

**Orange County Public Schools
Audit Advisory Committee
Minutes of Meeting January 23, 2018**

Chairman Williams called the meeting to order at 7:58 a.m. Committee members Debi Roth, Kay Redlich and Tammy Campbell were present. Scott Funston was unable to attend. Also present was Linda Lindsey, Senior Director, Internal Audit, Ron Conrad and Brandi Grovac of Cherry Bekaert, and Catherine Nguyen and Janet Bush of OCPS Finance.

Chairman Williams, members of the committee and Ms. Lindsey welcomed new committee member Tammy Campbell to her first meeting.

Approval of Minutes

Minutes of the meeting of November 2, 2017 were approved.

Post-audit Presentation from Cherry Bekaert

Ms. Lindsey introduced Ron Conrad and Brandi Grovac of Cherry Bekaert. Ron is the partner in charge and Brandi is the manager of the district's audit engagement. Using materials distributed in advance of the meeting, Mr. Conrad and Ms. Grovac reviewed the audit scope, audit standards and requirements. They provided an overview of the financial audit results and reviewed the Auditors' required communications. They also reviewed future accounting and reporting changes and presented financial highlights. Of particular note was a discussion about the potential impact on our procurement practices of the new uniform guidance for federal grant recipients issued by the OMB.

Members of the committee asked questions which Mr. Conrad and Ms. Grovac answered.

The committee thanked Ms. Grovac and Mr. Conrad for their presentation and also Ms. Nguyen and Ms. Bush for their leadership of the district's financial reporting function. These 4 persons left the meeting at this time.

Review of Internal Audit Charter

The committee reviewed the Internal Audit Charter at its last meeting and recommended that the 2 paragraphs after the list of responsibilities be deleted as they are more procedural and do not fit in the charter document. However, certain parts of those paragraphs related to department responsibilities (issuing reports and verifying management's actions to address audit findings) will be added to the list of responsibilities.

Ms. Lindsey had made the necessary revisions and presented a mark-up copy for the committee's review. The committee members indicated that the revisions correctly reflected their requests and voted to approve the revised charter and recommend its approval by the School Board. Ms. Lindsey will put approval of the revisions on the School Board agenda in February.

Entity-wide Risk Assessment Process and Timeline for 2018

Ms. Lindsey referred to the timeline sent with the agenda materials (copy 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 2017 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.

Timeline for Construction Audit Services RFP Process

This solicitation is for construction audit services related to the district's construction program. The contract with the current provider of these services will expire in April and an RFP process will be used to select a new provider. The committee reviewed the timeline and came to consensus that they could meet in the morning of February 15 for the proposal evaluation meeting. They indicated that February 20 would be a good date for a meeting to hear presentations from shortlisted proposers if such a meeting is necessary. Ms. Lindsey distributed the evaluation criteria and their respective weight factors for review by the committee. The committee concurred with the criteria and with the weighting factors.

CAE Report

Vacant Department Positions:

Interviews were conducted with 6 candidates for the internal auditor position earlier this month and an offer has been extended to one of them. IT Auditor candidates were interviewed last week and one of them is being evaluated to determine whether we will extend an offer. The committee will be informed of any developments regarding either of these positions.

CGCS Meeting in November:

Ms. Lindsey reported that the CGCS Internal Auditors' group meeting in November was very good with lots of ideas exchanged and good breakout sessions.

Audit Status Report:

Ms. Lindsey noted that the department is progressing through the non-IT audits in this year's audit plan. No issues are expected in completing the rest of the audit plan except IT audits as previously explained. Chairman Williams asked if Ms. Lindsey anticipated any problems in completing the plan and Ms. Lindsey indicated that she sees none at this time.

Follow-up Status Report:

The committee reviewed the report and had no questions.

Pending Legislation:

Ms. Lindsey made the committee aware of Florida HB 1279 which included additional provisions regarding internal auditors in Florida school districts. She mentioned concerns that certain language in the bill is broad and vague and some terms do not relate to internal audit functions. She has provided her comments to the district's lobbyist. Members of the committee agreed with those concerns. Ms. Roth made note of information about the bill so that she could have the IIA look at it and also comment to the state legislature.

The meeting adjourned at 9:29 a.m.

The next regular meeting will be March 27, 2018 at 8:00 a.m.