

# THE SCHOOL DISTRICT OF OSCEOLA COUNTY, FLORIDA

817 Bill Beck Boulevard • Kissimmee • Florida 34744-4492  
Phone: 407-870-4600 • Fax: 407-870-4010 • [www.osceolaschools.net](http://www.osceolaschools.net)

## SCHOOL BOARD MEMBERS

District 1 – Teresa “Terry” Castillo – Vice-Chair  
407-577-5022  
District 2 – Bethzaida Garcia  
689-318-7667  
District 3 – Anthony Cook  
689-318-7690  
District 4 – Heather Kahoun - Chair  
689-241-7822  
District 5 – Paula Bronson  
689-318-7674



Superintendent of Schools  
Dr. Mark Shanoff

## Agenda

### **Audit Advisory Committee Meeting**

#### **Bill Collins Conference Room**

817 Bill Beck Blvd.  
Kissimmee, FL 34744

**Tuesday, February 18, 2025**

**10:00 A.M**

1. Welcome New Members
2. Approval of the October 24, 2024, Meeting Minutes
3. Sunshine Law Presentation (General Counsel)
4. FY 2024 Annual Comprehensive Financial Report (MSL)
5. Internal Audit Update (RSM)
  - a. Risk Assessment Update
  - b. Proposed Internal Audit Plan
6. Next Meeting Date: TBD

## Audit Advisory Committee Meeting Minutes October 24, 2024

**Members Present:** Terry Castillo, Kevin Crawford, Lori Giambrone, Javier Paz

**Members Absent:** Mark Cross, Karen M. Giel, Cassandra Harris-Starks

**Others/Guests:** Dr. Mark Shanoff, Sarah Graber, Angela Barner, Jose Gonzalez, Frank Kruppenbacher, Jennifer Christensen (CRI), Patrick Own (CRI), Laura Manlove (RSM) and Michelle Coppola (RSM)

**Location:** Bill Collins Conference Room

Chair Kahoun called the meeting to order.

- **Minutes**

The March 7, 2024, Meeting Minutes were approved with all ayes.

- **FY 2024 Internal Funds Audit**

This year's audit for the school internal funds was presented by Jennifer Christensen, with Carr Riggs & Ingram. A total of 55 schools were audited. Noteworthy improvements in current year:

- 80% of schools had 1 or less findings
- No schools had 4 or more findings

The auditors most common finding was deficiencies:

- Monies not being turned in to office timely

Auditors recommended additional training at the school-level to review the deficiencies reported.

Auditors district-wide recommendations were improvement points on spending down of excess funds and IT general controls. Comments were received and questions from the committee were answered by Jennifer Christensen.

Discussion on moving forward to a cashless upfront payment system. The District is in favor of implementing new guidelines by next school year.

- **FY 2024 Charter School Audits**

A summary of Charter School Audits for fiscal year ended June 30, 2024 was presented by Angela Barner. A total of 26 Charter Schools were audited.

- Negative Fund Balance: 4; three charter schools had a negative fund balance in individual funds and one charter school had a negative fund balance in Total Governmental Funds.
- Positive Fund Balance: 22
- No Audit Findings: 25
- Audit Findings: 1

- **Grants Management Design Assessment**

The Grants Management Design Assessment audit was presented by Laura Manlove and Michelle Coppola, with RSM.

A report was presented with a detail observations matrix section of the following:

- Grants Management Organization Structure and Communication
- Grants Management Policies and Procedures
- Segregation of Duties
- Defined Roles and Responsibilities
- Centralized Grants Management Monitoring
- P-Card Grant Expenditure Approvals
- Grants Review and Approvals
- Research, Evaluation, and Accountability Coordination and Reporting

Frank Kruppenbacher and Superintendent Shanoff commented Sarah Graber for spearheading the Grants Management Design Assessment.

Discussion about the reasons for implementing the audit and the direction the District is taking with the Grants Management Department.

- **Internal Audits Update**

Laura Manlove, provided a summary of the audit reports with open items, follow up in progress and closed reports.

- Entity Level Audit Areas: Whistleblower Hotline Verified as closed.
- Human Resources and Employee Relations (July 2022)

Comments were received and questions from the committee were answered by RSM

- **Recognition of Outgoing Members**

Javier Paz, an AAC member, received praise from Sarah Graber for his contributions to the Audit Advisory Committee. She mentioned that due to the term completion of School Board Member Arguello, Mr. Paz's term has come to an end.

Sarah Graber mentioned that AAC Member Mark Cross, who is unable to attend today's meeting, has also completed his term on the Audit Advisory Committee.

Chair Kahoun adjourned the meeting.

**AAC Meeting Date:**

The next Audit Advisory Committee Meeting TBD (*Late January/Early February*)



# Sunshine Law

**Sarah Wallerstein Koren**  
**General Counsel**

Audit Advisory Committee

February 18, 2025



# Sunshine Law

Advisory boards and committees created by public agencies may be subject to the Sunshine Law, even though their recommendations are not binding upon the entities that create them. The “dispositive question” is whether the committee has been delegated “decision-making authority,” as opposed to mere “information-gathering or fact-finding authority.” *Sarasota Citizens for Responsible Government v. City of Sarasota*, 48 So. 3d 755, 762 (Fla. 2010).

