



INFORMAL MINUTES

A meeting of the board's Audit Committee meeting came to order at 4:40 pm at the call of Committee Chair Brim-Edwards in the Willamette Conference Room at the Blanchard Education Service Center, 501 N Dixon Street, Portland, Oregon, 97227.

There were present:

Board Directors

Julia Brim-Edwards, Chair
Michelle DePass
Andrew Scott

Staff and Community Partners

Karen Werstein – Public Information Officer
Claire Hertz – Deputy Superintendent of Business and Operations
Kari Guy
Kate Wilkinson (via phone)

Audit function charter

Committee Chair Brim-Edwards explained that the Internal Audit Performance Charter is different from the Audit Committee Charter. The Internal Audit Performance Charter is specific to the internal auditors' work. The Internal Audit Performance Charter will be brought to the board for approval at the October 15, 2019 meeting.

Audit Committee charter

The Audit Committee Charter should be a document that is an overview of the work scope and direction of the Audit Committee and Committee Chair Brim-Edwards stated that she would like to not spend too much time the charter. She shared draft committee goals, which were an extraction of the discussion from the previous committee meeting. The committee discussed the goals. Claire Hertz commented that the district already has a multiyear contract in place with external auditors and we wouldn't be hiring an external auditor the next year.

Director Scott asked what the best way to evaluate the internal auditors without causing a conflict of interest, so that they feel comfortable auditing the board. Kari Guy said that there is going to be conflict. It was discussed that there could be language that discusses how the internal auditors audit the board. Kate Wilkinson stated that the auditing of the board could not come from internal auditor, and discussing it at the audit committee is outside the scope of the committee. Claire Hertz recommended that the discussion happen at a work session with the full board. Director Scott stated that he wanted to make sure that they were explicit that the internal auditor is not responsible for auditing the board. Kari Guy stated that the internal auditors could, if they noticed that there was a risk at the board level, put that into the risk assessment and then the board could figure out from there how they would go about an audit of the board.

Kari Guy recommended adding the Bond Audit to goal ten, and that goal eleven should be a tentative goal, pending deciding what kind of charter is expected by the full board. Chair Brim-Edwards will make revisions and share the updated committee goals.

Development of the Auditor Goals

Director Brim-Edwards stated that the internal auditors were the only staff besides the superintendent that are hired and evaluated by the board, however it makes sense to use district evaluation tools that are already in place. Director Brim-Edwards noted that there would be a column on the Employee Goals and Development Plans document, which would be used for the auditors evaluation, that would list how the results will be measured and who the stakeholders are that would provide feedback on that the evaluation. The internal auditors will fill in the measurement tools and community stakeholders and bring it to the next committee meeting. When it is time for the auditor's evaluation, Director DePass will write the draft evaluation and then bring it to the committee for discussion prior to referral to the full board.

2019-2020 Risk Assessment Development

Enterprise risk assessment is something that should be done over time as the lead auditor gets to know the district and the systems. It was discussed whether the enterprise risk assessment should be done by an external auditing firm. Kari Guy stated that it would be beneficial for an external auditing firm to come in with fresh eyes, without biases and without familiarity of the system. Director Brim-Edwards expressed an internal capacity concern, as the auditors are focused on the internal audit. The risk assessment should be done annually.

Automated Clearing House (ACH) testing and review

After the fraud attempt with recovery, new control systems were put into place. The new systems should be tested by the auditors. It would be a small defined audit that could be done quickly. The committee agreed to recommend to the full board that an audit of the ACH Controls be added to the work plan.

Update on Portland Public Schools response to the State Audit Division audit

There is a working document (called "SoS") that details the management response to the State Audit Division Audit, which shows the work being done. Claire Hertz will work on changing the format to present the information. She stated that some items were on track to on time completion, but that other items were behind schedule. One item that is behind schedule is in the Transportation Request for Proposal, because there isn't real estate available to set it up. It's hard to find a large piece of land for buses within the city. They are trying to find multiple smaller piece of land that spread them out, which will also help spread the contracts out between smaller companies.

Office of the Internal Performance Auditor (OIPA) update

Janice Hansen, Senior Internal Auditor, has been working to look at the audit from multiple perspectives. They have worked created a race equity and social justice tool which will help the auditors decide whether the audit recommendations might have an unintended negative effect. The tool is waiting to be reviewed by the racial equity and social justice advisor and then it will be shared it with the committee. She met with the board student representative Latterell and Student Representative Latterell asked for the auditor to attend a District Student Council meeting and share with them what auditing is and how it effects change. Director Brim-Edwards suggested that she take the Racial Equity and Social Justice tool for them to review and get feedback.

The OIPA is currently working on the contracts audit, and has looked at media that has been published and information from the secretary of state to help direct the focus.

Phase one of the contracting audit will look at the systems that are in place, and then phase two will be in response to the Secretary of State Audit. They will specifically look to see if people using the direct services template, and whether the template is effective evaluating what was suggested in the Secretary of State Audit. They will additionally look at the scope of work template that is unique to personal/professional services that are related to student achievement, evaluating whether they are being used and whether the template is reporting what was intended.

Committee Chair Brim-Edwards requested that in the future the smaller parts of each audit phase not also be called phases. Kari Guy suggested they call them objectives (objective one, objective two, etc.). As objectives are completed, the auditors will bring reports to the board.

Public Comment

Abdiel (last name not given). He asked happened to the Teaching and Learning Committee, which no longer exists. Director Brim-Edwards responded that the work that was done in the Teaching and Learning Committee has been elevated to the full board for discussion.

Adjourned

Committee Chair Brim-Edwards Adjourned the meeting at 6:35 pm.

Submitted By:

Kara Bradshaw

Kara Bradshaw
Confidential Executive Assistant
School Board Office