



Clay County Schools

Internal Audit Presentation

October 29, 2024

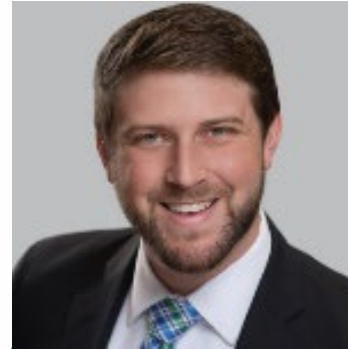
Here today



- Clara Ewing
- Managing Director

Clara serves as RSM's National Government Services Risk Consulting Internal Audit Leader. She has over 20 years of focused service in financial reporting, internal controls, and process improvement, and stands as a seasoned professional in the field. For the past 14 years, she has exclusively catered to clients in the public sector, spearheading and leading RSM's efforts in delivering internal audit services to public sector entities. She is responsible for the overall risk assessment and audit plan, design analysis, and re-engineering of remediation plans. Clara spends 100% of her time providing internal audit services to clients in the public sector.

- Certified Internal Auditor, Institute of Internal Auditors
- Bachelor of Science, accounting, Louisiana State University
- Bachelor of Science, general business, Louisiana State University



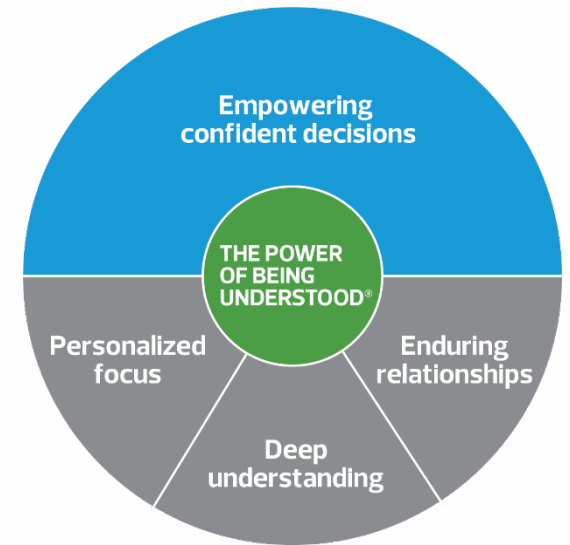
- Matthew Blondell
- Director

Matthew is a graduate of Clay County Schools! He attended Patterson Elementary, Green Cove Springs Jr. High, Clay High, and Fleming Island High. He is a Florida CPA with over 14 years of experience in risks and controls, process improvement, construction risk consulting, and financial statement audits. Since 2011, he has served as part of the RSM government services team responsible for performing internal and operational audits for Florida government entities and school districts. He currently spends 100% of his time providing internal audit services to government clients and maintains Yellow Book CPE compliance.

- Certified Public Accountant, Florida
- Master of Accounting, Florida State University
- Bachelor of Science, Accounting & Finance, Florida State University

Introduction to RSM

- The ***Power of Being Understood*** – our commitment to understanding is the essence of who we are and guides how we deliver value for clients every day
- ***Client-centric focus*** – the value of our service, experience and product bring insights and tailored solutions to help you succeed
 - Asking the right questions and working with you to meet your needs
 - Recognizing that every client is different, and one size does not fit all
 - High standards of personal client service, communication and responsiveness
- We strive to ***understand your vision, goals and strategies***
- Industry resources and ***subject matter specialists with deep public sector/school district and internal audit experience and expertise***



Our core values—***respect, integrity, teamwork, excellence and stewardship***—are the foundation of how we interact with clients and each other.

