

**The Escambia County School District
Audit Planning and Review Committee Meeting
Minutes, June 28, 2000**

- I. The meeting of the Audit Planning and Review Committee was called to order by Dr. Richard Calvasina, Chairman, at 5:06 p.m. in Conference Room B of the Escambia County School District, 215 West Garden Street, Pensacola, Florida 32501. In addition to Dr. Richard Calvasina, the Committee Chair, committee members in attendance were Kelly Bowen, and Laura Shaud. Shelly Blake, arrived later. Others in attendance were Susan Reed, recording the minutes, Sam Scallan, Director, Internal Auditing, and C. Wayne Odom.
- II. A motion was made to adopt the agenda by Kelly Bowen, seconded by Laura Shaud, and passed unanimously.
- III. A motion to approve the minutes for the May 30, 2000, meeting was made by Kelly Bowen, seconded by Laura Shaud, and passed unanimously.
- IV. There were no officer's reports.
- V. Items from Internal Auditing:
 - A. Mr. Scallan requested that the Committee take steps to resolve the issue of contract status as well as the modification of Charter language. He continued by saying that the internal audit function could not maintain independence with the Superintendent having control over the contract of the director as the present Charter states. He requested that the Committee address this problem and suggested possible language changes to the Charter for their consideration that would address this issue. Dr. Calvasina, Committee Chairman, continued by saying that it needs to be defined who the appointing authority is over the internal auditor. He also said that it has become apparent that the Superintendent is trying to prove that he was and is now in control of the Internal Auditing staff. This was not the purpose of the move to having an Audit Committee. The Committee reviewed the suggestions and decided that they would recommend changing the Charter language, found under "Appointment or Removal of the Chief Internal Auditing Department Head", from "*Based on a recommendation by the Superintendent, the Committee must concur with the appointment or removal of the Internal Auditing Department Head*" to "***The appointment of the internal auditor shall be based on a non-binding recommendation of the Audit Committee subject to confirmation by the Board***".

Discussion continued on the need for a reference in the Charter as to the length of contract for the Director of Internal Auditing. Mr. Scallan stated that Florida statutes address the issue of the Superintendent's authority over length of contract for staff. Statutes also address the Board's authority to employ an internal auditor. He added that Mr. Negron, legal

council for the Board, stated in a recent memorandum that it was inherent that the Board set contract length not the Superintendent. Dr. Calvasina asked whether the Committee shouldn't state that, in view of the Committee, the Internal Auditing Director and staff work for the Board not the Superintendent; therefore, a recommendation on length of contract should not come from the Superintendent. It should be a non-binding recommendation from the Committee similar to the earlier appointment statement. Mr. Scallan asked if they wanted to include that in the Charter or if they wanted the Committee to be responsible for an annual recommendation for appointment and length of contract. Discussion continued with the decision to add the following to the Charter in conjunction with the Charter change agreed upon earlier:

“In addition, the Audit Committee shall annually make a non-binding recommendation to the Board for the length of contract for the Director of Internal Auditing.”

A motion was made to recommend the proposed Charter language change to the Board by Laura Shaud, seconded by Kelly Bowen, and passed unanimously.

- G. Comments from last month's CAC Facility's meeting:
(Other items skipped due to the Chairman's planned early departure)

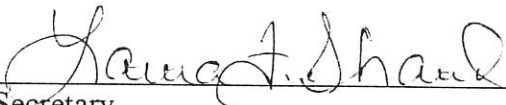
Mr. Scallan gave a brief summary of the meeting for CAC Facility that he attended last month. Ms. Stidham, Board Chairman, had requested he attend for the purpose of discussing the proposed language for the right to audit clause in Construction Contracts. He stated that there were several contractors and individuals representing contractors, home builders, and sub-contractors of the Home Builders Association who attended the meeting. Mr. Dan Gilmore, President of the Home Builders Association of N. W. Florida, stated that he felt that the Internal Auditing Department was a complete waste of School District resources. Mr. Gilmore also asked the chairman how to get the internal auditor back under the Superintendent. Ms. Stidham responded that she'd be happy to give him time on the School Board Agenda to discuss this issue. Mr. Scallan indicated that he would let the Committee know if this issue was placed on the agenda, the agenda deadline being next Thursday, July 6. He also reminded the Committee of the need to make a report of the Committee's activities at the next Board meeting. There was no report made at the last meeting. Dr. Calvasina stated that there continues to be a concerted effort on the part of the Facilities Planning Department and local contractors to resist any attempts to audit construction activities through inclusion of an audit provision in such contracts. Mr. Scallan stated that when the recent financial crisis in the District's medical program was discussed, the first question asked was whether the district had a right to audit the plan administrator.

VI. Items from committee members:

Dr. Calvasina announced his formal resignation as chairman of the committee. He indicated he would be sending a written resignation and that this would be his final meeting as Chairman. He expressed his concern that the Committee had not been effective and stated that he was very frustrated. He stated that Mr. Scallan is responsible for a very important function of the school district but there have been attacks from the Board, Superintendent, and staff. There doesn't appear to be any real support. The Committee was to act as a buffer but has not been able to do so. He said the committee makes recommendations to the Board but they don't have to take them.

IX. Mr. Scallan stated we would set the next meeting of the Committee by e-mail.

X. Dr. Calvasina adjourned the meeting at 5:37 p. m.


Secretary


Chairman