

**The Escambia County School District**  
**Audit Committee Meeting**  
**Minutes, January 25, 2005**

- I. Fred Hurd, Chair, called the meeting of the Audit Committee to order at 5:30 p.m. in Conference Room B of the Vernon McDaniel Building, 215 West Garden Street, Pensacola, Florida 32502. Committee members in attendance were: Virginia Yeagle and Kathy Langley. Others in attendance were: Scott Woody, Acting Director, Internal Auditing; District staff member, Gloria Johnson; Auditors, David Bryant, Michele Kiker, and Univ. Co-op student Betsy Cole; and Susan Reed, recording the minutes. Committee members not in attendance were Aleta Hudson and Earl Lee.
- II. The Committee adopted the agenda as submitted.
- III. There was no public input.
- IV. The minutes for the September 1, 2004 meeting were approved as submitted.
- V. A. Mr. Woody presented three completed internal funds audits for fiscal year ending June 30, 2003 and three for fiscal year ending June 30, 2004. First, he discussed the audits for fiscal year ending June 30, 2003. At Lipscomb Elementary, there was a large transfer made from a trust account that was questioned at the September 1 Committee meeting. Mr. Woody explained that after review there was no problem found. The amount in question was in reference to a fundraiser for the sale of coupon books to raise money for equipment and general supplies. The Suter Elementary audit was pulled from the last Committee meeting agenda to correct a financial statement error. The submission of the Brown Barge Middle School audit was delayed due to the extra time needed to fill the school's Bookkeeper position. Next, Mr. Woody discussed the audits submitted for fiscal year ending June 30, 2004. He reported that the exit conference for Semmes Elementary had been held that morning. The Bailey Middle School audit was started the week hurricane Ivan hit and took longer to complete due to that interruption. He responded to a question from Committee member, Kathy Langley, sometimes money raised for special charity events is collected and held in a trust account until it is donated to the charity in the form of a school check.

A motion was made by Kathy Langley, seconded by Virginia Yeagle and approved by the Committee to accept the audits presented.

- B. 1. Mr. Woody discussed the department's annual work plan for the remainder of this fiscal year. He reported that the department is helping with the recovery from hurricane Ivan by compiling information for submission to insurance and FEMA for reimbursement. He stated the work associated with the recovery had recently been passed to one auditor and stated he expected this work to continue for at least another six months. The remaining auditor and co-op students were now conducting internal funds audits full time. Mr. Woody

reported one co-op student had recently returned after being out for several weeks due to surgery. He stated he planned to help with internal funds audits which would add to the number of people conducting those audits. He expressed his belief that the department would be able to complete the internal funds audits by year end.

Committee members discussed department independence in regard to its assistance with hurricane recovery. Mr. Woody discussed all aspects of the department's involvement and expressed his belief that the department's independence would not be affected. Mr. Hurd recommended Mr. Woody write a memo for the files to record why he feels the department's independence would not be effected.

A motion was made by Kathy Langley, seconded by Virginia Yeagle and approved by the Committee to accept the annual work plan.

2. Mr. Woody reported that Bookkeepers/Secretaries are chosen based on job description guidelines and are required to be fingerprinted and drug tested. Fingerprinting would reveal any criminal charges. Committee members pointed out that the job description does not follow the requirement for segregation of duties. Staff member, Gloria Johnson, commented as to the small percentage internal funds represent of the District's budget and hiring extra personnel to provide the ability to segregate duties would not be very cost effective. Mr. Woody also discussed the differences in amounts of monies collected at the different levels of schools. There was a brief discussion of education and training for each level.

3. Mr. Woody informed the Committee of the purchase of new software in the near future to include use by bookkeepers/secretaries for internal funds. He pointed out that the new software would include more auditing tools and functionality for controls.

4. Mr. Woody reported he had talked to the Board attorney and was waiting her response regarding department independence associated with the auditors reporting to the Superintendent when the Auditing Director reports to the Board. The Committee agreed this could present a problem. Mr. Woody stated he planned to meet with the Superintendent once the Board Attorney responds.

5. Mr. Woody pointed out that a statement had been added to the field note section of the internal funds audit regarding internal controls. He also announced his intentions of adding a statement to the scope and opinion page. Mr. Woody's remarks included his plans to continue increasing the use of cross referencing in audits. Committee member, Virginia Yeagle, made suggestions for minor changes to language used in the field note section of the audit program.



In regards to the financial statements, Mr. Woody reported the removal of outstanding obligations from the school's financial statement since by the time an audit is completed, those obligations have already been stated on the District's financial statements.

6. Mr. Woody reported changes to the Department Charter had not been completed.

7. Mr. Woody stated that the Board attorney concurred with his understanding that items discussed at Audit Committee meetings would be public records after such time therefore confirming the need to change Committee Charter wording

8. Mr. Woody reported he had contacted someone in a peer county but they were busy with hurricane recovery as well so he had not made any progress with scheduling a QAR.

9. Mr. Woody gave an overview of the department's role in the hurricane recovery process. He reported the department's involvement was helping the auditors to learn more about district policies, procedures, and network systems as well as providing them an opportunity to develop a rapport with fellow district employees and staff. He also mentioned that hiring an outside source would have cost the District approximately 2.5 million dollars.

10. Tentative dates for future Audit Committee meetings were scheduled for Tuesday March 15, Tuesday May 17 and Tuesday June 21.


VI. Ms. Langley reported that she was now working out of her home and asked the Committee if the charter was being adhered to if she continued as a member. Mr. Woody said he would check with the Board attorney.

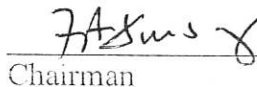
VII. Mr. Woody announced that the District now has two new board members. He expressed his uncertainty of another Board members plans to remain on the board.

Mr. Woody announced the school audits whose field work was completed or in progress.

VIII. Mr. Hurd reminded the Committee of its earlier decision to hold its next meeting on March 15, 2005 at 5:30.

IX. Mr. Hurd adjourned the meeting at 6:40 p.m.

  
Secretary

  
Chairman