



## AUDIT COMMITTEE

### Minutes for September 6, 2023 Meeting

<b>Meeting Date</b>	September 6, 2023
<b>Meeting Time</b>	2:00 PM – 5:00 PM
<b>Meeting Location</b>	Walter E. Miller School Support Center
<b>Committee Chairman</b>	Joe Blitzko / Jim Daniel
<b>Attendance</b>	<p><b>Committee Members:</b>            Ginger Mentzer            Skip Wagner            Jim Daniel            Joseph Blitzko, Chairman</p> <p><b>Board Member:</b>            Mary Foreman</p> <p><b>Other Attendees:</b>            Rachel Sellers, Deputy Superintendent of Business Services            Scott Anderson, Director Cherry Bekaert            Anthony Walsh, Senior Manager Cherry Bekaert            Mark Smith, Carr, Riggs &amp; Ingram            Lorri Kidder, Carr, Riggs &amp; Ingram            Cathy Miley, Director of Finance (TEAMS)            Ruth Gruett, Director of Purchasing            Laura Cox, Agency Administrative Associate            Danielle Domicolo, Executive Secretary</p>
<b>Opening</b>	<p><b>a. Call to Order</b></p> <ul style="list-style-type: none"> <li>• Chairman Joseph Blitzko 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 Blitzko announced that the meeting was being audio recorded.</li> </ul> <p><b>c. Review and Accept Minutes from May 3, 2023 and July 12, 2023</b></p> <p><b>Notes:</b> Ms. Ginger Mentzer requested verification that the corrections she submitted were added to the May 3, 2023 minutes. The Agency Clerk confirmed that the changes were made as requested.</p> <p><b>Motion:</b> Motion to approve the May 3, 2023 and July 12, 2023 Minutes was made by Ms. Mentzer and seconded by Mr. Skip Wagner.</p>

	<p>The motion was approved 4-0.</p> <p>Immediately following the approval of the minutes, Mr. Blitzko made a motion to relinquish his seat as Chair. Ms. Mentzer seconded the motion. The committee held discussion. The motion was approved 4-0.</p> <p><b>Motion:</b> Mr. Blitzko made a motion to nominated Mr. Jim Daniel for Chair, Ms. Mentzer seconded.</p> <p>The motion was approved 4-0.</p> <p><b>Motion:</b> Mr. Blitzko nominated Ms. Mentzer for Vice-Chair. Ms. Mentzer did not accept nomination for Vice-Chair. Mr. Blitzko nominated himself for Vice-Chair. Mr. Daniel seconded the nomination.</p> <p>The motion was approved 4-0.</p> <p>For the remaining of the meeting and all forthcoming meetings, until such a time as a new vote takes place, Mr. Daniel will now be referred to as <i>Chair Daniel</i>, and Mr. Blitzko will be called <i>Vice-Chair Blitzko</i>.</p>
<b>Public Comments</b>	<b>Notes:</b> There was no request for public comment.
<b>Member Comments</b>	<b>Notes:</b> There was no request for member comment.
<b>Cherry Bekaert</b>	<p>a. Cherry Bekaert Presentation</p> <p><b>Notes:</b> Chair Jim Daniel introduced Cherry Bekaert representatives Mr. Scott Anderson, Director; and Mr. Anthony Walsh, Senior Manager. Cherry Bekaert representatives shared a presentation that included the following topics:</p> <ul style="list-style-type: none"> <li>• 2023 Audit Environment</li> <li>• Engagement Management Team</li> <li>• Engagement Services</li> <li>• Planned Scope and Timing of the Audit</li> <li>• Audit Committee Perspectives</li> <li>• New Accounting and Reporting Changes</li> <li>• Status Update</li> </ul> <p>Mr. Anderson stated the Internal Accounts audit was conducted by their company in accordance with all general accepted auditing standards, general accepted government auditing standards, and uniformed guidance. The purpose of the audit is to provide the committee the assurance that the district financial reports are in accordance with Governmental Accounting Standards Board (GASB).</p> <p>Chair Daniel asked for clarity on the testing of internal controls. Mr. Anderson and Ms. Rachel Sellers, Deputy Superintendent of Business Services, provided additional information. Ms. Sellers noted that Cherry Bekaert is doing a financial audit and there is not a probe into IT controls. The specific scope is for the systems that generate financial outputs.</p> <p>Committee Member Ginger Mentzer discussed management letters and noted her appreciation for them; she requested that they be included whenever there are any findings.</p> <p>Mr. Anderson requested input from the Committee regarding any District risks they would like to measure. Ms. Mentzer noted the recent personnel changes, which has to potential to raise risk. Ms. Sellers agreed, and mentioned that with new senior staff, answers to audit questions may change.</p>