“Where the committee has been delegated decision-making authority, the committee’s meetings must be open to public scrutiny, regardless of the review procedures eventually used by the traditional governmental body.” *Id. Accord Florida Citizens Alliance, Inc. v. School Board of Collier County*, 328 So. 3d 22 (Fla. 2d DCA 2021), quoting extensively from *Sarasota Citizens for Responsible Government*, in finding that textbook evaluation committees created by the superintendent pursuant to school board policy to recommend textbooks, had been delegated decision-making authority and were therefore subject to the Sunshine Law even though the school board made the final decision to approve the textbooks.

# Sunshine Law

The Sunshine law requires that:

- 1) Meetings must be open to the public,
- 2) Reasonable notice of such meetings must be given, and
- 3) Minutes of the meeting must be taken.

The Sunshine law applies to all discussions or deliberations as well as the formal action taken. The law, is applicable to any gathering, whether formal or casual, of two or more members of the same board or commission to discuss some matter on which foreseeable action will be taken by the public board or commission. There is no requirement that a quorum be present for a meeting to be covered under the law.

All voting and discussion must be open to the public. The use of preassigned numbers, codes or secret ballots would violate the law.

# Sunshine Law

The Sunshine Law requires boards to meet in public; boards may not take action on or engage in private discussions of board business via written correspondence, e-mails, text messages, or other electronic communications.

Members of an advisory committee created to make recommendations to the superintendent on school attendance boundaries violated the Sunshine Law when they exchanged private electronic communications (emails and Facebook messages) relating to committee business. *Linares v. District School Board of Pasco County*, No. 17-00230 (Fla. 6th Cir. Ct. January 10, 2018), available online in the Cases database at the open government site at [myfloridalegal.com](http://myfloridalegal.com). See also AGO 89-39 (members of a public board may not use computers to conduct private discussions among themselves about board business).

# Sunshine Law

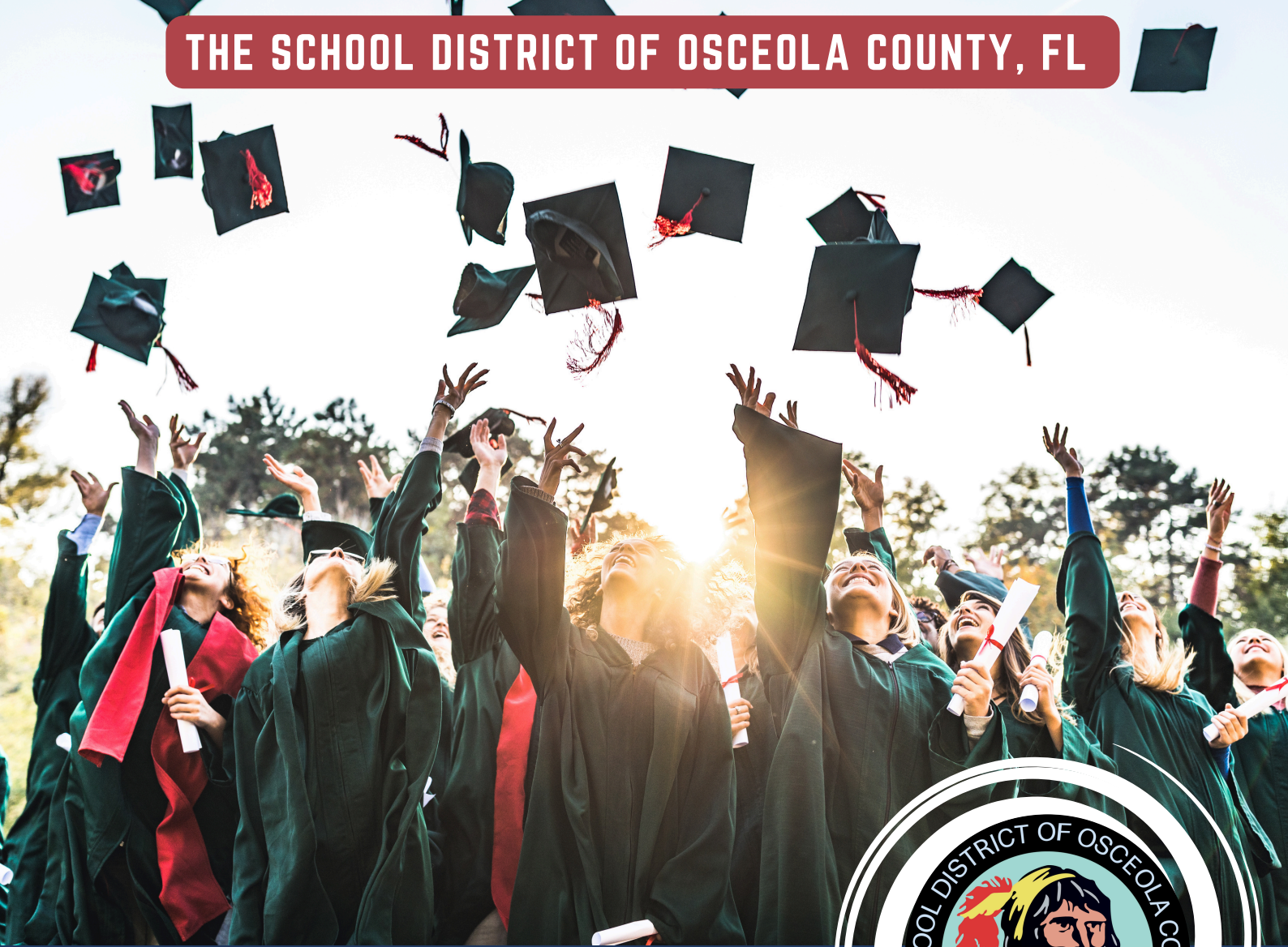
Prior to the adoption of s. 286.0114, F.S. (2013), Florida courts had determined that s. 286.011, F.S., provides a right to attend public meetings, but does not provide a right to be heard. See *Herrin v. City of Deltona*, 121 So. 3d 1094, 1097 (Fla. 5th DCA 2013) (phrase “open to the public” as used in s. 286.011, F.S., means that “meetings must be properly noticed and reasonably accessible to the public, not that the public has the right to be heard at such meetings”). See also *Keesler v. Community Maritime Park Associates, Inc.*, 32 So. 3d 659 (Fla. 1st DCA 2010), *review denied*, 47 So. 3d 1289 (Fla. 2010); and *Grapski v. City of Alachua*, 31 So. 3d 193 (Fla. 1st DCA 2010), *review denied*, 47 So. 3d 1288 (Fla. 2010).

