

Thanks for your time this afternoon. I am Gordon Brown, chair of the Wake County Board of Education Audit Committee. I would like to provide a brief summary of our work this year and present a recommendation from the committee for your consideration.

The Committee met with the independent audit firm, Cherry, Bekaert & Holland, in April to review the scope of the FY2007-2008 audit and identify areas for emphasis. We also reviewed the steps management had taken to implement corrective actions resulting from the prior year's audit. Corrective actions were consistent with the plan that management had put forth following completion of the prior year audit. We noted the continued focus on the control of cash and management noted that ethics training has been instituted for budget managers and new technology has been integrated into school-based cash management and reporting.

We also discussed the new risk based standards and their impact on the FY2007-2008 audit.

The Committee met with the independent auditors again in November and reviewed the independent audit report and findings for FY2007-2008. We also met with the auditors without staff present to address any concerns or recommendations that the auditors noted during their review. We discussed the audit findings in detail with the auditors and management and received management's response to each finding. The committee believes that the proposed corrective actions or responses are appropriate. We will review the findings again in 2009 to ensure that the corrective actions were implemented as indicated.

We also received a copy of the peer review of the Internal Audit Department as conducted by the Association of Local Government Auditors. The report indicated that the department's internal quality control system was suitably designed and operating effectively to provide reasonable assurance of compliance with Government Auditing Standards. Doug Kinney provided management's response to the findings and the committee agreed with the action steps proposed by management.

The committee also discussed the expiration of the 3 year audit contract with Cherry, Bekeart & Holland following the completion of the FY2007-2008 audit. The committee recommends that the school board request staff to prepare a request for proposal in early 2009 to determine the independent audit firm to conduct the audit for the next three fiscal years. The committee will work with staff as necessary to finalize the RFP and review responses and make a recommendation to the board in spring 2009.

Thanks again for your time. I will be glad to answer any questions.