



## AUDIT COMMITTEE

### Minutes for July 13, 2022 Meeting

<b>Meeting Date</b>	July 13, 2022
<b>Meeting Time</b>	2:00 PM – 5:00 PM
<b>Meeting Location</b>	Walter E. Miller School Support Center
<b>Committee Chairman</b>	Dr. Susan Agruso
<b>Note Taker</b>	Christian Moreno Hernandez
<b>Attendance</b>	<div style="display: flex; justify-content: space-between;"> <div> <p><b>Committee Members:</b>            Dr. Susan Agruso, Interim Chair            Ginger Mentzer            Joe Blitzko, Interim Vice-Chair</p> <p><b>Board Members:</b>            Charlie Kennedy</p> </div> <div> <p><b>Other Attendees:</b>            Tim Barger, Deputy Superintendent of Business Services            Lorri Kidder, Carr, Riggs &amp; Ingram            Mark Smith, Carr, Riggs &amp; Ingram            Lauren Strobe, Cherry Bekaert            Christian Moreno Hernandez, Executive Secretary</p> </div> </div>
<b>Opening</b>	<p><b>a) Call to Order</b></p> <ul style="list-style-type: none"> <li>Chair Agruso called the meeting to order at 2:00 PM.</li> </ul> <p><b>b) Audio Recording</b></p> <ul style="list-style-type: none"> <li>Chair Agruso announced that the meeting was being audio recorded.</li> </ul> <p><b>c) Review and Accept Minutes from March 2, 2022</b></p> <p><b>Motion:</b> Motion to approve the May 19, 2022 Minutes was made by Vice-Chair Blitzko and seconded by Ms. Mentzer.</p> <p>The motion was approved 3-0.</p>
<b>Public Comments</b>	<p><b>Notes:</b> Public Comment as follows:</p> <ol style="list-style-type: none"> <li><u>Michael Hartman</u></li> </ol> <p>Following Public Comment, Mr. Barger spoke regarding the budget and the certified taxable value for the next budget year.</p> <p>The Committee asked questions and held discussion. Ms. Mentzer commented on the budgeting schedule. Mr. Barger stated that he would send the 2022 Trim Compliance Schedule to the Executive Secretary for it to be shared with the Audit Committee Members.</p>
<b>Member Comments</b>	<p><b>Notes:</b> Vice-Chair Blitzko referenced the Minutes from May 19, 2022, and listed pending topics that he wanted to discuss including the status of the following: the candidate for the Audit Committee, Auditor General Audit and whether the Audit Committee would be involved, the projects that CRI is planning for next year, and the Staff Internal Auditor Position.</p> <p>The Audit Committee Members and staff held discussion and asked questions.</p> <p>Following a comment from Vice-Chair Blitzko, regarding the participation of the Audit Committee Members in the Board Shade Meetings, the Audit Committee Members held discussion and asked questions.</p> <p>Ms. Mentzer requested a legal opinion regarding the Audit Committee Members' participation in the Board Shade Meetings.</p> <p>Following a question from Vice-Chair Blitzko, Mr. Barger and the Audit Committee Members confirmed that the Internal Accounts Audit needed to be done by a CPA.</p>

