



MUSCOGEE COUNTY SCHOOL DISTRICT  
COLUMBUS, GEORGIA

Board Audit Committee  
Tuesday, February 28, 2017, 12:30 P.M.  
Public Education Center – Third Floor – Room 3057

Laurie McRae, Chair – Board Representative – District 5  
Pat Hugley Green, Ex-Officio – Board Chair – District 1  
Kia Chambers, Vice Chair – At Large  
John Thomas, Board Representative – District 2  
Andy Cottle, Director of Audit for Synovus Financial Corporation  
Dr. Fonda Carter, Associate Dean and Accounting Professor Columbus State University

Dr. David F. Lewis - Superintendent of Education  
Karen P. Jones – Executive Assistant  
Theresa Thornton - Treasurer  
Susan Taunton - Director of Internal Audit

AGENDA

ACTION

A. AUDIT COMMITTEE MINUTES

Minutes of Audit Committee meeting held December 8, 2016, are presented for approval. (Page 2)

B. AUDIT COMMITTEE MEETING SCHEDULE

The dates for the Audit Committee meetings will be decided for calendar year 2017. (Page 3)

INFORMATION/DISCUSSION

A. SYSTEM AUDIT CHARTER

The Audit Committee Chair will briefly review the mission of the Audit Committee. (Page 4)

B. PRESENTATION OF INDIVIDUAL AUDIT REPORT

The Director of Internal Audit will present the results of the audit of the Transportation Department conducted in October through December 2016. (No attachment)

C. SUMMARY OF ACTIVITY FUND AUDIT FINDINGS

The Audit Committee will discuss information concerning the findings in the activity fund audits conducted between November 1, 2016, and December 20, 2016. (Page 7)

D. SUMMARY OF PROPERTY AUDITS

The Audit Committee will discuss information concerning the findings in the property audit reports conducted between November 1, 2016, and December 20, 2016. (Page 8)

MUSCOGEE COUNTY SCHOOL DISTRICT  
Columbus, Georgia

Board Audit Committee Meeting – Room 3057  
Thursday, December 8, 2016, 12:30 p.m.

Minutes

The Audit Committee of the Muscogee County Board of Education was held on Thursday December 8, 2016 at 12:30 p.m. in conference room 3057 at the Public Education Center.

The following Audit Committee members were present: Pat Hugley Green and Rob Varner and Andy Cottle. Others present: David F. Lewis, Karen P. Jones, Theresa Thornton, Susan Taunton, Jay Pease, Debra McCullar, Brian Rutledge, Jenna Kaye Favors, Robinson Grimes representatives.

Mrs. Hugley Green called the meeting to order. She asked for a motion to approve the minutes of October 13, 2016. Upon motion of Mrs. Green, seconded by Mr. Varner, the minutes were unanimously approved.

Mrs. Hugley Green called on Ms. Thornton, CFO to present the FY16 Comprehensive Annual Financial Report. Ms. Thornton briefed the committee on the initiatives and achievements. She stated that the fund balance had a modest increase due to SPLOST collections and other factors. In addition, the district issued the 2016 debt totaling \$20K. She also reported the increase in fund balance days to 64.9 days for operations. She also updated the committee on staff challenges that have been rectified. Dr. Lewis noted that the solvency of the Teacher Retirement System (TRS) has been under discussion at the State level.

Mr. Pease briefed the committee on the tests performed by his team to review internal controls and compliance with specific regulations, contracts such as those in the Title I and the School Improvement Programs. He noted material weaknesses such as bank reconciliations, vendor payments and working around spending limits with P-cards. He noted that financial statements are not being received on a monthly bases due to staffing, quality and experience level. Ms. Thornton noted that controls have been put into place to address bank reconciliations, fixed assets-property disbursements and financial statements issues. Mr. Pease stated that they have suggested working with Finance in January to work through some of the issues. The Committee asked questions of the firm at this time.

In accordance with the audit charter, Mrs. Taunton presented the FY17 internal audit plan, budget and organization plan. Dr. Lewis said that if the budget permits, he plans to recommend another auditor position. He said that he is concerned that because of the time it takes to perform special audits such as the recent Transportation audit, he sees the need for an additional auditor. Mr. Pease asked if the district continues to have continuing education for employees. Dr. Lewis said this is professional development and it has been placed under one department and funds can be requested from the Professional Learning Department.

Mrs. Hugley Green called on Mrs. Taunton who presented the results of an audit on the after school program at Wynnton Arts Academy.

The Committee was briefed on the following:

- Summary of Activity Fund Audit Finding
- Summary of Property Audits

Mrs. Hugley Green noted that since new board members would be on the Board in January, the committee will wait to schedule meetings for 2017 until the next meeting. Mrs. Hugley Green asked if there were any other items to come before the committee.

