

**The Escambia County School District
Audit Committee Meeting
Minutes, May 16, 2005**

- I. Fred Hurd, Chair, called the meeting of the Audit Committee to order at 5:30 p.m. in the Data Center break room 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; Auditor, Michele Kiker; and Susan Reed, recording the minutes.
- II. The Committee adopted the agenda.
- III. There was no public input.
- IV. The minutes for the March 14, 2005 meeting were approved with one change. The statement, "Mr. Woody reported he encourages principals to set up special accounts to reward students at the beginning of the school year." was changed to read "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."
- V. A. Mr. Woody stated there needed to be a formal motion to accept the audits not pulled at the last meeting, which were on the agenda for the May Board meeting.

A motion was made by Earl Lee and a second by Virginia Yeagle to accept the audits presented at the last meeting excluding Pine Forest High School and Century Carver K-8.

B. Mr. Woody presented fifteen (15) completed internal funds audits for fiscal year ending June 30, 2004 including Pine Forest High School and Carver-Century K-8, which had been pulled at the last meeting.

The first school audit discussed was Carver-Century K-8. Mr. Woody answered questions raised at the last meeting regarding excessive amounts noted under miscellaneous receipts. He explained that the merging of funds from both Carver Middle School and Century Elementary School to form Carver-Century K-8 School caused these irregular amounts.

The second school audit discussed was Pine Forest High School, which was pulled from the last agenda to add a finding for having a negative balance for its year book account. Mr. Woody presented several reasons contributing to the negative balance and pointed out the school's principal had developed a five year plan to eliminate this problem. The Committee questioned the effectiveness of the principal's plan and suggested Superintendent's approval should be obtained for negative balances and filed at the school. The need for a follow-up was discussed and a decision made to conduct next year's audit soon after conclusion of year end procedures. The Committee also suggested using more detailed language on audit cover sheets to aide the Board in understanding the severity of findings. The Pine Forest High School audit was pulled until recommendations could be considered and changes made.

During the discussion of possible changes to the contents of the audit summary portion that is presented to the Board, Mr. Woody requested additional time to address the Board and ask for

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their input. Ms. Linker, Assistant Superintendent of Finance stated she would request the Superintendent ask Mr. Woody to attend staff meetings to present internal funds issues.

The third school audit discussed was Escambia High School. Mr. Woody reported the principal had requested an audit after complaints from vendors were received for nonpayment of bills. He also reported a cash count was conducted prior to the audit to determine if deposits were being made appropriately and in a timely manner. A seemingly excessive use of manual checks and financials (Principal Monthly Reports) not being prepared was noted during the audit. Since financial statements had not been prepared, Mr. Woody stated he would not be able to form an opinion. He reported that the principal had taken steps to prevent future problems after contacting Human Resources for guidance. After a lengthy discussion of the audit, the Committee recommended expanding the findings and the inclusion of a detailed reason as to why an opinion could not be formed. The audit was pulled for presentation at a future meeting.

Other schools discussed were Pleasant Grove Elementary School, Tate High School, Hellen Caro Elementary and Pensacola High School. The Pensacola High School Audit was pulled after a brief discussion concerning a negative balance and a substantial parking decal account profit.

A motion was made by Earl Lee and seconded by Aleta Hudson to accept the audits presented excluding Pine Forest High School, Pensacola High School and Escambia High School.

C. Other issues

1. Mr. Woody requested the Committee approve the changes noted on a copy of the department charter previously sent to them. In addition to those changes, Mr. Lee suggested it should include wording stating the department reports operationally to the Board. The Committee asked about other types of audits the department could conduct. Mr. Woody reminded the Committee that the hurricane and past events prior to his becoming the director had prevented the department from doing anything other than internal funds audits this year. In previous years, the department has conducted other types of audits and copies of those audits are provided to the state auditors and external auditors when requested.

Mr. Woody reported that the School Board attorney had told the Board at its last meeting that it was now a state statute for school districts to have an Audit Committee. A discussion followed covering other responsibilities the Committee could be asked to undertake.

2. Mr. Woody reported both co-op students had resigned one because she had graduated. He also stated he had interviewed one person and would be interviewing a second.

3. Mr. Woody reminded the Committee that two members' terms would be ending the end of June. He commented he would prefer not being the one to find a replacement for the Superintendent's representative and solicited the Committee's help in finding someone to recommend to the Superintendent. It was noted that the IIA has procedures in place for finding a new representative for their organization.

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4. Mr. Woody reported training for the new Blue Bear software had been completed and the software had been loaded on appropriate computers.
5. Mr. Woody reported a total of one middle school, two centers, and six elementary schools remained to be audited and the department should have no problem completing the fieldwork for the audits before secretaries and bookkeepers leave for their summer break on June 14.
- VI. Mr. Hurd announced Mr. Lee had brought copies of a couple of articles for members to take and read.
- VII. Mr. Woody announced he would be out of town for one daughter's upcoming wedding and that his other daughter had given birth to a new granddaughter.
- VIII. The Committee set the next meeting date for June 28, 2005 at 5:30.
- IX. Mr. Hurd adjourned the meeting at 7:10 p.m.

Secretary

Chairman

sfr