

The Escambia County School District
Audit Planning and Review Committee Meeting
Minutes, July 19, 2000

- I. The meeting of the Audit Planning and Review Committee was called to order by Shelly Blake, Vice Chairman, at 5:35 p.m. in Conference Room B of the Escambia County School District, 215 West Garden Street, Pensacola, Florida 32501. In addition to Shelly Blake, the Committee Vice Chairman, committee members in attendance were Kelly Bowen, Laura Shaud, and Angela Sheffield. Others in attendance were Susan Reed, recording the minutes, Sam Scallan, Director, Internal Auditing, Tommy Taylor, and Mike Adkins.

- II. A motion was made to adopt the agenda by Laura Shaud, seconded by Angela Sheffield, and passed unanimously.

- III. Shelly Blake, Vice Chairman, opened the nominations for Committee Chairman. Mr. Mike Adkins was nominated by Shelly Blake and seconded by Laura Shaud. A motion was made to close the nomination by Laura Shaud and seconded by Kelly Bowen. Being no other nominations Mr. Adkins was approved by acclamation.

Mr. Adkins thanked the Committee and stated that they have a great fiduciary duty to the School Board, Superintendent, taxpayers of Escambia County, and citizens of the State of Florida and should perform their duty with the utmost professionalism.

- IV. A motion to approve the minutes for the June 28, 2000, meeting was made by Laura Shaud, seconded by Kelly Bowen, and passed unanimously.

- V. Items from committee members:
 - A. Mr. Scallan reported that the requested changes to Charter language was tabled for the third time at the last Board meeting. During that meeting the Superintendent commented that he was uncomfortable with the requested changes since he had not received the information beforehand. Mr. Scallan stated that the language change issue had again been added to the agenda for a special meeting on July 24, 2000. Mr. Negron, School Board Attorney, would be preparing modifications to the Charter using strikeouts and underlining to reflect changes and it was to be distributed to the Superintendent and the Board that afternoon or the next morning. Mr. Adkins requested that Mr. Scallan fax the Committee a copy so they could review the changes prior to the meeting.

Mr. Scallan stated that Mr. Negron had previously stated in a memo to the Board that the purpose of statute 11.45(3)(a)1 was to give the Board the authority to hire and appoint an Internal Auditor and have the Internal Auditor report directly to the Board. The Committee felt that the Superintendent was following the older statute, 230.03(2), stating that the Internal Auditor should report to him. Committee members agreed that an ideal situation would be for Mr. Scallan and the Auditing Department to report to the Board. Mr. Scallan pointed out that the Superintendent does have his appointee to the Committee and would have input into the Internal Auditor's performance review as well as the district risk assessment. Mr. Adkins stated that the intent is not to isolate Internal Auditing from the Superintendent. Mr. Scallan continued the discussion informing Mr. Adkins that guidelines had been established and approved by the Board in

reference to requests for audit services. He continued by stating that reviews/audits under those guidelines were to be disclosed to all Board members and management. The Committee members agreed that Mr. Scallan's position needed to be secure or the Committee was wasting its time.

- B. The Committee expressed the need for Internal Auditing to be more cost effective by including audits that would help control costs in addition to performing annual internal funds audits. Mr. Scallan stated that there have been significant cost recoveries through auditing Employee Benefit Trust Fund payments, adoption of the UWF fee curve for architect fees, and there will be recoveries with the movement toward Sales Tax Abatement on material purchases. Mr. Adkins stated that Internal Auditing needs to be more proactive by doing more than just Internal Funds Audits. Angela Sheffield responded by saying that was why the Committee had charged Mr. Scallan to do a risk assessment to determine where the highest risks are but that had not been successful. Committee members commented that with the problems incurred with the Charter, all other concerns had been held in abeyance. They discussed District problems affecting progress and asked if Board members ever met informally to discuss issues. Mr. Scallan explained that the Sunshine Law does not allow informal meetings with an exchange of ideas where such items might involve Board action. Meetings are formal and have to be advertised and are open to the public. It was agreed that once the Charter changes are approved and Mr. Scallan's contract is renewed, the Committee could move forward with a risk assessment.
- C. In response to a question regarding Mr. Scallan's contract, he stated that Charter language changes that had previously been recommended would include that issue. He reported that Mr. Negron, School Board Attorney, will bring both issues forward at the School Board Meeting at 5:30 p.m. on Monday, July 24 at the Hall Center. Mr. Adkins stated that he plans to attend to answer questions or offer information on the issue of independence and encouraged others to attend. He continued by saying that the Committee needs to build confidence with the Board so they will rely on the Committee more for advice in respect to audit issues.
- D. Mr. Adkins led a discussion on the need for a Code of Ethics for the District. The Committee agreed that past problems may not have occurred if the District had had a code that all employees signed. It was pointed out that the District has Core Values and teachers do sign a Professional Code of Ethics for Educators. The Committee agreed that they could be proactive by engaging in a project to encourage the Board and District to adopt a Code of Ethics based on District Core Values for all employees, not just teachers. The Committee agreed that this project would be put on the next meeting's agenda. Angela Sheffield will bring a copy of such a code used by her employer.

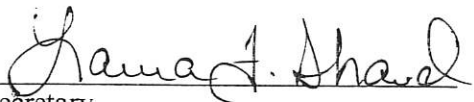
Mr. Adkins entertained a motion to have the Committee make the development of a Code of Ethics for the District a project of the Committee. The motion was made by Laura Shaud, seconded by Angela Sheffield, and passed unanimously.

Mr. Scallan stated that if brought to Mr. May and cabinet in a proactive stance of doing something to help the school district and its employees, he thought it would be well received. The Committee discussed SAS78 and the importance of setting a positive tone

at the top with Code of Ethics being the first step when setting that tone. In addition he suggested working to help the District develop a positive tone at the top, something very simple, that helps give them something to build on. He also suggested getting their input and putting this Code of Ethics on the agenda for the next Committee meeting and inviting management to the meeting to get that input. Angela Sheffield said she would send Committee members a copy of her employer's code of ethics to look at for the next meeting.

The date for the next Committee meeting was brought up due to one member needing to leave early. Setting the next meeting date would depend on the outcome of the Board meeting on Monday, July 24. Mr. Adkins asked if the Committee needed to do anything more in reference to the two issues on the Board agenda for Charter language and length of contract. The Committee did not feel anything more was needed other than attending the meeting. Mr. Adkins said he planned to attend. The discussion continued on the need for attendance at the monthly Board meetings and giving a report. Mr. Adkins said he would plan on attending each month and giving a Committee report. It was also requested that Mr. Scallan let the Board Chairman know that Mr. Adkins would be at the meeting on Monday, July 24.

- VI. There was no Public Input
- VII. Mr. Scallan announced that he and Ms. Debbie Fussell, Senior Auditor, would both be attending a two-day seminar on Performance Auditing in Tallahassee, Florida, July 24th and 25th.
- VIII. The next meeting was set for 5:30 p.m. on Tuesday, August 1 at 215 West Garden. All members should be able to attend except for Shelly Blake, who will be out of town.
- IX. Mr. Adkins adjourned the meeting at 6:20 p. m.


Secretary


Chairman