Upon motion of Mrs. Hugley Green, seconded by proxy, Mr. Varner, the committee unanimously voted to adjourn the audit meeting.

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Pat Hugley Green, Chair

# 2017

<b>JANUARY</b>	<b>FEBRUARY</b>	<b>MARCH</b>	<b>APRIL</b>
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<b>SEPTEMBER</b>	<b>OCTOBER</b>	<b>NOVEMBER</b>	<b>DECEMBER</b>
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JANUARY 2018						
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1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28

Work Sessions – 5:00 p.m.  
Regular Board Meetings – 6:00 p.m.  
Change in regular meeting

Work Session  
Regular Meeting



Muscogee County School District  
Board Audit Committee  
System Audit Charter

This System Audit Charter identifies the purpose, authority and responsibilities of the Muscogee County School District's Audit Committee (the "Committee").

**MISSION**

The mission of the Committee is to provide to the Board of Education (the "Board"), oversight of the District's financial reporting and accounting practices, review of the adequacy of internal accounting and control systems, and review of the systems and processes for meeting the Board's goals as they relate to delivering educational services through regular communication with the independent auditors, internal audit management, financial management, and other appropriate School District personnel.

**AUTHORITY AND MEMBERSHIP**

The Committee is composed of three voting members of the Board recommended by the Chairman of the Board of Education annually in February ratified by the Board to serve a one-year term and two external members of the community that will serve two year terms, with an additional two year option at the discretion of the Board Chairman. The Audit Committee Chairman will serve as a permanent voting member of the Audit Committee. The Board's Superintendent of Education and Treasurer will be an ex-officio member. Two Committee members shall constitute a quorum. The Committee will report to the Board on a quarterly basis. Although Audit Committee members voluntarily contribute their time and expertise, regular attendance at meetings is necessary. Meetings will be held quarterly, or more often, if deemed necessary by the Chairperson of the Audit Committee. Members may be asked to withdraw from the Committee if they are frequently unable to attend the meetings.

All decisions shall be reached by consensus of those members present at the meeting. Consensus is defined as an acceptable solution that all can agree to support. If consensus cannot be reached, polling of the voting membership will take place and simple majority will rule. A quorum constitutes a simple majority of the total membership and meetings will not be conducted unless a quorum is present.

They shall serve without compensation. Employees of the District are prohibited from serving on the Audit Committee. Members of the Audit Committee shall be deemed School District Officers, but shall not be required to be residents of the School District. The role of the audit committee shall be advisory and any recommendations it provides to the Board shall not be substituted for any required review and acceptance by the Board of Education.

The Audit Committee shall develop and submit to the Board for approval a formal, written charter which includes, but is not limited to, provisions regarding the committee's purpose, mission, duties, responsibilities and membership requirements.

**GUIDELINES AND RESPONSIBILITIES OF EXTERNAL APPOINTMENTS**

The Board chairman shall appoint two citizens to serve staggered terms on the Audit Committee. It's preferable that the external appointees possess knowledge in accounting, auditing, financial reporting, or School District Finances.

Persons other than Board of Education members, who serve on the Audit Committee shall be independent and shall not:

- Be employed by the District or previously employed by the district within the last two years;
- Be an individual who within the last two (2) years provided, or currently provides, services or goods to the District;
- Be the owner of or have a direct and material interest in a company providing goods or services to the District; or
- Be a close or immediate family member of an employee, officer, or contractor providing services to the District. A "close family member" is defined as a parent, sibling or nondependent child; an "immediate family member" is a spouse, spouse equivalent, or dependent (whether or not related).
- \*In the absence of a quorum the Board chairman shall serve as a voting member.

## **RESPONSIBILITIES**

### Financial Reporting and Accounting Practices

The responsibility of the Committee in the area of financial reporting and accounting practices is to provide reasonable assurance that financial reports and disclosures made by management accurately portray the District's financial condition. The responsibility of the Committee in the area of internal control is to provide reasonable assurance that the District is maintaining an effective system of internal control, is in compliance with pertinent laws and regulations, and is conducting its affairs ethically. To accomplish this, the Committee will:

- A. Provide oversight of the external audit coverage, including:
  - Periodic recommendation made to the Board of Education by the independent public accountants.
  - Review with the independent public accountants the work plan and results of the audit engagement.
  - Review of audit and non-audit fees.
  - Review internal auditing and accounting functions, as they relate to the external audit engagement.
  - Determine the auditor's independence in accordance with the U.S. General Accounting Office (GAO) and the American Institute of Certified Public Accountants guidelines (AICPA).
  - Meet with the independent public accountants to discuss pertinent matters, including whether any restrictions have been placed by management on the scope of their examinations, annually.
  - Review with management the issues and responses whenever a second opinion regarding a material issue is sought from an independent public accountant.
  - Review the letter of management representations given to the independent public accountants.
  - Review the audit reports before submission to the Board, the management letter issued by the independent public accountants, and the responses to the management letter by management of the School District.
  
