

**Audit Committee Meeting
February 17, 2023 – 9:00 AM
Bloxham Building Ground Floor Conference Room**

Meeting Minutes

Meeting Attendees:

Linda Nelson, Audit Committee Member
Allen Blay, Audit Committee Member
Pat Weaver, Audit Committee Member
Julie Leftheris, Audit Committee Member
Herbert Bailey, Audit Committee Member
Michelle Clark, Audit Committee Member
Jim Davis, Audit Committee Member

Leon County School Board Staff Present

Rocky Hanna, Superintendent
Opal McKinney-Williams, School Board Attorney
Livetra Paul, Director of Internal Auditing
Selena McKinnie, Internal Auditor
Dana Earnest, Executive Assistant
Olufemi Egberongbe, Intern, Internal Auditing
June Kail, Director, LCS Purchasing
Brenda Jackson, Purchasing Department
Naomi Coughlin, Chief Financial Officer
Remera Jones-Haynes, Director of Financial Services
Kathy Sanders, Director of Budget & FTE

Guest Presenters

Ryan Tucker, Purvis Gray & Company
Megan Camp, Purvis Gray & Company
Tim Westgate, Purvis Gray & Company

Call to Order

The meeting was called to order at 9:05AM by Audit Committee Vice Chair Linda Nelson.

Approval of Meeting Agenda

The meeting agenda was unanimously approved. The motion was provided by Julie Leftheris and seconded by Allen Blay.

Approval of Meeting Minutes

The committee unanimously approved the meeting minutes from the December 9, 2022 audit committee meeting. The motion was provided by Allen Blay and seconded by Julie Leftheris.

Superintendent Hannah provided opening comments and thanked the committee for their service to Leon County Schools. He also welcomed Michele Clark, a new appointee to the LCS Audit Committee. Ms. Clark was appointed by School Board member Marcus Nichols. Ms. Clark is a Budget Manager at Florida State University.

Audit Committee Report to School Board

The audit committee has not provided a report to the School Board since their last regularly scheduled meeting. During the December 9, 2022 meeting, the committee decided to defer the report to the school board until after the February 17, 2023 meeting. The audit committee is scheduled to present to the school board under *Reports To Be Heard* at the February 28, 2023 meeting of the board. Jim Davis will provide the report on behalf of the committee.

Audit Reports

Representatives from Purvis Gray and Company- Ryan Tucker, Partner, Megan Camp, Lead Auditor and Tim Westgate - presented the audit results for the following audits:

- Districtwide Financial Statement Audit for fiscal year ending June 30, 2022
- Internal Accounts Audit for fiscal year ending June 30, 2022

Ryan Tucker presented the results of the Districtwide Financial Statement Audit and provided an overview of the *Communication with Those Charged with Governance*. He noted that the District received an unmodified opinion which is the highest level of assurance any entity can receive from a CPA firm. Additionally, he noted that the audit was completed on schedule. The highlights from the Districtwide audit are as follows:

District Wide Independent Auditors Report

This report detailed progress/status on overall audit activities and covers things that would be of interest to the audit committee such as:

- The Schedule of Findings and Questioned Cost (page 78) includes:
 - An unmodified opinion the financial statements and federal awards.
 - No material weaknesses or significant deficiencies identified.
 - Cares Act and Supporting Effective Instruction were the major programs under review during this audit cycle.
 - Not considered low risk due to at finding in the prior year
 - No reportable findings for the Financial Statement or Federal Awards

- All prior year audit findings were resolved.
- The Independent Auditors Report (pages 1-4) included the unmodified opinion. Mr. Tucker noted that the format of this document has changed to include the opinion at the beginning of the document.
- Internal Control Over Financial Reporting (pages 73-74) Mr. Tucker stated that there were no material weaknesses, significant deficiencies or non-compliant material findings on the financial statements
- The Federal Single Audit of major programs included:
 - The Cares Act Program
 - The Supporting Effective Instruction
- Prior year findings regarding Capital Asset Reconciliation and Payroll Controls were deemed to have been resolved.
- There were not compliance issues with Investment of Public Funds (page 79).
- The Management Letter (pages 80-81) did not include any compliance issues related to Financial Conditions, Transparency and other matters to report
- There were no difficulties with management.

Communication for Those Charged with Governance – District Wide

- There were two changes in accounting practices that were relevant to this audit:
 - A review of Governmental Accounting Standards Board (GASB) Statement number 87 was conducted. However, GASB 87 was not implemented because it deemed immaterial.
 - The fixed asset threshold was increased from \$1,000 to \$5,000. This change helped to make the depreciation schedule more manageable by cleaning up prior exceptions.
- External auditors felt comfortable with the accounting estimates prepared by management.
- There were no difficulties with management.
- Corrected and Uncorrected Misstatements were detailed.

Corrected Misstatements:

- Lively reporting issues due to implementation of GASB 84, Fiduciary Activities. This issue was reported as a significant deficiency in the prior year. The significant deficiency was downgraded to a finding this year.
- The beginning payables were adjusted in the voluntary employee benefits trust fund to properly align coverage period and properly record the current year change in liability.

