

**COLUMBUS CITY SCHOOLS
BOARD OF EDUCATION
AUDIT AND ACCOUNTABILITY COMMITTEE MEETING**

**October 24, 2019
at
Columbus Education Center – Cabinet Room**

Committee members present:

Eric Brown, Acting Chair - Board Member, Charles Saunders, Community Member, Ilija Vadjon, Community Member, Gregory Jordan, Community Member

Others present: Carolyn Smith, Stan Bahorek, Maurice Oldham, Wanda Lillis, Lisa Stotz, Monique Jacquet, Scott Wortman, Chris Ward, Annette Morud, Kevin O'Connor, Dion Brown, Terri Berchak, Kevin Saionzkowski and Carolyn Edwards.

Committee member absent: Ramona Reyes, Board Member, Michael Cole, Chair - Board Vice-President, Tim Grant, Community Member

Acting Chair Brown called the regular meeting of the Board of Education Audit and Accountability Committee (the Committee) to order at 3:30 p.m.

Acting Chair Brown recognized the attendance of Committee Members: Charles Saunders, Ilija Vadjon, and Gregory Jordan.

Approval of Minutes

The motion to approve the minutes of the regular meeting held on August 29, 2019, to include adding Member Jordan's name to the "Committee members present" section, was made by Member Jordan and seconded by Member Vadjon. The Committee unanimously approved the minutes.

Committee Operations

2020 Audit & Accountability Calendar of Meetings

Ms. Smith and the Committee engaged in discussion regarding the 2020 Audit & Accountability Calendar of Meetings.

A motion to approve and release the 2020 Audit & Accountability Calendar of Meetings was made by Member Jordan and seconded by Member Vadjon. The Committee was all in favor.

Ethical Compliance Report

Monitor the Results of all Compliance Efforts

Ms. Jacquet, Special Assistant to the Superintendent, shared with the Committee a handout regarding Ethics Training & Compliance. CCS Board of Education has adopted multiple Board policies and administrative guidelines which provide specific direction related to ethical behavior, professional responsibility and personal accountability.

The District continues to contract with Public School Works (PSW) to offer all staff access to electronic professional development opportunities. Ethics training is completed through this platform.

The Fall 2019 PSW Module Completion Rates (as of 10/22/19) was as follows: Central Office Admin 92%, School Admin 88%, and All District Employees 85%.

Ms. Jacquet and the Committee engaged in further discussion regarding CCS Ethics Training & Compliance.

Office of Internal Audit Report

Request for Release of Audit Report(s)

Grants Management Audit Report

Mr. O'Connor and the Committee engaged in discussion regarding amendments to the Grants Management Audit Report suggested by Member Jordan at the August 29, 2019 meeting to include additional information in the report for bullet Nos. 3 & 5 on Page 7.

A motion to approve and release the Grants Management Audit Report was made by Member Jordan and seconded by Member Saunders. The Committee was all in favor.

FY19 Textbook and Ancillary Material Accountability Follow-up Review Overview

Mr. O'Connor presented to the Committee a brief overview of the FY19 Textbook and Ancillary Material Accountability Follow-up Review Overview.

Ten (10) of the 13 original corrective action plans have been implemented. There are three (3) remaining outstanding audit issues:

- 1) Textbooks stored in the warehouse are being barcoded as time allows;
- 2) Funds have not been appropriated to have an organization perform a physical inventory of textbooks stored in the warehouse; and
- 3) There has been no action taken by school staff based on the reconciliation between the physical inventories taken at the school level and the number of textbooks recorded in the Insignia software.

Mr. O'Connor and the Committee engaged in further discussion regarding the FY19 Textbook and Ancillary Material Accountability Follow-up Review Overview.

A motion to approve and release the FY19 Textbook and Ancillary Material Accountability Follow-up Review Overview was made by Member Saunders and seconded by Member Jordan. The Committee was all in favor.

District Use of Central Ohio Authority (COTA) Bus Passes Special Review Follow-up Overview

Mr. O'Connor presented to the Committee a brief overview of the District Use of Central Ohio Transit Authority (COTA) Bus Passes Special Review Follow-up Overview.

Sixteen (16) of the 22 original corrective action plans have been implemented. There are six (6) remaining outstanding audit issues:

- 1-3) Management (Office of Transportation, Project Connect, and Summer School) have not established formal policies and/or Administrative Guidelines involving the intended use, purchase, security, distribution, and redemption of COTA bus passes;
- 4) The Office of Transportation management have not entered into a written contract with COTA related to the use of COTA swipe card bus passes, similar to the contract with COTA for the 2015-2016 school year;
- 5) There was no evidence that Project Connect periodically performed reconciliations of their COTA bus pass activity with physical counts of COTA bus passes on hand; and

6) There was no evidence of the Office of Transportation periodically reconciling the invoiced summary amounts to the underlying detail data.

