

**Orange County Public Schools  
Audit Advisory Committee  
Minutes of Meeting January 25, 2022**

Chair Roth called the meeting to order at 8:00 a.m. with all committee members participating. Committee members Debi Roth, Brian Paulsen, and Tammy Campbell were in attendance. Committee members Dan Williams and Kay Redlich attended by WebEx. Also present were representatives of the firm of Cherry Bekaert and Linda Lindsey, School Board Internal Auditor. School Board Chair Teresa Jacobs and General Counsel Amy Envall attended via WebEx as did Sr. Director of Finance, Catherine Schussler and Jennifer Christensen, partner with the firm of CRI.

**Approval of Minutes**

Minutes of the meeting of November 16, 2021 were approved.

**Post-audit Presentation from Cherry Bekaert**

Ms. Lindsey introduced Ron Conrad and Brandi Grovac of Cherry Bekaert. Ron is the engagement partner and Brandi is the manager for the district's audit. Using materials distributed in advance of the meeting (copy on file), Mr. Conrad and Ms. Grovac reviewed the audit scope, audit standards and requirements. They noted two changes in reporting this year for the schools' internal accounts to implement GASB 84 and to include charter schools in the district's Annual Comprehensive Financial Report. They provided an overview of financial audit results and reviewed the Auditors' required communications. Ms. Grovac reviewed three adjustments made to correct misstatements related to cash/ accounts payable, depreciation and interest expense. They also presented financial highlights and reviewed future accounting and reporting changes.

Mr. Paulsen asked about the depreciation error, wanting to know whether this was a one-time misstatement or if it would repeat in future years. Ms. Grovac indicated it was a one-time misstatement that should not recur. Ms. Campbell asked whether CB had concerns about the district's internal controls in light of the management letter comment made this year when no management letter comments have been made in the past several years. Mr. Conrad responded that the issue was limited in scope and they found no non-compliance. The matter was a problem with inadequate evidence that a procedure had been performed and they expect the district will address this quickly.

Ms. Lindsey reported that the Sales Tax and Capital Renewal Funds financial statements had been presented at last week's COVE meeting and accepted. She relayed a question from the COVE Chair, Pat Knipe, regarding the materiality levels

used by CB in that audit since they render a stand-alone opinion on those financial statements (separate from the district's overall financial statements). Mr. Conrad indicated that they would forward this information after the meeting.

The committee thanked Ms. Grovac and Mr. Conrad for their presentation. They left the meeting at this time. (8:34 a.m.)

### **Post audit Presentation from CRI**

Jennifer Christensen of CRI reviewed the materials submitted with the agenda materials. 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.

Ms. Lindsey noted that this contract is managed by her department. She reported the high turnover / vacancy rate for school bookkeepers and 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 and she left the meeting at 9:07 a.m.

### **Results of External Peer Review**

Ms. Lindsey reported that the External Peer Review was completed in November with excellent results. We received a clean report and no recommendations for improvements. She stated this is a positive reflection on the high quality of work performed by the district's internal auditors.

### **Entity-wide Risk Assessment Process and Timeline for 2022**

Ms. Lindsey referred to the timeline sent with the agenda materials. She indicated that the ERM toolkit will be used again this year since senior management is familiar and comfortable with it. The timeline is similar to the one used in 2021 and should be achievable. Getting the risk registers in by the end of March will give the Internal Audit Department sufficient time to complete the audit risk assessment and develop a proposed audit plan before the committee's June meeting. The audit risk assessment will be reviewed in detail with Chair Roth prior to the June meeting.

### **CAE Report**

#### General:

Ms. Lindsey noted the following matters of interest –

- The status report and follow-up on open recommendations report were included in the agenda materials. Members of the committee will note that certain engagements not yet started are flagged to be deferred due to our department being short-staffed. The engagements were chosen to be deferred based on their relative risk as compared to other engagements in the audit plan. Ms. Lindsey will keep the committee informed if further deferrals are necessary.
- The vacancy created when an auditor retired last summer just completed its fourth posting and interviews of the four short-listed candidates are scheduled for the coming Friday. Ms. Lindsey will post the upcoming vacancy for our construction auditor in the next week or so. She will keep the committee informed of the status of both positions.
- The annual committee report to the School Board is tonight and Chair Roth will be making the presentation using slides that were previously reviewed and approved by the Committee. Members are welcome to watch the livestream which starts at 4:45 p.m.
- The department fully implemented Pentana Stages methodology for its audits as of the first of the year. This is an enhancement to our existing methodology which improves workflow and documentation of approvals at various stages of the engagements.
- The department submitted its audit on the ESE IEP Process to ALGA's Knighton Awards program. Judging will occur in February and we should hear whether we receive any recognition in late March.

Chair Roth called the date of the next meeting and the anticipated agenda items to the committee's attention.

The meeting was adjourned at 9:30 a.m.

The next regular meeting will be March 29, 2022 at 8:00 a.m.