

Audit Committee Meeting

June 1, 2016

Attendees: Deirdre Burns, Laura Schulkind, Paul Slayton, Tom Burnell

Paul Slayton has agreed to continue with the committee for another year as long as there are no other community members eager to serve the District. The committee thanked him for continuing in his roll.

EFPR Engagement Letters:

EFPR (formerly Toski & Co.) submitted their letters of engagement to perform the audits of both our financial statements and ExtraClassroom Funds. There probably won't be a need for a single audit of Federal funds as we fall below the \$750,000 threshold to perform annual single audits.

EFPR will begin the audit in August and believes they will have the final report available for the committee's review in mid October. On the horizon for the 2016-17 school year, there are new GASB accounting regulations that will likely affect the way we report the use of funds. The auditor and Tom will review the new requirements this summer and put systems in place for reporting purposes.

SED Child Nutrition Program Audit:

SED conducted an audit of the cafeteria program on April 28, 2016. Ordering procedures and electronic file review were performed for the entire district, but the physical review of mealtime operations was only performed at CLS. A number of areas of concern were addressed (see attached report). The auditors spent time reviewing best practices and outlining additional resources to assist in reporting and maintenance.

The areas for corrective action included:

- meal counting and claiming
- meal components and quantities
- field trip meals
- signage indicating daily fruit and vegetable requirements
- maintenance of the food service account
- professional standards

The only findings that had potential for financial penalty included meal counting and maintenance of accounts. In the case of meal counting, the error was detected during breakfast service only and was insignificant enough that an agreed upon corrective action plan and additional staff training should suffice. Though the District has greatly improved the amount of money owed on the food service program, moving forward, districts will no longer be allowed to carry a deficit on food service accounts to the following year. All student accounts must be reconciled by the end of the year. If any debt remains, it is transferred to the General Fund where the Business Office will have to follow up on collections.

Christine Natoli, Larry Anthony and Tom will meet to review the findings and develop a final corrective action plan for the state by June 23. That plan will be shared with the committee after it has been prepared. It is clear that staff needs additional training to implement the regulations. Tom will follow up with Larry about what the staff needs to facilitate better communications between buildings. Last year, Larry had mentioned a desire to have a computer in each kitchen as a resource for recipes, nutritional information and email communication. Tom was unclear about whether or not the cash registers could be upgraded to computer terminals.

Technology Audit:

Tom and Steve Jensen have reached out to a number of firms about performing a forensic audit of the Business Office for technology. The cost for this work would be covered under the 2015-16 Internal Audit budget. A more formal RFP will be put out once these firms provide a list of services to Steve. The formal audit will be conducted over the summer.

It is clear the the business office will need a new server for enhanced security. The district suffered a “ransomware” attack in mid-May that effected student and staff accounts only. The “unofficial” disaster recovery plan worked perfectly, but additional work and training need to be part of our standard operating procedures to guard against further problems. Once the audit of the business office is performed, polices and procedures will be “pushed out” to the District on a wider scale.

September Agenda

- review of Technology Audit - recommendations for policy and action plans
- External Audit review
- revisit Food Service Audit - training and new procedures