

**Orange County Public Schools
Audit Advisory Committee
Minutes of Meeting June 21, 2016**

Chairman Puckett called the meeting to order at 8:05 a.m. Committee members Debi Roth, Kay Redlich and Dan Williams were present and Scott Funston participated by telephone. Also present were Linda Lindsey, Senior Director, Internal Audit, representatives of Cherry Bekaert, OCPS CIO Jim Pulliam and OCPS COO Mike Eugene.

Approval of Minutes

Minutes of the meeting of April 14, 2016 were approved.

Pre-audit Meeting with Cherry Bekaert

Ms. Lindsey introduced Ron Conrad, the OCPS engagement partner from the CPA firm of Cherry Bekaert. Mr. Conrad had 2 colleagues with him – Brandi Grovac and Alisa Train.

Using a handout which is part of the committee's agenda materials, Mr. Conrad reviewed his firm's audit responsibilities for the June 30, 2016 audit, discussed audit communications, members of the audit team, and the audit status and timing. He reviewed new standards that are applicable to this year's audit as well as some that will be effective in the coming years. He also discussed new legislation.

Members of the committee asked questions and a general discussion ensued. Mr. Conrad was thanked for his presentation.

Cherry Bekaert representatives left the meeting at this point.

Meeting with CIO Jim Pulliam

Ms. Lindsey introduced OCPS CIO Jim Pulliam, pointing out his extensive experience in IT, IT security matters and education as noted in the bio provided with the agenda materials. She also recognized COO Mike Eugene to whom the CIO reports.

Mr. Puckett requested that Mr. Pulliam provide an overview of cybersecurity at OCPS. Mr. Pulliam noted that our current focus is on student identity and internal access. Since his arrival at OCPS, Mr. Pulliam has moved the IT security function from several layers down in the ICTS organization to where it now reports directly to him.

Mr. Pulliam noted that his team has met with City of Orlando, Orange County and Duval Schools to discuss cybersecurity threats and issues and for collaboration on addressing

them. He also mentioned that he has reached out to the Federal Homeland Security Department which will perform penetration testing (at no cost) and to the FBI. The Homeland Security testing is scheduled for the 3rd quarter of this calendar year. Ms. Lindsey requested more information on the scope and nature of the penetration testing as well as a copy of the results afterward. Mr. Pulliam indicated that he would provide this information.

He described our relationship to Bright House Communications and answered a question from Ms. Redlich regarding our network structure. He described how we have hardened our environment. He also mentioned the deployment of 30,000 devices that will occur this summer as we continue to expand our digital curriculum and implement 1-to-1 devices at all high schools. With this deployment we will have over 70,000 devices in the hands of students.

Mr. Eugene spoke of how he looks at the structure of IT from a tactical standpoint. He mentioned OCPS' past history of decentralized management of IT functions and how it has been and continues to be converted to a more centralized system. He also stated that the Superintendent has recently approved \$1 million for IT security which will be used to purchase tools for monitoring as part of a data loss prevention project.

Mr. Pulliam stated that we receive over 1 million emails a day, 85% of which are junk and that just as many are blocked. He spoke of a massive data cleanup and a focus on managing authorization of access from new hires, through transfers and then termination.

Mr. Williams asked about a comprehensive cybersecurity risk assessment and whether OCPS had performed or planned to perform one. Mr. Pulliam responded that, while a comprehensive assessment had not been performed, he is working on a refresh of servers, business continuity, and partnering with OCPS security to handle these types of threats.

The committee thanked Mr. Pulliam for his remarks and indicated that they would like him to come again for updates in the future.

Mr. Pulliam and Mr. Eugene left the meeting at this point.

Approve RFP & Schedule for School Internal Accounts Audit Services

Ms. Lindsey referred the committee to the draft documents sent with their agenda materials and to the timeline. She asked the committee to pay particular attention to the evaluation criteria and their rankings and to the dates in the timeline. She pointed out that the timeline includes a date for potential oral interviews with shortlisted firms after the initial evaluation meeting. This interview meeting is optional at the discretion of the

committee after they evaluate the submitted proposals. If the committee decides it does not need interviews to make a decision, they need not be held.

After a few questions and discussion, the RFP and timeline were unanimously approved.

Review/approve Annual Audit Plan

Ms. Lindsey referred to the Risk Assessment Report sent with the agenda materials and reviewed the enterprise risk assessment and audit planning processes that took place in developing the proposed audit plan. She noted how well the entity-wide risk assessment went this year and described how the results of that process were used in the audit planning process. She also explained several other factors that the Internal Audit team considered in developing the proposed audit plan.

Ms. Lindsey reviewed the proposed audit plan and answered questions about it.

The committee unanimously voted to approve the proposed audit plan.

Goals for CAE

Ms. Lindsey indicated that she would like to focus on 2 primary goals in the next few months. One would be to fill the 2 departmental vacancies that we have at present (1 internal auditor and the IT auditor). The other would be to ensure an effective implementation of MK Insight. Mr. Puckett reviewed with the committee some of the goals that had been set in previous years. After a brief discussion, the committee approved the goals. All agreed that the goals could be changed during the year as needed without waiting until the next June meeting.

CAE Report

Audit Status Report:

Ms. Lindsey noted that the Internal Audit team has been able to substantially complete all the planned audits for this year. The ESE Legal Services audit is proceeding slowly and will not be finished until later this summer due to a heavy workload in that department. Two IT audit projects are being carried into next year's plan, but all other work is either complete or almost complete.

A summary of all audit work will be included in the Internal Audit annual report which will be presented at the next committee meeting.

Follow-up Status Report:

The committee noted that the number of older outstanding recommendations continues to decrease, even as more recent reports "age" into the over 6 month's bracket.

Ms. Lindsey indicated that she hopes to prepare the follow-up status report using MK Insight for the committee's next meeting.

Filling staff vacancies

The Internal Auditor position was posted and 2 good candidates were interviewed. From that process we have a leading candidate whom we would like to hire. She is going through the required background checks after which she will receive an offer. If all goes well we hope to have this position filled by the end of July.

The IT Auditor position is proving to be more difficult. It has been posted twice with no qualified applicants either time. Ms. Roth suggested trying to post it in LinkedIn. She stated that the IIA has had pretty good results using it recently. Ms. Lindsey indicated that she will look into this.

In relation to staffing in general, Ms. Lindsey informed the committee that she will be looking to add an auditor position to her department in the next year or so. She has spoken to the Superintendent about this. Salary ranges for the Internal Auditor and IT Auditor are in need of adjustment based on market analysis conducted by the district's Compensation Department, however funding is not currently available for this. The committee indicated that in the near term, it is important to get the salary ranges updated to competitive levels before adding staff as long as the addition of staff is not unduly delayed.

Implementation of MK Insight:

The auditor roles and permissions have been configured and we are working to set up our audit universe and audit templates and to bring over the recommendations that are still open from our old system into MK Insight. The entire department is involved in this work even as they still perform audits.

The meeting adjourned at 10:12 a.m.

The next meeting will be August 30, 2016 at 8:00 a.m.