

**Orange County Public Schools
Audit Advisory Committee
Minutes of Meeting January 20, 2015**

The meeting was called to order at 8:02 a.m. Committee members Charlie Puckett and Debi Roth were present with Scott Funston participating by telephone. Chairman Ingersoll and committee member Rick Whitefoot were both absent due to illness. Also present was Superintendent Barbara Jenkins, Senior Director of Finance Sarah Graber, Assistant Finance Director Catherine Nguyen and Linda Lindsey, Senior Director, Internal Audit. Ex-officio member Woody Rodriguez joined the meeting at approximately 8:45 and School Board Chairman Bill Sublette joined around 9:15. The Superintendent had to leave at 8:40.

Approval of Minutes

Minutes of the meeting of November 18, 2014 were approved as submitted.

Discussion with Superintendent Jenkins

Members of the committee indicated that they would like more connectivity to the School Board Chairman or the Superintendent to share concerns and be sure they are on the right track. They would like an open line of communication so they can check in from time to time. The committee believes the risk assessment process is vital for district leadership and for Internal Audit and they would like confirmation that all departments will participate in the process. They asked Dr. Jenkins what she thinks about the risk assessment process.

Dr. Jenkins indicated that the process has been well received by the departments. She stated that in the first year or so some believed it to be extra paperwork and did not see the value of it. But in recent years they view it as more connected to the district's strategies and are taking it seriously. She has seen the proposed new process during a recent meeting with Linda Lindsey and believes it will merge quite seamlessly with the strategic planning update process now underway.

Dr. Jenkins thanked the committee members for their service and they thanked her for attending the meeting this morning.

Report from Ernst & Young

Mr. DiSanto referred to the booklet titled "2014 Audit Results" as he made his remarks. He discussed the services E&Y provided and reviewed the required communications in detail. He indicated that E&Y issued an unmodified opinion on the financial statements and on compliance. He indicated that E&Y made 2 recommendations in the

management letter. He briefly discussed the critical policies, estimates and areas of emphasis. He noted that the district implemented GASB statement no. 65 in the 2014 financial statements. He mentioned E&Y's consideration of fraud and their inquiries to management regarding it.

Mr. DiSanto reviewed the Summary of Audit Differences in appendix B to the presentation booklet and explained the reasons for each waived adjustment.

Dr. Jenkins left the meeting at this point.

Entity-wide Risk Assessment Process – Proposed New Approach

Ms. Lindsey reviewed the implementation workflow for the proposed new risk assessment process. She noted that slight changes will be made in certain terminology and the timeline to integrate the risk assessment process with the strategic plan update already underway. She had a successful meeting with Dr. Tovine who is handling the strategic plan update and will have another meeting to discuss details of integrating the two processes as smoothly as possible.

There was a brief discussion by the committee about the risk assessment process.

Mr. Rodriguez joined the meeting at this time.

Review of Committee Charter

The committee requested that Ms. Lindsey compare the current committee charter to the model one published by the IIA to see where appropriate revisions might be considered. Ms. Roth gave Ms. Lindsey a copy of the current charter with some suggestions on it. Ms. Lindsey indicated that she would prepare the requested comparison for the next committee meeting. Mr. Rodriguez suggested that it might be a good idea to add language to the charter regarding conflicts of interest for committee members and their employers with regard to OCPS. The committee members agreed that this would be a good idea and they support it, but recommended that Mr. Rodriguez carefully consider relationships that might exist that are benign in regard to the independence of committee members to the district.

Elect Committee Chairman for Second Half of 2015

At the previous committee meeting, Chairman Ingersoll indicated that he wishes to pull back from his chairman duties over the coming year. At that meeting the committee voted to name him chairman for the next six months (until June 30) and he agreed to serve for that period.

Charlie Puckett has been nominated as chairman for the second half of 2015 (from July 1 through December 31). By unanimous vote, the committee elected him as chairman for the remainder of 2015.

Mr. Sublette joined the meeting at this time.

CAE Report

Ms. Lindsey asked if there were any questions about the audit activity status report sent out with the agendas. There were none.

She then asked about the new report on follow-up activities related to audit findings. The committee expressed appreciation for the report and asked that the next one also include an aging of the findings being tracked. They also asked that management letter findings from the annual external audit be added to the list. Ms. Lindsey indicated that she will include the requested information in the next report.

Ms. Lindsey reported that the remaining meetings scheduled in 2015 will start at 8:00 a.m. and all will be in conference rooms on the first floor of the RBELC.

Ms. Lindsey reported on a recently completed survey of her department's team regarding knowledge, training and job satisfaction. She also indicated that the department was conducting its annual affirmation of independence for each team member.

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

The next meeting will be March 31, 2015 at 8:00 a.m.

Agenda items for the next meeting will include a further discussion regarding the committee's charter, a status update about the entity-wide risk assessment process and the annual performance review of the Senior Director of Internal Audit.