

**COLUMBUS CITY SCHOOLS  
BOARD OF EDUCATION  
AUDIT AND ACCOUNTABILITY COMMITTEE MEETING**

**January 23, 2020  
at  
Columbus Education Center – Cabinet Room**

**Committee members present:**

James Ragland, Chair, Board Member, Carol Beckerle, Board Member, Jennifer Adair, Board Member, Ilija Vadjon, Community Member, Gregory Jordan, Community Member, Tim Grant, Community Member

**Others present:** Internal Auditor (IA) Carolyn Smith, Stan Bahorek, Maurice Oldham, James Barnes, DeJuan Hood, Monique Jacquet, Jacqueline Bryant, Machel Kline, Jenny Vanover, Jill Laush, Eric Brown, Annette Morud, Kevin O'Connor, Dion Brown, Terri Berchak, Kevin Saionzkowski, Harold Saunders and Carolyn Edwards.

**Committee member absent:** None

Chair Ragland called the regular meeting of the Board of Education Audit and Accountability Committee (the Committee) to order at 3:35 p.m.

Chair Ragland recognized the attendance of Committee Members: Ilija Vadjon, Tim Grant, Carol Beckerle, and Jennifer Adair.

Member Jordan arrived at 4:00 p.m.

**Approval of Minutes**

The motion to approve the minutes of the regular meeting held on October 24, 2019 was made by Member Vadjon and seconded by Member Grant. The motion passed unanimously.

**Committee Operations:**

**Approve Audit Committee Calendar of Activities CY 2020**

IA Smith presented to the Committee the revised Audit Committee Calendar of Activities for CY 2020. IA Smith and the Committee engaged in discussion regarding the Audit Committee Calendar of Activities CY 2020.

Because of the unfamiliarity of the newly appointed members with the document, IA Smith recommended the document be reviewed between now and the February meeting. This would give the new members more time to review the document and ask any questions. A motion to table the Audit Committee Calendar of Activities for CY 2020 and bring back to the Committee at the February meeting was made by Member Adair and seconded by Member Jordan. The motion passed unanimously.

**Consider and Plan for Succession of Committee Members**

IA Smith updated the committee on committee vacancies. IA Smith and the Committee engaged in discussion regarding succession planning for committee members.

Confirm OIA Organizational Independence:

IA Smith explained to the Committee the process for determining OIA's organizational independence. OIA's organizational independence will be shared with the Board at an upcoming meeting.

**Office of Internal Audit Report**

Request for Release of Audit Report(s)

Revenue / Accounts Receivable Audit Report

Mr. Saionzkowski led the discussion on the Revenue / Accounts Receivable Audit Report. The Executive Summary, Audit Scope, and Background were discussed. The period from which transactions and other activities were examined was generally January 1, 2019 through June 30, 2019.

In accordance with our audit plan we conducted an examination of Revenue / Accounts Receivable. The audit examined nine (9) specific general revenue or general fund revenue generating activities which are included in the Background section on Pages 6-7.

The following high-risk issues and recommendations were discussed:

**Issue No. 1** – Management did not perform risk assessment activities for any of the revenue generating activities examined.

**Issue No. 2** – OIA concluded the concepts of business objectives and metrics applied to PILOTs, Medicaid eligible billed services, and NCH billed educational services. Management did not establish business objectives and identify relevant metrics related to those revenue generating activities.

**Issue No. 4** – Management of each of the revenue generating activities examined during the audit did not develop written operating procedures for the revenue generating activities for which they were responsible. In certain instances, management used external legal counsel or third-party service providers for services related to PILOTs, abatement/revenue sharing, Win-Win, and Medicaid eligible billed services. However, management was unable to produce signed contractual agreements with any of the external parties.

**Issue No. 5** – Management has not designed and implemented internal controls relative to the following revenue generating activities: PILOTs; property tax abatements/revenue sharing; Medicaid eligible billed services; and NCH billed educational services. Relative to foster care tuition revenue, while management designed and implemented control procedures, occurrence of the control procedure was not consistently evident and documented.

