

THE SCHOOL DISTRICT OF OSCEOLA COUNTY, FLORIDA

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SCHOOL BOARD MEMBERS

- District 1 – Teresa “Terry” Castillo
407-577-5022
District 2 – Kelvin Soto – Vice Chair
407-870-4009
District 3 – Tim Weisheyer
407-361-0235
District 4 – Clarence Thacker – Chair
407-870-4009
District 5 – Ricky Booth
407-870-4009

Superintendent of Schools
Dr. Debra P. Pace



AGENDA

Audit Advisory Committee Meeting
Bill Collins Conference Room
Administrative Complex
817 Bill Beck Boulevard
Kissimmee, FL 34744

Thursday, January 24, 2019
2:00 P.M.

1. Welcome
2. New Member Introduction
 - a. Review School Board Rule 2.29
 - b. Election of Chair and Vice Chair
 - c. Sunshine Law
3. Approve February 1, 2018 Meeting Minutes
4. Review Completed Audits
 - a. [FY 2018 Comprehensive Annual Financial Report \(CAFR\)](#)
 - b. [FY 2018 Charter School Audits](#)
 - c. [Other CAFR Component Audits:](#)
 - i. FY 2018 Foundation for Osceola Education Audit
 - ii. FY 2018 Four Corners Charter School, Inc.
 - iii. FY 2018 School Internal Funds
 - iv. FY 2017 Bellalago and Flora Ridge EFBD Audits
 - d. [Special Reviews:](#)
 - i. Avant Garde Charter Schools
 - ii. Transportation Payroll Internal Audit
5. Set date for next meeting

Audit Advisory Committee Minutes January 24, 2019

Members Present: Lisa Lynch, Harry Swart, Lori Giambrone, Gerald Kelley, James Mantia and Bryana Connors

Members Absent: Clarence Thacker, Chris Mack

Others/Guests: Dr. Debra Pace, Sarah Graber, Joel Knopp, Adriana Fracasso, Randy Wheeler, Aby Creach, Jose Gonzalez, Frank Kruppenbacher, Giselle Lee, Jennifer Murtha, Laura Manlove, Randy Shuttera and Carmen Morales

- **Call to Order**
Mr. Kelley called the meeting to order at 2:00p.m.
- **Introductions**
Mr. Kelley welcomed our new Committee Members and asked for a brief introduction of all members.
- **School Board Rule 2.29**
Ms. Graber went over the importance of School Board Rule 2.29.
- **Sunshine Law**
Mr. Kruppenbacher reviewed and explained the importance of the Sunshine and Gift Laws.
- **Select Chair**
Mr. Swart motioned for Mr. Kelley to remain as the Chairperson for the committee. Mrs. Giambrone seconded the motion. Motion approved with all ayes.
- **Select Vice-Chair**
Mr. Kelley motioned for Ms. Giambrone to serve as the Vice-Chair for the committee. Mr. Swart seconded the motion. Motion approved with all ayes.
- **Approve Minutes from February 01, 2018**
The minutes were approved with all ayes.
- **2018 Comprehensive Annual Financial Report (CAFR)**
Ms. Graber turned the meeting over to Mr. Knopp from Moore, Stephens, Lovelace, P.A., who provided a brief presentation of the results of the District's financial audit for the fiscal year ended June 30, 2018.
- **Charter Schools Audit**
Ms. Lynch explained that of the 20 charter schools, 10 reported a deficient ending net position. This represents the amount by which the schools' liabilities exceeded its assets at year-end. (Avant Garde Academy & K8, Bellalago EFBD, Flora Ridge EFBD, Four Corners Upper, Renaissance at Boggy Creek, Poinciana and Tapestry, and St. Cloud Prep and HS).

She stated that only 3 of the 20 charter schools had an audit finding:

1. Mater Palms Academy- Internal account disbursements and deposits
2. Mater Brighton Lakes Academy- Internal account disbursements
3. Main Street High School- Improve procedures to collect amounts owed to the school.

- **Component Units**
In addition to the charter schools, the District reports the two EFBDs, Four Corners, Inc. and the Foundation for Osceola Education as component units on its financial reports.

The EFBDs are special districts that are formed to assist in the cost of constructing educational facilities. Currently, there is one EFBD in the Bellalago area and another in the Flora Ridge area.

- **School Internal Funds**

Ms. Lynch discussed the School Internal Funds and stated that this year's audit for the school internal funds was conducted by Carr Riggs & Ingram. Out of about 50 internal funds at the schools, the auditors reported:

- 21 schools with no findings, (42%)
- 10 schools with 1 finding, (21%)
- 7 schools with 2 findings; and (14%)
- 12 schools with 3 or more findings. (24%)

These were the most common findings across the District:

Ticket Sales

Money collections from outside the main office were not turned in by the following business day.

Fundraiser Forms

Fundraisers were being started before approval was obtained by the principal. A fund raiser application and financial recap form should be prepared for all fundraising activities conducted by the school and must be approved by the principal **prior** to making any commitments.

Unallowable Expenses

Items such as purchases for staff shirts, faculty items, flowers for an employee and a Staff Welcome Back Appreciation Event were made from the General Account. However, any expenditures from the General Account should be for the benefit of the **entire student body**, not just a portion of it. The principal may use his discretionary fund, staff vending, etc. for these items but not the General Account.

Purchases Made Before PO Approval

PO's should be completed and approved before goods or services are purchased. We had instances where the purchases were completed and then a PO was issued.

- **Other Items**

These two audits were conducted by RSM. Mrs. Jennifer Murtha and Laura Manlove were in attendance to review and explain to the committee the report.

Avant Garde Charter Schools

This review was focused on specific areas of concern related to financial condition and compliance with Florida Statutes. These are the specific review results:

- 1 instance of Financial Emergency (OBT)
- 4 indications of Deteriorating Financial Condition
 - Low/Deficit Fund Balance (K8 and OBT)
 - Negative Cash Balances (K8 and OBT)
 - Increasing Accounts Payable Balances (OBT)
 - Intercompany Due To/From Account (K8 and OBT)
- 6 additional Observations (K8 and OBT)
 - Budget Process and Approval
 - Non-compliance with District Agreements- Due To/From Account
 - Non-compliance with District Agreement- Monthly Financial Reports
 - Board Governance- Monitoring of Financial Information
 - Board Governance- Oversight of Key Service Providers
 - Related Parties

Transportation Payroll Internal Audit

The purpose and objectives for this internal audit was to obtain and understanding of the overall payroll process, identify internal control gaps and test timekeeping transactions to ensure the operating timekeeping.

These are the specific review results:

They noted 7 Observations:

- Segregation of Duties
- Timesheet Accuracy, Verification and Authorization
- Timekeeping Process
- Preapproval of Overtime
- Timekeeping Systems Lockdown and Notification
- Standardized Policies and Procedures
- Department Staffing and Monitoring
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- Sarah Graber mentioned that we will discuss options to comply with the new requirement for an Internal Audit Function at the next meeting on March 14, 2019.

- **Set Date of Next Meeting**

The next meeting date is scheduled for March 14, 2019 at 2:00pm.

Meeting was adjourned at 3:54p.m.