



INFORMAL MINUTES

A meeting of the board's Audit Committee meeting came to order at 4:36 pm at the call of Committee Chair Julia Brim-Edwards in the Willamette Conference Room at the Blanchard Education Service Center, 501 N Dixon Street, Portland, Oregon, 97227.

There were present:

Committee Members

Julia Brim-Edwards – Chair
Michelle DePass
Andrew Scott
Kari Guy
Kate Wilkinson (via phone)

Staff and Other Attendees

Kara Bradshaw - Executive Assistant, Board of Education
Kathy Brady - Bond Auditor (via phone)
Janise Hansen - Internal Auditor
Claire Hertz - Deputy Superintendent of Business and Operations
Dan Jung - Chief Operation Officer
Cynthia Le - Chief Financial Officer
Luin Lui - Bond Auditor (via phone)
Mary Catherine Moore - Auditor
Scott Perela - Facilities
Rosanne Powell - Senior Board Manager

Review of the Minutes

The minutes from the December 05, 2019 Audit Committee Meeting were available. There was no comment.

Internal Auditor

Janise Hansen provided an overview of the proposed PPS Audit Committee web page. The documents that will be included on the website will be sent to committee members so that they can provide feedback. Each audit type, such as internal, external, Secretary of State and Bond Auditing, will be described. Each section for the audit type will include a section with links to the audits that have been completed. There was discussion regarding responses to the previously completed audits. It was noted that some of the previous audits have response reports and others do not. It was requested that in the future the responses to the audit be more infographic so that people with language barriers can more easily access the results.

Ms. Hansen provided an overview of the Audit Committee Work Plan, including upcoming items and items that have been completed. She noted that she hopes to have a preliminary risk assessment report by the April meeting and a proposed future audit plan in June. Ms. Hansen provided an audit department request for operating budget, noting that they took the numbers from the Seattle school district audit department which is a similar size. Director Brim-Edwards noted that the audit department is currently under the board office budget, but will need to be moved to into their own budget.

Ms. Hansen introduced an idea for a fraud hotline, which would be managed by a third party. There was discussion regarding who should monitor the hotline. Ms. Hanson noted that the audit department isn't ready to move forward at this time, and so a decision does not need to be made at this time, however it would need to be included in the department's budget request.

Bond Performance Audit

Kathy Brown and Luin Lui provided a status report, noting that they could not provide any specific results of the audit is still in process. They shared that audit completed last year looked at construction estimates in phase 1, and entire framework in phase 2. This year's audit will look at five primary areas which are contracts and procurement, health and safety, construction management, 2017 Bond status and prior audit recommendations follow-up. She added that it's not an even balance of work between those areas, and that it depends of the findings, but that a larger portion of time is spent on health and safety, because of the nature work. The full report is expected to be ready for public issue in mid-June.

Comprehensive Annual Financial Report (CAFR) Contract Extension

Cynthia Le shared her recommendation to extend the current contract with Talbot, Korvola & Warwick LLP (TKW), which are the auditing firm that compiles the Comprehensive Annual Financial Report (CAFR). She noted that a primary reason that she is making the recommendation is that the Portland Public Schools financial team is new, as well as the internal auditing team, and the firm is familiar with Portland Public Schools from before and have the new team came on. She add however that new auditors from the firm come in each year, making sure that there are fresh eyes to view the system. Ms. Le also shared that the relationship with the firm has been good, that they have been professional, patient with new teams, and are knowledgeable about the complexities of Portland Public Schools financial systems. Ms. Wilkinson asked if the plan was to renew for three more years. Ms. Le replied that they would renew with a three year contract, and at year two the audit committee would look to see if they wanted to look for new audit firm. The committee stated that they would support the request to continue with the same firm.

Secretary of State Audit (SOS)

Director Brim-Edwards provided a Secretary of State Recommendation Tracker that focuses specifically on item number 26 on the audit, which has seven sub-items, and that falls under the committees work. A SOS recommendation description document, which summarizes the items of the audit related to the full board was discussed. It was decided that the document would be a good way to track work, but that the version shared with the public only needed the current quarter's status. The committee looked at the current status of responses, noting that there are a few that are still pending. There was discussion regarding the role of the board in tracking the staff's work on the recommendations and how detailed their response should be. Ms. Hansen shared that in her experience the board should note what they did to ensure that the work was done. An example of a response that shows they ensured the work was done could be: we directed management to do xyz, management completed xyz and provided a report to the board.

Other Business

Claire Hertz requested that the committee discontinue the extra temporary contracting regulations that were put into place a year ago, as there have many new measures put into place since, and the extra regulations are an impact on staff work load. Director Brim-Edwards requested that the regulations stay in place until the internal contracting audit is complete. There was discussion regarding what the extra regulations were in response to, how long they were expected to stay in place, and whether they should be lifted. Director Brim-Edwards stated she would look for the documentation showing what the temporary regulations were in response to and that the committee would continue the conversation at a future meeting.

Public Comment

None.

Committee Chair Brim-Edwards Adjourned the meeting at 6:45 pm.

Submitted by:

Kara Bradshaw

Kara Bradshaw, Executive Assistant
PPS Board of Education