However, as the court observed in *Herrin*, s. 286.0114(2), F.S., now mandates that “[m]embers of the public shall be given a reasonable opportunity to be heard on a proposition before a board or commission.” The opportunity to be heard does not have to occur at the same meeting at which the board or commission takes official action if the opportunity “occurs at a meeting that is during the decision making process and is within reasonable proximity in time before the meeting at which the board or commission takes the official action.” Section 286.0114(2), F.S.



Portions of this presentation excerpted from the 2024 Government in the Sunshine Manual:

[2024-government-in-the-sunshine-manual-web.pdf](#)  
[\(myfloridalegal.com\)](#)



# Annual Comprehensive Financial Report

Fiscal Year ending June 30, 2024

## School Board Members

Heather Kahoun  
Chair

Terry Castillo  
Vice Chair

Julius Melendez

Jon Arguello

Seat 5 - Vacant

Mark Shanoff, Ed.D.  
Superintendent

Sarah E. Graber, CPA, CGFO  
Chief Business and Finance Officer

Mari Espinal  
Director of Finance

# School District of Osceola County

Audit Presentation for the  
Fiscal Year Ended June 30, 2024

Presented by:  
Joel Knopp, CPA  
Shareholder





# District Audit Overview

**MSL**

FLORIDA ROOTS. GLOBAL REACH.

# Scope of District Audit

- Audit was conducted under the following standards:
  - Generally Accepted Auditing Standards
  - Generally Accepted Governmental Auditing Standards
  - Uniform Guidance
  - Florida Statutes
  - Rules of the Florida Auditor General

# Required Communications

- No significant findings or difficulties encountered
- No corrected or uncorrected misstatements noted
- Management representations were received

# Reports Issued

- Independent Auditor's Report on Basic Financial Statements – Pg. 1
- Report on Internal Control over Financial Reporting and Compliance – Pg. 158
- Report on Single Audit of Federal Awards – Pg. 160
- Schedule of Findings and Questioned Costs – Pg. 163

# Reports to be Issued (*Cont.*)

- Summary Schedule of Prior Audit Findings – N/A
- Management Letter and Examination Report on Investment Compliance – Separate letters
  - One management letter comment – review purchasing card approval process to ensure each purchase is approved by a District administrator





# Financial Data

**MSL**

FLORIDA ROOTS. GLOBAL REACH.

# Statement of Net Position Data

(in millions)



	<b>6/30/24</b>	<b>6/30/23</b>
Total Assets and Deferred Outflows	\$ 2,187	\$ 1,954
Total Liabilities and Deferred Inflows	\$ 832	\$ 720
Net Position	\$ 1,355	\$ 1,234
Current Ratio (Current Assets/Current Liabilities)	10.89	13.56

# Net Position Detail (in millions)



	<b>6/30/24</b>	<b>6/30/23</b>
Net Investment in Capital Assets	\$ 972	\$ 774
Restricted	\$ 630	\$ 650
Unrestricted (Deficit)	\$ (247)	\$ (190)
Total Net Position	\$ 1,355	\$ 1,234

# Change in Net Position Data

(in millions)