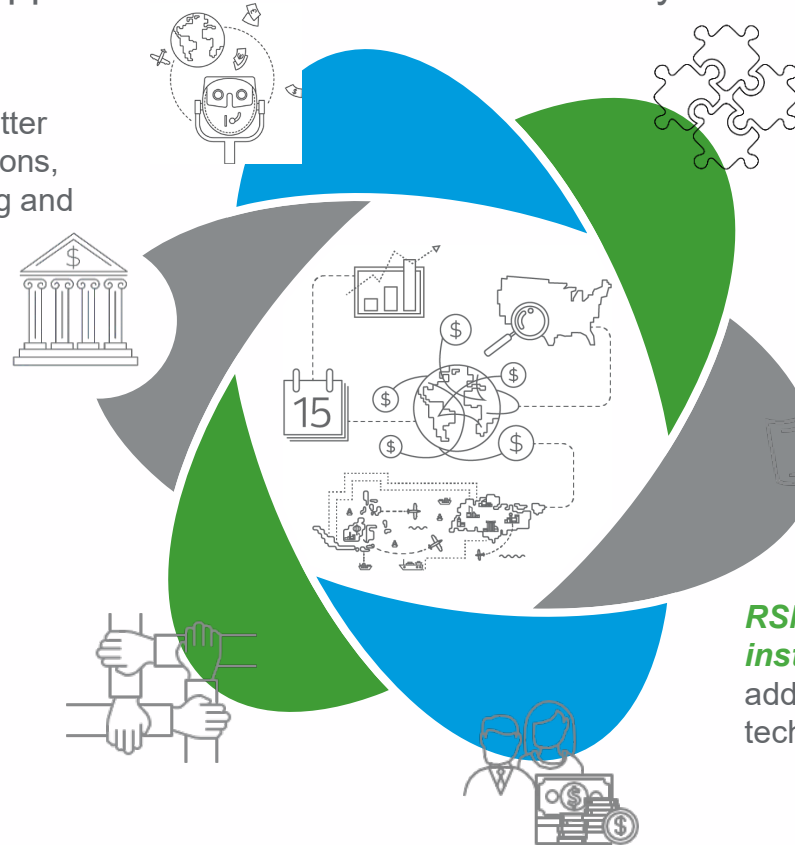
Introduction to RSM

RSM US LLP is the 5th largest audit, tax and consulting firm in the United States. We have a **dedicated public sector Risk Consulting practice** that focuses on the business and functional needs of entities like the District. The following summarizes the industry focus of our practitioners that you require in a valued strategic partner, demonstrating a deep understanding of the challenges and opportunities at the District to meet your strategic objectives.

RSM brings a **high level of school district/K-12 industry experience**, as well as broad subject matter expertise across all facets of school district operations, to minimize our time spent learning and onboarding and increase our focus on execution and delivery.

The team that will deliver this work includes the **most accomplished school district/K-12 institution professionals** that RSM has to offer and leverages RSM's deep network of public sector consulting experts.

Our diverse team of includes **former school district accounting professional and team members that have been working with school districts/K-12 institutions for a combined 60 plus years.**



The value of our **deep industry experience** allows RSM to bring fresh insights and tailored solutions to help inform rational decision-making that aligns with your strategic enterprise-wide values and objectives to **empower confident decision making.**

Our public sector professionals serve more than **2,500 public sector clients**, including over 500 governments.

RSM serves more than 200 school districts/K-12 institutions, serving as a First Choice Advisor to address complex operational, performance, technology, and regulatory compliance issues.

Focused on Public Sector and Florida School Districts

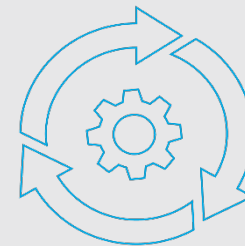
- Public Sector is one of our **largest focus industries in the East**, with a full suite of dedicated assurance and consulting services.
- The District will be served by professionals well versed in the nuances of school districts—positioning this engagement team to truly understand you and your operating challenges and day-to-day activities.
- Diverse team of professionals including internal and external auditors, CIAs CFEs, CPAs, and CISAs, etc.
- We focus on high standards of personal client service, based on communication and responsiveness, and backed by strict timeline milestones and checkpoints.
- The value of our **industry experience** allows RSM to bring fresh insights and tailored solutions to help inform rational decision making that aligns with your strategic enterprise-wide values and objectives to **empower confident decision making**.
- We bring the credibility and reputation of a large, national public accounting firm that serves numerous schools, including the Independent Schools Districts of Austin and Houston, TX; Board of Education City of Chicago, IL; School Districts of Brevard, Broward, Collier, Lake, Lee, Marion, Osceola, Seminole and Volusia, FL, and many other school districts, cities and counties across the country.