	<p>Chair Agruso moved forward on the Agenda and invited Cherry Bekaert to respond to a question from Vice-Chair Blitzko.</p> <p>Following the report from Cherry Bekaert, Chair Agruso resumed the order of the Agenda.</p> <p>Board Member Kennedy responded to the question regarding the Audit Committee candidate.</p> <p>The Audit Committee Members continued discussion regarding the pending topics Vice-Chair Blitzko listed.</p> <p>Chair Agruso expressed concern regarding the Audit Committee not being allowed to attend Shade Meetings. Board Member Kennedy stated that as of now, the Audit Committee Members are not allowed to participate in the Board Shade Meetings. Ms. Mentzer stated that the Audit Committee disagreed with that decision.</p> <p>Board Member Kennedy stated that he is aware of the concerns and noted that he would inform the Board. Chair Agruso noted that the Audit Committee Members' concerns would be included in the next Audit Committee Report to the Board.</p> <p>The Committee and Board Member Kennedy discussed the Board's decision regarding the Staff Internal Auditor position.</p> <p><b>Motion:</b> Motion to recommend to the Board to have an in-house Staff Internal Audit Department was made by Vice-Chair Blitzko and seconded by Ms. Mentzer.</p> <p>The motion was approved 2-1. Vice-Chair Blitzko and Ms. Mentzer voted in support of the motion.</p> <p>Ms. Mentzer expressed concern regarding the Audit Committee quorum requirement. The Audit Committee and Board Member Kennedy held discussion.</p> <p>Chair Agruso moved forward on the agenda to the Long Range Capital Plan.</p>
<p><b>Chair/Vice-Chair Elections</b></p>	<p><b>Notes:</b> Chair Agruso stated that her commitment to the Audit Committee would be through September.</p> <p>Ms. Mentzer revisited her recommendation from the previous Committee Meeting for Board Member Kennedy to serve on the Audit Committee as the Chair after his School Board term ends in November.</p> <p>The Audit Committee held discussion and asked questions regarding the Chair and Vice-Chair Elections. Chair Agruso agreed to be the Interim Chair and Vice-Chair Blitzko agreed to be the Interim Vice-Chair.</p> <p>The Committee discussed topics to include on the next Audit Committee Agenda. They listed the following topics:</p> <p>CRI</p> <ul style="list-style-type: none"> <li>• Update on the Exception Tracker</li> <li>• Post Audit Review</li> <li>• Procurement Planning</li> <li>• Schedule Sales Surtax</li> <li>• Internal Accounts</li> </ul> <p>Chair Agruso noted there would be a discussion at the next Committee Meeting on the Chair/Vice-Chair Elections and whether Cherry Bekaert would be doing the External Audits for the 2022-2023 Fiscal Year.</p>

	Chair Agruso resumed the order of the Agenda and moved forward to the Adjournment of the Meeting.
<b>Cherry Bekaert</b>	<p><b>a) Internal Accounts Engagement Letter</b>  <b>Notes:</b> Ms. Strobe provided a brief explanation of the Internal Accounts Engagement Letter and referenced the RedBook to answer Vice-Chair Blitzko's question.</p> <p>Mr. Barger on stated that Chapter 8, Section one, of the RedBook, states that the District School Board should have an Annual Audit of the Internal Funds.</p> <p>The Audit Committee asked questions and held a discussion regarding Internal Accounts.</p> <p>Following the discussion, Chair Agruso stated that she would like to have a motion to recommend the Engagement Letter to the Board.</p> <p><b>Motion:</b> Motion to recommend approval of the Cherry Bekaert Engagement Letter for audit of the Internal Accounts to the Board was made by Ms. Mentzer and seconded by Chair Agruso.</p> <p>The motion was approved 3-0.</p> <p><i>Board Member Kennedy joined the Meeting at 2:47 PM via Teams.</i></p> <p>The Audit Committee continued discussion and asked questions regarding Internal Accounts.</p> <p>Mr. Barger on noted that the District has a standardized corrective action plan template that Executive Directors use during school visits.</p> <p><i>Ms. Kidder and Mr. Smith joined the meeting at 2:53 PM.</i></p> <p>Chair Agruso resumed the order of the Agenda and returned to Member Comments.</p>
<b>Tim Barger on</b>	<p><b>a) Long Range Capital Plan</b>  <b>Notes:</b> Mr. Barger on provided an overview of the Long Range Capital Plan.</p> <p>The Audit Committee held discussion and asked questions regarding the Long Range Capital Plan.</p> <p>Mr. Barger on mentioned that he would share some information regarding Capital transfers with the Audit Committee.</p> <p>Following the overview provided by Mr. Barger on, Vice-Chair Blitzko asked if CRI would be reviewing the Capital Budget. Ms. Kidder stated that CRI would look at the Capital Budget in the second phase of the Budget Report.</p> <p>Ms. Mentzer suggested adding an asterisk or footnotes to the Long Range Capital Plan Report to provide explanations.</p> <p>The Committee held discussion and asked questions regarding data and peer data.</p> <p>Chair Agruso moved forward on the agenda to the CRI Presentation.</p>
<b>Administrative Matters</b>	<p><b>a) Annual Meeting Schedules</b>  <b>b) Upcoming Committee Meetings</b>  <b>Notes:</b> There was no discussion.</p>
<b>CRI</b>	<p><b>a) Benefits Audit</b>  <b>Notes:</b> Mr. Smith provided an overview of the Draft Benefits Audit Report, noting that the Benefits Audit Report focused on elected benefits as it related to the benefits function. He spoke regarding the following functions.</p>

