

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

June 27, 2019

at

Columbus Education Center – Cabinet Room

Committee members present:

Michael Cole, Chair, Board Vice-President, Eric Brown, Board Member, Charles Saunders, Franklin University, Community Member, Ilija Vadjon, The Wendy's Company, Community Member, Tim Grant, Parms+Company, Community Member

Others present: Gary L. Baker, II, Carolyn Smith, Talisa Dixon, Stan Bahorek, John Stanford, Annett Morud, Alesia Gillison, Scott Varner, Allison Holm, Chris Campbell, Chris Ward, Angela Chapman, Scott Wortman, Washington Cole, Mira Wright, Sharon Scott, Wanda Lillis, Jack Fox, Kevin O'Connor, Kevin Saionzkowski, Terri Berchak, Carolyn Edwards, and Alissa Widman Neese.

Committee member absent: Ramona Reyes, Board Member, Gregory Jordan, Community Member

Chair Cole called the regular meeting of the Board of Education Audit and Accountability Committee (the Committee) to order at 3:30 p.m.

Chair Cole recognized the attendance of Committee Members: Charles Saunders, Eric Brown, Ilija Vadjon, and Tim Grant.

Approval of Minutes

The motion to approve the minutes of the regular meeting held on March 26, 2019 was made by Member Saunders and seconded by Member Vadjon. The Committee unanimously approved the minutes.

Committee Operations:

No Report Due

Office of Internal Audit Report

Request for Release of Audit Report(s)

WCBE Special Review Report

Mr. Saionzkowski and Mr. Varner were seated at the table to present the WCBE Special Review Report. The Executive Summary, Audit Objectives, Audit Scope, and Background were discussed.

Mr. Saionzkowski informed the Committee OIA predicated the special review on notification by WCBE management to District upper management in late January 2019 that WCBE owed a significant sum to National Public Radio (NPR) for past due unpaid invoices. WCBE management advised District upper management the unpaid past due amount totaled approximately \$870,000.

NPR provided billing and payment history data and records from July 1999, through January 2019 which OIA used as the period for Objective 1. OIA set the period for Objective 2 as July 1, 2017, through January 30, 2019. The end of both periods coincided with the date the District removed the WCBE general manager from his duties and reassigned him.

The following high and moderate-risk issues and recommendations were discussed:

Issues No. 1 and No. 5 – WCBE Unpaid Past Due Invoices – NPR and Other Vendors.

Issue No. 2 – Modified Invoices Supporting Payments to NPR and Other Vendors.

Issue No. 3 – WCBE’s Operations Funding Model Creates Significant Risk.

Issue No. 4 – WCBE’s Current Operations Represent Significant Risks.

Issue No. 6 – Use of Personal Funds, Undeposited Cash Receipts and Unapproved District Vendor.

Issue No. 7 – Accounts Payable Supervisor Privileges to Change Vendor File Standing Data.

Issue No. 8 – Opportunity to Improve Internal Control and Reduce Risk Through Electronic Vendor Invoice Submission.

Mr. Saionzkowski, Mr. Bahorek, Mr. Varner, Ms. Lillis, President Baker and the Committee engaged in further discussion regarding WCBE’s unpaid / modified past due invoices.

A motion to approve and release the WCBE Special Review Report was made by Member Grant and seconded by Member Vadjon. The Committee was all in favor.

FY 2018-19 High School Audits Report

Mr. O’Connor, Mr. Ward, and Mr. Campbell were seated at the table to present the FY 2018-19 High School Audits Report.

The Executive Summary, Audit Scope and Background were discussed. The review period was various points in the 2017-18 and 2018-19 school years, depending on when OIA performed the audit of each high school. Our specific audit scope for each audit included the preceding nine months.

The following high-risk issue and recommendations were discussed:

Issue No. 1 – Processes and procedures are not complete and do not contain specific actions needed to ensure building access is current, complete, and accurate.

Mr. O’Connor, President Baker, Mr. Ward, Mr. Fox and the Committee engaged in further discussion regarding Issue No. 1.

Mr. Ward shared with the Committee the building access responsibilities fall under Safety & Security. All of the District’s alarm systems will be integrated into one robust system. Improvements are being made until the new system is actually in place.

A motion to approve and release the FY 2018-19 High School Audits Report was made by Member Saunders and seconded by Member Vadjon. The Committee was all in favor.

Review OIA Charter, Risk Assessment, Staffing, Organizational Structure, and Budget of the Internal Audit Department.

Office of Internal (OIA) Audit Charter

Mr. O'Connor informed the Committee OIA follows the Red Book *Standards* published by the Institute of Internal Auditors (IIA). An update of the *Standards* was issued in 2017.

In reviewing OIA's Charter we noted a couple of items had not been adopted from the update. A handout of the revised Charter was provided to the Committee.

A motion to approve and release the amended OIA Charter was made by Member Brown and seconded by Member Vadjon. The Committee was all in favor.

OIA FY 2020 Annual Audit Plan

Ms. Smith directed the Committee to the OIA FY 2020 Annual Audit Plan handout in their meeting packets.

The FY 2019 Carry-Over audits were identified. The hours of the audits could change depending on circumstances.

A motion to approve and release the FY 2020 OIA Risk Assessment & Annual Audit Plan for Board approval was made by Member Saunders and seconded by Member Grant. The Committee was all in favor.

Internal Audit Activity and Dashboard Report

Ms. Smith explained to the Committee the layout of the Internal Audit Activity and Dashboard Report.

Additions to the FY 2019 audit plan include the WCBE Special Review. Deletions to the audit plan include Audit Job No. 4 – Employee Relations Follow-up and Audit Job No. 13 – Revenue/Accounts Receivables.

Mr. O'Connor shared with the Committee the non-audit activities for the current month and activity planned for the months of July – September.

The QAIP external assessment review will be performed by ALGA the week of July 22nd. All audit work papers will be completed in TeamMate for audit jobs contained in the FY 2020 Annual Audit Plan.

OIA Staffing and Budget

Ms. Smith informed the Committee as we go into FY 2020 staffing will remain the same, however, one open vacancy will be filled. OIA FY 2020 budget increased from FY 2019 due to management of the TeamMate automated software. The budget increase was approved at the June 18, 2019 Board of Education meeting.

The Committee congratulated Ms. Smith on her GASB Board Member appointment.

Risk Management and Mitigation Report

Move to August Meeting

Ethical and Legal Compliance Report

No Report Due

Financial Reporting

Moved to August Meeting

Future Business

Succession Planning

Ms. Smith and the Committee engaged in discussion regarding the Succession Planning audit.

Other Business

Ms. Smith requested adding a September 26 meeting to the calendar. The Committee was all in favor.

Adjournment

A motion to adjourn the meeting was made by Member Grant and seconded by Member Brown. The Committee Chairperson adjourned the meeting at 5:10 p.m.