

**Orange County Public Schools
Audit Advisory Committee
Minutes of Meeting January 17, 2017**

Chairman Puckett called the meeting to order at 8:07 a.m. Committee members Debi Roth, Kay Redlich and Dan Williams were present. Scott Funston was on the phone. Also present was Linda Lindsey, Senior Director, Internal Audit and Brandi Grovac of Cherry Bekaert.

Approval of Minutes

Minutes of the meeting of November 15, 2016 were approved.

Post-audit Presentation from Cherry Bekaert

Because Ron Conrad of Cherry Bekaert and Catherine Nguyen of OCPS were not present when the meeting started, this item was postponed till later in the meeting agenda.

Entity-wide Risk Assessment Process and Timeline for 2017

Ms. Lindsey referred to the process flow diagram and timeline sent with the agenda materials (copies on file). She indicated that the ERM toolkit with only minor revisions will be used again this year since senior management is familiar and comfortable with it. The timeline is similar to the one used in 2016 and should be achievable. Getting the risk registers in by the end of March will give the Internal Audit Department sufficient time to complete the audit risk assessment and develop a proposed audit plan before the committee's June meeting.

The committee members asked a few questions and approved the timeline and risk assessment process.

Recommendation to Exercise the Final 1-Year Extension for Construction Audit Services with CRI

In April, CRI will be completing a fourth year of construction audit services under the current contract. There is one more 1-year contract extension available. Staff has analyzed the work performed and the workload and recommends the Audit Committee approve exercising the final 1-year extension. This contract will be competed again next year.

The committee approved exercising the final 1-year contract extension with CRI for construction audit services.

Post-audit Presentation from Cherry Bekaert

Ms. Lindsey introduced Brandi Grovac of Cherry Bekaert. Brandi is the senior accountant on the district's external audit. Using materials distributed in advance of the meeting, Ms. Grovac reviewed the audit scope, audit standards and requirements. She provided an overview of the financial audit results and reviewed the Auditors' required communications. She also reviewed future accounting and reporting changes.

Members of the committee asked questions which Ms. Grovac answered. Mr. Conrad of Cherry Bekaert joined the meeting at 8:31 at the conclusion of Ms. Grovac's presentation. He added comments regarding the district's financial position, noting that our General Fund fund balance equaled 26% of budgeted expenditures as of June 30, 2016 which is up from 22% at June 30 of the prior year. Total assigned and unassigned fund balance increased from \$330 million to \$384 million. The district's revenues have rebounded since the recession.

The committee thanked Ms. Grovac and Mr. Conrad for their presentation.

Ms. Lindsey noted that the Auditor General has not yet completed their audits for the same fiscal year. The Auditor General has performed an operational audit, the single audit of federal financial assistance and the audit of the district's FDOE Annual Financial Report for the year ended June 30, 2016. They are no longer on site at district offices, but no preliminary reports have been received to date. Ms. Lindsey will inform the committee when these draft reports are received.

CAE Report

School Board Presentation by Audit Committee Chairman:

Ms. Lindsey reported that Chairman Puckett's presentation on December 13 was well received and contained the points the committee requested in its last meeting. Mr. Puckett indicated that he included the committee's recommendation that a new audit position be added to the department.

Audit Status Report:

Ms. Lindsey noted that the department is progressing through the non-IT audits in this year's audit plan. Audits are being completed as noted in the report. No issues are expected in completing the rest of the audit plan except IT audits as previously explained.

Follow-up Status Report:

Ms. Lindsey informed the committee that the report, with only a few exceptions, is now calculating the age of findings from management's target completion date as the committee requested. For the 7 or 8 findings that have not yet been assigned a target

completion date, the original recommendation date was used. The date used for tracking was changed at the Committee's request to better track management's performance against its own target completion dates. However, this change in the measurement date has made the aging analysis show fewer findings in the older categories than in the chart using the original recommendation date.

Staff vacancies:

The IT Auditor position remains vacant. IT auditors are in high demand and insufficient supply. Ms. Lindsey intends to engage one or more search firms in the next few weeks to try and find an appropriate candidate for this position. If the position cannot be filled soon, she will explore outsourcing 1 or 2 specific IT audits. The committee will be kept informed.

Miscellaneous:

- The IA Manual update is now complete.
- Ms. Lindsey's planned service on an ALGA peer review team in January was cancelled due to contractual conflicts between the agency being reviewed and ALGA. Ms. Lindsey expects to be asked to serve on another peer review at a later time.
- The district is revamping its website and the new one will be launched in a couple of weeks. The Internal Audit Department's pages will now be found on a dropdown list of all district departments instead of under the School Board's page as is now the case.

Change Date of March Meeting:

Ms. Lindsey reported that she would like to attend a 2-day IIA seminar on risk assessments in March, but the date conflicts with the currently scheduled audit committee meeting on March 28. After discussion, the committee decided to change the March meeting date to March 27 (Monday). Ms. Lindsey thanked the committee for their consideration and she will make the necessary schedule and conference room changes.

The meeting adjourned at 8:51 a.m.

The next regular meeting will be March 27, 2017 at 8:00 a.m.