

Audit and Risk Management Advisory Committee
Jefferson County Public Schools
November 3, 2022
Stewart Auditorium

ARMAC Members Present: Chairperson James Rose and Pedro Bryant

JCPS Staff Present: Cordelia Hardin, Eddie Muns, Hannah Lehman, John Sewsankar, Jodell Renn and Shari Mattingly

Board Members Present: none

Public Present: Jim Tencza and Tom Smither

Chair Rose called the meeting of the Audit and Risk Management Advisory Committee (ARMAC) to order at 2:00 pm.

Approval of Minutes

Chair Rose requested a motion to accept the minutes of the August 25, 2022 meeting, which was made by Pedro Bryant and seconded by Chair Rose. The minutes were approved by a unanimous voice vote.

Annual Comprehensive Financial Report presentation – Cordelia Hardin, Chief Financial Officer, Eddie Muns, Executive Administrator Accounting Services, James Tencza and Tom Smither of Dean Dorton

Mr. Muns presented the ACFR and explained that they are a few steps away from having it finalized. Once finalized, the version he presented to ARMAC will be presented to the Board. He introduced his team, Hannah Lehman and John Sewsankar, and Chair Rose expressed his appreciation for the teams work on the ACFR. Mr. Muns is hoping that the report will once again receive the GFOA's Award for Excellence, as JCPS has received this recognition every year since 2007.

Mr. Muns explained the two pension systems that are reported in the ACFR, as GASB requires that pension activity be included. Pension reporting runs two years behind, and pensions are allocated according to the percent of contributions. Chair Rose inquired how new income streams play into the net position and Ms. Hardin explained that they will ultimately get budgeted.

The Dean Dorton audit results were presented by Mr. Jim Tencza. He explained that new auditing standards were used, and he reviewed their responsibilities listed in the report. The new format, which is now used by all companies, is cleaner than previous years reports. Dean Dorton has met with all board members. However, the audit will not be completely finished until November 15th. He expressed his appreciation to the JCPS team for their accessibility and hard work throughout the audit. No adjustments were required and there were no disagreements with management. Even though it was a huge undertaking, everything went very smoothly. The school activity fund audit work was done over all 147 schools, with 33 actual school visits. These were chosen because of a higher rate of bookkeeper turnover.

Mr. Bryant asked what has been learned since operating in a COVID world. Mr. Muns explained that when the pandemic hit, within a span of ten days, Finance converted to all electronic processing. This has been a building block for Accounts Payable to move to electronic invoice processing, and for computerized data retrieval and entry directly into the system for approval. Also, Dean Dorton was given read-only access to MUNIS, giving them the ability to directly access data needed for the audit.

Chair Rose inquired if No Bank schools has become more appealing to schools, as opposed to having bank account. It is seen as a significant growth opportunity, mostly due to the difficult hiring situation. JCPS will soon have a total of twenty No Bank schools.

Proposed 2023 ARMAC Calendar

Ms. Renn reviewed a draft proposal of 2023 dates for the ARMAC meeting calendar. The meetings would again be held on Wednesday's provided the auditorium is available, with the total number of meetings being four. Chair Rose inquired as to why four meetings instead of six. Ms. Renn explained she is trying to align with the Board and what they will be looking at next year. The number of board meetings for 2023 has also been reduced. Mr. Bryant expressed approval for having the topic of the first meeting of 2023 be a Vision 2020 Update – Metrics Review. Chair Rose would like to include a session on budget and where the new funding stream is going; the structure of how schools are funded.

Internal Audit Update – Jodell Renn, Director of Internal Audit

Ms. Renn provided status of Internal Audit projects. Issues between IT and the outside vendor have been resolved for the implementation of the GRC platform. As a part of the monthly monitoring process, a payroll component has been added. The building modification process is being finished up with schools. Ms. Renn is preparing for an upcoming Internal Audit QAR in the spring.

New Business

Chair Rose and Mr. Bryant have both identified possible new committee members.

Adjournment

Mr. Pedro Bryant made a motion to adjourn the meeting; Chair Rose seconded the motion. The meeting adjourned at 3:43 pm.