

**The Escambia County School District
Audit Planning and Review Committee Meeting
Minutes, January 8, 2001**

- I. Mike Adkins, Chairman, called the meeting of the Audit Planning and Review Committee to order at 5:30 p.m. in Conference Room B of the Vernon McDaniel Building, 215 West Garden Street, Pensacola, Florida 32501. In addition to the Committee Chair, committee members in attendance were Kelly Bowen, Laura Shaud, and Angela Sheffield. Others in attendance were Susan Reed, recording the minutes, Sam Scallan, Director, Internal Auditing and Debbie Fussell.
- II. A motion was made to adopt the agenda by Laura Shaud, seconded by Kelly Bowen, and passed unanimously.
- III. A motion to approve the minutes for the October 2, 2000, meeting was made by Angela Sheffield, seconded by Kelly Bowen, and passed unanimously.
- IV. Items from Internal Auditing:

- A. Mr. Scallan reported that Internal Funds Audits have been completed in accordance with State Board Rules with no reportable conditions for each of 21 schools. In addition, the Internal Funds Audit of Tate High School has findings, including one finding added since the Committee reviewed a draft of the audit report last Fall. The Committee discussed Mr. Scallan's response to the principal's comments in the final audit report. After the discussion, Mr. Scallan concurred with the Committee that his response was not needed. Mr. Scallan added that it has been his practice to hold exit conferences with each school to discuss management comments, which are then followed up with succeeding audits.

The Committee discussed the current presentation of internal funds audit reports regarding the "inadequate segregation of duties statement" currently reported in the opinion paragraph. They determined that the statement represented a finding of material weakness in the internal controls rather than an exception to the auditor's opinion. It was agreed that the report would be modified and Mr. Scallan requested that Mr. Adkins report these modifications at next month's Board meeting and be prepared to answer any questions concerning them.

A motion to amend the format of the audit report, effective for audits beginning next month, was made by Kelly Bowen, seconded by Laura Shaud, and passed unanimously.

A motion to accept the Tate High School Internal Funds Audit, with reportable conditions and as amended, was made by Laura Shaud, seconded by Kelly Bowen, and passed unanimously.

A motion to accept the 21 Internal Funds Audits, with no reportable conditions as indicated on the agenda, was made by Angela Sheffield, seconded by Kelly Bowen, and passed unanimously.

- B. Mr. Scallan announced that due to recent events surrounding several fundraisers, the Board had requested that a committee be formed to look at formulating fundraiser guidelines and/or Board policies for booster organizations. He added that he had been asked to help with this effort and had sent out a letter to help establish the committee. He continued by reporting that this has since been turned over to the Accounting Department and that he has agreed to act only in an advisory capacity to give a historic perspective.

A motion was made to table discussion and acceptance of an audit of the Northview High School Fundraiser to give the Committee more time to review the report by Laura Shaud, seconded by Angela Sheffield, and passed unanimously.

- C. Mr. Scallan recommended that language contained in the Audit Committee Charter be modified to conform to the language modification made to the Internal Auditing Department Charter earlier in the year.

A motion to present the modified Board Policy language to the Board for advertisement was made by Laura Shaud, seconded by Angela Sheffield, and passed unanimously.

- D. Discussion regarding the need for a management letter had been addressed earlier in the meeting under the heading of "Completed Audits". The decision to include "inadequate segregation of duties" on the audit cover sheet would satisfy the need for a management letter.
- E. Mr. Scallan presented a draft outline of a risk assessment model compiled after two productive meetings held with Mr. Adkins and Superintendent Paul. The Superintendent requested regular meetings. Mr. Scallan also reported that Superintendent Paul had sent out a letter in support of the Construction Change Order Audit. It was agreed that meetings should be held with each of the Board members to get their input in the risk assessment. The Committee requested that Mr. Scallan present a prioritized risk assessment model at the next meeting for approval.
- F. Mr. Scallan discussed updates to the list of current projects that the Internal Auditing Department is involved with. He reported that the audit of the Escambia High School Chorus Booster Club needed to be added to the project list. The Committee briefly discussed the need to use tickets for other school events and the need for policies and procedures. They also asked if Booster Club recommendations might be a combined report. Once guidelines are established, it was suggested that Mr. Scallan meet with boosters to explain them.
- G. Mr. Scallan announced that one of the part-time co-op students' positions had been tied up in the District's hiring freeze. The Committee agreed that he needed to pursue getting approval to fill the position.
- H. Other issues included Mr. Scallan's announcement of passing the CIA and CGAP exams. The Committee agreed he should be recognized for his achievements. Mr. Adkins added that he would include this in his report to the Board.

V. Items from Committee members

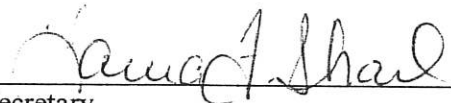
A&B Items from the Committee had already been discussed

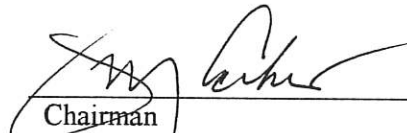
VI. There was no Public Input.

VII. Mr. Adkins announced that a School Board member was adding an item to the agenda for the January Board Workshop to discuss the need to request proposals to outsource the Internal Auditing Function. He stated that the Committee would be given an opportunity to have input. The committee agreed to request that a study be done first before an RFP. It was suggested that Mr. Adkins make this suggestion in his report at the Board Workshop.

VIII. The dates of February 5, 6, or 7 were suggested for the next meeting. One concern was raised in reference to February 5. The selected date would be e-mailed to all committee members.

IX. Mr. Adkins adjourned the meeting at 6:50 p. m.


Secretary


Chairman