1100 industry professionals serving audit, tax and consulting nationwide



RSM serves more than more than 2,500 public sector clients annually, plus more than 200 school districts/k-12 institutions nationally



First choice advisors to address complex operational, financial reporting, technology and regulatory compliance issues

Our experience with Florida School Districts

Partial list of Florida school districts that we have worked with:

Client	Dates of Service	Scope
Brevard County District School Board	1998–present	Internal audit and school activity accounts
Broward County District School Board	2012–present	Internal audit
Broward County District School Board	2012–2016	Financial statement
Collier County District School Board	2012–present	Internal audit and school activity accounts
Florida School for the Deaf and the Blind	2015–2021	Internal audit
Lake County District School Board	2006-2011, 2024-present	Internal audit and school activity accounts
Lee County District School Board	2019–present	Internal audit
Marion County District School Board	2022–present	Internal audit
Miami-Dade District School Board	2011–present	Financial statement
Monroe County District School Board	2016–2018	Internal audit
Osceola County District School Board	2021–present	Internal audit
Palm Beach County District School Board	2014–present	Financial statement and project-based internal audits
Polk County District School Board	2010-2014	School activity accounts
Sarasota County District School Board	2019	Risk Assessment
Seminole County District School Board	2021–present	Internal audit
St. Johns County District School Board	2009–2017	Internal audit and school activity accounts
Volusia County District School Board	2020–present	Internal audit

Florida Statute 1001.42(12)(I)

- Effective July 1, 2019, State law requires school districts receiving annual Federal, State, and local funds in excess of \$500 million to employ an internal auditor. The internal auditor must perform ongoing financial verification of the financial records of the school district, a comprehensive risk assessment of all areas of the school system every 5 years, and other audits and reviews as the Board directs.
- In May 2020, the Florida Department of Education (FDOE) opined that a school district could satisfy the requirement to “employ an internal auditor” by hiring an outside firm.
- Scope of the internal auditor to include every functional and program area of the school system without restriction.
- Internal auditor to perform a comprehensive risk assessment of all areas of the school system every five years and perform other audits and reviews as the district school board directs.
- Internal auditor to prepare audit reports of his or her findings and report directly to the district school board or its designee



Audit types

External Audit (Financial Statements)

The purpose of auditing financial statements is to provide an opinion on whether the organization's financial statements are accurate and fairly represent the organization's financial position.

Single Audit

The General Accountability Office (GAO) defines a single audit as an audit of federal awards received by non-federal entities. The purpose of a single audit is to verify that the entity has adequate internal controls and is compliant with program requirements.

