

THE SCHOOL DISTRICT OF OSCEOLA COUNTY, FLORIDA

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Superintendent of Schools
Dr. Debra P. Pace

SCHOOL BOARD MEMBERS

- District 1 – Teresa “Terry” Castillo
407-577-5022
- District 2 – Kelvin Soto – Chair
407-870-4009
- District 3 – Tim Weisheyer – Vice-Chair
407-361-0235
- District 4 – Clarence Thacker
407-870-4009
- District 5 – Ricky Booth
407-870-4009

AGENDA

Audit Advisory Committee Meeting

WebEx - Details to Follow

**Thursday, May 21st, 2020
2:00 P.M.**

1. Welcome
2. Approve November 05, 2019 Meeting Minutes
3. Review Completed Audits
 - a. 2019 Comprehensive Annual Financial Report (CAFR)
 - b. FEFP/FTE Audit
 - c. Internal Accounts
 - d. Foundation for Osceola Education Audit
 - e. Bellalago and Flora Ridge Educational Facilities Benefit District
 - f. Victory Charter School 6-12- Review
 - g. Operational Audit
 - h. Florida Retirement System (FRS) Audit
4. Internal Audit Update – Audits in Progress
 - a. Internal and External Intrusion/Penetration Testing
 - b. Half Cent Sales Surtax
 - c. Follow Up – Transportation Timekeeping
 - d. Victory K-8 Charter School – Financial Condition Review
5. Set date for next meeting

Audit Advisory Committee Minutes November 05, 2019

Members Present: Bryanna Connors, Grant Lacerte, Gerald Kelley, Lori Giambrone, Clarence Thacker, Harry J. Swart

Members Absent: James Mantia

Others/Guests: Dr. Pace, Sarah Graber, RSM Staff, Randy Shuttera, Yuling Liu, Frank Kruppenbacher, Peter Thorne, Carmen J. Balgobin, Tammy Cope-Ottersen, Jose Gonzalez, Arby Creach and Carmen Morales

- **Call to Order**

Mr. Thacker called the meeting to order at 2:05p.m.

- **Introductions**

Mr. Thacker welcomed our new Committee Member, Grant Lacerte to the meeting and Ms. Graber asked for a brief introduction of all members.

- **School Board Rule 2.29**

Mr. Thacker reviewed the School Board Rule 2.29 and Mr. Kruppenbacher briefly reviewed the Sunshine Law.

- **Select Vice-Chair**

Mr. Thacker motioned for Mr. Kelley to serve as the Vice-Chair for the committee. Mrs. Connors seconded the motion. Motion approved with all ayes.

- **Approve Minutes from March 2019**

The minutes were approved with all ayes.

- **Risk Assessment and Internal Audit Plan**

Ms. Graber turned the meeting over to Jennifer Murtha from RSM, who presented the results of their Risk Assessment. She explained that this is the beginning of the Internal Audit function and the first step is to do a Risk Assessment to create a risk-based Audit Plan. What this is trying to do is to identify the risks of using the resources allocated by the district in the appropriate manner. RSM interviewed members of the leadership team, school board, and the Superintendent to get their input. This Assessment is tailored to our county based on the needs presented.

Ms. Manlove mentioned and explained the first five departments or areas to be assessed:

1. Cyber Security-Internal and External Network Intrusion/Penetration Testing
2. Human Services-Human Resources Recruitment and Onboarding
3. Teaching, Leading & Learning-Charter School Monitoring/Compliance
4. Half-Cent Sales Surtax
5. Purchasing and Procurement Compliance

The order of these can be changed at any time depending on the risks and concerns that can arise. Mr. Swart motioned to approve the plan. Mr. Kelly seconded the motion. Motion approved with all ayes.

- **Transportation Internal Audit-Update**

Mr. Creach presented and explained the overview and summary of the observations noted in the internal audit over the Timekeeping process in Transportation department. He indicated that there were 15 items in the audit that needed to be fixed and 11 of them are completed. The other four left to be corrected are related to each other and feeds from each other.

- **Avant Garde Charter-Follow Up**

RSM and Dr. Pace explained the follow up audit report. RSM found conditions that indicate:

- 1. Determination of Financial Emergency**

- a. Late/Incomplete Lease Payments
- b. Factoring Agreement
- c. Late/Incomplete Invoice Payments

- 2. Deteriorating Financial Condition**

- a. Low/Deficit Fund Balances
- b. Negative Net Cash Position
- c. Accounts Payable (AP) Balance
- d. Intercompany Accounts – Due To/From
- e. Waiver of Management Fees
- f. Issuance of New Debt

- 3. Others**

- a. Non-Compliance with District Agreements
- b. Related Parties and Conflict of Interests
- c. Lack of Internal Controls over Check Payments

- **St. Cloud Preparatory Academy**

Dr. Pace explained that this school has continued to have some financial challenges and particularly because of their lease payments, negotiating a new agreement and refinancing this facility. Ms. Graber confirmed that they refinanced the property to structure in a way they can realistically pay each month, but we still have concerns with the school, even with the new structure implemented. The Summary of Results are:

- 1. Financial Emergency**

- a. Late Rent Payments & Past Due Amounts
- b. Late Invoice Payments
- c. Lapse in Humana Health Insurance Coverage

- 2. Deteriorating Financial Condition**

- a. Budget Deficit
- b. Negative Net Cash Position
- c. Negative Net Position
- d. Lack of Effective Budgetary Controls

- 3. Non-compliance with District Agreements**

- a. Monthly Financial Reports
- b. Banyan Litigation

- **Charter Schools Audits**

Sarah mentioned that all the Charter Schools financial audits have been completed. Yuling provided a one-page summary of all findings. Sarah stated that Avant Garde K-8 was issued a going concern opinion.

- **Audit Contract Extensions**

Sarah explained to the committee that since they are responsible to select the external auditors, right now we have both contracts on a 2-year one-time extension to be approved. Mr. Swart motioned to approve, and Mr. Kelley seconded. Motion approved with all eyes.

- **Set date of next meeting**

Sarah recommended to meet again late January, early February time frame to reconvene and look at the rest of the audits that will be available for the committee to review by then. The next meeting will be scheduled at a later date.

Meeting was adjourned at 3:18p.m.