

**Orange County Public Schools
Audit Advisory Committee
Minutes of Meeting June 11, 2019**

Chair Roth called the meeting to order at 8:01 a.m. Committee members Tammy Campbell and Dan Williams attended by telephone. Scott Funston and Kay Redlich were unable to attend. Also present was Linda Lindsey, Senior Director, Internal Audit. Woody Rodriguez joined the meeting at 8:19 a.m.

Approval of Minutes

Minutes of the meeting of March 26, 2019 were approved.

Audit Risk Assessment and Proposed Audit Plan

The Committee referred to Risk Assessment Report which was provided in their agenda materials. This document describes the process used to conduct the district and audit risk assessments.

Ms. Lindsey reviewed the proposed annual audit plan that was developed from the audit risk assessment. Chair Roth reported to the committee about her detailed review of the audit risk assessment, commenting that it is a strong process and that she believes the appropriate risks are addressed in the audit plan. Ms. Lindsey pointed out the highlighted risk items that were ranked as Very High or High in management's risk register and have been included in the audit risk assessment and proposed audit plan.

The committee members asked questions and after a brief discussion voted to approve the proposed audit plan and recommend its approval to the School Board.

Proposed Revisions to AAC & Internal Audit Charters Due to New Legislation

Ms. Lindsey presented information about recent legislation. HS 1279 passed in the 2018 session and included changes to F.S. 1001.42, Powers and Duties of District School Boards. It requires school board with more than \$500 million in revenues to employ an internal auditor and states that the internal auditor should have unrestricted scope and the same authority at the state auditor general and OPPAGA (Office of Program Policy and Governmental Accountability).

HB 1279 also requires a risk assessment and audit coverage of the adequacy of internal controls to prevent and detect fraud, waste, and abuse, among a longer list of requirements. It also requires that audits that find significant deficiencies or material weaknesses must be reviewed at a public meeting.

SB 7014 passed in 2019 and mandates that the auditor selection committee have a member of the school board on it and that that person serve as its chair. It also requires school districts (and other local governments) to establish and maintain internal controls designed to:

- Prevent and detect fraud, waste, and abuse as defined.
- Promote and encourage compliance with applicable laws, rules, contracts, grant agreements, and best practices.
- Support economical and efficient operations.
- Ensure reliability of financial records and reports.
- Safeguard assets.

Both of these new laws are effective July 1 of this year.

Although we are largely compliant with the new legislation, the committee's charter will need to be revised with regard to the auditor selection committee function. The department charter is being revised to specifically mention the statute and to change the name of the "ethics" hotline to "fraud" hotline.

The committee discussed the new legislation and its requirements and voted to approve the proposed revisions to both charters and to recommend the School Board also approve them.

CAE Goals

Ms. Lindsey reported that her primary focus in the next few months is to incorporate the requirements of HB1279 into the department's work programs and audit documentation as well as the department's annual report. This, plus getting the department back to full staff, will keep us busy. The committee members expressed agreement and support with these goals.

CAE Report

Auditor Positions:

Ms. Lindsey reported that an offer has been made and accepted to fill the position vacated by Jarai Ings. She hopes the new person can start near the end of June.

Approvals have been obtained and we are proceeding to create a new position for a less experienced auditor (1-2 years' experience) to be titled Internal Auditor I. The existing position will be re-titled as a Senior Internal Auditor. This will provide flexibility so we can choose which position to advertise to best meet our needs when we next have a vacancy.

Ms. Lindsey asked for the committee members' input on the department's annual report which is currently being drafted.

Ms. Lindsey reminded the committee members that our summer work schedule will commence this week with extra hours being offered Monday-Thursday and offices closed on Fridays.

Audit Status Report and Follow-up Status Reports:

Ms. Lindsey asked if there were any questions on the reports. None were mentioned.

The meeting was adjourned at 8:41 a.m.

The next regular meeting will be August 27, 2019 at 8:00 a.m.