

The Escambia County School District
Audit Committee Meeting
Minutes, September 1, 2004

- I. Mr. Woody, Internal Auditing Director, explained the Audit Committee Charter procedures for installation of a new Committee Chair and introduced Ms. Virginia Yeagle, the new School Board Appointee and Mr. Fred Hurd, Committee Chair nominee. Mr. Mike Adkins, former Committee Chair had recommended Mr. Hurd as his replacement.

Virginia Yeagle, School Board Appointee, called the meeting of the Audit Committee to order at 5:35 p.m. in Conference Room B of the Vernon McDaniel Building, 215 West Garden Street, Pensacola, Florida 32502. Other committee members in attendance were: Aleta Hudson, Kathy Langley and Earl Lee. Others in attendance were: Fred Hurd, nominee for Committee Chair; Scott Woody, Director, Internal Auditing; Auditors, Michele Kiker and David Bryant; one person from the public; and Susan Reed, recording the minutes.

- II. The Committee adopted the agenda as submitted with notation of one pulled item.
- III. Mr. Fred Hurd was nominated for the position of Committee Chair by Aleta Hudson and seconded by Kathy Langley. The Committee voted unanimously for the approval of Mr. Hurd as the new Chair. Mr. Hurd accepted and was congratulated by the Committee.
- IV. There was no public input.
- V. The minutes for the May 26, 2004 and June 14, 2004 meetings were approved with one correction.
- VI. A. Mr. Woody presented seventeen completed internal funds audits including two with findings; Brentwood Elementary and Scenic Heights Elementary. He gave a brief background of the audit process when performing annual internal funds audits as required by law and described the purpose and use of the County Budget Trust, faculty fund and trust accounts. Mr. Woody stated that the audit program includes steps pertaining to outside support organizations and that these organizations can run their funds through internal funds or they can incorporate and manage their own funds. He reported that replacement of the current software used for internal funds was being considered.

Committee members commented as to the large amount of funds handled at some of the schools. Ms. Yeagle questioned hiring practices used to hire bookkeepers and secretaries who handle money and asked Mr. Woody to inquire as to those hiring practices. Mr. Woody voiced his concern regarding the lack of documentation for receipts of funds. He also stated that elementary schools do not have the staff to remedy the problem of segregation of duties noted on audit reports. The Committee asked if Board Policy was

needed to address segregation of duties. Mr. Woody agreed to work on a policy proposal for the Board's consideration.

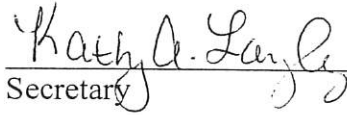
A motion was made by Kathy Langley, seconded by Aleta Hudson and approved by the Committee to accept the audits presented with the exclusion of R C Lipscomb which was pulled.

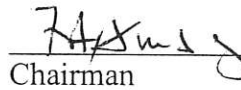
- B.
1. Mr. Woody introduced the two new auditors, David Bryant and Michele Kiker, to the Committee. He also reported the addition of a new co-op student to the department, Isaac Western.
 2. On the subject of risk assessment/annual work plan, Mr. Woody stated he planned to contact Board Members and staff to request they notify him of their concerns for consideration as part of the risk assessment. Several possible projects were discussed with a consensus that Internal Funds Audits needed to be taken care of first with remaining time used in determining other projects the department could consider. The Committee pointed out that some projects may require too much time and therefore should be done by an outside source. Mr. Woody and the Committee agreed a risk assessment should be presented to the Committee in two to three months (November). Mr. Woody also reported that the District has been written up for lack of certain policies and procedures and presented his idea of including recommendations for policy and procedure changes to aide in corrections of findings noted in audit reports.
 3. & 4. Mr. Woody informed the Committee of changes that needed to be made to the Audit Committee Charter and also to the Department Charter. The Committee agreed on addition of charter wording for a fifth Committee member and wording to clarify procedures for installation of a new Chair person. They advised Mr. Woody to request direction from Board Counsel regarding the question of when audits become a public record. Mr. Hurd recommended including a statement regarding internal control systems to complete audit process steps as noted in the department charter.
 5. Mr. Woody reported it was time for a Quality Assurance Review as required every five years. He stated that he planned to contact a peer county and ask if they could do the QAR.
 6. Mr. Woody gave an overview of the steps taken when doing an internal funds audit and reviewed changes being made to the audit steps. The Committee made suggestions of ways to document problems found but not written up as findings. It was suggested to include a section in the report called recommendations. In addition, a distinction should be made between an audit finding and a recommendation.

Mr. Woody voiced his concern regarding the audit independence of the department since the Internal Auditing Director reports to the School Board;

however, staff auditors performing the audit work report to the Superintendent. The Committee recommended that Mr. Woody request assistance from the Board Counsel finding state statutes to support how to handle this issue.

- VII. Ms. Langley asked if the School Board had voiced any concerns regarding charter school audits submitted to the School Board. Mr. Woody responded that no concerns had been raised at the June 15, 2004 School Board meeting.
- VIII. Information was distributed to the new Committee members regarding the Sunshine Law and Mr. Woody gave some brief examples of actions that would not be within those laws.
- IX. Members will be contacted at a later date to schedule the next meeting.
- X. Mr. Hurd adjourned the meeting at 7:35 p.m.


Secretary


Chairman