

**Orange County Public Schools  
Audit Advisory Committee  
Minutes of Meeting January 28, 2020**

Chair Roth called the meeting to order at 8:01 a.m. Committee members Kay Redlich and Tammy Campbell were in attendance. Chair Roth and Committee members Dan Williams and Scott Funston, attended by telephone (WebEx). Also present were Linda Lindsey, School Board Internal Auditor, Director of Finance Janet Bush, and representatives of the firm of Cherry Bekaert. General Counsel Amy Envall joined the meeting at 8:09 a.m.

**Approval of Minutes**

Minutes of the meeting of November 19, 2019 were approved.

**Post-audit Presentation from Cherry Bekaert**

Ms. Lindsey introduced Ron Conrad and Brandi Grovac of Cherry Bekaert. Ron is the engagement partner and Brandi is the manager for the district's audit. Using materials distributed in advance of the meeting (copy on file), Mr. Conrad and Ms. Grovac reviewed the audit scope, audit standards and requirements. They provided an overview of financial audit results and reviewed the Auditors' required communications. They also presented financial highlights and reviewed future accounting and reporting changes. There was a brief discussion of how to implement GASB 84. Mr. Conrad stated that his firm has not reached a final conclusion on the proper reporting of school internal accounts in accordance with this standard, but he is actively researching it and should have a resolution soon.

The committee thanked Ms. Grovac and Mr. Conrad for their presentation and complimented Ms. Bush for the Finance Department's excellent performance as demonstrated by a successful audit and an earlier than previous issue date (November 22). These three persons left the meeting at this time. (8:25 a.m.)

Ms. Lindsey introduced General Counsel Amy Envall and the committee welcomed her and expressed appreciation that she was in attendance.

**Entity-wide Risk Assessment Process and Timeline for 2020**

Ms. Lindsey referred to the timeline sent with the agenda materials. She indicated that the ERM toolkit will be used again this year since senior management is familiar and comfortable with it. The timeline is similar to the one used in 2019 and should be achievable. Getting the risk registers in by the end of March will give the Internal Audit

Department sufficient time to complete the audit risk assessment and develop a proposed audit plan before the committee's June meeting.

The committee members asked a few questions and voted to approve the timeline and risk assessment process.

### **Contract Extension for Construction Project Cost Verification Engagements**

Ms. Lindsey reported that the current contract with CRI is nearing the end of its initial three year period. The contract provides two, 1-year extensions upon mutual agreement of the parties. Costs recovered as a result of these engagements significantly exceed the fees paid for them. Staff recommends that the district exercise the first, 1-year extension of this contract.

The committee members voted unanimously to approve the one year extension of CRI's contract for construction project audits.

### **CAE Report**

#### Audit Status Report and Follow-up Status Reports:

Ms. Lindsey asked if there were any questions on the reports. There were a couple regarding audit recommendations that are well past the target completion date set by management. Ms. Lindsey was asked to try and obtain revised target completion dates, especially for the IT comments.

#### Audit Work:

Internal Audit has been asked by the Student Enrollment Department to perform an enrollment verification engagement for three schools. We are waiting for them to provide the population that will be sampled for our test procedures.

#### Appointment of School Board Internal Auditor:

Ms. Lindsey reported that her title is now School Board Internal Auditor. The reporting relationships that have been in place will not change. Internal Audit will report to the School Board through the Audit Advisory Committee and Ms. Lindsey will report for administrative matters such as leave and travel to the General Counsel. No further revisions to the department or committee charters are necessary at this time.

#### Auditor Selection Committee Update:

The Auditor Selection Committee met in December to evaluate and rate the proposals received for external audit services. They recommended that the current audit firm, Cherry Bekaert, be appointed again. The new contract was approved by the School Board at their last meeting.

Other Matters:

Ms. Lindsey reported that she discussed implementing a control self-assessment process with the Superintendent who responded enthusiastically. We will start with simple checklists that address the most common functions that departments perform. Additionally, we will be reviewing with the Superintendent's Cabinet the district's Internal Control Program and the brochure that describes it to see what revisions might be appropriate to reflect their priorities and incorporate certain language from the School District Accountability Act. And we are working with the Professional Development Department on a portion of the training curriculum that aspiring principals take to meet their certification requirements. The new training will include an emphasis on internal controls and management's responsibilities. More to come on all these matters in the coming months.

The meeting was adjourned at 8:52 a.m.

The next regular meeting will be March 24, 2020 at 8:00 a.m.