	<b>Year Ended 6/30/24</b>	<b>Year Ended 6/30/23</b>
Total Revenues	\$ 1,083	\$ 1,028
Total Expenses	\$ 962	\$ 851
Increase in Net Position	\$ 120	\$ 177

# General Fund Balance Sheet Data

(in thousands)



	<b>6/30/24</b>	<b>6/30/23</b>
Total Assets	\$ 101,808	\$ 98,235
Total Liabilities	\$ 9,272	\$ 9,588
Fund Balance		
Nonspendable	\$ 3,274	\$ 3,835
Restricted	\$ 30,567	\$ 33,933
Assigned	\$ 15,967	\$ 5,541
Unassigned	<u>\$ 42,728</u>	<u>\$ 45,338</u>
Total Fund Balance	\$ 101,808	\$ 88,647

# General Fund Activity Data

(in thousands)



	Year Ended 6/30/24	Year Ended 6/30/23
Total Revenues	\$ 650,770	\$ 607,070
Total Expenditures	\$ 666,346	\$ 617,698
Other Financing Sources (Uses)	\$ 19,464	\$ 11,605
Net Change in Fund Balance	\$ 3,888	\$ 977
Assigned and Unassigned Fund Balance as a Percentage of Total Revenues – must exceed 3%	9.0%	8.4%
<b>Average for School District AFRs Statewide for FYE 6/30/23</b>		11.73%

# Questions or Comments





## MSL, P.A is now **Forvis Mazars LLP**

- MSL joined up with Forvis Mazars on November 1, 2024
- Forvis Mazars is a Top-10 professional services firm which operates in over 100 countries and territories
- We are excited about the opportunities for our people and our clients
- Continued commitment to providing an unmatched client experience with more resources and expanded service offerings
- Same quality service, same client service team, just under a different name



## Memorandum

Date:	February 18, 2025
To:	The Audit Committee of Osceola County Schools
From:	RSM Internal Audit Team
Subject:	Proposed Internal Audit Plan —Fiscal Year 2024–25 Additional High-Risk Discussion Topics

The purpose of this memorandum is to document the scope of Additional High-Risk Discussion Topics for the Proposed Internal Audit Plan for fiscal year ending June 30, 2025 (“FY 2024-25”) identified during the risk assessment process.

### **Objective**

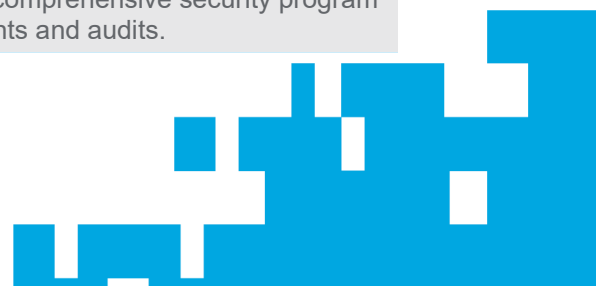
In the Proposed Internal Audit Plan FY 2024-25 report dated February 18, 2025, RSM provided the results of the updated risk assessment for the proposed internal audit plan. The objective of the risk assessment and proposed internal audit plan was to provide the School Board areas evaluated as having a relatively high-risk profile or that otherwise requires internal audit attention for various reasons.

Our risk assessment was conducted utilizing a broad-based business view of risk. We conducted interviews with each of the School Board members to gain an understanding of their perspective of risk, focusing on their objectives in order to identify potential risks. We also conducted interviews with the Superintendent, as well as the Superintendent’s leadership team, various department heads and other personnel within the District to identify risks, vulnerabilities, and potential opportunities. In addition, we reviewed media coverage and School Board meeting agendas, minutes, and other available documentation.

### **Results**

Below are additional high-risk discussion topics identified for consideration.

Additional High-Risk Internal Audit Areas	
<b>Cybersecurity Maturity Assessment</b>	Cybersecurity is an important priority within the public sector. Threats are constantly changing and evolving; thus, this area is inherently high-risk. Organizations, like school districts, are often under constant attack from external threats. As attack methods have evolved, so have the requirements for safeguarding user, student and District information. Likewise, it is important to measure the current-state security of technology assets to understand their ability to defend against threats. RSM’s cybersecurity maturity assessment is designed to evaluate the maturity of an organization’s security program through a review of its current set of controls and uses a prioritized approach to identify weak or missing controls that could increase the security or compliance risk. This assessment is a critical benchmarking tool in the development of a comprehensive security program and for determining readiness for future assessments and audits.



