MINUTES OF THE AUDIT COMMITTEE MEETING
SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
Online Platform – Microsoft Teams
August 14, 2026 at 9:00 AM

The meeting was called to order at 9:03 AM on August 14, 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 via video or internet conferencing

Roll Call -
Audit Committee members in attendance were Sara Regan, Chair; Jason Klonoski, Vice Chair; Jeanne Beasley; and Derek Hampshire. Mike Sharkey, Governing Board Member, 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; and from the City of Scottsdale: Lai Cluff, Acting City Auditor.

Mike Sharkey joined the meeting at 9:06am

Information/Discussion and Possible Action

3. Approval of Prior Meeting Minutes – June 10, 2026 - **Action**

   Mr. Klonoski moved to approve the Audit Committee Meeting Minutes of June 10, 2026. Mrs. Beasley seconded the motion. The motion was approved with a vote of 4 – 0.

4. Management Response – Cash Handling Process and Transaction Review - Shannon Crosier, Chief Financial Officer – **Information**
   - Overall Cash Handling
     - The cash audit review was completed. Management response outlined the observations identified in the audit, action items and target completion dates.
     - The District will develop an on-demand Fundamentals training for all staff who handle cash, including athletic coaches, club sponsors, bookstore managers, and school staff. The training will include fraud awareness. Target: October 2026.
     - Annual cash-handling audits will be conducted using random samples. Ongoing annually, with a June 30th target.
     - Forms will be reviewed and updated to clearly identify where completed forms must be retained and the applicable retention period. Target: December 2026.
     - Front-desk sign-in logs will be created to track all payments received. Each handoff must be verified and initialed by the appropriate chain of command. Target: September 2026.
     - Safe combinations will be changed following personnel changes. Facilities will ensure that safes are secured and non-portable. Target: December 2026.

- Change fund amounts were reviewed and reduced from $2,000 to $1,000. Bookstore managers were notified, and documentation of change fund values will be maintained. Target: August 2026 - completed.

- Student Activities
  - Consider developing a master calendar integrating sub-calendars so campus staff are aware of scheduled activities. Target: TBD.
  - School administrative assistants and bookstore managers have access to Budget Control Group Reports. Schools with high activity generate reports weekly or monthly, while schools with little or no activity generate reports as needed. Continuous.
  - The Student Activities Club Sponsor Handbook will be updated to include sponsor and principal signature/date fields. This requirement will also be incorporated into Fundamentals training. Target: October 2026 - completed.
  - Elected club officers will sign club authorization minutes documenting approval, and fundraiser forms will be required with each fundraiser deposit. Target: September 2026; ongoing.

- Community Education
  - Access permissions will be assigned based on the minimum functions necessary for staff to perform their duties. Target: September 2026.
  - The Finance Department will assist Community Schools in extracting data electronically from the Arux system and converting it to a spreadsheet for upload into the District ERP system. Target: September 2026 - completed.
  - The Community Schools Department will establish a formal cross-training program and designate a backup for receipting. Target: September 2026.

- Nutritional Services
  - Cash Drawer Security: The Director will evaluate cash drawer options with separate keys. Target – September 2026 – ordered.
  - Managers will monitor key use to prevent cross-utilization. Continuous.
  - Cash-handling training for all managers. Target: July 2026 – completed.
  - Cash-handling training for all employees. Target: August 2026 – completed.
  - Cash Drawer Closeouts: Closeouts will be completed in the manager's office or another secure location. Target: August 2026 - continuous.
  - Inoperable equipment will be replaced, and logs will be maintained to confirm equipment is functioning properly. Equipment has been ordered. Target: August 2026.
  - A deposit plan is being developed for situations when the armored car is unavailable. Target: TBD.
  - Administrators will review reports and follow up with staff as needed, while maintaining separation of duties between cafeteria managers and administration. Continuous.

5. Discuss Audit Committee Risk Analysis, Audit Plan and Governing Board Report – **Discussion**
   - Average rating of 3 or below – low impact:
     - Lowest ranking area is Nutrition Services - Not considered critical to the work of the Audit Committee.

- Library Operations – No financial risk was identified.
- Facility Usage/Building Rentals – The Committee determined that this is not worth exploring.

- Middle ranking:
  - Maintenance – Possibly a process audit. Keep on the top 5 list.
  - Process/Procedures for Employee/Contractor Complaints – Ms. Regan suggested a quarterly update to the Audit Committee. Define or monitor over time. Committee agreement of quarterly reporting to include fraud, internal control risks and/or policy violations.
  - Curriculum at Various Levels – The potential scope and focus would include utilization, return on investment (ROI), and outcomes. Per Ms. Cluff, this would be challenging for the City of Scottsdale to conduct. The question is whether we are fully utilizing the curriculum and resources we are purchasing. Place on hold for now.
  - Capital Projects – If the bond is successful, consider establishing a process for reviewing capital projects. Activity is expected to begin around July 2027. Continue to monitor and, if/when the bond passes, allocate funds accordingly for any new projects.
  - Community Education – Defer consideration for now.
- The top three:
  - Physical Security – Initially ranked first. The State conducted an audit several years ago. Before conducting another audit, confirm that the State has updated its requirements. Keep this item on the audit list, but do not rank it first at this time. Consider an annual update from Josh Friedman, Director of Safety and Security. Physical security remains one of the District's most critical risks; however, the Committee is satisfied with the District's current efforts and recommends reviewing the area as needed. Keep on the list.
  - Technology (e.g., phones, computers, network, or specific systems) – Ranked second highest. Consider whether cybersecurity or artificial intelligence (AI) should be areas of focus for a potential audit. Third-party risk should also be considered, including identifying vendors with elevated risk due to access to student records. This item will be included on the September 11th agenda for discussion in Executive Session.
  - Ms. Regan proposed recirculating the risk analysis. Time will be set aside on September 11th to finalize the audit plan, with two hours allocated for the meeting.

6. Future Agenda Topics
   - Update on the Cash Handling Audit
   - Cybersecurity Audit Update
   - Audit Plan for 2026-2027
   - Follow up on the Classification and Compensation Study

7. Next Meeting: September 11, 2026 – Reschedule and identify a 3-hour block that will accommodate an in-person meeting on a Friday.

8. Adjournment

   At 10:38 AM, Mrs. Beasley moved to adjourn the Audit Committee meeting. Mr. Hampshire

seconded the motion. The motion was approved with a vote of 5 – 0.

Dated this 14th day of August 2026