- Benefits Governance
- Compliance with State Statue
- Benefit Vendor Records
- Benefit Elections
- Benefits Deductions
- Systems and Organization Control (SOC) Reports

Chair Agruso asked for clarification regarding the sentence, "Currently benefits are deducted from 22 paychecks". Ms. Kidder provided clarification and stated that the language should be "pay periods" instead of "paychecks."

Following a question from Ms. Mentzer, the Audit Committee and CRI held discussion and asked questions regarding the SOC Reports and the types of levels.

Following a question from Vice-Chair Blitzko regarding the Benefits Audit Report, Ms. Kidder stated that the chart on page 2 should state "Participants" and not "Plans." Mr. Smith provided an explanation for why the month of April was tested.

Following a question from Vice-Chair Blitzko, Ms. Kidder stated that additional language would be added on page 10 under Vendor Records (Benefits -1) to say that CRI compared the vendors roster with 100% of the active employee roster from PeopleSoft.

Vice-Chair Blitzko suggested adding bullet points to the second paragraph, defining SOC Reports in the third paragraph on page 3, and noted that the Benefits Audit Report did not list an estimated completion date. Ms. Kidder agreed. The Audit Committee held discussion and asked questions regarding the estimated completion date.

**Motion:** Motion to send the Benefits Audit Report forward to the Board after the SOC is defined, the estimated completion date is included, "plans" is changed to "participants", "paychecks" is changed to "pay periods", and bullet points are added, was made by Ms. Mentzer and seconded by Vice-Chair Blitzko.

The motion was approved 3-0.

#### **b) Updated Risk Assessment**

**Notes:** Ms. Kidder provided an overview of the potential projects planned by CRI.

- Sales Surtax
- Procurement
- Budget – Phase 2
- Contract Compliance
- Post Internal Review
- Manatee Technical College – Point of Sale (POS)
- Manatee Technical College – Financial Aid
- Internal Accounts – 12 schools at 20 hours each

The Audit Committee held discussion and asked questions regarding the potential projects.

Chair Agruso asked Mr. Barger to follow up with the Superintendent to see if there are any specific schools that she wants CRI to do for the Internal Accounts Audit.

Vice-Chair Blitzko inquired about the involvement of Mr. Barger with the Internal Audits and Internal Risk Assessment. Ms. Kidder stated that Mr. Barger was involved in the Risk Assessment in 2020 and that he will be involved in the next Comprehensive Assessment.

Ms. Kidder stated that CRI would start working on PARS, Procurement, and then Sales Surtax.

#### **c) Feedback**

	<p><b>Notes:</b> Chair Agruso stated that during the last Audit Committee Meeting, the Committee agreed to provide feedback to CRI. The Audit Committee Members shared their comments and provided feedback to CRI.</p> <p>Ms. Mentzer stated that she rated CRI's overall performance as 3.3; Vice-Chair Blitzko stated that he rated CRI's overall performance at 3.0; and Chair Agruso stated that she rated CRI's overall performance at 3.6.</p> <p>The Audit Committee held discussion and asked questions regarding the feedback to CRI.</p> <p>Chair Agruso returned to the Chair and Vice-Chair Elections.</p>
<b>Adjournment</b>	Chair Agruso adjourned the Meeting at 5:11 PM.

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Chairman, Audit Committee

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Note Taker