

**The Escambia County School District**  
**Audit Committee Meeting**  
**Minutes, March 29, 2006**

- I. Fred Hurd, Chair, called the meeting of the Audit Committee to order at 5:01 p.m. in Conference Room B of the Vernon McDaniel Building, 215 West Garden Street, Pensacola, Florida 32502. He introduced the new Interim Director, David Bryant, to the Committee. Other committee members in attendance were: Jennifer King, Virginia Yeagle, Earl Lee and Bill Cox. Those also present were: Patty Hightower, School Board Member; Diane Martinez, University Co-op Student; Debbie Fussell, Senior Financial Analyst; Michele Kiker, Benefits Analyst and Susan Reed, recording the minutes.
- II. The Committee adopted the agenda with the correction of one clerical error.
- III. There was no public input.
- IV. The Committee asked that the minutes for the February 13, 2006 meeting be resubmitted at the next meeting with the addition of an identification of the addition made to the December 7, 2005 minutes and the addition of the words, "passed unanimously" to motions made by the Committee.
- V. Items from Internal Auditing
  - A. Mr. Bryant presented three (3) completed internal funds audits for fiscal year ending June 30, 2005 with findings and one (1) audit for fiscal year ending June 30, 2004 without findings and five (5) audits for fiscal year ending June 30, 2005 without findings.

Mr. Lee asked if there had been any progress with the segregation of duties issue. Mr. Bryant stated he was not aware of any further actions other than the meeting reported at the last meeting.

Mr. Lee questioned the procedures in place for NSF checks in the Brentwood Elementary School audit. Mr. Bryant stated there are steps to follow to try and collect for NSF checks and once those steps are completed it is at the principal's discretion when to request checks to be written off and if qualifications are met they could be sent to the Attorney General. Adjustments to write off NSF checks are made to the account to which the checks were originally posted. Mr. Bryant stated most bad checks are for after school child care and that staff may require cash when a person has multiple bad checks.

One audit with findings indicated proper procedures were not followed. Mr. Cox questioned why procedures were not being followed and asked for more detail on the audit finding sheet. He requested a more detailed cause section which would more easily tie to the recommendation.

The Committee discussed the George Stone/West Florida High School audit and stated there should be statistical detail included on the findings sheet concerning fundraisers.

Ms. Yeagle questioned a negative balance on the Workman Middle School audit. Mr. Bryant stated a review of negative balances is part of the audit program. He stated he was confident it was reviewed.

Audit status information was provided to the Committee.

A motion was made by Earl Lee, seconded by Bill Cox and passed unanimously to accept the audits presented.

- B. 1. Mr. Bryant reported the budget detail portion of the budget was being resubmitted on a newer form as a formality. Mr. Bryant stated none of the figures had been changed just the format.

The Committee questioned if documents were available that showed the department's current budgeted funds for salaries. Mr. Cox stated there was a need to see information regarding budgeted funds for salaries and benefits in order to have oversight regarding staffing salaries.

Ms. Reed requested that Mr. Hurd initial the new budget detail form.

2. Mr. Bryant presented an annual work plan for 2005-2006 to reflect actual hours worked and projected hours for the remainder of this year. Actual hours spent on Internal Funds Audits were discussed. Mr. Hurd requested Mr. Bryant get clarification from the Attorney General as to whether or not the department could do a sampling of schools' internal funds for a percentage of the schools instead of all schools. The Committee recommended establishing a five year, long range audit plan, as well as a plan for the 2006-2007 fiscal year for review at the next meeting. Mr. Bryant stated he planned to contact Board members, the Superintendent and his senior staff to discuss their requests and concerns for inclusion in the risk assessment.

A motion was made by Earl Lee, seconded by Jennifer King and passed unanimously to accept the 2005-06 annual audit plan.

3. Mr. Bryant stated that the Quality Assurance Review (QAR) needed to be completed by January 2007, explaining that this was an IIA Standard. He requested direction from the Committee and reported that there were two choices; have an independent professional source (CPA) assess and validate the work of the department or do a self assessment and have it validated by an independent source. Mr. Bryant discussed the repercussions of not complying with the Standards. A discussion followed regarding possible sources for completing the review. Mr. Bryant discussed funding for the cost of the QAR.

4. Mr. Bryant readdressed the department's independence issue. He reviewed language regarding to whom the department reports as contained in the Committee Charter, Department Charter, State Statute, and Department of Education Rules. He stated that reporting language contained in these documents was not the issue but operationally the Director was the only one reporting to the Board. In addition, Mr. Bryant stated that currently the auditors' contracts are renewed by the Superintendent, which creates an issue of independence. The Committee discussed the lack of independence. Mr. Hurd read a memo he would send to the Board stating the Committee's recommendation.

A motion was made by Earl Lee, seconded by Virginia Yeagle and passed unanimously to recommend having the department report operationally to the Board.

5. In addition to the recommendation for the department to report to the Board, Mr. Bryant requested the Committee recommend the Board request advertisement to fill the vacant auditor position. The Committee agreed a recommendation to fill the auditor position as soon as possible should be included.

6. Mr. Bryant reported that Mr. Woody had worked on the search committee for filling the director's position and reported it had not been completed. The Committee discussed the interview process and agreed that the Audit Committee should review applicants and interview candidates for the Director's position once advertisement for the position was accomplished. The Committee asked if the Committee could interview candidates out of the "Sunshine."

VI. Mr. Lee reported receiving an e-mail from the Purchasing Department reminding employees about an ethics situation regarding conducting business with the District. He brought up the need for improving the ethics program.

VII. There were no announcements.

VIII. The next meeting date was set for May 9, 2006 at 5:00 p.m..

IX. Mr. Hurd adjourned the meeting at 6:50 p.m.

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Secretary

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Chairman

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