

REPORT OF THE AUDIT COMMITTEE

The Audit Committee met on Tuesday, December 19, 2017 at 4:30 PM at the Cincinnati Public Schools Education Center in Conference Room 1-A.

Medicaid Audit Report

Margaret Hall, PT, Med., DPT, Student Services Manager

The purpose of the Medicaid Audit was to determine whether the Provider's Medicaid claims for reimbursement complied with Ohio Medicaid regulations.

Dr. Hall informed the Committee that the purpose of the audit was also to ensure that services that the District provides are aligned with the District's IEP educational goals. The scope of the engagement was for billings that the District sent to Ohio Medicaid and received payment for medical based providers of occupational therapy, physical therapy and speech therapy during the period of January 1, 2013 through December 2015. The Audit was also to ensure that those providers have their state license.

Dr. Hall reported that there were no financial implications to the District as a result of the audit.

Charter School Reconciliation and Funding Update

Barb Mattei -Smith, Director of Performance and Accountability

Ms. Mattei-Smith informed the Committee about the process and reported that her office began reconciling charter school students to CPS' records in July 2017.

She reported that on a daily basis the School Options Enrollments System (SOES) is reviewed for updated records. If information is missing and/or entered incorrectly, that data is not viewable by the district and the charter school does not receive funding for the student.

When the records have been in the system for a few weeks, her department will then go into the system to verify student addresses, and cross reference those addresses with Powerschool. Records that are received by charter schools get scanned into PowerSchool. Other variables pertinent to student enrollment are verified as well. This information is also used by Transportation to verify where students will need bus transportation. She also reported that the States Student Identification number (SSID) sometimes does not match the SSID that the District has on record.

Ms. Mattei-Smith advised records that don't match get flagged to make the charter school aware that there is an issue with information contained in the students' record. The charter school will then provide proof of the necessary information to ensure that the student's file is consistent on both ends.

Ms. Mattei-Smith reported that reviewing addresses is a challenge for many reasons. One example is if the address is located in the CPS district, but the address is different in PowerSchool. When this occurs, she can only flag the account as a data quality issue which still allows funding to continue to the charter schools.

Ms. Mattei, Smith provided the Committee with the below Charter School Reconciliation report that she provided to the Finance Committee at their December 19, 2017 Committee meeting.

Charter School Reconciliation

| Record Status | New Students | Returning Students | Grand Total |
|----------------------|---------------------|---------------------------|--------------------|
| INACTIVE | 253 | 381 | 634 |
| NOT_REVIEWED | 50 | 40 | 90 |
| ODE_AUTO_APPROVED | | 3,937 | 3,937 |
| REVIEWED_NO_ERRORS | 2,348 | 1,438 | 3,786 |
| REVIEWED_WITH_ERRORS | 111 | 116 | 227 |
| Grand Total | 2,762 | 5,912 | 8,674 |

| Flag Type | Number of Students |
|------------------------|---------------------------|
| DATA_QUALITY | 201 |
| DOCUMENTED_CHALLENGE | 123 |
| GUARDIANSHIP_CHALLENGE | 1 |
| SSID_MISMATCH | 126 |
| Grand Total | 451 |

