

## **Audit Committee Meeting**

January 15, 2020 – 9:30 am (Conference Room A)

### **Attendees:**

John White

Rodney Jackson

Dave Osbourne – Audit Committee Chair

Penny Christian - Audit Committee Member

Sharon Holbrook – Audit Committee Member

Chris Ensslin – Audit Committee Member

Mark Sellars – Audit Committee Member

Joey Sheroan – Audit Committee Member

Tiffany Davis Williams

Rebecca Riley

Bill Kohm – Dean Dorton (Internal Auditor)

Phil Blakely – Dean Dorton (Internal Auditor)

Jeanna Jones – Strothman and Co (External Auditor)

Christy Morris – FCPS Board Member

Sherry Price

Lindsay Wright-District Compliance Officer

Jennifer Dyar

Casondra Jones

Myron Thompson

Daryl Love - FCPS Board Member (phoned in)

### **Not in attendance:**

Allison Marcum – Audit Committee Member - Excused

Lois Gillespie – Audit Committee Member - Excused

Larry Forester – Audit Committee Member-Excused

### **Introductions & Approval of minutes - Rodney Jackson.**

Documents were presented regarding recent fraud cases in Franklin County Schools (Cyber Security issue). Daryl Love inquired if we have any security measures (Financial) in place. John White, Myron Thompson & Rodney Jackson are bonded at \$3,000,000. The Audit Committee Members are also covered under district wide coverage.

### **Internal Audit Committee Report update – Dean Dorton**

Bill Kohm gave update that projects in Payroll & HR areas are about 35% done. Two separate projects related to IT and one is looking at Cyber Security policies and making sure the District has coverage in place. The other to be discussed later in the meeting.

Dean Dorton was chosen to be the Auditors for 19 Afterschool Program projects over the next couple years, the first is on the schedule for February. Noted that Central Office has very good oversight and has already identified some items to address.

Phil Blakely addressed scope & objectives. Three risks were identified in three different areas.

Payroll risks – 1) Time sheets- fake hours, 2) Improper reimbursements to employees and 3) Improper Rates (no improper rates have been identified).

HR risks – 1) Succession plan (informally), 2) Proper background checks, 3) Positions (Teachers) not being filled properly. Succession planning can't legally be formalized as jobs can't be promised to anyone.

January and February will finish up Payroll & HR testing and plan on issuing the report in the middle of March.

Previously noted, two IT risks were identified: Cyber Threats (user training) and User Access review (who can do what). Cyber liability rate is \$1,000,000 and the insurance carrier is the former Powell Walton.

The first phase of the two IT projects is anticipated to be done before the July meeting. Looking for test to be complete in April or May. Phase two will start off the June/July phase and will carry past the July meeting. Vendor management will be one of the phase two projects.

Question was asked if we will be looking at PCI DSS and if we take credit cards. We do take credit cards, currently only in the Tax Office. We will be piloting credit card payments in other areas of the District in the fall.

A pilot will take place in the fall for middle and high schools to pay online for fee's, books, etc. Training for school staff will be available. The Audit Committee will have input on this. This will not be integrated into Infinite Campus.

#### **External Audit Committee Report – Strothman and Co.**

Jeanna Jones gave brief update of External Audit. Strothman was selected at the last Board meeting to do the audit for the next five years starting in 2020. No big changes to report.

#### **Compliance Officer Report – Lindsay Wright**

Followed up on Navex Global Hotline request from last meeting regarding adding reports (manually input from someone who contacted the CO directly) vs those that have already been reported (phoned complaint into the system). No way was found to do this.

Lindsay highlighted several complaints related to athletics (financial concerns), no identifiable information was shared.

Lindsay discussed the process of how issues are handled. Cindy Hipsher does first level review to determine if deeper internal audit is needed. She reports back to Director of Finance an Associate Directors depending on the issue. Law Enforcement may become involved but not always.

It was recommended that Cindy Hipsher (Finance Compliance Officer) be invited to April meeting to speak on her roll with investigating fraud concerns.

None have been reported on the hotline. Most complaints are reported by Principals, staff and managers. Lindsay houses all the information.

Auditors were excused from the meeting.

**Audit Committee Chair and Vice Chair Elections**

Per Charter, this is the year to hold elections

Chris Ensslin was nominated and voted in as Chair

Sharon Holbrook was nominated and voted in as Vice Chair

Dave Osbourne and the Audit Committee were thanked for their service

**Audit Committee miscellaneous requests & comments**

As part of the Charter, a Financial Management Certification signed by the Superintendent, CFO and Director of Finance was given attendees.

Audit Committee minutes can be found on the website, under the Board section or the Finance section.

Things coming up to be aware of are the Primary and Secondary Bank bids later this fall.

Next meeting will be April 15<sup>th</sup> at 9:30 am (Conference Room A)

Meeting adjourned by Rodney Jackson.

Submitted by Casondra Jones