



## AUDIT COMMITTEE

### Minutes for November 2, 2022 Meeting

<b>Meeting Date</b>	November 2, 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 style="width: 45%;"> <p><b>Committee Members:</b>  Dr. Susan Agruso, Chair  Ginger Mentzer  Skip Wagner  Jim Daniel  Joe Blitzko, Vice-Chair</p> <p><b>Board Members:</b>  Charlie Kennedy  Mary Foreman</p> </div> <div style="width: 45%;"> <p><b>Other Attendees:</b>  Tim Barger, Deputy Superintendent of Business Services  Mark Smith, Carr, Riggs &amp; Ingram  Lorri Kidder, Carr, Riggs &amp; Ingram  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 September 7, 2022</b>  <b>Notes:</b> Ms. Mentzer requested to add the language "of all audits", after the word "scope" on page 3 of the September 7, 2022 Minutes.</p> <p><b>Motion:</b> Motion to approve the September 7, 2022 Minutes with the requested change was made by Mr. Wagner and seconded by Ms. Mentzer.</p> <p>The motion was approved 4-0. Mr. Blitzko abstained from the vote.</p>	
<b>Public Comments</b>	<b>Notes:</b> There were no requests for public comment.	
<b>Member Comments</b>	<b>Notes:</b> Chair Agruso mentioned that the Audit Committee is looking for two Members to fill the two vacancies on the Committee.	
<b>Vote for Chair and Vice Chair</b>	<p><b>Notes:</b> The Audit Committee held discussion and asked questions regarding the Chair and Vice-Chair Selections.</p> <p>Mr. Blitzko nominated Dr. Agruso to be the Chair of the Audit Committee.</p> <p><b>Motion:</b> Motion to elect Dr. Agruso as the Chair of the Audit Committee was made by Mr. Blitzko and seconded by Ms. Mentzer.</p> <p>The motion was approved 5-0.</p> <p>Chair Agruso nominated Mr. Blitzko to be the Vice-Chair of the Audit Committee.</p> <p><b>Motion:</b> Motion to elect Mr. Blitzko as the Vice-Chair of the Audit Committee was made by Chair Agruso and seconded by Mr. Daniel.</p> <p>The motion was approved 5-0.</p>	

CRI	<p><b>a) Sales Surtax Report</b></p> <p><b>Notes:</b> Mr. Smith provided an overview of the 2021-2022 Sales Surtax Report. Following the overview, the Committee held discussion and asked questions.</p> <p><i>Board Member Foreman joined the meeting at 2:24 pm.</i></p> <p>Chair Agruso spoke regarding the Referendum language and held discussion regarding capital projects.</p> <p>Chair Agruso made a motion.</p> <p><b>Motion:</b> Motion for the Audit Committee to advise the District that the Matzke Transportation Office Renovations project is not a proper expenditure for Sales Surtax Funds was made by Chair Agruso and seconded by Mr. Daniel.</p> <p>The motion was approved by 5-0.</p> <p>Mr. Blitzko spoke regarding the Computer Lease-Refresh Schools HP Computer Lease Phase II.</p> <p>The Audit Committee held discussion and asked questions regarding lease accounting and payments.</p> <p>Following a question from Ms. Mentzer, Mr. Bargerone spoke regarding the Blackboard Enterprise and provided details of the project.</p> <p>Ms. Kidder agreed to make the correction of reclassifying the Matzke Transportation Office Renovations to the proper expenditure.</p> <p><b>Motion:</b> Motion to send the Sales Surtax Report to the Board with the correction of the Matzke project was made by Mr. Daniel and seconded by Ms. Mentzer.</p> <p>Mr. Blitzko suggested to change the word "appear" on page 2 in the Sales Surtax Report. Ms. Kidder agreed and noted that the language would be revised.</p> <p>Dr. Agruso restated the motion.</p> <p><b>Motion:</b> Motion to send the Sales Surtax Report to the Board with the correction of the Matzke project and the revision of the language on page 2 was made by Mr. Daniel and seconded by Ms. Mentzer.</p> <p>The motion was approved by 5-0.</p> <p><b>b) Exception Tracker</b></p> <p><b>Notes:</b> Mr. Smith provided an overview of the Exception Tracker and spoke regarding the following topics:</p> <ul style="list-style-type: none"> <li>• Home School Transfers</li> <li>• Payroll Overpayment Accrual</li> <li>• Personnel Report</li> <li>• Construction Operations</li> <li>• Position Control</li> <li>• Benefits</li> </ul> <p>Following the overview, the Committee held discussion and asked questions.</p> <p>Ms. Mentzer mentioned that during the last Committee Meeting, the Committee requested answers to the following two questions:</p>
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- Are evaluations being done?
- Is Human Resource tracking individuals that are accessing the personnel files?

Mr. Smith stated that evaluations are being done and that once the Project Digitize is done, a process would be created to record and keep track of who is accessing the personnel files.

Ms. Kidder noted that the goal before the next Committee Meeting was to complete the PARS.

Chair Agruso noted the PARS that needed to be done as follows:

- Payroll Overpayment Accrual
- Personnel Report
- Position Control

#### **c) Discussion of Proposed Additions to Benefits Audit Action Plan**

**Notes:** Mr. Smith provided an overview of the proposed additions to the Benefits Audit Action plan. He stated that the Service Organizational Controls (SOC) action plan was provided by Mr. Scott Hansen, Chief Technology Officer.

The Audit Committee held discussion and asked questions regarding the SOC Reports.