Mr. O'Connor and the Committee engaged in further discussion regarding the District Use of Central Ohio (COTA) Bus Passes Special Review Follow-up Overview.

A motion to approve and District Use of Central Ohio Authority (COTA) Bus Passes Special Review Follow-up Overview was made by Member Saunders and seconded by Member Vadjon. The Committee was all in favor.

Investment Management Audit Report

Mr. Saionzkowski presented to the Committee the Investment Management Audit Report.

The audit scope period was March 1, 2018 through September 30, 2018 with a focus on monitoring and control of the contracted services provided.

We had a total of nine (9) reported items or conditions. Two (2) of those were assessed as High-risk items and seven (7) of those were identified as moderate risk conditions. The high-risk conditions are related to Governance and Control.

The following high- and moderate-risk issues and recommendations were discussed:

Issue No. 1 – Management identified business objectives did not include compliance with applicable statutes, policies, and contractual provisions and adequate safeguarding of securities as business objectives. Additionally, business objectives were not reduced to writing.

Issue No. 3 – Formal written guidance such as memos, directives, and/or procedures manuals do not exist to carry out the investment management function.

Issue No. 5 – The third-party custodian and Registered Investment Advisor (RIA) agreements are dated, ranging from 2004 to 2014. Some contain “standard” language which is neither relevant nor applicable to the arrangement or District circumstances.

Issue No. 6 – OIA noted a number of conditions specific to the respective third-party custodian and RIA contracts.

Issue No. 7 – Management has generally not implemented adequately designed internal controls to provide assurance management will meet its stated investment management objectives and reduce relevant significant risks to an acceptable level.

A motion to approve and release the Investment Management Audit Report was made by Member Jordan and seconded by Member Saunders. The Committee was all in favor.

OIA Special Review Administrative Guideline Procedures – Compliance with BOE PO6840

Mr. Saionzkowski presented to the Committee the OIA Special Review Procedures Compliance with BOE PO6840.

Columbus City Schools (CCS) Board of Education (BOE) Policy PO6840 states: The Internal Auditor shall develop and utilize, subject to the approval of the Board of Education, written procedures for special reviews of defalcation, misappropriation, and other irregularities related to district funds, resources and financial reporting. Such written procedures shall be distributed to all employees.

Mr. Saionzkowski, Ms. Smith and the Committee engaged in further discussion regarding the OIA Special Review Administrative Guideline Procedures.

A motion to approve and release the OIA Special Review Administrative Guideline Procedures - Compliance with BOE PO6840, with revisions suggested by the Committee, was made by Member Saunders and seconded by Member Jordan. The Committee was all in favor.

Fraud, Waste & Abuse Reporting System – FY 2019

Mr. Saionzkowski provided to the Committee an update on the Fraud, Waste & Abuse (FWA) Reporting System.

Mr. Saionzkowski and the Committee engaged in further discussion regarding the FWA Reporting System.

The FWA Infograph handout will be shared with the Board at an upcoming meeting and published on the OIA webpage.

Legal Compliance and Risk Management Report

Safety & Security Update – Director, Safety & Security

Mr. Ward informed the Committee we have received several grants for this coming school year. We are still waiting on another large grant from the Federal government.

This year 24 additional safety & security staff were added to the office bringing the total to 84 staff members. Two relief officers have been permanently assigned in two high school buildings.

With one of the grants Safety & Security purchased 1,200 door alarms to install in all elementary, middle, and high school buildings doors that are not being used as a primary entrance or exit.

Since the last COOP (Continuity of Operations Plan) update Safety & Security has partnered with one of the leading companies in the nation, Tetra Tech, to come in and assist with the development of COOP plans.

Mr. Ward and the Committee engaged in further discussion regarding the Safety & Security update.

Internal Audit Activity and Dashboard Report

Ms. Smith presented to the Committee an update of the Internal Audit Activity and Dashboard Report. The QAIP engagement has been completed. There have been no additions or deletions to the annual audit plan since it was presented and approved by the Committee in May.

OIA decided on Lighthouse Services, LLC as its new FWA third-party anonymous reporting service provider. The new service provider will commence near the end of November as the subscription with the current service provider (NAVEX-EthicsPoint) expires.

Financial Reporting

No Report Due

External Audit by Independent Accountants

No Report Due

Other Business

The Committee recognized and presented outgoing committee member Dr. Charles T. Saunders an award plaque in appreciation for his many (7+) years of service to Columbus City Schools and the Audit & Accountability Committee.

Adjournment

A motion to adjourn the meeting was made by Member Jordan and seconded by Member Vadjon. The Committee Chairperson adjourned the meeting at 5:24 p.m.