<b>Additional High-Risk Internal Audit Areas</b>	
<b>Payroll</b>	Payroll administration is a recurring process with high financial impact. A significant portion of the District’s budget comprises payroll costs and the related taxes and benefits. Inherent risks to the payroll administration process may include incompleteness, inaccuracy, or lack of timeliness in the payroll process, as mandated by the District’s policies and procedures. Other risks include changes to payroll and supplemental payments not being appropriately calculated, approved, and supported.
<b>Property Control</b>	This function is responsible for accurately maintaining property records, safeguarding all property, conducting an annual inventory of all tangible property owned, accurately recording acquisitions, deletions and other changes into the database file in a timely and appropriate manner, as well as determining compliance with state statute, organization policies and other laws and regulations as they relate to capital assets. This function also provides appropriate property-related information and training to relevant departments.
<b>Purchasing Cards (“P-Cards”)</b>	Purchasing Cards exist to give organizational leaders autonomy and efficiency in purchasing goods and services necessary to the continuation of business operations. Because purchases are reviewed and approved after the expenditures have been made, Purchasing Card use is inherently high-risk. Robust policies, procedures, and review processes are essential to detecting and preventing inappropriate, incompletely supported, or delayed purchases.
<b>Student Discipline</b>	Nationally, school districts are experiencing an increase in student behavior incidents, prompting widespread discussions to identify contributing factors and develop effective solutions. Decentralized decision-making regarding behavior classifications and corrective actions presents a risk of inconsistent application of discipline strategies across schools. Other risks include outdated, inadequate, or undocumented policies and procedures surrounding corrective actions; alternative placement and approval processes; noncompliance with applicable policies, laws and regulations; and reputational damage
<b>Transportation Operations</b>	In addition to vehicles owned by the District for daily operation, the District also owns vehicles dedicated to the transportation of enrolled students. Known as the “yellow fleet,” these vehicles are specifically purposed to transport students throughout the District. The main focus of this audit is to assess District policies and procedures and compliance with relating to the management of the student transportation. This includes review of scheduled routes, student ridership tracking, assignment of extra duty activity, fuel management, fleet maintenance, and acquisition and disposal of fleet vehicles.
<b>White Fleet Operations</b>	The District manages many types of vehicles including vans, trucks, trailers, cars, and other equipment necessary for effective operation of the District’s functions. This fleet of vehicles that is utilized to transport employees for District business is called the “white fleet.” Many times, Districts have acquired these vehicles but may not have a process in place to identify when an employee should use a District vehicle rather than their own, where the vehicles should be kept, who should have an assigned vehicle, whether the District should have a pool of vehicles available for employee use, what the scheduled maintenance for the vehicles should be and who is responsible for maintenance and upkeep.



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# School District of Osceola County, Florida Proposed Internal Audit Plan Fiscal Year 2024-25

February 18, 2025



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## TRANSMITTAL LETTER

February 18, 2025

The Audit Committee of  
The School Board of Osceola County, Florida  
817 Bill Beck Boulevard  
Kissimmee, Florida 34744-4492

We hereby submit the proposed internal audit plan to the School Board of Osceola County ("School Board") ("District") for fiscal year ending June 30, 2025 ("FY 2024-25"), to assist the School Board in identifying and prioritizing key risks impacting its current operating environment, and the requirements of Florida Statute 1001.42.

We applied a broad-based, business view of risk, linked to the annual budget and operations, and conducted interviews with Board members and the Superintendent to gain an understanding of their objectives and identified risks. We conducted interviews with select members of the Senior Leadership team to identify opportunities and vulnerabilities. This audit plan is *on-line real-time* and will be consistently presented in *draft* form because it is a *living document*. As factors change and situations arise, this plan can and will change.

The objective of this risk assessment was to develop a proposed internal audit plan, the purpose of which is to identify those areas determined as having a relatively high-risk profile or that otherwise require internal audit attention for various reasons. As part of this risk assessment, 'risk' focuses on financial, strategic, performance/operational, and compliance risk, as well as the general effect of public perception related to District-wide activities and initiatives.

We would like to thank the School Board members, Senior Leadership, management, various departments, and staff involved in assisting with the risk assessment process.









