

**Orange County Public Schools
Audit Advisory Committee
Minutes of Meeting January 23, 2024**

Chair Campbell called the meeting to order at 7:59 a.m. with all committee members participating. Committee members Tammy Campbell, Kay Redlich, Brian Paulsen (joining at 8:01 a.m.), and Lynn Moehl were in attendance. Committee member Dan Williams attended by WebEx. Also present were General Counsel Amy Envall (joining in person at 8:13 a.m.), Linda Lindsey, School Board Internal Auditor, Ron Conrad of Cherry Bekaert, and Jennifer Christensen and Owen Fortner of CRI. Deputy Superintendent Bridget Williams was present from 8:13 to 8:30.

Approval of Minutes

Minutes of the meeting of November 14, 2023 were approved.

Post-audit Presentation from Cherry Bekaert

Ms. Lindsey introduced Ron Conrad of Cherry Bekaert. Mr. Conrad is the engagement partner for the district's audit.

Using materials distributed in advance of the meeting (copy on file), Mr. Conrad reviewed the results of the audit, discussed internal controls, corrected and uncorrected misstatements, and qualitative aspects of accounting practices. He noted that the firm repeated its management letter comment regarding inadequate controls over substitute teacher services paid from grant funds. He also reviewed the Auditors' required communications. He also informed the Committee he will be retiring at the end of 2024 and Brian Liffick will take over as engagement partner after then.

Members of the Committee asked a few questions and a brief discussion ensued.

The Committee thanked Mr. Conrad for his presentation.

Post audit Presentation from CRI

Jennifer Christensen of CRI introduced her associate Owen Fortner and reviewed the materials submitted with the agenda materials (copy on file). She explained the purpose of school internal funds and described her firm's audit process. She presented statistics of the results of the audits expressed as the average number of findings per school and a breakdown of how many schools had how many findings. She also reviewed the most common findings and recommendations for improvements.

Ms. Lindsey noted that this contract is managed by her department. She informed the group that the Finance Department's Internal Accounts division follows up with schools that have a large number of findings.

The Committee thanked Ms. Christensen.

Mr. Conrad, Ms. Christensen and Mr. Fortner left the meeting at this time.

Entity-wide Risk Assessment Process and Timeline for 2024

Ms. Lindsey referred to the timeline sent with the agenda materials. She indicated the timeline reflects a re-use of the ERM toolkit again this year since senior management is familiar and comfortable with it. The timeline is similar to the one used in 2023 and should be achievable. The timeline shows the Audit Committee meeting in June on June 4 as previously scheduled, but Ms. Lindsey has learned that is the date of the Superintendent's annual leadership summit. After a discussion of the members' availability, the Committee decided to change the meeting to June 11.

Implementation of New IIA Standards

Ms. Lindsey informed the Committee new IIA Standards were issued January 9. They will become effective on that same day next year (2025). Everyone in the department is reviewing the new standards and, over the coming months, the team will develop a plan to implement them into our practice. Ms. Lindsey will provide an update to the Committee at each of its meetings over the next year until the new standards are implemented.

CAE Report

Status Reports

The status report and follow-up on open recommendations report were included in the agenda materials. Ms. Lindsey noted the charts will be presented as part of next week's annual report to the School Board. Next year's audit plan will consider the time needed for this implementation when determining how many engagements to schedule.

Audit Progress

In general, audits are proceeding well and on schedule.

General

Ms. Lindsey noted the following matters of interest:

- We have hired an intern and he will start next Monday, January 29. Plans are for him to work 15-20 hours per week.

- Dr. Vazquez plans to attend the March meeting. The CIO will also be invited for the annual discussion of IT security with the Committee.
- The Committee's annual report to the School Board is next Tuesday and Chair Campbell will be making the presentation using the slides previously reviewed and approved by the Committee.
- The department has completed one year of its quarterly newsletter. They are posted to a new page among the department's pages on the district's website. The newsletter, *Audit Insights*, is sent to all district administrators.
- The department is implementing new audit management software, switching from Pentana to K10 Vision. Training was conducted over two days last week and next steps involve data migration and implementation of single sign-on.
- We are meeting with the Accounts Payable, Procurement, and Treasury Departments to discuss the district's current risk posture regarding ACH payments to vendors and how to reduce risk exposure while still engaging in this method of payment which is more cost effective than writing checks and desired by the vendor community. As a result of this discussion, the district is subscribing to a bank account verification service offered by the banking community and, at our suggestion, developing an incident response plan for an ACH fraud situation.
- Despite cancellation of the Risk Oversight software project, we are continuing to promote an ERM program approach to the district. Meetings with the Sr. Director of Risk Management the Chief of Strategy are continuing and a meeting is scheduled this coming Friday with contacts from the CGCS who have experience in this area.
- Our training materials for Management Leadership Academy, Preparing New Principals, and New Managers' Orientation programs are being beefed up in the area of fraud prevention and detection. We are also discussing changes to the district's Whistleblower program to implement more best practices as described in the joint ACFE/ IIA paper on that subject. Ms. Lindsey will keep the Committee informed of progress on both these efforts in the coming months.
- We are meeting with the Principal Leaders next week to provide tips and advice for them in reviewing and evaluating school findings and management responses to them.

The meeting was adjourned at 9:29 a.m.

The next regular meeting will be March 5, 2024 at 8:00 a.m.