

# STATE COMMITTEE FOR SCHOOL DISTRICT AUDITS

## MINUTES OF THE June 25, 2024 MEETING

**Members present:** Auditor of Public Accounts Designee, Shawna Crouse; Office of Education Accountability Designee, Sabrina Cummins; Commissioner of Education Designee, Marshall Smith; Office of the Attorney General Designee, Stacy Woodrum; Office of the Governor Designee, John Hicks

**Also in attendance:** APA Attendees: Joy Markland, Alex Evans, Jennifer Salsman; Kentucky Department of Education Attendees: Kim Carter, Kelli Young, Gail Cox, and Jackie Chism

### **I. Call to Order:**

A quorum being present, Shawna Crouse called the virtual special meeting, now being live streamed via YouTube, to order at 11:30 am. All applicable KRS Statues were read aloud, and a roll call was performed.

### **II. Approval of Minutes of the March 14, 2024 and June 13, 2024 Meeting:**

John Hicks made a motion to approve the March 14, 2024 meeting minutes. Marshall Smith seconded this motion, and it was unanimously approved by the Committee.

Sabrina Cummins made a motion to approve the June 13, 2024 meeting minutes. John Hicks seconded this motion, and it was unanimously approved by the Committee.

### **III. Old Business**

Nothing to report.

### **IV. New Business**

With a quorum, the Committee re-reviewed all material covered in the June 13, 2024 meeting.

Marshall began by summarizing the Fulton County ATA CPA's late submission and discussion of invoking the 10% penalty outlined in Section VIII of the audit contract. February 15, 2024 was the extended deadline. ATA CPA submitted the report May 28, 2024. Within the "ATA Package", Marshall, starting on pg. 18 and onward, reviewed several emails between Fulton County and ATA CPA. The ATA CPA contact became difficult to reach through the process.

Marshall asked the Committee to invoke the penalty. Shawna expressed support of the penalty and drafting a letter to ATA CPA. John Hicks asked if there has been a precedence. Sabrina answered it has been but a long time. John asked if subsection B of Section VIII will be included. Shawna agreed that subsections A & B be used as the core of the letter drafted. Marshall remarked that Fulton County is divided due to their Board Attorney to pay the fee in full or partial payment with the fee reduction applied.

Shawna made a motion for a letter to drafted outlining above and invoking the 10% penalty. John Hicks seconded this motion, and it was unanimously approved by the Committee.

Marshall moved to the second item of business to discuss, the "FY 2024 Audit Consideration Report Dated June 2024 Update". Each tab was discussed as followed:

- *Summary*
  - o Statistical highlights for all relevant audit information.
  - o Marshall highlighted the next meeting for desk reviews between APA & KDE is September 2024.

- Marshall highlighted the summary statistics with 1 contract pending return due to the date being incorrect.
- *FY24 Peer Reviews*
  - 1 new CPA (BHM CPA Group, Inc) for Magoffin County. Marshall noted they met all applicatory requirements to perform this audit, expiring 11-30-2026.
- *FY 2024 Auditors' Peer Review Expired (Not Yet Approved by Peer Review Alliance)*
  - Marshall noted Shad J. Allen, CPA, PLLC currently holds 18 contracts and the following comment, adding KDE would continue to follow up:  
“Mr. Allen stated the peer has completed the review, but he would not be able to share until it is accepted by the Peer Review Alliance.” Will update at next meeting.
- *FY 2024 Auditors' New Peer Reviews (Corrective Actions Due To Peer Review Alliance)Sorted by District*
  - Marshall noted Drane & Company, PLLC, CPAs passed but with deficiencies and with the following comment:  
“The Peer Review Alliance is requesting an outside party perform a post-issuance review of the working papers for the next single audit. This is due by September 30, 2024. Firm responded they have not yet completed the corrective actions.” Will update at next meeting.
- *FY 2024 Auditors' Existing Peer Reviews*
  - Marshall noted those listed were all CPA Firms with existing peer reviews and 3 CPAs who will not do audits in FY24.
- *FY24 Auditors*
  - Marshall noted these are all auditors for FY24 and that the number of Firms overall are decreasing so those remaining are picking up the load.
  - Column E to H reflected on the further breakdown between FY24 and FY23.
- *FY24 submitted after May 31*
  - Marshall noted the only outstanding contract is Hancock County. It is late because the county had a lot of trouble finding an audit firm. All information is in hand, just need the contract.
  - Total 6 contracts. 5 submitted between June 9 and June 14.
- *FY24 Cost Per AADA*
  - The Committee discussed the outliers noting that small districts' AADA averaged considerably more than large districts' AADA, with the highest over \$70 and the lowest just over \$3.
- *FY24 5%*
  - Marshall highlighted Hardin County as the largest increase at 145.45%. Their reasoning was that Dean Dorton offered the best value even being a new CPA. Elizabethtown is the next highest at 72.13% with the usage of an eastern Kentucky audit firm.
  - Many counties experienced percentage increases due to the shortening of audit firms willing and the demand of all school districts remaining the same
- *FY24 Same Auditor Last 5 Years*
  - 71 districts utilize 22 of same auditors. KDE recommends some form of rotation due to historical risk, but the striction of supply and demand is recognized. Perry County was highlighted for using the same firm for 30 years. KDE sent a letter out about 2 years ago reminding all the risk since the decision rests at the local level.
  - Committee discussed the need for a letter to be drafted to notify county boards of the risk in the future.

With the discussion concluded, Shawna summarized everything in a vote. Sabrina made a motion to approve the 170 contracts with provisional rights to approve the 1 contract (Hancock) and 2 CPA Firms contingent on Peer Review be given to KDE. John Hicks seconded this motion, and it was unanimously approved by the Committee.

No new business was further discussed.

**V. Miscellaneous**

Shawwna opened the floor for moving the Committee time from 11 am. All members noted their openness. Shawwna made a motion to change to 9:00 am with an effective start at the September In-Person meeting. Sabrina seconded the motion, and it was unanimously approved by the Committee.

**VI. Future Meeting Date**

The next SCSDA meeting is in-person and scheduled for September 12, 2024 at 9:00 am at the APA.

**VII. Adjournment**

John Hicks made a motion for adjournment. Marshall Smith seconded the motion. Without objection, the meeting was adjourned.