Respectfully Submitted,

*RSM US LLP*

**RSM US LLP**



## PROCESS OVERVIEW

Objectives	Risk Classifications
<p>This process is intended to assist in analyzing risk impacting the District’s current operating environment, including inherent and residual impacts and likelihood, and to identify the key risks impacting the current operating environment, functions, and activities. Objectives included the following:</p> <ul style="list-style-type: none"> <li>Identify and prioritize key risks impacting the District’s current operating environment, functions, and activities.</li> <li>Refresh the District’s risk profile and enhance management’s awareness of risks, as applicable.</li> <li>Facilitate discussions with management regarding risk ownership and mitigation activities.</li> <li>Develop a proposed internal audit plan for the District.</li> </ul>	<p>Risk classifications serve as the framework for assessing and prioritizing the risk model. RSM classified each of the risks into one or more of the following categories:</p> <ul style="list-style-type: none"> <li><b>Compliance</b>   Compliance with applicable laws and regulations.</li> <li><b>External Factors</b>   Known and emerging market trends, industry regulations, external stakeholder expectations, political, environmental, social, and technological unexpected events.</li> <li><b>Finance</b>   Oversight and internal controls over budgeting and forecasting, procurement, financial reporting, endowment, and utilization of resources.</li> <li><b>Human Resources</b>   Policies, procedures, and practices for attracting, training, and maintaining a qualified, skilled, and diverse workforce.</li> <li><b>Operations</b>   Effectiveness and efficiency of processes and communications across departments to achieve strategic, financial, and operational objectives.</li> <li><b>Reputation</b>   Ability to anticipate and mitigate risks that could adversely affect external perceptions of the organization.</li> <li><b>Strategic</b>   Executive level oversight, planning and reporting processes established to achieve strategic objectives including monitoring performance and organizational alignment to meet objectives.</li> <li><b>Technology</b>   A sufficient IT infrastructure and environment to meet the needs of the District. Oversight and internal control over data integrity, business continuity, disaster recovery, data privacy, general and application controls, and cybersecurity.</li> </ul>
Approach	
<ol style="list-style-type: none"> <li><b><u>Identify and Measure Risk</u></b> <ul style="list-style-type: none"> <li>Conducted interviews with key stakeholders to identify current risks.</li> <li>Reviewed the District’s strategic plan, financial statements, current events, prior risk universe, and other information as deemed applicable.</li> </ul> </li> <li><b><u>Prioritize risk</u></b> <ul style="list-style-type: none"> <li>Evaluated the level of risk within each process area, considering the frequency with which it was mentioned during the interviews and the severity of potential impact on District operations and fulfillment of objectives.</li> <li>Evaluated risk across various classifications, such as: Reputation, Technology, Compliance, Finance, External Factors, Operations, Human Resources, and Strategic.</li> </ul> <p>Note: RSM evaluated and prioritized risks based on information obtained from interviews, severity of impacted business operations, and interference with fulfillment of District objectives. Our review did not include detailed testing of source documents.</p> </li> <li><b><u>Communicate Results</u></b> <ul style="list-style-type: none"> <li>Prepared an overall risk profile by classification.</li> <li>Reviewed risk profile and deliverable with the Superintendent, the Board and the Audit Committee.</li> </ul> </li> </ol>	



## PROCESS OVERVIEW (CONTINUED)

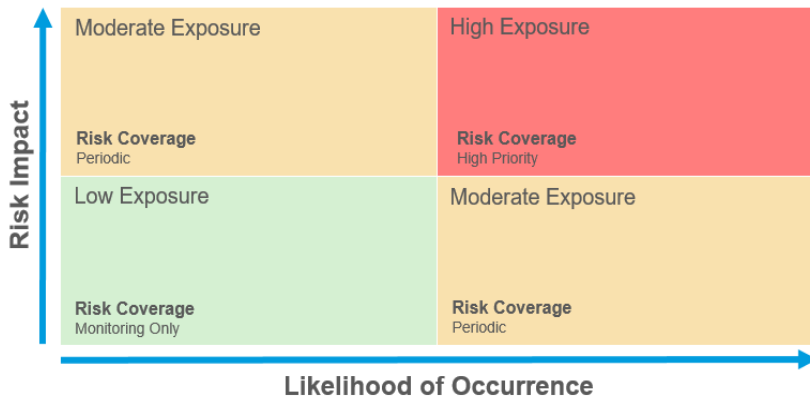
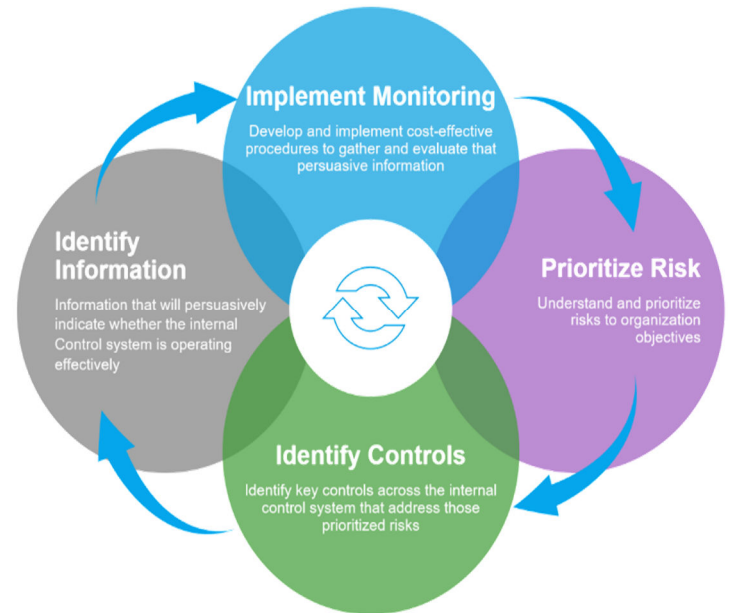
As previously noted, the objective of this risk assessment is to provide the School Board with a proposed internal audit plan that has coverage of those areas evaluated as having a relatively high-risk profile or that otherwise require internal audit attention for various reasons.

Our approach is based on the widely accepted Committee of Sponsoring Organizations (“COSO”) guidance on monitoring Internal Control Systems as shown to the right.

