

**Audit Committee Meeting
December 9, 2022 – 10:00 AM
Bloxham Building Ground Floor Conference Room**

Meeting Minutes

Audit Committee Members Present

Darryl Jones, Audit Committee Member
Linda Nelson, Audit Committee Member
Alan Blay, Audit Committee Member
Pat Weaver, Audit Committee Member
Julie Lefteris, Audit Committee Member

Leon County School Board Staff Present

Opal McKinney-Williams, School Board Attorney
Livetra Paul, Director of Internal Auditing
Dana Earnest, Executive Assistant
Olufemi Egberongbe, Intern, Internal Auditing
Kasey Kirkland, Director, LCS Business Services
June Kail, Director, LCS Purchasing

Call to Order

The meeting was called to order at 10:05 AM by Audit Committee Chair Darryl Jones.

Approval of Meeting Agenda

The meeting agenda was unanimously approved. The motion was provided by Linda Nelson and seconded by Alan Blay.

Approval of Meeting Minutes

The committee unanimously approved the meeting minutes from the February 4, 2022 audit committee meeting. The motion was provided by Julie Lefteris and seconded by Pat Weaver.

Audit Committee Report to School Board

Julie Lefteris provided brief comments regarding the February 4, 2022 report to the School Board. Ms. Lefteris stated that the report was well received and they had no questions.

External Independent Auditing Services RFP

Livetra Paul, Director of Internal Auditing, Kasey Kirkland, Director of Business Services and June Kail, Director of Purchasing provided an overview of the Draft RFP for External Independent Auditing Services.

Ms. Paul shared that per Florida Statute the Audit committee serves as the selection committee for external auditing services. The purpose of this overview was to obtain input and comments from the audit committee on the Draft RFP and to explain the responsibilities of each audit committee member during the selection process.

Ms. Kirkland provided an overview of the Draft RFP. She shared that the RFP template had been recently revised to provide for a more vendor friendly format. Section 1 – Key Information includes important details about the RFP process, vendor qualifications and development and submission of the proposal.

Ms. Paul provided an overview of Section 2– Scope of Work. This section provides background information about the Leon County School District. It also includes an outline of contract terms and the scope of work. Ms. Paul identified several potential changes to Section 2 – Scope of Work including updating RFP language as follows:

- All language in the RFP that references a due date of the first business day in January will be updated to require a due date of the last business day in January.
- The scope of work will be modified to include “The firm will audit school internal accounts beginning with the fiscal year ending June 30, 2023.”
- The audit plan section will be updated to include a requirement to provide audit procedures for the annual audit of school internal accounts along with the audit procedures provided for the financial audit.
- The fieldwork section will be updated to reference the start of internal accounts audit procedures for fiscal year ending June 30, 2023.
- The reporting deadlines section will be updated to provide for the presentation of the Financial and Internal Accounts Audit Reports at a regularly scheduled School Board meeting during the month of February.

Ms. Kirkland provided an overview of Section 3 - Procurement Rules and Information. This section outlines the content and format for all proposals submitted. It also provides information about submission of the cost proposal and details the evaluation criterion to be used by the audit committee when reviewing proposals.

Ms. Kirkland shared that the cost proposals will be submitted in a separate sealed envelope. She also shared that audit committee members will be provided a training prior to evaluation of the proposals. Audit committee members will complete the proposal evaluation process independently and cannot have discussions among themselves about the proposals submitted unless a public meeting is noticed and convened. Audit committee members may ask questions of the Director of Purchasing and/or Internal Auditing if clarifying information is needed.

Audit Committee Chair Jones requested information about any language in the RFP referencing local or small business preference. After a discussion about allowable language, it was decided that the language in Sections 3.7 – Small Business Participation and/or Section 3.8 – Local Business Preference would be updated. Appropriate language will be drafted and included in the final RFP by LCS Purchasing Department staff.

