

**Audit Committee Meeting
September 18, 2020 – 10:00 a.m.
Virtual Meeting**

Meeting Minutes

Audit Committee Members Present

Linda Nelson, Vice Chair
Allen Stucks
Jim Davis
Herbert Bailey
Julie Leftheris
Pat Weaver
Alan Blay

Leon County School Board Staff Present

Opal McKinney-Williams, School Board Attorney
Livetra Paul, Director of Internal Auditing
Olivia Willis, Internal Auditor

Call to Order

The meeting was called to order at 10:02 AM by Audit Committee Vice Chair Linda Nelson.

Approval of Meeting Agenda

The meeting agenda was unanimously approved. The motion was provided by Alan Blay and seconded by Jim Davis.

Approval of Prior Meeting Minutes

The committee unanimously approved the meeting minutes from the January 17, 2020 Audit Committee meeting. The motion was provided by Herbert Bailey and seconded by Pat Weaver.

Audit Committee Report to School Board

Ms. Leftheris provided a brief overview of the Audit Committee Report presented at the February 25, 2020 School Board meeting. Ms. Leftheris shared that the report provided to the School Board included information about two audits – District Financial Audit for fiscal year ending June 30, 2019 and Audit of School Internal Accounts for fiscal year ending June 30, 2019. The reports were well received and the School Board provided favorable comments about the CFO and District Finance Department with respect to the audit results.

Audit Reports - External

Ms. Paul provided an overview of issued and ongoing external audits. She summarized the results from the Florida Auditor General IT Audit which was issued in March 2020. The report included follow up audit activities in response to the Auditor General's prior IT audit of the LCSD. All corrective actions had been fully implemented for any audit findings included in the prior audit. There were three findings included in the report as follows:

Finding 1: Access privileges – Some employees, without a documented need based on their position description, had system wide access. The LCS IT Department has implemented corrective action. Currently, only one employee has system wide access.

Finding 2: Mobile device management – There were concerns about mobile devices, including personally owned devices, being allowed to connect to the LCS network. Moving forward only district owned devices will be allowed to connect to the network. All personally owned devices will only have access to the guest network. Implementation of this plan started but due to COVID 19 demands on the IT department, implementation has not been fully completed.

Finding 3: Confidential findings - The nature of this confidential finding was not disclosed in the report in an effort to minimize the potential for use of this information to breach the District's network. The LCS IT Department has fully implemented corrective actions to address this finding.

Ms. Paul shared that there are three external audits currently underway.

Florida Auditor General Operational Audit – A preliminary and tentative report has been issued. District staff is working to finalize a response to the finding and will submit the official response by the end of the month. Additional details will be provided after the final report is issued.

Florida Auditor General Financial Audit – This audit is in the early stages of fieldwork. No information is available regarding completion date or potential audit findings at this time.

External Audit of Internal Accounts – Purvis Gray & Company is conducting the audit of Internal Accounts. Fifteen school sites were selected for audit. Fieldwork is underway. No information is available regarding completion date or potential audit findings at this time.

Audit Reports - Internal

Ms. Paul provided an overview of reports and deliverable for the LCS Office of Internal Auditing as follows:

Summary of issued quarterly internal accounts reports – Reports were issued for each quarter of the fiscal year. An overview of yearly results follows:

1. Districtwide Internal Accounts balances as of first quarter were approximately \$5.7M and decreased to approximately \$4.4M for fourth quarter.
2. Throughout the year, there were no major reconciliation issues. The following schools had some minor concerns related to uncorrected variances at some point during the 19-20 fiscal year
 - a. Lively
 - b. Fort Braden
 - c. Fairview
 - d. Leon
3. Based on procedures performed by OIA to determine compliance with established guidance for timeliness of reconciliation efforts, evidence of supervisory review, deficit spending and NSF holding account tracking the following comments were provided:
 - a. Early in the fiscal year, OIA noticed improvement with respect to timeliness of reconciliation efforts. However, by the 4th quarter some declines with respect to compliance with established guidance were noted. This was most likely due to challenges encountered during the COVID 19 pandemic while staff worked remotely and didn't have access to some of the documents needed to complete the reconciliation process.
 - b. OIA encountered some isolated concerns related to required supervisory review. Some reviews were being conducted outside of established timeframes. In some instances, principals were not reviewing the proper reports. Further, in some instance, adequate evidence of supervisory review was not available due to the use of a signature stamp in lieu of the principal's actual signature.
 - c. OIA noted that occurrences of deficit spending have decreased significantly.
 - d. OIA noted that schools should enhance collection efforts for NSF checks.

Technical Assistance Advisements (TAAs) – OIA issues TAAs in response to questions and/or concerns from district and school level staff. The most recently issued TAAs provided guidance on Student Fee Letters, Internal Accounts Bank Reconciliation Process and Refunds-COVID 19.

Warehouse Inventory – OIA performed warehouse inventory verification procedures for the 2019-2020 fiscal year. Overall, inventory records were complete and accurate. Concerns were noted for some inventory valuation totals in the official warehouse inventory system. Further, issues were noted regarding disposal of inactive inventory with remaining inventory counts documented in the warehouse inventory system. Finally, recommendations were provided to update the official warehouse inventory system to include only active inventory.

Office of Internal Auditing Annual Work Plan Update

Ms. Paul stated that the office was successful with completing the majority of the projects outlined on the 2019-2020 Annual Work Plan. Limited scope modification for some projects were necessary due to constraints resulting from the COVID 19 pandemic. A detailed discussion of the Annual Work Plan results will be included on the October 16, 2020 Audit Committee agenda.

Public Comments

There were no public comments.

Future Meeting Dates

The next regularly scheduled Audit Committee meeting will be held on October 16, 2020. The meeting will be held virtual if the executive order from the governor is extended. Otherwise, a socially distanced meeting of the Audit Committee will be held in the Bloxham Building Conference Room.

The Audit Committee Quarterly Report to the School Board will be presented at the November 17, 2020 LCS School Board meeting. The presentation will include a summary of meeting content from the September 18, 2020 and October 16, 2020 Audit Committee meetings. Alan Blay will present the report on behalf of the Audit Committee.

Adjournment

The meeting was adjourned at 10:42 a.m.