After a question posed by Committee Member Mentzer, Mr. Anderson noted that there were not any specific concerns with risk considerations at this time, though he noted there was an upcoming evaluation.

Mr. Walsh spoke about the timeline to complete upcoming audits and noted that they are currently working on the Internal Accounts Audit with staff members. He stated that the Internal Accounts Audit is nearing completion and results will be reported at the Audit Committee meeting, January 10, 2024.

Committee Member Mentzer requested a financial calendar to help with future planning of meetings and agendas. Ms. Cathy Miley noted she will provide one to committee members.

*Due to time constraints, Vice-Chair Blitzko requested the meeting move ahead to Ms. Seller's topic of conversation regarding the CRI Engagement Letter and the Audit of Medical Records.*

Ms. Sellers stated that her office started the medical benefits claim payment reviews. She noted that the scope of internal audit firm is to confirm that the medical claims being paid by Meritain to providers, is equal to what was billed to the district. Ms. Sellers stated there was a request for Non-Disclosure Agreement by Meritain. However, neither Carr, Riggs & Ingram, District General Council, nor School Board Attorney, feel this document should be signed as confidential information is not being requested. Ms. Sellers sent a response to Meritain however as of meeting time is still awaiting a reply.

Ms. Sellers noted she will update the Committee and CRI when information is received from Meritain.

Ms. Sellers left the meeting at 3:00 pm, and the Committee returned to the presentation by Cherry Bekaert.

Mr. Anderson continued with the slide presentation *New Accounting and Reporting Changes*. The Committee held discussion.

Mr. Anderson noted that the information on the originally published slide, *Status of Individual Accounts*, was removed due to errors.

Mr. Anderson noted the improvements within the district and the decrease in reported Internal Accounts Audit findings since last years' report. He noted that once findings have been released by Cherry Bekaert, and responded to by each of the schools, the report will be complete.

Vice-Chair Blitzko noted his concern about auditors not coming on site since the COVID pandemic. Mr. Walsh responded by stating they have moved back to face-to-face meetings as well as keeping meetings via remote means when requested.

The committee asked questions and held discussion regarding Cherry Bekaert's access to virtual means of audit. Cherry Bekaert noted remote auditing allows the use of resources from all offices across the state as well as in-office resources.

Ms. Cathy Miley, Director of Finance, stated she was comfortable with the level of service provided during off-site and remote work with Cherry Bekaert.

Vice-Chair Blitzko requested management letters with Cherry Bekaert's suggestions and comments for any disclosures or findings for all audits.

Committee Member Wagner left at 3:05 pm and returned at 4:30 pm.

Chair Daniel called a brief recess at 3:20 pm and resumed the meeting at 3:30 pm.