Chair Agruso requested clarification. She asked if the action plan was for the Benefits Audit, noting two exceptions that had not been addressed. Ms. Kidder stated that the purpose of the action plan is to address the two exceptions.

Following a question from Ms. Mentzer, Chair Agruso suggested inviting Mr. Hansen to speak regarding the process of determining what SOC Reports are needed for new or current vendors, as well as procedures.

#### **d) Update for Audits of Internal Accounts**

**Notes:** Mr. Smith spoke regarding the Internal Accounts Audit and noted that there were 21 schools with principal and bookkeeper changes and noted that out of the 21 schools only 4 were considered with higher risk.

Mr. Smith noted that CRI decided to do 5 schools with principals and bookkeeper changes. He stated that the Internal Accounts Audits will start next week, and he plans to present or give an update at the January Committee Meeting.

The Audit Committee held discussion and asked questions regarding the 5 schools with principal and bookkeeper changes.

Mr. Blitzko asked about the status of hiring an Internal Staff Auditor. Board Member Kennedy noted that the Board had not discussed the topic recently and the topic is on hold.

Ms. Mentzer suggested adding an Agenda Item – Recommendation to Hire Internal Staff Auditor for a future meeting discussion.

#### **e) Progress Update for Procurement Audit**

**Notes:** Ms. Kidder noted and listed the following Audits CRI is planning to work on before the next Audit Committee Meeting:

- Post Audit Reviews
- Procurement
- Budget Phase II

	<p>Ms. Kidder noted that there would be three Audits left after Budget including Contract Compliance, Manatee Technical College (MTC) – Point of Sale (POS) and Manatee Technical College – Financial Aid.</p> <p>Mr. Barger on spoke regarding his resignation and noted that his last day is November 11, 2022.</p> <p>The Audit Committee held discussion and asked questions.</p> <p>Mr. Smith and Ms. Kidder spoke regarding the three Audits and provided details. Ms. Kidder mentioned that Audit Committee Liaisons would be needed for the Contract Compliance Audit.</p> <p>Board Member Kennedy suggested looking at the contracts for substitute teachers.</p> <p>Following the discussion, Mr. Wagner volunteered to work with CRI on the Manatee Technical College - Point of Sale. Ms. Mentzer volunteered to work with CRI on the Contract Compliance Audit and Mr. Blitzko volunteered to work with CRI on the Budget Phase II.</p> <p>Mr. Smith provided an overview of the Procurement Audit and noted that a draft of the Audit would be available at the next Committee Meeting.</p> <p>Chair Agruso moved forward on the agenda to the discussion of Audit Committee Meeting Dates.</p>
<b>Cherry Bekaert Contract</b>	<p><b>Notes:</b> Chair Agruso spoke regarding Cherry Bekaert and asked the Audit Committee if a recommendation would be made to recommend the firm of Cherry Bekaert for auditing services to the School Board.</p> <p>The Audit Committee held discussion and asked questions regarding the External Auditor. They spoke regarding the evaluation and shared their comments with the new Committee Members.</p> <p>Mr. Blitzko suggested meeting with Cherry Bekaert's new partner and manager to discuss any concerns before deciding to recommend the firm.</p> <p>Mr. Daniel suggested inviting Cherry Bekaert to the January Audit Committee Meeting. Chair Agruso agreed and mentioned that she would ask Cherry Bekaert to present the Internal Accounts Report.</p>
<b>AG's Operational Audit</b>	<p><b>Notes:</b> The Audit Committee held discussion and asked questions regarding the Auditor General's Operational Audit Report. They spoke regarding the findings. Chair Agruso noted that two of the three findings were fixed.</p> <p>Mr. Barger on provided an overview regarding financial transparency and mental health awareness training.</p> <p>The Audit Committee held discussion and asked questions.</p> <p>Following a discussion regarding background screening, Chair Agruso noted that the Audit Committee would recommend to the Board to have a Post Audit Report completed by the Internal Auditor.</p> <p>Mr. Barger on stated that the School District submitted Corrective Action Plans to the Auditor General and noted that the School District is required to follow up after 180 days from the report issued to demonstrate that everything in the plans was implemented.</p>

<b>Follow-Up of the AC for Cybersecurity Audits</b>	<p><b>a) The Role of the AC for Cybersecurity</b>  <b>b) Discussion of Proposed AC Subcommittee – Auditor Selection Committee</b>  <u><b>Notes:</b></u> Chair Agruso provided a brief overview of the October 25, 2022 School Board Meeting and noted that the new revisions to the Audit Committee Charter were approved.</p> <p>The Audit Committee held discussion and asked questions regarding cyber security oversight.</p> <p>The Audit Committee reached consensus to leave the Audit Committee Charter as is for the time being.</p> <p>Ms. Mentzer commented on Sunshine Training. Chair Agruso stated that Mr. Stephen Dye would be invited to the next Committee Meeting.</p>
<b>AC Meeting Dates</b>	<p><u><b>Notes:</b></u> The Audit Committee held discussion and asked questions regarding the Audit Committee Meeting Dates.</p> <p><u><b>Motion:</b></u> Motion to accept the 2022-23 Audit Committee Meeting Dates Calendar was made by Ms. Mentzer and seconded by Mr. Wagner.</p> <p>The motion was approved by 5-0.</p> <p>Chair Agruso resumed the order of the agenda and returned to the discussion of the Cherry Bekaert Contract.</p> <p><i>Ms. Kidder and Mr. Smith left the meeting at 3:55 PM.</i></p>
<b>Adjournment</b>	<p>Chair Agruso adjourned the Meeting at 5:13 PM.</p>

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Chairman, Audit Committee

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Note Taker