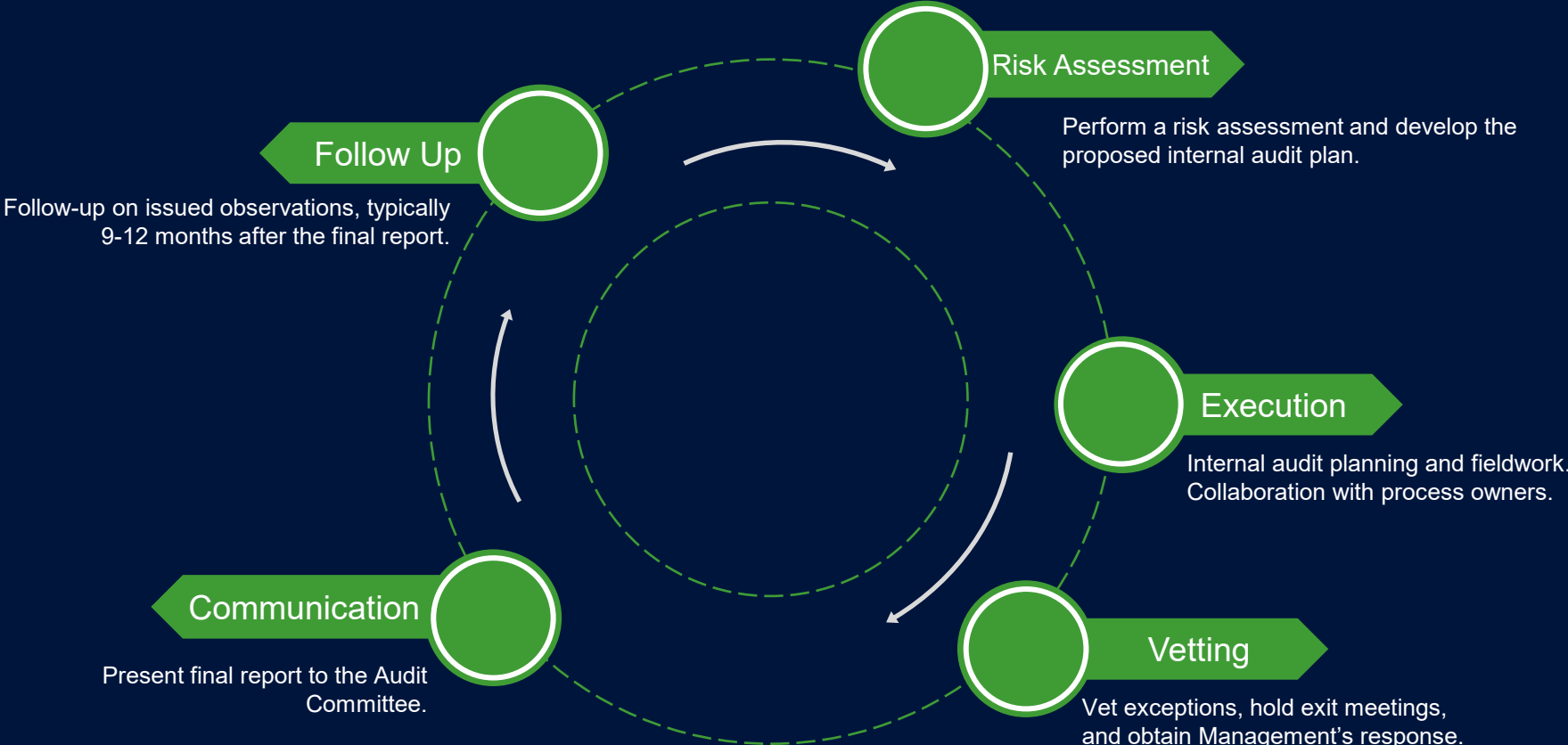
Internal Accounts Audit

As required by the DOE Red Book, an annual audit should be conducted on the internal funds. The audit should address compliance with FL Statutes, FL Administrative code, Board and other internal policies. Can be satisfied through either external or internal audit resources.

Internal Audit

internal auditing assesses whether the organization's control processes are adequate to mitigate its risks, governance processes are effective and efficient, and organizational goals and objectives are met. Internal audits go far beyond financial statements/procedures and include reviews of functions and processes throughout the entire organization.

