

**The Escambia County School Board
Audit Committee Meeting
Minutes, January 12, 2009**

- I. Martha Smith, Chair, called the meeting of the Audit Committee to order at 5:33 p.m. in the Data Center break room of the Vernon McDaniel Building, 215 West Garden Street, Pensacola, Florida 32502. Those present were: David Bryant, Director, Office of Internal Auditing; Barbara Linker, Assistant Superintendent, Finance; Leslie Scott, Financial Analyst; Justin Labrato; Earl Lee; Amy Daniel Zoesch; Emily White, Internal Auditing Intern; Justin Cook, Auditor; Andi Wiesenfeld; and Michèle Kiker, Senior Auditor, recording the minutes.
- II. The Committee adopted the agenda as presented.
- III. There was no public input.
- IV. The minutes for the May 27, 2008 meeting were approved as presented.
- V. ITEMS FROM INTERNAL AUDITING
 - A. Internal Accounts Audits

There were 17 Internal Accounts Audits with findings and 10 Internal Accounts Audits without findings that Mr. Bryant presented to the committee:

 1. Ms. Smith requested that Mr. Bryant give an explanation of Internal Accounts.
 2. Mr. Bryant explained expenditures, revenues, rules/statutes, School Board rules, audit compliance, and individual vs. district wide audits.
 - a. Mr. Bryant explained Chapter 7 as requested by Ms. Smith.
 - b. Mr. Bryant explained disbursements, adjustments, and transfers must be approved by the principal. He further explained that “prior written approval” is required. Verbal approval is not acceptable.
 - c. Mr. Bryant was asked to explain the difference between budgeted dollars and internal accounts dollars.
 - d. Mr. Bryant gave an overview of schools with findings and schools without findings, as well as the District Wide report. Mr. Lee and Ms. Smith commented on the number of schools without findings and Mr. Bryant attributed the results to the implementation of a full time employee, Leslie Scott, who helps bookkeepers with their needs. Ms. Scott is also creating a new policy manual, conducts monthly training, and helps bookkeepers gain a better understanding of the rules and procedures.
 - e. Mr. Bryant further explained the details of the Internal Accounts Audits. The District gives the guidelines for annual audits of booster clubs in the OSO (Outside Support Organization) Guidelines Manual. In addition, Mr. Bryant explained the components of “Monies Collected Forms”, fundraisers, donations, and idle funds. The District’s policy for issuing “Monies Collected Forms” explains bookkeepers must have the forms filled out correctly for any amount of money they receive. Findings related to donation letters usually resulted from forms not containing proper language. Money may be requested from parents, however, not as a requirement to attend fieldtrips or the like. Fundraiser findings typically were a result of failure to follow guidelines. Approval must take place prior to the fundraiser occurring and reconciliation of the form must be completed once the fundraiser is complete. Finally, findings involving transfers/adjustments

involved the improper treatment of these transactions. They both should be treated as a cash transaction and should be authorized and approved by the principal.

f. Mr. Lee asked if the external auditors look at the Internal Accounts Audits that Mr. Bryant and his staff performed. Mr. Bryant responded that they do review them. They pull a sample of audits and apply their procedures to them.

g. Ms. Smith asked for approval on the District Wide Report. A motion was made by Mr. Lee, seconded by Mr. Labrato and passed unanimously.

h. Ms. Smith asked for approval of Internal Account Audit with findings. A motion was made by Ms. Wiesenfeld, seconded by Ms. Zoesch and passed unanimously.

i. Ms. Smith asked for approval of Internal Account Audits without findings. A motion was made by Mr. Lee, seconded by Ms. Wiesenfeld and passed unanimously.

B. Other Audits/Reviews

1. Mr. Bryant explained that audit follow ups take place about 6 months after audits go to the School Board.
2. Mr. Bryant explained the Ethics Review and the Extra Pay Audit. Both will have an audit follow up performed.

C. Investigations & Management Consulting Activities

1. Mr. Bryant reported that there are currently 6 investigations taking place and more will likely be forthcoming due to the current state of the economy.

D. Other Issues – Discussion Items

1. Election of Vice-Chair

The floor was opened for nominees by Ms. Smith. A motion was made by Ms. Smith to nominate Andi Wiesenfeld. Ms. Zoesch seconded the motion, and it passed unanimously. Mr. Bryant stated the position was from present until June 2010.

2. Budget Issues

Mr. Bryant was asked by Ms. Smith to explain the current budget situation. Mr. Bryant reported that Internal Auditing has not filled its vacant secretary position. Not filling the position results in a reduced budget of 15%. He also reported that Internal Auditing has reduced its operating budget from 2006 to present, 38%.

3. FEMA Close-Out Process

Mr. Bryant discussed the FEMA close-out process. He discussed the associated time line. Mr. Justin Cook, Auditor, is currently working on gathering more information. Mr. Bryant discussed the cost/benefit of our continuing with FEMA and that was overwhelmingly positive for us to continue. Outside vendors charge approximately 3-5% to complete the FEMA process. The school district has approximately \$6 million outstanding still to be reimbursed. It is more cost beneficial for the Internal Auditing department to conduct the FEMA reimbursement process.

4. Staffing

David J. Bryant- Director, is responsible for the oversight of the internal auditing function, develops annual risk assessment and work plan, oversees and conducts investigations and special projects per management requests, and supervise auditing staff.

Michèle Kiker- Senior Auditor, oversees and performs audits of school internal accounts, conducts audits per annual work plan, conducts investigations and special projects per management requests, and supervises internal auditing interns.

Justin Cook- Auditor, coordinates FEMA close-out and reimbursement process, performs audits of school internal accounts, conducts audits per annual work plan, and conducts investigations and special projects per management requests.

Jeanne Pilgrim- Property Inventory Technician, coordinates and conducts fixed asset inventories, maintains records of inventories, coordinates with local law enforcement regarding lost/stolen inventory items.

Emily White- Internal Auditing Intern, conducts audits of school internal accounts, conducts surprise audits and cash counts of schools and assists in conducting audits per annual work plan.

5. Special Thanks to Internal Auditing

Ms. Linker thanked the Internal Auditing office for playing a part in the Escambia County School District producing a Comprehensive Annual Financial Report (CAFR). This is the first time the District has been able to produce the CAFR.

6. Florida Sunshine Law

Mr. Bryant explained the Florida Sunshine Law to the audit committee members. The law prohibits committee members from discussing amongst themselves matters that come before the committee, outside a publically advertised meeting. They can however talk to Mr. Bryant about anything that is discussed in the meetings. Also, any notes/materials used during the meetings are considered public record and must be kept for at least 3 years.

VI. ITEMS FROM COMMITTEE MEMBERS

1. No items were brought forward from the audit committee members.

VII. NEXT MEETING DATE

1. Next meeting will be held on Monday, February 23, 2009.

VIII. ADJOURNMENT

1. A motion to adjourn was made by Mr. Lee, seconded by Ms. Wiesenfeld, and passed unanimously. The meeting ended at 7:15 p.m.

Chair _____