| Educating Agency | INACTIVE | NOT REVIEWED | ODE AUTO APPROVED | REVIEWED NO ERRORS | REVIEWED WITH ERRORS | Grand Total |
|---|-----------------|---------------------|--------------------------|---------------------------|-----------------------------|--------------------|
| Alliance Academy of Cincinnati | 19 | | 265 | 273 | 32 | 589 |
| Alternative Education Academy | 1 | | 16 | 42 | 2 | 61 |
| Buckeye On-Line School for Success | 1 | | 2 | 1 | | 4 |
| Cincinnati College Preparatory Academy | 57 | | 652 | 281 | 14 | 1004 |
| Cincinnati Learning Schools | 36 | | 123 | 80 | | 239 |
| Cincinnati Technology Academy | 18 | 1 | 145 | 122 | 3 | 289 |
| Cliff Park High School | | | | 1 | | 1 |
| Dohn Community | 74 | 20 | 256 | 429 | 18 | 797 |
| Electronic Classroom Of Tomorrow | 10 | 9 | 283 | 161 | 1 | 464 |
| Greater Ohio Virtual School | | | 6 | 9 | 1 | 16 |
| Hamilton Cnty Math & Science | 2 | | 33 | 16 | | 51 |
| Horizon Science Academy-Cincinnati | 28 | 1 | 171 | 135 | | 335 |
| Horizon Science Academy-Dayton | | | | 1 | | 1 |
| Insight School of Ohio | 4 | 1 | 44 | 39 | | 88 |
| King Academy Community School | 5 | 20 | 82 | 61 | 2 | 170 |
| Life Skills Ctr Of Cincinnati | 31 | 4 | 65 | 92 | 2 | 194 |
| Lighthouse Community Sch Inc | 3 | | 38 | 24 | 6 | 71 |
| Madisonville SMART Elementary | 22 | | 97 | 42 | | 161 |
| Mound Street IT Careers Academy | | | | 1 | | 1 |
| Mound Street Military Careers Academy | | | 1 | 1 | | 2 |
| Mount Auburn International Academy | 32 | 11 | 233 | 226 | 52 | 554 |
| Mt. Healthy Preparatory and Fitness Academy | 14 | 7 | 36 | 10 | 6 | 73 |

| Educating Agency | INACTIVE | NOT REVIEWED | ODE AUTO APPROVED | REVIEWED NO ERRORS | REVIEWED WITH ERRORS | Grand Total |
|--|-----------------|---------------------|--------------------------|---------------------------|-----------------------------|--------------------|
| Ohio Connections Academy, Inc | 9 | | 40 | 84 | 13 | 146 |
| Ohio Virtual Academy | 26 | 10 | 131 | 212 | 21 | 400 |
| Orion Academy | 22 | | 274 | 341 | 29 | 666 |
| Phoenix Community Learning Ctr | 69 | | 301 | 192 | 10 | 572 |
| Quaker Digital Academy | | | 1 | 5 | | 6 |
| Riverside Academy | 18 | 1 | 40 | 261 | | 320 |
| Southwest Ohio Preparatory School | 28 | | | 227 | 12 | 267 |
| Summit Academy Community School - Cincinnati | 2 | | 46 | 58 | | 106 |
| Summit Academy Community School - Dayton | | | | 1 | | 1 |
| Summit Academy Community School for Alternative Learn-Canton | | | 1 | 3 | | 4 |
| Summit Academy Community School-Columbus | | | | 2 | | 2 |
| Summit Academy Middle School - Columbus | | | | 1 | | 1 |
| Summit Academy Secondary - Canton | | | 2 | | | 2 |
| Summit Academy Secondary - Youngstown | | | | 4 | | 4 |
| Summit Academy Transition High School Dayton | | | 2 | 3 | | 5 |
| Summit Academy Transition High School-Cincinnati | 3 | | 28 | 26 | | 57 |
| Summit Academy-Youngstown | | | 1 | 3 | | 4 |
| T.C.P. World Academy | 45 | 1 | 282 | 119 | | 447 |
| Treca Digital Academy | 1 | | 10 | 11 | | 22 |
| Virtual Community School Of Ohio | 3 | | | | | 3 |
| Westwood Preparatory Academy | | | 8 | 1 | | 9 |
| Winton Preparatory Academy | 51 | 4 | 222 | 185 | 3 | 465 |
| | 634 | 90 | 3937 | 3786 | 227 | 8674 |

The role of the Reconciliation Specialist is to review processes and procedures in order to come up with a more effective and streamlined approach to capturing the data and making it available for those who need to access the information.

