

1. Call To Order

The Committee Chair will call the meeting to order.

2. General Audit Plan For Roanoke City Public Schools FY19 Financial Reports

Briefing on the plan for the annual audit of the Division's Comprehensive Annual Financial Report by Brown Edwards & Company

Documents:

[ROANOKE CITY SCHOOLS AUDIT PLAN.PDF](#)

3. Audit Plan For FY20 Performance Audits

Adoption of the risk-based plan for performance audits to be conducted in FY20

Documents:

[FY20 RCPS AUDIT PLAN.PDF](#)

4. Other Business

The Committee Chair will ask members of the Committee and staff if they have any other business for discussion.

5. Adjournment

The Committee Chair will adjourn the meeting.



*Your Success is Our Focus.*

**John Aldridge, CPA**  
**Partner**



ROANOKE CITY  
PUBLIC SCHOOLS

Strong Students. Strong Schools. Strong City.

# General Audit Plan FY 2019

# Audit Plan

- Services to be performed by Brown, Edwards:
  - We will perform a full scope audit of Roanoke City Schools in accordance with auditing standards generally accepted in the United States of America, *Governmental Auditing Standards* issued by the Comptroller General of the United States; *Specifications of Audits of Counties, Cities, and Towns*; and *the Uniform Guidance (the Single Audit Act)*. *This will include an examination of VRS in accordance with APA specifications.*
  - We will also perform an audit of the recorded cash receipts and expenditures of the School Activity funds in accordance with auditing standards generally accepted in the United States of America and *Governmental Auditing Standards*

# Audit Objective

- The objective of our audit will be the expression of an opinion on the fairness with which the financial statements present the financial position and results of operations in conformity with:
  - Accounting principles generally accepted in the United States of America – CAFR
  - Attestation standards established by the AICPA – VRS Examination
  - Basis of Cash Receipts and Expenditures – School Activity Funds

# Audit Approach

- Three phases:
  - Planning
  - Interim Field Work
  - Final Field Work

# Audit Approach - Continued

- Planning
  - Will be performed at the commencement of the engagement and involves accumulation and evaluation of data relative to the economy and industry of the client.
  - We will meet with management to discuss the audit, unusual accounting problems, audit efficiency suggestions, and any new audit considerations or required disclosures.

# Audit Approach - Continued

- Planning – Continued
  - During planning we will specifically:
    - Provide management with information requests
    - Meet with management to address unusual or new accounting/auditing issues up front
    - Identify significant audit areas
    - Make a preliminary evaluation of internal controls, a preliminary assessment of risk, identify key audit areas, and determine levels of materiality.
    - Do preliminary Activity Fund and VRS testing.
    - Timing – June 2019



# Audit Approach - Continued

- Interim Field Work
  - Will be performed prior to or shortly after the School's fiscal year end. Will include:
    - Single audit compliance testing of major programs
    - Updating internal control documentation and appropriate testing of those controls
    - Fraud inquiries
    - Testing of journal entries and other walkthroughs
    - Read minutes of the School Board
    - Timing – Last 2 weeks of June.

# Audit Approach - Continued

- Final Field Work
  - The final phase of the audit is performed after the Schools fiscal year has ended.
  - Currently, the management proposed schedule is as follows:
    - Information requests provided to Brown, Edwards by September 23 (School Activity Funds August 26th)
    - Delivery of a draft CAFR for auditor review by October 10
    - Conclusion of evidence gathering and review of the CAFR by October 31

# Audit Approach - Continued

- Final Field Work – Continued
  - During final field work we will:
    - Review and finalize financial statements and disclosures
    - Analyze and audit significant year-end accounts
    - Wrap up school activity fund transactions and VRS testing (1<sup>st</sup> week of September)
    - Update interim analytical review
    - Prepare final management letter accounts
    - Issue independent auditor's reports

# Significant Audit Areas

- This year we anticipate the significant audit areas to be as follows:
  - Intergovernmental Revenue – primary source of revenue for Schools. Audit procedures will include: review significant fluctuations, determine proper receivable and/or deferred revenue amounts
  - City transactions – We will confirm due to/from amounts with City during field work to avoid end of audit confusion.