**Issue No. 6** – During FY 2019 management recorded 12 disbursements totaling \$562,934 paid to a vendor for services rendered as negative revenue rather than as expenditures.

Mr. Saionzkowski, Mr. Bahorek, IA Smith and the Committee engaged in further discussion regarding the Revenue / Accounts Receivable Audit Report.

A motion to approve and release the Revenue / Accounts Receivable Audit Report was made by Member Jordan and seconded by Member Beckerle. The motion passed unanimously.

Buildings and Grounds (B&G) Work Order Process Audit Report

Ms. Berchak led the discussion on the Buildings and Grounds Work Order Process Audit Report.

The Executive Summary and Audit Scope were discussed. The period of time for the audit included all activity relating to the FAMIS work order process from July 1, 2018, through July 31, 2019. Additionally, the aging analysis of the work orders included the period from July 1, 2016, through June 30, 2019.

The following high-risk issues and recommendations were discussed:

**Issue No. 1** – Buildings and Grounds Management does not have written business objectives/goals, metrics, and/or risk analysis for the work order process.

**Issue No. 5** – Lack of sufficient internal controls for the work order process.

Ms. Berchak, Mr. Hood, IA Smith and the Committee engaged in further discussion regarding the Buildings and Grounds Work Order Process Audit Report.

A motion to approve and release the Buildings and Grounds Work Order Process Audit Report was made by Member Grant and seconded by Member Jordan. The motion passed unanimously.

#### Payroll – Overpayment Audit Report

Ms. Berchak led the discussion on the Payroll – Overpayment Audit Report.

The audit period was from July 1, 2018, through April 30, 2019. Additionally, OIA performed a follow-up of the status of repayment for the 24 overpayments reflected as a balance due at the time of the OIA Payroll audit issued on January 28, 2016.

The following high-risk issues and recommendations were discussed:

**Issue No. 1** – Lack of business objectives, metrics, and risk analysis of the Payroll overpayment process. Repeat Issue – in original audit

**Issue No. 2** – Lack of policies and procedures for the Payroll overpayment process. Repeat Issue – in original audit

**Issue No. 3** – Lack of all-inclusive list to track overpayments due the District. Repeat Issue – in original audit

Ms. Berchak, IA Smith, Mr. Bahorek and the Committee engaged in further discussion regarding the Payroll – Overpayment Audit Report.

Member Vadjon suggested the statement at the bottom of Page 6 be framed to reflect the meeting discussion. Member Jordan suggested Issue No. 3 should be revised to reconcile with the bottom comment on Page 6.

A motion to table the Payroll – Overpayment Audit Report until the February committee meeting was made by Member Jordan and seconded by Member Beckerle. The motion passed unanimously.

#### Review all Major Changes to the Annual Audit Plan

Mr. O'Connor informed the Committee there is one major change to the Annual Audit Plan. The LED Lighting project will be added to the plan. The Accounts Payable Audit will be deleted from the plan.

A motion to approve and accept changes to the Annual Audit Plan was made by Member Grant and seconded by Member Vadjon. The motion passed unanimously.

### Review Status of QAIP Activity

Mr. O'Connor explained to the Committee OIA follows the audit Standards in the International Professional Practices Framework (Red Book) for the Quality Assurance Improvement Program (QAIP).

### Internal Audit Activity and Dashboard Report

Mr. O'Connor presented to the Committee an update of the Internal Audit Activity and Dashboard Report. The Committee will provide additional feedback regarding the outstanding issues report via email.

There have been no discernable negative impacts from the Fraud Hotline vendor switch that occurred in November 2019.

IA Smith introduced new OIA team member Harold Saunders. Mr. Saunders effective start date was January 21<sup>st</sup>.

### Adjournment

A motion to adjourn the meeting was made by Member Jordan and seconded by Member Grant. The Committee Chairperson adjourned the meeting at 5:25 p.m.