

**The Escambia County School District
Audit Committee Meeting
Minutes, March 14, 2005**

- I. Fred Hurd, Chair, called the meeting of the Audit Committee to order at 5:30 p.m. in Conference Room B of the Vernon McDaniel Building, 215 West Garden Street, Pensacola, Florida 32502. Committee members in attendance were: Virginia Yeagle, Earl Lee, Aleta Hudson and Kathy Langley. Others in attendance were: Scott Woody, Director, Internal Auditing; Assistant Superintendent of Finance, Barbara Linker; Auditors, David Bryant, Michele Kiker, and Univ. Co-op student Isaac Western; and Susan Reed, recording the minutes.
- II. The Committee adopted the agenda with one addition.
- III. There was no public input.
- IV. The minutes for the January 25, 2005 meeting were approved as submitted.
- V. A. Mr. Woody presented sixteen (16) completed internal funds audits for fiscal year ending June 30, 2003. He reported an error on one school's financial statements in the Committee's agenda packets had been corrected. He stated the audit of Scenic Heights Elementary School was being presented without a response to findings, explaining that the current Principal and Secretary were new and had not been there during the time audited. In addition, Mr. Woody stated audits with unsigned cover sheets had been sent out for signature and would be complete when presented to the Board. One committee member stated his desire to have a summary sheet for each audit to lessen time spent reviewing audits.

The Committee reviewed the list of audits discussing several at length. Questions were raised regarding the audits for Carver-Century K-8 school, Cordova Park Elementary School, Longleaf Elementary School and Pine Forest High School. Mr. Woody stated that deposits were not made as often at Carver-Century due to the 45 minute drive to the school's bank. The Committee discussed the need for a change in Board Policy to require deposits be made based on a maximum amount or deposit made weekly whichever comes first with an exclusion of high schools who should make daily deposits. In addition to questions about vending and faculty funds, one question involved school booster clubs. Mr. Woody stated that booster funds are not tested explaining that Board approved Outside Organization Guidelines are in place. According to the guidelines, principals are expected to have on file a list of officers, a completed authorization form, copies of treasurer reports, copies of minutes, and a copy of the annual audit for each organization. The school principal signs an authorization form granting permission to use the school's name and facilities and could refuse to sign or suggest an option that their books be audited in the event there have been multiple complaints. Questions regarding Cordova Park Elementary and Longleaf Elementary involved large receipt amounts in specific accounts. Mr. Woody gave examples of large receipt amounts generated by fundraisers. He also discussed ways school principals determine how funds are distributed and possible reasons for significant changes in year end balances. The Committee raised several questions and concerns regarding a large negative balance in the Pine Forest High School's year book account. Mr. Woody summarized the reasons given for the negative balance and reported the school's principal had developed a five year plan to eliminate this problem. The Committee voiced concerns that this was the second year this had been a problem and pointed out other accounts with negative balances. They requested more information regarding this account from previous years' audits.

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The Committee did not agree with schools having negative balances and felt restricted funds should not be used to cover negative amounts of anything other than what they were designated for. The Committee concurred that there should be a finding regarding the large negative account. Other questions were asked regarding purchases of equipment. Mr. Woody reported that procedures for these purchases are reviewed. He stated his desire that schools have their own procedures for accountability regarding assets valued under \$1,000 such as cameras. If principals use special accounts to reward students, Mr. Woody stated he encourages them to set them up at the beginning of the school year. He also reported that questionnaires are completed by Principals and Secretaries/Bookkeepers containing questions on policies and procedures which are part of the school's audit. When questioned, Mr. Woody responded school staff members are not questioned during the audit process. In regards to the District's Code of Ethics, Mr. Woody stated his desire that the Code of Ethics be distributed and statements signed annually.

The audits for Pine Forest High School and Carver-Century K-8 were pulled for further review in order to provide more complete answers to questions raised by the Committee.

- B.
1. & 2. Mr. Woody reviewed changes necessary to make the department charter correlate with the committee charter. He reported that the department's charter would need to be approved by the Committee once all changes were made. In reference to both charters, Mr. Woody requested new language be added regarding his reporting to the Superintendent administratively and to the Board operationally. The Committee commented that they should maintain the right to have input when actions are taken against the Auditing Director. Mr. Woody also stated that the charters should contain language that audits not accepted by the Committee as presented would still be public record and would need to be noted as a draft if a public records request was made.
 3. Mr. Woody reported he had a letter on file explaining the department's involvement in hurricane recovery as being a depository for information and liaison making no managerial or operational decisions and having no involvement in the appeal process.
 4. Mr. Woody answered questions regarding the Audit Program. The Committee suggested adding internal control questions regarding SAS 99. Ms. Hudson will send an example used by the University.
 5. Mr. Woody reported that new software by Blue Bear would be installed this summer to replace the internal funds manatee software. Training dates are set for April and May.
 6. Mr. Woody reported the QAR needed to be postponed until next year; hurricane recovery had made it difficult to find another school district that could spare time to conduct a peer review.
 7. Mr. Woody introduced David Bryant, who gave an overview of the department's role in the hurricane recovery process. Mr. Bryant reported an estimate of 70 million in damages, 50 million recovery from insurance and 20 million recovery from FEMA. He reported the department's involvement was mainly to compile information with copies to be distributed to insurance and FEMA. The Committee had concerns with Mr. Woody signing any requests for payment. Ms. Barbara Linker, Assistant Superintendent

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Finance, stated that someone else could sign. With the departments involvement in the hurricane recovery, the Committee felt the District should be made aware of the fact that any audits of hurricane recovery would have to be performed by an external auditor.

8. Mr. Woody presented a budget for the 2005-2006 fiscal year. He reviewed the budget stating that the two laptops were to replace the auditor's laptops so their present ones could be handed down to co-op students whose laptops are 5 and 7 years old. Laptop replacements were on last year's budget but as of yet have not been replaced. Mr. Woody reported that CPE seminars are budgeted for each auditor. One member noted that the budget was less than 10 % of pay and benefits. Mr. Woody reported funds for the QAR were being requested again for the next budget since the peer county he had contacted was busy with hurricane recovery.

9. Mr. Woody reported out of 8 high schools only 2 were left to be audited, out of 11 middle schools, 4 are left and out of 30 elementary schools, 20 are left. He stated that approximately 50% of the internal funds audit work was completed and the department should have no problem completing the audits by June 30. In addition, he reported cash counts are nearer to completion as compared to this time last year.

VI. Mr. Lee stated his desire to see the recently approved Ethics Policy condensed to pamphlet size and a requirement that employees read and sign a specific form annually to confirm knowledge and understanding of the District's policy. The Committee discussed the need for having someone in charge and steps that should be taken to make sure procedures for maintaining an Ethics Policy are carried out. It was suggested a possible course of action would be for the Committee to make a recommendation to the Board.

VII. The Committee was reminded of its next meeting on May 16, 2005 at 5:30. Setting a date for the June meeting was postponed until the May meeting.

VIII. Mr. Hurd adjourned the meeting at 7:45 p.m.

Secretary

Chairman

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