

**Minutes of the Roanoke City School Board Audit Committee  
June 20, 2019**

**Audit Committee Members:**

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

**Others Present:**

Dr. Dan Lyons, Deputy Superintendent  
Kathleen Jackson, Chief Financial Officer  
Donna Caldwell, Director of Accounting  
Drew Harmon, Municipal Auditor  
John Aldridge, Partner, Brown Edwards  
Brad Tomlinson, Associate (In-Charge), Brown Edwards

**1. Call to Order**

Mr. Hopkins called the meeting to order at approximately 11:05 AM.

**2. General Audit Plan – Brown Edwards**

Mr. Aldridge introduced Brad Tomlinson, who will be the primary person working on-site with the Division's accounting staff on a day-to-day basis. Mr. Aldridge stated that the general audit plan is consistent with prior years and that his remarks would be brief.

There are two new accounting standards effective for this reporting year. Neither standard is expected to significantly impact the Division's accounting or reporting.

The Federal Office of Management & Budget (OMB) is expected to require more detailed, targeted testing for federal grants this year. These new requirements are expected to be published any time. Mr. Aldridge does not expect the new guidance to adversely impact their approach or level of effort.

As a low risk auditee with no audit findings related to grants in recent years, the Division is only required to have 20% of its grant expenditures audited. Based on historical spending, the Division's Special Education cluster and Title IV-B Community Learning Centers grants should account for 24% of the Division's overall federal grant expenditures.

Mr. Aldridge invited members of the Audit Committee to contact him directly if they have questions or any specific things they would like for the auditors to review.

In closing, Mr. Aldridge noted that the FY19 audit is the last provided for in the current contract. He noted that Brown Edwards plans to compete for the FY20 audit. Audit fees for the current year, all inclusive, total \$66,000. This represents an increase of ~ 3.7% over the \$63,620 billed for the FY18 audit.

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Mr. Hopkins asked for comments or questions from others in attendance. Mr. Harmon noted that the City has engaged Brown Edwards to audit the City's financial statements for FY19. This is expected to have a positive effect in terms of coordination and efficiency of the audit work. Mr. Hopkins asked who the City's prior audit firm was, to which Mr. Harmon responded "Cherry Bekaert."

Mr. Aldridge commented that Brown Edwards had bid on the City's audit and been awarded the engagement about a month prior to Brown Edwards purchasing Cherry Bekaert's Roanoke and Lynchburg offices. The City and Schools will have separate audit teams, but the work for both engagements will be reviewed by Mr. Aldridge and Mr. Banta (Partner).

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

Mr. Hopkins commented to Mr. Aldridge that the Committee is considering contracting for an audit of its Information Technology department. He asked that Mr. Aldridge have Brown Edward's IT Director, Cindy Gross, call him to discuss information technology audits. Mr. Aldridge responded that he would have Ms. Gross give Mr. Hopkins a call.

**3. Audit Plan for FY20 – Municipal Auditing**

Mr. Hopkins asked that the "Data & Analysis" cost center include "Student Testing" in the title so as to be more clear about the function being audited. Mr. Harmon will make the revision and provide the revised version for presentation to the Board.

Mr. Harmon reminded members of the Audit Committee that they had reviewed the annual risk assessment at the March meeting. Technology was identified as a priority, however; the City's Information Systems Auditor is unavailable in FY20 due to her work on the tax and treasury project. The Committee had agreed on two audits: 1) Student Testing, and 2) Safety and Security.

Mr. Hopkins commented on the importance of the two areas and recalled the issues that arose at William Fleming in 2009 related to student testing. Mr. Harmon noted that enrolling students for the proper tests and ensuring students are properly classified based on their individual circumstances are key areas for audit.

Mr. Hopkins noted that school safety was last audited in 2004, with less than favorable results. Mr. Harmon confirmed that the audit had identified a number of serious problems. The new Chief of Security has been in place for ~ one year and substantial efforts have been made in recent years to secure school facilities.

Mr. Hopkins asked if there were any comments on the plan to audit these two areas. Hearing none, he asked Mr. Harmon to continue the briefing on follow up audits.

Mr. Harmon began with Transportation, noting that the new contract requires the vendor to provide all the data required by the VDOE. This information is necessary to enable RCPS to benchmark its

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transportation costs with other Virginia school divisions. An Excel template for gathering the required data was created when the request for proposal was written. This should be provided to the new vendor before the school year starts so they are aware of the data that needs to be collected. Field trip mileage was cited as one example of data that has not historically been captured that is required by the VDOE and is necessary to accurately calculate operating costs per mile.

Mr. Hopkins asked if the capacity of buses greatly exceeding the actual ridership was a concern. Mr. Harmon noted that this was identified in the prior audit as a possible concern that needs more analysis. Dr. Lyons commented that several programs offered by the Division require larger buses to transport students from all over the city to the program location.

Before moving on to the next area, Mr. Harmon noted that a bus replacement plan is a pending item from the previous audit. The Transportation request for proposal required vendors to attach a bus replacement plan to their proposals. While he has not seen the vendor's plan, Mr. Harmon anticipates it will be an improvement over the prior approach that was based solely on maximum and average age criteria.

The fixed assets follow up audit will look at the cleanup of legacy data and the process improvements to the annual inventory process. Ms. Jackson noted progress towards addressing the issues with the fixed asset inventory was made under the prior Warehouse Manager, who recently retired. The new manager is reviewing the process for the annual asset inventory and may provide fresh perspective in this area.

Purchasing is the final follow up area. Conflict of interest statements were put in place last year. The main areas of interest for follow up will be ensuring competitive quotes for purchases under \$100,000 and for capital projects. Estimates should be prepared by staff in advance so that bids can be evaluated as to market competitiveness.

Mr. Hopkins asked if there were any other questions or comments. He noted that he would contact Ms. Rottenborn to confirm that she supports the plan as presented. Assuming she supports the plan, it will be presented to the full Board for approval at its July meeting.

### **4. Other Business**

Mr. Harmon noted that the next public meeting of the Audit Committee is scheduled for September 19<sup>th</sup>, and the meeting to receive Brown Edward's report on the financial statements will need to be scheduled for November 4<sup>th</sup> or 5<sup>th</sup>. Mr. Hopkins asked management to settle on the date for the November meeting and then confirm it with himself and Ms. Rottenborn.

### **5. Adjournment**

Mr. Hopkins adjourned the meeting at 11:28 AM.