

**Minutes of the Roanoke City School Board Audit Committee
June 18, 2020**

Audit Committee Members:

Bill Hopkins, Committee Chair - Present
Laura Rottenborn, Committee Member - Present

Others Present:

Dr. Dan Lyons, Deputy Superintendent (via Zoom)
Kathleen Jackson, Chief Financial Officer
Donna Caldwell, Director of Accounting
Michael Trussell, Director of Data & Analysis
Eric Thornton, Director of Purchasing
Justin McLeod, Community Relations Coordinator
Drew Harmon, Municipal Auditor
Brian Pendleton, Senior Auditor
Cari Spichek, Senior Auditor
John Aldridge, Partner, Brown Edwards
Roanoke Times Reporter

1. Call to Order

Mr. Hopkins called the meeting to order at approximately 10:59 AM.

2. General Audit Plan – Brown Edwards

Mr. Aldridge discussed the general audit plan included in the Audit Committee package. He stated that the plan is consistent with prior years. Brown Edwards staff has begun preliminary work and interim testing. This includes learning the Division's new enterprise system, Keystone. Brown Edward's IT auditor will be reviewing Keystone system controls this year.

Mr. Aldridge stated that their audit of federal money will begin with Title I funds. They have to look at 20% of the federal dollars that come through the school system. Programs exceeding \$750,000 in spending have to be reviewed every three (3) years. If Title I funds don't account for at least 20% of all federal funds spent, a second program will be reviewed.

Mr. Aldridge noted COVID funding would be tested based on what the Division spent, not what it received. COVID funds may not have a big impact this year, but are expected to impact next year's audit. He also noted that his team would be looking at the effect on internal controls from Division employees having to work remotely due to COVID.

Brad Tomlinson will be leading the audit again this year; this is his third year on the Division's Audit. Mr. Aldridge will serve as a reviewing partner. Chris Banta will be moving to Richmond and rolling off the audit; another partner will be assigned as a second reviewer. This should provide some fresh perspective.

Audit Committee Minutes June 18, 2020

Mr. Hopkins asked when the contract with BE ends. Mr. Aldridge responded that this is the first year of the new five (5) year contract. Ms. Rottenborn noted that Audit Committee had discussed the desire to rotate partners at its last meeting. Mr. Aldridge stated that they will make that happen. Brad Tomlinson is the in-charge and has a staff of three (3) working with him.

There being no other questions, the general audit plan was received and filed.

3. Data & Analysis Audit – Drew Harmon

Mr. Harmon stated that the audit was essentially about student testing, although the Data & Analysis Department does a lot more than just testing. He noted the complexity involved with administering testing and how well it all works when we consider the number of students, staff and locations involved.

Mr. Harmon outlined the three (3) main objectives of the audit as follows:

1. Student Registration
2. Student Classification and Accommodations
3. Pearson User Access

He stated there is a strong system of controls in place, but noted a small number of exceptions:

- One (1) student from a sample was not registered for a required reading SOL test
- Four (4) students from a sample were provided accommodations that were not correct
- Five (5) students were retested under the “extenuating circumstances” provisions
 - o One (1) did not have an approval form on file
 - o Four (4) had approval forms on file, but had the circumstances blacked out

Auditors were unable to evaluate compliance with State requirements without the missing information, which had to be noted in the audit report as a scope limitation.

Ms. Rottenborn asked Mr. Harmon to talk about the scope limitation. Mr. Harmon explained that the administration chose not to provide the information despite auditors having signed the confidentiality agreements. Auditors had explained to school officials that this was a scope limitation and that the limitation would have to be noted in the audit report. He added that it was important not to establish a precedent for withholding information needed by the auditors to conduct their work.

Ms. Rottenborn asked Mr. Trussell why he decided to withhold that information from the auditors. Mr. Trussell responded that he felt the information was sensitive and not necessary for the auditors to complete their work. He added that the documents are provided to the VDOE and that the Division felt that MAD didn't need to see the information.

Audit Committee Minutes June 18, 2020

Ms. Rottenborn asked Mr. Trussell if the School Attorney was consulted prior to denying access to the information to the auditors. Mr. Trussell responded that he had not consulted the School Attorney. He also noted that approving retests for extenuating circumstances is a decision of the Superintendent.

Ms. Rottenborn stated that she was concerned because this was a specific area that the Audit Committee requested to be audited. She asked if we could review the information and issue a supplemental report. She also asked if there was a legal reason that Municipal Audit could not see the information. Mr. Hopkins concurred and stated that the Audit Committee would like to look at the information and make a decision. He would like some follow-up on this.

