completed before the end of this fiscal year.
- Jennifer Shields from HeinfeldMeech was available to answer questions.
- A request was made to include the District Office in the audit scope, resulting in an estimated additional cost of approximately $2,000.

Mrs. Beasley moved to approve the Cash Handling Audit Scope and Price with the amendment that the District Office be added to the scope, and the price will increase to $32,900. Mr. Hampshire seconded the motion. The motion was approved with a vote of 5 – 0.

8. Annual Fiscal Audit – Shannon Crosier, Chief Financial Officer and Jennifer Shields with Heinfeld/Meech – **Information**
    - The annual fiscal audit will be presented to the Governing Board on April 7th.
    - The audit timeline: June 2025 to April 2026.
    - The financial statements were issued in December 2025.
    - Combination of onsite and remote procedures in terms of audit work.
    - The District was required to implement a new accounting standard called Compensated Absences – completed successfully with no concerns.
    - Did not have any audit adjustments that needed to be reported.
    - No disagreements with management over financial accounting or reporting matters.
    - Financial statements – opinion was unmodified.
    - Single audit report – did not report any findings.
    - Looked at Title I, Special Education, and Food/Nutrition Services – no findings.
    - Big changes next year – two GASB standards that have to be implemented: financial reporting and reporting of certain capital assets.

9. Next Meeting: June 12, 2026 – Select alternate date due to summer schedule – **Action**
    - Alternate date - June 10, 2026 at 9am

    Agenda items for June 10th:
    - Prescription Drug Audit Update – Gallagher Benefit Services
    - Update/Presentation on the Cash Handling Audit – Heinfeld/Meech

10. Adjournment

    At 10:58 AM, Mr. Klonoski moved to adjourn the Audit Committee meeting. Mrs. Beasley seconded the motion. The motion was approved with a vote of 5 – 0.

Dated this 13th day of March 2026