

For discussion at November 2, 2020 Audit Committee meeting.

Audit Committee: Assessment of BB9131 in preparation for January 2021 work session on role and activities of the OUSD Audit Committee

BB9131: The responsibilities of the Audit Committee shall include but not be limited to the following:

| Status | Duty of the committee |
|----------------------|---|
| <u>Do not do</u> | 1. Recommend to the Board for approval the independent auditors. The Audit Committee needs to review the contract with the external auditors when appropriate. What is the duration of the external auditor's contract? |
| <u>Do not do</u> | 2. Review the independent audit engagement including the fee, scope and timing of the audit, and any other services to be rendered, including non-audit services. Include in #1 above. |
| <u>Not done</u> | 3. Review with the independent auditor's district policies and procedures regarding internal auditing and internal accounting and <u>financial controls</u> . Audit Committee needs to agendize this item with the external auditor |
| <u>Not pursued</u> | 4. Upon completion of their audit, review with the independent auditors the cooperation they received from district personnel during the audit, the extent to which district resources could be used to minimize the time spent on the audit, and any significant matters of concern arising from the audit. Audit Committee needs to schedule this item for a January or February meeting. |
| <u>Don't get</u> | 5. Review with the independent auditors any significant transactions which are not a normal part of the district's business, any changes in accounting principles and practices, all significant proposed audit adjustments, and any recommendations that they may have for improving internal controls, choice of accounting principles or management systems. Audit Committee needs to schedule this item for a January or February meeting. |
| <u>Have inquired</u> | 6. Review with the district's financial and accounting staff district policies regarding internal accounting and financial controls. Place this item on Audit Committee agenda. Ask about any "Red Flags" the external auditor may have seen during the course of the audit concerning the districts accounting and financial controls. |
| <u>Have not done</u> | 7. Review and recommend district policies to the Board to prohibit unethical, questionable, or illegal activities by district employees. Audit Committee needs to schedule this item for a January or February meeting. Question to ask is, is the external auditor in a position to determine whether such activities are occurring and on what scope? |
| <u>No</u> | 8. Review with the internal auditor the organization and independence of the internal audit function; the goals and plans of internal audit including the nature and extent of work; problems and experiences in completing internal audits; and findings, conclusions, and recommendations as a result of internal audits. (No internal auditor) Have internal auditor's job description presented to Audit Committee along with hiring timeline. |

Findings
Reviewed

9. Upon completion of the independent audit, review with the district's financial and accounting managers their perception of the independent auditors, any significant matters of concern arising from the audit, and the extent to which recommendations made by the independent auditors have been implemented.
Place this item on the Audit Committee's agenda in Jan. or Feb.

Don't do

10. Prepare semi-annual written reports to the Board relating the results of committee activities.
Audit Committee needs to schedule these on agenda of the Board of Trustees

Don't receive

- The Board of Education shall provide written guidance to the Audit Committee on an annual basis regarding those areas on which the Audit Committee should focus.
Request guidance and direction from the Board of Trustees

Additional items for consideration:

1. Should the items listed in the ordinance be altered in any way?
2. Number of committee members: Five (5): At least three members shall possess expertise in internal and/or external audits, and/or management of a public school system.
Why not seven members as BB 9131 suggests for other committees?
3. Current Joint Meetings with Board of Trustees Budget Committee
Return to regular Audit Committee meeting and have joint committee meetings once a quarter or twice a year with well worked out agenda.