

**Minutes of the Roanoke City School Board Audit Committee
March 21, 2019**

Audit Committee Members:

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

Others Present:

Dr. Dan Lyons, Deputy Superintendent
Jeff Shawver, Chief of Physical Plants
Justin McLeod, Community Relations Coordinator
Lyndsey Kennett, News Channel 10 Reporter
Drew Harmon, Municipal Auditor, City of Roanoke
Cari Spichek, Senior Auditor, City of Roanoke

1. Call to Order

Mr. Hopkins called the meeting to order at approximately 11:06 AM.

2. Audit Report – Time and Attendance Follow-Up

Mr. Harmon stated that this was a follow-up audit of payroll time and attendance; the original audit was completed in 2016. The school division has over 2,000 full and part-time employees, some who are paid overtime, stipends, and other supplemental pay. The results of the original audit were favorable, with only overtime and missed punches requiring follow up review.

Mr. Harmon stated that improvements were noted in these areas during the follow-up audit. While some of management's action plans had not been fully implemented, there was still a significant reduction in overtime costs.

Mr. Hopkins asked about the charts on page 7 of the audit report. Mr. Harmon noted that the first chart outlined overtime hours and costs for the Operations and Facilities departments, while the second chart outlined the same data for the school division as a whole.

Mr. Hopkins then asked about the table on page 14 of the audit report and what it means. Mr. Harmon responded that this was management's response regarding overtime, and how they plan to address it. The table shows the square footage of each RCPS school building and the benchmark full time equivalents necessary to achieve a Level 2 "Intensive Cleaning" standard. Mr. Harmon noted that the information in management's response was not subject to any validation by Auditing.

Mr. Hopkins cited two primary points of interest in the report: 1) the amount of overtime paid has decreased, and, 2) employee time records were changed without documenting employee consent. He asked about legal consultation; Mr. Harmon responded that he had mentioned the issue to the School Board Attorney, Tim Spencer, and agreed that further discussion would be a good idea.

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Mr. Hopkins stated that he has a meeting scheduled with Kathleen Jackson, Chief Financial Officer, to discuss this further on April 18. He will confer with Ms. Rottenborn after the meeting on the 18th and will get with Mr. Harmon and the School Board Attorney as needed.

Ms. Rottenborn asked about the information presented on page 6 of the audit report regarding management's original action plan. She asked that when Mr. Hopkins meets with Ms. Jackson on April 18th, if they can drill down into these items, and more specifically identify when overtime is justified.

Mr. Hopkins asked Ms. Rottenborn what she thought about having Level 2 "Intensive Cleaning" as the goal. Ms. Rottenborn stated that while she was not a subject matter expert in this area, she thought that intensive cleaning would be an appropriate goal. Mr. Hopkins agreed.

Ms. Rottenborn then referred the committee back to the chart on page 14, and noted that in most schools we are below the benchmark full time equivalents, so overtime may be justifiable in some instances. She suggested a cost benefit analysis be performed to make sure overtime is used appropriately. Management agreed.

There being no other questions, the report was received and filed.

3. Audit Plan Development

Mr. Hopkins asked about the reason for including city projects in the update on audit plans. Mr. Harmon responded that he wanted to provide more context for discussing the timing of school engagements.

The audit of Food Services was expected to be completed some months earlier. Unplanned city investigations required reassigning staff and the food services audit has been more complex than anticipated. Much of the support for monthly billings had to be researched through Sodexo's corporate offices. Mr. Harmon told the committee that he thinks they will be pleased with the results of the audit.

Mr. Hopkins asked how many audits the Audit Department wants to perform next year. Mr. Harmon responded that we have three (3) follow-up audits to perform next year in Fixed Assets, Purchasing and Transportation. He added that two (2) follow-up audits, scheduled to be completed this summer (Substitutes and Special Education), will likely carry over into July.

Mr. Hopkins asked if there had been any discussion with Ms. Jackson about the number of audits to be performed. Mr. Harmon responded that he had talked with her about audit planning and received input, but the number of audits to be completed was not discussed.

Mr. Hopkins asked about Safety and Security since that was at the top of the ranked list. Ms. Rottenborn asked what would be audited in a Safety and Security audit. Mr. Harmon responded that the scope and objectives would be developed with management based on a risk assessment process

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at the beginning of the audit. Audit areas might include required safety audits each school must complete, the accuracy of discipline, crime and violence data reported.

Ms. Rottenborn asked if we would look at the number of drills that schools conduct each year. Mr. Harmon responded that that could be included in the audit.

Ms. Rottenborn then asked about discipline reports and how they would be audited. Mr. Harmon responded that an audit might look at the process for ensuring incidents are consistently coded in accordance with DOE requirements. Dr. Lyons noted that the State has recently changed the discipline / disruption codes, which has affected how schools are reporting.

Ms. Rottenborn stated that it makes sense to audit Safety and Security now as we have the attention of the principals and executive staff. She would like to see that audit performed in the next year. Mr. Hopkins agreed.

Mr. Hopkins stated that we are in the same position as last year regarding the IT audit. Municipal Audit cannot do an IT audit in-house due to the IT Auditor being tied up with another project. He believes the Board should consider contracting for an audit of technology.

Mr. Hopkins asked if a Data and Analysis audit would review whether the school division is following proper protocols in testing and SOL's. Mr. Harmon responded that it likely would be a compliance audit looking at safeguards that exist to maintain the integrity of test scores.

Mr. Hopkins noted that per the list in the handouts, the last time Data and Analysis was audited was in 2013. Mr. Harmon confirmed that and stated that overall, the audit was favorable.

Ms. Rottenborn stated that her thoughts are that for the next fiscal year, we should audit Safety and Security and Data and Analysis, and perform the follow-up audits needed. Mr. Hopkins agreed and stated the he would report this to the full school board.

There were no further questions; the audit update and planning memo were received and filed.

4. Other Business

Mr. Hopkins asked about the next Audit Committee Meeting. Mr. Harmon asked if Committee Members would be available on Thursday, June 20 at 11:00 AM. Ms. Rottenborn and Mr. Hopkins confirmed they would be available to meet on that date.

Mr. Hopkins stated that he will communicate the Audit Committee's recommendations for next year's audit plan to Dr. Bishop and the full school board.

Mr. Harmon stated that June's meeting will have the Food Services Audit report and a presentation by Brown Edwards and Company, LLC. Ms. Rottenborn asked when she and Mr. Hopkins can expect to

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have a copy of the Food Services Audit report. Mr. Harmon stated that he hopes to have the report to them no later than April 15.

There were no further questions or comments.

5. Adjournment

Mr. Hopkins adjourned the meeting at 11:30 AM.