

## **Audit Committee Meeting**

July 15, 2020 – 9:30 am (Virtual via Zoom)

### **Attendees:**

John White

Rodney Jackson

Daryl Love - FCPS Board Member

Christy Morris – FCPS Board Member?

Bill Kohm – Dean Dorton (Internal Auditor)

Phil Blakely – Dean Dorton (Internal Auditor)

Kevin Cornwell – Dean Dorton (Internal Auditor)

Jeanna Jones – Strothman and Co (External Auditor)

Chris Ensslin – Audit Committee Member Chair

Sharon Holbrook – Audit Committee Member Co-Chair?

Mark Sellars – Audit Committee Member?

Joey Sheroan – Audit Committee Member?

Allison Marcum – Audit Committee Member?

Larry Forester – Audit Committee Member?

Dave Osbourne – Audit Committee?

Penny Christian - Audit Committee Member

Tiffany Davis Williams

Rebecca Riley

Ann Sampson

Anthony Davis

Sherry Price

Lindsay Wright

Jennifer Dyar?

Myron Thompson?

Bob Moore

Amy Justice (Not sure who she is)?

### **Not in attendance:**

Casondra Jones

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

Meeting opened by John White. No comments were presented at virtual meeting in April

Introduction of new Budget and Fiscal Planning Director – Ann Sampson

Rodney gave Ann a brief summary of when Audit Committee meets (quarterly and a special call meeting in November).

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

Auditors gave updates on IT Audit findings, After School Program Audit (still in process), 2021 Risk Assessment Update, 2021 Base Audit Plan & Schedule. IT Audit Procedures included User Awareness Training, User Access, IT Policies and Cyber Liability Insurance (Asset Management was added due to the

COVID 19 Response). User Awareness Training was not able to be completed due to COVID (will be included in FY 2021 testing). IT Audit controls were acceptable with findings, however, there were specific areas that were strong, with no findings.

Asset management of Chromebooks (some found in Pawn shops and reported to Law Enforcement), adding new users to critical systems (new hires), revoking user access to critical systems (timely removal of terminated employees), absence of shared accounts for critical systems (user recognition and accountability need to be in place). It is recommended as an area for improvement that FCPS develop formal policies aside from the guidelines referenced by KDE. The Change Management process was one of the findings, this covers internally developed systems. Infrastructure changes or large projects would go into this category. FCPS has an informal process. The Vendor Management policy needs a process to evaluate existing vendors and the risks they bring. It's common to evaluate during the RFP process and as long as they're doing what they're supposed to, there is not another evaluation of a Vendor.

Auditors discussed that the Acceptable Use Policy contains critical elements but does not have an established review frequency. The recommendation is that IT establish review frequencies for all policies and procedures even though some may not need to be reviewed annually as well as recording the approver and approved date. Another finding was that FCPS has a limited Disaster Recovery Plan (this is an IT document that lays out how to restore systems in the case of a disaster) and no Business Continuity Plan (this is a plan where functional departments look at the operational and personnel needs in the event of a disaster). Recommendation is that FCPS develop a robust Disaster Recovery Plan and Business Continuity Plan.

FCPS has HISCOX Cyber Liability Insurance Coverage (in relation to a data breach) of \$5,000,000. Based on a recent study, the average cost per data record to address a data breach for an education institution is \$245. This is an informational recommendation that FCPS evaluate addressing expenditures exceeding the current coverage in response to a data breach. It was also noted it's very difficult to find a courier that would provide more coverage than what we have.

There was discussion on HISCOX Cyber Liability Insurance Policy statements requiring FCPS compliance in order for a claim to be made and/or paid. Recommendation is that policy requirements are communicated to the appropriate individuals and reviewed at renewal dates.

The User Access Review is a check and balance to verify whether user access controls are working as intended. It was found that FCPS is performing the reviews but the process occurs as needed and documentation supporting these reviews is not well maintained. The recommendation is that reviews be conducted at least annually for all critical systems also that documentation be retained as well as capturing the reviewer sign-off and any actions taken.

There were 9 After School Program Audits planned for FY2020, however due to COVID-19, only 3 audits were completed before shutting down of schools. The remaining audits will be completed in FY2021, if possible. Most findings were the same: annual employee evaluations, program fees maintained overnight could not be locked up in a safe due to bookkeeper being gone for the day and monthly deposits were not swept to the District in a timely manner. A few District-wide recommendations:

Consider developing an automated, uniform payment tracker for all schools, Consider offering credit card or electronic payment options for parents for ASP fees, Standardize the annual reporting for child care costs, Standardize the monthly Munis deposit process, Periodically send the ASP Directors the Munis report showing cash receipts and funds available for use.

Risk Assessment Update – COVID Risks

There will be three audits this year: Purchasing, IT and Governance all with a COVID element to them.

Questions, How will Esser funds be classified and blended into our audit and budget? Spending plan has been submitted to KDE as to how funds will be spent also trying to get reimbursement with federal funds. Also, as far as book fees, credit cards be accepted for this? A plan was in the works before COVID hit. Hopefully something will be in place sometime in August. Can some guidance be given to schools as to how, what and who COVID supplies can be purchased with and from? A committee related to this is in place with Joe Isaacs, Debbie Boian and Myron Thompson can be referenced. As for the vendors that can be used, an approved vendor list can be provided by Matt Moore.

2021 Base Audit Schedule was presented

IT Steering Committee should have a charter as well as a Dean Dorton representative and external representative (maybe someone with IT background)

#### **Year End Close and COVID 19 update – Rodney Jackson**

In reference to the 13 recommendations that are District-wide, from Dean Dorton, are currently being worked on and have been for a while. We had issues, in the past, related to the ASP which is why the Board approved a position last year to oversee the program. The Dean Dorton presentation as well as the slide with the recommendations will be available on the website.

Year end close process is occurring currently and scheduled to be completed by July 20. Due to COVID-19, we're operating on a platoon system (some employees in the office on Monday and Tuesday and the others Wednesday and Thursday, rotating Friday). First Check of the year scheduled for August 31<sup>st</sup>. We're adjusting in person consultation related to maternity, accommodations and retirements and using virtual signatures for documents. KDEC has approved Auditors to take documents of District property, this has never been allowed before but is necessary due to the COVID response. CARES Act, related to GERS and Esser, has a spending plan related to this. There was additional CARES money related to ASP (the District is overseeing this). We're continuing to watch revenue and expenditures trends since COVID related to working budgets and will be working to put it all together. We will be doing timely updates, fixes and repairs/responses. Thanks to Mark Chaplow for making sure everything was set up and working with the COVID Response.

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

Jeanna Jones gave brief update. Met with Personnel and Finance back in May to do preliminary audit plan meeting. Working on bank confirmations, debt and investments. In the next few weeks will be making selections for testing for the Federal funds for single audit and will be gathering information for School Activity Funds. They will be working on this at the District office, Bookkeepers will send

documents down to them. Main testing for Audit will start in September. Update will be provided to the Audit Committee in October and in November will present findings.

**Compliance Officer Report – Lindsay Wright**

No complaints sent to the Hotline, however, they still come through email and phone calls. New issues are being investigated via Zoom. Things are moving smoothly.

**Audit Committee miscellaneous requests & comments**

The Audit Committee previously requested Cindy Hipsher (School Finance Compliance Officer) give a compliance report, however, she will present at the October meeting.

**Closing thoughts**

Next meeting will be October 21 at 9:30 am

Meeting adjourned by Rodney Jackson

Submitted by Casondra Jones