

## **Audit Committee minutes**

### **April 19, 2017**

Attendance: Becky Riley, Debbie Smith, Stacey Huff, Bill Gatliff, Allison Marcum, Lindsay Wright, Nick Clark, Tracy Dennis, Myron Thompson, Jennifer Dyar, Beverly Reese, Rodney Jackson and Sherry Price

Introductions were made and Lindsay Wright gave an update on the Hotline. Lisa Deffendall will be sending out a notice of implementation of the system today, April 19<sup>th</sup>. The question was asked when the annual report to the Board due and Lindsay said she would check on that.

Debbie Smith, Mountjoy Chilton, Medley, reported that the Grant Internal Audit was underway and she had met with the Grants group including Pre (Grant Writer) and Post (Grant Accountant, Grant Specialist, Grant Compliance Officer and Associate Director of Finance). They will be finishing testing next week on the grants. Internal audit will start with Benefits next. Stacey Huff with help with that area.

Financial Services is monitoring visits in the High Schools. We are asking how we can help support them and checking compliance also. We have noted that Booster Clubs are charging fee amounts that have not prior been approved by the Board. We are working on a process that will require twice a year the schools will send a list of fees, boosters would like charged and they will be reviewed for consistencies by the board. The district will have access to Booster accounts if they need to be monitored per the booster agreement. This should be in line by July after the committee is formed and finalizes the process.

The guidelines to set up an After School Program were discussed. A form was presented that has to be submitted prior to implementation of a program. The committee approved of the process with small corrections as an action plan in response to the After School Program internal audit findings. This form an the other corrective action plan items will be implemented by next fiscal year.

Tracy Dennis, Associate Director of Benefits/Payroll and Nick Clark, Payroll Accounting Manger presented what the Benefits Department offers to FCPS employees and how risk is mitigated in this area. Fayette County is the second largest district in the state and with nearly 6,000 insurance eligible employees there has to be a process in place to offer medical and voluntary benefits. With both open enrollment times, medical October through November, and voluntary February through March, each employee has to sign off on roster that they have received their enrollment information. With medical enrollment employees must also sign when they have enrolled in a plan. KEHP offers us 4 medical plans. Benefit department employees balance and reconcile the medical bill through 2 systems, KHRIS and MUNIS. We use American Fidelity as our 3<sup>rd</sup> party administrator for voluntary benefits. The process for billing reconciliation and management has been a barrier with the current staffing levels and the number of employees, who must be monitored. The committee was presented with the potential penalties for non-compliance.

Our payroll expenses are approximately 22 million dollars monthly. We pay nearly \$4.3 million in retirement expenses monthly. There is a manual for responsibilities of Payroll Specialist and Lead Payroll Clerk. Each of the Specialists rotate duties on a monthly basis paying our vendors. Most of those vendor payments are sent by EFT currently.

Tracy gave several examples of payroll risks such as embezzlement, money laundering and discrepancy reports of deductions and how those can be avoided. Tracy explained Affordable Care Act and how we have to offer coverage under those guidelines or penalty could fall on us. Eighty percent of FCPS revenues are spent on payroll expenses so many checks and balances are essential.

Rodney Jackson, Director of Finance, discussed approval of extension of Internal Auditors, Mountjoy, Chilton, Medley, LLP. Comments were made that they have been very responsive and we have a good working relationship with them.

There are 2 vacancies on the Audit Committee, one is certified position and the other is from the Equity Council. Rodney will seek out filling those positions. A Board Member will also be designated by the next board meeting.

Next meeting is July 19. Jennifer Koutoulas, Tax Supervisor and Becky Riley Associate Director of Accounting/Tax will be presenting on risk mitigation and the Tax Office.