

**Orange County Public Schools  
Audit Advisory Committee  
Minutes of Meeting August 27, 2013**

The meeting was called to order at 9:00 a.m. by Chairman Jim Ingersoll. Committee members Charlie Puckett and Rick Whitefoot were present and Scott Funston participated by telephone. Committee member Brian Paradis was absent. Also present was Linda Lindsey, Senior Director, Internal Audit, and representative of Ernst & Young. Mr. Rodriguez joined the meeting during E&Y's presentation.

**Approval of Minutes**

Minutes of the meeting of June 4, 2013 were approved.

**Pre-Audit Meeting with External Auditors – E&Y**

Mike Pattillo of E&Y began the presentation with a discussion of the audit scope and current status of the audit. The audit scope is the same as in recent years except that E&Y will not be performing the single audit of federal funds this year as the Auditor General is doing that work. E&Y have completed interim testing of controls and have no material findings at this point. The district's controls will be relied upon in performing the remainder of the audit. The audit of IT general controls is still underway.

Members of the committee inquired about attack and penetration testing. E&Y does not perform this work as part of their audit. Ms. Lindsey reminded the committee that the district has selected firms to perform this testing and put them under contract. No work has been performed under these contracts yet because of a lack of funding. Mr. Whitefoot expressed interest in meeting with district personnel involved in this effort to discuss scope and possible approaches to help move the effort forward. Ms. Lindsey will schedule a meeting for this purpose.

Mr. Pattillo indicated that the only component unit that will be included in the district's CAFR this year will be the Foundation. The charter schools will no longer be included due to a change in accounting principles.

The Audit Committee requested that the audit of the Sales Tax and Capital Renewal Funds be brought to in addition to the COVE Committee. Ms. Lindsey and Mr. Pattillo agreed to schedule this for the Audit Committee when it is complete. The committee also asked for additional information about the Capital Renewal Fund and its intended use. Ms. Lindsey will forward slides from a recent School Board work session to the committee members.

John DiSanto reviewed new accounting pronouncements and their impacts on the district's financial statements. GAS 61 is the new standard in effect this year that resulted in the charter schools being dropped from the district's reporting entity. The only other standard that will have a significant impact on the financial statements is GAS 68 on pensions. It will be effective in FY 14-15.

Lauren Harju reviewed specific considerations related to the audit and discussed the other firms used by E&Y on the audit, audit timing and schedule and inquiries of management. E&Y left the meeting at the conclusion of their presentation after taking questions.

### **Annual Report for Internal Audit**

Ms. Lindsey distributed copies of the report and requested that committee members get back to her with any questions, comments or suggestions.

### **Discussion about Reappointment of Members**

Ms. Lindsey informed the committee that the only member with a term expiring this year is Jim Ingersoll. He is eligible for reappointment. Mr. Ingersoll indicated a willingness to serve another term. This matter will be acted upon at the committee's next meeting.

### **CAE Report**

Ms. Lindsey updated the committee on the following matters:

- The IT Auditor position was posted three times by OCPS Human Resources and is also posted with several outside organizations, including those recommended by members of the committee at their April meeting. To date the response has been inadequate in quantity and in quality. The job was just posted a 4<sup>th</sup> time and we await results. Mr. Ingersoll suggested hiring a worker on a temporary basis and, if the work is satisfactory, hiring the person as a permanent employee. The committee also discussed using a recruiting firm. All options will be under consideration if this round of advertising does not produce a good candidate. The challenge will be funding since the Internal Audit Department's budget is very small. As part of her efforts to fill this position, Ms. Lindsey reached out to her counterparts at other large Florida school districts. She found that most do not have IT auditors on staff. They rely on the external auditors to look at IT.
- Ms. Lindsey reported that she is in the process of reviewing and revising the department's policy and procedure manual. No major revisions are contemplated at this time. The review is a routine one, performed to keep the manual up to date and relevant to our work.

The meeting was adjourned at 10:20 p.m.

The next committee meeting is November 19 at 9:00 a.m. Agenda items anticipated include the committee's annual self-assessment, recommendation of member reappointments and discussion of the committee's annual report to the School Board which will be scheduled in January.