

SCHOOL BOARD WORKSHOP

GADSDEN COUNTY SCHOOL BOARD
MAX D. WALKER ADMINISTRATION BUILDING
35 MARTIN LUTHER KING, JR. BLVD.
QUINCY, FLORIDA

March 2, 2010

4:00 P.M.

This workshop was open to the public and electronically recorded.

The following Board members were present: Mr. Isaac Simmons, Chairman; Mr. Roger P. Milton; Mr. Charlie D. Frost; and Mr. Judge B. Helms. Also present were Mr. Reginald C. James, Superintendent of Schools and Secretary to the Board; Mrs. Deborah Minnis, Attorney for the Board; and others. Mr. Eric F. Hinson was absent.

1. CALL TO ORDER

The workshop was called to order by the Chairman, Mr. Isaac Simmons, at 4:10 p.m.

ITEMS FOR DISCUSSION

2. PRELIMINARY AND TENTATIVE AUDIT FINDINGS FOR FISCAL YEAR ENDED JUNE 30, 2009

Mr. Milton noted that all the departments were well represented. He stated that the audit findings were repeated. He stated that although he is not aware of the issues until months later, the district should be going through this audit finding procedure year after year.

Mr. Simmons stated that he had an extensive meeting with the Superintendent discussing plans to draw up guidelines that will enhance the district's operation.

The Superintendent concurred with the Chairman and Vice Chairman that the audit findings are decreasing.

Mrs. Bonnie Wood and staff members shared with the Board an overview of the preliminary and tentative audit findings for fiscal year ended June 30, 2009. She stated that the school food service department has improved greatly. She stated that most of the findings were in technology and has to do with policies and procedures.

Audit Finding No.1 – Mrs. Wood stated that in the audit report the district did not perform effective review procedures to ensure that amounts were properly reported on the financial statements. She stated that the district extended audit procedures to determine the necessary adjustments to properly report the account balances and note disclosures, and the district accepted these adjustments. She stated that the audit recommended that the district needed to enhance its financial reporting review procedures to ensure account balances and related noted disclosures are properly reported on the financial statements.

Audit Finding No. 2 - Mrs. Wood stated that in the audit report the district had not established adequate capital asset subsidiary records. She stated that district personnel indicated that efforts are being made to record all capital assets on new accounting software. She stated that without accurate detailed subsidiary property records, based on applicable general ledger transactions, the district has limited assurance that proper accountability is established for these assets. She stated that the district should establish controls over its capital assets to provide accurate detailed subsidiary records. She stated that the audit recommended that the district procedures should ensure that the results of annual physical inventories are timely reconciled to subsidiary property records and the proper resolution of unlocated items, as required. She stated that in addition, district procedures should be enhanced to ensure that property items purchased are correctly recorded and marked as property of the district.

Audit Finding No. 3 – Mrs. Wood stated that in the audit report the district’s general fund unreserved fund balance could be significantly reduced if questioned federal program costs are required to be restored to the federal programs by the grantors. She stated that the audit recommended that the district and Superintendent should continue its efforts to closely monitor the district’s budget to ensure that adequate fund balances are maintained for operating purposes. She stated that there will always be a finding until the district gets a 5% fund balance.

Audit Finding No. 4 – Mrs. Wood stated that in the audit report the district had not developed a fraud policy to provide guidance to employees for communicating known or suspected fraud to the appropriate authorities. She stated that the audit recommended that the district should aid in the detecting and prevention of fraud, the district should develop policies for communicating and reporting fraud to the appropriate authorities.

Audit Finding No. 5 - Mrs. Wood stated that in the audit report the district procedures for teachers assigned to out-of-field teaching duties were not effective to ensure that out-of-field assignments were timely presented to the Board for approval. She stated that the audit recommended the district should enhance its procedures to ensure that the names and assignments of all teachers to out-of-field duties are presented to, and approved by, the Board. She stated that procedures are in place to notify Human Resource and Title I when staff has been transferred. She stated that the Superintendent’s signature of approval will take place before any transfers are taken.

Audit Finding No. 6 - Mrs. Wood stated that in the audit report the district needed improvements in controls over the reporting of instructional contact hours and adult general education courses to the Florida Department of Education. She stated that the audit recommended that the district should establish controls over the reporting of instructional contact hours for adult general education courses to the Florida Department of Education.

Audit Finding No. 7 – Mrs. Wood stated that in the audit report the district did not have formal, written procedures that address various aspects related to purchasing cards such as the responsibilities of the cardholder, supervisor review and approval, individual transaction limits, prohibited uses such as loaning a purchasing card to others, the approval and payment of purchases, and procedures for lost or stolen cards. She stated that the district did not use cardholder agreements to evidence that each employee accepted their card and had read and understood the established conditions for card use. She stated that the audit recommended that the district should develop formal written procedures governing the use of purchasing cards and use a cardholder agreement to evidence each cardholder’s acceptance of established conditions for card usage. She stated that also, the district should enhance procedures to ensure that supervisory review and approval of purchasing card payments is documented, and PCR forms and adequate supporting documentation of payments are timely submitted to the finance department.

