

**The Escambia County School District
Audit Planning and Review Committee Meeting
Minutes, November 15, 1999**

- I. The meeting of the Audit Planning and Review Committee was called to order by Dr. Richard Calvasina, Chairman at 5:14 p.m. in room 402 of the Gulf Power Corporate Offices, 555 Bayfront Pkwy, Pensacola, Florida 32501. In addition to the Committee Chair, committee members in attendance were Kelly Bowen, Shelly Blake, and Karen Pope, (who arrived later). Others in attendance were Susan Reed, recording secretary, Dr. David Epperson, Assistant Superintendent for Facilities and Maintenance, Linda Lewis, Bill Lee, representing the Association for General Contractors, and Sam Scallan. Angela Sheffield was absent due to an unexpected family emergency.

- II. A motion was made by Kelly Bowen to adopt the agenda, seconded by Shelly Blake and passed unanimously.

- III. Dr. David Epperson, Asst. Superintendent for Facilities and Maintenance, addressed the committee regarding inclusion of an "Audit and Inspection Clause" in district contracts. He expressed his belief that such a clause was not necessary in a contract for construction where the contract is awarded based on a lump sum competitive bid. He based his opinion on the fact that such contracts currently require a performance bond, and are monitored by district staff, the architect, engineer, and project manager/building inspector in various areas including materials, sales tax, and contract allowances. In addition, Dr. Epperson explained that there is currently such language in contract provisions for change orders. He also felt there was currently adequate language in district contracts that give inspection rights to the Facilities Planning Department, the architect, and the engineer. He explained that any change in language to such contracts should add value to those contracts and added that such language could potentially increase project costs due to the unfamiliarity of such language to contractors. Dr. Epperson did not, however, object to such language in other contracts.

Mr. Bill Lee, representing the Association of General Contractors concurred with Dr. Epperson and stated that even though they had worked with other agencies that had such language in competitively bid contracts he felt the district does not need to use them.

In response, the committee and Internal Auditing staff expressed their views that the audit clause would provide added assurance that audits could be conducted when needed. They also expressed their views on the value-added concept explaining that value for one person may not be value for another. Internal auditing staff sees great value to such language and such language may be beneficial to the Finance Department as well. Instances of problems encountered on previous construction audits and quotes from articles on the subject of

construction auditing were briefly discussed to support the need for an audit clause. Discussion followed concerning the independence of the internal audit function from the day to day dealings with contractors by the Facilities Planning Department and the objectivity that such independence brings. After the conclusion of Dr. Epperson's presentation, the committee reaffirmed their support of such language in all contracts of the District.

- IV. A motion to approve the minutes for the October 11, 1999, meeting was made by Shelly Blake, seconded by Kelly Bowen and passed unanimously.
- V. There were no officer's reports.
- VI. A. The audits of Navy Point Elementary School's and Pensacola Beach Elementary School's Internal Funds were discussed.

Motion was made to accept both audits by Karen Pope, seconded by Shelly Blake and passed unanimously.

- B. Mr. Scallan next discussed the Review of the Purchasing Card Program requested by Finance. Based on the review of the first year pilot program, Mr. Scallan has encouraged the increased use of the card throughout the District. An increased use of this program could eliminate 80% of purchase orders which would substantially reduce the amount of time buyers are spending on small purchase orders issued by the District. Their time could then be redirected to higher dollar purchases. Discussion followed concerning several purchases involving split invoices noted during the course of the review. Concerns regarding terminated employees and their cards were discussed.
- C. Suggestions from top management and representatives from the finance committee concerning changes to the language in the charter for the Internal Auditing Department was discussed. After the first sentence in the second paragraph changes were made to read, "The annual work plan and budget shall not serve to restrict or impede the Superintendent and the School Board from utilizing the services of the Internal Auditing Department for special requests." In the third paragraph under Organizational Reporting, the words *professional/administrative* should be removed leaving the word *employees*. It was approved at the last committee meeting to add the words *who shall seek input from the Chairman of the Board and top management* in place of *in collaboration with the Superintendent*. In addition to the previous changes other minor changes were discussed.

Motion was made by Karen Pope and seconded by Kelly Bowen to accept the discussed changes. The motion passed unanimously.

- D. Sam Scallan reported that the letter from Ms. Maureen George given to them was to verify that the Committee is a "Sunshined" committee, that items that may come before the committee for discussion should not be discussed outside of duly advertised meetings. The key distinction of this committee from one that is not subject to the Sunshine Laws is its authority to make recommendations to the board.
- E. The School District's organizational chart was provided for information only.
- F. Mr. Scallan discussed the delay in the Board receiving the reports accepted at the last Committee meeting. The Committee recommended that he speak with each Board member to explain the delay.

Mr. Scallan updated the Committee concerning the transfer of the Internal Funds function to Finance and the possibility of management taking a position from Internal Auditing to handle Internal Funds. He reminded the Committee that time sheets turned in monthly by each auditor reflected that only about 25 % of one auditors' time is spent on Internal Funds. He opposes any reassignment of staff because of this. The Committee concurred.

Mr. Scallan informed the Committee that he had applied for the Director of Risk Management position but withdrew his application prior to interviews.


The district's telephone directory is being prepared for publication. The Internal Auditing Department transferred from the Office of the Superintendent to the Board through the Audit Committee. With the Committee's approval, Committee members will be listed (without phone numbers).

Mr. Scallan reported that transitioning responsibility for Property Control is continuing. Those duties should transition effective January 3, 2000. Because of the hiring freeze someone to assume the responsibilities for Internal Funds will probably not be in place until the beginning of the new fiscal year. If the position identified to assume the Internal Funds duties is classified at a relatively high level, an Internal Auditor may apply for the position.

- VII. There were no items from the Committee members
- VIII. There was no public input.
- IX. There were no announcements.
- X. The next meeting will be March 20, 2000, at 5:00.
- XI. Dr. Calvasina adjourned the meeting at 7:07 p. m.



Secretary



Chairman