Preparing the proposed internal audit plan from the risk assessment will facilitate that resources are focused on areas, which are currently of most immediate concern to the District at this point in time. Our risk assessment considers ‘inherent risk’, which is the risk of a function in an environment void of controls. Therefore, functions that are inherently high-risk may be included in the proposed internal audit plan; although their inclusion does not mean ‘issues’ or concerns currently exist, but rather that the high-risk nature of the function is such that a higher potential exists for issues to develop. This proposed internal audit plan is *on-line real-time* and will be consistently presented in *draft* form because it is a *living document*. As factors change and situations arise, this proposed internal audit plan can and will change.

The chart below illustrates the exposure environment for positioning the District’s risks and evaluating the desired response based upon the likelihood of occurrence and priority of risk concerns. The proposed internal audit plan generally focuses on areas or functions that are high exposure and high priority (the upper right quadrant). We also consider other areas that are not included in this quadrant to insert a level of unpredictability into the proposed internal audit plan and risk assessment process in order facilitate District-wide awareness that all business units, functions, and processes may be subject to an internal audit at any time.

A proposed internal audit plan generally focuses on areas or functions that are high exposure and high priority, at a point in time.



### Inherent Risk

- ❖ Risk of an occurrence before the effect of any existing controls.
- ❖ If you were building this process, what would you be concerned about?
- ❖ What can we not prevent?

### Residual Risk

- ❖ Risk remaining after the application of controls.
- ❖ Potentially reduced impact or likelihood.



## PROCESS OVERVIEW (CONTINUED)

Our risk assessment was conducted utilizing a broad-based business view of risk. We conducted interviews with each of the School Board members to gain an understanding of their perspective of risk, focusing on their objectives in order to identify potential risks. We also conducted interviews with the Superintendent, as well as the Superintendent's leadership team, various department heads and other personnel within the District to identify risks, vulnerabilities, and potential opportunities. In addition, we reviewed media coverage and School Board meeting agendas, minutes, and other available documentation. Our research and discussion with various levels of leadership within the District provides broad insight and understanding of potential risk from the perspectives of key process owners.

We evaluated the level of risk present in each area / function, across a standard spectrum of industry-accepted risk categories as follows:

<b>Control Environment</b>	Describes the overall tone and control consciousness of the process / function. It involves the integrity, ethical values, and competence of personnel as well as management philosophy and operating style.
<b>Change</b>	Addresses the extent to which change has affected or is expected (in the near term) to affect the process / function, including changes in key personnel, statutes, the organization, its products, services, systems, or processes.
<b>Process Risk</b>	Addresses the inherent risk of the activities performed by the process / function, including assets managed or in the custody of the process / function. Process risk addresses the extent of support the process / function provides to vital District functions, including the threat to continuity of the District caused by failures or errors: the probability of failure due to the amount of judgment, academic, or technical skill required to manage the unit or perform key activities.
<b>External Factors</b>	Describes the environment in which the process / function operates and the type and amount of external interaction in which the process / function engages. Factors to consider include overall District and regulatory environment, the level of interaction with stakeholders and success in satisfying their requirements, the financial reporting environment, and results of regulatory compliance audits.
<b>Revenue Source / Materiality</b>	Describes resources available and expended by the process / function. Factors to consider include the originating source of funds for a process / function, function budget, function spend, availability and use of other resources, and significance of impact to the overall operation of the District.

A strong, high-functioning internal audit process has a balance of all types of internal audits and reviews.





## PROCESS OVERVIEW (CONTINUED)

Florida Statute 1001.42 requires any School District receiving annual federal, state, and local funds in excess of \$500 million to employ an internal auditor. To assist District's Board with adherence to Florida Statute 1001.42, this proposed internal audit plan has been developed for the Board's consideration. In addition, and in alignment with professional standards such as the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing and AICPA consulting standards, fully functioning audit operations and function should include systematic audits selected through this process, ad hoc audits as new facts emerge, or requests by the School Board. In addition, it should include:

### Update Risk Assessment and Audit Plan Development

Risk is not stagnant; it is constantly evolving. As factors change and situations arise, this plan can and will change. The high-risk areas of focus and proposed internal audit plan should be updated annually.

### Follow-up Procedures

Auditors should establish a follow-up process to confirm that management actions have been effectively implemented or that Management has accepted the risk of not taking action. Included within each report provided, for each audit completed, a Management Response section will be added for Management to respond and include an action plan for remediation (if needed), as well as a targeted date of completion. Follow-up procedures will be performed after the completion date noted by Management. Follow-up typically occurs after ample time has passed with the new control/procedure in place (generally six months) to verify and report the implementation status of the recommendations and Management's action related to the previously reported findings. Periodically, we perform procedures for those issues where the target dates have been reached to verify and report the implementation status of recommendations to the previously reported findings. Follow-up reports will be transmitted to the Board through the Audit Committee.

### Quality Control

Internal Auditors should maintain a quality assurance and improvement program that covers all aspects of the audit activity, including appropriate supervision, periodic internal assessments, and ongoing monitoring of quality assurance. RSM's quality control processes specific to public sector clients include, when applicable, concurring partner review (independent of the engagement) and, when necessary, consultation with the District General Counsel prior to reports being issued into the public record.





