

**The Escambia County School District
Audit Committee Meeting
Minutes, April 5, 2004**

- I. Mike Adkins, 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: Betsy Bowers, Kathy Langley, Aleta Hudson and Earl Lee. Others in attendance were: Scott Woody, Acting Director, Internal Auditing; District staff member and employee; Barbara Linker and Tiffany Barton; and Susan Reed, recording the minutes.
- II. Upon motion and second, the Committee adopted the agenda.
- III. There was no public input.
- IV. The February 2, 2004, meeting minutes were approved as submitted.
- V. Mr. Woody reported that the list of twenty-five completed internal funds audits were standard. He also reported the number of internal funds audits remaining: one of eight high school audits, nine of fourteen middle school audits and ten of forty elementary school audits. The Audit Committee had some general questions and requested Mr. Woody check further regarding expenditures/donations for three schools noted in their financial statements. Mr. Adkins reiterated the need to discuss ways to improve controls regarding segregation of duties with principals at school's exit conferences.

Mr. Woody stated that the Board Chair, Ms. Cary Stidham, had advised him to prepare next year's budget based on full staffing. The Committee recommended purchasing port replicators for the new laptops and requesting additional funding of \$1,000 for software and \$1,500 for a Quality Assurance Review.

A motion was made by Betsy Bowers and seconded by Kathy Langley to approve the Internal Auditing budget as presented including the addition of recommended funding.

Mr. Woody presented three charter school audits: Jackie Harris Pyramid School of Learning, Beulah Academy of Science and Byrneville Elementary Charter School. Mr. Adkins stated he had a business relationship with all three schools and turned over that part of the meeting to Ms. Bowers.

Mr. Woody reviewed several concerns found in the report of the Jackie Harris Pyramid School of Learning. The School Board had approved the sale of District owned property at 1408 E. Blount Street to the Jackie Harris Pyramid School of Learning (JHPSL) for use as a charter school. Instead the property was sold to Creative Projects LLC with whom JHPSL entered into a lease agreement. According to Florida statutes, if the school were to discontinue functioning as a charter school, the property would not revert back to the District as desired since it was not sold to JHPSL. The school was required to pay ad

valorem taxes and maintain fire and casualty insurance on the building. With consideration of the schools payments of taxes, insurance, and renovations of the school, Mr. Woody questioned if lease payments were excessive. Another concern was the appearance of a related party transaction; a charter school board member had renovated the building. During the discussion, it was also pointed out that the Executive Director of the JHPSL has connections with Creative Projects LLC as well as New Road to Learning, Inc. and Pensacola Family Care for Youth and Family Services. It was also noted that the charter school's board, New Road to Learning, Inc., did not officially approve the Executive Director's salary. When questioned by the charter school's board, the Director stated it was included in their budget but was not noted in the budget detail.

The Committee recommended that Mr. Woody add additional detail to clarify aspects of the Jackie Harris Pyramid School of Learning report. They also expressed a desire to have the report be stronger and that all questionable areas be covered adequately. The Committee suggested having a statement of subsequent events in relation to the Board's recent requirement that staff make quarterly charter school reports.

Mr. Woody stated that the Byrneville Charter School had been using the school district's accounting system and have been informed of the need for a system, which provides financial statements in accordance with generally, accepted accounting practices. As with small schools in the District, it was also noted they have a lack of segregation of duties inherent given their small size. The Committee suggested a statement of subsequent events in relation to the Board's recent requirement that staff make quarterly charter school reports. It was also noted that the charter school did not find it necessary to do a formal response.

Mr. Woody reported that the Beulah Charter School also has a lack of segregation of duties inherent given their small size. As with the other reports, the Committee suggested a statement of subsequent events in relation to the Board's recent requirement that staff make quarterly charter school reports. Again, it was noted that the charter school did not find it necessary to do a formal response.

Mr. Woody informed the Committee as to the status of the other charter schools. The Committee suggested that an Executive Summary might be helpful in reference to lengthy reports.

- VI. Under items from the Committee, Mr. Adkins discussed the Board Chair's request that the Committee provide a letter, which included a recommendation in reference to the judge's recommended order with regard to the termination of the Director of the Internal Auditing Department.

A motion was made by Betsy Bowers and seconded by Aleta Hudson that if the Respondent does not make an appeal within the 15 day deadline (4/14/04), the Audit Committee recommends

upholding the judge's recommended order. Additionally, the Audit Committee recommends a search be opened to fill the position of Internal Auditing Director.

The Committee deferred the discussion of an ethics policy due to the absence of Doug Garber, Assistant Superintendent, Human Resource Services.

- VII. There were no announcements.
- VIII The next meeting will be set at a later date.
- IX. Mr. Adkins adjourned the meeting at 6:45 p.m.


Secretary


Chairman