- B. Review Board accounting policies and policy decisions:
  - Assess the impact of significant regulatory changes and accounting and reporting developments.
  - Review with management, the independent public accountants and Director of Internal Audit any significant reporting or operational issues discussed during the reporting period and determine how they were resolved.
  - Review Board policies relating to compliance with laws and regulations, ethics, conflict of interest, and the investigation of misconduct or fraud.
  - Provide guidance to the Board regarding financial and operational risks.

C. Provide oversight of the Internal Audit function by:

- Review and monitor internal audit plans, budgets and staffing levels, annually.
- Review summary of internal audit reports and subsequent responses from management, quarterly.
- Participate in the Board's appointment, and appraisal of, the Director of Internal Audit, annually.
- Assess the extent to which the planned audit scope of the Internal Audit Department and the independent public accountant can be relied on to detect weaknesses in internal controls and assess management's response to reported weaknesses or compliance deficiencies.
- Provide guidance to the Board regarding financial and operational risks.
- Meet annually with the Director of Internal Audit to discuss pertinent matters, including whether any restrictions have been placed by management on the scope of their examinations.

D. Confidentiality

- Members of the Committee shall perform their duties in good faith, in a manner they reasonably believe to be in the best interests of the Committee and the District with such care as a generally prudent person in a similar position would use under similar circumstances.
- During the exercise of duties and responsibilities, the Committee members may have access to confidential information. The Committee shall have an obligation to the district to maintain the confidentiality of such information.

Tabled for 30 days – 8-17-2015 – BOE

\*Revisions by Audit Committee on 11-19-2015

Final approval by BOE 1-19-2016

SUMMARY OF ACTIVITY FUND AUDIT FINDINGS  
November 1, 2016 through December 20, 2016

During the period from November 1, 2016 through December 20, 2016, three sites' activity funds were audited. There was one elementary school, one middle school, and one support location audited. All sites audited have responded to their audit report with stated plans for improvement, with one exception. The following is a summary of the significant findings of those audits:

- I. Cash Receipts
  - a. Three locations were cited for not receipting funds when they were received in the office.
  - b. One location was cited for missing pre-numbered deposit slips.
  - c. One location was cited for the secretary using a subsidiary receipt book prior to receipting funds received in Business Plus.
  - d. One location was cited for accepting funds in the front office for deposit without any backup.
  - e. One location was cited for receipts written in the front office not matching the backup documentation.
  
- II. Local Purchase Orders/Purchases
  - a. Two locations were cited for having purchases for \$2500 or more that were not pre-approved by the Treasurer prior to the purchase being made.
  - b. Two locations were cited for purchase orders completed after the purchase had already been made.
  - c. One location was cited for P-card statements late to the Purchasing Department.
  - d. One location was cited for using the P-card to pay for previously incurred expenses.
  
- III. Receipt Books
  - a. One location was cited for having receipts written that were not traced to a Cash Receipt written in the front office (Business Plus).
  - b. One location was cited for teachers receipting themselves.
  - c. One location was cited for not retaining all three copies of voided receipts.
  - d. One location was cited for funds being double receipted when collected by the teacher.
  - e. One location was cited for teachers not receipting funds when received.
  - f. One location was cited for no backup for funds collected.
  - g. One location was cited for a missing receipt book.
  
- IV. Accounting Records
  - a. One location was cited for having overdrawn activity accounts (two) at the time of the audit.
  
- V. Extracurricular Activities
  - a. One location was cited for a difference in projected sales and actual receipts from the sale of inventory.
  - b. Two locations were cited for not completing event reports in a timely manner/not depositing funds in a timely manner.
  
- VI. Parent Run Organizations
  - a. Two locations were cited for not completing fundraiser approval forms/fundraiser financial statements and remitting those to Internal Audit.
  - b. One location was cited for the parent organization using the school's address as their business address.

Other routine findings in the audits were as follows:

1. Text notes for receipts written in Business Plus were not sufficient.
2. Months not closed out properly with a deposit on the last business day of the month.

SUMMARY OF PROPERTY AUDIT FINDINGS  
November 1, 2016 through December 20, 2016

During the period from November 1, 2016 through December 20, 2016, four reports have been issued where property audits were conducted. The reports issued were for three elementary schools and one middle school. There were four significant findings in the four property audit reports.

1. Four locations audited were cited for having missing and unaccounted for items. The 26 items not accounted for at these four locations had an original cost of \$30,221 and book value of \$1,290.
2. At two of the locations, flagged items were located (3 items).
3. Two locations were cited for moving or receiving items without the proper paperwork (6 items).
4. Two locations were cited for not having all laptop agreement forms completed and on file (at least 8 items).