

Audit and Risk Management Advisory Committee
Jefferson County Public Schools
VanHoose Education Center
August 21, 2019 Minutes

ARMAC Members Present: Chairperson James Rose, Vice-chairperson Rhonda Mitchell (via teleconference), Dr. Keith Davis, Dr. Sarah Moyer, Pedro Bryant (via teleconference), Dr. Vicki Phillips (via teleconference) and Dr. Lois Adams-Rodgers (via teleconference)

Public Present: none

JCPS Staff Present: Dr. Marty Pollio, Amy Dennes, Jodell Renn, Chalynn Comage and Shari Mattingly

Board Members Present: none

Mr. Rose called the meeting of the Audit and Risk Management Advisory Committee (ARMAC) to order at 2:00 pm. A quorum was present.

Approval of Minutes

Mr. Rose requested a motion to accept the minutes of the July 24, 2019 meeting, which was made by Dr. Keith Davis and seconded by Dr. Sarah Moyer. The minutes were approved by a unanimous voice vote.

Introductory Comments

Mr. Rose reviewed the meeting agenda with those present.

Status of Current Internal Audit Work Plan – Jodell Renn, Director, Internal Audit

Ms. Renn provided a summary of the status of the current internal audit work plan, which was initiated by Dean Dorton. The scope of the initial work plan was July 2018 - June 2019. After hiring of the Director of Internal Audit, a risk assessment was completed, 5 projects were added to the audit plan and the period was expanded to October 31, 2019. The revised plan was approved in March 2019. Director of Internal Audit provided an update as to the type of activities performed during the fiscal year 2019 noting that a greater amount of time was spent on compliance/monitoring and investigation activities versus consulting and assurance activities. At least two projects proposed in the current plan may roll over to the next year's plan due to other assignments performed and a vacancy in the audit staff that is occurring at the end of September.

Ms. Renn shared that no material exceptions were identified in the audit activities performed. All reportable items, including operational efficiency recommendations identified have been communicated to the business owners.

A discussion was held on the categories of the hotline reports received during FY 2019. Calls Plus is the vendor used by JCPS as its hotline reporting portal. Overall the number of reports has increased from

prior year. The area with the largest increase in reports is bullying. The district increased the on-line footprint of the bullying reporting tool. Links were placed in two places on the front page of JCPS's website and on the student's Google Suite. Dr. Moyer shared that she is concerned that "we are not teaching kids how to be resilient," so that kids understand how to work through conflict before they escalate to more serious matters. Dr. Pollio shared that the difference between bullying and student conflict is very difficult to resolve, especially with social media, but school personnel should make every effort to mitigate. The assistant superintendents of schools have their clerical team monitor bullying reports and JCPS has added mental health professionals to the staff at every school. They are available to students, and can assist the student sooner, as opposed to waiting until they get home to ask for help.

The bullying reports are forwarded, by the vendor, directly to the Bullying Prevention team who forward onto the Assistant Superintendents. All other reports are triaged by Internal Audit and forwarded to the appropriate personnel or processed within Internal Audit. In addition, Internal Audit monitors timeliness of closing out all reports received, including bullying reports.

The 2019 Kentucky Legislature passed Senate Bill 1 which requires an anonymous reporting tool that allows students, parents, and community members to anonymously supply information concerning unsafe, potentially harmful, dangerous, violent or criminal activities, or the threat of activities, to appropriate public safety agencies and school officials. Amy Dennes, Chief of Staff, shared that the state is creating their own reporting tool and JCPS will participate. At this time, it is uncertain how the process will be administered including how reports will be triaged.

Proposed Internal Audit Work Plan, October 1, 2019 – September 30, 2020 – Jodell Renn

Ms. Renn shared the process she followed to create the proposed work plan. Using the audit universe created in the spring 2019, she met with the Cabinet Chiefs and made changes based on those discussions. She shared that the Chiefs appeared to have a better understanding of the process and collaborated very well in identifying the changes and requesting areas for internal audit to consider including in its work plan. Amy noted that as Director of Internal Audit, Jodi is building a culture of trust and support around assisting the Chiefs and her role is evolving to one that is seen positively by cabinet members helping to critically evaluate and offer suggestions for improvement.

Ms. Renn shared that she believes Internal Audit should serve the organization based on what it needs. Currently, there is a strong desire to improve the level of compliance with Redbook requirements at the schools. Therefore, the proposed plan includes a large percentage of its resources being allocated to the compliance/monitoring activity to address this need. In addition, resources are allocated to performing investigations, assurance/consulting and administrative activities. Projects included in the work plan were identified based on results of the audit risk assessment, input from cabinet members and Ms. Renn's experience in the profession for areas that benefit from periodic reviews (i.e. Travel and Expense reviews). The scope of the cowork plan will be performed during November 1, 2019 – October 31, 2020 and remains flexible to address the Organization's needs.

Ms. Renn will make herself available to JCPS Board members to discuss any aspects of internal audits current or proposed work plan. She will be providing a report to the Board on September 24, 2019 and will be requesting approval of the work plan for the period November 1, 2019 – October 31, 2020.

ARMAC Report to the Board in October 2019 – James Rose, ARMAC Chair

Mr. Rose facilitated a conversation on what ARMAC has accomplished over the past year. The committee has spent the last year gaining an understanding of the different focus areas at a high level which have allowed members to get oriented and become acclimated to JCPS staff and processes. The members discussed that, collectively, they feel better positioned to contribute by having more in-depth discussions around the focus areas. While JCPS Board Members have not attended ARMAC meetings regularly, the hope is that the board will review the materials and read the minutes from the meetings to assist them in their role. ARMAC is a sounding-board and resource that can weigh in on areas and contribute to enhancing processes which is different from the Board's role.

Dr. Pollio asks that ARMAC keep the board informed. The goal is for the Board to take the information provided by ARMAC and use in their decision making process.

FY 2020 Committee Meetings Focus Area Topics – All members facilitated by James Rose

Mr. Rose challenged the committee to think about its purpose, who are the stakeholders, and what is the message they want to take to the board in October. Understanding that ARMAC has no policy setting authority, they are positioned to help management challenge their risk appetite or risk of staying complacent. Dr. Davis sees the value of the committee as being a different set of eyes that can give some credibility. Dr. Pollio concurred and sees value in ARMAC, especially as the learning curve is mastered. The committee would like to move away from relying heavily on staff presentations to one that involves more of a deep dive and data rich discussions into areas of focus.

Dr. Pollio shared that the District is gearing up to develop its 2025 Strategic Plan and may look to ARMAC throughout the process to get feedback.

Ms. Mitchell and Dr. Phillips shared that moving the meetings away from the current monthly schedule may help drive deeper discussions. It was also suggested that meeting materials be provided well in advance to allow for questions in advance. Mr. Rose shared that he would be meeting with Ms. Renn to discuss the ARMAC calendar and wants to be sure that meetings are available to accommodate items such as the external auditors and other time sensitive issues. The September 18, 2019 meeting will be necessary to discuss the October Board report. Mr. Rose encouraged ARMAC members to be in attendance at the October 15, 2019 JCBOE meeting to be introduced and recognized.

Adjournment

Mr. Rose requested a motion to adjourn the meeting which was made by Dr. Sarah Moyer and seconded by Dr. Keith Davis. The meeting adjourned at 3:40 pm.