

**The Escambia County School District
Audit Planning and Review Committee Meeting
Minutes, March 17, 2003**

- I. Mike Adkins, Chairman, called the meeting of the Audit Planning and Review Committee to order at 5:30 p.m. in the Board Room of the Vernon McDaniel Building, 215 West Garden Street, Pensacola, Florida 32501. He introduced the new member of the committee (Superintendent's designee), Kathy Langley, and welcomed her to the committee. Other committee members in attendance were: Betsy Bowers and Aleta Hudson. Others in attendance were: Sam Scallan, Director, Internal Auditing; Scott Woody and Tiffany Barton, Auditors; Various district staff members, one person from the public and Susan Reed, recording the minutes.
- II. Upon motion and second, the Committee adopted the agenda with a change in order for discussion of the completed projects.
- III. There was no public input.
- IV. The December 11, 2002 meeting minutes were approved by the Committee as submitted with no additions or deletions.
- V. Items from Internal Auditing:
 - A. Twenty-nine Internal Funds Audits were presented to the Committee for acceptance. There were no findings other than the standing comment regarding segregation of duties.

The Committee accepted the twenty-nine internal funds audits with no objections.

- B. Mr. Scallan presented a draft of three reports: the Extra Pay Timesheet Review, the Washington High School Cheerleader Booster Club Review and the Accounts Receivable Review. He also reported that a fourth review, the Deposit Review/Workman Middle School, had been completed and referred to Board Council and Human Resources.
 1. Mr. Scallan reported that the Extra Pay Timesheet Review was conducted by Ms. Tiffany Barton as follow-up to two previously conducted reviews of C. A. Weis Elementary School timesheets. The results of those reviews were inconclusive. He discussed highlights from the report and Ms. Barton responded to questions from the committee providing information on sample size and error rates. Ms. Linda Lewis, Payroll Director, requested that the addendum portion of the report be deleted. After a lengthy discussion, the Committee concurred recommending that the addendum be removed explaining that the items discussed in the addendum were not necessary to support the findings and conclusions contained in the report. Mr. Adkins reminded the

Committee that their function was to make recommendations to the internal auditor and that their involvement and responsibility ends there. He continued by stating that it would be Mr. Scallan who made the final decision concerning the report. Next, Mr. Scallan reported that two issues contained in this report would be referred to Board Council and Human Resources. Ms. Betsy Bowers recommended a change in placement of one comment in the report. After comments from district staff regarding detection of double payments, Mr. Adkins stated that the goal is to establish controls to prevent such from occurring, not detection by the internal auditor. The committee questioned staff regarding the capability of system editing. Ms. Lewis stated she was not sure if that was possible and suggested that Internal Auditing look at extra pay timesheets when doing internal funds audits at school sites.

2. Mr. Scallan presented the Washington High School Cheerleader Booster Club Review. The Committee discussed the report asking questions for clarification. Ms. Sheila Romaine, a member of the booster organization and member of the booster club's original audit committee, answered questions. In conclusion, Mr. Scallan commented that he had not met with the booster officers but if asked, he would be glad to meet with them to discuss the report.
3. Mr. Scallan began his discussion of the Accounts Receivable Review by stating two key points: One was disconnects in creation of accounts receivable, the second, was the failure to monitor the accounts and collection. When questioned about state statutes in reference to write-offs, Mr. Scallan stated that write-offs have to be Board approved. He also stated that currently there is no Board Policy. The Committee questioned as to why old receivables had not been collected or otherwise written off. Ms. Laura Shaud, Budget Director, explained the various types of receivables, which are handled in different ways and, in regards to write-offs, former management had not wanted to go to the Board for approval. Mr. Scott Woody, auditor, expressed some concerns regarding certain old receivables mentioned in his report and answered questions. Other items discussed by the Committee were: aging, possible use of collection agencies and use of software to invoice for payments. The Committee recommended the report be deferred until its next meeting and an exit conference be held with management to discuss findings.
4. Mr. Scallan reported that the fieldwork for the Deposit Review/Workman Middle School had been completed and the matter had been referred to Human Resources for possible investigation.

- C. Mr. Scallan pointed out the current projects as listed on the agenda and added that the Aon Consulting Invoice Audit was new to the list.
- D.
 - 1. Mr. Scallan requested input from the Committee regarding a risk assessment and stated that he would be contacting management, staff, the Board and Superintendent for their input.
 - 2. In reference to the annual work plan, Mr. Scallan mentioned that the District was planning to pursue a GFOA certification and if they do, it could mean the department working to reach a 50% audit of fund balance, completing high school audits in a short period of time.
 - 3. Mr. Scallan reported that a citizen had questioned why other reviews published by the internal auditor weren't agendaed for School Board meetings like internal funds audits. He noted that Ms. Finkelstein, Board Chair, had requested the committee's recommendation in this regard. Upon discussion, it was a general consensus of the committee that all reviews be agendaed for School Board meetings.
 - 4. Mr. Scallan readdressed the need for an ethics policy. He reported that there had been no response to a draft sent to the Superintendent in March 2002 and the Board Chair had requested that the matter be presented to the Audit Committee. Mr. Adkins asked the Committee to review and be prepared to discuss it at the next meeting.
- VI. There were no items from Committee members.
- VII. There were no announcements.
- VIII. The next meeting date was discussed with the Committee agreeing that possible dates to consider are the week of April 21, after April 28 and the first week of May.
- IX. A motion to adjourn was made by Aleta Hudson and seconded by Kathy Langley. Mr. Adkins adjourned the meeting at 7:03 p.m.

Secretary

Chairman