Internal Audit Process



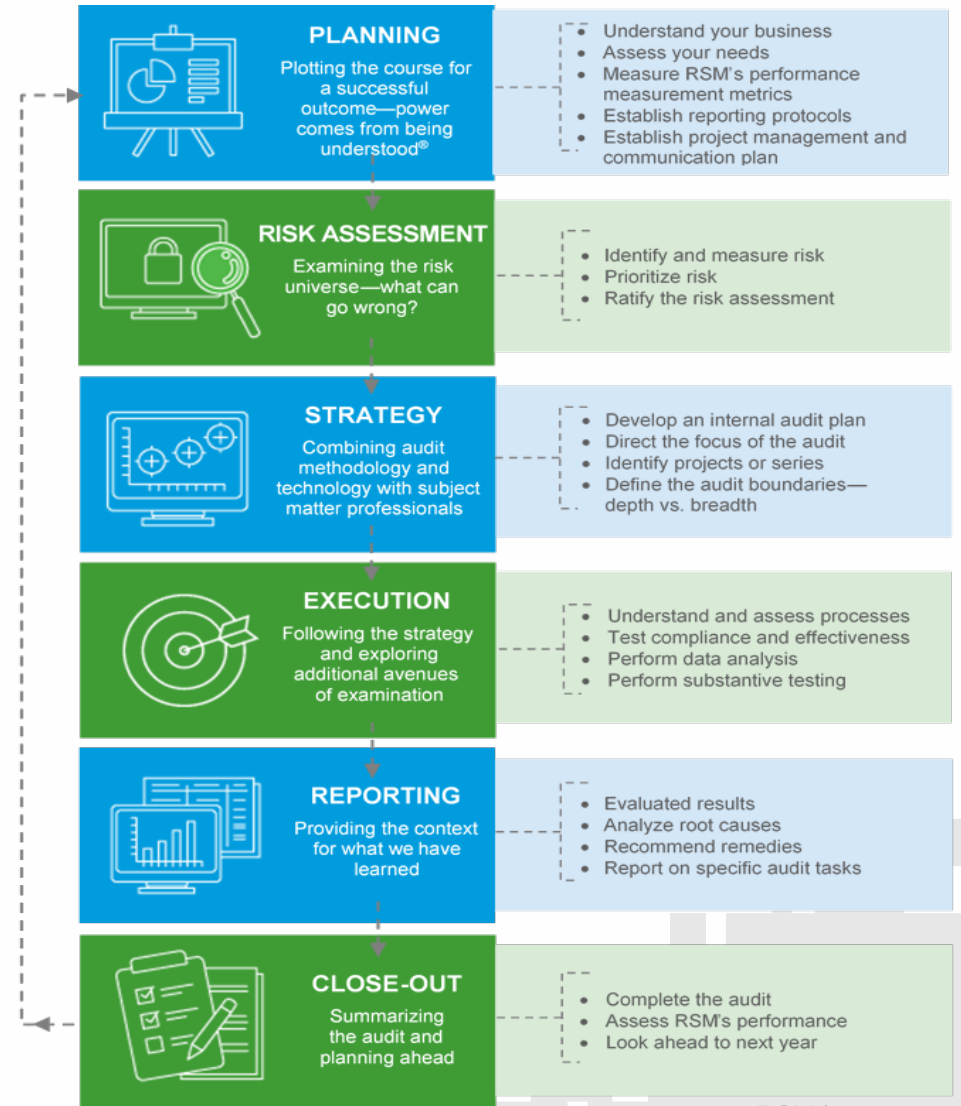
RSM's Internal Audit Approach

The RSM methodology and approach

- **Agile** to respond to the depth of your needs
- **Customized** to align with what works for you
- **Forward-looking** to bring ideas and insights early
- **Innovative** to apply new tools and techniques
- **Integrated** to include our subject matter advisors in real-time

Leveraging leading practices

Our internal audit professionals are leaders in the field, with many of our advisors actively involved in the IIA, GFOA, FGFOA and FSFOA. Through these relationships, RSM participates in training, publishing, speaking and conference engagements. We leverage these relationships and interaction with thousands of professionals to develop leading practices that we can apply to the District.



Information technology integration

Understand the client	Risk Assessment	Audit Plan Development	Audit Execution	Reporting
<ul style="list-style-type: none"> Executive planning session Define communication Protocols Develop engagement project plan Conduct engagement expectations discussions Inventory business processes and supporting systems 	<ul style="list-style-type: none"> Formalize objectives, scope and approach Define key organization risk factors Conduct an enterprise risk assessment Conduct a current state IT risk assessment Establish an audit universe Stakeholder communication 	<ul style="list-style-type: none"> Refine the dynamic risk-based audit plan Co-develop audit objectives Establish high-level scope with process owners Coordinate with subject matter resources Obtain audit committee approval 	<ul style="list-style-type: none"> Finalize audit scope and approach Develop audit notification letter and stakeholder alignment Develop process flows and data flow diagrams Perform test of controls Communicate results 	<ul style="list-style-type: none"> Co-develop management actions plans Draft audit reports Conduct internal quality assurance review Finalize and deliver reports Conduct periodic audit committee communications




IT Integration			
IT Governance & Risk Management	Application	Data Governance & Management	Infrastructure Systems

Data Analytic Integration				
Establish analytic program strategy	Conduct a data driven risk assessment and sampling	Define ad-hoc and repeatable analytic tests	Develop and execute continuous assurance program	Facilitate dynamic management reporting

A key component of our methodology is an integrated approach across our IT Risk Consulting team, including both information security risk and IT audit team members.

