

The Escambia County School District
Audit Committee Meeting
Minutes, May 9, 2006

- I. Fred Hurd, Chair, called the meeting of the Audit Committee to order at 5:05 p.m. in the Data Center Break Room of the Vernon McDaniel Building, 215 West Garden Street, Pensacola, Florida 32502. Other committee members in attendance were: Jennifer King, Virginia Yeagle and Bill Cox. Those also present were: David Bryant, Interim Director, Internal Auditing; Debbie Fussell, Senior Financial Analyst; and Susan Reed, recording the minutes. Committee member, Earl Lee was not in attendance.
- II. The Committee adopted the agenda.
- III. There was no public input.
- IV. The minutes for the February 13, 2006 meeting and the March 29, 2006 were approved.
- V. Items from Internal Auditing

- A. Mr. Bryant presented one (1) completed internal funds audit for fiscal year ending June 30, 2005 with findings and thirteen (13) audits for fiscal year ending June 30, 2005 without findings.

Mr. Cox acknowledged his pleasure with the addition of more detail on the finding fact sheet of the audit program as requested at the last Audit Committee meeting.

The Committee requested that back-up for audits without findings include the cover sheet, scope and opinion page and the first page of the financial statements.

Audit status information was provided to the Committee.

A motion was made by Virginia Yeagle, seconded by Bill Cox and passed unanimously to accept the audit with findings as presented.

A motion was made by Bill Cox, seconded by Jenny King and passed unanimously to accept the audits without findings as presented.

1. Mr. Bryant reported letters had been sent to request input for the department's risk assessment. In addition, he stated he had met with Barbara Linker, Assistant Superintendent Finance and Business Services; Linda Lewis, Payroll and Benefits Accounting Director and Gloria Johnson, Accounting Operations Director. Mr. Bryant discussed some of the risks discussed during their meeting and their possible inclusion in the Annual Risk Assessment. Mr. Bryant commented that in addition to high dollar risks such as Construction, Payroll, and Benefits other risks would include those with compliance issues.

Mr. Bryant discussed types of audits conducted in addition to internal funds audits since the year 2000. He stated one audit in particular dealt with compliance which could result in the loss of funding. Mr. Bryant commented that audits were sometimes the result of requests sent to Board members, the Superintendent, or directly to the Auditing Department Director. In addition, he stated that using a rotating schedule for the Internal Funds Audits would free up more time to conduct other audits.

2. Mr. Bryant reported he had talked to the Auditing Director at Gulf Power who was reluctant to help with the QAR. In addition, he reported that he had not yet talked with Mr. Sam McCall, Auditor, City of Tallahassee, who he hoped could help with leads as to someone to help with the QAR. Mr. Bryant advised the Committee that he had checked with the Purchasing Department as to expenditure amounts that would not require bids.

3. Mr. Bryant reviewed actions taken by the Board to satisfy the recommendations made by the Audit Committee in regards to the independence of the department. He reported the department had been moved under the Board as noted in statutes, contract language etc. In addition, he reported the director position had been advertised and he had been appointed Interim Director.

4. Mr. Bryant reported three applications had been received and reviewed by the Director in Human Resources and that the results would be discussed at the Board workshop. In addition, he stated he was told the job may be re-advertised. The Committee agreed they felt the applications should have been given to the Committee for their review and recommendation. Mr. Hurd stated he would do a letter to the Board Chair stating their position. Mr. Bryant expressed his concerns regarding the amount of time elapsed since Mr. Woody's resignation and the amount of time it could take if re-advertised before the position would be filled. The Committee members were not surprised at the low number of applicants since the demand for internal auditors has increased.

The Committee agreed they still wanted to fill the Director position before filling the Auditor position.

Mr. Bryant stated the personal planning document for next year had no changes in the number of staff. He presented a review of the present salary schedule.

The Committee agreed Mr. Hurd should send a letter recommending the Committee be given the applications for the director's position to review and evaluate.

5. Mr. Bryant stated no RFPs had been received in reference to outsourcing the internal funds audits as of today (May 9) and that the deadline is May 10. He advised the Committee of his involvement in making sure the scope of the RFP was equal to the scope presently being used by the Auditing Department. Mr. Bryant reported that examples of reasons given by internal auditors when asked why they outsourced internal funds audits included limited staff and to remove any potential politics. Mr. Bryant stated that he and Mr. Lee would be serving on the RFP Selection Committee.

6. Mr. Bryant presented a rotating audit schedule which would free-up time to spend doing other operational and compliance audits. He reported that the external auditor had voiced their acceptance of the plan. In addition, he stated that he believed the use of the rotating schedule would enable the District to meet the requirements for CAFR. Ms. Yeagle voiced her concerns as to whether or not the department could issue an opinion on the internal accounts financial statements to be included in the CAFR. Not all members agreed with her concerns.

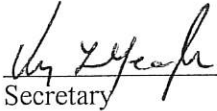
7. Mr. Bryant commented that Mr. Lee had stated he would be willing to serve a consecutive term since his term ends June 30, 2006. Mr. Bryant reported he had sent a letter to the PTA President to confirm the Council of PTA's representative choice.

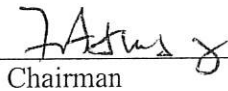
VI. There were no items from committee members.

VII. There were no announcements.

VIII. Mr. Hurd asked Ms. Reed to contact members at a later date to schedule the next meeting.

IX. Mr. Hurd adjourned the meeting at 6:30 p.m.


Secretary


Chairman

sfr