

THE SCHOOL DISTRICT OF OSCEOLA COUNTY, FLORIDA

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SCHOOL BOARD MEMBERS

- District 1 – Teresa “Terry” Castillo – Vice Chair
407-577-5022
District 2 – Julius Melendez
321-442-2862
District 3 – Jon Arguello
407-433-9082
District 4 – Clarence Thacker - Chair
407-870-4009
District 5 – Robert Bass
407-870-4009



Superintendent of Schools

Dr. Debra P. Pace

AGENDA

Audit Advisory Committee Meeting Thursday, January 20, 2022 2:00 -4:00 P.M.

1. Welcome and Introduction of New Members
2. Approve October 26, 2021 Meeting Minutes
3. External Audits
 - a. FY 2021 – Annual Comprehensive Financial Report (ACFR) - *pending*
 - b. Internal Funds Audit
 - c. FTE Audit
 - d. Four Corners Charter School Inc.
 - e. Foundation and PM Wells
4. Internal Audit Update
5. Investigations Update
6. Whistleblower Hotline
7. RFP Selection Committee Training
8. Next Meeting Date: February 3, 2022

Audit Advisory Committee Meeting Minutes
October 26, 2021

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

Members Absent: Mark Cross, Harry Swart, James Mantia

Others/Guests: Dr. Debra Pace, Sarah Graber, Yuling Liu, Diana Cruz, Maribel Vallellanes, Lauren Haddox, LaTasha Aponte and Frank Kruppenbacher
RSM Team: Laura Manlove, Weiss Campbell, Matt Dubnansky, Jennifer Murtha

- **Call to Order**

Mr. Thacker called the meeting to order at 1:00 p.m.

- **Introductions**

Mr. Thacker opened the meeting asking for a brief introduction of all members and guests in attendance.

- **Approve Minutes from June 3, 2021, Meeting**

The minutes were approved with all ayes.

- **Internal Audit Updates by RSM:**

Ms. Manlove gave a brief introduction about the internal audits RSM performed and suggested starting the presentation for the Health Plan assessment first. Ms. Manlove emphasized that this audit topic was carefully chosen by the School Board and the Audit Advisory Committee, given the risk and size it presents.

- a. **Health Plan Assessment**

Mr. Dubnansky started with an overview of the health insurance plan's fiscal data, including cost, benefits provided by the district, projected rate trend, and the importance of cost management. He stated that since the healthcare costs in the nation are at an all-time high, it is critical to managing the plan properly. He recommended a more active approach to manage the cost and presented the 11 observations disclosed during the audit. Observations are as follows:

- 1) Plan Sponsor Responsibilities
- 2) Plan Administrator Responsibilities
- 3) HIPAA Privacy and Security Rules
- 4) Financial Reporting and Data Analysis
- 5) Claim Administration - User Controls
- 6) Provider Network
- 7) Cost Containment
- 8) Business Continuity Plan
- 9) Customer Service
- 10) Management and Oversight
- 11) Performance Guarantees

Mr. Dubnansky wrapped up the health plan assessment by allowing for questions and comments. The committee members were pleased with Mr. Dubnansky's presentation and also concurred on the challenges faced by the district's Risk and Benefits Department. Mr. Kruppenbacher pointed out that the health plan assessment was performed to assist the district with identifying opportunities to improve the health plan moving forward as it continues to evolve.

- b. **Risk Assessment**

Ms. Manlove shared the updated Internal Audit Plan Chart covering the period from 2018 to 2022. For FY 2022, the RSM team is in the process of auditing Human Resources based on a request of the School Board. The HR onboarding process has been listed as the #1 topic in the District's "proposed top 10" list. Ms. Manlove further presented the rest of the topics below:

1. HR
2. IT-Penetration Testing
3. Purchasing Operations
4. IT-Data Protection Assessment
5. District-Wide Stimulus Funding
6. Purchase Cards
7. Asset Management
8. Payroll
9. Contract Compliance
10. Maintenance Operations

Ms. Manlove indicated that she understood the committee would like to discuss the topic of maintenance operations. Mr. Kruppenbacher addressed a letter on this topic sent by School Board member, John Arguello, requesting an investigation of the maintenance department. Mr. Kruppenbacher stated that under the board rule, the committee is not authorized to conduct investigations but to approve and recommend an audit. He stated that he will be following up on this.

Mr. Paz asked if there is a system or governance structure in place for an individual to offer tips. Mr. Kruppenbacher responded that the District has plans to deploy a whistleblower hotline. The district has been trying to make the process very transparent. The goal for the superintendent and the district is to make it very easy for anyone to report. Ms. Murtha shared her experience on how other school districts and entities address whistleblowing. Ms. Manlove stated that usually the district's general counsel is the initial receiver of the complaint and that sometimes auditors will team up with the client to decide how to investigate.

The committee members decided on following additional audit topics for the 2021-22 year:

- IT security review – considering potentially combining topics 2 and 4
- HR onboarding - two phases over two-year period (topic 1)
- Purchasing (topic 3)

Mr. Paz asked if Maintenance (topic 10) could be included considering the board member's concerns. Mr. Kruppenbacher stated he would get with Mr. Arguello on how to proceed with the case. Ms. Manlove pointed out that the concern Mr. Arguello indicated in his letter is very specific. The maintenance operations audit (topic#10) will be primarily focused on general operation controls and compliance, rather than isolated cases. Therefore, it is appropriate for the general counsel to investigate before expanding to a full audit. Mr. Lacerte indicated that Mr. Arguello's concern related to the maintenance department may be more about topic 3- Purchasing Operations as it is associated with potential vendor favoritism. Ms. Manlove stated that it is appropriate for the general counsel to handle the initial investigation request as many of these cases are confidential. The committee was in agreement with the proposed approach.

c. Charter School Audits

Ms. Graber presented a summary of the charter school audits for the year ended June 30, 2021. All charter school audits have been completed with the exception of PM Wells. All show a positive general fund balance and those previously negative are benefiting from the federal ESSER dollars. The district will continue monitoring the charter schools' financial condition. Ms. Graber further stated non-compliance findings were disclosed for American Classic Charter School and the school has since taken corrective actions.

d. RFP for ACFR and School Internal Fund Audit Services

Ms. Graber stated that the audit advisory committee will serve as the selection committee for the upcoming RFP for the district's annual comprehensive financial report (ACFR) and school internal fund audits. The current contracts (MSL for ACFR and CRI for school internal funds) will expire upon issuance of the FY 2021 audit reports. The district will be issuing a new RFP for these services shortly. Ms. Graber recommended scheduling the next audit committee meeting in January once the proposals are received.

The committee agreed on the next meeting date of January 20, 2022 at 3:00pm.

The meeting was adjourned at 2:46 p.m.