- Maximize use of automated controls; automate key tasks
- Gain efficiencies in the process
- User access and segregation of duties
- Automated control testing
- Continuous auditing is possible for digitalized business processes with available data

Sample audits

Type	Description	Sample Audits		
 <p>Internal Audit</p>	<p>Independent assessment of the District's adherence to specific rules, regulations or policies; objective advisory, facilitative, and activities focused on improvement in an efficient manner</p>	<p>FTE Timekeeping Grant compliance Student Discipline Charter School Budget Process Self-Insurance Fund</p>	<p>Warehouse HR – Onboarding/ Offboarding Contract Compliance Fleet PCard Facilities Maintenance School Activity Funds</p>	<p>Vendor Management Facilities Construction Property Control Payroll Food Services Before and After Care Adult and Community Education</p>
 <p>Internal Audit: IT/Security</p>	<p>Focus on information technology, cybersecurity and internal/external threats</p>	<p>Cybersecurity Assessment ITGC Change Management</p>	<p>Penetration Testing Incident Response IT Governance</p>	<p>Social Engineering Data Protection Data Governance</p>
 <p>Special Projects</p>	<p>Emphasis on process improvement and investigations</p>	<p>Fraud, Waste, and Abuse Notifications</p>	<p>Special Investigations</p>	<p>Real-time project review</p>

Internal audit considerations

In addition, and in alignment with professional standards such as the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing and AICPA consulting standards, fully functioning audit operations and function should include systematic audits selected through this process, ad hoc audits as new facts emerge, or requests by the School Board. In addition, it should include:

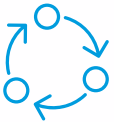


Update Risk Assessment and Audit Plan Development

- Risk is not stagnant; it is constantly evolving. As factors change and situations arise, the internal audit plan can and will change. The high-risk areas of focus and proposed audit plan should be updated annually.

Follow-up Procedures

- Auditors should establish a follow-up process to confirm that management actions have been effectively implemented or that Management has accepted the risk of not taking action.
- Included within each report provided, for each audit completed, a Management Response section should be added for Management to respond and include an action plan for remediation (if needed), as well as a targeted date of completion. Follow-up procedures should be performed after the completion date noted by Management. Follow-up typically occurs after ample time has passed with the new control/procedure in place (generally six months) to verify and report the implementation status of the recommendations and Management's action related to the previously reported findings.
- Periodically, we perform procedures for those issues where the target dates have been reached to verify and report the implementation status of recommendations to the previously reported findings. Follow-up reports should be presented to the Board.



Quality Control

- Auditors should maintain a quality assurance and improvement program that covers all aspects of the audit activity, including appropriate supervision, periodic internal assessments, and ongoing monitoring of quality assurance.
- Vetting of draft observations and draft reports should be **KEY** to a proper internal audit function. The vetting process should start with the process stakeholders through the Superintendent. There should be no surprises once a report has been finalized.
- RSM has a quality control processes specific to public sector clients that includes, when applicable, concurring partner review (independent of the engagement) and, when necessary, consultation with the District General Counsel prior to reports being issued into the public record.



Budget

- Our typical process is to agree on an overall budget for each internal audit, with monthly billings based on actual hours incurred.
- Budgets are typically \$40,000 for a school district's first-time risk assessment.
- Utilizing rates from the piggybacked Brevard Schools agreement, the table below presents an estimated hours/fee breakdown for the initial risk assessment:

Level	Rate	Hours	Fees
Partner / Managing Director / Director	\$325	40	\$13,000
Manager	\$291	70	\$20,000
Supervisor	\$275	-	-
Senior	\$250	28	\$7,000
Staff	\$175	-	-
Specialist (IT and other)	\$325	-	-
Total			\$40,000

Q&A



THE POWER OF BEING UNDERSTOOD

ASSURANCE | TAX | CONSULTING

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