

THE SCHOOL DISTRICT OF OSCEOLA COUNTY, FLORIDA

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SCHOOL BOARD MEMBERS

- District 1 – Teresa “Terry” Castillo – Vice Chair
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- District 2 – Julius Melendez
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- District 3 – Jon Arguello
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- District 4 – Clarence Thacker - Chair
407-870-4009
- District 5 – Robert Bass
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Superintendent of Schools
Dr. Debra P. Pace

AGENDA

Audit Advisory Committee Meeting Tuesday, October 26, 2021 1:00 P.M.

1. Welcome
2. Approve June 3, 2021 Meeting Minutes
3. Internal Audit:
 - 2021-22 Risk Assessment Update and Proposed Internal Audit Plan
 - Health-Plan Assessment – Phase I
4. 2020-21 Charter School Audits
5. RFP for Independent Audit Services
6. Next Meeting Date: TBD

**Audit Advisory
Committee Meeting
Minutes
June 3, 2021**

Members Present: Clarence Thacker, Mark Cross, Lori Giambrone, Grant Lacerte, Javier Paz

Members Absent: James Mantia, Harry J. Swart

Others/Guests: Debra Pace, Sarah Graber, Yuling Liu, Carmen Morales, Frank Kruppenbacher, Jon Arguello
RSM Team: Laura Manlove, William Campbell, Mathew Blondell, Jennifer Murtha

- **Call to Order**

Mr. Thacker called the meeting to order at 2:00 p.m.

- **Introductions**

- **Approve Minutes from February 11, 2021 Meeting**

The minutes were approved with all ayes.

- **Internal Audit Updates by RSM:**

- a. Facilities Design and Construction Operations Final Report

Mr. Blondell elaborated on the Executive Summary in the report. He explained that RSM focused on the design and construction functions within the Facilities Division. RSM looked at procurement, invoices, change orders, and the contractor monitoring processes. The goal was to identify, understand and document the internal controls in place, and conduct testing accordingly. To test, RSM selected a sample of ten projects, and for the most part, the invoice review and the change order processes are similar. The differences rest in the procurement portion and vary based on size and scope. Mr. Paz inquired about the size of projects sampled. Mr. Blondell explained they roughly sampled the same amount for large, medium, and small projects. In Mr. Paz's opinion, the review would benefit more from weighing heavily on the larger projects. Mr. Blondell explained that the auditors focused the analysis on the control processes other than specific projects. Ms. Manlove mentioned that RSM had created a flow chart, and it would help visualize the processes. She explained that regardless of the size of the project, RSM places equal importance when analyzing the processes in place. Mr. Blondell explained that in the Observations Summary, the auditor rated the risk as "moderate" for two observations and "low" for one as following:

Moderate Risk Observation 1: Vendor performance Monitoring

Moderate Risk Observation 2: Noncompliance with GMP stipulated Rates

Low Risk Observation 3: Improper Retainage Calculation

Mr. Blondell went over the details of these observations. Mr. Paz inquired about what firms are applying for the design and construction projects. Mr. Blondell responded that if the firms follow the District's guidelines and the statutory requirements, they can apply. He further explained the application process.

Mr. Lacerte inquired about whether any of these findings bear greater risks. Mr. Blondell responded that the risk associated with these findings was moderate to low.

Mr. Paz inquired on the size and appointment of the committee selecting the firms. Ms. Manlove said the selection committee is composed of seven members. Mr. Blondell described the selection of the committee and the process.

Ms. Manlove and Mr. Blondell ended the presentation by stating that these were very favorable results for an audit despite the observations disclosed.

Mr. Paz inquired about how the Facilities Division rank vendor's performance. Mr. Blondell responded that the ranking process is consistent and well documented. He explained the process.

b. Update on the Health Plan Services Audit:

Ms. Manlove explained that they have completed most of the fieldwork and are in the final vetting and reporting phases. Ms. Manlove briefly went over the primary objectives and the timeline for this audit. After the November 2020 committee meeting, the RSM team started their planning and interviewing processes with the District representatives. February and March were mainly for walkthroughs with vendors about their controls and compliance with their contractual obligations. From March to May, the team followed up with vendors and the District to clarify questions and discussed high-level topics with the District about areas where more conversations are needed.

The RSM team anticipates providing a draft report to the District in June. Depending upon the length of discussions over the draft, the team will have an estimated completion time for review. The Board will then work on remediation topics, and RSM will follow up on remediation controls.

Mr. Thacker indicated that this meeting was deemed public and asked for questions.

Mr. Arguello asked if the facilities design and construction operations audit covered maintenance projects. Mr. Blondell answered no.

Mr. Paz asked when the last time was that the auditor reviewed maintenance projects. Ms. Manlove responded that RSM had not reviewed maintenance projects. Ms. Graber and Ms. Murtha briefly explained the selection process for audit subjects.

Mr. Arguello asked which observation is the worst finding. Mr. Blondell responded with the noncompliance with GMP stipulated rates, although this is not considered high risk. Mr. Arguello expressed concerns that the scope of the audit may not sufficiently cover areas with potentially higher risk. The RSM team further addressed the risk assessment process with the audit topics selection. Mr. Thacker recommended that it would be beneficial for Mr. Arguello and the RSM team to schedule a meeting and discuss the control risks and audit topic selection process in more detail.

- **Set date of next meeting**

The District will reach out to committee members to coordinate the next meeting date.

The meeting adjourned at 3:14 p.m.