Uncorrected Misstatements:

- Overstatement of grant receivables
- Understatement of capital assets
- Understatement due to lack of implementation of GASB 87, Leases
- No disagreements with management.
- Other Audit Finding and Issues were detailed
 - A pooled cash account had an immaterial unreconciled difference at year end.
 - Several construction projects were inadvertently omitted from the construction in progress schedule.
- GASB 96, *Subscription-Based Information Technology Arrangements*, will be implemented next year.

Meagan Camp presented the results of the school internal accounts audits by providing an overview of the *Internal Accounts Audit Report* and the *Communication for Those Charged with Governance*

Internal Accounts Independent Audit Report

- The Independent Auditors Report (pages 1- 3) included the unmodified opinion.
- An overview of the Balance Sheet (page 4) was provided.
- The notes (pages 6 - 9) to the financial statement were reviewed. Ms. Camp noted that GASB 87, Lease does not have an impact on the Internal Accounts Audit because there were not leases included.
- The findings included in the Internal Accounts Audit Report are as follows:
 - 21.01 – *Internal Control Over Financial Reporting for the Internal Accounts* - At Lively Technical College, the accounting system (FOCUS) is not capable of creating the reports and/or level of detail necessary to meet the requirements of GASB 84 reporting. Lively Technical College staff has developed an interim fix until FOCUS upgrades their reporting capabilities. This was downgraded from to a significant deficiency to a finding.
 - 21.02 – *Segregation of Duties Over Receipting Function* - This finding is the result of limited staffing levels at each school site. This finding will most likely reoccur each year.
 - 21.03 – *Internal Accounts Disbursement* – This finding is related to deviations from existing policies and procedures for internal accounts disbursements. Due to the volume of transactions and the number of school sites in the District, this finding will most likely reoccur each year.

- 21.04 – Internal Accounts Receipts – This finding is related to deviations from existing policies and procedures for internal accounts receipts. Due to the volume of transactions and the number of school sites in the District, this finding will most likely reoccur each year.
- 21.05 – Internal Accounts Ticketed Events – This finding resulted from deviations between the number of tickets sold and the amounts documented on the ticket seller reports. There was a reduction in the number of deviations due to the use of an online ticket portal used by many school sites.
- 21.06 – Internal Accounts Bank Statements and Reconciliations – This finding is due to not completing the internal accounts monthly reconciliation in accordance with district policy. There has been some improvement in this area due to schools accessing read-only bank statements online. However, this finding is likely to reoccur each year.
- 21.07 – Internal Accounts Fee Accounts – This finding is a result of excess funds accumulation in Internal Accounts fee accounts. There has been some improvement in this area; however, this finding is likely to reoccur each year.
- 21.08 – Internal Accounts General Findings – This finding is a result of some school groups not submitting budgets or inventory reports, etc. This finding also includes other deviations from internal accounts policy and/or procedure. There has been some improvement in this area; however, this finding is likely to reoccur each year.

Communication for Those Charged with Governance – Internal Accounts

This document is substantially the same as the *Communication for Those Charged with Governance – District Financial Statement* because Internal Accounts is a Special Revenue Fund of the District.

Superintendent Rocky Hannah provided remarks and gave a Summary of Auditor’s Results. He stated what a great to the great job the District had done and how proud he was.

LCS Purchasing Department Training

LCS Purchasing Director June Kail provided a training to detail the process to be used by Audit Committee members when reviewing and evaluating the RFPs for External Independent Auditing Services. The following comments were provided:

- Three Request For Proposal (RFPs) were received. The RFPs were opened by District Purchasing Department staff on January 25, 2023 @ 2pm. The following firms submitted proposals:
 1. Carr, Riggs & Ingram
 2. Moore, Stephens, Lovelace (MLS)
 3. Purvis Gray & Company

- The preliminary evaluation of all RFPs submitted was completed by June Kail. All proposals were deemed responsive.
- Audit Committee member were provided a packet of information that included copies of each proposal, guidelines, evaluation forms/scoring rubric, electronic copies of all information.
- Audit Committee members were instructed:
 - To review the proposals in a fair, independent, and impartial manner.
 - Have no discussions amongst each other. All questions should be directed to June Kail for clarification.
 - To score the proposals using the RFP guidelines and rubric. Score sheets should be emailed to June Kail on or before March 3, 2023.
- Cost proposals were submitted separately and will be evaluated by June Kail. Committee members will not have to evaluate cost proposals.
- The recommendation for award will be presented to the School Board on March 28, 2023.

Office of Internal Auditing Annual Work Plan

Ms. Paul shared that the Office of Internal Auditing is on track with projects outlined on the 2022-2023 Annual Work Plan. She shared that significant progress has been made with the audits of school internal accounts. The office is current with this part of the audit responsibilities and has begun the planning process for audits of the Extended Day Enrichment Program and Use of Overtime in the LCS Transportation Department and tracking of active PTO, PTAs and Booster Groups.

Public Comments

There were no public comments.

Future Meeting Dates

The presentation of the Audit Committee Quarterly Report to the School Board will held on February 28, 2023. Jim Davis will present the report on behalf of the Audit Committee.

The next Audit Committee meeting will be held on April 21, 2023 at 10:00 AM.

Adjournment

The meeting was adjourned at 10:10am.