## PROPOSED INTERNAL AUDIT PLAN FY 2024-25

The objective of this assessment is to identify those areas judged as having a relatively high-risk profile or that otherwise require internal audit attention for various reasons. Through the risk assessment, we have identified and proposed the following functions to be reviewed during FY 2024-25. The subject areas are in no particular order.

### Operations – Maintenance Services and Work Order Processes

#### Overview:

The District's Maintenance Department plays a vital role in facilitating a safe, clean, and functional environment for students and staff. The Maintenance Department is responsible for maintaining District grounds, buildings, equipment, and assets. Timely repair and preventative maintenance of District facilities and assets will prolong their useful life and potentially reduce the future cost of renovation, repair, and/or replacement. Work orders are used to manage, organize, and track the work performed. A critical piece of the maintenance process is control around accumulating and properly allocating the maintenance expenditures, such as employee time spent, and inventory/parts used for specific projects. Although many preventative and repair functions are performed by the Operations staff, work orders may also be assigned to the Facilities team, requiring a clear delineation of roles and responsibilities to reduce duplicative efforts. District General Fund summary budget for fiscal year ending June 30, 2025 had \$4,483,279 for Maintenance of Plant allocations (excluding salaries and benefits). These factors, make this process high-risk from a compliance, financial, operational, and public perception perspective.

#### Inherent Risks:

Inherent risks may include outdated, inadequate or undocumented policies and procedures; non-compliance/improprieties with Florida Statutes and District policies for solicitation and procurement; unreported conflicts of interest; non-compliance with vendor contract terms; failure to meet select contract provisions; vendor favoritism; non-performance of vendors; inaccurate accumulation or allocation of time and materials to work orders; ineffective monitoring and reconciliation of the work order system; inadequate monitoring of work order distribution, production and/or overtime; untimely response to and priority of work orders and needs of the District; creation of a work order backlog; and inadequate monitoring of key performance indicators, such as work order turnaround, employee productivity, and parts utilization.

#### Strategy:

To assess maintenance standard operating procedures to determine whether they are sufficient and cover the numerous aspects of the maintenance work order system, including the work order process and associated controls. The internal audit will also include detailed testing of sampled work orders and their relevant approvals, expenditures, prioritization, and adherence to preventative maintenance work order schedules. The internal audit may focus on the Maintenance Department's process for procuring goods and services, management and administration of vendors and maintenance contracts, work order monitoring processes, work identification and prioritization, work order completion and review, utilization of work order system and relevant reporting, and internal performance monitoring.



## PROPOSED INTERNAL AUDIT PLAN FY 2024-25 (CONTINUED)

### Follow-Up Procedures

Follow-up testing is meant to validate the effectiveness of the remediated controls of the previously disclosed reportable open observations. This is a periodic review in which the progress and implementation status of agreed upon actions are assessed and validated. For each audit report completed, Management provides a response which includes an action plan for remediation and a targeted date of completion. The primary objective would be to evaluate the implementation of managements action plans and validate the effectiveness of their implementation to reduce prior identified risks to the District.

Performing follow-up on internal audits is crucial for ensuring that previously identified issues are addressed, and corrective actions are effectively implemented. This process helps verify that management has taken appropriate steps to mitigate risks and improve controls as recommended by the corresponding report. Follow-up activities also provide an opportunity to assess the effectiveness of these actions and determine if further improvements are needed. Follow-up audits enhance the overall governance and risk management framework of the District.

At the time of this report, the District has seventeen (17) reportable observations from previous audit reports that remain 'open,' with the remediation plan remaining to be verified. Because of the volume of observations ready for follow-up, a significant portion of our efforts this year will be devoted to follow-up procedures.

The previously issued audit reports which we will follow up on this year are:

- Timekeeping (Issued September 2018) with three (3) open observations
- Design and Construction (Issued May 2021) with five (5) open observations
- Human Resources – Onboarding, Employment Changes, and Offboarding (Issued April 2022) with five (5) open observations
- Purchasing – Competitive Solicitations (Issued July 2022) with four (4) open observations

#### **Inherent Risks:**

Risks are dependent on the nature of the previously determined findings and non-compliance with previously agreed remediation plans.

#### **Internal Audit Strategy:**

We will evaluate the implementation of Management's action plans and validate the effectiveness of the plan and reduce prior identified risks to the District. Follow-up testing is performed through a structured process that begins with reviewing the audit report to identify the issues and recommendations made. This often involves reviewing documentation, conducting interviews, and performing additional testing to verify that the actions have been effectively implemented. The results are documented in a follow-up report, which highlights the progress made and any remaining issues that need attention. This process provides for accountability, helps maintain the integrity of the internal audit function, and supports continuous improvement within the District.



RSM US LLP  
7351 Office Park Place  
Melbourne, Florida 32940  
321.751.6200  
[www.rsmus.com](http://www.rsmus.com)

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# BOARD & SUPERINTENDENT'S COMMENTS