Audit Finding No. 8 – Mrs. Wood stated that in the audit report the district had not fully implemented a comprehensive information technology (IT) security awareness training program. She stated that the audit recommended that the district should promote security awareness through the continued implementation of its security awareness training program to ensure that all employees are aware of the importance of information handled and their responsibilities for maintaining its confidentiality, integrity, and availability. She stated that the district should require all employees to acknowledge in writing their understanding and acceptance of security related responsibilities on an annual basis.

Audit Finding No. 9 – Mrs. Wood stated that in the audit report the district had not developed a formal disaster recovery plan that assigned the responsibilities to carry out disaster recovery activities to particular employees and designated an alternate processing site. She stated that the district is in the process of contacting a provider to develop such a plan. She stated that the audit recommended that the district should continue its efforts to develop a formal disaster recovery plan that includes provisions for the assignment of staff responsibilities and an alternate processing site in the event of a disaster.

Audit Finding No. 10 - Mrs. Wood stated that in the audit report the district lacked written policies and procedures for certain IT functions. She stated that the audit recommended that the district should establish written policies and procedures to document management’s expectations for the performance of the IT functions.

Audit Finding No. 11 – Mrs. Wood stated that in the audit report the district lacked written policies and procedures for the removal of IT access privileges of certain former or reassigned employees, consultants, and vendors. She stated that the audit recommended the district should enhance its procedures to ensure that the district IT personnel are timely notified of reassignments, resignations, retirements, and terminations so that they can promptly remove or restrict the access privileges of former or reassigned employees, consultants, and vendors. She stated that the district should establish written policies and procedures governing the removal of access privileges.

Audit Finding No. 12 – Mrs. Wood stated that in the audit report the district had certain IT security controls in the areas of logging, monitoring, and review of system activity; management of access privileges; and user authentication that needed improvement. She stated that the audit recommended that the district should improve security controls to ensure the continued confidentiality, integrity, and availability of district data and IT resources.

Mr. Simmons called for a short recess at 6:16 p.m., and reconvened the workshop at 6:25 p.m.

Federal Awards Finding No. 1 – Mrs. Wood stated that in the audit report the district did not always properly allocate Title I schoolwide program funds to schools identified as eligible and selected to participate. She stated that the audit recommended that the district procedures should be enhanced to ensure that Title I schoolwide program resources are properly allocated to, and expended at, schools with the greatest needs, as required. She stated that the audit also recommended that the district should document to its grantor (Florida Department of Education) how Title I schoolwide program resources were used at the schools with the greatest need, or restore the questioned costs to the Title I program. She stated that correct ranking should be to seek legal advice with regards to having to pay back the funds. She stated that when all schools are Title I it would almost be impossible to solidify ranking the schools.

Federal Awards Finding No. 2 – Mrs. Wood stated that in the audit report the district did not document the allowability of questioned costs for an electronic parent notification system charged to the Title I and Special Education programs and questioned costs for a network server charged to the Title I program. She stated that the audit recommended that the district should enhance its procedures to document the allowability of program costs. She stated that the audit also recommended that the district should document the allowability of the questioned costs to the grantor (Florida Department of Education), or restore the respective costs to the Title I and Special Education programs.

Federal Awards Finding No. 3 – Mrs. Wood stated that in the audit report the district assigned four teachers to Title I schoolwide project schools who did not meet the requirements to be highly qualified, contrary to Federal regulations. She stated that the audit recommended that the district should enhance procedures to ensure that all teachers hired to teach core academic subjects in Title I schoolwide program schools are highly qualified. She stated that the audit also recommended that the district should document the allowability of these questioned costs to the grantor (Florida Department of Education), or restore the questioned costs to the Title I program.

Federal Awards Finding No. 4 – Mrs. Wood stated that in the audit report the district contrary to the intent and budget of the Improving Teacher Quality program, the district paid from the program a health services coordinator. She stated that the audit recommended that the district should document the allowability of the questioned costs to the grantor (Florida Department of Education), or restore the questioned costs to the ITQ program.

Federal Awards Finding No. 5 – Mrs. Wood stated that in the audit report the district records did not evidence the allowability of Title I program costs for two computer technicians. She stated that the audit recommended that the district should document the allowability of the questioned cost to the grantor (Florida Department of Education), or restore the amount to the Title I program.

Federal Awards Finding No. 6 – Mrs. Wood stated that in the audit report the district controls over capital assets used in federal programs could be enhanced. She stated that the audit recommended the district should implement procedures necessary to provide adequate control over capital assets used in federal programs.

During the discussion of the overview of the preliminary and tentative audit findings for the period ended June 30, 2009, Board members asked questions, made comments, and shared their concerns.

Mr. Milton requested a copy of the 2009 district's monitoring report.

3. GENERAL OPERATING FUND – INTERNAL ACCOUNTS

The Superintendent and Chairman will meet to discuss the school's findings.

4. ITEMS BY THE SUPERINTENDENT

5. SCHOOL BOARD REQUESTS AND CONCERNS

6. The workshop adjourned at 7:35 p.m.