

**The Escambia County School District
Audit Committee Meeting
Minutes, June 25, 2003**

- I. Mike Adkins, Chair, called the meeting of the Audit Committee to order at 5:32 p.m. in Conference Room B of the Vernon McDaniel Building, 215 West Garden Street, Pensacola, Florida 32501. Committee members in attendance were: Aleta Hudson, Audrey Morrison, Betsy Bowers and Kathy Langley. Others in attendance were: Sam Scallan, Director, Internal Auditing; one person from the public and Susan Reed, recording the minutes.
- II. There were two additions to the agenda and one item pulled. Upon motion and second, the Committee adopted the amended agenda.
- III. There was no public input.
- IV. The May 12, 2003, meeting minutes were approved as submitted.
- V. Items from Internal Auditing:
 - A. Five internal funds audits were presented to the Committee. Three internal funds audits had findings, one had no findings other than the standing comment regarding segregation of duties, and there was no opinion issued on the fifth.

Mr. Scallan discussed inappropriate deposits into Faculty Funds as noted in the audit report for Warrington Middle School's Internal Funds. The need for daily deposits and a safe place to store petty cash was also discussed. They also made several recommendations to modify language in the report for clarity. The Committee asked Mr. Scallan to consider their recommendations and bring the audit back to the Committee at its next meeting.

Mr. Scallan reported that he did not issue an opinion on the financial statements of the Judy Andrews Pre-K School. Several of the school's bank statements were unavailable, files stored on disk were corrupted and the end of year financial statements were unavailable. The Committee recommended additional testing and verification of account balances and asked Mr. Scallan to bring the audit back at the Committee's next meeting.

Mr. Scallan stated that the Workman Middle School audits for the 2000-2001 and 2001-02 fiscal year were started by a previous auditor (Windham) and were completed by the current auditor (Woody). Based on the results of fieldwork, the matter was referred to Board Counsel and the Director of Human Resources. Mr. Scallan indicated that according to the Director of Human Resources, the school bookkeeper was allowed to retire and pay restitution.

Mr. Scallan added that the fifth audit (Escambia Special Education Agricultural Lab) had no findings other than the standing comment regarding segregation of duties.

The Committee accepted the Escambia Special Education Agricultural Lab audit and two Workman Middle School audits with recommendations for minor changes. They also recommended changes to the Warrington Middle School and Judy Andrews Pre-K audits for Mr. Scallan to consider and requested that they be presented to the Committee again at the next meeting.

- B. The only completed project, FTE Review, had been pulled from the agenda because management's response had not been received.
- C. Mr. Scallan reported that the official receipts audit had been completed and was ready for his review.

Other items discussed under the topic of current projects were:

The Committee asked for an update of the establishment of an Ethics Policy by the district and the inclusion of an Audit Inspection Clause in contracts. Mr. Scallan responded the Board Chair (Finkelstein) would be bringing these matters before the Board in July.

Mr. Scallan also reported he plans to go forward with the risk assessment.

Mr. Scallan announced that the department was working on reviews of the district's charter schools. At a special meeting held on June 24, 2003 the Board terminated one charter school, Gulf Coast High School. Prior to that meeting, an exit conference had been held with the school's principal and representatives of their school's board as well as the District Director of Alternative Education, Mr. Charles Thomas, to review issues noted during the fieldwork.

Mr. Scallan noted the inclusion in the Audit Committee's packet of a copy of a memo referencing inappropriate ticket sales at one of the district high schools for a recent regional softball game. He reported that the district is conducting a formal investigation.

Mr. Scallan announced cuts in the department's budget had been discussed with the Board Chair, (Finkelstein) and Internal Auditing would be resubmitting it requesting reinstatement of several funds. The request for reinstatement would exclude funds for one conference.

On a final note, Mr. Scallan reported the resignation of one co-op student and the intent to hire a replacement at the beginning of the new fiscal year.

- VI. Mr. Adkins announced to the Committee that Statement of Auditing Standards (SAS) 99 would replace SAS 82 and encouraged Mr. Scallan to take an active roll in educating the district about this change.
- VII. Mr. Adkins announced the end of his term, June 30, 2003, and reported the need for a new Chair. Mr. Scallan reported that five people had been contacted and each had turned down the position. Mr. Adkins agreed to remain as interim Chair until a replacement can be found. He will speak at the next board workshop regarding this Audit Committee meeting.

A motion was made by Betsy Bowers and seconded by Kathy Langley for Mr. Adkins to remain as interim Chair.

Ms. Betsy Bowers, School Board appointee thanked Mr. Adkins on behalf of all the Committee members for all his hard work. She also thanked Ms. Audrey Morrison, PTA representative for her contribution.

- VIII. The next meeting will be decided at a later date via e-mail.
- IX. A motion to adjourn was made by Betsy Bowers and seconded by Kathy Langley. Mr. Adkins adjourned the meeting at 6:43 p.m.

Secretary

Chairman