

Jefferson County Public Schools Board of Education	
Finance Advisory Committee Audit and Risk Subcommittee	May 18, 2017 Update
Subcommittee Contact: James Rose	

#### Logistics and Actions to Date

- The subcommittee has not formally met but will be convening a meeting prior to the next Finance Advisory Committee.
- The subcommittee chair has met with the Finance Advisory Committee chair and the Internal Audit Chief Audit Executive to discuss work plan and approach.

#### Work Plan

- At our first meeting, we will discuss the following items that will be part of our initial work plan.
  - Establish Annual Planning Calendar
    - There are several items that an 'Audit Committee' would be expected to do. Our role is to address those expectations and provide our advice to the board based on our professional subject matter expertise. The Board – with our advice in hand – will make all formal decisions normally reserved for an 'Audit Committee'. Such items include internal and external audit oversight, risk assessment program review, and specific risk mitigation activity review.
  - Compensation Study Review
    - Internal Audit is performing a peer review of the work completed by JCPS Finance to explain differences in the compensation study identified and reported on March 21, 2017.
    - The objective of the Internal Audit work is to ensure transparency around any assumptions made in the analysis in addition to helping foster confidence in the conclusions that can be made from the report and the subsequent revisions. The subcommittee will hear from Internal Audit on their assessment and offer any additional questions to Internal Audit for their consideration.
  - Enterprise Risk management (ERM)
    - The subcommittee's primary focus will be overseeing and providing advice on a comprehensive ERM program. We will discuss what the objectives of this program will include and key steps for the subcommittee's efforts in overseeing the ERM effort.
  - External Audit
    - The subcommittee will discuss our steps for reviewing the CAFR and work of the External Auditor so that the subcommittee can in turn provide advice to the Board for their formal review and acceptance of the External Auditor's work.

#### Action Item for Finance Advisory Committee

- Recommend the following Board Resolution (as amended by JCPS for Board protocols). The Internal Audit department is outsourced in part to Dean Dorton LLC and the work was not previously considered in the audit plan or budget for the fiscal year ending June 30<sup>th</sup>.
  - Resolved by the JCPS Board that:
  - Internal Audit is directed to work with the Audit and Risk subcommittee of the Finance Advisory Committee to :
    - establish their annual work plan and
    - perform a peer review of JCPS management's March 21, 2017 analysis and conclusions on the compensation study misstatements. The peer review will ensure transparency around any assumptions made by management in their analysis and help to foster confidence in the conclusions of the report necessary for Board decision making.
  - The Board approves the expenditure of up to \$7,500 to Dean Dorton, LLC for Internal Audit work to accomplish this work within the next 30 days.