<p><b>Carr Riggs &amp; Ingram (CRI)</b></p>	<p>Cherry Bekaert representatives left during the recess.</p> <p>a. Audit Report: Manatee Technical College (MTC) Point of Sale</p> <p><b>Notes:</b> On August 8, 2023, the Board approved the Letter of Engagement with Carr, Riggs &amp; Ingram (CRI). Committee Member Mentzer noted the changes, specifically to exhibit A, where the Board removed the Comprehensive Risk Assessment from the approved letter.</p> <p>Mr. Mark Smith, CRI, held discussion with the committee regarding a past finding of the District. Mr. Smith noted follow-up on a prior finding, where information reconciled automatically in Peoplesoft, occurred, and he stated that the finding had been rectified.</p> <p>The Committee asked questions and held discussion with additional information provided by Mr. Mark Smith and Ms. Lorrie Kidder.</p> <p><b>Motion:</b> Mr. Blitzko made a motion to approve the MTC Point of Sale (POS) audit report. Committee Member Mentzer seconded the motion.</p> <p>The motion was approved 3-0. Committee Member Wagner was not present for the vote.</p> <p>b. Audit Report: Contract Compliance</p> <p><b>Notes:</b></p> <p>Mr. Smith, CRI, stated that the company had planned to review two contracts but instead reviewed the following three to get a wider sample for Audit:</p> <ul style="list-style-type: none"> <li>• ESS Southeast</li> <li>• Centerstone</li> <li>• Carroll Air Systems, Inc.</li> </ul> <p>CRI staff noted the audit process and stated recommendations for each contract. Mr. Smith provided additional information to the committee. After a question posed by Vice-Chair Blitzko, the Committee held a discussion regarding criteria of ratings.</p> <p><b>Motion:</b> Mr. Blitzko made a motion for approval of the Contract Compliance Audit Report and Ms. Mentzer seconded.</p> <p>The motion was approved 3-0. Mr. Wagner was not present for the vote.</p> <p>Ms. Kidder requested confirmation of the Board workshop date for the two prior Audits. It was stated an email would be sent to CRI when the items were scheduled for a workshop.</p> <p>c. Update MTC Financial Aid</p> <p><b>Notes:</b> Mr. Smith noted the MTC Financial Aid Audit will be completed and will be presented during the November audit committee meeting.</p> <p>d. Exception Tracker</p> <p><b>Notes:</b> Questions regarding timing and meetings were asked, it was noted that CRI will work with Ms. Sellers and Mr. Ranaldi to address issues regarding these items.</p> <p>Mr. Smith also noted the Project Digitize that had been ongoing since 2019 was complete except students leaving, returning, and moving out of state. Mr. Smith noted there was a District process regarding the records in question.</p> <p>e. Board Approved Engagement Letter</p>
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	<p><b>Notes:</b> This item was discussed earlier in the meeting.</p> <p>f. Internal Accounts Audits</p> <p><b>Notes:</b> Chair Daniel has agreed to be committee liaison to determine which schools to visit for audit.</p> <p>g. Audit Plans Status</p> <p><b>Notes:</b> CRI is waiting on Maratrain documents to begin the Medical Records Review. After a question posed by Mr. Smith, the committee discussed what audits to complete while awaiting information from Meratian. Chair Daniel recommended keeping the claims as top priority. He stated CRI should keep going down the list of Audits such as PCard audit as well as Facility Maintenance.</p>
<b>RFQ-Contracted Internal Auditor- Effective 7/1/2024</b>	<p>Ruth Gruett spoke about the School Board request to complete a Request for Qualifications (RFQ).</p> <p>The contract would include audits beginning July 1, 2024. After discussion by the committee, a potential timeline was developed. It was agreed that the Committee would present the RFQ possibilities to the Board at the October 10, 2023 School Board Workshop.</p> <p><b>Motion:</b> Vice Chair Blitzko made a motion to recommend to the Board that RFQ contract award will have a starting work date of July 1, 2024 seconded by Mr. Daniel.</p> <p><b>Notes:</b> The committee held discussion.</p> <p>The motion failed 1-2 Mr. Wagner was not present for voting (2:28)</p> <p>Committee Member Skip Wagner returned at 4:30 pm.</p> <p><b>Motion:</b> Ms. Mentzer made a motion to not restrict work to the starting date of July 1, 2024.</p> <p><b>Notes:</b> The Committee held discussion.</p> <p>The motion passed 3-1 with Vice-Chair Blitzko as the dissenting vote.</p>
<b>Other New Business</b>	<p>a. Set future meeting dates</p> <p><b>Notes:</b> Chair Daniel stated the next Audit Committee Meeting will be November 1, 2023 with the following meeting January 10, 2024.</p> <p>b. Agenda items for next meeting</p> <p><b>Notes:</b> There was a discussion regarding the need for new members for the Audit Committee.</p>
<b>Next Meeting – November 1, 2023</b>	<p><b>Notes:</b> Chair Daniel stated that the next Audit Committee Meeting will be November 1, 2023. The agenda will be published seven days before the meeting.</p>
<b>Adjournment</b>	<p>Chair Daniel adjourned the Meeting at 4:58 PM.</p>