# Significant Audit Areas - Continued

- Payroll – largest portion of the School’s expenditures relate to payroll and related activities. Audit procedures will include: Testing of year end accruals for payroll, OPEB, workers compensation, health insurance liabilities, and compensated absences; analytical review of payroll related expenditures
- Program expenditures – the rest of the School’s expenditures relate to providing public education services under federal programs. We will test the cutoff of accruals of these expenditures as well as analytically test expenditures. This will be done in conjunction with our compliance testing of program expenditures.

# Single Audit Testing

- Due to no internal control weaknesses and no significant findings in 2017 and 2018, Schools are “low risk” auditee. We plan to test 20% of your total federal awards.
- Cyclical testing may cause us to test more.

# Single Audit Testing - Continued

- Major programs selected for testing:
  - Assuming relatively stable amounts of expenditures (\$23 - 24 million in total).
  - Will test:
    - Special Education Cluster
    - Title IV-B Community Learning Centers
    - Possibly another program depending on preliminary estimates

# “Unknowns” for 2019

- Changes to the Uniform Guidance Single Audit Compliance Supplement still to be issued.
  - Do not expect significant impact to the audit, however, will be addressed when issued.
- Potential changes to Auditor of Public Accounts Compliance Supplement still to be issued.
  - Working group was held with audit firms in April with hopes that revisions are made to update the procedures to be more practical and relevant.



# Engagement Staffing

- All senior members of the engagement team have prior years' experience with Roanoke City Schools. All key members of the audit team have experience with local government audits, including school boards, and meet the continuing education requirements of *Govt. Auditing Standards*
- Engagement Partner – John Aldridge, CPA
- Engagement Partner – Chris Banta, CPA, CFE
- Other assurance staff

# Questions?

- If you have any questions about our approach, our large governmental practice, or would like to contact your engagement partners at any time, we encourage two way communication.
- Contact information:
  - John S. Aldridge, CPA, – [jaldridge@becpas.com](mailto:jaldridge@becpas.com); 540-345-0936



# ANNUAL AUDIT PLAN FISCAL 2020

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As Recommended by the  
Roanoke City Public Schools  
Audit Committee  
June 20, 2019



# School Audit Services

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## **Purpose:**

To help ensure the school system complies with all financial and other regulatory requirements under federal, state and local statutes and to facilitate effective and efficient operations.

*[Board Policy DIB]*



# Audit Committee

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- Works with the Municipal Auditor to Develop the Annual Audit Plan.
- Reviews Engagement Letters, Audit Reports and Other Audit Related Correspondence.
- Regularly Updates the School Board on Audit Activities.



# Audit Plan - Risk Assessment

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Auditing standards require a risk-based audit plan that prioritizes activity, consistent with the School Division's goals.

- The plan should be based on a documented risk assessment, undertaken at least annually.
- The expectations of senior management, the Board, and other stakeholders should be considered.
- The plan may be revised by the Board when new information or events warrant reconsideration.

# FY20 Risk Assessment

Risk Ranking		Cost Center	Risk Score		
FY20	FY19		FY20	FY19	Change
1		7 Safety & Security	3.68	3.08	0.60
2		1 IT Security / Resilience	3.60	4.20	(0.60)
3		5 IT Infrastructure	3.48	3.28	0.20
4		6 Data & Analysis	3.44	3.20	0.24
5		4 Maintenance	3.40	3.36	0.04
6		9 IT Application Support	3.24	3.00	0.24
7		2 Transportation	3.00	3.64	(0.64)
7		5 Accounting [Debt, CIP, Grants, Budget]	3.00	3.28	(0.28)
7		12 PC Replacement	3.00	2.60	0.40
8		11 Human Resources	2.96	2.76	0.20
9		3 Food Services	2.92	3.48	(0.56)
9		14 Payroll	2.92	2.32	0.60
9		8 Operations	2.92	3.04	(0.12)
10		13 Financial Control [Accounts Payable]	2.76	2.36	0.40
11		10 Purchasing Services	2.60	2.80	(0.20)
12		15 Employee Health Services	2.24	2.24	0.00
13		17 Grounds	2.20	1.84	0.36
14		16 Warehouse [Fixed Assets/Transshipping]	2.12	1.96	0.16