Ms. Kirkland provided an overview of Section 4 - Contract Terms and Conditions. Ms. Paul asked a question regarding the process that will be used to determine cost for each fiscal year of the contract. After some discussion and clarifying information from Ms. Kirkland it was determined that cost would not be renegotiated on an annual basis. The successful contractor could request an equitable adjustment in the price or delivery dates, if the change affects the cost or time of performance. Based on recommendations from the School Board Attorney in consultation with LCS Purchasing Department staff, the language in Section 4.1 – Contract Terms and Conditions will be updated to indicate that these equitable adjustments must be approved by the school board via a formal contract amendment. LCS Purchasing Department staff will make the appropriate changes to the RFP template including the addition and/or deletion of certain content in Section 4.1 – Contract Term and Conditions.

The audit committee's recommendation was to eliminate the routine annual cost adjustments that were included in prior RFP's for these services and to continue with the language included in the current Draft RFP which only allows for cost adjustments when circumstances would support the need for a cost increase. In these instances, the contractor and school board must agree on the terms via a formal contract amendment.

Changes to the RFP were unanimously approved. The motion was provided by Alan Blay and seconded by Linda Nelson.

At the conclusion of the RFP overview, audit committee members asked questions as follows:

Audit Committee Chair Jones inquired about past costs for external independent auditing services. Ms. Paul shared that the cost at the inception of the current contract was \$150,000 annually and is currently approximately \$175,000.

Audit Committee member Lefteris inquired about a rotation schedule for audit firms providing these services to the District. Ms. Paul shared that the District does not utilize a rotation schedule. The RFP process is used to select the successful contractor for a term of five (5) years with the Auditor General's Office performing the financial audit every third year.

Audit Committee member Lefteris inquired about the length of time the current firm has been providing auditing services. Ms. Paul shared that the current firm is at the end of their first five (5) year contract. Prior to this firm, these services had been provided by the District's prior external audit firm for more than 15 years.

Ms. Paul asked whether all audit committee members would be required to review the proposals submitted. School Board Attorney Williams stated that a quorum (at least 5 members) would be required to review the proposals.

The audit committee provided a motion to direct LCS Purchasing Department staff to move ahead with the RFP for External Independent Auditing Services with the recommended changes and/or

deletions. The motion was provided by Linda Nelson and seconded by Alan Blay. The motion was unanimously approved.

Audit Reports

Livetra Paul provided the following updates

- *External* – The external auditors shared that the financial and internal accounts audits are on track and did not note any major exceptions. The auditors shared that they are waiting for some information related to grants from District finance staff. Upon receipt of this information, they will begin audit wrap up and review efforts. Ms. Paul will discuss the timeline for issuance of the final reports with the external auditors after the winter break.
- *Internal* – The OIA has revised the audit approach for the completion of the School Internal Account Audits. The revised approach includes completing comprehensive audits for five (5) school sites each month and completing limited audit procedures on a monthly basis for all other sites. This revised approach will free up staff resources to be able to focus on other non-internal accounts audit efforts. Ms. Paul also mentioned special audits and/or management requests for Sabal Palm Elementary School, LCS Transportation Department and Extended Day Enrichment Programs (EDEP). Ms. Paul shared that many of these projects have been delayed due to limited staff resources and the significant impact on staff resources resulting from the volume of work associated with school internal accounts.

Office of Internal Auditing Annual Work Plan

Ms. Paul stated that the Office of Internal Auditing is on track with the projects outlined on the Annual Work Plan. A more comprehensive update will be provided at a future meeting.

Public Comments

There were no public comments.

Future Meeting Dates

The presentation of the Audit Committee Quarterly Report to the School Board will be discussed at the next Audit Committee meeting. Audit committee members will determine the date of the presentation and who will provide the report on behalf of the committee.

The next Audit Committee meeting will be held on February 17, 2023 at 10:00 AM. The external auditors will present the results of the Financial and Internal Accounts Audits for FYE 6/30/2022. Additionally, the LCS Purchasing Department will provide training regarding the evaluation process for the RFP.

Adjournment

The meeting was adjourned at 11:03 AM.