Audit Status Report

Fiscal Year (FY) 2018 Internal Audit Engagements

Lauren Roberts, Internal Auditor, updated the Committee on the below FY2018 Internal Audit engagements that are in progress since the Audit Committee meeting on October 24, 2017:

- IAP 1 Cash Collection
- IAP 2 PNC Purchase Cards
- IAP 4 Data and Access Security

Activities Outside of the Internal Audit Plan

Ms. Roberts informed the Committee about the following work completed outside of her internal audit plan:

1. Attended the Council of the Great City Schools Annual CFO and Internal Auditors week-long conference;
2. Took part in Customer Experience and Culture training at Safelite Group headquarters;
3. Participated in weekly Treasurer’s Department coaches meetings and one-on-one meetings with Treasurer;
4. Provided guidance in operational meetings as necessary;
5. Attended Board and Committee meetings such as the Policy Committee, Finance Committee and Student Achievement Committee.

The following table summarizes the FY 2018 Internal Audit Plan engagements and the projected fiscal quarter when the engagement will occur:

| Internal Audit Engagement | Projected Quarter of Audit Engagement | Status |
|----------------------------------|--|---|
| Cash Collections | Q3 | In progress (15%) |
| PNC Purchase Cards | Q1- Q2 | In progress (75%) – Wrapping up testing, follow up and final documentation. |
| Payroll | Q4/FY 2019 | Not yet started. |
| Data & Access Security | Q2-Q3 | Researching third party advisory services in partnership with ITM. |
| Purchasing Process | Q3-Q4 | Not yet started. |
| Grant Process | Q4/FY 2019 | Not yet started. |
| Charter School Funding Follow Up | Q3-Q4 | Initial meeting with new process owners complete. Will begin testing once enough data from new procedures has been generated. |

October 2017 Audit Committee Action Items

Ms. Roberts informed the group that the Board, at its December 18, 2017 Regular meeting, passed a resolution to appoint four new audit committee members to serve three year terms. The following were appointed:

- Jennifer Couser
- Christine Fisher
- Carol Lawrence
- Clarice Warner

She also reported that the Board, also at the December 18, 2017 Regular meeting, approved a resolution to amend the Audit Committee Charter to strengthen language around appointing members to the Audit Committee.

External Audits

Ms. Roberts updated the Committee on the following external audit engagements and reviews that are in progress:

1. Ohio Auditor of State (OAS)
 - a. Financial Audit, Period of 7/1/2016 to 6/30/2017

2. Ohio Department of Education (ODE), Period of 7/1/2017-Present:
 - a. Homeless Education
 - b. Consolidated ESEA Grants
 - c. IDEA Part B
 - d. National School Lunch Program Administrative Review
 - e. Child and Adult Care Food Program Review
3. E-Rate: Payment Quality Assurance Review
4. U.S. Department of Justice, Grant Program Audit, *Developing Knowledge About What Works to Make Schools Safe*

An Audit report has been issued for the following compliance audit since the last status report on October 24, 2017:

1. Ohio Auditor of State (OAS)
 - a. Medicaid Compliance Audit, Period 1/1/2013 to 12/31/2015 – No financial findings.

Midyear Evaluation

Lauren Roberts, Internal Auditor, updated the Committee on the status of her goals and standards for her Fiscal Year 2018 Midyear Self-Evaluation. Committee member Tim Heldman recommended that she add a Standard of Independence to her evaluation for fiscal year 2019.

ACTION: The Audit Committee will review the evaluation and provide their ratings and forward the document to Human Resource Director Paul McDole.

Cincinnati Preschool Promise (CPP) Audit Report

Ms. Roberts reported that Cincinnati Preschool Promise was audited by Clark Schaefer Hackett and that there were no significant findings. Clark Schaefer and Hackett audited CPP's financial statements, which comprised the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses, and cash flows for the period from inception to June 30, 2017, and the related notes to the financial statements.

The meeting adjourned at 5:47 PM

Audit Committee

Brian Ross, Chair, *absent*
 Ryan Belt, CPA, *absent*
 Jim Crosset, CLM
 David Foote, CPA
 Thomas D. Heldman, CPA
 Daniel E. Holthaus, CPA, *absent*
 Jeffrey L. Orschell, *absent*
 Melanie Bates (Finance Committee), *absent*
 Eve Bolton (Finance Committee)
 Carolyn Jones (Finance Committee)

Staff Liaisons

Jennifer Wagner, CFO/Treasurer
 Lauren Roberts, CPA, Internal Auditor