# Audit Plan vs Planning Memo

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## Audit Plan:

- Identifies the Areas / Functions to be Audited
- Approved by the School Board

## Planning Memo:

- Identifies Operational, Reporting and Compliance Objectives of an Area or Function
- Narrows Audit Scope & Identifies Key Questions to be Answered Based on Risk Analysis
- Written 2 to 3 Weeks After the Audit Begins





# Engagements Proposed for FY20

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1. Safety and Security
2. Data and Analysis
3. External Audit Coordination
4. Audit Findings Follow-Up
  - a) Transportation
  - b) Fixed Assets & Equipment Inventory
  - c) Purchasing



# Safety & Security

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The Safety & Security department, in its current form, is relatively new and has not previously been audited. The department's responsibilities encompasses crossing guard services, the DARE program, school resource officers, various inspection programs, fire and security systems, and crisis management planning.

The last audit of school safety was in 2004, when Student Support Services was responsible for crisis management planning, school safety audits, and reporting discipline, crime and violence data. There were a number of findings that management committed to addressing, however; a follow up audit was never performed to verify that their actions were effective.

There have been substantial changes in laws and regulations since the 2004 audit. The Division has focused significant resources and attention on school safety and security since 2008. A new Chief of Security position was filled by the City's former Chief of Police on May 1, 2018.



# Data & Analysis

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The Data and Analysis department oversees and facilitates student testing throughout the Division. The most recent audit of this department was completed in 2013 with favorable results. It included looking at how students were registered and classified for testing, controls over access to testing systems, and centralized monitoring to help ensure the integrity of test results and reporting of Division performance.

Given the emphasis on student performance, as measured through annual testing, it is important that the appropriate environment be maintained while students take their tests. The Virginia Department of Education specifies in great detail how tests are to be administered to help ensure results are valid and reliable. Any violations of testing protocols could negatively impact the Division's performance and reputation.



# External Audit Coordination

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## **Purpose:**

- To oversee the performance of the external audit firm.
- To assist management when addressing questions and findings related to internal controls over financial reporting and compliance.
- To help coordinate the financial reporting efforts of the City and School Accounting departments.

# Audit Findings Follow-Up

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## **Purpose:**

To determine if management action plans due to be implemented by June 30, 2019, were completed and effectively addressed the issues identified.

### Transportation:

- VDOE Reporting (costs / ridership / mileage)
- Bus Replacement Planning

### Fixed Assets & Equipment Inventory:

- Cleanup of Legacy Data
- New Processes for Taking and Reporting Inventory
- New Process for Disposal of Assets



# Audit Findings Follow-Up

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## Purchasing:

- Conflict of Interest Statements
- Purchasing Card Procedures
- Vendor Protest Procedures
- Cost Estimates for Capital Projects
- Monitoring Competitive Pricing for Purchases < \$100,000 in Value

# Audit Committee:

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William Hopkins, Jr. – Committee Chair

- BS & Juris Doctor - Law
- Attorney – Martin, Hopkins, & Lemon PC
- Appointed to Audit Committee 2013
- Audit Committee Chair since 2015

Laura Rottenborn – Committee Member

- BA & Juris Doctor – Law
- Assistant United States Attorney
- Appointed to Audit Committee 2015

# Auditing Staff:

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Cari Spichek - Senior Auditor

- BS – Accounting
- Certified Internal Auditor (CIA)

Emma Coole – Senior Auditor

- MS – Accounting
- Certified Public Accountant (CPA)

Brian Pendleton – Senior Auditor

- MS – Accounting
- Certified Public Accountant (CPA)

Tasha Burkett – IS Auditor

- BA – Accounting
- Certified Information Systems Auditor (CISA)

Dawn Mullins – Asst Municipal Auditor

- BBA – Accounting
- Certified Public Accountant (CPA)

Drew Harmon – Municipal Auditor

- BS – Accounting
- CIA, CPA



# Municipal Auditing Department Contact Information:

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