

**Audit Committee Meeting
May 28, 2021 – 10:00 a.m.
Bloxxham Building Conference Room**

Meeting Minutes

Audit Committee Members Present

Dee Dee Rasmussen, Chair (via Zoom)

Linda Nelson, Vice Chair

Allen Stucks

Jim Davis

Pat Weaver

Allen Blay

Leon County School Board Staff Present

Opal McKinney-Williams, School Board Attorney

Livetra Paul, Director of Internal Auditing

Letitia Brown, Internal Auditor

Dana Earnest, Executive Assistant

Scott Epting, Internal Auditing Clerk

Call to Order

The meeting was called to order at 10:00 AM by Audit Committee Chair Dee Dee Rasmussen. Per Audit Committee Chair Rasmussen's request, Vice Chair Linda Nelson facilitated the meeting in an effort to avoid potential technology issues that could result due to use of the virtual platform.

Approval of Meeting Agenda

The meeting agenda was unanimously approved. The motion was provided by Allen Blay and seconded by Pat Weaver.

Approval of Prior Meeting Minutes

The committee unanimously approved the meeting minutes from the January 22, 2021 Audit Committee meeting with the following correction:

- correct spelling from Alan Blay to Allen Blay

The motion was provided by Jim Davis and seconded by Allen Stucks.

Audit Committee Report to School Board

Audit Committee Chair, Dee Dee Rasmussen, provided an overview of the Audit Committee Report presented at the February 23, 2021 School Board meeting. Chair Rasmussen stated that much of the content included in the report had been shared with the School Board by District

staff at the February 9, 2021 School Board meeting. Thus, most of the information was a review of prior content. During her presentation to the School Board, Chair Rasmussen highlighted a few key facts from her written notes. She stated that the School Board members were pleased with the report.

Audit Reports - External

The Director of Internal Auditing, Livetra Paul, shared that no additional external audits had been issued since the previous Audit Committee meeting. She provided updates on several ongoing external audits as follows:

- **District Financial Audit** - The District Financial Audit is being conducted by Purvis Gray & Company. The audit firm was onsite during the month of May 2021 to begin interim fieldwork. They will return to complete fieldwork after the District submits the Annual Financial Report (AFR) which is due on September 11, 2021. At this point, the auditors have not noted any significant exceptions or concerns.
- **Internal Accounts Audit** – The Internal Accounts Audit is being conducted by Purvis Gray & Company. The firm will select 15 school sites for inclusion in this year’s audit. Audit samples will be disbursed to selected schools during the week of June 14, 2021. The auditors plan to complete fieldwork at each school site during a two-week period in July 2021.
- **FTE Audit** – The Florida Auditor General’s office is performing the FTE Audit. This audit cycle includes 17 schools and two virtual sites. The auditor has visited 10 or 11 sites as of this week. No significant exceptions or concerns have been noted. This audit is not expected to be completed until next fiscal year.

Audit Reports - Internal

The Director of Internal Auditing, Livetra Paul, provided an overview of reports issued since the last Audit Committee meeting. She highlighted key information from the 2nd Quarter Internal Accounts Summary Report, 3rd Quarter Internal Accounts Summary Report and 1st Quarter Purchasing Card Testing as follows:

2nd and 3rd Quarter Internal Accounts Summary Reports

- *Internal Accounts Journal Entries were not consistently posted in accordance with established guidance.* Many school bookkeepers have requested additional training on basic accounting principles. The District Finance Department will work in conjunction with the Office of Internal Auditing to develop a training program. Given current workloads, the training is likely to take place in late Fall 2021. Audit Committee Chair Rasmussen suggested that the training be recorded to allow review by individuals who are unable to attend the in person sessions.
- *Internal Accounts non-sufficient funds (NSF) checks and stale dated checks warrant additional follow up activities by the school bookkeepers and District Finance Department staff.* District policy and procedure requirements for NSF and stale dated checks were

discussed. It was noted that recommendations were provided in the Internal Accounts Summary Reports for bookkeepers to work to resolve the number of outstanding NSF and stale dated checks. Ms. Paul noted that the increased number of stale dated checks was due, in part, to the number of refunds required as a result of cancellation of activities during the COVID-19 pandemic.

- *Improvements related to timeliness of reconciliation efforts were noted.* The increase in exceptions in prior reports was most likely due to logistical issues related to working remotely during the COVID-19 pandemic. Most of these concerns appear to have resolved themselves during the 2nd and 3rd quarters of the 2020-2021 fiscal year. Ms. Paul mentioned that the District would be transitioning to online banking at all school sites effective July 2021. This transition will allow schools to retrieve bank statements electronically and eliminate the concerns with timely reconciliations.

Ms. Paul mentioned the significant increase in the number and complexity of School Initiated Project over the past few fiscal years. This concern was noted because the vast majority of these projects are funded using Internal Accounts funds. The Audit Committee entered into a discussion about the projects and asks several questions. The Audit Committee Chair and School Board Attorney provided some additional background and clarifying information. The Audit Committee requested a presentation at the next regularly scheduled Audit Committee meeting that includes a review of relevant policies and procedures. The Audit Committee will use the information obtained to provide recommendations to the School Board if warranted.

1st Quarter Purchasing Card Testing

- The majority of the concerns noted were related to:
 - Use of the incorrect card type for transactions
 - Incomplete or inaccurate account coding for transactions
 - Absence of appropriate approvals
 - Missing documentation including transactions logs

Most of the issues were randomly disbursed throughout District departments and school sites with the exception of several repetitive issues in the LCS Maintenance Department. For all transactions tested in the LCS Maintenance Department, transactions logs were missing and detailed descriptions of many items were not readily available. Further, appropriate approval signatures were often absent from documentation provided. It was difficult to determine the appropriateness of each purchase with the details provided. The LCS Maintenance Department should review established guidance and immediately modify practices to ensure that adequate documentation is available to support each purchase. Office of Internal Auditing staff has raised this concern to the LCS Finance Department and will continue to have discussions with LCS Purchasing Department and LCS Maintenance Department.

Office of Internal Auditing Annual Work Plan Update

Ms. Paul stated that the projects previously mentioned were all part of the 2020-2021 Annual Work Plan. She stated that staffing concerns delayed the completion of a few projects included on the 2020-2021 Annual Work Plan. The LCS Transportation Department audit will begin during the current fiscal year with issuance of the report during the 2021-2022 fiscal year. Other projects will be deferred to the 2021-2022 fiscal year as appropriate.

Public Comments

There were no public comments.

Future Meeting Dates

The next regularly scheduled Audit Committee meeting will be held on July 15, 2021.

The Audit Committee Quarterly Report to the School Board will be presented at the August 24, 2021 LCS School Board meeting. Audit Committee member Jim Davis will present the report on behalf of the Audit Committee.

Adjournment

The meeting was adjourned at 10:58 AM.