Mr. Harmon stated that he would contact the School Attorney, Tim Spencer to discuss the matter. If there is no legal reason that the information cannot be shared, Municipal Audit will review it. Ms. Rottenborn asked that this be done, stating, "this is a critical area" and one that should be reviewed. She added that she has full confidence that it will come out favorably, and that is more powerful than not reviewing it and having a scope limitation. Without the data, people may come to their own negative conclusions.

Ms. Jackson inquired if the state already audits this data, to which Mr. Trussell responded yes. Ms. Rottenborn added again that she thinks there is a lot of value in having our internal auditors review this.

Mr. Harmon stated that he would like to check with the VDOE about their review of extenuating circumstances, since they are receiving data from 132 school divisions statewide. Once the School Attorney is consulted, either the Audit Committee or Municipal Auditing will review the information and issue a supplemental report.

Mr. Harmon then continued with the remainder of the Data & Analysis audit discussion stating that the department is in the process of documenting internal procedures. Since it's so complex it will be good to have these documented. This was an action plan years ago that the former Director of Data & Analysis wasn't able to complete before his departure. Mr. Harmon also noted plans to further automate system access management and input of accommodations.

Mr. Trussell highlighted the transition to a more automated process for assigning accommodations in the Pearson system, one that provides an electronic trail for auditing purposes. This should help with the day-to-day work to ensure everything is aligned before testing begins.

Hearing no further questions or comments, the report was received and filed.

4. Purchasing Follow-Up Audit

Mr. Harmon stated that this was a follow-up audit with seven (7) action plans to review. The audit cleared four (4) issues entirely, with three (3) issues carrying over for follow up next year. The Division implemented a new accounting system, Keystone, which changed the plans for how the Division handles p-cards. Mr. Harmon noted that changes included entering all the purchase information into

Audit Committee Minutes
June 18, 2020

Keystone and not duplicating the information in the Fifth Third system. This avoids having to enter information and approvals in two systems. Mr. Harmon noted that p-card controls are sound.

Mr. Hopkins asked if Purchasing would meet the June 30 deadlines for implementing changes. Mr. Thornton responded that they expected to meet those deadlines. Ms. Rottenborn congratulated the Purchasing Department on making good progress.

Hearing no further questions or comments, the report was received and filed.

5. Other Business

Mr. Hopkins asked Mr. Harmon about future audits. Mr. Harmon responded that the remaining audit in the current plan is Safety & Security, and will be started this month or next. The risk assessment and plan for next year are being developed but are not yet finished. Mr. Harmon stated that while the 2021 risk assessment is pending, he has talked with Ms. Jackson and Dr. Lyons about potential audits. The list includes vehicle maintenance and replacement, accounts payable, capital maintenance, libraries, and payroll / HR position control. Next year's follow-up audits include time and attendance, food services, and potentially purchasing if action plans are completed by 6/30/20.

Ms. Rottenborn cautioned that libraries were impacted heavily this year due to COVID. Schools closed quickly without the opportunity for students to return library books. She feels libraries may need a grace period of a year to sort things out.

Mr. Hopkins asked if the risk assessment would be sent to Committee members. Mr. Harmon responded he would send it out as soon as he completes it.

Mr. Hopkins then asked about the date of the next Committee meeting. Mr. Harmon responded that it should be scheduled for September but he needs to check the calendar to confirm. He will let the Committee know.

Mr. Harmon then asked about the status of the IT general controls audit being performed by Brown Edwards. Ms. Jackson had talked with the IT department, understood the audit was in progress, and noted that the person originally assigned to the audit had left Brown Edwards. Mr. Aldridge stated that he would check on the status of the audit and report back to the Committee.

Mr. Hopkins then asked if there was anything else. Mr. Harmon thanked Mr. Hopkins for his service on the Board and on the Audit Committee. He noted that Mr. Hopkins joined the Audit Committee in 2014 and became Chair of the Committee in 2016. He went on to say how well the Committee has functioned during this time, how he appreciated Mr. Hopkin's bottom line approach and his support of risk assessment. Mr. Harmon thanked him again for his valuable service.

Mr. Hopkins expressed his hope and recommendation that Ms. Rottenborn be appointed as the new Chair of the Committee.

Audit Committee Minutes
June 18, 2020

6. Adjournment

Mr. Hopkins adjourned the meeting at 11:27 AM.